

Ambitious Minds Bring Excellent Results

Annual Report 2023





Directors' Report



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The Group at a Glance

Amber Beverage Group (hereinafter also - the Group or ABG) is a global spirits company, whose products are found in millions of households and venues across the globe. ABG is a leading producer, distributor, logistic service provider and retailer of beverages. It operates internationally from its head office in Luxembourg and through its production and distribution companies all over the world.

The Group was established in 2014, and through organic growth and acquisitions, it has become a global spirits industry player that unites more than 1 500 employees in more than 20 companies in the Baltic States, its historical home, Austria, Australia, Ireland, Mexico, and the United Kingdom. The Group owns three production companies, eight distribution companies, and three retail chains.

ABG produces, bottles, markets, distributes, exports, and retails a comprehensive range of beverages, of which it owns more than 100 brands, and is responsible for marketing and distributing 1 400 own- and third-party brands in all spirit categories, including Tequila, Whiskey, Vodka, as well as Wine, RTDs, and others.

ABG values are Tenacity, Entrepreneurship, Fun, Excellence, Speed, and Teamwork. These are at the core of the Group's organizational spirit and overall business approach.



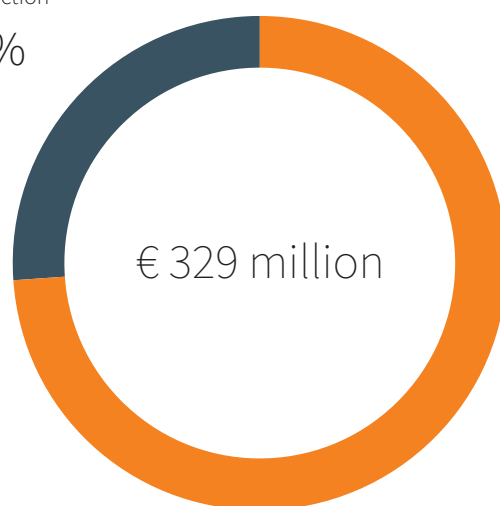
Our strategic choices

- Deliver quality and value to our consumers, customers and suppliers
- Strengthen our market positions in all key sectors by building and acquiring brands and companies
- Achieve operational effectiveness and efficiency by applying rigor to everything we do
- Build a truly effective international team with an ambitious, high performance culture
- Generate superior business value through relentless focus on performance

Net revenue 2023

Production

26%



Distribution and
Brand Management

74%

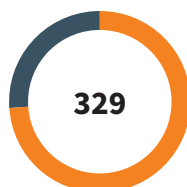
2023 in Spotlight

Amber Beverage Group

Revenue change -10%
Volume change -25%

Net revenue, mEUR

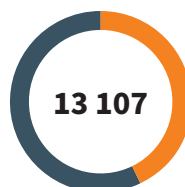
Production 26%



Distribution 74%

Volume, k9Lcs

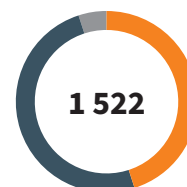
Production 57%



Distribution 43%

Headcount

Production 50%, Other 5%



Distribution 45%

Volume

Volume, k9Lcs **13 107**

Reported movement ↓ -25%

Organic movement ↓ -29%

2023

13 107

2022

17 400

2021

17 824

Net revenue

Net revenue, m **€ 329.1**

Reported movement ↓ -10%

Organic movement ↓ -14%

2023

329.1

2022

365.8

2021

307.4

EBITDA

EBITDA*, m **€ 31.98**

Reported movement ↓ -25%

Organic movement ↓ -28%

2023

31.98

2022

42.9

2021

36.2

* Normalized for one-off items

EBITDA per head

EBITDA* per head, k **€ 21.01**

Reported movement ↑ 3%

2023

21.01

2022

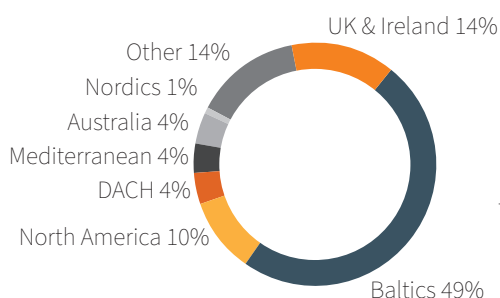
20.46

2021

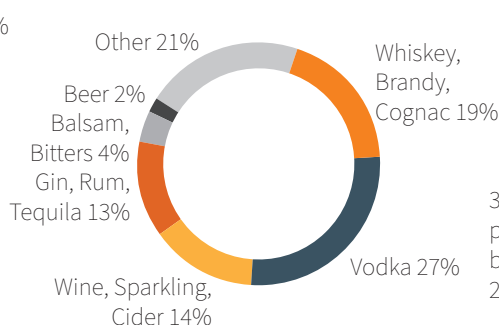
18.17

* Normalized for one-off items

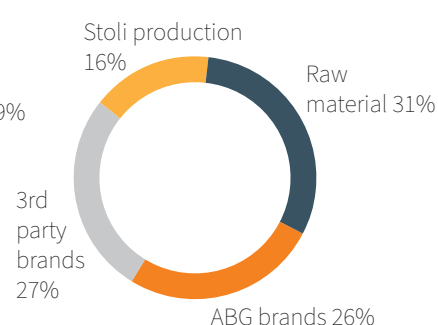
Net revenue by markets, mEUR



Value split by categories, mEUR



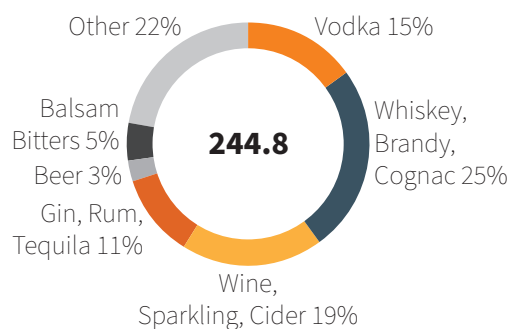
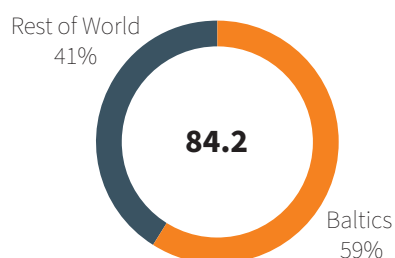
Volume by type of products, k9Lcs



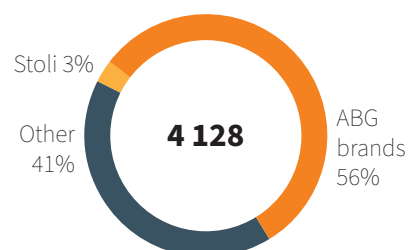
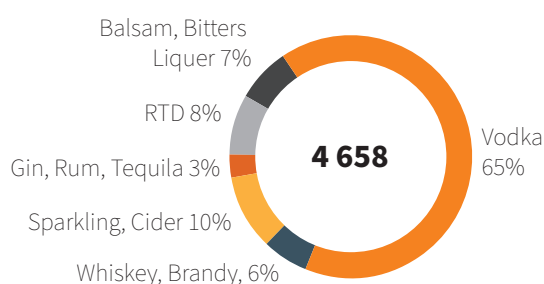
Production

Distribution and Brand Management

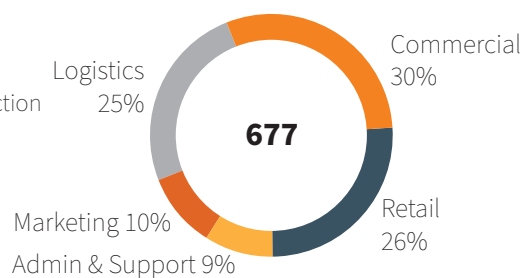
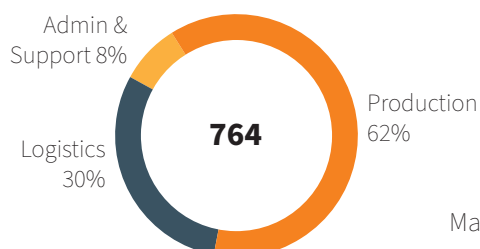
Net revenue, mEUR



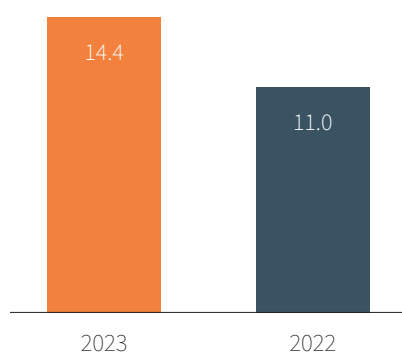
Volume, k9Lcs



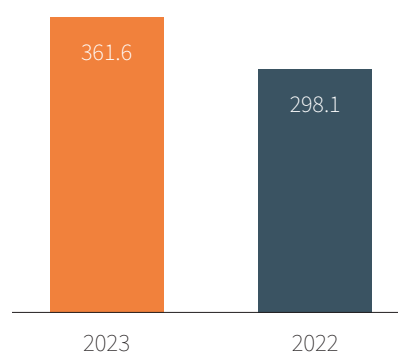
Headcount



Volume produced per head, k9Lcs



Revenue per head, kEUR

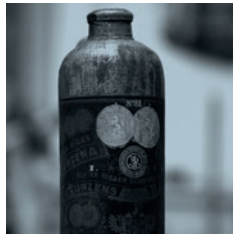


ABG Milestones: the Origins



1752

Pharmacist Abraham Kunze creates his unique formula for the beverage which forms the base of Riga Black Balsam®



1847

Albert Wolfschmidt establishes the factory that produces Kunzen's Riga Black Herbal balsam



1894

The production of Moskovskaya® Vodka begins laying foundations for further brand growth



1900

Riga State Spirits Warehouse No.1 (nowadays – Amber Latvijas balzams) begins operations

ABG Milestones: Building for the Future

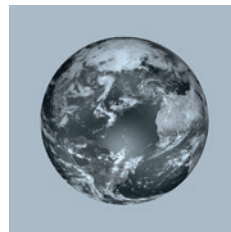


2014 - 2016

Amber Beverage Group is registered on 24 October 2014

ABG acquires the Moskovskaya® Vodka brand and releases it to 68 markets globally

ABG steps into the Tequila business by acquiring a tequila distillery in Tequila, Mexico, and launches Rooster Rojo® Tequila brand



2017– 2019

ABG acquires spirits distribution companies in the UK, Australia, and Austria, as well as a distillery in Estonia, kickstarting expansion in these markets

Several ABG core brands have been launched in one of the biggest spirits markets in the world – the USA

ABG updates its strategy with the ambition to become one of the Top 10 spirits industry leaders globally



1948

The production of Stolichnaya (nowadays – Stoli) vodka has begun



2003

Moskovskaya® Vodka and Stoli vodka are now bottled for the global market



2007

Paying particular attention to the distribution of products manufactured by the Group, active expansion of Amber Latvijas balzams export markets takes place



2020-2022

ABG names KAH® Tequila as a core brand and invests in tequila production by acquiring two agave fields in Mexico

ABG announces the construction of a fully automated high-bay warehouse, which will be one of the most advanced, high-tech warehouses in Europe

ABG enters the rapidly growing Irish Whiskey category by acquiring highly acclaimed brands Writers' Tears® Whiskey and The Irishman® Whiskey

ABG finalizes the renaming of its distribution and production companies under the ABG corporate identity

The Group acquires the trademark rights to Riga Black Balsam® in Germany, completing the brand's ownership by ABG across all territories



2023

ABG issues senior secured 4-year EUR 30m bonds to fund its automated, high-bay warehouse development. The construction agreement on high-bay warehouse is started

ABG launches the ultra-premium Rooster Rojo® Mezcal, taking the brand to the next level. KAH® Tequila becomes No. 1 ultra-premium tequila in the UK multiple grocery sector

ABG strengthens global recognition of its core brands by establishing new partnerships in EMEA and Asia



Sir Geoffrey John Mulgan
Chairman of the Supervisory Board

Statement of the Chairman of the Supervisory Board

Dear Reader,

As Chairman of the ABG Supervisory Board, I am happy to share the achievements of the Group over the last year.

This was a difficult period for many companies, marked by the impacts of the war, unpredictable fluctuations in energy costs, higher interest rates, disruptions in the supply chain, and workforce shortages.

We were fortunate that our diversified portfolio, boasting premium spirits, wines, and beverages, has helped the Group to be resilient. In particular, ABG has benefited from the strength of its core brands, including Rooster Rojo® Tequila, KAH® Tequila, Writers' Tears® Whiskey, The Irishman® Whiskey, Moskovskaya® Vodka, and Riga Black Balsam®, which have continued to expand, particularly across the EMEA and Asian markets.

Despite the challenging environment, the Group has taken on ambitious initiatives, including the construction of an Irish whiskey distillery in Ireland and a cutting-edge, fully-automated warehouse in Latvia, which will serve as our global logistics hub. A first Sustainability Report sets out how the Group is meeting its Environmental, Social, and Governance (ESG) duties, looking at every aspect of production and distribution, and building development from an environmental perspective.

At the beginning of 2024, a significant change in management occurred when Jekaterina Stūģe, who had led the company through a period of growth and positioning among the global industry leaders, moved on to new roles. The position of Acting CEO was assumed by Arturs Evarts, who has proven himself a strong manager with deep knowledge of the business and the agility needed to help the company navigate complex challenges.

I'm grateful to the ABG Management team, employees, partners, and Board members, who have handled a volatile international context with impressive determination. Their work continues to lay the foundations for longer-term growth in markets all over the world that can benefit all of ABG's many stakeholders.



Sir Geoffrey John Mulgan

Chairman of the Supervisory Board
27 May 2024

The Supervisory Board of Amber Beverage Group



Sir Geoffrey John Mulgan,
Chairman, Non-executive director
(Since November 2022)

Professor in University College London



Simon Charles Rowe,
Non-executive director
(Since November 2022)

Founder and Managing Partner of
Monsar Capital



Douglas Brougham Cunningham,
Non-executive director
(Since January 2023)

Experienced beverage industry
professional, Founder of Indie Brands



Sabina Fatkullina,
Board member
(Since June 2023)

Experienced and dedicated global HR
leader with a vast experience of two
decades



Arturs Evarts,
Board member, Secretary
(Since February 2018)

Experienced Board member with a
demonstrable history of working in the
beverage industry





Arturs Evarts

Acting CEO, Group Chief Legal and Sustainability Officer



Statement of the Acting Chief Executive Officer

Dear Reader,

I am honoured to present you the Annual Report of Amber Beverage Group for the year ending 31 December 2023, a year marked by strategic manoeuvring and steadfast progress in a challenging global landscape. The trends that have previously shaped the global spirits industry were transformed as the world emerged from the disruptions caused by the Covid-19 pandemic into a period of growing economic instability. The year has been turbulent, impacting both – the individuals and businesses internationally.

In retrospection of the lessons learned from the trials of 2023, two primary insights surfaced. First, in a world characterized by constant change, we have gained a deeper understanding of the critical importance of flexibility, recognizing that every plan must remain adaptable in response to external forces.

Second, during challenging times, it is more important than ever to keep moving in the right direction. As these two lessons seemingly stand in contradiction, it was even more crucial to strike a balance between the need for flexibility and the imperative to maintain a consistent trajectory. Navigating this delicate equilibrium demanded wise leadership and tactical intelligence. This is the reason why we follow our predefined strategic choices with our key focus being set on fortifying our core brands, strengthening our market positions, and delivering quality and value to our consumers, customers, shareholders, and investors.

Furthermore, the commitment to upholding the company's core principles was evident in actions such as maintaining transparency in business operations, prioritizing ethical practices in all dealings, and fostering a culture of collaboration within the organization. This Annual Report serves as a testament to our achievements throughout the challenging yet transformative year of 2023.

2023 – a year of resilience and notable victories

The resilience of ABG and the steadfast commitment to our company's guiding principles proved being invaluable assets. While the fiscal year brought about a modest adjustment in our revenue, a 10% decrease to EUR 329 million, we remain confident in our capacity to leverage our strengths and capitalize on emerging opportunities. This resilience was palpable in various instances, such as weathering shifts in consumer preferences, adapting swiftly to economic downturns, and demonstrating unwavering resolve amidst competitive pressures. ABG exhibited resilience by implementing cost-saving measures while maintaining product quality. This allowed the company to weather the challenges posed by reduced consumer spending without compromising its market position.

Throughout the year, we have executed a series of strategic initiatives aimed at fortifying our market presence, enhancing operational efficiency, and fostering innovation across our business ecosystem. We celebrated notable victories, including a commendable 7% increase in the volume of our core brands, a remarkable 27% improvement in the effectiveness ratio of our flagship distillery, Amber Latvijas balzams, and the successful entry into the stock exchange, which supported the commencement of construction for our state-of-the-art warehouse.

We were delighted to introduce our company to the capital markets. The Amber Beverage Group bond issue saw an exceptionally high level of demand from both private and institutional investors. This demonstrates the potential for the company to raise financing for its development plans.

Our investors have appreciated our decision to embrace innovative technologies and maximize automation in operations to enhance efficiency and improve cost effectiveness. The commitment to develop a fully automated warehouse that will become our logistics hub for global operations demonstrates our dedication to long-term development and profitability.

ABG has demonstrated strong performance across multiple markets in 2023. In the Baltics, the company has maintained leading market shares in key categories despite facing challenges from excise burdens. In Latvia, the beverage market remained stable, with ABG focusing on sustaining market share and implementing price increases to preserve margins. Lithuania saw a decline in market volume, but ABG aims to drive growth in market share through strategic initiatives and e-commerce development. In Estonia, despite increased excise duties, ABG is investing in HoReCa teams and targeted brands to outpace market growth and increase market share.

In the UK, ABG is pursuing growth through improved relationships with wholesalers and new product prospects. Austria and Germany are focusing on further developing core customer relations and expanding market presence, respectively. Overall, ABG's positions in core markets have strengthened in 2023, and we have successfully forged new partnerships for ABG core brands across 25 countries spanning diverse regions, including the Asia-Pacific, Middle East, and Europe. The performance reflects strategic adaptation to market challenges, investment in growth opportunities, and commitment to long-term profitability.

A strategic approach to brand management

Innovative spirit and business approach continues to be one of the ABG cornerstones. During the reporting period, we have introduced several new products that are currently on the rise, especially in the Tequila category: the keenly anticipated Rooster Rojo® Mezcal and the one-of-the-kind KAH® Tequila Huichol – a collection of extraordinary, hand-decorated, beaded bottles.

In the rapidly-growing Irish whiskey category, the Group released three new products: The Irishman® Legacy Whiskey, The Irishman® 22-Year-Old Single Malt, and the Writers' Tears® Tequila Cask Finish Whiskey. Due to the high quality of the liquid and the exceptional packaging, the brands are already bringing home industry awards and positive feedback from beverage experts.

Third-party brand management is an essential aspect of ABG's business, which is growing year after year. ABG continuously strives to improve sales standards and proposing similar quality of services for all ABG-owned distribution companies. In 2023, the Group has maintained fruitful partnerships with world-renowned producers and vintners of distilled spirits and wines, promoting their brands in the markets served by trusted ABG distribution companies.

As elucidated in this report, our approach to ABG's brand development in domestic and international markets, outstanding management of third-party brands, and excellence in production processes is steering Amber Beverage Group towards sustained innovation, market leadership, and enduring success during the currents of change.

With a focus on efficiency and sustainability

Every ABG investment is meticulously evaluated through the lenses of efficiency, effectiveness, and sustainability. ABG's production companies Amber Latvijas balzams and Amber Production Tequila have dedicated the year to driving continuous

improvements across the supply chain, people management, equipment maintenance, and operational processes. This marks just the beginning of our strategic sustainability journey, charting our course for the period spanning from 2024 to 2035.

Looking ahead, we are poised to expand our utilization of green energy within our production facilities, alongside the implementation of a fully automated warehouse construction project designed to meet BREEAM certification standards for sustainable construction practices.

Embracing a comprehensive range of sustainability initiatives with the aim of introducing the same practices throughout all ABG companies, our aim remains steadfast: to maintain competitive pricing for ABG brands while advancing our environmental stewardship. Looking ahead, we are poised to expand our utilization of green energy within our

production facilities, alongside the implementation of a fully automated warehouse construction project designed to meet BREEAM certification standards for sustainable construction practices. We announce the development of ABG's first-ever Sustainability Strategy and ESG Report, which accompanies this Annual Report.

Outlook for 2024

Looking ahead to 2024, our strategic priorities remain centred on stabilizing profitability in key activities, optimizing operational efficiencies, and fortifying our financial position. We are actively exploring opportunities for refinancing and strategic partnerships to support our growth ambitions and unlock new avenues for value creation. By stabilizing our base and fostering strategic collaborations, we are confident in our ability to navigate uncertainties and chart a course towards sustained growth and prosperity.

Looking at the past year and the results achieved, on behalf of the ABG management, I would like to express my gratitude to the entire ABG team for the tenacity, unwavering commitment, and hard work that have been the driving force behind our success. I believe that together, we will advance, confident in our ability to overcome any obstacle and achieve even greater success in the future.

I would like to thank our customers, partners, shareholders, and investors for their contributions during our journey so far.



Arturs Evarts

Acting CEO, Group Chief Legal and Sustainability Officer
27 May 2024

Our Team



Arturs Evarts,
Group Acting CEO, Group Chief
Legal and Sustainability Officer



Ruslan Romanenko,
Group Chief Financial Officer



Vangelis Smyrlis,
Group Chief Global Sales Officer



Pepijn Janssens,
Group Chief Marketing Officer



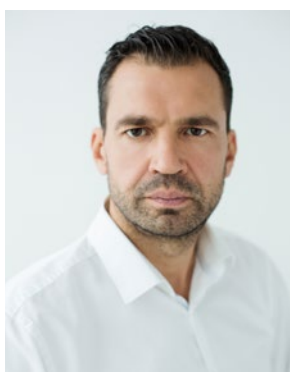
Ewan MacLean,
Group Chief Operations Officer



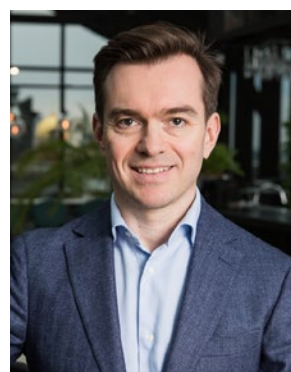
Pāvels Fiļipovs,
Managing Director,
Latvia



Marek Kuklis,
Managing Director,
Lithuania



Mindaugas Pilkauskas,
General Manager,
Estonia



Romāns Komars,
Managing Director,
Interbaltija Amber



Patrick Borg,
Managing Director,
Australia



Sam Thackeray,
Managing Director,
UK



Markus Panzl,
Managing Director,
Austria



Intars Geidāns,
Managing Director,
Amber Latvijas balzams



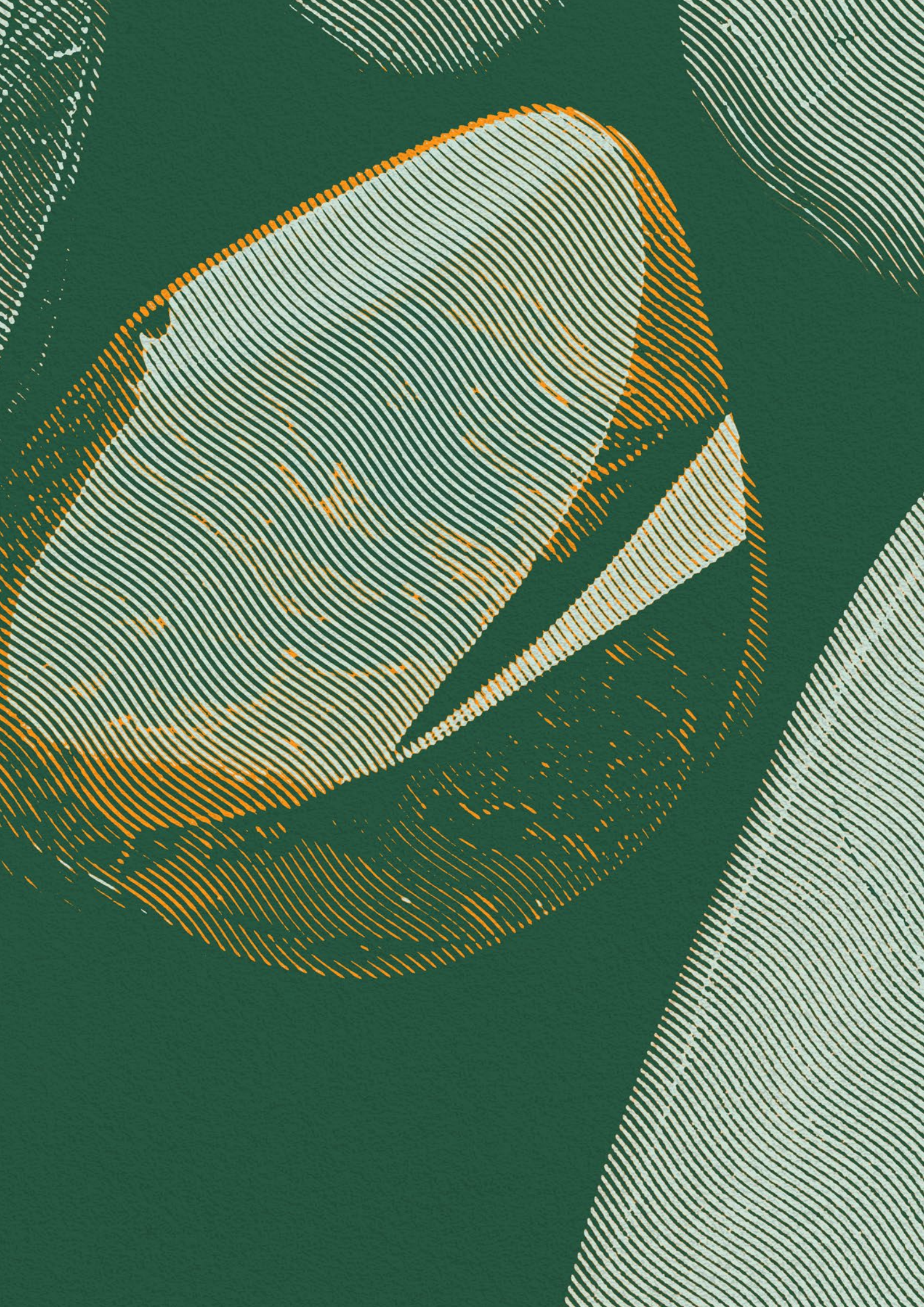
David Tenorio,
Managing Director,
Amber Production Tequila



John Griffin,
Managing Director,
Walsh Whiskey



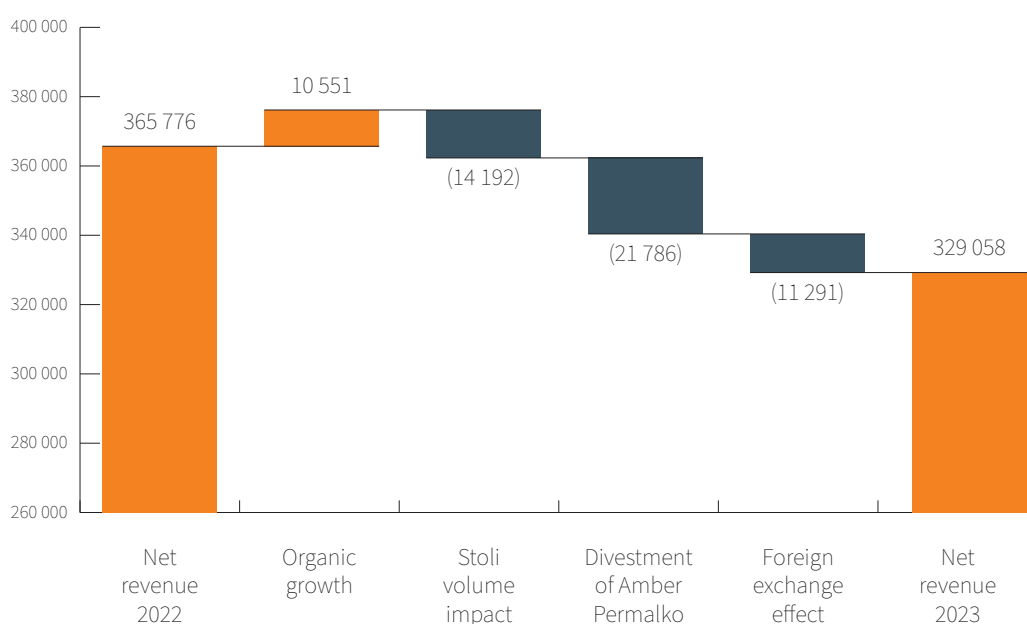
Our Performance



Our Performance

In 2023, the world continued to adapt to the new economical and geopolitical circumstances. So had ABG. Continuous impact from inflation, instability in energy costs, the supply chain, and soaring interest rates has requested that we adjust our operations and continue serving our customers in markets where ABG is present via our distribution network and our brands.

The Group's net revenue in 2023 decreased by EUR 36.7 million (-10%) compared to 2022, primarily due to a decrease in production volume for private label customers and an economic slowdown in some major markets, which led to stock reductions with distributors. Further impact arises from foreign exchange fluctuations and the imposed restriction on the production of ethanol in Russia in late 2023.



Group's operating profit in 2023 amounts to EUR 15.8 million, which is 55.3% lower (by EUR 18.2 million) than in the respective period of 2022. If the operating profit is adjusted by the net loss from the disposal of subsidiaries and a fair value adjustment on biological assets, the operating profit would reach EUR 27.1 million, which is 14.7% lower compared to the respective period in 2022. The financial performance of 2023 has been affected by the rapid increase in production costs that were observed starting in the second part of 2022, including higher costs of energy, resources, and salaries, which have a full-year impact in 2023 only.

Meanwhile, the Group has continued and will continue to work on efficiency improvements - revenue management, sales promotion, and demand planning - by applying the newly implemented promotional activity planning tool FuturMaster in the Baltics, improvements in customer relationship

management via Salesforce implementation in the UK and Austria, as well as non-stop process improvements in production and logistics using Lean methodology. As a Group, we carefully monitor market development and will take the necessary steps to protect profitability without losing market share.

The net profit for the reporting period is EUR 5.4 million, which is a reduction of EUR 18 million vs 2022. In addition to the performance drivers mentioned before, the net profit for the reporting period is also impacted by the recognized net loss of EUR 1.4 million arising from the disposal of a subsidiary, the fair value adjustment to biological assets of EUR 9.9 million, the negative impact of interest expense increases due to changes in variable rates, and an additional interest expense from bond liability servicing obligations in total of EUR 2.7 million.

The Group has maintained cautious but still healthy main financial ratios for the reporting period:

Ratio	31.12.2023	31.12.2022
ROA	2.1%	6.2%
ROE	5.2%	15.3%
Debt/Equity	67%	57%
Debt/EBITDA	4.15x	2.69x
Net Debt/EBITDA	3.21x	2.50x
Equity Ratio	39%	41%
Liquidity Ratio	1.13	1.04

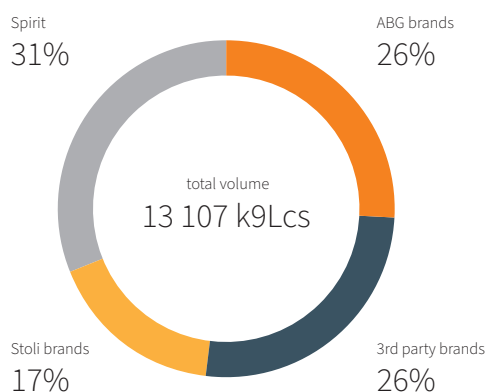
ABG production entities were mostly impacted by unprecedented growth in both energy and commodity costs in the last two years, while in the second part of 2023, the situation showed significant improvements: companies managed to re-sign new energy supply contracts with way lower prices, and tender results of raw materials supplies for 2024 indicated a significant decrease in prices of core raw materials such as ethanol, glass bottles, aluminium closures, etc. It allows for a positive view of the expected financial performance in 2024.

As an answer to global economic turbulence, ABG entities have invested significant resources in the improvement of internal processes – e.g., the largest producer of ABG, Amber Latvijas balzams, has, thanks to implementation of a number of continuous improvement initiatives, managed to increase the OEE (Overall Equipment Effectiveness) ratio by 27% in 2023, which is an outstanding achievement and will help to ensure competitive production capacities and cost per case in the following years. ABG as a Group has a strong culture of innovation and the courage to challenge yesterday by setting new standards for tomorrow.

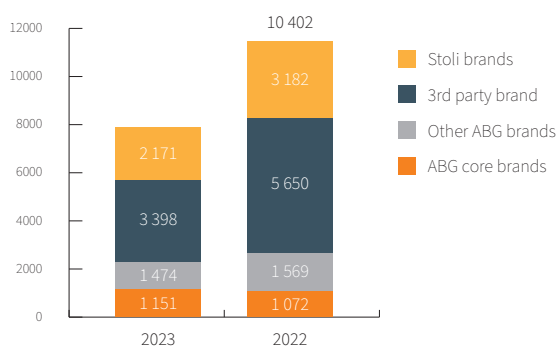
Non-financial performance and activities for the reporting period

ABG brands contributed 3.4m 9Lcs, or 26.0% of the total volume of 13.1 million 9Lcs sold in 2023. While the ABG core brand portfolio has shown an increase of 7%, the decrease in Stoli brand volumes by 32%, caused mainly by Stoli rebranding and the reduction of stock levels in key markets, as well as

the reduction of 3rd party volume by 40%, has impacted the financial performance of the Group. A decrease in third-party brand volume has been impacted by structural changes in brand portfolios among beverage categories and brands, with the UK and Australia being the largest contributors.



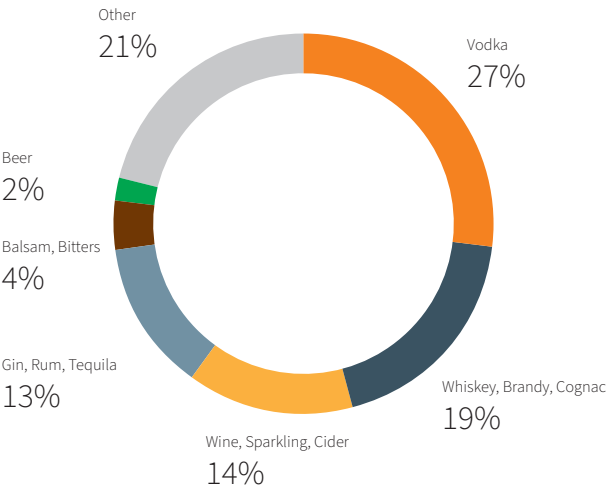
Volume composition 2022-2023*, k9Lcs



* The volume composition is presented, excluding the spirit volume and brands produced by Amber Permalko AO.

From a category perspective, Vodka has continued to be the leading category, contributing EUR 88 million, or 27%, of net

revenue, followed by Whiskey, Brandy and Cognac (19%) and Wine, Sparkling and Cider category (14%).



Main investment projects

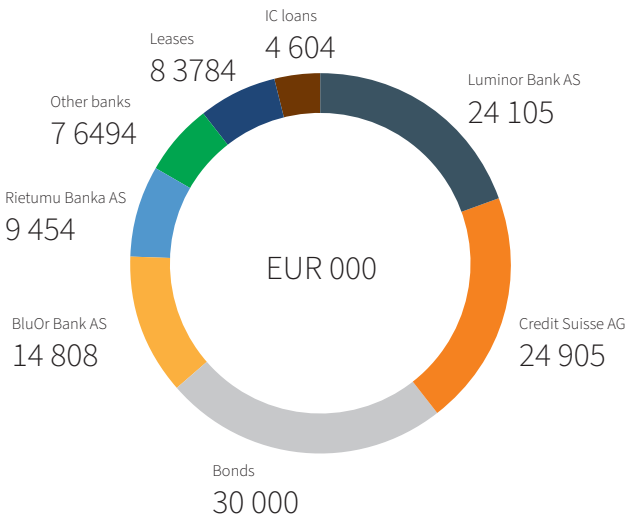
In 2023, the Group has moved into the next stage of construction of the fully automated warehouse in Riga, Latvia. The construction agreement with Aimasa SIA was concluded, and in August 2023, the construction works on laying the foundations of the warehouse building started. As of now, the construction work is going slightly ahead of schedule.

After careful consideration and in line with the long-term business goals of the Group, in June 2023, ABG sold the investment in Amber Permalko AO, one of the leading alcohol producers in the Urals.

Funding profile

The Group keeps a well-leveraged capital structure to support the growth of the business. The borrowings comprise loans from the Luminor Bank AS Latvian branch, Credit Suisse AG, and Rietumu Banka AS supporting the long-term investments, as well as overdrafts and credit lines provided by the Luminor

Bank AS Latvian branch, BluOr Bank AS, Westpac, and Ultimate Finance to support the net-working capital needs and long-term unsecured loan facilities from related parties. As of the 31 December 2023, the composition of the debt by partners is as follows:



On 21 April 2023, Amber Beverage Group Holding S.à r.l., with the intention of acquiring financing for the construction of a high-bay automated warehouse in Riga, Latvia, issued EUR 30 million in 4-year bonds (ISIN: LV0000870137), which are listed on the Frankfurt Stock Exchange (WKN: A3LE0T). As of 16 October 2023, the bonds are listed on the Nasdaq Riga Stock Exchange (AMBEFLOT27A).

As part of the terms and conditions of the Offering Memorandum, the proceeds from the bond issue can be used to fund the construction of the project and to serve the respective debt. Funds obtained from the bond issue have been put on short-term deposits with Signet Bank AS with different maturities following the estimated utilisation profile for the project.

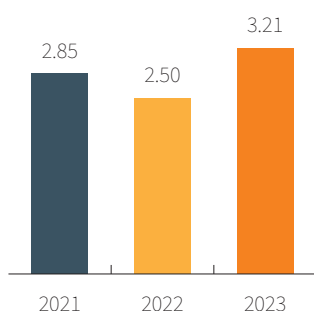
On 15 May 2023, Indie Brands Ltd. refinanced the invoice discounting facility with a maximum amount of GBP 2 million (EUR 2.3 million) from Royal Bank of Scotland to Ultimate Finance.

On 19 May 2023, Amber Beverage Group Holding S.à r.l. refinanced its short-term borrowing from Signet Bank AS of EUR 10 million with a 5-year loan facility with Rietumu Banka AS.

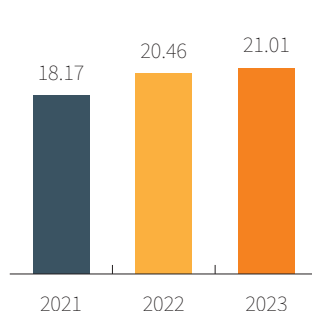
In 2023, the Parent Company started to work on the refinancing process of the Credit Suisse AG loan facility with an original maturity date 3 December 2023. During the process and to facilitate the refinancing process, in December 2023, a further extension of the final repayment date until 29 February 2024 was agreed upon, subject to a partial decrease of the debt by EUR 3.5 million by the end of January 2024. The condition has been successfully satisfied. Subsequently, as a result of further discussions with the lender, the parties agreed on an extension of the final repayment date to 20 December 2024.

Along with the decline of normalized EBITDA, the financial covenants, closely monitored both internally and by external partners, have increased. The Net Debt/EBITDA ratio has increased by 0.71 to 3.21x as of 31 December 2023, mainly due to an increase in debt position as a result of bond issue and a decrease in EBITDA. As a reflection of implemented cost-saving activities, the normalized EBITDA per head ratio has increased by 0.5 thousand euros. However, the normalized EBITDA margin has decreased to 9.72% as a result of a decrease in net revenue and cost-increase implications.

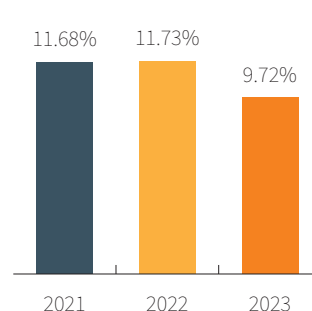
Net DEBT to EBITDA



EBITDA (adj) per head, kEUR



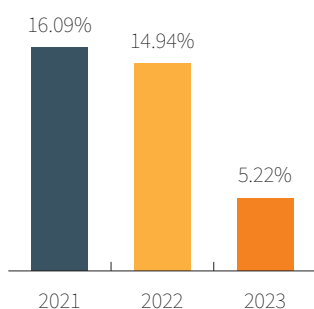
EBITDA (adj) margin, %



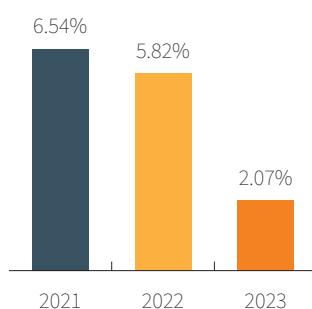
The ratios describing the profitability of the Group have been negatively impacted, i.e., ROE (return on equity) has decreased to 5.22% due to the negative impact of turbulence in foreign exchange markets, and ROA (return on assets) has decreased

as the result of long-term investments made by the Group in previous years that are expected to deliver returns over a longer period of time.

ROE, %



ROA, %



ESG reporting

Environmental, social, and governance concerns are acquiring traction in both business and society. In recent years, contemporary societies have been confronted with a multitude of challenges, including but not limited to climate change, resource scarcity, social inequalities, discrimination, and numerous crises and geopolitical conflicts. Furthermore, it is imperative that the accomplishments and performance of a corporation be evaluated in relation to sustainability, wherein performance metrics are scrutinized alongside environmental, social, and corporate governance concerns. This promotes transparency and offers a considerably more comprehensive understanding of the Company's operations.

The Group has prepared its first non-financial report on the implementation of environmental, social responsibility, and corporate governance principles in 2023, as part of an effort

to enhance its reporting practice. The report was compiled to acquaint the general public, clients, employees, and other stakeholders with ESG indicators and forthcoming initiatives of ABG. In accordance with European Commission Regulation (EC) No. 2020/852 and No. 2021/2178, the Group 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 Group is fully considered to be as non-related to taxonomy economic activity. Accompanying this Annual Report is the ABG ESG Report, which can be accessed via the '[ESG REPORTING](#)' section of the ABG website.

Financial risk management

In the ordinary course of business, the Group is exposed to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. The Group's management oversees financial risks on an ongoing basis to minimize their potential adverse effects on the financial performance of the Group.

Most of the borrowings have variable interest rates. The Group's management is considering the use of hedging instruments to minimize the effect of variable interest rates.

Financial assets that potentially expose the Group to a certain degree of credit risk concentration are primarily trade receivables, receivables from related companies, and loans. The Group has introduced and pursues a credit policy whereby

goods are sold on credit only to customers with sound credit histories. The Group also complies with sanctions regimes imposed by the EU, United Nations, and US, as well as internal procedures.

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

Subsequent events

In January 2024, the Parent Company completed the acquisition process of Amber Beverage Austria GmbH and obtained 100% control over the share capital of Amber Beverage Austria GmbH.

In January, the renaming process of Interbaltija AG AS was completed, and the new company name of Interbaltija Amber SIA was registered with the Commerce Register of Latvia.

As part of the refinancing process in January 2024, the Parent Company made partial repayment of outstanding facility towards

Credit Suisse AG by EUR 3.5 million and towards Luminor Bank AS Latvian Branch by EUR 1.5 million. The overdraft facility provided by Luminor Bank AS was extended until 30 June 2024, with further extension subject to the development of the refinancing process of Credit Suisse AG facility.

In February 2024, Credit Suisse AG and the Group agreed on a further extension of the loan facility with a set final repayment date of 20 December 2024.

Future prospects

In 2024, the key attention items for the Group will be to support the improvement of ABG brand share in the total brand portfolio, to increase profitability while not cannibalising existing market share (value before volume), to maintain a constant cost control system, and to make improvements to internal processes.

With the strategic target to focus on profitability improvements and investments in core business assets, the Group will continue the process on evaluation of opportunity to divest its non-core assets and business lines.

NASDAQ WELCOMES
AMBER BEVERAGE GROUP HOLDING
TO THE NASDAQ BALTIC
BOND LIST



AMBER
BEVERAGE GROUP





Our Corporate Governance



Corporate Governance Report 2023

Corporate Governance

Our solid corporate governance underpins our endurance and plays an important role in maintaining corporate integrity, managing the risk of corporate fraud, and combating management misconduct and corruption.

The inclusion of Amber Beverage Group bonds on the stock exchange has heightened its significance. Companies issuing bonds must adhere to stringent governance standards, including disclosure requirements, board independence, and operational transparency. With more investors participating in bonds, there's an amplified need for transparent and accountable corporate practices to ensure investor trust and protect their interests. Strong corporate governance not only enhances investor confidence but also fosters long-term sustainability and resilience, ultimately benefiting both investors and the broader economy.

We are building our business by placing the highest priority on compliance. Our aim is to fulfil our responsibilities in the

best way possible and meet the expectations of our clients and society. We are constantly following the conformity of the activities of the companies as well as their employees with the requirements of international, national, industry-specific, and applicable foreign laws, as well as internal policies and procedures, and with the decisions of relevant managerial bodies.

To evaluate ourselves from a compliance perspective, we perform risk assessments. Risk assessment is a systematic process of evaluating the potential risks that may be involved in our activities. It is applicable to all functions and types of affiliates (production, distribution, and retail companies) in all countries where we operate. Risk assessment management drives better commercial decisions, creating a growing and sustainable business model. Since 2017, we have used risk assessment management to evaluate risks and then remove or reduce their severity using control and preventive measures.

Strategic decision approval process

We follow the principles applied in obtaining the necessary approvals for strategic decisions. These principles are stipulated in internal procedures as well as implemented in the corporate regulatory documents of the companies. For the purpose of approval of strategic decisions, the General meeting of shareholders has formed the Supervisory Board of the Company. The Supervisory Board of ABG comprises of its Chairman, Board members, Independent Non-Executive members, and a Secretary. The main functions of the Supervisory Board are:

- To ensure a corporate governance framework.
- To provide strategic direction for the Group's development.
- To provide expertise and guidance in relation to the Group's international operations.
- To supervise key areas of the Group's operations, performance, and compliance.

The strategic resolutions to be taken by the Board of Managers will require the prior approval of Supervisory Board of the Company.

It is important to note that while we do not have a formal diversity policy in place, our management and supervisory bodies are comprised of professionals with diverse backgrounds and expertise. Each member brings a unique set of skills, experiences, and perspectives to the table, contributing to the richness and effectiveness of our governance practices.

Our commitment to excellence extends to ensuring that our leadership teams are composed of individuals who are highly qualified and capable in their respective areas. As such, our focus has been on recruiting and retaining top talents, irrespective of demographic characteristics such as age, gender, or educational background.

In 2023, the team consisted of six business professionals representing different industries and areas of knowledge. With their vast experience and expertise, these entrepreneurs not only strengthened ABG with their creative contributions but also were a source of valued independent advice and governance.

From the members of the Supervisory Board a member who will preside at the Supervisory Board meetings (Chairman) and a secretary are appointed.



Chairman

We thoughtfully leverage the wisdom of our Supervisory Board directors with the perspectives of our independent directors, both of whom remain steadfast in their support of our independence. In 2023, Sir Geoffrey Mulgan continued performing his role as the Chairman of the Supervisory Board and sharing his perspective and expertise with the Supervisory Board of Directors.

The duties of the Chairman of the Supervisory Board at ABG comprise the following matters related to the Group:

- To lead and manage the ABG's activities.
- To develop a long-term strategy for ABG.
- To determine and lead the expansion of the Group in the industry, enter new markets, and make effective use of synergies.
- To manage Board activities, plan its work, and chair meetings of the Board.

- To lead the development plan implementation i.e., evaluation of potential M&A alliances.
- To lead M&A processes, participate in negotiations with financial institutions and strategic partners to ensure the sustainable development of the Company.
- To provide entrepreneurial leadership.
- To represent ABG externally.
- To set requirements according to the best world standards of corporate governance.
- To protect the interests of ABG by working with other Board members to manage risk, liability, and financial exposure.

The Chairman's responsibilities cover the territories of all countries where the companies belonging to the Group conduct or plan to conduct business.

Secretary

The Secretary is a member of the Supervisory Board, with all respective powers with the exception of voting rights at the meetings of the Supervisory Board. Secretary's vote shall not be counted at quorum determination at the Supervisory Board meetings. The functions of Secretary of the Supervisory Board are:

- To organize all Supervisory Board meetings.
- To attend and record minutes of Supervisory Board meetings.
- To facilitate Supervisory Board's communications.
- To advise the Supervisory Board on its roles and responsibilities.

- To facilitate the orientation of new Supervisory Board members and assist in their training and development.
- To maintain key corporate documents and records.

Secretary is responsible for corporate disclosure and compliance with the country corporation's laws and standards, reporting and compliance, monitoring corporate governance developments, assisting the Supervisory Board in tailoring governance practices to meet the Supervisory Board's needs and shareholder expectations, serving as a focal point for communication and engagement on corporate governance issues, and performing other tasks.

Non-Executive Directors

The Non-Executive Directors, all of whom the Board has determined are independent, experienced, and influential individuals from a diverse range of industries, backgrounds, and countries.

The Non-Executive Directors lead the Board, keeping the members focused on the objectives, shaping the strategic agenda, and leading discussions as follows:

- Provide strategic leadership and guidance to the Board and to the CEO.
- Determine the quality, quantity, and timeliness of information from management.
- Improve and maximize the governance of the process, but not manage the company.
- Focus the Board's attention on critical issues and help to set a positive tone.
- Contribute to the evaluation of the CEO, Directors, and the Board.
- Ensure effective shareholder communication.
- Serve as a representative of the Board with management and the public.

While diversity is undoubtedly a critical aspect of modern governance practices, it is important to recognize that implementing a meaningful diversity policy requires careful planning, resources, and cultural shifts within the organization.

We are happy to announce the new members of the Supervisory Board: Douglas Brougham Cunningham, Non-Executive Director, who joined the team in January 2023. He is an experienced beverage industry professional and the Founder of a UK-based spirits distribution company, Indie Brands.

As well, in June 2023, Sabina Fatkullina joined the ABG Supervisory Board as a Supervisory Board member. She is an experienced and dedicated global HR leader who has successfully managed human resources on a worldwide scale for over two decades, contributing to the continuous growth and success of the company.

Committees

The Supervisory Board may decide to create committees; the composition, duties and the scope of them shall be determined by the Supervisory Board as well as which shall report to the Supervisory Board. The Supervisory Board nominates the chairperson of each committee, who further determines the

targets and tasks of the committee and performs control in regard to its fulfilment through regular reports. The Chairperson of each respective committee is responsible for organizing the work of the committee.

Board attendance and Decision-making in 2023

According to internal regulations, the Board holds meetings at least once per quarter to discuss the business strategy of the Group and to review the financial results. This year, the annual financial results of the Group for the previous year as well as the

budget for the current year were reviewed and approved by the Board until May 2023. The intermediate financial results and possible adjustment of the budget for the current year are to be reviewed and approved by the Supervisory Board in November.

From 2020 on, all the members may participate in the Supervisory Board meeting by any suitable telecommunication means. Written resolutions, drafts of resolutions, decisions and minutes, as well as any and all documents related to the meeting, may be transmitted by ordinary mail, electronic means, or any other suitable telecommunication means. In such cases, written resolutions can either be documented in a single document or in several separate documents having the same content.

The Supervisory Board met virtually, using audio-video conferencing, to enable Board members located in different locations and time zones to participate in meetings. Throughout the year 2023, the Supervisory Board of Amber Beverage Group convened several meetings to deliberate upon crucial matters pertinent to the company's operations, financial strategies, and contractual obligations.

The Audit Committee

The Audit Committee is, inter alia, established based on the following criteria: the Audit Committee is a stand-alone committee and it shall be composed of at least three members; one member shall be elected from the ABG Supervisory Board; the majority of Audit Committee members must be independent from the company; at least one member of the Audit Committee shall have competence in accounting and/or auditing; the Audit Committee members as a whole shall have competence relevant to the sector in which the Group is operating.

The Company has conducted a research, reviews, and interviews with potential candidates, and the Shareholders have reviewed and evaluated those to choose Audit Committee members. The Audit Committee is elected for a three-year term. After careful consideration, the Shareholders appointed the following individuals as Audit Committee members of the Company:

- Simon Charles Rowe has been elected as the Audit Committee member from the ABG Supervisory Board. He brings with him over 30 years of experience in the financial

The decisions of financial management and agreements primarily focus on the financial aspects of the company's operations. The Supervisory Board deliberated and approved various agreements and arrangements aimed at managing the company's financial obligations effectively, reflecting strategic financial planning and the company's efforts to optimize its borrowing arrangements, mitigating financial risks, and demonstrating confidence in the company's financial stability.

The decisions for business expansion and development revolve around strategic initiatives aimed at expanding the company's operations and infrastructure. The decisions regarding corporate governance and reporting pertain to corporate governance practices, financial reporting, and subsidiary management. Each decision made was characterized by meticulous consideration, underscoring the Supervisory Board's dedication to upholding sound corporate governance principles and fostering strategic decision-making.

industry, with a 21-year tenure in the private financial services industry, holding the position of Managing Director of Swicorp. Currently, Simon Charles Rowe is the Founder and Managing Partner of Monsar Capital - an independent international financial advisory and investment company.

- Olivier Cagioulis has been elected as the Audit Committee member as an independent member. He brings with him 20+ years of experience in auditing from such audit companies as PricewaterhouseCoopers Luxembourg, Ernst & Young Luxembourg, and BDO Compagnie Fiduciaire. Since 2010, he has been managing the audit company, Audit & Consulting Services S.à r.l., and consulting various clients operating in such areas as trading, beverage manufacturing, real estate, banking, and insurance.
- Michele Perez has been elected as the Audit Committee member as an independent member. She has over 25 years of experience in auditing in such audit companies as KPMG Luxembourg and Audit & Compliance S.à r.l., as well as being a partner in Moore Stephens Audit Sàrl and Fidewa-Clar. Since 2013, she has been managing the audit company Aumea Partner S.à r.l. and consulting various clients operating in trading and manufacturing.

Main features of internal control and risk management systems in relation to the process of consolidated financial statements

The employees involved in the accounting process meet qualitative standards and receive regular training. Duties and responsibilities are clearly assigned to different roles. Complex evaluations are assigned to specialized service providers who involve qualified in-house staff. Separating administrative, executive, treasury, and report preparation functions reduces the possibility of fraud. Internal processes also ensure that changes in the Group's economic or legal environment are mapped and that new or amended legal provisions are applied in the Group's accounting. The Group's accounting rules also govern specific formal requirements placed on consolidated financial statements. These include

the mandatory use of a standardized and complete reporting package. The Group's Central Accounting Team assists the Regional units in resolving complex accounting issues. Additional data for the presentation of external information in the notes and the Group's management report is also prepared and aggregated at the Group level. Reporting packages containing errors are identified and corrected at the Regional or Group level. Impairment tests are conducted centrally for the specific cash-generating units, known as CGUs, from the Group's perspective to ensure that consistent, standardized evaluation criteria are applied.



Our Brands in Global Markets

ABG manages over 1 400 brands, including more than 100 brands (over 1 000 SKUs) that we own and produce.



Global Sales

Strong performance and double-digit value growth in EMEIA and Asia achieved in a very contrasted year. In 2023, the adverse post-Covid impact on the spirits industry was still evident, geopolitical tension continued due to the war in Ukraine and Israel, negatively impacting a number of markets. Despite challenges, we reached EUR 29.7 million in revenue, driven by continued media investments in key markets, geographic expansion, an improved route to market in numerous countries, and a focus on growth categories.

EMEIA and Global Travel Retail

In 2023, Europe, the Middle East, India, Africa (EMEIA), and Global Travel Retail (GTR) faced a number of challenges, such as geopolitical tension in the region (continuous war in Ukraine and war in Israel), overstock due to post-Covid overoptimism at the end of 2022, and supply issues for a number of brands. However, despite a volatile environment in the region, volumes of ABG core brands reached 443k 9Lcs, further building on last year's milestone of 433k 9Lcs, and value grew by +16% vs 2022.

Continuous process improvements and brand-building initiatives with digital media, consumer influencers, and global brand ambassadors were carried out, building ABG's core brand awareness globally. As a result, strong double-digit growth in net sales value was achieved by a favourable brand mix, offsetting a modest rise in volumes. Moskovskaya® Vodka sales value reached EUR 6.3 million (+16% vs 2022) with performance largely driven by Spain and Italy. An exceptional performance of the Irish whiskeys portfolio was observed: The Irishman® Whiskey rose by 22% in volume, delivering EUR 3.9

million (+49%) in revenue, and Writers' Tears® Whiskey grew by 22% in volume, reaching EUR 2.5 million (+22%) in revenue. Furthermore, the Tequila portfolio enjoyed 18% revenue growth, resulting in EUR 4.8 million in revenue.

In 2023, new partnerships were established in India, Kazakhstan, Turkey, Iraq, Lebanon, Turkmenistan, Slovenia, Nigeria, Oman, Morocco, and other markets, expanding further the reach of the ABG branded portfolio in EMEIA and GTR.

Overall, all subregions demonstrated strong performance, with six out of seven regions surpassing the 2022 sales value performance benchmark. Southern Europe and Ireland are the largest contributors to the EMEIA and GTR results, constituting 223k 9Lcs (53%) of total volumes and EUR 8.2 million (38%) of total sales value.

Southern Europe and Ireland

2023 was a mixed year when it came to individual brand performance, but overall, it was a positive one, growing by +14% in volumes and by +18% in value vs last year.

The key driver of the performance in Southern Europe was Moskovskaya® Vodka, with a strong year-on-year volume increase of 16%, mainly derived from increased distribution, consumer awareness, and pouring deals in Spain. This volume performance, combined with A&P optimization in Italy due to underperformance, resulted in a year-on-year increase in brand contribution of EUR 0.4m.

Rooster Rojo® Tequila declined in shipments by -9% vs last year, mainly derived from Greece and Spain, which are the best performing countries in the region, with Rooster Rojo® Blanco being the No. 1 Premium tequila expression in Greece and No. 2 Premium tequila in Spain. Competitor intensity increased drastically, with all core competitors securing continuous supply, reducing prices, and increasing advertising and promotion support.

On-trade distribution increased in Spain and Italy, with the help of the newly appointed Southern Europe Brand Ambassador, who managed to host 92 events and 88 master classes and visualise our brand globally by reaching +20k new Instagram accounts each month.

ABG Irish whiskeys Writers' Tears® and The Irishman® underperformed across the region, declining by -5% in volume vs last year, mainly due to the significant price increase we had to pass to protect the gross margin.

KAH® Tequila grew in the region by +81% vs last year, driven by a revised distributor focus and the launch of KAH® Blanco and Reposado in France through our existing distributor. The brand

went on to secure a listing in the country's best tequila bar, located in Paris. Growth of +148% in Spain and +41% in Italy, derived predominately from new on-trade listings secured and now listed on Amazon. Key listings include the Four Seasons hotel in Madrid. Growth of +86% in Greece is a result of a liquor store drive, the launch of KAH® Extra Anejo, and listings in Premium+ accounts.

Americas

2023 was a difficult year for the Americas, largely due to lower consumer confidence and high stock across all brands and distributors in the country. Shipments to Canada and the US

were adversely affected, resulting in a 17% volume and 27% net sales value loss vs 2022. America's net sales came in at EUR 6.5 million in 2023.

Canada

Despite challenges, Canada managed to grow overall shipment volume by 3% (46k 9Lcs) vs 2022. Our new agent, Dandurand Group, did a particularly incredible job growing Moskovskaya® Vodka, resulting in a 17% growth in volume. The Irish whiskey portfolio struggled, however, due to LCBO destocking, causing a loss of nearly 50% in volume for Writers' Tears® shipments.

Writers' Tears® Copper Pot is still recognized as the No. 1 Irish whiskey in the deluxe category. We expect to recover our whiskey volume loss in 2024. Additional 2023 wins include achieving a monopoly listing for Rooster Rojo® Tequila in SAQ and LCBO.

LATAM

Compared to 2022, LATAM shrank in volume by 38% but increased net sales value by 23% due to a product mix shift towards a more

profitable tequila range. The end-of-year shipment delay caused 30% of the planned volume shift to Q1 2024.

USA

Overall, the Tequila business in the US was hit the hardest. Depletions were down by 15%. This, in combination with an overstock situation from 2022, led to an overall volume loss of 50% on shipments, resulting in a EUR 2 million revenue loss vs last year. Despite a challenging industry landscape, the ABG

Irish whiskeys were able to maintain volume in 2023, whereas many other key competitors lost volume in 2023. Although the overall vodka category lost market share, Moskovskaya® Vodka outpaced volume projections, which aided in closing some of the volume gap.

ASIA

2023 was a year of slow recovery in Asia as tourism remained lower than pre-Covid levels in major markets such as China, Taiwan, and South Korea. It was also a year of restructuring across the region as the Group switched gears to focus on long-term strategic portfolio route-to-market partnerships. This was achieved by appointing a full-time Regional Director who improved the RTM in nine countries and set growth plans with sufficient marketing investment behind high-potential brands.

Overall, Asia reached 41k 9Lcs in volume, and due to a major improvement in product mix, it has achieved 65%

growth in net sales value vs last year. Key growth markets include Thailand with 10k 9Lcs (+34%), delivering +52% in revenue vs 2022, and China with 15k 9Lcs and 73% growth in revenue. The opening of new markets with promising growth potential, such as Indonesia, has helped to deliver a strong performance for ABG in Asia. This momentum will continue with brilliant brand planning and execution in the trade, with volumes primarily led by Moskovskaya® Vodka (16k 9Lcs), Cosmopolitan Diva® (15k 9Lcs), and value generation led by the ABG Tequila and Irish whiskey brands.





Rooster Rojo® Tequila

Straight from the UNESCO-protected tequila-producing region, Rooster Rojo® Tequila is a great example of outstanding craftsmanship and the spirit of Mexican design. The red rooster, a well-known symbol of Mexico, is a natural choice for creating a strong and memorable brand name and testifies to the brand's ambition to become one of the world's leading premium tequila brands.

Rooster Rojo® is an extra smooth tequila, produced using only the best ingredients and production techniques which result in preserving the superb natural flavours of its top-quality agave. Born in the agave fields of Jalisco, Mexico, it is carefully crafted by using only 100% agave juices, to ensure exceptional taste and quality to please tequila connoisseurs.

The multi-award-winning Rooster Rojo® range includes five variants: Blanco, Reposado, Añejo, Smoked Pineapple, and Ahumado Tequila.

Superb 100% agave tequila

Received 29 international awards for its exceptional taste.

Straight from the UNESCO-protected tequila producing region

Made in the heart of the Tequila region, Mexico – at the foot of Tequila Hill.

Exceptional packaging

A tall craft bottle with traditional cork stopper.

Strong, memorable brand name

The rooster is the unofficial symbol of Mexico.

Unique brand experience

For discerning consumers who recognize the difference.

Brand positioning = vivid revelation

Discovery, escape, transformation, independence. For sipping not slamming.

Kosher certified

Impressive expansion opportunities in the fast-growing global Kosher market.



Rooster Rojo® Tequila

- 54k 9Lcs of Rooster Rojo® Tequila sold
- More than EUR 6.6m revenue from brand sales
- Sold in 55 markets worldwide



Rooster Rojo® Tequila had a slight growth (+8%) vs the previous year. The growth could have been much bigger, but we did not have good RTM solutions in the three biggest tequila markets in the world: the USA, Mexico, and Canada. Also, the German market underperformed noticeably compared to the budget, despite strong sales and marketing efforts in this market. The biggest growth in 2023 was registered in the UK, Australia, and Lithuania.

In terms of innovations, 2023 was a year when we presented Rooster Rojo® Mezcal to the world at the ProWein show in March, and then to the global bartender's audience in October in Berlin at the BCB exhibition. This novelty is a tool for brand premiumization and expansion into the trending Mezcal category.

We also switched from Añejo to Reposado liquid with our signature Smoked Pineapple Rooster Rojo® Tequila. This will make the product more accessible for consumers due to the lower shelf price, and we hope it will be even more successful than its predecessor.

A new social media agency from Madrid has been taking over brand communication since the beginning of 2023 and has achieved impressive results and one of the highest engagement rates in the category.

An incentive for bartenders with the main prize – trip to Cancun for two, played very well, helping ensure excellent On-trade sales across the EMEA region. This contributed noticeably to brand depletion and helped build consumer awareness amongst consumers.

We continued the expansion of the Brand Ambassadors team. A Brand Ambassador for Australia was hired at the end of 2023, which immediately improved our situation in the Australian On-trade. Further hires are planned for 2024 in the USA and the UK, potentially. The Southern European Brand Ambassador did a tremendous job making his region the biggest region in terms of sales for Rooster Rojo® Tequila in the world.

2024 is budgeted at 80k 9Lcs, so this will be a pivotal growth year for the brand. The tools to achieve this goal are: influencers, lighthouse account programmes and sales, plus bartenders' motivational programmes in all core markets for the brand. Also, we will have to achieve a breakthrough in the three biggest Tequila markets in the world: the USA, Mexico, and Canada.





KAH® Tequila



KAH® is a super-premium tequila made from 100% hand-selected blue agave. Over the years, the quality of this tequila has been recognized by industry experts and reflected by numerous international awards.

While what is inside the bottle speaks for itself, what also stands out about KAH® is the packaging, rooted in a Mayan heritage ritual that is over 3000 years old. We know it today as Día de los Muertos - the Day of the Dead – a colourful Mexican holiday which celebrates the lives of the departed, seeing death as a natural part of life. KAH® (which translates as 'life' in the ancient Mayan language) honours Mexico and its people, channelling the spirit of this joyful holiday and its famous imagery.

The product range features five expressions: Blanco, Reposado, Añejo, Extra Añejo and the recently launched Huichol Extra Añejo Limited Edition. Each tells a story of different Día de los Muertos traditions.

KAH® Blanco is inspired by the macabre Bolivian tradition where the actual skulls of their loved ones are kept and brought out on November 8th of each year.

KAH® Reposado is in a yellow bottle inspired by a Peruvian tradition of a dance performed to appease the Devil by pouring tequila onto the ground as an offering.

The design of the KAH® Añejo black bottle is based on the Nicaraguan tradition of Día de los Muertos whereby people stay and sleep in the graveyard to reinforce the emotional connection between the living and the deceased.

KAH® Extra Añejo, in its royal green enamel bottle, celebrates friendship and symbolizes eternity and fruitfulness as a reminder of the things that matter. Phosphoric finishing allows the bottle to glow in the dark.

KAH® Huichol Extra Añejo is an exceptional, luxurious, limited edition pack. Each collectible, numbered bottle is a unique work of art, handmade, and decorated with tiny beads by the Huichol – a native Mexican tribe.

The finest art of tequila craft

Produced from hand-selected 100% Blue Agave by masters of the craft and respect for the tequila making tradition.

One-of-a-kind packaging and brand story

Designed to pay tribute to and to honour Mexican and South American culture and traditions.

Award-winning proposition

Recognized by experts in numerous global competitions as well as by bartenders and consumers across the globe.

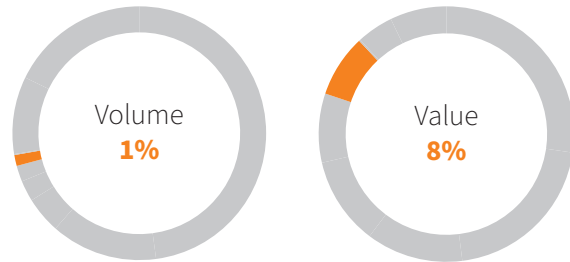
KAH® Tequila

- More than 16k 9Lcs sold in 2023
- In March 2023, KAH® became the No. 1 ultra-premium tequila in the UK grocery channel over a rolling six-month period, following the listing with the UK's biggest supermarket chain, Tesco, in 2022

2023 was a challenging year for KAH®, which reflected in a decline in global sales with -28% in volume vs 2022. Despite category tailwinds, where the super-premium segment continues to fuel global Tequila category growth, supply chain challenges continued to persist in 2023, which, in combination with subpar USA market conditions, tempered the brand's global performance following years of exponential growth.

We did, however, see much stronger performance across our own distribution companies. By the end of the first quarter, KAH® Blanco became the best-selling super-premium tequila brand in the UK grocers through its listing in Tesco, illustrating traction in the market as well as the aspiration around the brand and its multi-awarded liquid.

2023 also saw the second round of release of KAH® Huichol Extra Añejo, following the success in 2022. KAH® always respects the brand's origins, and this launch was no different. Each bottle is adorned with 22,000 tiny beads, each applied by hand. It takes the Huichol craftspeople around 35 hours to complete the decoration of each bottle with designs based on symbols that reflect the deeply rooted cultural traditions of the Huichol tribe. The Huichol people live in the Sierra Madre Occidental Mountain range, in the North of Jalisco State, near our distillery. But it is not only about the packaging: we are complementing the design with a liquid



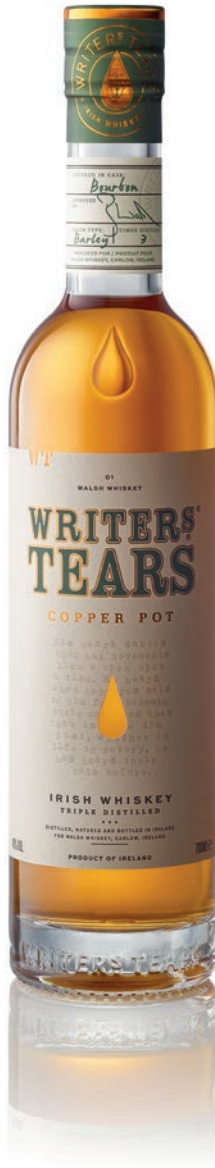
that is rarely available – Extra Añejo Tequila, aged for more than 10 years in American oak barrels with a special toasting to produce a spirit of exceptional quality.

In 2024, the focus will be on stabilising USA performance and regaining growth momentum through our owned distribution companies as well as new market opportunities. We will continue to support our major grocery listings and seed KAH® via trend-leading accounts, as well as continue to invest in outreach and advocacy programmes to drive brand aspiration and liquid desire.





Writers' Tears®



Writers' Tears® is a pot still-inspired range of super-premium Irish Whiskeys. A marriage of inspiration and art, Writers' Tears® is inspired by the golden era of Irish Whiskey and its deep, lasting bond with creative thinkers and artists that define Irish culture.

19th and early 20th century Ireland was a golden era both for Irish Whiskey and for some of the greatest Irish novelists, poets, and playwrights. Ireland was then the leading whiskey producing nation in the world and the birthplace of literary giants including writers such as George Bernard Shaw, Oscar Wilde, W. B. Yeats, Lady Gregory, James Joyce, Samuel Beckett, and Bram Stoker.

Launched in 2009, today the Writers' Tears® brand range includes four core products - Writers' Tears® Copper Pot, Writers' Tears® Double Oak, Writers' Tears® Red Head, and Writers' Tears® Single Pot Still. In addition, there is the huge depth and diversity of limited and annual releases, including: Writers' Tears® Cask Strength, Writers' Tears® Mizunara Cask Finish, Writers' Tears® Marsala Cask Finish, and Writers' Tears® Icewine Cask Finish.

'Champagne of Irish Whiskey'

Unique marriage of single pot still and single malt Irish Whiskey.

Rooted in Irish literary history

Creative brand synonymous with Ireland's literary greats of the 19th and early 20th Centuries.

One-of-a-kind packaging and brand story

Stand-out packaging which connects with creative audiences, the packaging was refreshed in late 2020 and rolled out globally throughout 2021.

Exceptional liquid

Distilled entirely in copper pot stills to create a truly flavoursome whiskey.

Super-premium range to explore

Writers' Tears® is a range of four core and several limited super-premium expressions featuring rare finishes including Cognac, Icewine, Marsala, Mizunara and Tequila Cask.

Global distribution

Sold in 50 markets, including the USA, Canada, Australia, Europe, the UK, Asia, and Australasia.



Writers' Tears®

- 31k 9Lcs sold in 2023
- 10% decline (volume) vs 2022, driven by weakened performance in competitive home market
- Category disrupting limited edition release exclusively launched in Q4 at Dublin Airport in the lead up to 2024



2023 was a mixed year for Writers' Tears® as we saw a slowdown in annual growth due to economic challenges in more advanced markets such as the US, Canada, and Ireland. On the other hand, the brand also enjoyed a resurgence in the creativity that is at the heart of the brand credentials with the launch of the limited edition Tequila Cask Finish (utilising the cross-portfolio expertise from Amber Production Tequila and ex-KAH® Tequila Anejo barrels), as well as a sponsorship of the Waterford Walls graffiti festival. This sponsorship has added a new, more modern dimension to the culture of artistry that the brand was initially inspired by and opens the brand up to a younger, more engaged target audience.

Moving past the artists of the 19th and 20th centuries into a wider arena of celebrating 'what it means to be creative' has a dual purpose in showcasing a more dynamic brand image as well as highlighting the flavour profile of the whiskey with a new 'Explosion of Flavour' messaging, all with the aim of revitalising performance in its key markets through impactful communications and a visual identity that makes Writers' Tears® stand out from the crowd.

The new Writers' Tears® Tequila Cask Finish had an exclusive pre-release in Dublin Airport Duty Free in line with the Day of the Dead festival. It has been the strongest launch of any new product from our whiskey range within ARI to date (753 bottles sold in the launch period) and has strengthened our relationship with the customer.





LEARN
THE PAST

CREATE
THE FUTURE

**THE
IRISHMAN**

— THE HARVEST —

IRISH WHISKEY

SINGLE MALT
& SINGLE POT

TRIPLE
DISTILLED

Bourne & Co.

40% VOL e

PRODUCT OF IRELAND

700ML

The Irishman®



The Irishman® Irish Whiskey is single malt focused - whether championed in blends or pure single malt expressions - always enriching the flavour, lengthening the depth, and refining the smoothness. We are proud of our brand: every expression is a true original, triple distilled to leave a lasting impression.

The Irishman® is a tip of the hat to Ireland's golden era of Irish Whiskey, a time when Ireland was the leading whiskey producing nation in the world and single malt was the dominant style. Learning from the past to create the future, at The Irishman® we are rediscovering Irish single malts.

The character of our whiskey is a single authentic voice cutting through the chatter of the category. We assume the mantle of rediscovering Irish single malt with bell-like clarity and focus.

Today, The Irishman® brand range includes two core products – The Irishman® The Harvest and The Irishman® Single Malt. There are two aged malt expressions: 12-year-old Single Malt and 17-year-old Single Malt; and an annual vintage release: The Irishman® Cask Strength. In addition, there are several limited edition, super-premium expressions which explore a wide range of rare finishes.

Created to honour Irish distilling heritage and history

Inspired by traditional recipes for Irish single malts, from a time when these were the dominant style of whiskey globally.

Recognized for award-winning taste

One of Irish Whiskey's most awarded brands.

Spirit of Ireland

Irish passion and determination captured in premium liquids and an authentic brand story.

Superior liquid

100% Irish barley, triple distilled to leave a lasting impression.

Aged to perfection

A range of internationally recognised aged single malts are among the portfolio.

Super-premium range to explore

The Irishman® is a range of two core and several limited super-premium expressions featuring rare finishes, including Florio Marsala, Oloroso, Rum, and Peated Red Ale.

Global distribution

Sold in 50 markets, including the USA, Canada, Europe, the UK, Asia, and Australasia.

The Irishman®

- 23.5k 9Lcs sold in 2023
- 8% growth (volume) vs 2022, driven by international markets
- Renewed focus on single malt messaging, delivering strong global growth
- Launch of The Irishman® Legacy in December 2023 in honour of 700 years of whiskey-distilling history



2023 was another strong year for The Irishman®. Launched in 2022, the new branding has elevated the brand into a more premium and contemporary space, befitting its single malt credentials. Growth is largely due to expansion into new markets, and while additional growth is still available through distribution, we now need to build brand awareness in existing markets and support the rate of sale to ensure sustainable, profitable brand growth for years to come.

Key moments to celebrate in 2023 were the expansion of the brand into prestige whiskey markets within Asia, such as China, Taiwan, and South Korea, as well as the Middle East. In terms of NPD, The Irishman® was the first brand to acknowledge 700 years of Irish distilling heritage with their launch of The Irishman Legacy Edition with a trade and whiskey influencer event in Kilkenny, Ireland, and an exclusive pre-release in Dublin Airport Duty Free. The full roll-out of Legacy is due to take place in June 2024 to align with Father's Day.

Wide acclaim greeted the summer release of the Irishman® Cask Strength 2023. This series has become a staple for whiskey collectors around the world, often selling at a highly inflated price on auction sites. For 2024, we have reduced the volume available slightly to ensure that we sell out and create a stronger future demand.

Looking ahead to 2024, we are now doubling down on the single malt messaging to reposition The Irishman® as the whiskey of choice for those seeking an alternative to high-end Scotch. Our Single Malt, 12 and 17-year-olds continued to win awards in 2023, further reinforcing the brand's quality credentials, and we want to leverage these cues to build an ultra-premium platform for The Irishman® to succeed in priority accounts in APAC, the Middle East, and Duty Free.



LEARN THE PAST

THE IRISHMAN
SINGLE MALT
IRISH WHISKEY

Rich, honeyed maleness and soft notes of candied fruit come from the double maturation in bourbon and sherry casks.

THE IRISHMAN IS A QUEST
A LIFE LONG JOURNEY TO
CREATE THE PERFECT
OUR HEARTS WANT THAT
THE CORE OF OUR WHISKY
AS WELL AS FROM THE
TO CREATE A BOTTLE

PRODUCT OF IRELAND



Moskovskaya® Vodka



Moskovskaya® Vodka is one of the oldest vodka brands in the world. With over 100 years of vodka making expertise and made to the original recipe dating back to 1938, it is one of the most authentic brands in the category.

Moskovskaya® Vodka is proudly produced in Latvia, by the leading producer of alcoholic beverages in the Baltic States – Amber Latvijas balzams – a company with a history steeped in tradition since 1900.

Today Moskovskaya® is a brand imbued with grounded confidence and contemporary vibrancy. Building on its roots of being distinctive through the brand's colour and its vibrant character, Moskovskaya® inspires Gen Z and Millennial consumers to embrace self-expression and individuality, just as the brand has consistently done since its inception.

Moskovskaya® stands for premium quality. It is made with the highest quality ingredients, triple distilled, and slow filtered through quartz and charcoal to deliver a vodka as pure as it is smooth. The result is a vibrant tasting, versatile vodka that lends itself perfectly for mixing as well as to be enjoyed chilled and served over ice.

Smooth taste with vibrant character

Multi-awarded, endorsed by both experts and consumers for its exceptional quality and taste.

Over 100 years of vodka making expertise

Made by Amber Latvijas balzams, to the authentic, original recipe dating back to 1938.

100% European

Proudly produced in Riga, Latvia, with all ingredients and materials sourced from within the European Union.



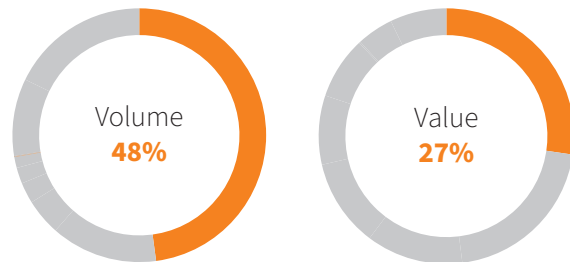
Moskovskaya® Vodka

- 551.3k 9Lcs sold in 2023 (+12.4% vs 2022)
- Over EUR 14.7m net revenue generated from brand sales
- Top 3 standard vodka brand (by volume) across strategic markets in 2023

In line with our ambition to gain greater presence globally, 2023 was another milestone year for Moskovskaya® Vodka, where the brand experienced further growth across its strategic markets, with continued impressive performance across Southern Europe as well as significant growth across our owned distribution markets – in the UK and Australia.

In Italy, now the second largest market for the brand at over one hundred thousand nine-litre cases, Moskovskaya® Vodka managed to secure its place as the No. 2 standard vodka, despite a small decline in volume (-2% vs 2022), mainly driven by the On-premise sector as we saw lower rate of sale in key direct customers due to reduced footfall. In the Off-trade, we grew our volume market share in standard vodka by +1.7% (+1.9% in value), outperforming the market leader, which indicates continued improvement in brand equity. Similarly, in the wholesale and cash and carry channels, we managed to outperform our key competitors, growing our volume share by 0.2%. The second half of 2023 saw the largest digital-first media campaign to date for the brand, reaching 84% of our target consumers with highly relevant localized content, including a seamless path to purchase.

In Spain, Moskovskaya® grew exponentially to +38% overall, securing its number-three positions in standard vodka. Depletions grew by +31% vs 2022, and significant distribution gains across both the On- and Off-trade were achieved, reaching 60% and 31.5% weighted distribution, respectively. On Amazon, Moskovskaya® still maintained its podium position as one of the bestselling vodkas, which further signifies the traction in the market. Like in Italy, the second part of the year saw the launch of a new localised, influencer-led digital campaign targeting Gen Z, reaching 2.83 million consumers with cut-through delivered via excess share of voice, frequency, as well as engagement rates.



Moskovskaya® has also experienced powerful performance in other markets, including achieving the number-four position in standard vodka in Portugal. In the UK, the brand continues to gather traction in Scotland, where a long-term pouring listing was secured with the prestigious hospitality organisation Scotsman Hospitality Group, with a wide range of managed estates including bars, restaurants, nightclubs, hotels, and cinemas, where Moskovskaya® is featured across cocktail menus and further amplified as a tribute to the excellent liquid quality.

From a marketing standpoint, 2023 saw the continued implementation of our digital-first strategy, enriched with content curated via local influencers to rejuvenate the brand whilst step-changing towards a distinct brand personality and a contemporary brand positioning, which allowed us to connect with our target consumers in more meaningful ways. We partnered closely with our strategic markets in building the campaigns to ensure cut-through via local relevance, focus, and investment sufficiency, which resulted in improved media effectiveness.

Looking ahead to 2024, we will further dedicate our marketing initiatives to support our ambitious growth targets and enable the brand to recruit at scale. We will continue to establish our liquid quality credentials and win the hearts and minds of our target consumers by inspiring them with new ways to enjoy vodka and introducing them to the vibrant world of Moskovskaya® through immersive liquid-on-lips experiences. 2024 will be the year in which we 'paint the world green', where our distinctive brand colour will permeate socializing occasions, injecting the vodka category with new vibrancy.





Riga Black Balsam®



The legendary herbal bitter, Riga Black Balsam®, is probably the oldest existing bitter brand in the world, with a history of craftsmanship dating back more than 270 years.

First recorded in 1752, it has been loved and admired by generations. Only natural ingredients are used to craft this unique herbal bitter.

Riga Black Balsam®, with its distinguished, award-winning natural clay bottle, is a well-known brand and is sold to customers in 30 international markets, with over 4 million bottles produced every year.

Riga Black Balsam® is beloved by industry experts and many of the world's best bartenders and other experts, having received more than 100 awards at international fairs and competitions.

The authentic and versatile taste of this legendary herbal bitter makes it an indispensable component for modern mixology and even cuisine.

Today, this brand line is built around six bitters – the original Riga Black Balsam® and contemporary flavoured variations whereby the original recipe is enriched with juices and other flavour notes: Riga Black Balsam® Black Currant, Riga Black Balsam® Cherry, Riga Black Balsam® Espresso (enhanced with coffee bean extract and cinnamon), Riga Black Balsam® Chocolate & Mint, and Riga Black Balsam® XO (blended with French brandy and cask matured).

Probably the oldest bitter brand available

Crafted with passion since 1752.

Distinctive, authentic taste

An exquisite balance of sweet and bitter flavours.

Complex flavour profile

An exciting ingredient for modern mixology and cuisine.

All-natural ingredients

No colourants or artificial flavours added.

Secrets of master craftsmanship

Handcrafted using single-barrel infusion technology.

Unique bottle

True to the original centuries-old natural clay design.

Recognition of quality

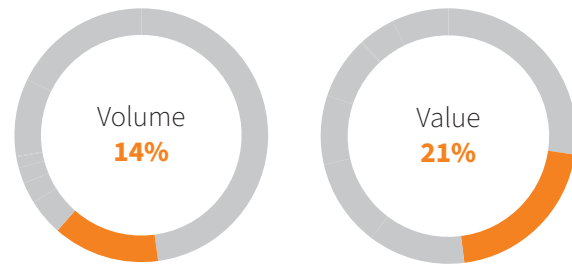
Over 100 top international awards.

Riga Black Balsam®

- Over 156k 9Lcs sold in 2023
- Latvia remains the largest market by volume
- The brand continued to grow steadily at +4% vs 2022, driven by the Baltics, international markets, the UK, and Australia

2023 was another successful year for the legendary herbal bitter Riga Black Balsam®, growing at +4% vs 2022, where the brand also started to gather momentum outside the Baltics. Results were driven by continued robust performance in the Baltics, alongside positive development across both international markets as well as our own distribution companies in the UK and Australia.

Volume increases were driven by the expansion of the brand portfolio in export markets, On-trade traction for the herbal bitter as a key ingredient in cocktails, as well as promotional activities. Riga Airport in Latvia also continued to play a significant role as a key contributor to the brand's performance, thanks to the impactful permanent displays across high-footfall areas.



In 2024, we will continue to capitalise on the existing Riga Black Balsam portfolio® as well as introduce a new flavour addition that catapults the brand into new drinking occasions via refreshing long-drinks. Our presence at Riga Airport will be amplified through a refreshed, impactful permanent installation that will stop and engage travellers passing by and further improve the rate of sale.





Our Production and Logistics Capabilities



Latvia

Taking measures to promote efficiency and to reduce costs

Amber Latvijas balzams AS (ALB) is the leading producer of alcoholic beverages in the Baltic States. It was established in 1900 as Riga's 1st state alcohol warehouse. Nowadays, ALB produces over 700 SKUs under more than 100 different brands owned by ABG and third-party brand owners.

ALB operates two production facilities in Riga, Latvia: a distillery producing strong alcoholic beverages and a factory producing sparkling wines and light alcoholic beverages. These facilities produce most types of alcoholic beverages, such as vodka, liqueurs, brandy, bitters, gin, sparkling wines, fortified wines, ciders, and RTDs (ready-to-drink cocktails).

ALB cooperates with the largest suppliers of raw materials and consumables in the European Union. Ethyl spirit for the production of most of the products is supplied by producers working in the European Union. One of the key resources – water – is derived from artesian wells located within our premises.

Logistics services represent a small, but still significant, part of the ALB 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 us to improve the utilisation of resources.

Due to the drop in production volumes and the overall decrease in profitability caused by worldwide tendencies in economics and geopolitical situation, ALB has taken a series of measures to promote the efficiency of production processes and reduce costs in 2023.

By the end of the year, a 27% 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 additional palletizing equipment), which allows not only to increase production capacity but also to reduce labour costs per unit produced.

Renewed energy purchase contracts at significantly lower prices.

ALB continued adaptation of workforce resources and other costs to current production volumes while maintaining the outstanding quality of the products and the ability to serve customers in a timely manner.

In addition, plenty of new products were developed in 2023, including: Lucky Dog® Passionfruit cider, Black® Limoncello Spritz RTD, LB Black Currant RTD, Rīgas® Prestige Cuvee Semi Seco sparkling wine, Cosmopolitan Diva® Berry Limited Edition, Kazna vodka for Austrian market, Moka Caramel & Cream liquor, Hektors Hex on the Beach spirit drink, and the start of implementing a new design of Moskovskaya® Vodka for ABG global markets.

In the private label production segment, despite strategic decisions made by Stoli Group regarding the rebranding of Stoli products that led to a decrease in volumes, ALB continued to serve Stoli Group and reached 1.9 million 9Lcs produced and sold in 2023.

By complementing to Speed – one of ABG Core values, the ALB team qualified for and received certificate on the Food Safety Management Systems (FSSC certification). The entire food supply chain can use this certification model to ensure adherence to food safety standards and processes. Within this process, ALB carried out an extensive number of upgrades, learning processes, and various internal audits that resulted in a positive conclusion by FSSC representatives.

In 2023, the ALB re-opened the Factory Tour Centre by offering for the public to visit the factory and see the behind-the-scenes of the largest alcoholic beverage production facility in the Baltics. The ALB Factory Tour Centre was established with the aim of providing insight into the history of the factory, its development, and production processes, as well as raising public awareness of the beverage industry and Amber Beverage Group.

In 2023, the Group successfully continued the largest logistics project in Group's history: the construction of a high-bay warehouse in Riga, Latvia. In April 2023, the Parent Company issued 4-year bonds of EUR 30 million to secure the financing of the project. Then in August, the construction agreement was signed with Aimasa SIA, and first-phase construction works were started (the zero-phase works were finished already in previous years). In late 2023, the Group along with its key cooperation partners on project, Aimasa and Jungheinrich, cemented the time capsule, confirming the importance and mutual good will in a symbolic way. The main purpose of the high-bay warehouse project is to centralize the logistic capabilities and resources of the Group, improve process efficiency and logistics capacity and contribute to the strategic growth targets of the Group both in Baltic and global markets.

Estonia

An efficient production facility to meet specific customer needs in small and mid-size batches

After Estonia regained its independence in 1991, Remedia was the first private equity company to secure the right to create alcoholic beverages. Since then, Remedia has become the third-largest producer of spirits in Estonia. During 2022, Remedia underwent a total image change: the company was renamed Amber Production Remedia (APR), and a new logo was adopted within global Group's guidelines. The company managed to secure a smooth and swift transition.

APR's portfolio includes vodkas, flavoured vodkas, organic vodkas, gins, premium rums, natural berry and fruit liqueurs, herbal liqueurs, and bitters. The company also makes cream liqueur and natural egg liqueur.

Since 2019, small batch production for the Group has been located at APR. This allowed production of well-known brands such as Pshenichnaya Vodka and Barbuda® Rum for pan-

Baltic distribution with the same product design, maintaining consistently high-quality standards. The Group has re-routed the third-party products imported by Amber Distribution Estonia OU (ADEE) through the warehouse in Kiiu, Estonia, thus bringing synergies to logistics costs. Moreover, providing logistic services to ADEE has contributed to further synergies and cost reductions at the Group level, in turn making the utilisation of resources at APR more efficient.

In 2023, APR products produced under the private label segment reached new heights. With a steady growth volume every year, APR is proving that their experience has strengthened their skills and expertise, preparing APR to continue to take on new and challenging projects.



Mexico

Organic growth and sustainability

Established in 1999, Amber Production Tequila S.A. de C.V. (APT) began producing premium tequilas in 2000. The company is located in the heart of Tequila, Jalisco, in Mexico, surrounded by an agave landscape that has been declared an international heritage site by UNESCO. APT has a certified quality management system (NSF), and several products have been certified as Kosher and organic.

Throughout the years, APT has successfully developed and introduced in production several outstanding tequila brands like Tenoch® Tequila, Stallion®, Tonalá®, Don Camilo®, Zapopan®, Santos®.

Since its launch in 2017, Rooster Rojo® Tequila has become one of ABG's core brands, gaining immediate international recognition. Despite the slowdown in tequila worldwide demand, the company managed to keep Rooster Rojo® Tequila's volume stable. By continuing to expand the Rooster Rojo® brand portfolio, in mid-2023, an ultra-premium Rooster Rojo® Mezcal was introduced. Despite being a novelty, Rooster Rojo® Mezcal gained large market attention, which resulted in receiving its first medal – a coveted Masters Award in The Spirits Business Tequila and Mezcal Masters in early 2024.

Iconic KAH® Tequila managed to continue volume growth by reaching +36% versus 2022. KAH® continued to get stronger

in the UK market, in Travel Retail, and by exploring new opportunities in the LATAM region.

In close cooperation with the Stoli Group, APT is producing premium-quality Cenote Tequila and Villa One Tequila. Villa One was introduced in July 2019 and developed in a cooperative arrangement between Stoli Group and the American singer-songwriter Nick Jonas and the menswear designer John Varvatos.

In 2023, for the second consecutive year in a row, APT achieved the highest production volume on external and internal sales, while Amber Agave achieved the first successful plantation with a new growth method to secure a profitable future on field and on bottling, allowing APT to unblock an extra capacity on filling lines to support further growth.

The distillery is certified by the government of Mexico, which has approved the extensive care shown for the environment. APT has its own wastewater treatment plant, and the majority of the factory's main electricity consumption is provided from renewable sources via the use of solar panels. According to the development plans, within the next few years, 100% of electricity consumption will be supported by solar energy resources, allowing APT to become completely independent from fossil energy, thus reducing its carbon footprint.

Our Distribution Excellence

Experience in distribution leadership allows us to focus on consumer preferences, driving the business at the Group level



Baltics

Amber Beverage Group's Baltic distribution segment comprises distribution companies Amber Distribution Latvia SIA (ADLV), Amber Distribution Lithuania UAB (ADLT), Amber Distribution Estonia OU (ADEE), Interbaltija AG AS (in 2024, renamed to Interbaltija Amber SIA) (IB), as well as 65 retail stores: 45 Latvijas balzams stores in Latvia within the structure of ADLV, 17 Bravo Alco stores in Lithuania within ADLT, and 3 exclusive wine stores Vinothek Gourmet within IB – in Latvia.

ADLV is the No. 1 distribution company in Latvia in terms of volume and revenue, serving more than 3 500 customers in all trade segments, from international key accounts to alco specialists, traditional trade, the HoReCa segment, and border trade. IB is a specialist premium wine and spirits distributor that focuses on the HoReCa segment.

ADLT is the No. 1 alcohol importer in Lithuania with the most prestigious and diversified portfolio in all categories, serving over 5 300 customers in its key accounts, the HoReCa segment, and traditional trade channels. ADLT has a well-developed distribution network throughout Lithuania, with sales of more than 1.8m 9Lcs annually.

ADEE is a mid-sized but competitive and dynamically developing player in the Estonian beverage market, providing customers with a wide range of international spirits and wine brands. Being the fastest-growing distributor of international spirits and wine brands in Estonia, ADEE in 2023 achieved another record year. The company serves more than 1 100 outlets across the country with a portfolio of over 210 brands.

In 2023, the estimated total volume market share was 15.5% (ADLV 26.3%, IB 1.1%, ADLT 14.0%, ADEE 4.0%). There were significant and notable volume shares in the Brandy and Cognac category (49.0%) and the Whiskey category (31.5%) in Latvia (Sources: AC Nielsen, State Revenue Service (SRS)). In Lithuania, the company leads the Brandy and Cognac category (35.7%), the Whiskey category (37.5%), and the Wine category (14.6%) (source: AC Nielsen; SOM Value 2023). In Estonia, the company has a good share of the Whiskey category (23.5%) and the Cognac category (8.7%) (sources: AC Nielsen, IWSR, internal data). In the Baltic distribution segment, the top performing volume categories in 2023 were Whiskey reaching 260k 9Lcs (+3% vs 2022); Balsam standing at 124k 9Lcs (+3% vs 2022); Ciders standing at 81k 9Lcs (+18% vs 2022); Bitters standing at 46k 9Lcs (+14% vs 2022); and improved positions in Rum at 29k 9Lcs (+14% vs 2022) and Tequila at 10k 9Lcs (+11% vs 2022) with a focus on the premium segments in these categories.

The beverage market in 2023 has been affected by a +6.8% increase in excise tax for strong alcohol, +10% for still and sparkling wines, and +10% for beer in Lithuania. In Latvia, 2023 was a challenging year with high inflation, especially in energy and utility costs at Q1, followed by mortgage inflation due to

EURIBOR, which affected disposable income for consumers. As a result, we saw a -4.7% decline in the total alcohol market (-6.2% beer, -0.5% strong spirits, -6.7% fermented beverages, -0.7% wine, and RTD with -2.4%) as per SRS. Estonia also benefited from the lifting of Covid-19 restrictions and the return of consumers from Finland. As a result, the total alcohol market (excluding beer) grew by 9%.

As a result of good cooperation with brand owners, a more important part of the brand portfolio is taken by the Energy drink category at 205k 9Lcs (+3% vs 2022), Water at 673k 9Lcs (+3% vs 2022), and Soft drinks at 216k 9Lcs (+8% vs 2022). The key brands within these categories have continued to outperform: Red Bull has reached a volume of 187k 9Lcs (+5% vs 2022), S.Pellegrino Water reached 513k 9Lcs (+12% vs 2022), and Sanpellegrino soft drinks of 106k 9Lcs (+40% vs 2022). This has been achieved by continuing expansion in key retail chains in the Baltics and gaining attraction in the On-trade segment.

Major Brands

Moskovskaya® Vodka: the brand has shown significant growth, with volume and value both increasing by 15% compared to 2022. However, in Lithuania, there has been a stark decline in volume, plummeting by 30% compared to 2022. The decline can be attributed to the ban on products associated with Russia, including Moskovskaya® Vodka, due to public and political pressure following the war in Ukraine. Despite being produced in Latvia, the brand continues to be perceived as Russian, causing it to suffer alongside similar brands. Conversely, in Latvia, Moskovskaya® Vodka has strengthened its position as the No.1 vodka in its category, experiencing a remarkable volume growth of +40% and value growth of 43%, thus becoming the largest strong spirits brand by volume in the country. The growth primarily stemmed from regional chains, specialised alcohol stores, and Maxima. In Estonia, we witnessed a volume growth of +18% and value growth of 20%, successfully expanding in modern trade and alcohol specialist chains.

Riga Black Balsam®: the brand experienced a 3% increase in volume and a 7% increase in value compared to 2022. In Lithuania, the brand's performance was notably positive, with volume reaching +8% compared to 2022. Our efforts were concentrated on further developing the Riga Black Balsam® Black Currant and Cherry flavours, as well as strengthening brand distribution and visibility in key retailers. We also focused on building value through a review of trade discounts. In Latvia, Riga Black Balsam® demonstrated strong growth driven by domestic consumption, with volume and value both rising by 3% and 7% respectively compared to 2022. Despite facing limited bottle availability in Q1 due to supply disruptions from Ukraine, the potential remains high. In Estonia, after the rapid growth of the brand by 15% in 2021, there has been a slowdown, with volume and value both slightly decreasing by 3% and 2% respectively compared to 2022. Our focus now shifts to optimizing margins by 11% and ensuring that the right distribution and activation strategies are in place.

Cosmopolitan Diva®: the brand has demonstrated notable growth, with volume increasing by 6% and value by 13% compared to 2022. In Lithuania, the brand experienced a 9% volume growth, attributed to enhanced on-shelf rotation in both modern and traditional trade outlets, as well as

incremental gains from the non-alcoholic expression. The brand remains active in influencer communication, digital campaigns, and Off-trade activations. Despite being a mature brand in Latvia, where volume remained stable, but value didn't change compared to 2022, we encountered setbacks due to the product formula being included in the deposit system, impacting its performance in the sparkling category. Conversely, in the Estonian markets, we witnessed a volume growth of 8% and value growth of 13% compared to 2022, driven by strong development across modern trade and border sales channels.

Bumbu Rum: volume enjoyed +35% growth and value +36% growth vs 2022. Key market Latvia delivered 29% growth in volume, strengthening its No. 1 position in the premium Rum category. At the same time, we observed successful distribution buildup in the Lithuanian market with +53% volume growth and in the Estonian market with +41% volume growth.

Jim Beam: volume in the Baltics grew by +9% and in value by +11% vs 2022. In all three markets, we executed price increases and faced fierce competition from Johnny Walker, Ballantine's, and Jack Daniel. Latvia's volume and value growth of +19% vs 2022 was secured by returning with the listing in the Maxima chain. The market remained highly promo-driven on 1l and 0.7l SKUs. Estonian volume and value grew by 18%; the key focus was behind activation on 0.7l and 1l SKUs to limit historical dependency on 0.5l. In Lithuania, Jim Beam brand performance was negative in 2023 with -9% volume and flat in value vs 2022. Adjusted price positioning was the main influencing factor in Jim Beam sales.

Jack Daniel's: volume grew by 4%, value grew by 10% vs 2022. Positive development was achieved due to the strong focus on competitive pricing, new line extension launches, branded Off-trade activations, and capitalizing on high brand awareness and established brand image. Jack Daniel's brand kept and strengthened its No. 1 whiskey brand position by value and No. 2 whiskey brand position by volume in the Lithuanian market.



Online Sales Platforms

Covid-19 has changed online shopping worldwide, and ABG Baltic distribution units are no exception. During the pandemic, online consumption changed significantly, with a greater proportion of consumers buying essential products, such as food and beverages, online. Therefore, ADLT continued the development and further promotion of its online sales platform, www.amberdrinks.lt. The platform offers a wide range of alcoholic beverages, outstanding wine collections and more.

Latvijas balzams stores continued online sales at the e-commerce platform www.lbveikali.lv. In addition, the opportunity to sell ABG assortments via the external delivery online platform Bolt was also utilized. Along with e-commerce platform development, Latvijas balzams stores promoted and advertised core brands on social media, which undoubtedly increased the visibility and distribution of our core brands throughout Latvia.

Portfolio Development

During 2023, the portfolio was further strengthened in Lithuania by:

1. New third-party supplier products from big brand families that were successfully launched in the market: Jack Daniel's Tennessee Rye and Jack Daniel's Bonded whiskey, Gin Mare, Hendrick's Flora Adora gin, and new San Pellegrino lemonade flavours.
2. Wine portfolio strengthening with world-known wine brands: Fantini, Villa Maria, Yalumba, Henschke, and line extensions - Diablo Golden Chardonnay.
3. Sparkling wine and champagne category expansion with Masia and Hola Cava brands and Vilmar Champagne brand.

The key focus for 2023 in Latvia was portfolio optimisation, including delisting of unprofitable ABG and third-party brands and SKUs and upgrading portfolio with more premium and profitable brands such as. We introduced and carried out:

1. New line extensions for Moka, Hektors, and Lucky dog.
2. New wines from South Africa, Australia, USA, Italy, and France.
3. Mainstream/premium prosecco variety.
4. Continuous portfolio development at RTD segment.
5. Seasonal in-out (summer and winter) introduction for sparkling's.

The Pan Baltic portfolio's further development foresees:

1. Sign up of pan-Baltic contract for alco mixers Franklin & Sons.
2. Laurent Perrier expansion to Estonia becoming a pan-Baltic partner.

United Kingdom

The UK saw a difficult confluence of macroeconomic factors in 2023, generating challenging market conditions for the drinks industry. Foremost among these factors were the following:

- Volatile consumer confidence: largely in reaction to the cocktail of recession, sky-rocketing interest rates and mortgages, and the energy crisis, UK consumer confidence in 2023 was incredibly volatile. Consumers were also wary of short-term, headline-grabbing price reductions and “skrinkflation”, resulting in cautious spend in grocery outside of essential items.
- Escalating labour costs and shortages: this contributed to constricted non-essential spend, and also increased labour costs for hospitality operators.
- Alcohol duty hike: on 1 August 2023, a new duty regime came into effect in the UK, the single biggest alcohol duty increase in almost 50 years. Alcohol specialist retailers reported dampened Christmas spend with a 10.4% drop in volume on prior year.
- On-trade operators squeezed: On-trade operators struggled in the face of restricted disposable income, and ongoing train strikes (disrupting both guests’ and

staff ability to travel), resulting in shorter operating hours across the board. Wholesalers supplying these operators reported squeezed credit lines as trade debtors fell behind on payments, and a dramatic drop in order volumes.

Against this challenging backdrop of economic and political inconsistency, Amber Beverage UK Ltd. (ABUK) has striven to provide strategic clarity around its purpose and portfolio to the market. In early 2023, a new leadership team was appointed with the aim of integrating Amber Beverage UK with Indie Brands. A multitude of integration projects were initiated and realised throughout the year, including portfolio rationalisation by removing the complicated tail of low-performance brands and improving cash position, consolidating all stock and distribution through a single warehouse provider, marketing, sales, finance, and operations team restructures, opening the new London office and closing two regional offices, and articulating the UK sustainability pledge and roadmap (now a compulsory prerequisite for tender success). Although these actions delivered integration synergies and commercial benefits, 2023 performance was plagued by third-party brand departures.

Portfolio changes

Significant competitor brand owner acquisition has meant that some key third-party brands exited the ABUG portfolio, with future potential risk in 2024-2025. This further compounded the portfolio rationalisation project, as several brand acquisitions had a material impact on margin contribution (approximately £3 million) and ultimately EBITDA. These include Sovereign Brands (including Bumbu Rum) - acquired by Pernod-Ricard, Silent Pool Gin - acquired by William Grant, Don Papa Rum - acquired by Diageo (although it will remain in the ABUG’s

portfolio until at least April 2025), and Vantguard (including Gin Mare) – acquired by Brown Forman.

ABUK sought to remove low-margin, high-volume categories such as beer and soft drinks from the portfolio, as increased warehousing and distribution costs have made these categories non-profitable (including Super Bock beer and Fritz-Kola).

Major brands

A cleaner portfolio strategy derived positive results for our other major brands through clarity of market position, sales and marketing priorities, and increased focus.

Rooster Rojo® Tequila: the brand achieved remarkable volume sales, reaching 4.7k 9Lcs, representing a staggering 70% increase compared to 2022. This surge was predominantly fuelled by heightened On-trade distribution facilitated by major

regional and national wholesalers, such as Speciality Drinks, Hammonds of Knutsford, LWC, Matthew Clark, and Venus.

Moskovskaya® Vodka: the brand experienced a significant boost in volume sales following a pivotal listing with Scotland’s largest bars operator, The Scotsman Group. This strategic move had a comprehensive effect on sales throughout the Scottish region and is expected to sustain momentum into

2024. Surpassing 10k 9Lcs, the volume exceeded twice the sales recorded in 2022, marking a remarkable achievement for the brand.

Stoli Premium: volume sales remained relatively consistent despite substantial investment from the competitive set, particularly in the retail environment (71k 9Lcs in 2023 vs 73k 9Lcs in 2022).

Luxardo: volumes increased in the emerging categories (Aperitivo, Limoncello, Liqueurs, and Cherries) except its traditional heartland of Sambuca, which is a rapidly declining category in the UK as “shot culture” becomes ever less fashionable in an era of conscious consumption (47k 9Lcs in 2023 vs 53k 9Lcs in 2022).

Faustino: volume sales of Faustino reached 193k 9Lcs, representing +13% growth vs 2022. Consumers’ retreat to safety in retail saw strong performance for recognised brands. As the world’s number one Rioja market and the number two Rioja brand within it, Faustino was a beneficiary of this phenomenon.

Don Papa: acquired by Diageo but remaining with ABUK in the mid-term, Don Papa benefited from a significant uptick in brand investment from its new parent company, which helped drive volumes to 16k 9Lcs, representing +27% growth vs 2022.

Finest Call and Real: volumes reached 60k 9Lcs in 2023, up by 17% vs 2022. Despite sustainability challenges around packaging, Finest Call offers a compelling cocktail solution through superior-quality ingredients, ambient storage, and extended shelf life relative to a competitive set.



Australia

2023 proved to be both a successful and a challenging for the team at Amber Beverage Australia (ABAU). We achieved strong growth in volumes (+8.3% vs 2022) and revenue (+17.2% vs 2022) by expanding our core brands and attracting exceptional new brands to the portfolio. Overall, the business achieved AUD 869k EBITDA, but fell of delivering on our full-year EBITDA budget due to a gap in volumes compared to the budget and growing investment needs in brand building.

At ABAU, we have partnered with some of the world's finest international spirits businesses, such as Whyte & Mackay, Heaven Hill, Fratelli Branca, and Crystal Head Vodka. These partnerships, developed over many years, ensure that we work closely together to achieve our shared objectives. We

also released several exciting brands onto the market and achieved positive initial sales volumes for brands that include 818 Tequila, Shanky's Whip and Curatif, as well as reintroduced Kentucky Owl.

Our brands are ranged and distributed by Australia's largest liquor retailers, Endeavour Drinks Group and Coles Liquor. We also utilise the Australia-wide wholesalers' networks, such as Australian Liquor Marketers, Paramount, and Liquid Mix, which serve On- and Off-premise customers. In addition, we have our Amber Rewards loyalty programme, which sees us communicating, training, and rewarding nearly 3 000 On-premise bar staff and managers who serve our quality brands to consumers every day.

Major brands

Rooster Rojo® Tequila: 2023 was another record year for the brand, with volumes up by 25% on the previous year, surpassing the 8k 9Lcs benchmark. This is despite industry-wide supply and logistics issues that hampered our ability to supply the market for extended periods. Distribution was gained across both On-trade and Off-trade channels as consumers flocked to the brand.

Moskovskaya® Vodka: Annual volumes standing at 6.3k 9Lcs, with growth of 115% vs last year, meant that 2023 was

continued success after 2022, when Moskovskaya® Vodka established itself in the Australian market. Consumers have quickly realised that Moskovskaya® Vodka represents good value for money, is highly awarded, and is affordable.

Stoli Premium: Brand has established a solid place in the portfolio, with volumes at a similar level to 2022 but +7% growth in value. Growth was achieved by activation of duty-free channels and +152% growth in Coles.

New brands

In 2023, ABAU's portfolio was expanded by three strong brands: 818 Tequila, Shanky's Whip, and a new category in the portfolio with Curatif RTDs. Both 818 Tequila and Shanky's Whip were introduced to the market in August. 818 Tequila had a successful launch, and while only launched in August, the sales had reached 2.9k 9Lcs, positioning itself amongst

the top-selling brands in our portfolio. Shanky's Whip was also launched in August, adding to ABAU's liqueur category and reaching 637 9Lcs in its first five months. Curatif was the last launch of the year in October, reaching 2k 9Lcs till the end of the year.

Austria and Germany

In 2023, Amber Beverage Austria GmbH (ABAT) faced unprecedented challenges, significantly impacting our traditional business model. The primary factor was the decision to discontinue our direct HoReCa delivery business line operated under the Barexpress name. This strategic shift resulted in a substantial reduction in our operational scope from a volume perspective; however, this decision was important to build for future business development and allowing to focus on distribution as the key function.

The highest inflation rate in modern Austria, in combination with a consumption decline, has negatively impacted the

business and resulted in a volume drop of 3%. Despite that, ABAT generated net revenue of EUR 10.3m, an increase of 8% compared to 2022, underlining the effectiveness of a realigned business strategy and strong market positioning.

After its first full year of operations in 2022, Amber Beverage Germany GmbH (ABGE) experienced significant business growth in 2023. Total volume increased by 105% in 2023, and total gross margin increased by 123%, indicating the positive results of the long-term plan of business development in Germany, the largest beverage market in Europe.

Strategic Partnerships and Market Successes

2023 was marked by significant listings that enhanced our market presence. Notably, we achieved the listing of an own brand at REWE, one of the two largest retailers in the Off-trade sector in Austria, and successfully placed Kazna Vodka with Hofer (Aldi), the leading discount retailer in Austria, with already nearly 6k 9Lcs. These accomplishments underscore our capacity to forge strong partnerships and expand our presence in key markets.

In 2023, ABGE kept working with one of the top 5 largest distributors in Germany, which resulted in Amber Beverage Germany's products getting listed in some of the largest retailers in the Off-trade sector in Germany, finishing the year with significantly improved brand awareness for Tambovskaya® Vodka in Germany.

Optimized Portfolio for Market Agility

In response to 2023's challenges, ABAT significantly streamlined its brand portfolio, focusing intensely on our main brands and reducing inventory to enhance our market agility and efficiency. This strategic consolidation aimed at concentrating our efforts and resources on the core brands that drive our business. Among these, Terme di Crodo with 25k 9Lcs, König Ludwig with 14k 9Lcs, and Badel 1862 with 12k 9Lcs continued to be strong performers, showcasing our portfolio's resilience and capability to serve a diverse customer base.

Moreover, we achieved a significant milestone with Three Sixty Vodka being listed nationally across the entire off-trade sector, demonstrating strong strategic focus and success in elevating the availability and appeal of the brand.

In 2023, ABGE remained on the same course, mainly focusing on the distribution of ABG brands. A strategy to keep focusing on vodka category was also used resulting in sale of 42k 9Lcs of Tambovskaya® Vodka.

New Brands

In 2023, ABAT made strategic adjustments to its brand portfolio, including the introduction of Coppa Cocktails RTD to the portfolio. Furthermore, we focused on streamlining our brand portfolio by minimizing our engagement with many small-scale, low-return brands. This move allowed us to concentrate our efforts and resources on strategic brand development.

Additionally, our portfolio was enriched by the inclusion of the private labels: Clever for REWE and Kazna Vodka for Hofer, demonstrating our ability to adapt and thrive amidst market shifts.

Leading Third Party Brands

As one of the foremost importers and distributors in the beverage industry, we take pride in our extensive portfolio, boasting approximately 1 300 esteemed international wine and spirits brands. From luxurious vodkas to exquisite sparkling wines, our selection caters to diverse tastes and preferences.

Amber Beverage Group stands as a beacon of excellence, serving as the go-to brand management and distribution partner for a prestigious roster of international brand owners and producers. Among our esteemed partners are industry titans such as Askaneli Brothers, Badel 1862, Beam Suntory, Bodegas Faustino, Brown-Forman, Casillero del Diablo, De Kuyper, Diageo, Heaven Hill, Jägermeister, Luxardo, Pernod Ricard, Red Bull, Torres, and many more.

As the world emerged from the disruptions caused by the Covid-19 pandemic into a period of growing economic instability, 2023 has been a time of challenges and opportunities for ABG distribution companies worldwide. As societies began to navigate towards a semblance of normalcy, with the resurgence of social and nightlife activities

in On-trade channels, coupled with the gradual reopening of international travel, our sales teams across Australia, Austria, Estonia, Latvia, Lithuania, and the UK observed encouraging sales trends across all segments and categories. Concurrently, the significance of e-commerce channels continued to amplify, underscoring the importance of a dual focus on both traditional commercial endeavors and online marketplaces.

Furthermore, in 2023, we undertook a comprehensive review, overhaul, and relaunch of our Excellent Distribution Standards, serving as the bedrock for maintaining ABG's commitment to excellence across all our distribution entities. This initiative encompassed refining guidelines to delineate performance targets for our sales personnel, elevating merchandising standards to enhance brand visibility, and implementing enhancements to our performance recording platform, thereby streamlining the capture of distribution team outputs. Our steadfast adherence to these standards on a global scale fortifies our collaborative efforts with customers and consumers alike, regardless of our operational footprint.





MYERS'S
RUM



Jägermeister



ORIGINAL

BADEL 1862



Faustino



FINCA
LAS MORAS





Consolidated Financial Statements



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Primary Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 EUR 000	2022 (restated) EUR 000
Revenue		497 609	530 128
Excise tax and duties		(168 551)	(164 352)
Net revenue	5	329 058	365 776
Cost of goods sold	6.1	(239 631)	(255 575)
Gross profit		89 427	110 201
Selling expenses	6.2	(51 036)	(55 436)
General and administrative expenses	6.3	(23 578)	(24 948)
Net impairment losses on financial assets		(267)	63
Fair value adjustment on biological assets	16	(9 906)	2 181
Other operational income	6.4	14 656	7 492
Other operational expenses		(2 865)	(2 781)
Merger and acquisition related costs		(610)	(2 748)
Operating profit		15 821	34 024
Net finance income / (costs)	9	(6 104)	(5 483)
Profit before tax		9 717	28 541
Income tax expense	10	(4 339)	(4 995)
Profit for the year		5 378	23 546
Attributable to:			
Owners of the parent		4 305	20 524
Non-controlling interest		1 073	3 022
		5 378	23 546
Other comprehensive (losses)/ income (cannot be subsequently reclassified to profit or loss)		(2 044)	72
Total comprehensive income for the year		3 334	23 618
Attributable to:			
Owners of the parent		2 682	19 697
Non-controlling interest		652	3 921
		3 334	23 618

These consolidated financial statements on pages 78 to 137 were approved by the Board of Managers on 27 May 2024 and signed on its behalf by:



Arturs Evarts
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Assets

	Notes	31/12/2023 EUR 000	31/12/2022 (restated) EUR 000	31/12/2021 (restated) EUR 000
Non-current assets				
Intangible assets	12	87 615	81 166	81 141
Property, plant and equipment	13	61 425	60 246	58 147
Rights-of-use assets	14	9 688	8 078	8 336
Investment properties	27	–	1 059	897
Biological assets	15	6 016	14 774	11 159
Loans to related parties	26.2	29 681	26 617	20 830
Other non-current financial assets		3 400	3 183	2 204
Non-current financial investments		2 214	2 184	2 810
Deferred tax asset	10.3	223	–	–
Total non-current assets		200 262	197 307	185 524
Current assets				
Inventories	16.1	85 648	87 785	79 343
Trade and other receivables	16.2	147 075	138 253	147 244
Loans to related parties	26.2	6 020	3 717	2 856
Current income tax receivable		1 578	146	812
Short term deposits	18	12 000	–	–
Cash and cash equivalents	20	16 065	7 490	7 442
Total current assets		268 386	237 391	237 697
Assets held for sale		–	23 327	–
Total assets		468 648	458 025	423 221

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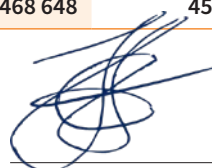
Arturs Evarts
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Equity and liabilities

	Notes	31/12/2023 EUR 000	31/12/2022 (restated) EUR 000	31/12/2021 (restated) EUR 000
Capital and Reserves				
Share capital	22	13	13	13
Share premium	22	132 553	132 553	132 553
Foreign exchange revaluation reserve		(2 683)	(627)	366
Other reserves		1	1	1
Asset revaluation reserve	13	523	–	–
Pooling reserve	23	(21 268)	(18 041)	(18 041)
Revaluation reserve of derivative financial instruments		8	98	(68)
Retained earnings		60 573	63 041	53 517
Total equity attributable to owners of the parent		169 720	177 038	168 341
Non controlling interest	24	15 114	15 445	12 008
Total equity		184 834	192 483	180 349
Liabilities				
Non-current liabilities				
Borrowings	18	10 245	19 224	47 164
Trade and other payables	16.4	1 357	1 377	3 000
Deferred tax liability	10.3	5 116	3 392	1 390
Derivative financial instruments		(8)	(98)	68
Total non-current liabilities		16 710	23 895	51 622
Current liabilities				
Borrowings and bank overdrafts	18	113 951	88 658	61 938
Trade and other payables	16.4	97 018	86 877	71 323
Taxes payable	16.3	54 898	52 146	55 622
Current income tax liabilities	16.3	1 237	264	2 367
Total		267 104	227 945	191 250
Liabilities directly associated with the assets held for sale		–	13 702	–
Total current liabilities		267 104	241 647	191 250
Total liabilities		283 814	265 542	242 872
Total equity and liabilities		468 648	458 025	423 221

These consolidated financial statements on pages 78 to 137 were approved by the Board of Managers on 27 May 2024 and signed on its behalf by:



Arturs Evarts
Chairman of the Board of Managers

Consolidated Statement of Changes in Equity

	Notes	Share capital EUR 000	Share premium EUR 000	Foreign exchange revaluation reserve EUR 000	Pooling reserve EUR 000
As at 1 January 2022 (reported)		13	132 553	243	(18 041)
Effect of changes in accounting policy	30	–	–	123	–
As at 1 January 2022 (restated)		13	132 553	366	(18 041)
Dividends	26.4	–	–	–	–
Profit for the year		–	–	–	–
Other comprehensive income		–	–	(993)	–
Total comprehensive income		–	–	(993)	–
As at 31 December 2022		13	132 553	(627)	(18 041)
Dividends	26.4	–	–	–	–
Profit for the year		–	–	–	–
Other comprehensive income		–	–	(2 056)	–
Total comprehensive income		–	–	(2 056)	–
Reclassification of reserve due to reorganisation of the Group	23	–	–	–	63
Derecognition due to disposal of subsidiary	23	–	–	–	(3 290)
As at 31 December 2023		13	132 553	(2 683)	(21 268)

Attributable to the owners of the parent

Revaluation reserve of derivative financial instruments EUR 000	Asset revalua- tion reserve EUR 000	Other reserves EUR 000	Retained earnings EUR 000	Total EUR 000	Non-control- ing interest EUR 000	Total equity EUR 000
(68)	–	1	51 279	165 980	12 008	177 988
–	–	–	2 238	2 361	–	2 361
(68)	–	1	53 517	168 341	12 008	180 349
–	–	–	(11 000)	(11 000)	(484)	(11 484)
–	–	–	20 524	20 524	3 022	23 546
166	–	–	–	(827)	899	72
166	–	–	20 524	19 697	3 921	23 618
98	–	1	63 041	177 038	15 445	192 483
–	–	–	(10 000)	(10 000)	(469)	(10 469)
–	–	–	4 305	4 305	1 073	5 378
(90)	523	–	–	(1 623)	(421)	(2 044)
(90)	523	–	4 305	2 682	652	3 334
–	–	–	(63)	–	–	–
–	–	–	3 290	–	(514)	(514)
8	523	1	60 573	169 720	15 114	184 834

Consolidated Statement of Cash Flows

	Notes	2023 EUR 000	2022 (restated) EUR 000
Cash flows from operating activities			
Profit before tax		9 717	28 541
Adjustments for:			
Depreciation and amortisation charge	6	8 821	8 992
Reversal of impairment loss	6	(4 614)	–
Net gain on disposal of property, plant and equipment, investment properties and intangible assets	6.4	(2 135)	(90)
Net loss from disposal of subsidiaries	11.1	1 436	–
Interest income	9	(2 996)	(913)
Interest expense	9	7 504	5 063
Other adjustments		(19)	2 212
Fair value adjustment on biological assets	15	9 906	(2 181)
Cash generated from operations before changes in working capital		27 620	41 624
Working capital changes:			
(Increase)/ decrease in inventories		3 187	(10 365)
(Increase)/ decrease in trade and other receivables		(2 296)	(8 020)
Increase/ (decrease) in trade and other payables		9 228	17 333
Cash generated from operations		37 739	40 572
Corporate income tax paid		(2 761)	(2 988)
Interest received		–	–
Net cash generated from operating activities		34 978	37 584

	Notes	2023 EUR 000	2022 (restated) EUR 000
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and right to use assets		(11 690)	(7 323)
Payments to acquire investment properties		(2)	–
Payments to acquire intangible assets		(2 475)	(1 346)
Payments to acquire biological assets		(976)	(620)
Proceeds from disposal of property, plant and equipment		170	424
Proceeds from disposal of subsidiary, net of cash disposed		2 878	–
Payments for acquisition of subsidiaries	16.4	(4 081)	–
Short term deposits placed		(12 000)	–
Net cash used in investing activities		(28 176)	(8 865)
Cash flows used in financing activities			
Interest paid		(8 728)	(3 753)
Change in overdraft	18.2	1 691	3 500
Proceeds from issue of bonds		30 000	–
Borrowings received		10 000	10 000
Borrowings from related parties		50	78
Repayment of borrowings		(25 078)	(27 314)
Lease payments		(2 777)	(2 845)
Dividends paid to Parent Company's shareholders	26.4	(2 760)	(7 602)
Dividends paid to non-controlling interests in subsidiaries		(469)	(484)
Net cash used in financing activities		1 929	(28 420)
Net change in cash and cash equivalents		8 731	299
Cash and cash equivalents at the beginning of the period		7 783	7 442
Effects of exchange rate changes on cash and cash equivalents		(449)	42
Cash and cash equivalents at the end of the period	20	16 065	7 783

Notes to the Consolidated Financial Statements

Accounting information and policies

This section describes the basis of preparation of the consolidated financial statements and the Group's accounting policies that are applicable to the financial statements as a whole. Accounting policies, critical accounting estimates, and judgements that are specific to a note are included in the note to which they relate. This section also explains new accounting standards, amendments, and interpretations that the Group has adopted in the current financial year or will adopt in subsequent years.

1. General Information

These consolidated financial statements were approved and authorised for issue by the Board of Managers of Amber Beverage Group Holding S.à r.l. (the Parent Company) on 27 May 2024.

The Parent Company was incorporated on 26 September 2017 under the laws of the Grand Duchy of Luxembourg with the registered number B218246 as Amber Beverage Group Holding S.à r.l. The Parent Company's registered office is at 44 Rue de la Vallée, L-2661, Luxembourg. The main shareholder of the Group, which owns 94% of shares of the Parent Company, is SPI Group Holding Limited, incorporated in Cyprus, the ultimate beneficial owner of the Group is Mr. Yuri Schefler.

As of 31 December 2023, Amber Beverage Group (further on – the Group or ABG) consists of the Parent Company and its subsidiaries (see also **Note 28**).

The Parent Company, together with its subsidiaries (the Group), is involved in production and distribution of branded spirits in the European Union (the EU) and global markets.

The approval of the consolidated financial statements of the Group at a meeting of shareholders shall be postponed if, disputing the correctness of separate positions in the consolidated financial statements, the postponement is requested by shareholders who represent at least one tenth of the equity capital.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and as adopted by the EU. The consolidated financial statements have been prepared using the measurement, recognition, presentation and disclosure basis specified by IFRS for each type of asset, liability, income and expense.

The cash flows from operating activities in the consolidated statement of cash flows is prepared according to indirect method. Expenses in the consolidated statement of comprehensive income are classified by function.

Going Concern

These consolidated financial statements have been prepared on a going concern basis. In determining that the business is a going concern, the Management has considered, among the other factors, the following: the net result for 2023 is a profit of EUR 5 378 thousand, Normalized EBITDA ratio (earnings before interest, taxes, depreciation and amortisation adjusted by merger and acquisition related costs and fair value change of biological assets) has reached EUR 31 980 thousand, as at the 31 December 2023 the Group has positive equity of EUR 184 834 thousand, the current assets exceed current liabilities. In 2023, the Group has started a refinancing process of its loan portfolio, which is expected to be finalized by mid-2024 and will improve the leverage position of the Group. The Management believes there are no material uncertainties that lead to significant doubt about the Group's ability to continue as a going concern in the foreseeable future.

Basis for Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, land used in agricultural activity and biological assets that are recognised at fair value and assets held for sale measured at the lower of carrying amount and fair value less costs to sell.

Reporting period

These consolidated financial statements cover the period from 1 January 2023 to 31 December 2023.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that the majority of voting rights result in control. To support this presumption and when the Group has less than a majority the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are part of the Group from the date of their acquisition, being the date on which the Group obtains control, and continue to be part of the Group until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights currently exercisable or convertible potential voting rights or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intra-group balances and transactions including unrealized profit arising from them are eliminated in full.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary it: (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit or loss; (vii) recognises the parent's share of any components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Functional and presentation currency

The functional and presentation currency of the main Group entities is the euro (EUR) as the European Union is the primary economic environment in which the Group's subsidiaries operate. These consolidated financial statements are presented in thousand euros (unless stated differently).

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

During the consolidation process for entities with functional currency other than the functional currency of the Parent Company, the positions of statement of financial position are revalued at year-end exchange rate, the positions of statement of comprehensive income, cash-flow statement and statement of changes in equity are revalued at annual average exchange rate (or the average exchange rate for the period the Group has obtained the control set by the European Central Bank or Central bank of respective location).

The following foreign currency exchange rates have been applied:

	31/12/2023	2023 average	31/12/2022	2022 average	31/12/2021
USD/EUR	1.1050	1.0813	1.0666	1.0530	1.1326
AUD/EUR	1.6263	1.6288	1.5693	1.5167	1.5615
GBP/EUR	0.8691	0.8698	0.8869	0.8528	0.8403
RUB/EUR	99.1919	92.8741	75.6530	66.8916	85.3004
MXN/EUR	18.7231	19.1830	20.8560	21.1869	23.1438
CHF/EUR	0.9260	0.9718	0.9847	1.0047	1.0331
CAD/EUR	1.4642	1.4595	1.4440	1.3695	1.4393

Exchange differences on monetary items are recognised in the statement of comprehensive income in the period in which they arise.

3. Changes in accounting policies and disclosures

Accounting of land used for agriculture activity

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2023, the Group elected to change the method of accounting for land used in agricultural activity classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the

users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of land's fair value. The Group applied the revaluation model retrospectively. For impact of change in accounting policy on valuation of land used for agricultural activity see in **Note 30**.

After initial recognition, land used in agricultural activity is measured at fair value at the date of the revaluation less any subsequent accumulated impairment losses.

New and amended standards and interpretations

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 Group considers that aforementioned amendments to standards have no material impact on these consolidated financial statements.

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 Group is currently assessing the impact of these amendments on its consolidated financial statements.

4. Critical Assumptions and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Revaluation of land used in agricultural activity

The Group measures the land used in agricultural activity at revalued amounts, with changes in fair value being recognised in OCI. The land used in agricultural activity was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2023 for the land used in agricultural activity.

Impairment of goodwill and trademarks with indefinite useful life

The Group's impairment test for goodwill and trademarks with indefinite useful life is based on a value-in-use calculations using a discounted cash flow model. The cash flows are derived from the Group's five-year plans for goodwill impairment testing purposes and three-year plans for trademark impairment testing purposes. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, further explained in **Note 12**. The Group tests annually whether goodwill and trademarks with indefinite useful life has suffered any impairment.

Results for the Year

This section explains the results and performance of the Group for the year ending 31 December 2023. Disclosures are provided for divisional information, operating profit, finance income and costs, and taxation.

5. Segment Reporting

In identifying its segments, management follows the Group's business specifications. The Group is considered to have two main operating and reportable segments: the Production segment, comprising production activities of alcoholic beverages and raw materials (ethyl spirit), and Distribution and Brand Management segment, comprising activities on the distribution of own and third-party brands within the local markets and via export.

No operating segments have been aggregated to form the above reportable operating segments.

Each of these segments is managed separately as each of business areas require different approaches. The Executive Committee (consisting of chief functional managers of the Group) is the Chief Operating Decision Maker (CODM) and monitors the operating results of segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Also, the Group's net finance costs (including finance costs, finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

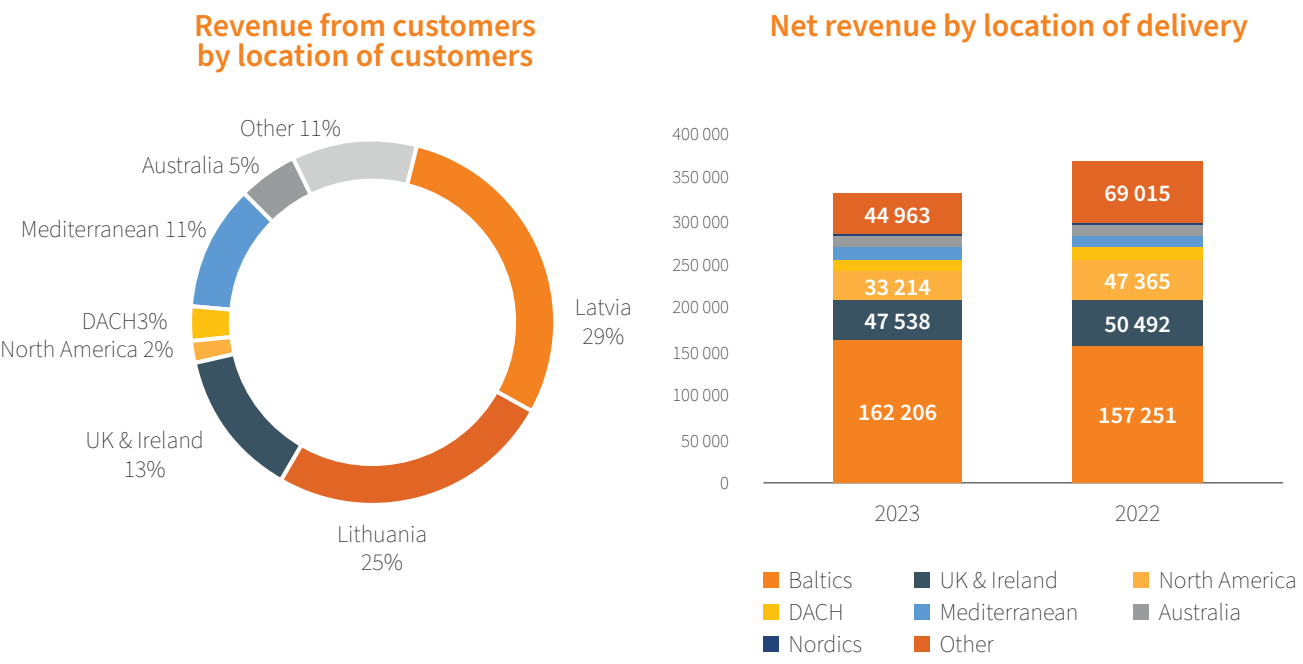
Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'Other/ Eliminations' column.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is reduced for estimated customer returns, discounts, rebates, and other similar allowances. For production segment, the Group 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 excise tax levied on the customers. In other cases excise tax is borne by the Group as expense and included in the cost of goods sold. Revenue is shown net of value-added tax and duties or other sales taxes. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably. Revenue is recognised at a point of time.

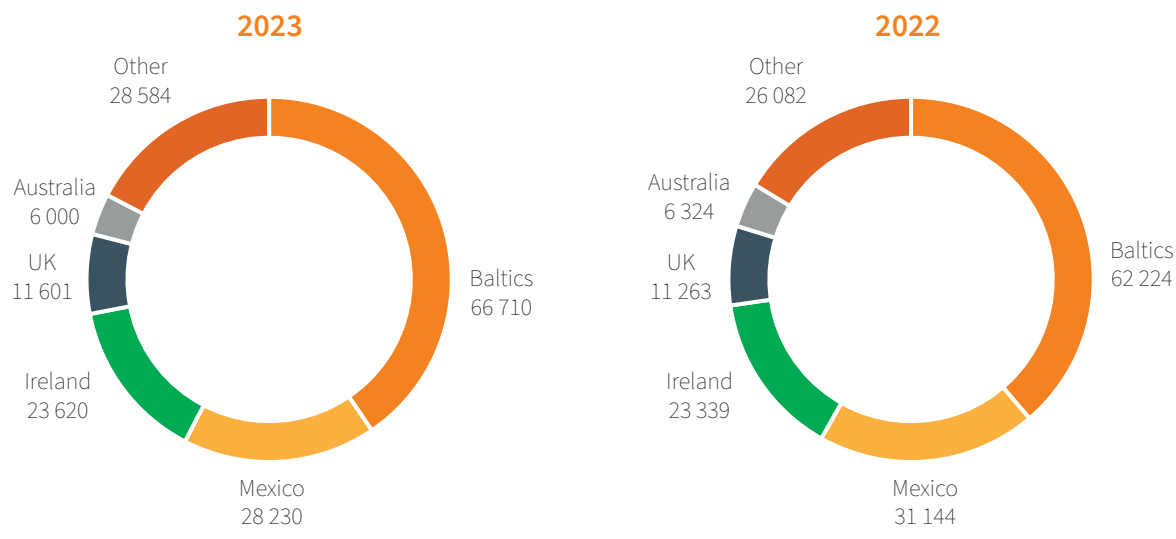
	Production		Distribution and Brand Management		Other/ Eliminations		Consolidated	
	2023 EUR 000	2022 EUR 000	2023 EUR 000	2022 EUR 000	2023 EUR 000	2022 EUR 000	2023 EUR 000	2022 EUR 000
Revenue								
Third party revenue	88 800	136 965	408 809	393 163	–	–	497 609	530 128
Intersegment revenue	57 358	61 968	24 840	16 719	(82 198)	(78 687)	–	–
Segment revenue	146 158	198 933	433 649	409 882	(82 198)	(78 687)	497 609	530 128
Operating profit	1 920	25 279	11 962	13 938	1 939	(5 193)	15 821	34 024
Finance income							3 399	1 197
Finance costs							(9 503)	(6 680)
Income tax							(4 339)	(4 995)
Profit for the year							5 378	23 546

	Production		Distribution and Brand Management		Other/ Eliminations		Consolidated	
	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2023 EUR 000	31/12/2022 EUR 000
Assets								
Non-current segment assets	75 081	83 814	66 057	65 587	23 606	15 809	164 744	165 210
Current segment assets	98 600	87 906	134 482	138 512	5 542	7 224	238 624	233 642
Segment assets	173 681	171 720	200 539	204 099	29 148	23 033	403 368	398 852
Deferred tax assets							223	–
Current tax receivable							1 578	146
Loans to related parties							35 701	30 334
Other non-current assets							3 400	3 182
Non-current financial investments							2 214	2 184
Short term deposits							22 164	–
Assets held for sale							–	23 327
Total assets							468 648	458 025
Liabilities								
Non-current segment liabilities	(1 957)	(904)	(4 830)	(4 287)	(207)	–	(6 994)	(5 191)
Current segment liabilities	(104 320)	(67 071)	(202 015)	(212 749)	151 673	137 057	(154 662)	(142 763)
Segment liabilities	(106 277)	(67 975)	(206 845)	(217 036)	151 466	137 057	(161 656)	(147 954)
Deferred tax liabilities							(5 116)	(3 392)
Current tax payable							(1 237)	(264)
Interest-bearing loans and borrowings							(115 813)	(100 328)
Derivatives							8	98
Liabilities associated with assets held for sale							–	(13 702)
Total liabilities							(283 814)	(265 542)
Other disclosures								
Capital expenditure	11 452	10 799	2 630	1 446	1 061	1 323	15 143	13 568
Depreciation, amortisation	4 709	5 113	2 441	2 715	1 671	1 164	8 821	8 992
Reversal of impairment loss	–	–	–	–	(4 614)	–	(4 614)	–

The Group is domiciled in Luxembourg, with the primary activities carried out through its own route-to-market network in the Baltics (Latvia, Lithuania, Estonia), the UK, Australia, the DACH region (Austria and Germany combined), and the global market through operations in Cyprus. The amount of revenue from external customers, broken down by location of the customers, is shown in the following graph:



The total non-current assets other than financial instruments and deferred tax assets, broken down by location of assets, is shown in the following graphs:



6. Operating Profit

Operating profit for the period has been arrived at after charging (classifying expenses by nature):

	2023 EUR 000	2022 EUR 000
Revenue	497 609	530 128
Excise tax and duties	(168 551)	(164 352)
Net revenue	329 058	365 776
Cost of inventories	(214 779)	(226 939)
Advertising, marketing and promotional costs	(6 728)	(9 578)
Logistic costs	(10 322)	(11 628)
Staff costs	(49 226)	(51 140)
Other indirect costs	(25 798)	(30 463)
Other income	10 042	7 492
Net impairment loss on financial assets	(267)	63
Depreciation and amortisation - cost of goods sold	(2 533)	(2 745)
Depreciation and amortisation - selling costs	(2 513)	(2 982)
Depreciation and amortisation - administration costs	(3 775)	(3 265)
Reversal of impairment loss	4 614	–
Total depreciation, amortisation and impairment of non-financial assets	(4 207)	(8 992)
Fair value adjustment to biological assets	(9 906)	2 181
Merger and acquisition related costs	(610)	(2 748)
Net loss from disposal of subsidiaries	(1 436)	–
Operating profit	15 821	34 024

The Group uses Alternative Performance Measures ("APMs") to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group's peers. The EBITDA ratio (earnings before interest, tax, depreciation, amortisation and impairment of non-financial assets) is calculated as following:

	2023 EUR 000	2022 EUR 000
Operating profit	15 821	34 024
Add-back for:		
Depreciation, amortisation and impairment	4 207	8 992
Fair value adjustment to biological assets	9 906	(2 181)
Total	29 934	40 835
Merger and acquisition related costs	610	2 748
Net loss from disposal of subsidiaries	1 436	–
Normalized EBITDA	31 980	43 583

6.1. Costs of Goods Sold

	2023 EUR 000	2022 EUR 000
Cost of inventories	214 779	226 939
Staff costs	11 295	13 034
Utility expense	3 774	4 394
Nature resource tax	3 423	2 603
Depreciation and amortisation	2 533	2 745
Maintenance costs	957	1 170
Real estate tax	275	264
Laboratory expense	98	86
Insurance costs	84	61
Change in accruals	(202)	(197)
Other production costs	2 615	4 476
Total	239 631	255 575

6.2. Selling Expenses

	2023 EUR 000	2022 EUR 000
Staff costs	25 355	24 848
Transport and logistics	10 322	11 628
Advertising, marketing and promotional costs	6 728	9 578
Depreciation and amortisation	2 513	2 982
Maintenance of premises and similar costs	1 936	2 069
Change in accruals	4	169
Packaging materials	271	334
Maintenance of cars	156	149
Other distribution costs	3 751	3 679
Total	51 036	55 436

6.3. General and Administrative Expenses

	2023 EUR 000	2022 EUR 000
Staff costs	12 577	13 258
Depreciation and amortisation	3 775	3 265
Management and professional service expense	1 219	2 076
Office expense	942	1 419
IT maintenance	711	575
Business trips	581	532
Communication	457	470
Representation	353	297
Bank commissions	228	264
Training expense	107	63
Other administration	2 628	2 729
Total	23 578	24 948

6.4. Other Operational Income

	2023 EUR 000	2022 EUR 000
Income from logistic services	3 527	3 558
Reversal of impairment loss (see Note 12)	4 614	–
Income from management services and royalties	370	317
Gain from sale of materials	131	181
Net gain on sale of property, plant and equipment	2 135	90
Other income	3 879	3 346
Total	14 656	7 492

7. Auditor's Remuneration

The Group has paid the following amounts to its auditors PricewaterhouseCoopers and other firms in respect to the audit of the financial statements.

	2023 EUR 000	2022 EUR 000
Fees paid for audit and audit related services	406	291
Total	406	291

In 2023 the Group has acquired non-audited services in amount of EUR 27 thousand.

8. Staff Costs

Personnel expenses incurred by the Group during the period are analysed as follows:

	2023 EUR 000	2022 EUR 000
Wages and salaries	43 496	42 636
Social security contributions	6 752	7 132
Change in accruals	(1 022)	1 372
Total	49 226	51 140

The average number of persons employed by the Group during the period, including managers was as follows:

	2023	2022
Production	764	1 324
Wholesale and retail	662	692
Other	96	82
Total	1 522	2 098

9. Finance Income and Costs

	2023 EUR 000	2022 EUR 000
Finance income		
Interest income	689	114
Interest income from related parties	2 307	799
Other financial income	403	284
Total finance income	3 399	1 197
Finance costs		
Interest expenses	(6 877)	(4 283)
Interest expenses to related parties	(627)	(780)
Foreign exchange loss, net	(1 227)	(1 073)
Amortisation of loan related expenses	(772)	(544)
Total finance costs	(9 503)	(6 680)
Net finance income/ (costs)	(6 104)	(5 483)

In 2023 position Foreign exchange loss, net includes unrealized net foreign exchange loss of EUR 692 thousand mainly due to euro valuation against Russian rubles and Mexican pesos (2022: unrealized net foreign exchange loss of EUR 516 thousand).

10. Corporate Income Tax

Corporate income tax comprises current and deferred tax of the reporting year. Corporate income tax for the reporting period is included in the consolidated financial statements based on the management's calculations prepared in accordance with requirements of tax legislation of each company of the Group. Deferred income tax arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements is calculated using the liability method. Deferred income tax liabilities are determined based on the tax rates that are expected to apply when the temporary differences reverse. Deferred tax assets/liabilities are written off in the consolidated statement of comprehensive income of the reporting period based on the legislative changes

resulting in a change in deferred tax base. Income taxes are recognised through profit or loss unless they relate to items recognised directly in equity.

Corporate income tax in Latvia and Estonia is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholder) and is shifted from the moment of earning the profits to the moment of their distribution, i.e., when shareholder makes a decision for distribution of dividends and conditionally distributed profit, which includes taxable objects in accordance with respective legislation (non-business expenses for example), when they occur. Tax calculated at a tax rate of 20% in Latvia and Estonia.

10.1. Components of Corporate Income Tax

	2023 EUR 000	2022 EUR 000
Current income tax expense	2 744	2 828
Deferred tax charge	1 595	2 167
Income tax expense	4 339	4 995

10.2. Reconciliation of Accounting Profit to Income Tax Charges

	2023 EUR 000	2022 EUR 000
Profit before tax	9 717	28 541
Income tax calculated at effective tax rate	1 798	5 391
Adjusting for:		
Expenses non-deductible for tax purposes	2 651	(1 616)
Change in allowance for deferred tax asset	(110)	1 220
Income tax expense recognized in profit or loss	4 339	4 995

Effective tax rate (calculated as weighted proportional tax rate among the locations of Group entities) for reporting year is 18.50% (2022: 18.89%).

10.3. Movements in Components of Deferred Tax

	31/12/2022 EUR 000	Charged to profit or loss EUR 000	Charged to OCI EUR 000	31/12/2023 EUR 000
Temporary differences				
Property, plant and equipment	411	145	-	556
Tax loss carried forwards	(2 326)	1 145	-	(1 181)
Other provisions and accruals	2 640	321	-	2 961
Allowance for deferred tax asset	2 667	(16)	(94)	2 557
	3 392	1 595	(94)	4 893
Deferred tax asset	-			(223)
Deferred tax liabilities	3 392			5 116
	3 392			4 893

Utilisation of tax loss carried forwards is not limited in time.

	31/12/2021 EUR 000	Charged to profit or loss EUR 000	Charged to OCI EUR 000	31/12/2022 EUR 000
Temporary differences				
Property, plant and equipment	534	(123)	-	411
Tax loss carried forwards	(1 814)	(512)	-	(2 326)
Other provisions and accruals	1 178	1 462	-	2 640
Allowance for deferred tax asset	1 492	1 340	(165)	2 667
	1 390	2 167	(165)	3 392
Deferred tax asset	-			-
Deferred tax liabilities	1 390			3 392
	1 390			3 392

Operating Assets and Liabilities

This section describes the assets used to generate the Group's performance and the liabilities incurred. This section also provides detailed disclosures on the Group's recent acquisitions of subsidiaries and discontinued operations.

11. Business Combinations and Assets Held for Sale

Business combinations are accounted for using the acquisition method. The cost of any acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets.

Acquisition costs incurred are expensed and included within merger and acquisition (M&A) related costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred and the

amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

After initial recognition goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether assets or liabilities of the acquisition are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash generating unit retained.

Acquisition of subsidiaries

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities (contingent consideration) and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is affected because

either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities, or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values because of completion of the initial accounting within twelve months of the acquisition date.

11.1. Assets Held for Sale

Assets Held for Sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within

one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

	Amber Permalko AO EUR 000	Rits Holding SIA EUR 000	Total EUR 000
Assets	(17 923)	(1 059)	(18 982)
Liabilities	10 930	493	11 423
Non-controlling interest	514	–	514
Total net assets disposed	(6 479)	(566)	(7 045)
Consideration receivable	4 647	962	5 609
Total gain/(loss) from disposal of subsidiaries	(1 832)	396	(1 436)

As per terms and conditions of the transaction, part of the consideration receivable for disposal of shares of Amber Permalko AO in amount of EUR 636 thousand is deferred for 2 years and is recognized as Other non-current financial assets in the consolidated statement of financial position.

As at 31 December 2022 the Group has classified investment in Amber Permalko AO as disposal group. In July 2023 the sales transaction was completed.

	31/12/2022 EUR 000
Assets	
Intangible assets	124
Property, plant and equipment	1 988
Deferred tax asset	48
Inventories	4 802
Trade and other receivables	16 072
Cash and cash equivalents	293
Assets held for sale	23 327
Liabilities	
Deferred tax liability	(121)
Trade and other payables	(2 498)
Taxes payable	(11 083)
Liabilities directly associated with assets held for sale	(13 702)
Net assets directly associated with disposal group	9 625

	2022 EUR 000
The net cash flows incurred by the Disposal Group	
Operating	2 728
Investing	(216)
Financing	(4 388)
Net cash outflow	(1 876)

11.2. Impact on Financial Results

The operating profit development in 2023 has been impacted by the merger and acquisitions (M&A) of prior years as well as disposal of several investments, following the strategical direction of the Group. Therefore, to allow proper benchmarking of the operating profit 2023 development in comparison to 2022 the impact of mergers and acquisitions can be presented as follows:

M&A represents the share of financial performance of subsidiaries that have been included in the Group for a period less than two full reporting periods, i.e., for 2023 and 2022 the M&A segment includes the operating profit generated by Walsh Whiskey group entities (acquired in 2021). Disposed business comprise operating profit generated by Amber Permalko AO and Rits Holdings SIA.

	2023			
	Organic growth EUR 000	M&A impact EUR 000	Disposed subsidiaries EUR 000	Total EUR 000
Revenue	475 390	9 895	12 324	497 609
Excise tax and duties	(168 522)	(29)	–	(168 551)
Net revenue	306 868	9 866	12 324	329 058
Cost of goods sold	(225 876)	(5 444)	(8 311)	(239 631)
Gross profit	80 992	4 422	4 013	89 427
Selling expenses	(46 528)	(2 044)	(2 464)	(51 036)
General and administration expenses	(21 757)	(917)	(904)	(23 578)
Net impairment losses on financial assets	(264)	(3)	–	(267)
Fair value adjustment on biological assets	(9 906)	–	–	(9 906)
Other operational income	14 547	–	109	14 656
Other operational expenses	(1 011)	–	(1 854)	(2 865)
Merger and acquisition related costs	(610)	–	–	(610)
Operating profit	15 463	1 458	(1 100)	15 821

	2022		
	Organic growth EUR 000	M&A impact EUR 000	Total EUR 000
Revenue	520 068	10 060	530 128
Excise tax and duties	(164 336)	(16)	(164 352)
Net revenue	355 732	10 044	365 776
Cost of goods sold	(250 812)	(4 763)	(255 575)
Gross profit	104 920	5 281	110 201
Selling expenses	(52 492)	(2 944)	(55 436)
General and administration expenses	(24 040)	(908)	(24 948)
Net impairment losses on financial assets	9	54	63
Fair value adjustment on biological assets	2 181	–	2 181
Other operational income	7 492	–	7 492
Other operational expenses	(2 781)	–	(2 781)
Merger and acquisition related costs	–	(2 748)	(2 748)
Operating profit	35 289	(1 265)	34 024

12. Intangible Assets

The main categories of intangible assets accounted by the Group are goodwill, trademarks and respective registration costs, and computer software and licences. The following accounting policies are used for accounting of these assets.

(a) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Brands

Trademarks are recognised at purchase price including expenses incidental thereto or at production cost. Trademarks have an indefinite useful life. Trademark registration expenses across the world are treated as intangible assets and are presented as part of other intangible assets. Such expenses are capitalised based on invoices and amortized over a period of three years (the average registration period of trademark) by using straight-line method. Trademarks with indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses. If events that previously have triggered the recognition of impairment have ceased to exist, impairment might be reversed to initial cost value.

(c) Computer software and licences

Internal as well as external costs associated with developing or maintaining computer software are recognised as an expense as incurred. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested for impairment annually.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill arising through business combinations and trademarks have been allocated for impairment testing purposes to ten cash-generating units (CGU) based on the core functional activity and the ownership of intellectual property. This represents the lowest level within the Group at which goodwill and trademarks are monitored for internal management purposes.

Cash generating units

The Group has identified the following cash generating units: production units (grain and agave) and distribution units (Baltics, the UK, Australia, Austria). Impairment tests are performed separately for Moskovskaya®, KAH®, The Irishman® and Writers's Tears® trademarks.

	Goodwill EUR 000	Brands EUR 000	Conces- sions, licences and other intangible assets EUR 000	Intangi- bles under develop- ment EUR 000	Total EUR 000
As at 1 January 2022					
Cost value	42 127	41 229	7 613	945	91 914
Accumulated amortisation and impairment	–	(4 940)	(5 627)	(206)	(10 773)
Net book value	42 127	36 289	1 986	739	81 141
2022					
Additions	–	–	–	1 346	1 346
Reclassification	–	275	1 334	(1 609)	–
Reclassified to assets held for sale	–	(116)	(9)	–	(125)
Amortisation	–	(197)	(1 081)	–	(1 278)
Foreign exchange differences	(46)	19	109	–	82
Total	42 081	36 270	2 340	475	81 166
As at 31 December 2022					
Cost value	42 081	41 184	9 020	681	92 966
Accumulated amortisation and impairment	–	(4 914)	(6 680)	(206)	(11 800)
Net book value	42 081	36 270	2 340	475	81 166
2023					
Additions	–	–	–	2 475	2 475
Reclassification	–	19	1 668	(1 687)	–
Amortisation	–	(163)	(1 403)	–	(1 566)
Foreign exchange differences	714	370	(143)	(15)	926
Impairment reversal	–	4 614	–	–	4 614
Total	42 795	41 110	2 462	1 248	87 615
As at 31 December 2023					
Cost value	42 795	41 573	10 333	1 454	96 155
Accumulated amortisation and impairment	–	(463)	(7 871)	(206)	(8 540)
Net book value	42 795	41 110	2 462	1 248	87 615

Segment level summary of goodwill is presented as following:

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Production - Grain	5 935	5 935	5 935
Production - Agave	6 719	6 033	5 436
Distribution - Baltics	12 312	12 312	12 312
Distribution - UK	11 277	11 048	11 663
Distribution - Australia	5 543	5 744	5 773
Distribution - Austria	1 009	1 009	1 009
Total	42 795	42 081	42 128

The book value of trademark portfolio is presented as following:

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Writers' Tears ®	13 164	13 164	13 164
Moskovskaya ®	14 778	10 164	10 164
The Irishman ®	7 820	7 820	7 820
KAH ®	2 190	2 093	2 000
Other brands	3 158	3 029	3 141
Total	41 110	36 270	36 289

In 2023, as the result of impairment review and because of the expected volume and sales value development in the future as the result of implemented brand building activities, and entrances in new markets globally, the Group has reversed the impairment loss previously allocated to the Moskovskaya® brand. The reversal of impairment loss in amount of EUR 4 614 thousand was recognized as Other operating income attributable to Distribution and Brand Management segment within the segment reporting (see Note 5).

Impairment review

Assessment of the recoverable amount of an intangible asset with an indefinite life requires management's estimate and judgment. Impairment reviews are carried out to ensure that intangible assets, including trademarks, are not carried at above their recoverable amounts. The tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows and the expected long-term growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts.

The Group tests whether goodwill and the book value of trademarks have suffered any impairment on an annual basis. The management has identified ten cash generated units (CGUs) – Production Grain, Production Agave, Distribution Baltic, Distribution the United Kingdom (UK), Distribution Australia (AUS), and Distribution Austria (AUT). Trademarks Moskovskaya®, KAH®, The Irishman® and Writers' Tears® are treated as separate CGUs for impairment test purposes.

For the 2023 and previous reporting periods, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year (for trademark related CGUs) and five-year (for other CGUs) period. Cash flows beyond the three-year or five-year period are extrapolated using the estimated terminal growth rates stated below. The Group reviews the CGU composition annually and amends the CGU's subject to impairment review, if needed.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Production		Distribution			
2023	Grain	Agave	Baltics	UK	AUS	AUT
Sales volume growth (average), %	9%	33%	5%	10%	18%	23%
Sales price growth (average), %	2.2%	32.7%	4%	5%	5%	6%
Gross margin growth (average), %	3.2%	33.7%	4%	11%	3%	7%
EBITDA margin (average), %	7.1%	10.7%	10%	5%	6%	6%
Replacement CAPEX	2 500	328	891	50	81	30
Discount rate	10.1%	16.5%	12.0%	10.3%	9.6%	8.7%
Terminal value growth	2.6%	2.1%	1.9%	0.5%	1.2%	0.8%

	Production		Distribution			
2022	Grain	Agave	Baltics	UK	AUS	AUT
Sales volume growth (average), %	5%	25%	5%	15%	10%	13%
Sales price growth (average), %	3.8%	7.4%	1%	0%	-1%	2%
Gross margin growth (average), %	6.9%	13.8%	2%	1%	-2%	3%
EBITDA margin (average), %	8.3%	18.3%	10%	6%	8%	4%
Replacement CAPEX	2 500	328	1 463	50	14	37
Discount rate	14.5%	17.3%	14.1%	14.4%	10.7%	14.0%
Terminal value growth	3.5%	3.0%	3.3%	2.0%	2.5%	2.0%

2023	Trademark			
	Moskovskaya®	KAH®	The Irishman®	Writers' Tears®
Sales volume growth (average), %	13%	82%	26%	26%
Sales price growth (average), %	0.2%	0.0%	7.0%	7.0%
Discount rate	11.9%	16.5%	11.8%	11.8%
Terminal value growth	1.9%	1.5%	0.5%	0.5%

2022	Trademark			
	Moskovskaya®	KAH®	The Irishman®	Writers' Tears®
Sales volume growth (average), %	15%	91%	23%	23%
Sales price growth (average), %	3.8%	8.4%	7.0%	7.0%
Discount rate	13.8%	17.3%	13.8%	13.8%
Terminal value growth	2.3%	3.0%	0.5%	0.5%

Key assumptions used in the value-in-use calculations (average values for the forecasting period) are as follows:

- Sales volume – average growth rate over the forecast period is based on management's expectations on market and category development and assumptions on expansion in the respective markets;
- Sales price– annual percentage increases assumed in all markets based on historic data except for agave, where the sales price development is linked to changes in product mix;
- Annual capital expenditure – expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
- Discount rates – rates reflect the current market assessment of the risks specific to each operation and their business model. The discount rate is estimated based on an average guideline of companies adjusted for the operational size of the Group and specific regional factors.
- The assumed terminal growth rate used to extrapolate cash flows beyond the forecast period reflects management expectation and takes into consideration growth achieved to date, current strategy and expected spirits market growth.

Sensitivity to change in key assumptions

For all intangibles with an indefinite life, Management has concluded that no reasonable possible change in the key assumptions on which it has determined the recoverable amounts would cause their carrying values to exceed their recoverable amounts.

13. Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment losses, except for land used in agricultural activities which is measured at fair value less impairment losses recognised after the date of revaluation. Valuation of land used in agricultural activities is performed with sufficient frequency to ensure that the carrying amount of a revalued assets do not differ materially from their fair value.

The cost value includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised on a net basis within other income in statement of comprehensive income.

For land used in agricultural activities a revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in statement of comprehensive income, the increase is recognised in statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Buildings and its components: 10 – 71 years
Machinery and equipment: 2 – 25 years
Other tangible assets: 2 – 25 years

Freehold land is not depreciated.

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Impairment losses are recognised as an expense in the statement of comprehensive income.

Impairment of property, plant and equipment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

	Land and buildings EUR 000	Land used in agricultural activity EUR 000	Machinery and equipment EUR 000	Other PPE EUR 000	Construction in progress EUR 000	Leasehold improvement Eur 000	Total EUR 000
As at 1 January 2022 (restated)							
Cost value/ revalued amount	57 680	3 707	32 910	7 279	8 960	1 546	112 082
Accumulated depreciation and impairment	(24 905)	–	(22 441)	(5 910)	(245)	(434)	(53 935)
Net book value	32 775	3 707	10 469	1 369	8 715	1 112	58 147
2022							
Additions	–	–	48	–	6 857	23	6 928
Disposals	(35)	–	(81)	(19)	(129)	–	(264)
Reclassification	933	2 792	1 322	597	(7 394)	30	(1 720)
Reclassification from right-of-use assets	–	–	586	–	–	–	586
Reclassification to assets held for sale	(913)	–	(799)	(48)	(261)	–	(2 021)
Foreign exchange differences	2 414	451	702	(86)	246	–	3 727
Depreciation	(2 362)	–	(2 024)	(537)	–	(214)	(5 137)
Total	32 812	6 950	10 223	1 276	8 034	951	60 246
As at 31 December 2022							
Cost value/ revalued amount	59 616	6 950	32 857	7 174	8 279	1 471	116 347
Accumulated depreciation and impairment	(26 804)	–	(22 634)	(5 898)	(245)	(520)	(56 101)
Net book value	32 812	6 950	10 223	1 276	8 034	951	60 246
2023							
Additions	–	–	–	–	11 680	10	11 690
Disposals	(1 935)	–	(51)	(30)	(18)	–	(2 034)
Reclassification	450	–	1 925	534	(3 517)	–	(608)
Reclassification to right-of-use assets	–	–	(1 096)	–	–	–	(1 096)
Reclassification from right-of-use assets	–	–	135	–	–	–	135
Foreign exchange differences	(3 290)	791	(160)	(17)	58	(4)	(2 622)
Depreciation	(2 270)	–	(1 798)	(526)	–	(215)	(4 809)
Asset revaluation surplus	–	523	–	–	–	–	523
Total	25 767	8 264	9 178	1 237	16 237	742	61 425
As at 31 December 2023							
Cost value/ revalued amount	53 120	8 264	32 950	7 289	16 482	1 449	119 554
Accumulated depreciation and impairment	(27 353)	–	(23 772)	(6 052)	(245)	(707)	(58 129)
Net book value	25 767	8 264	9 178	1 237	16 237	742	61 425

The gross carrying value of fully depreciated property, plant and equipment that is still in use is EUR 22 176 thousand (31.12.2022: EUR 24 262 thousand).

As at 31 December 2023 fixed assets of the Group with the net book value of EUR 35.6 million (31.12.2022: EUR 20.8 million) are pledged under the conditions of the Mortgage and Commercial pledge agreements as the security for loans from the credit institutions (see Note 18). As at 31 December 2023 the Group has capitalized the borrowing costs in amount of EUR 2 438 thousand (31.12.2022: EUR 140

thousand) related to warehouse construction project, which are included in the position Construction in progress. The total Construction of progress position as at includes the high-bay warehouse construction project costs of EUR 14.4 million (31.12.2022: EUR 5.7 million).

Had the Land used in agricultural activity been carried at historical cost value, the total asset value of respective category would be EUR 2 358 thousand (31.12.2022: EUR 2 117 thousand).

14. Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Group's right-of-use assets represent leases of real estate, production equipment and machinery items. 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 recognised (including management assumptions on expected extensions of current agreements), initial direct costs incurred, and lease payments made before the commencement date less

any lease incentives received. Except where the Group has sufficient confidence that the ownership of leased assets will be transferred at the end of the lease term, recognised 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. If the lease period of right-of-use assets is remeasured due to changes in assumptions or contractual rights on right-of-use assets, the asset value is adjusted respectively. Right-of-use assets are subject to impairment if impairment indications are identified.

	Land and buildings EUR 000	Machinery and equipment EUR 000	Total EUR 000
As at 1 January 2022	5 444	2 892	8 336
Additions	414	775	1 189
Change in management assumptions	1 886	117	2 003
Disposals	–	(127)	(127)
Reclassification to/ from property, plant and equipment	–	(585)	(585)
Foreign exchange differences	(104)	1	(103)
Depreciation	(2 000)	(635)	(2 635)
As at 31 December 2022	5 640	2 438	8 078
Additions	420	2 109	2 529
Change in management assumptions	1 126	–	1 126
Disposals	(275)	(6)	(281)
Reclassification to/ from property, plant and equipment	–	961	961
Foreign exchange differences	(460)	(26)	(486)
Depreciation	(1 746)	(493)	(2 239)
As at 31 December 2023	4 705	4 983	9 688

15. Biological Assets

Agave plants growing on the plantation are accounted as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in fair value of growing agave plants are recognized in the consolidated statement of comprehensive income. Costs related to growing agave plants are capitalized.

Fair value of agave plants is determined by reference to expected market prices at the expected year of harvest, adjusted by the costs to reach maturity. Significant estimates include the time of harvest, sales price at the point of harvest, costs to incur until harvest.

	2023 EUR 000	2022 EUR 000
As at 1 January	14 774	11 159
Additions	73	1 750
Capitalised maintenance costs	903	551
Transfers of harvested agave to inventories	(1 262)	(2 129)
(Loss)/ gain on change in fair value	(9 906)	2 181
Foreign exchange differences	1 434	1 262
As at 31 December	6 016	14 774

As at 31 December 2023 the Group owns plantations of 400 ha of Blue Weber Agave at different aging profile (2-4 years) (31.12.2022: 400 ha).

16. Working Capital

Inventories

Inventories are stated at the lower of 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, impairment is recognised to reduce the value of inventories to its net realisable value.

The cost of inventories is based on a first-in-first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary

course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at invoiced amount and subsequently measured at amortised cost using the effective interest method, less loss allowance, which is recognised according to the simplified approach of expected credit loss method ([see Note 17.5](#)).

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, billed to the Group, unless the effect of discounting is material.

16.1. Inventories

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Raw materials	23 697	22 723	17 253
Finished goods and merchandize	59 388	60 396	56 301
Production in progress	3 309	4 412	4 807
Goods in transit	3 233	3 250	3 459
Other	408	134	753
Provisions for obsolete inventories	(4 387)	(3 130)	(3 230)
Total	85 648	87 785	79 343

Inventories of the Group with the book value as of 31 December 2023 of EUR 72.7 million (31.12.2022: EUR 63.1 million) are pledged in accordance with the terms of

Commercial pledge agreements as the security for loans from the credit institutions ([see Note 18](#)).

16.2. Trade and Other Receivables

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Gross trade receivables	91 381	91 931	106 407
Expected credit loss allowance (Note 17.5)	(1 403)	(1 356)	(2 604)
Net trade receivables	89 978	90 575	103 803
Receivables from related parties (Note 26.1)	40 581	38 023	35 878
Accrued income	4 266	3 982	2 100
Prepayments	2 657	1 941	1 577
Other debtors	9 593	3 732	3 886
Total	147 075	138 253	147 244

Concentration of credit risk of Trade receivables with the customers of similar characteristics (national retail chains) as at 31 December 2023 is 36% (31.12.2022: 34%).

Receivables from related party mainly represent debt of S.P.I. Spirits (Cyprus) Ltd., as Amber Latvijas balzams and Amber Production Tequila are manufacturing alcoholic beverages for S.P.I. Spirits (Cyprus), under the Private label agreement.

Trade receivables with the book value as at 31 December 2023 of EUR 72.7 million (31.12.2022: EUR 64.4 million) of the Group are pledged under the conditions of the Commercial pledge agreements as the security for loans from the credit institutions ([see Note 18](#)).

16.3. Taxes Payable

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Excise tax	39 525	38 991	37 819
Value added tax	12 943	9 670	12 175
Current income tax liability	1 237	264	2 367
Other	2 430	3 485	5 628
Total	56 135	52 410	57 989

16.4. Trade and Other Payables

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Trade payables	63 122	60 071	50 337
Accrued expense	11 198	8 462	9 944
Contingent consideration (Note 28)	1 549	5 557	3 345
Dividends payable (Note 26.4)	10 588	3 348	650
Vacation reserve	2 077	2 157	2 061
Payables to related parties (Note 26.1)	4 997	1 454	1 619
Salaries payable	1 174	1 122	1 065
Advances received	972	991	686
Deferred income	1 271	973	455
Other payables	1 427	4 119	4 161
Total	98 375	88 254	74 323
Out of that:			
Non-current	1 357	1 377	3 000
Current	97 018	86 877	71 323

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms;
- Other payables are non-interest bearing and have an average term of six months except for dividends, which are payable on demand;
- For terms and conditions with related parties refer to **Note 26.**

For explanations on the Group's liquidity risk management processes, refer to **Note 17.5.**

Contingent consideration is related to acquisition of the Amber Beverage Austria and Walsh Whiskey group entities.

Risk Management and Capital Structure

This section sets out the policies and procedures applied to manage the Group's capital structure and the financial risks the Group is exposed to. The Group considers the following components of its balance sheet to be capital: borrowings and equity. The Group manages its capital structure to achieve capital efficiency, provide flexibility to invest through the economic cycle and give efficient access to debt markets at attractive cost levels.

17. Risk Management

The Group's activity is exposed to various financial risks, including credit risk, currency risk, liquidity risk and interest rate risk. The Management of the Group considers and adopts risk management policy for each of the risk. The

Group's management regularly carries out financial risk assessment and monitoring in order to reduce the negative impact of financial risks on the Group's performance.

17.1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates and interest rates. Financial

instruments affected by market risk include loans and borrowings and derivative financial instruments (**see also Note 18**).

17.2. Sensitivity Analysis

The Parent Company recognises that movements in certain risk variables (such as interest rates or foreign exchange rates) might affect the value of its derivatives and also the amounts recorded in its equity and its statement of comprehensive income for the period. Therefore, the Parent Company has assessed:

- What would be reasonably possible changes in the risk variables at the end of the reporting period;
- The effects on statement of comprehensive income and equity, if such changes in the risk variables were to occur (**see also Note 17.3 and 17.4**).

17.3. Interest Rate Risk

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
At floating rates	109 777	66 946	58 461
Total	109 777	66 946	58 461

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the Group's floating rate loans and borrowings which at the end of 31 December 2023 are not hedged (see also Note 18).

With all other variables being constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Currency on the borrowings	Effect on profit before tax			
	Change in basis points	2023 EUR 000	Change in basis points	2022 EUR 000
EUR	+50	438	+50	305
	-50	(438)	-50	(305)
AUD	+50	28	+50	21
	-50	(28)	-50	(21)
GBP	+50	10	+50	9
	-50	(10)	-50	(9)

The assigned movement in basis points for interest rate sensitivity analysis is based upon the currently observable market environment.

The Group cash balances are held by banks and earn immaterial levels of interest. Management has concluded

that reasonable changes in the EURIBOR rates will have an immaterial impact on interest income earned on the Group cash balances. No interest rate sensitivity has been included in relation to the Group's cash balances. As financial assets and liabilities having fixed interest rates are accounted at amortized cost, they are not subject to interest rate risk.

17.4. Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising mainly from the U.S. dollars, Sterling pounds and Mexican pesos fluctuations resulting from purchase of raw materials and consumables as well as sales activities.

The foreign currency risk is considered as immaterial from the Group's perspective, except for the risk arising from translation to the presentation currency of the Group.

The Group's significant open currency position at the end of the reporting period is:

	31/12/2023 CUR 000	31/12/2022 CUR 000	31/12/2021 CUR 000
Financial assets in USD	7 036	4 311	4 793
Financial liabilities in USD	(3 784)	(2 017)	(2 363)
Open position in USD, net	3 252	2 294	2 430
Open position in USD calculated in EUR, net	2 943	2 151	2 146
Financial assets in GBP	124	60	62
Financial liabilities in GBP	(637)	(1 058)	(15 316)
Open position in GBP net	(513)	(998)	(15 254)
Open position in GBP calculated in EUR, net	(590)	(1 125)	(18 153)

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

	2023		2022	
	Change in currency rate	Effect on equity, EUR 000	Change in currency rate	Effect on equity, EUR 000
USD	+10%	(268)	+10%	(196)
	-10%	327	-10%	239
GPB	+10%	53	+10%	102
	-10%	(66)	-10%	(125)

17.5. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments. The Group's policy provides that the goods are sold and services are provided to customers with appropriate credit history. If there is no independent rating available, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. The compliance with credit limits by customers is regularly monitored by line management.

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables (including from related parties) for sales of finished goods and providing of services
- loans to related parties.

While cash and cash equivalents are also subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial. Receivables from related parties do not involve material credit risk as there is no evidence that would indicate impairment loss.

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Loans to related parties	35 701	30 334	23 686
Non-current financial investments	2 214	2 184	2 810
Net trade receivables	89 978	90 575	103 803
Receivables from related parties	40 581	38 023	35 878
Other debtors	27 438	7 836	5 986
Cash	16 065	7 490	7 442
Total	211 977	176 442	179 605

The largest concentration of credit risk arises from the debts of Group companies and loan issued to Group companies: on 31 December 2023 36% of total positions are related to Group companies (31.12.2022: 39%). Taking into account the

strong position of the Group, no provisions for impairment losses on issued loans to Group companies and Receivables from related parties were made. The Group considers the credit risk on particular items to be low.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2023 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 loss allowance as at 31 December 2023 was determined for trade receivables, as follows:

31 December 2023	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	91 381	74 727	12 671	2 652	693	638
Expected loss rate		0.10%	0.30%	5%	75%	100%
Loss allowance	(1 403)	(74)	(38)	(133)	(520)	(638)
31 December 2022	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	91 931	81 642	8 620	572	528	569
Expected loss rate		0.25%	0.60%	10%	90%	100%
Loss allowance	(1 356)	(203)	(52)	(57)	(475)	(569)
31 December 2021	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	106 407	91 281	12 107	1 043	296	1 680
Expected loss rate		0.45%	0.95%	15%	83%	100%
Loss allowance	(2 604)	(407)	(115)	(156)	(246)	(1 680)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include legal assessment and the customer's existence. Impairment losses on trade receivables are presented as net impairment losses

within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The closing loss allowances for trade receivables are reconciled to the opening loss allowances as following:

	2023 EUR 000	2022 EUR 000
As at 1 January	1 356	2 604
Reclassified to assets held for sale	–	(5)
Increase in loss allowance recognized in profit or loss during the year	353	492
Receivables written off during the year as uncollectible	(113)	(1 594)
Foreign exchange differences	(107)	413
Unused amounts reversed	(86)	(554)
At 31 December	1 403	1 356

17.6 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast

and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's undiscounted financial liabilities as at 31 December 2023.

31/12/2023	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total con- tractual cash flows EUR 000	Carrying amount EUR 000
Financial liabilities					
Interest bearing loans and borrowings	87 165	5 809	–	92 974	85 813
Bonds	30 000	–	–	30 000	30 000
Leases	3 390	7 783	–	11 173	8 383
Derivatives	(8)	–	–	(8)	(8)
Trade and other payables	97 018	1 357	–	98 375	98 375
Total	217 565	14 949	–	232 514	222 561

31/12/2022	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total con- tractual cash flows EUR 000	Carrying amount EUR 000
Financial liabilities					
Interest bearing loans and borrowings	89 707	18 438	–	108 145	100 328
Leases	2 877	6 233	–	9 110	7 554
Derivatives	(98)	–	–	(98)	(98)
Trade and other payables	86 877	1 377	–	88 254	88 254
Total	179 363	26 048	–	205 411	196 038

31/12/2021	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total con- tractual cash flows EUR 000	Carrying amount EUR 000
Financial liabilities					
Interest bearing loans and borrowings	60 185	48 000	–	108 185	101 954
Leases	2 868	5 066	–	7 934	7 148
Derivatives	–	68	–	68	68
Trade and other payables	71 323	3 000	–	74 323	74 323
Total	134 376	56 134	–	190 510	183 493

As at 31 December 2023, the Group has further EUR 1 301 thousand (31.12.2022: EUR 10 085 thousand) of undrawn facilities available under the terms of credit line agreements with financial institutions.

17.7. Fair Value Measurement

Management assessed that fair value of cash and cash equivalents, trade receivables, loans issued, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For non-current financial assets and liabilities, the fair values are also not significantly different to their carrying amounts.

The fair values were estimated based on cash flows discounted using the current lending rate.

Fair value hierarchy

The Group 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 which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All the Group's financial assets and financial liabilities except for cash and derivative financial instruments, which is classified in Level 2, are classified in Level 3 of fair value hierarchy. The fair value of financial assets and financial liabilities approximates to their book value. Fair value of biological assets (see **Note 16**) is classified in Level 3.

17.8. Financial Assets and Financial Liabilities

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Financial assets			
Financial assets at amortised cost			
Loans to related parties	35 701	30 334	23 686
Loans to other	2 214	2 184	2 810
Trade receivables and receivables from related parties	130 599	128 598	139 681
Other assets	22 809	3 684	4 382
Other receivables	4 623	4 296	2 416
Cash and cash equivalents	16 065	7 490	7 442
Total	211 971	176 586	180 417
Financial liabilities			
Financial liabilities at amortised cost			
Loans from credit institutions	81 209	86 324	93 169
Bonds	30 000	–	–
Derivative financial instruments	(8)	(98)	68
Loans from related parties	4 604	14 004	8 787
Lease liabilities	8 383	7 554	7 148
Trade and other payables	135 651	117 570	111 281
Other liabilities	15 878	16 562	17 230
Total	275 717	241 916	237 683

	31/12/2023 Financial Assets EUR 000	31/12/2023 Financial Liabilities EUR 000	31/12/2022 Financial Assets EUR 000	31/12/2022 Financial Liabilities EUR 000	31/12/2021 Financial Assets EUR 000	31/12/2021 Financial Liabilities EUR 000
Euro	173 551	(248 535)	137 879	(208 190)	127 058	(173 104)
Sterling	16 211	(12 114)	16 604	(13 443)	20 629	(33 118)
Australian Dollar	7 794	(7 829)	9 435	(7 255)	7 753	(4 764)
Russian Ruble	4 510	(3 360)	4 091	(9 292)	18 737	(21 857)
US Dollar	3 193	(1 825)	4 042	(1 891)	4 232	(2 086)
Mexican Peso	5 559	(1 899)	3 325	(1 687)	1 942	(2 752)
Canadian Dollar	1 159	(157)	1 211	(157)	67	–
Total	211 977	(275 719)	176 587	(241 916)	180 417	(237 681)

18. Net Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Bank overdrafts form an integral part of the Group's cash management and are presented as short-term liabilities in the consolidated statement of financial position. In the consolidated statement of cash flows the bank overdrafts are disclosed on a net basis as they have quick turnover and are short-term from maturity perspective.

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less, including money market deposits, commercial paper, and investments.

Net borrowings are defined as gross borrowings (short-term borrowings and long-term borrowings plus lease liabilities plus interest rate hedging instruments) less cash and cash equivalents and short-term deposits.

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Bank overdrafts	43 691	42 103	37 648
Bank loans	37 147	43 888	21 388
4-y EUR 30m bonds	30 000	–	–
Accrued interest on bank loans	287	176	85
Loans from related parties (Note 26.2)	79	12	58
Borrowings due within one year	111 204	86 179	59 179
Non-current interest-bearing loans and borrowings			
Bank loans	84	157	34 048
Loans from related parties (Note 26.2)	4 525	13 992	8 727
Borrowings due after one year	4 609	14 149	42 775
Total borrowings before derivative financial instruments	115 813	100 328	101 954
Derivative financial instruments	(8)	(98)	68
Lease liabilities (Note 19)	8 383	7 554	7 148
Gross borrowings	124 188	107 784	109 170
Less: Cash and cash equivalents (Note 20)	(16 065)	(7 490)	(7 442)
Less: Short-term bank deposits	(12 000)	–	–
Net borrowings	96 123	100 294	101 728

On 21 April 2023, Amber Beverage Group Holding S.à r.l., with the intention of acquiring financing for the construction of a high-bay automated warehouse in Riga, Latvia, issued EUR 30 million in 4-year bonds (ISIN: LV0000870137), which are listed on the Frankfurt Stock Exchange (WKN: A3LE0T). As of 16 October 2023, the bonds are listed on the Nasdaq Riga Stock Exchange Baltic Regulated market (AMBEFLOT27A).

The coupon at 3mEURIBOR + 7.5% is calculated and paid on quarterly basis.

As part of the terms and conditions of the Offering Memorandum, the proceeds from the bond issue can be utilised to fund the construction of the project and to serve the bond debt. Funds obtained from the bond issue have been put on short-term deposits with Signet Bank AS with different maturities following the estimated utilisation profile for the project.

Fulfilment of the Group's liabilities towards bank borrowings is secured and enforced by:

- (i) The mortgage of largest part of real estate owned by the Group;
- (ii) Commercial pledge of all Group's movable property owned by the Parent Company, Amber Beverage Group SIA, Amber Distribution Latvia SIA, Amber Production Tequila S.A. de C.V., Interbaltija AG AS and Amber Distribution Lithuania UAB as aggregation of property on the date of pledging as well as future aggregation of property;
- (iii) The pledge of all shares of subsidiaries owned by the Parent Company, and any other shares that may be acquired in the future.

Bonds are secured by the mortgage over the real estate, commercial pledge on machinery and equipment to be acquired for the warehouse, commercial pledge on loans issued to the SPI Group Holding Ltd and guarantees issued by the Group entities.

The Group is subject to certain covenants related primary to its borrowings from Luminor Bank AS Latvian branch, Credit Suisse AG, BluOr Bank AS and Rietumu Banka AS and bondholders. The Group is constantly monitoring the compliance with financial covenants as

agreed with the respective lenders and is communicating on their fulfilment. As per covenant calculations as of 31.12.2023, the Group has not met the DEBT/EBITDA ratio as agreed with Rietumu Banka AS. Accordingly, the Group did not have an unconditional right (within the meaning of paragraph 69 d) of IAS 1 "Presentation of Financial Statements") to defer settlement of the respective loan for 12 months or longer. Accordingly, there was a risk that the loan would be accelerated and become due and payable at a future date within 12 months of the end of the reporting period, which could in turn trigger a cross-acceleration event of default under the Group's outstanding bonds. As a result, the Group also did not have an unconditional right as per IAS 1 to defer settlement of its bonds for 12 months or longer. The Group therefore classified the outstanding loan liability towards Rietumu Banka AS of EUR 9 454 thousand and its long-term bonds of EUR 30 000 thousand as short-term. Notwithstanding such classification, management notes that, after the year-end, Rietumu Banka AS has confirmed there are no breaches, due to which the bank would withdraw from the loan agreement and utilize its rights to request the early repayment of the loan and cross-acceleration events of default under the bonds were not triggered as at such date, and the Group remained otherwise in full compliance with the terms of its bonds.

18.1 Analysis of Net Borrowings by Currency

	31/12/2023			31/12/2022		31/12/2021	
	Cash and cash equivalents EUR 000	Short-term bank deposits EUR 000	Gross borrowings EUR 000	Cash and cash equivalents EUR 000	Gross borrowings EUR 000	Cash and cash equivalents EUR 000	Gross borrowings EUR 000
Euro	12 604	12 000	(114 633)	3 357	(95 277)	4 526	(75 769)
US dollar	151	–	(33)	890	(34)	639	(31)
Sterling	962	–	(1 958)	1 302	(1 916)	1 248	(19 928)
Mexican peso	550	–	–	376	–	166	(3 696)
Australian dollar	13	–	(5 689)	1 133	(4 323)	558	(63)
Russian ruble	1 662	–	(1 849)	273	(6 208)	219	(9 658)
Other	123	–	(26)	159	(26)	86	(25)
Total	16 065	12 000	(124 188)	7 490	(107 784)	7 442	(109 170)

18.2 Movement of Borrowings

	2023 EUR 000	2022 EUR 000
As at 1 January	100 328	101 954
Disposals through reorganisation of the Group	(204)	–
Borrowings received	40 050	10 078
Net change in overdrafts	1 691	3 500
Borrowings repaid	(25 078)	(27 314)
Other non-cash movement	–	5 833
Foreign exchange differences	(1 245)	5 416
Interest accrued	8 650	4 415
Interest paid	(8 379)	(3 554)
As at 31 December	115 813	100 328

	Cash and cash equiva- lents EUR 000	Short- term deposits EUR 000	Leases due after 1 year EUR 000	Leases due with- in 1 year EUR 000	Borrow- ings due after 1 year EUR 000	Borrow- ings due within 1 year EUR 000	Deriv- ative financial instru- ments EUR 000	Total EUR 000
Net debt as at 1 January 2022	7 442	-	(4 389)	(2 759)	(42 775)	(59 179)	(68)	(101 728)
Cash flows	341	-	-	2 845	-	27 314	-	30 500
New leases	-	-	(970)	-	-	-	-	(970)
New borrowings	-	-	-	-	(78)	(10 000)	-	-
Other non-cash movement	(293)	-	284	(2 565)	28 704	(44 314)	166	(18 018)
Net debt as at 31 December 2022	7 490	-	(5 075)	(2 479)	(14 149)	(86 179)	98	(100 294)
Cash flows	8 575	12 000	-	2 777	-	25 078	-	48 430
New leases	-	-	(3 250)	-	-	-	-	(3 250)
Proceeds from bonds issuance	-	-	-	-	(30 000)	-	-	(30 000)
New borrowings	-	-	-	-	(10 050)	-	-	(10 050)
Other non-cash movement	-	-	2 689	(3 045)	49 590	(50 103)	(90)	(959)
Net debt as at 31 December 2023	16 065	12 000	(5 636)	(2 747)	(4 609)	(111 204)	8	(96 123)

19. Leases

The Group 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 of a period of time in exchange for consideration.

The Group as a lessee

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

At the commencement date of the lease, the Group recognises 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 Group uses its incremental borrowing rate at the lease commencement date, except where the borrowing rate is readily determined. The Group has applied the discount rate of 7.83% (2022: 5.08%) for the calculation of lease liabilities upon initial recognition and their subsequent

re-calculation at the 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 recognised in the statement of comprehensive income over the lease term.

Short-term leases and leases of low-value assets

The Group 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 low value. Lease payment on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

	2023 EUR 000	2022 EUR 000
As at 1 January	7 554	7 148
Additions	3 250	970
Changes in management assumptions on remaining lease period	1 143	2 424
Interest	(361)	128
Payments	(2 777)	(2 845)
Disposals	(301)	-
Foreign exchange difference	(125)	(271)
As at 31 December	8 383	7 554
Accounted as:		
Non-current liabilities	5 636	5 075
Current liabilities	2 747	2 479
Total	8 383	7 554

20. Cash and Cash Equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are held for the purpose of meeting short-term cash

commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Cash at bank	5 673	7 278	7 243
Short term deposits	10 164	-	-
Petty cash	4	3	6
Cash in shops	115	98	69
Cash in transit	109	111	124
Total	16 065	7 490	7 442

The deposits have been placed on various terms (not exceeding three months from the initial date of placement) with credit institutions. The applied deposit rates are within the range of 2.35%-3.35%.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Cash at bank	5 673	7 278	7 243
Short term deposits	10 164	–	–
Petty cash	4	3	6
Cash in shops	115	98	69
Cash in transit	109	111	124
Cash and cash equivalents attributable to disposal group	–	293	–
Total	16 065	7 783	7 442

Cash at bank includes restricted cash in the amount of EUR 290 thousand (31.12.2022: EUR 290 thousand), which has been placed as security deposit for guarantees towards lending institutions and tax authorities. Cash at banks are held with credit institutions with stable credit ratings.

21. Capital Management

With the key targets being the maintenance of the financial ratios with the framework set by the agreements with external lenders and maintenance of financial stability of the Group, the capital structure is managed at the Group level on an ongoing basis.

The Management controls the gearing ratio, calculated as net debt (interest bearing loans and borrowings, leases, net of

cash and cash equivalents and short term deposits) to equity. As of 31 December 2023 the gearing ratio is 52% (31.12.2022: 53%) and ratio equity to total assets is 39% (31.12.2022: 41%). To ensure capital sufficiency, the Management of the Group proposes to leave the profit of reporting period not distributed.

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Borrowings	124 188	107 784	109 170
Cash and cash equivalents	(16 065)	(7 490)	(7 442)
Short term bank deposits	(12 000)	–	–
Equity	184 834	192 483	180 349
Gearing ratio	52%	52%	56%
Equity	184 834	192 483	180 349
Assets	468 648	458 025	423 221
Equity to Assets ratio	39%	42%	43%
Borrowings	124 188	107 784	109 170
EBITDA	29 934	40 835	35 621
Debt/EBITDA ratio	4.1x	2.6x	3.1x

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Borrowings	124 188	107 784	109 170
Cash and cash equivalents	(16 065)	(7 490)	(7 442)
Short term bank deposits	(12 000)	–	–
EBITDA	29 934	40 835	35 621
Net Debt/ EBITDA ratio	3.2x	2.5x	2.9x
EBITDA	29 934	40 835	35 621
Consolidated Net finance charges ¹	9 320	6 862	3 340
Interest coverage ratio	3.2x	6x	10.7x

1 Consolidated finance charges are calculated as interest expense reduced by deposit interest income.

22. Share Capital and Share Premium

The Parent Company Amber Beverage Group Holding S.à r.l. was established on 26 September 2017. The share capital of the Parent Company as at 31 December 2023 is EUR 12 500 (31.12.2022: EUR 12 500) and consists of 12 500 shares with par value of EUR 1 each. Share capital has been fully paid.

As the result of Group reorganization started in 2017 and finalized in 2018, the shareholders of the Parent Company have contributed the share premium in the amount of EUR 132.6 million.

23. Pooling Reserve

In 2017, the Group acquired a majority shareholding in Tambovskoye spiritovoye predpriyatye "Talvis" AO (since 2021 Amber Talvis AO) from the related party S.P.I. Production B.V. (70.95%) and minority shareholder (1.91%). In 2018, the Group acquired a majority shareholding in Permalko AO (since 2021 Amber Permalko AO) from the related party S.P.I. Production B.V. (92.6%). In 2019, the Group acquired a 100% shareholding in DDE Holding Ltd. (since 2019 Amberbev International Ltd) from the related party S.P.I. Spirits (Cyprus) Ltd. In 2020, the Group acquired a 100% shareholding in Rits Holdings SIA from the related party SPI Holding Sarl.

As the result of divestment of Amber Permalko AO and Rits Holdings SIA in 2023, respective share of pooling reserve in amount of EUR 3 227 thousand was transferred to retained earnings.

As these transactions were treated as part of the SPI Group reorganisation, the assets and liabilities were accounted at their book values on the dates of acquisition, with net assets recognised as a non-distributable pooling reserve.

24. Non-controlling Interest

	2023 EUR 000	2022 EUR 000
As at 1 January	15 445	12 008
Share of profit for the period	1 073	3 022
Disposal	(514)	–
Dividends	(469)	(484)
Foreign exchange differences	(421)	899
As at 31 December	15 114	15 445

As at 31 December 2023 93% (31.12.2022: 91%) of non-controlling interest closing balance referres to Amber Latvijas balzams AS, which is listed on the Nasdaq Riga Stock exchange.

Other Financial Information

This section includes additional financial information that is either required by the relevant accounting standards or which management considers be material information for shareholders.

25. Commitments and Contingencies

25.1. Guarantees Received

Luminor Bank AS Latvian Branch has issued two payment guarantees to the Group entities Amber Latvijas balzams AS and Amber Distribution Latvia SIA for total maximal amount of

EUR 1 058 thousand. The applied interest rate is 1 month EURIBOR + 2.05% maturity date – 31 December 2025.

25.2 Commitments

As at 31 December 2023, the Group had commitments of EUR 36.7 million (2022: EUR 14 million) relating to completion of

the automated warehouse project in Riga, Latvia.

25.3. Trademark Related Contingencies

Trademark related disputes

SPI Group is the owner of a number of world-famous vodka trademarks (sometimes also referred to as “Soviet vodka brands”) in most countries of the world. One of the key “Soviet brands” in the trademark portfolio of the Group is Moskovskaya®. The history of the Moskovskaya® trademark goes back to the Soviet times, namely, to the 1960s–70s, when the Soviet State Enterprise SOJUZPLODOIMPORT, under instructions of the USSR Ministry of Foreign Trade, started to commercialize Russian vodka around the world, mainly STOLICHNAYA and Moskovskaya®.

In order to facilitate and protect such business, the trademark Moskovskaya® was registered in a number of countries in the world (including in the USSR) in the name of aforementioned Soviet State Enterprise SOJUZPLODOIMPORT.

Due to the liberalization of the Soviet economy, which was the result of the famous “PERESTROYKA”, the management of SOJUZPLODOIMPORT was instructed by the competent USSR authority to convert the State Enterprise into a private entity. Such transformation started in September 1990 and ended in January 1992. The transformation procedure was initiated with the mutual consent of the competent USSR authority and the employees of SOJUZPLODOIMPORT and was conducted in accordance with applicable law.

As a result of the transformation initiated in September 1990, the Soviet State Enterprise SOJUZPLODOIMPORT was converted into the private entity (joint stock company) with the same name, and in January 1992 the Joint Stock Company SOJUZPLODOIMPORT was duly registered as the legal successor of Soviet State Enterprise SOJUZPLODOIMPORT.

As the legal successor of Soviet State Enterprise SOJUZPLODOIMPORT, the Joint Stock Company SOJUZPLODOIMPORT inherited all assets of the former, including the worldwide trademark portfolio which included Moskovskaya® trademark registrations.

It should be noted that both the USSR and the Russian Federation state authorities were well aware of SOJUZPLODOIMPORT's transformation into the private entity and not only consented, but also actively assisted in the worldwide promotion of Soviet vodka brands by the joint stock company SOJUZPLODOIMPORT. None of those authorities ever questioned the validity of the transformation of the state enterprise, as well as its successor's title to the trademarks worldwide. Moreover, on a number of occasions Russian State authorities directly and indirectly confirmed the validity of title of Joint Stock Company SOJUZPLODOIMPORT to the trademarks. This was the case until 2000.

In 1997 a group of investors acquired the controlling shareholding in the Joint Stock Company SOJUZPLODOIMPORT. Later, SPI Group was created and SOJUZPLODOIMPORT became a part of this group.

The new shareholders invested considerable resources into the company and conducted its restructuring. The intellectual property (IP) portfolio was also restructured and divided between the Russian and the Dutch companies of SPI Group.

In 2000, a campaign was initiated at the top level of the Russian government for the re-nationalization of the Soviet vodka brands lawfully owned by SPI Group. As part of this campaign the Russian national registrations of the Soviet brands were seized for the benefit of the Russian Federation and (after more than eight years of acquiescence and recognition of its validity by the Russian authorities) the transformation of the State enterprise SOJUZPLODOIMPORT into the private company was declared void in Russia.

It should be noted that neither the SPI Group, nor its shareholders participated in the allegedly invalid transformation of the State enterprise SOJUZPLODOIMPORT into the private company. The private company SOJUZPLODOIMPORT was acquired in 1997, more than 5 years after the allegedly void transformation of the State enterprise SOJUZPLODOIMPORT into the private entity was concluded.

Since 2003, a state enterprise of the Russian Federation named FKP (Federal Treasury Enterprise) SOJUZPLODOIMPORT claimed recognition of its ownership of former-Soviet vodka brands owned by Amber Beverage Group and a number of parties under common control of the UBO and included in the group of companies of Stoli Group Sarl (together referred to as "SPI Group" or "SPI") in a number of jurisdictions. SPI and Amber Beverage Group are actively defending those lawsuits.

Since December 2015, Amber Beverage Group, through its subsidiary, holds the title for Moskovskaya® trademark registrations in various jurisdictions, a number of which are subject to ongoing disputes as detailed below. Prior to

December 2015, Moskovskaya® trademark registration has been held by SPI.

Austria: In August 2014 the Regional Court of Linz, Austria, rendered a decision in a case filed by FKP in 2005 by which the court ordered the trademarks in Austria to be transferred to FKP. This decision was reversed by the appeals court in December 2014 and FKP appealed to the Cassation Court of Austria which ordered the appeals court to consider the possible binding effect of the Dutch decisions. On 5 February 2018, the appeals court ruled in favor of SPI. The appeals court held that the Dutch decisions had no binding effect in Austria and went on to criticize the Dutch courts' approach, finding that the Dutch courts: a) wrongly found that an invalidity of the Russian privatization would not be subject to any limitation period, b) ignored the fact that the privatization had been accepted by all parties for years until political power in Russia changed in 1999/2000, and c) ignored considerations on the merits of Russian limitation law. FKP appealed to the Austrian Supreme Court, which decided in June 2018 to return the case to the appeals court for further consideration. On 5 September 2018, the Appeals Court issued a decision negative to SPI based on its application of the Benelux decision pursuant to the Brussels I regulation. SPI filed an extraordinary appeal on 8 October 2018, which was rejected by the Austrian Supreme Court in April 2020. Further proceedings will take place to quantify damages, which are not expected to have a material adverse impact. A second related trademark infringement case was filed by FKP in August 2020 against Amber IP Brands Sarl and a party under common control. An initial court hearing is expected on 13 June 2024.

Lebanon: In 2011, SPI was successful in defending its trademark in Lebanon, both in the first instance and on appeal. FKP's appeal to the cassation court remains pending.

Australia: In Australia, a motion to stay the proceedings was filed by SPI as a result of the Russian Federation's failure to provide discovery. On 20 November 2017 the Federal Court of Australia ordered that the case be stayed until further notice. The Court confirmed that the Russian Federation was the "real plaintiff" in the proceeding, and suspended the case unless the Russian Federation produces documents that it has been withholding for years. The Russian Federation did not produce the relevant documents by the deadline of 30 November 2018, and SPI filed a motion to dismiss FKP's claims. On 30 May 2019, the Court found that the Russian Federation's failure to provide discovery amounted to an abuse of process and ordered a permanent stay relating to all parts of the proceedings which relate to topics in respect of which the Russian Federation has failed to provide discovery. On 31 October 2019, the Court ordered any further proceedings on FKP's asserted claims permanently stayed. FKP appealed this decision and the case has now been returned to the lower court. FKP filed a motion for summary judgment, the hearing for which will take place in the second half of 2024 or later. FKP also issued a procedural challenge on the defenses of SPI. This challenge was not successful, and they have filed a leave to appeal such decision. SPI has filed an affidavit in opposition to their motion for leave to appeal and that decision is pending.

Armenia: In July 2014, FKP filed a claim against the trademark registrar in Armenia seeking cancellation of the Stolichnaya trademarks there. In February 2019, the Administrative Court fully rejected FKP's claims and found that FKP does not have legal standing to present a claim against SPI. FKP appealed this decision and in March 2024 FKP has been granted permission to present their claim. This decision has been appealed.

Greece: In July 2014, SPI received a decision in its favor in the Athens Court of First Instance in respect of a claim filed by FKP to terminate SPI's rights to the Stolichnaya and Moskovskaya® trademarks. In the meantime, FKP filed a new lawsuit in Greece in December 2015 seeking acknowledgment of the res judicata of the judgments of the Russian court and The Hague Court of Appeals and seeking declaration of ownership of the dispute trademarks. In September 2019 the court dismissed FKP's lawsuit on the grounds of lack of jurisdiction and lack of legal interest in the proceedings. FKP has appealed this decision and the final judgment is pending. A final decision is expected no sooner than Q4 2024 and perhaps much later.

Vietnam: In April 2014, SPI was informed that certain international registrations in Vietnam had been transferred to FKP. As a result, neither Amber Beverage Group nor SPI can currently sell its Moskovskaya® branded products in that market. SPI believes such a transfer was illegal and is challenging the action and sales in Vietnam have stopped pending resolution.

Israel: By judgment of 16 June 2022, the court rejected FKP's application. FKP did not appeal. The litigation is over.

The Netherlands: In March 2015, the court rendered a decision, the result of which was the cancellation of the contested Benelux trademarks and/or their transfer to FKP. SPI filed an appeal and FKP filed a cross-appeal. In January 2018 the appellate court ordered SPI to provide a report regarding the Benelux profits of, among others, Moskovskaya® in order to

determine the amount of damages that will have to be paid by the defendant - related party. In July 2018 FKP initiated preliminary relief proceedings. The preliminary relief judge ordered a related party to provide a bank guarantee in the amount of EUR 6 million (which a related party was unable to procure), subject to a proceeding on the merits to analyze the report on Benelux profits. SPI appealed the January 2018 judgment to the Dutch Supreme Court and in January 2020 the appeal was rejected. However, from year 2016 and till now, Amber Beverage Group was not selling its Moskovskaya® branded products in the market, therefore there is no profit for the relevant period.

In 2012, FKP filed a second action in the Netherlands seeking an order to restore to FKP some additional Benelux trademarks and, in addition, trademarks in the United Kingdom, Ireland, France, Italy, Denmark, Switzerland, Portugal, Spain, Sweden and Norway. An interim judgment was handed down in May 2017. Pursuant to the interim judgment, the plaintiff and the defendant had to inform the Court about legal issues in each jurisdiction. It is noteworthy that this Court did not decide that case on the basis of the Benelux decision alone, acknowledging that local laws of each of the 10 jurisdictions above remain relevant. Defendant made its required submission in February 2018 containing legal and expert opinions from 10 jurisdictions. In May 2019, the Court granted defendant's discovery request in relation to seized documents, ordering that FKP produce documents seized by Russian authorities in the late 1990s and in the 2000s. In June 2020, a five day hearing was held. On July 22, 2020, the Court issued a decision in favor of defendant in relation to the seized documents which affirmed FKP's obligation to produce them and also confirmed that penalties have accrued against FKP for their ongoing failure to do so. In June 2021, the Court issued a decision favorable to defendant in 7 jurisdictions (Denmark, France, Italy, Norway, Portugal, Spain and Switzerland) leaving only 3 jurisdictions to deal with on appeal. In the meantime, the decision has not taken effect and currently under appeal.

25.4 Lawsuit Related Contingencies

Environment pollution case

On 18 October 2018 a planned inspection of the Vilnius Region Environmental Protection Department of the Ministry of Environment of the Republic of Lithuania (hereinafter – Vilnius RAAD) was performed and Amber Distribution Lithuania UAB (previously known as Bennet Distributors UAB) (ADLT) was informed that by the decision of RAAD dated 18 December 2017 and 22 February 2018 the approvals issued by the Packaging Managers on the arrangement of metal and PET packaging in 2013–2015 tax periods were revoked. Therefore, on 18 December 2018, by the decision of the Vilnius RAAD ADLT was obliged to pay a fee of EUR 267 thousand for environmental pollution for packaging waste. ADLT has filed a plaint with the Vilnius Regional Administrative Court seeking the annulment of the unlawfully adopted act. The case is currently on hold.

Litigation with AAS “BALTA”

On 21 May 2021, AAS BALTA filed a lawsuit against SIA Amber Distribution Latvia (hereinafter – ADLV) in a claim for damages in connection with a fire case in the 2016 in “Maxima” store in Liepaja. AAS “BALTA” considers that the cause of the fire was a damaged refrigerator and in BALTA's opinion the legal possessor of this refrigerator is ADLV. BALTA bases its opinion on the cause of the fire with an expert opinion. ADLV does not admit its fault and the grounds of claims. The case has not yet been heard in the court of first instance.

26. Related Party Transactions

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Parent Company are subsidiaries, associates, and shareholders who could control or who have significant influence over the Parent Company in accepting operating business decisions, key management personnel of the Parent Company including members of Supervisory Board and close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

Balances and transactions between the Parent Company and its subsidiaries, which are related to the Parent Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties (related through the SPI Group Holding Limited or Stoli Group S.a r.l.), or other entities controlled by ultimate beneficial owner are disclosed below.

The main shareholder of the Group, which owns 94% of shares of the Parent Company is SPI Group Holding Limited which is incorporated in Cyprus, ultimate beneficial owner of the Group is Mr. Yuri Scheffler.

26.1. Trading Transactions

	Amounts owed by related parties			Amounts owed to related parties		
	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
SPI Group Holding Ltd	3 564	3 533	3 528	10	1	17
Other related companies	37 017	34 490	32 350	4 987	1 453	1 602
Total controlled by the Ultimate beneficial owner	40 581	38 023	35 878	4 997	1 454	1 619

	Sale of services and goods		Purchase of services and goods	
	2023 EUR 000	2022 EUR 000	2023 EUR 000	2022 EUR 000
SPI Group Holding Ltd	–	–	8	300
Other related companies	51 234	63 976	965	562
Total controlled by the Ultimate beneficial owner	51 234	63 976	973	862

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023 the Group has not recorded any impairment of

receivables relating to amounts owed by related parties (31.12.2022: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

26.2. Loans from and to Related Parties

	31/12/2023 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Loans to related parties			
Issued by Parent Company			
Non-current portion	29 560	26 463	20 698
Current portion	6 020	3 717	2 856
Total	35 580	30 180	23 554
Issued by other ABG Group companies			
Non-current portion	121	154	132
Current portion	-	-	-
Total	121	154	132
Total loans to related parties	35 701	30 334	23 686
Loans from related parties			
Received by Parent Company			
Non-current portion	3 125	8 090	3 647
Current portion	79	-	49
Total	3 204	8 090	3 696
Received by other ABG Group companies			
Non-current portion	1 400	5 902	5 080
Current portion	-	12	9
Total	1 400	5 914	5 089
Total loans from related parties	4 604	14 004	8 785

Loans to and from related parties have been issued to and received from related parties within Stoli Group. The non-current loans issued to related parties are not secured and are maturing in 2025–2026. The Group has applied fixed interest rate of 3–8% (2022: 3–8%) for the long-term loans issued determined based on Transfer Pricing study. The current portion of loans to related parties mainly consists of accrued interest on long term loans.

The term loans from related parties are maturing in 2025–2027, with fixed interest rates of 3–11%. Loan issued by the Parent Company to SPI Group Holding Limited with the book value as at 31 December 2023 of EUR 35.6 million (31.12.2022: nil) is pledged under the conditions of the Commercial pledge agreement as the security for issued bonds ([see Note 18](#)).

26.3. Compensation to Key Management Personnel

	2023 EUR 000	2022 EUR 000
Short-term employee benefits	4 453	4 315
Social security costs	503	528
Total	4 956	4 843

The key management represents the statutory representatives, including proxies and members of Supervisory Board of the Group.

26.4 Movement of Dividends

	2023 EUR 000	2022 EUR 000
As at 1 January	3 348	650
Dividends declared	10 000	11 000
Dividends declared to non-controlling interests in subsidiaries	469	484
Dividends paid	(2 760)	(7 602)
Other movement	–	(700)
Dividends paid to non-controlling interests in subsidiaries	(469)	(484)
As at 31 December	10 588	3 348

27. Investment Properties

Investment properties are land, buildings or part of buildings held by the Group to earn rentals or for capital appreciation rather than use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business and are not occupied by the Group. Investment properties are initially recognised at acquisition cost. Subsequently investment properties are carried at their cost less any accumulated depreciation and any accumulated impairment losses.

The depreciation is calculated using the straight-line method. Applied depreciation rates are within the range of 10 to 71 years and are based on estimated useful life set for respective asset categories. The useful lives are reviewed, and adjusted if appropriate, at each end of the financial year. Transfers are made to (or from) investment properties only when there is a change in use. Impairment of investment properties is recognized if the net book value exceeds the fair value.

	2023 EUR 000	2022 EUR 000
As at 1 January	1 059	897
Additions	2	176
Disposals	(1 057)	–
Depreciation	(4)	(14)
As at 31 December	–	1 059

Investment properties consisting of several land plots and commercial buildings in Riga, Latvia, which were held for rental income generation purposes were disposed in March

2023 by transferring the shares of Rits Holding SIA to a related party outside the Group.

28. Group Information

Name	Principal activities	Country of incorporation/ operations	% Equity interest 31/12/2023	% Equity interest 31/12/2022
Amber Distribution Latvia SIA	Distribution	Latvia	100%	100%
Interbaltija AG AS	Distribution	Latvia	100%	100%
Amber Distribution Estonia OU	Distribution	Estonia	100%	100%
Amber Distribution Lithuania UAB	Distribution	Lithuania	100%	100%
Amber Beverage UK Ltd	Distribution	the UK	100%	100%
Amber Beverage Australia Pty Ltd	Distribution	Australia	100%	100%
Amber Beverage Austria GmbH	Distribution	Austria	90%	90%
Amber Beverage Germany GmbH	Distribution	Germany	100%	100%
Indie Brands Ltd ¹	Distribution	the UK	100%	75%
Indie Spirits Ltd ¹	Distribution	the UK	100%	75%
WW Equity House Holding Ltd	Holding activities	Ireland	100%	100%
WW Equity House Trading Ltd	Distribution and Brand management	Ireland	100%	100%
Amberbev International Ltd	Distribution	Cyprus	100%	100%
Amber Latvijas balzams AS	Production of alcoholic beverages	Latvia	89.99%	89.99%
Amber Production Tequila S.A. de C.V.	Production of alcoholic beverages	Mexico	100%	100%
Amber Agave S.A. de C.V.	Agricultural activities	Mexico	100%	100%
Amber Permalko AO ²	Production of alcoholic beverages	Russia	–	92.6%
Amber Talvis AO	Rectification of ethyl alcohol	Russia	72.87%	72.87%
Amber Production Remedja OU	Production of alcohol beverages	Estonia	100%	100%
Amber IP Brands S.à r.l.	Intellectual property rights management	Switzerland	100%	100%
Amber Beverage Group SIA	Management services	Latvia	100%	100%
Think Spirits NL B.V.	Management services	the Netherlands	100%	100%
ABG Real Estate SIA	Real estate management	Latvia	100%	100%
Rits Holding SIA ³	Real estate management	Latvia	–	100%

1 In 2023 the Group finalized the acquisition of Indie Brands group entities and obtained 100% control over the share capital of Indie Brands Ltd.

2 On 13 June 2023 the Group sold the shares of Amber Permalko AO to a non-related party.

3 On 30 March 2023 the Group sold the shares of Rits Holdings SIA to a related party outside the Group.

Information on legal addresses of the subsidiaries is presented in the stand-alone financial statements of the Parent Company.

29. Other Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Revenue from contracts with customers

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

Excise tax expense

Local tax authorities impose multiple taxes, duties and fees. These include excise on sale or production of alcoholic beverages, environmental taxes on the use of certain raw materials or packaging materials, or the energy consumption in the production process. Excise duties are very common in the beverage industry, but levied differently amongst the countries the Group operates in. The Group performs a country by country analysis to assess whether the excise duty are sales-related or effectively a production tax. In most countries excise duties are effectively a production tax as excise duties become payable when goods are moved from bonded warehouses and is not based on the sales value. In these countries, increases in excise duty are not always (fully) passed on to customers and the Group cannot, or can only partly, reclaim the excise duty in the case products are eventually not sold to customers. Excise tax is borne by the Group for these countries and shown as expenses. To provide transparency on the impact of the accounting for excise, the Group presents the excise tax expense on a separate line below revenue in the consolidated statement of profit or loss and other comprehensive income. A subtotal called 'Net revenue' is therefore included in the Profit or Loss statement. This 'Net revenue' subtotal is 'revenue' as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by the Group.

Only for those countries where excise is levied at the moment of the sales transaction and excise is based on the sales value, the excise duties are collected on behalf of a tax authority and consequently, deducted from revenue.

Sale of finished goods

Revenue from sale of finished goods is recognised 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 Group considers the effects of variable consideration.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of finished goods provide customers with volume rebates and rights to return that gives rise to variable consideration.

• *Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume. The selected method best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises reduction of revenues.

• *Rights of return*

Certain contracts in specific jurisdictions provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Contract assets – Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Revenue from providing services

Revenue from providing services (mainly logistic services) is recognised over time in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Financial assets

(i) Classification

The Group classifies its financial assets as those to be measured at amortised cost.

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group 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 Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **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.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

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

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

The Group measures debt instruments (including loans) at amortised cost using the ECL. The Group determines the ECL and establish 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 Group 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 for which impairment monitoring is required under IFRS 9, the Group 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 Group 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 Group 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 provisions 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 consolidated profit or loss statement under Net impairment losses of financial assets.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position only when there is a legal right to do so and there is an intention to make net settlements or to sell the asset and settle liability simultaneously.

Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings using the effective interest rate method. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Other financial liabilities are measured at amortised cost.

Derivative financial instruments

Derivatives are initially recognised at fair value as at the date when the contract is concluded. Derivatives are subsequently measured at fair value. The method of recognizing the resulting gain and loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of an interest rate changes of its borrowings (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify for cash flow hedges is recognised in equity item "Derivatives revaluation reserve". The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in equity are reclassified in the statement of comprehensive income in the periods when the hedged item effects statement of comprehensive income. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within "Finance costs". The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within "Other expenses".

Share capital and share premium

Ordinary shares are classified as share capital. The excess of consideration received from the shareholders and the nominal value of ordinary shares are classified as share premium.

Employee benefits

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

The Group has no legal or constructive obligation to make pensions or similar benefit payments beyond the payments to the state through the social security contribution payments in different jurisdictions in accordance with local legislative requirements.

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 expenses on a systematic basis over the periods that the related costs, 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. Unamortized part of the government grants is presented as deferred income in the consolidated statement of financial position.

30. Impact from Changes in Accounting Policy

As of 1 January 2023, the Group has changed the accounting policy for accounting of land used in agricultural activities by

moving to revaluation model. The impact to respective class of assets is presented as following:

	EUR 000
As at 1 January 2022 (reported)	1 347
As the result of change in accounting policy	2 360
As at 1 January 2022 (restated)	3 707
Additions	613
As the result of change in accounting policy	2 179
Foreign exchange differences	451
As at 31 December 2022	6 950

The fair value of respective assets – land used in agricultural activity was determined on basis of market valuation prepared by independent valuator in 2023. To arrive at the fair value at the moment of acquisition of these assets (in 2020 and 2022 respectively) the Group calculated the present value

by applying the average inflation rates as stated by the Central Bank of Mexico, selected to be the most appropriate and commonly used discounting factors in Mexico.

31. Events After the Balance Sheet Date

In January 2024, the Parent Company finalized the acquisition process of Amber Beverage Austria GmbH and obtained 100% control over the share capital of Amber Beverage Austria GmbH.

In January 2024, the renaming process of Interbaltija AG AS was finalized and the new company name Interbaltija Amber SIA was registered with the Commerce Register of Latvia.

As part of the refinancing process in January 2024, the Parent Company made partial repayment of outstanding facility towards Credit Suisse AG by EUR 3.5 million and towards Luminor Bank AS Latvian Branch by EUR 1.5 million. The overdraft facility provided by Luminor Bank AS was extended until 30 June 2024, with further extension subject to the development of the refinancing process of Credit Suisse AG facility. In February 2024, the Credit Suisse AG and the Group agreed on further extension of loan facility with the set final repayment date by 20 December 2024.

In January 2024, the Audit Committee of the Parent Company was established as independent supervisory body. Mr. Simon Charles Rowe (as chairman), Mr. Olivier Cagioulis

and Ms. Michele Perez were appointed as members of the Audit Committee for the three-year period.

In January 2024, Ms Jekaterina Stuge resigned from the positions of Chairman of the Board of Managers and Member of Supervisory Board. She was replaced by Mr. Arturs Evarts in the position of Chairman of the Board of Managers.

There were no other subsequent events since the last date of the financial period until the date of signing these consolidated financial statements, which require adjustment to or disclosure in these consolidated financial statements.

Statement of the Board of Managers' Responsibilities for the Preparation and Approval of the Consolidated Financial Statements

The Board of Managers is responsible for the preparation, publishing and fair presentation of the consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

We confirm that to the best of our knowledge and belief:

- The consolidated financial statements of Amber Beverage Group S.à r.l. (the 'Company') presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the consolidated statements of comprehensive income, changes in equity and cash flows for the year that ended, and notes to the consolidated financial statements, including a summary of significant accounting policies; and
- The Directors' Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

Approved by the Board of Managers and signed on its behalf on 27 May 2024 by:

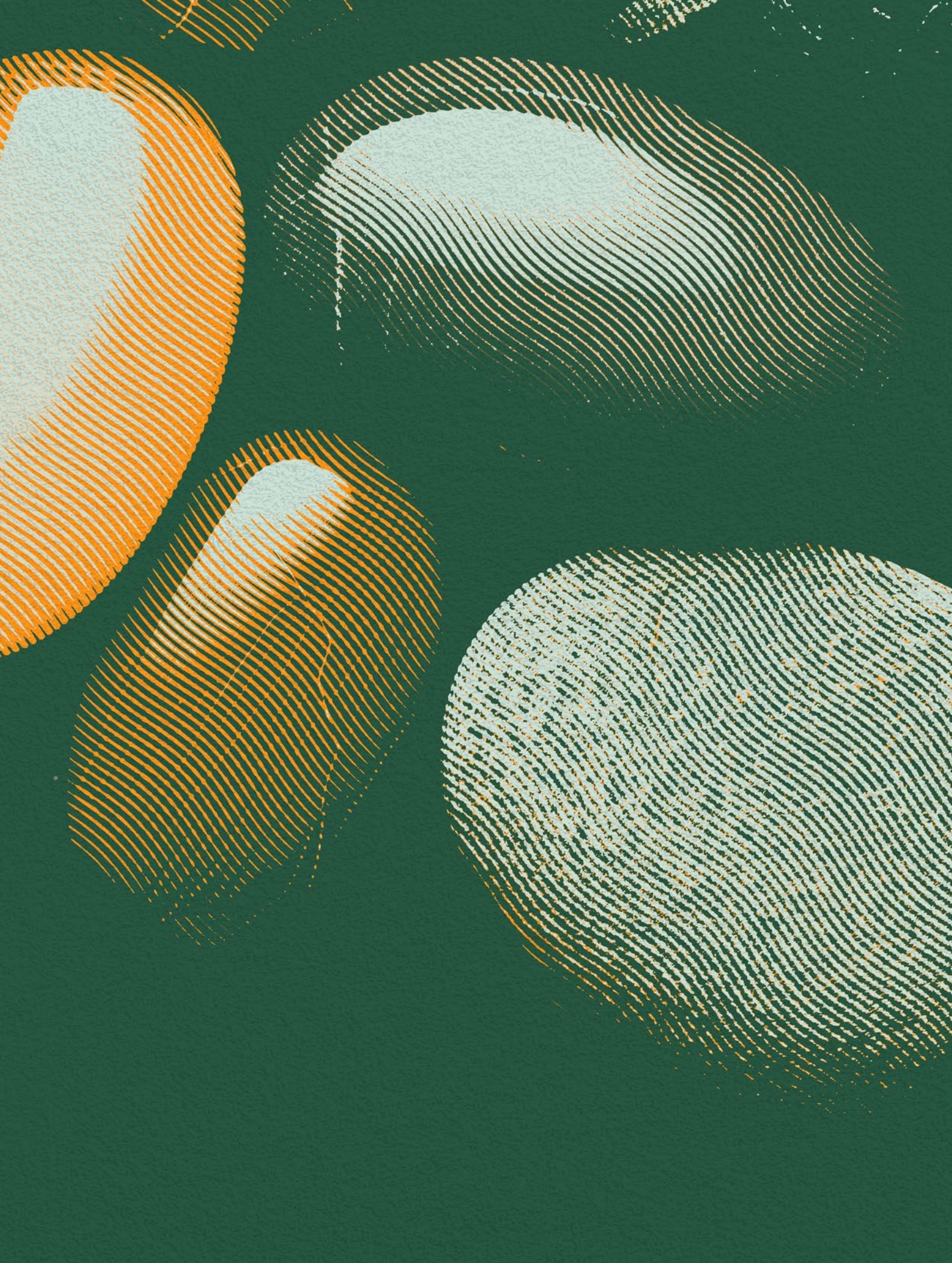


Arturs Evarts

Chairman of the Board of Managers



Independent Auditor's Report





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To the Shareholders of Amber Beverage Group Holding S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Amber Beverage Group Holding S.à r.l. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated 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.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants,

What we have audited

The Group’s consolidated financial statements comprise:

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

including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 7 to the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the

consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Impairment of goodwill and trademarks

As of 31 December 2023, the Group has goodwill in the amount of EUR 42 795 thousand and trademarks in amount of EUR 41 110 thousand. Trademarks are intangible assets with an indefinite useful life. As required by IAS 36 Impairment of Assets, management performed an annual impairment test of goodwill and trademarks based on the value in use determined on the basis of a discounted cash flows model for each of the cash-generating units (CGUs) and for each trademark. As a result, no impairment was recognised for the year ended 31 December 2023 for goodwill and trademarks, and a reversal of impairment loss on trademarks was recognised for an amount of EUR 4 614 thousand.

Taking into account significant management judgements and magnitude of the amounts involved, we considered this to be a key audit matter. Refer to Note 12 to the consolidated financial statements for the related disclosures.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We evaluated the design and implementation of relevant internal controls;
- We evaluated Management's determination of the CGUs as well as the method and model used for the determination of the value in use, considering the requirements of IAS 36;
- We involved valuation experts and checked the appropriateness of the methodology applied by the Group and independently recalculated the weighted average cost of capital based on the use of market data and verified the long-term growth rate to market data;
- We agreed the forecasted cash flows used for the calculation of the value in use for goodwill impairment to 5-years budget as approved by the Board of Managers;
- We evaluated management's ability to reasonably estimate cash flow forecasts by comparing actual results to management's historical forecasts;
- We evaluated and challenged significant assumptions used by management in recoverable amount calculations:
 - For goodwill impairment: such as the sales growth, EBITDA growth, replacement capital expenditure, long-term growth and discount rates;
 - For trademarks: such as the sales volumes growth, royalty rate;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the appropriateness of the disclosures in Note 12 to the consolidated financial statements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

The Board of Managers is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we

exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;
- conclude on the appropriateness of the Board of Managers' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 communicate to 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages 28 to 33 to these consolidated financial statements. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 5 December 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Andrei Chizhov
Luxembourg, 27 May 2024





AMBER
BEVERAGE GROUP

Production Logistics Distribution Retail