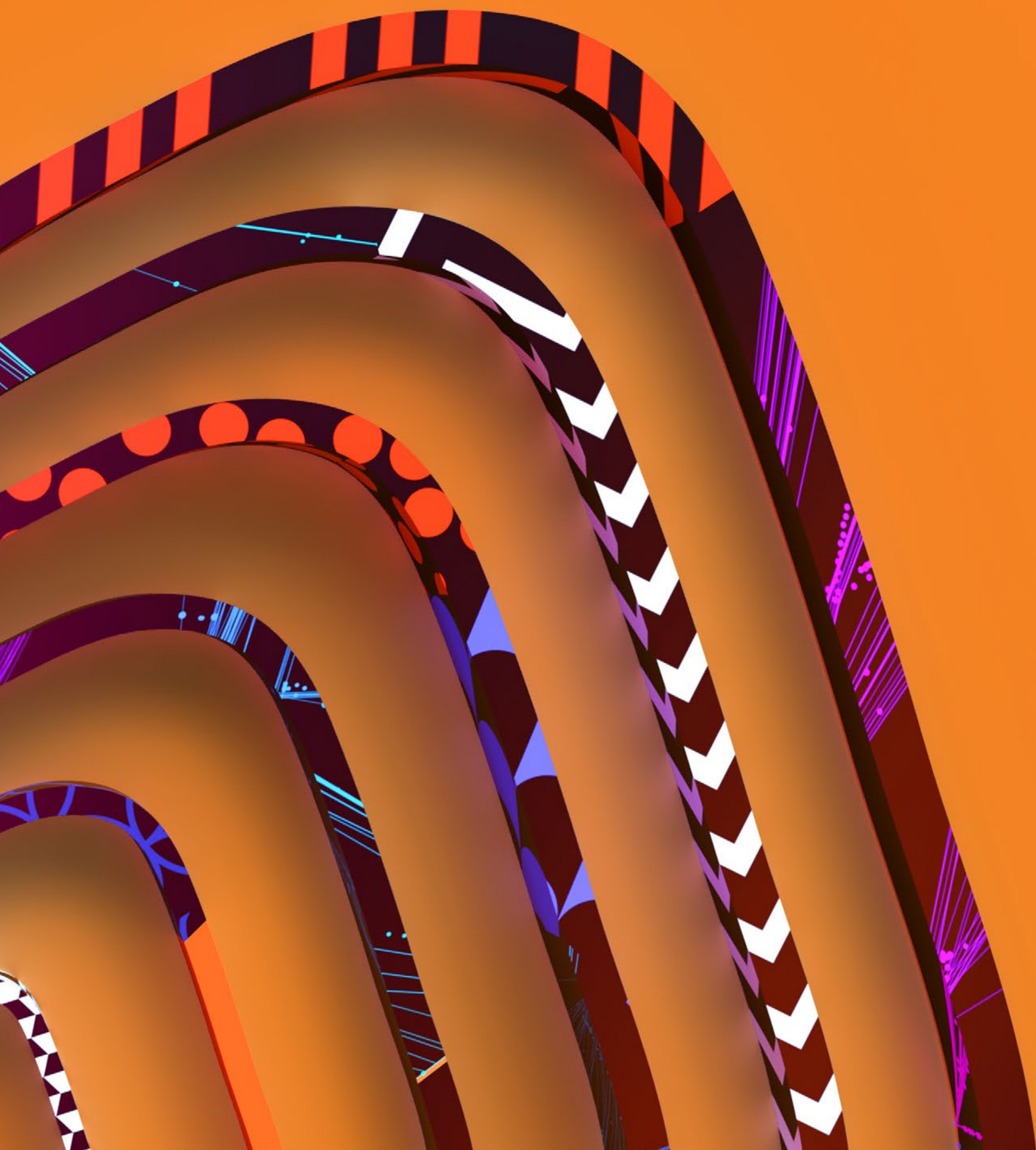
Ambitious Minds Bring Excellent Results

Annual Report 2021



AMBER
BEVERAGE GROUP

Production Logistics Distribution Retail

AMBER PERMALKO 1895

AMBER TALVIS

AMBER LOGISTICS

LATVIJAS BALZAMS

FABRICA DE TEQUILAS FINOS

REMEDIA DISTILLERS

AMBER BEVERAGE AUSTRALIA

AMBER BEVERAGE AUSTRIA

AMBER BEVERAGE GERMANY

AMBER BEVERAGE UK

AMBER DISTRIBUTION ESTONIA

AMBER DISTRIBUTION LATVIA

AMBER DISTRIBUTION LITHUANIA

INDIEBRANDS

INTERBALTIJA Fine Wine & Spirits

WALSH WHISKEY

LATVIJAS BALZAMS VEIKALI

VINOTHEK GOURMET VĪNI UN TO AKSESUĀRI

bravo alco

Strategic Report

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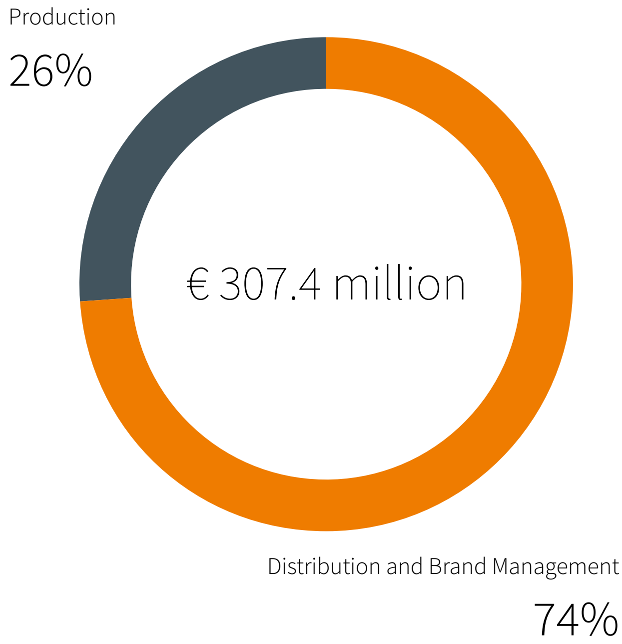
The Group at a Glance

Amber Beverage Group (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 in Russia, Mexico, the UK, Australia, Austria, Ireland, and the Baltics, its historical home.

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 2021



Highlights

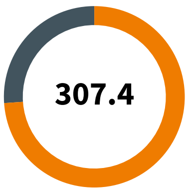
Volume	17.8m 9l cases sold
Core brands	Products produced by Amber Beverage Group are sold in 6 continents
Headquarters	The ABG head office is located in Luxembourg, the ABG global management team reports to Supervisory Board, which together with Management Board coordinates and oversees ABG's overall strategy, ensure governance and compliance of ABG affiliates

Amber Beverage Group

Revenue increase 14%
Volume increase 18%

Net revenue, mEUR

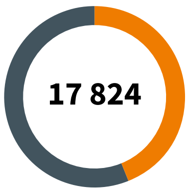
Production 26%



Distribution 74%

Volume, k9Lcs

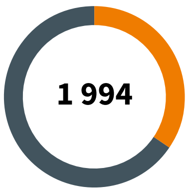
Production 56%



Distribution 44%

Headcount

Production 1 304



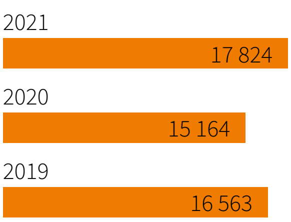
Distribution 690

Volume

Volume, k 9Lcs **17 824**

Reported movement ↑ 18%

Organic movement ↑ 18%

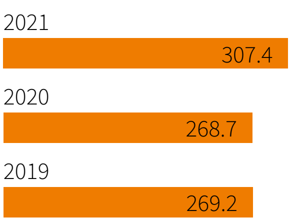


Net revenue

Net sales, m **€ 307.4**

Reported movement ↑ 14%

Organic movement ↑ 17%

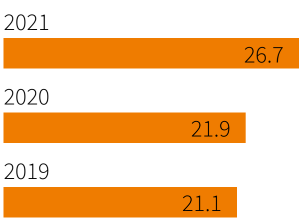


Operating Profit

Operating profit, m **€ 26.7**

Reported movement ↑ 22%

Organic movement ↑ 15%

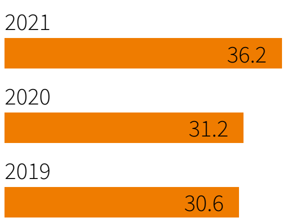


EBITDA

EBITDA*, m **€ 36.2**

Reported movement ↑ 16%

Organic movement ↑ 14%



* Normalized for one-off items

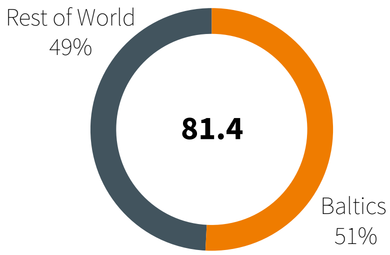
Production

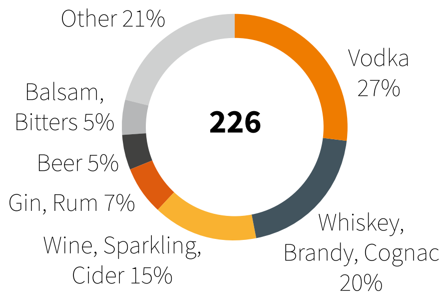
Revenue increase 9%
Volume increase 29%

Distribution and Brand management

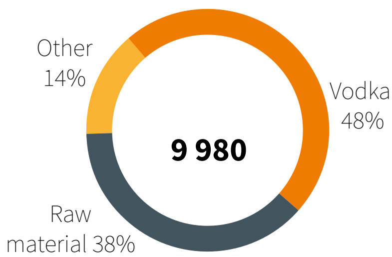
Revenue increase 16%
Volume increase 6%

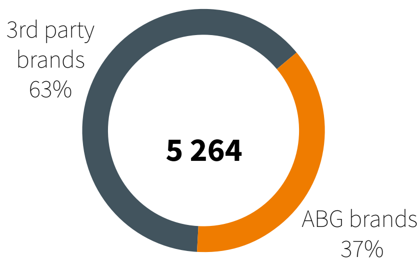
Net revenue, mEUR





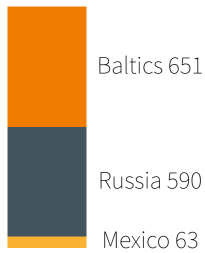
Volume, k9Lcs

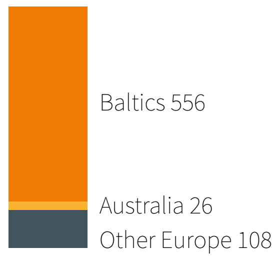




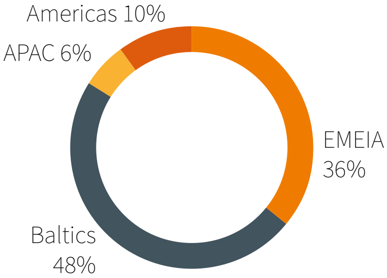
* Excluding 3rd party beer brand volume

Headcount

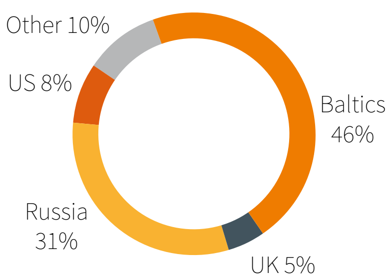


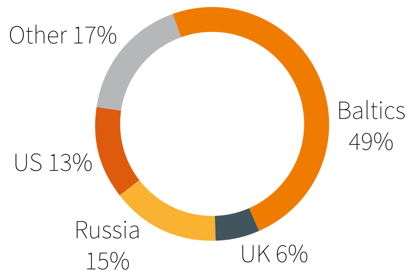


Net revenue by markets, mEUR



Volumes by sales markets





* Excluding beer and non-alcoholic beverages, raw material (spirit)

ABG Milestones: the Origins

1752

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

1847

In 1847, Albert Wolfschmidt establishes the factory that produces Kunzen's Riga Black Herbal balsam

1894

The production of Moskovskaya® Vodka begins under the auspices of the Russian Empire's vodka monopoly

1900

Latvijas balzams begins operations and opens as Riga State Spirits Warehouse No.1

ABG Milestones: Building for the Future

2014 - 2015

Amber Beverage Group is registered on October 24

Amber Logistics starts to provide logistic services

Cosmopolitan Diva® – an innovative and strategic export product – is launched

ABG acquires Moskovskaya® Vodka brand

2016 – 2017

Moskovskaya® Vodka is rolled out to 68 markets globally

ABG steps into tequila business by acquiring the tequila producer Fabrica de Tequilas Finos in Tequila, Mexico and launches Rooster Rojo® Tequila

ABG acquires shares in the UK distribution company Cellar Trends and spirit distillery Talvis in Tambov, Russia

2018 – 2019

ABG acquires shares in Russian spirits producer Permalko and Estonian producer Remedia, as well as a majority stake in the leading spirits distributor in Australia - Think Spirits

ABG confidently enters the premium gin market with the new Cross Keys Gin® brand

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

1948

Latvijas balzams begins production of Stolichnaya vodka

The formula was created in Russia ten years earlier in 1938

2003

SPI Regional Business Unit BV becomes ABG's leading shareholder

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

2007

Paying particular attention to the distribution of products manufactured by the company, active expansion of Latvijas balzams export market takes place, adding 10 new countries

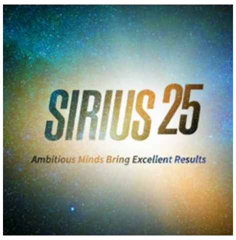
2020

After naming KAH® Tequila as a core brand, the Group brings super-premium tequilas' marketing and distribution in-house

To ensure exceptional field-to-bottle control over tequila production, ABG acquires 220 hectares of agave fields in Mexico

ABG acquires a majority stake in Indie Brands, the UK's specialist premium spirits distribution company

With the resumption of can filling, ABG starts to explore the booming RTD (ready-to-drink) category



2021

ABG formalizes its strategy for global growth – Sirius25

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

ABG starts preparatory works for building a fully automated high-bay warehouse, which will be one of the most advanced, high-tech warehouses in Europe

With the acquisition of Walsh Whiskey, ABG enters the rapidly-growing Irish Whiskey category with such brands as Writers' Tears® and The Irishman®

Mark Garber
Chairman of the Supervisory Board

Statement of the Chairman of the Supervisory Board

Dear Readers,

It is my privilege to introduce you to a marvellous and highly-ambitious team working at the global spirits powerhouse – Amber Beverage Group (ABG), and to share the story of the ABG's successes in 2021. All of us on the Supervisory Board are impressed by the dedication and agility shown across the whole Amber Beverage Group family when even the second year of the global Covid-19 pandemic did not stop the growth and brought several important successes for the global ABG team.

At the beginning of 2021, together with the Management Board and the Operational Committee, we prepared the ABG strategy, called Sirius25, which defines the path for continuous ABG brand building, and excellence in all processes from production through to the retail environment where we meet our end-consumers. Sirius25 has already proven itself as a useful and practical roadmap for all ABG employees.

Amber Beverage Group successfully continued to grow awareness of its core brands Moskovskaya® Vodka, Rooster Rojo® Tequila, KAH® Tequila, Riga Black Balsam®, Cross Keys Gin®, and Cosmopolitan Diva®. The Group made a strategically significant move to expand its portfolio with the acquisition of two super-premium brands in the fast-growing Irish Whiskey sector: The Irishman® and Writers' Tears®, which will drive the further development of ABG global presence.

In 2021, the Group introduced several line extensions to its core brands and has grown its presence in e-commerce, allowing the business to close the gaps left by traditional on-trade channels. The global ABG team did an excellent job continuing opening new markets across the globe, while its distribution companies strengthened its relations with brand owners across our own route to markets showing excellence in sales execution.

In order to expand ABG's global footprint and ensure the company name remains at the forefront of customers' minds, the company announced a far-reaching project to renaming 10 of the Group's distribution and production companies. A new slogan for the whole Group was announced using the 'Amber' initials: Ambitious Minds Bring Excellent Results.

As we know, consumers as well as businesses are choosing goods and partners that have sustainability at the heart of their operations. I am pleased that ABG determined some time ago that it would place environmental stewardship improvements at the heart of all that it does. The Supervisory Board recognizes all initiatives and projects that have been rolled out by the Group in 2021 to modernize production processes, lower energy use or switch to renewable energy sources, continue careful water management, employ greater use of environmentally friendly packaging, assume responsibility for waste management, and other activities.

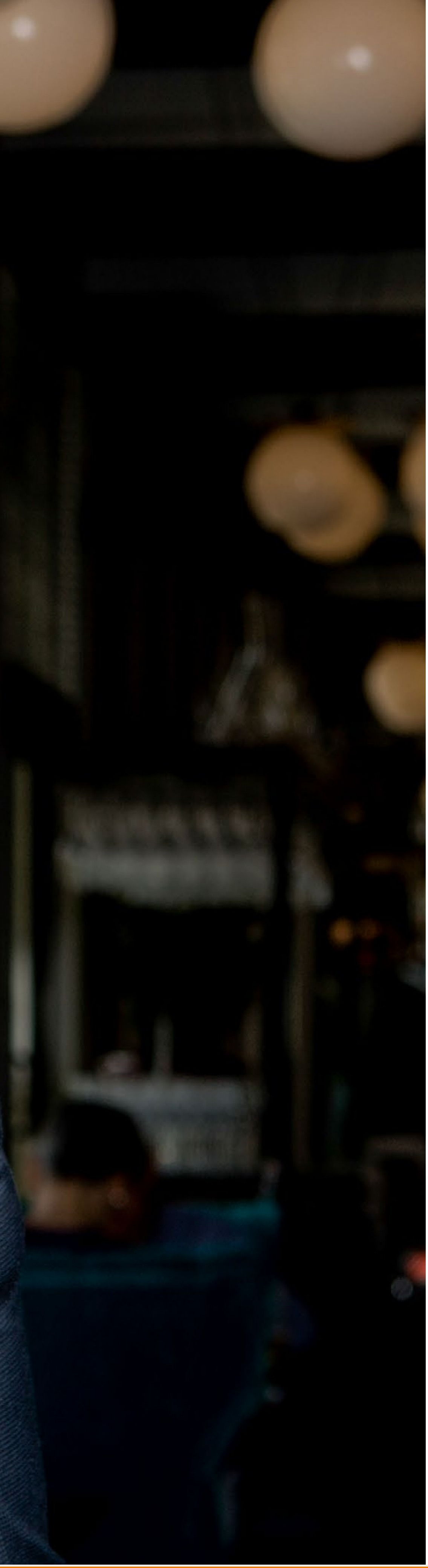
2021 has been a busy and positive year for ABG. I am tremendously thankful to Amber Beverage Group's global team for taking seriously our ambitiously-set targets, for making confident steps towards implementation, and for achieving excellent performance results during the year.

In our capacity as the Supervisory Board, we have provided the Board of Managers with in-depth advice on how to streamline ABG operations and find efficiencies in the way the Group is working; how to continue working on solutions and ideas for expanding ABG channels and routes to market; and on how to reach the main goal: to become one of the top 10 spirits industry players globally. In pursuit of our ongoing success, we shall continue to focus on delivering sustainable performance and long-term value, which are the primary goals for all ABG employees who are in line with us driving towards Sirius25.

Mark Garber

Chairman of the Supervisory Board
3 May 2022

Jekaterina Stuģe
Group Chief Executive Officer and Chairman of the Board of Managers



Our Ambition

To become one of the Top 10 global spirits industry players

CEO Statement

A record year and paving the road to 2025

Dear Readers,

It is my pleasure to present to you the 2021 Annual Report for Amber Beverage Group (ABG). 2021 started with cautious optimism about recovery from the global pandemic that kept the world at a virtual standstill the year before. The year 2021 was a rocky ride. We welcomed the lifting of pandemic restrictions by national governments across our markets, only for various restrictions to be reimposed as the pandemic did not relent. However, during the year, the overall situation in almost all segments recovered substantially and we started to exit the crisis with confidence.

From a business perspective we were actively monitoring developments and adapted our business activities to the new and changing circumstances. Recovery was visible in all sectors and categories except for GTR (Global Travel Retail), which is still suffering as consumers have adapted to the new normal and have adjusted their daily habits.

Acknowledging the change in consumer preferences, new market trends, our capabilities, and keeping in mind our ambition – to become one of the Top 10 beverage market players in the world - at the beginning of 2021 we developed a strategy which was named Sirius25 – after Sirius, one of the brightest stars in the night sky. Sirius25 defines the framework of our approach for ABG's brand building in domestic and international markets, outstanding management of third-party brands, and excellence in production processes.

2021 has been the first year under the Sirius25 framework and it has been the best year in the history of ABG.

As a Group we have sold more than 17 million 9Lcs (+18%) across six continents of the world, generated net revenue of EUR 307 million (+14%) and reached EBITDA of EUR 36 million (+16%). These truly amazing results have been achieved just by organic growth, and clearly show the ambition, dedication, and great efforts of the whole ABG team numbering around 2 000 women and men in Europe, Australia, the Americas and Asia. I take this opportunity to send on behalf of the management team my gratitude to all our colleagues within Amber Beverage Group.

Seizing diversity of opportunity

It is a guiding principle that we build on strengths and constantly remain on the lookout for new opportunities.

In November 2021 we acquired WW Equity House Holding in Ireland, the parent company of Irish Whiskey brands, The Irishman® and Writers' Tears®, and thus we reached the next and long-time awaited milestone – entering the whiskey category. Irish Whiskey as a separate category has shown excellent results and both The Irishman® and Writers' Tears® are well crafted, premium brands bringing exciting additions to our core brand portfolio along with Moskovskaya® Vodka, Riga Black Balsam®, Rooster Rojo® Tequila, KAH® Tequila, Cosmopolitan Diva®, and Cross Keys Gin®.

From a brand perspective, 2021 has been outstanding for our tequila brands Rooster Rojo® Tequila and KAH® Tequila.

With a clear and refreshed brand strategy, both tequila core brands have gained significant market attention not only in the USA (the key tequila market in the world), but also in Australia and Europe.

We have succeeded in utilizing the combined power and recognition of the Group in dealing with well-known, world class brand owners and have extended our cooperation over the oceans. Just a few examples are distribution of: Faustino wines in Austria; Torres Brandy in Latvia and Estonia; Brockmans Gin in Australia; and Dinner Lady e-cigarettes in the Baltics. These and many more success stories are the result of a combined team effort and appreciation by brand owners of ABG as a reliable, focused, and efficient distribution partner that has the right set of skills and resources for brand management all over the world.

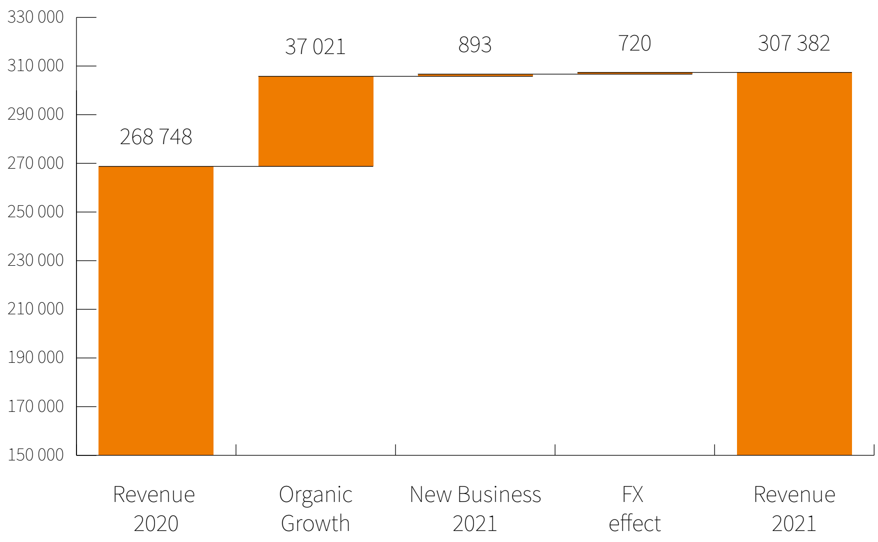
To excel in production, we have continued our programmes improving efficiencies in our production sites, including automatization of production, as well as robotization of supporting processes and document flows. The activities we have implemented reduce the routine workload, allowing our teams to work smarter and with greater efficiency.

In February 2021 we started a truly exciting project by bringing our logistics activities (both in-house and third-party logistics services) to the next level. We entered into agreement with Jungheinrich, the world's leading logistics equipment producer and embarked on an automated high-bay warehouse construction project in Riga, Latvia. The project is unique in the Baltics. With fully automated solutions for handling and storage of goods, we will improve our logistics processes and increase inventory management capacity by 30%. It is planned that the new warehouse will start operations in 2024.

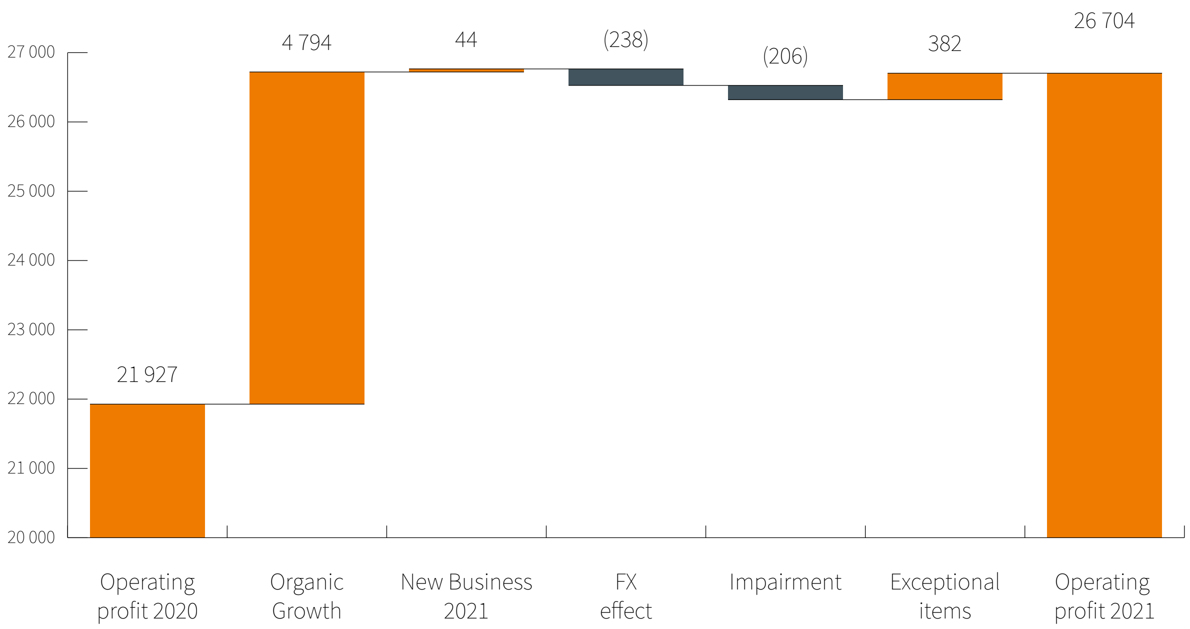
With the purpose of strengthening the Group's position, worldwide recognition, and ABG's corporate identity, we started a project to rename our distribution companies in Lithuania, Australia, the UK, and Austria, followed by production entities in Russia, aligning the brand names. By May 2022, the remaining production entities in Latvia, Estonia, and Mexico will start using 'Amber – Ambitious Minds Bring Excellent Results' - as part of their names and individual identities. It is already contributing and will in the future contribute to building awareness of Amber as a global brand and will reinforce the joint values held by our colleagues.

Better financial performance based on organic growth

The world appears to be recovering quickly from the global pandemic and this upturn is reflected in our financial performance. Along with careful revenue management, we have reached net revenues of EUR 307 million, which exceeds the 2020 level by 14% and was achieved mainly through organic growth.

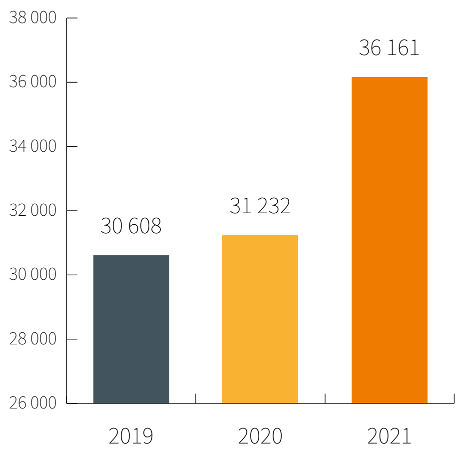


Operating profit has improved by 22% year-on-year and has reached EUR 26.7 million. The increase in operating profit is mainly reached through organic growth (22%) with total revenue growth of 14%, thus demonstrating the positive effect of internal restructuring measures applied within the Group and lean operations policy.



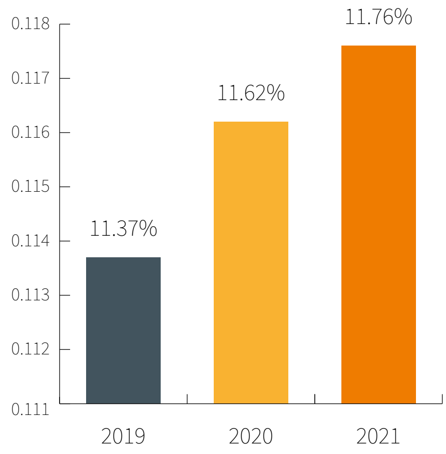
Other performance indicators are also continuously showing positive trends. EBITDA has increased by 16% to EUR 36 million, the EBITDA margin has risen to 11.7% (+0.1% points) and EBITDA per head has increased to EUR 18.13 thousand (+14%), which all result from efficiency programmes implemented by our production and distribution entities. The ROE ratio has increased to 16.09% (+9.21% points) which results from stabilization of foreign exchange rates along with other factors.

EBITDA (adj), kEUR



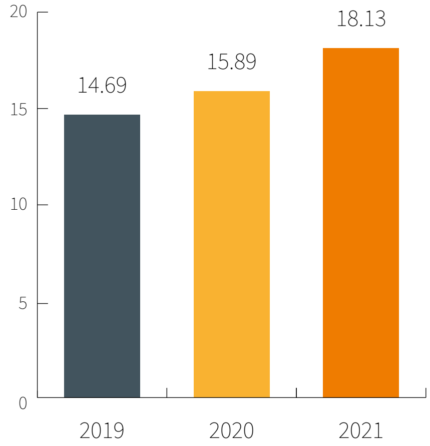
* EBITDA calculated as earnings before interest, tax, depreciation and amortization and adjusted for one-off items

EBITDA (adj), margin, %



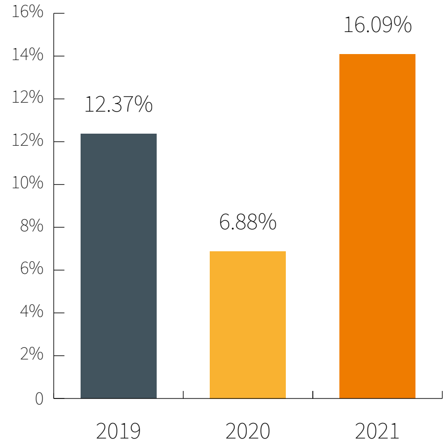
* EBITDA margin calculated as EBITDA (adjusted) to net revenue

EBITDA (adj) per head, kEUR



* EBITDA per head calculated as EBITDA (adjusted) to full-time equivalent employed

ROE, %



* ROE calculated as a net result to equity

Strong cash flow enables investment for future growth

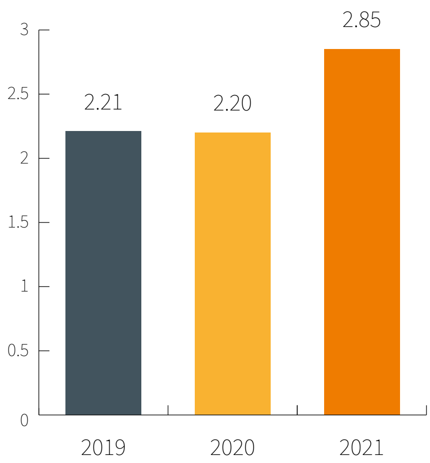
Over the year, we maintained cooperation with lenders in a way that enabled us to keep financing costs at a low level with an effective interest rate of 3.15%. This is important for the Group, as our net result is negatively influenced by foreign exchange revaluation (non-cash items) arising from out-of-euro-zone currencies (mainly Russian rubles, US dollars, Mexican pesos, Australian dollars, and pounds sterling).

Net debt as of 31 December 2021 is EUR 101.7 million - an increase of EUR 35.8 million from 31 December 2020 - which was driven mainly by funds used to finance the acquisition of Walsh Whiskey with The Irishman® and Writers' Tears® Irish Whiskey brands, construction of ABG's state-of-the-art warehouse, as well as business development costs.

Net Debt calculation at the end of reporting period	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Interest bearing loans and borrowings	101 954	67 734	66 852
Leases	7 148	6 517	8 238
Less Cash	(7 442)	(8 356)	(8 142)
Total Net Debt	**101 660**	**65 895**	**66 948**

The Group constantly monitors the net debt to EBITDA ratio, which has increased to 2.85x, reflecting additional borrowing opportunities to fund future investments.

Net DEBT to EBITDA



* Net debt to EBITDA is calculated as borrowings and leases less cash to EBITDA

Investment activities both in major infrastructure projects as well as for the acquisition of The Irishman® and Writers' Tears® brands, have had an impact on our Net Debt/EBITDA ratio (with an increase of 65 points) as these investments will generate returns in the years ahead. The Group strictly monitors the ratio and benchmarks it to industry averages. The cash pool allows our subsidiaries to share resources and makes it possible to manage our cash position in the most beneficial and profitable way. Financial stability has also allowed us to announce and pay out dividends of EUR 10 million for a third successive year.

New challenges met with action, ideas and resolve

The year 2022 has brought new challenges related to the Russian invasion of Ukraine. We as a Group stand unequivocally in support of the people in Ukraine.

The war has a direct impact on our need to rearrange the supply chain in some of our operations and to follow the changes in legal frameworks to comply with sanctions regime, as well as supporting our brands and colleagues. It is important to emphasize that the Group's management has taken all necessary measures to enable the Group to fulfil its promises to ABG business partners worldwide.

Early indications in 2022 show strong development of the tequila market, with the only limitation being production capacity in our tequila factory in Mexico. This will influence the supply chain. However, we believe we are in a strong position with our own agave fields, which will be ready for harvesting in the 2023/2024 season.

During 2022 we will continue to focus on brand management and bring our Irish Whiskey brands to the next level by using our own route-to-market as well as by partnering with importers and distributors across the Globe.

We are also about to launch a novelty addition to one of our senior core brands, Riga Black Balsam®, that will be a new turning point in the long and fascinating history of the Riga Black Balsam® dating back to 1752.

With the first sales orders coming in for Amber Beverage Germany, we are establishing our presence in Germany - the largest European alcoholic beverage market - with great potential for our vodka, gin, bitters and tequila portfolio. In April 2022, the moment when ABG is celebrating the 270th anniversary of its oldest brand, Riga Black Balsam®, the Group succeeded in arranging a marvellous gift – acquisition of the Riga Black Balsam® trademark in Germany, thus owning the trademark all over the world.

By starting the construction works for the automated high-bay warehouse in Riga, Latvia, we will get closer to our goal of bringing our logistics up to the most advanced standard.

Over the past two years we at ABG have proven our ability to make fast decisions in a changing environment. It is one of the most valuable assets, which allows us to drive a sustainable business. With such an efficient, open-minded and empowered team, we are well positioned to reach our next significant milestones towards meeting our Sirius25 goal. I am thankful to all employees of ABG for being an integral part of our journey and for your trust in Amber Beverage Group.

The future belongs to those who invent it!

Jekaterina Stuģe

Group Chief Executive Officer and Chairman of the Board of Managers
3 May 2022

Corporate Governance and Sustainability

Arturs Evarts
Group Chief Legal and Sustainability Officer,
Supervisory Board Secretary

Dear Readers,

On behalf of the Board, I am pleased to present Amber Beverage Group's corporate governance and sustainability report for the year 2021.

ABG is committed to conducting its business responsibly and in accordance with laws and regulations to ensure high standards of best practice. Good corporate governance and sustainability has a positive link to economic development in a changing business environment, securing creativity and protecting our long-term values.

The alcohol industry is one of the most highly regulated markets, as the challenge for companies operating in such markets is to ensure they mitigate risks both within their corporate structure and with third-party suppliers and partners.

ABG continously monitors its operations to ensure they conform to the requirements of international, national, industry-specific and applicable foreign laws as well as with internal policies and procedures, and with the decisions of relevant managerial bodies.

We are building our business by placing the highest priority on sustainability to fulfil our responsibilities in the best way possible and to meet the expectations of our clients and stakeholders.

During the financial year 2021, ABG has complied with regulations and practices regarding social responsibility, relationships with partners, and commercial integrity. We have opened a new chapter in our sustainability agenda, setting ourselves targets beyond the industry standards in such key areas as packaging, labelling, responsible marketing, and environmental protection. Some of ABG's key performance targets and goals are highlighted in this report.

Due to the impact of the Covid-19 pandemic, throughout the year there was a continuous focus on being agile, creative, innovative while still focusing on compliance ensuring that sound decisions are made. To overcome the ongoing Covid-19 challenges, ABG has implemented various activities to protect the safety and well-being of its personnel, at the same securing sustainable processes across our organizations. We have procured regular health checks, personal protective equipment and vaccinations. In my role as the leader of this process, I have benefited greatly from the superb teamwork and the great performance across our different locations despite all the challenges.

Sustainable corporate governance and compliance are key factors in achieving our goals despite external challenges. These include ensuring that there is an effective framework of internal controls, practices, policies and systems which together define clear levels of accountability and authority for decision-making, enabling management to assess appropriate levels of risk within the ABG culture and values.

This report is a reflection of ABG's way of working and a journey through the year 2021.

Arturs Evarts

Group Chief Legal and Sustainability Officer,
Supervisory Board Secretary
3 May 2022

Corporate Governance Report 2021

Corporate Governance plays an important role in maintaining corporate integrity and managing the risk of corporate fraud, combating management misconduct and corruption.

The Supervisory Board comprises its Chairman, Board members, independent Non-Executive members and the Secretary. The main functions of the Supervisory Board are:

- To ensure the 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.

All resolutions to be taken by the sole manager or the board of managers, as the case may be, require the prior approval of the Supervisory Board of the company.

A member to preside as Chairman at the Supervisory Board meetings and a Company Secretary are selected and appointed from the Supervisory Board.

Chairman

The duties of the Chairman comprise the following matters related to the Group:

- To lead and manage ABG's activities
- To lead development of ABG's long-term strategy
- To manage Board activities, plan its work, chair meetings of the Board
- To lead M&A targets identifications in order to get biggest synergies in line with ABG strategy
- To lead M&A processes and develop and maintain strategic partnerships to ensure the sustainable development of the Group
- 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, holding all respective responsibilities with the exception of voting rights at the meetings of the Supervisory Board. The Secretary's vote shall not be counted for the purposes of quorum determination at the Supervisory Board meetings.

The functions of the 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 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.

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

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 of the Group
- Determine the quality, quantity and timeliness of information from management
- Improve and maximize the governance of the process but not to 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 Management Board and Operational Committee
- Ensure effective shareholder communication

Board Attendance and Decision-making

According to internal regulations, the Board holds meetings at least once a quarter to discuss the business strategy of the Group and to review financial results. In 2021 during the meetings of the Board, 15 decisions about key matters were made, including approval of last year annual result, budget for next year in line with Sirius 25 and other.

The Supervisory Board regularly reviews business performance and has played a key role in strategic decision-making. In 2021, important decisions related to the renaming of ABG's distribution and production companies, whereby 10 companies were renamed with the aim of increasing ABG's name awareness; acquisition activities, leading to ABG's entry into the Irish Whiskey category; as well as attracting finance from financial institutions.

The Board met virtually, using audio-video conferencing, to enable Board members located in different countries and time zones to participate in meetings. The agendas for these additional meetings were dedicated to providing the Board with the latest information on government containment measures taken or likely to be taken in various countries, including lockdowns, trade restrictions and closures, changes in macroeconomic activity, including consumer behaviour and trends over the short and long terms, and scenario planning for the potential impact on ABG's business and that of our direct and indirect customers in different markets.

Decisions were taken to manage the company's liquidity, including reducing discretionary expenditure, monitoring working capital, launching debt issuances, addressing changing consumer behaviour, including significantly decreased sales in the on-trade but increased sales through off-trade and e-commerce channels. It was therefore essential for the Board to ensure that the workforce was protected through appropriate safety measures across all production, distribution, retail and office sites, via increased sanitation measures, the provision of safety equipment, and acknowledging restrictions, including office closures and working from home where possible.

Sustainability

In line with the Group's strategy Sirius25, ABG took the decision to enforce a sustainability element to underline responsible citizenship and to foster long term value growth.

We reviewed best practice cases of leaders in the industry and identified common topics being tackled by the industry. In order to verify the relevance of the global trends to our Group and to provide an opportunity for colleagues to express their opinions and thus increase engagement, ABG launched a survey amongst employees across all business units to get a sense of their expectations regarding sustainability matters and compare these to management's expectations. We provided an option to express opinions from different angles: as an employee; as a citizen; and as a consumer.

We asked for feedback on the fields ABG is good at and the areas where improvement is desired. We presented the results of the survey to the ABG Management meeting. ABG managers across multiple geographic origins and cultures have provided their views in terms of priorities for our sustainability agenda. Two key elements were identified for the sustainability agenda: one is either imposed by regulation or market practices and the other is based on further development in such areas as work safety, compliance, environment, and others. There was common support that key elements of the sustainable agenda such as work safety, compliance, anti-money laundering and sanctions regulations, labelling and marketing, pollution reduction, non-discrimination and human rights represent the cornerstones of ABG's sustainability and were evaluated as already being in place, whilst requiring continuous improvement. During the brainstorm session, the meeting looked more closely at the future development of sustainable packaging, R&D innovation, and building a sustainable supply chain. As a result of the meeting, further steps were established to reach the goal of becoming even more sustainable by focusing on the key elements to meet the expectations of society and consumers.

Society

We work to ensure that our business activities have a positive impact on the well-being of our employees and society in general.

We see the minimization of potential negative effects of our products on society as one of our main social responsibility tasks; therefore, we educate society and consumers about responsible consumption of alcoholic beverages by participating in social education campaigns. We offer our products to the market in a responsible manner and we set clear marketing guidelines, which are aimed at consistent compliance with legislative requirements. In 2021, no violation was recorded by the Group in product communications.

It is important for our employees to be aware that we are a socially responsible company and that we provide support to those who need it. Globally, we follow the tradition of supporting a social project in the country where one of the Group's companies is located. For example, last year, our colleagues participated in charity activity by giving a donation to Lithuanian children.

Several of our companies support educational institutions, where future industry specialists are trained, offering internship opportunities to familiarize them with the specifics of our business. Last year we awarded scholarships to specialists of engineering and new food technologists, thus strengthening the growth of future industry experts. In 2021, we continued to support talented students who have limited resources to start their studies, as well as supporting talents in music, culture and sports.

Environment

We continuously work to ensure a responsible approach to environmental matters.

When modernizing production processes and buying new equipment, we always consider environmentally friendly solutions and this supports our decision making. New equipment purchases included new forklifts for our distillery in Latvia, Latvijas balzams, as well as the modernization of the heating system at the premises, and these choices took into account the reduction of negative environment impacts.

The majority of ABG production companies use water from artesian wells that are located in their territory. Where possible, we are trying to meet our electricity needs from renewable sources. ABG companies conduct CO_2 emissions assessments and implement controls. At Amber Talvis, for example, it was possible to reduce the specific consumption of natural gas per unit of output by 2.1% (4.06 m^3/dal in 2021 against 4.15 m^3/dal in 2020) as a result of replacing tubular bundles of dryers in July 2020 and efficient maintenance of the boiler equipment. The positive effects included reduction of CO_2 emissions and increased profitability of production. In selecting packaging for our products, we prioritize environmentally friendly solutions that are commensurate with the requirements of production processes.

Environment is one of our focus areas, and ABG continuously works towards elimination of negative impacts. An example is that, in 2021, new company cars for Interbaltija employees were chosen on the basis of environmental sustainability. In addition, in 2021 Amber Distribution Lithuania replaced 3 trucks (12 tons) with more economical ones, which use less fuel and are more environmentally friendly (having Euro6 engines).

For the alcohol industry introducing recyclable packaging is a priority due to increases in consumption and the versatility of packaging. ABG proactively participates in various systems operating in different countries to ensure impact improvement. In Lithuania and Estonia, a deposit return system has been implemented by governments to incentivise consumers to return used beverage containers for recycling, to fight littering, and to increase collection and recycling rates. Consumers are required to pay a returnable deposit that is refunded when the empty container is returned for recycling. ABG intends to enlarge the spectre of recyclable packaging. About 10% of Amber Distribution Lithuania's products participate in the deposit system. In addition to deposit systems, working in the UK, Australia, Lithuania, and Estonia, in 2021 a similar system was implemented in Latvia where ABG actively participated in development of a deposit scheme. ABG plans to take further steps to expand the number of products with recyclable packaging.

We assume responsibility for waste management, regularly delivering scrap paper, scrap metal and environmentally dangerous waste for recycling. In 2021 Latvijas balzams continued filling its popular RTD cocktails in 330 millilitre aluminium cans. New packaging for Riga Black Balsam® blackcurrant and cherry-flavoured cocktails is gradually rolling out to markets, replacing cocktails in glass bottles. In the new format, these beverages are more convenient, as well as more environmentally friendly. Glass waste, when released into the environment, do not decompose whereas metal cans can be sorted and recycled or are biodegradable over several years.

Work Safety

We take care of our employees by providing safe, stable and good working conditions, social guarantees, and benefits.

At ABG, employee health and safety is one of our top priorities, and is an area where we constantly strive for improvement. The continued negative effect of Covid-19 across the world throughout 2021 has necessitated us to take a painstaking approach to our employees' well-being. As well as implementing some remote work practices introduced in 2020, we have taken additional opportunities to secure the well-being of our staff by protecting them from the impacts of the virus where possible. To reduce the spread of Covid-19 and to maintain the health of our colleagues, the company organized periodic testing of employees; all employees were provided with respiratory protection; and special attention was paid to cleaning and disinfection of premises. We have carefully managed work-streams, specifically in production sites and warehouses, where changes in the organization of work, employee movements, and work schedules were monitored and changed to ensure that, should virus spread among our personnel, it would not be contained. We also facilitated opportunities for our employees to be vaccinated at our premises.

We take care of our employees' health, specifically focusing on reducing accidents at work and preventing occupational diseases. To this end, the company ensures regular evaluation of risks, awareness-raising and training for the staff, providing various materials as well as briefing and training sessions. Employees are frequently reminded not to come to work if they are ill. Staff are also regularly reminded that they must use appropriate workwear and personal protective equipment and observe hygiene requirements. The company also regularly reminds employees about reporting of near misses to manage risk in future. Working areas have all required warning and information signs, all necessary tools and equipment, etc. The company monitors the workplace environments on a regular basis by conducting audits and checks.

In 2021 we continued a risk-based focus approach for improvement and made significant steps towards our goal to a zero accident rate and attended to occupational disease risk prevention by implementation of a system of temperature and sobriety checking.

We plan an investment in production process automatization and improvement, with work safety as the key priority. We are proud to operate historical production sites, where manufacturing craftsmanship is preserved and developed, adjusting these to modern and safe work environments by refurbishing them to become ergonomic workspaces. Alongside these specifics work safety improvement processes the automation in production is performed (workplaces are equipped with depalletizers, in the warehouse - with a palletizing system), physically heavy and monotonous work is reduced.

On our production site at Latvijas balzams in Caka Street 160, as a result of the modification of the ventilation system, the air quality in the workplace has improved by reducing concentrations of ethyl alcohol and carbon dioxide in the atmosphere. Measuring equipment was purchased and ensures the company can independently monitor and analyse the presence of harmful airborne substances.

Many departments have implemented the 5S method - providing a safe, productive and transparent workspace, where everything has a designated place, levels of cleanliness are maintained, and order in the workplace is maintained. All employees are involved in this process and the best departments are awarded according to the results of the quarterly audit.

In some companies the unscheduled special assessment of working conditions and an assessment of occupational risks were carried out. As a result of the measures taken, the Group has reduced a number of risk factors of the working environment, improved the working conditions of employees, reduced the number of occupational diseases and, most importantly, the company is striving to achieve its zero accidents at work goal in the field of labour protection. In order to help prevent occupational injuries and prevent accidents, we tested more than 160 employees on their knowledge of industrial safety rules, and more than 150 employees on labour protection. Over 100 employees went on to be trained in labour protection and industrial safety at the specialized educational institution.

We care for the workplace environment and therefore, several offices and production facilities were improved last year. To have healthy and work-capable employees, in 2021 we spent money on employee health insurance, mandatory health checks and accident insurance.

Quality

We sustain and grow the reputation of our brands by delivering the highest quality standards in all parts of our business.

We constantly aim to ensure that the quality of our products is of the highest standards and seek to improve still further at every opportunity. We achieve this through continued investment in production upgrades and the application of modern technologies in product quality evaluation. Our companies Amber Talvis and Amber Permalko renewed all required licences, in addition to which Amber Talvis obtained the organic spirits production licence. Our production processes are carried out in accordance with the Quality Management Manual developed by our production companies. We work with the ISO 9001:2015 certified manufacturing control system, affirming the compliance of production processes with international requirements.

The automated process control system of our grain production complex was modernized. This made it possible to increase the stability of the process control, to reduce the number of unscheduled stops of the grain complex and enabled us to make changes to technological routes. The construction and commissioning of a new grain storage tank was completed which increased grain storage capacity by 50%. This will increase the buffer stock of raw materials and dampen the negative impact of seasonal price fluctuations. We also replaced a decanter at the stillage drying section resulting in increased stability of dry stillage production and reduced downtime as breakdowns diminished.

We have developed, implemented, and maintained a self-controlling system according to HACCP production principles to ensure the compliance of products with the European Union and other specific market requirements. We have developed a supplier quality cost calculator, which shows additional estimates of costs that are related to downtimes or additional work due to poor quality raw materials. The goal of the project is to create a supplier history (quality valuation) that can be considered in future procurement tenders. Our laboratories are provided with equipment that tests the contents of both distilled spirits and fermented beverages, bringing significant benefits by reducing beverage testing times.

To ensure exceptional field-to-bottle control over its tequila production, ABG considered the possibility of acquiring additional agave fields in in Mexico. Having our own agave fields demonstrates our commitment to expanding our presence in Mexico and to growing our share of the global tequila market. In five years' time, we will be able to supply our own brands with enough blue agave raw material to ensure the production of our own tequilas and even broaden our services for private label projects.

At our Customer Service Centre we have implemented an instantaneous feedback link from consumers, processing complaints, suggestions, reviews or questions by forwarding them to relevant Group's specialists. All viewpoints expressed are closely analysed, and data are compiled for a customer and consumer satisfaction index.

Talent

The Group's success depends on the skills of key personnel and its ability to retain such personnel.

At ABG we believe that strong brands are built by strong, healthy and motivated people. This means that our top priority is to provide a culture of vitality and a dynamic working environment. We believe that our values and working principles contribute to a culture that is focused on long-term value creation.

As a member of local professional associations, we are up to date on the latest employment trends within markets. The Group pursues a remuneration policy that is aimed at retaining, motivating and attracting good people. Every other year we participate in reward surveys, provided by leading reward consulting companies, to receive remuneration benchmarks for each market in which we operate. As a matter of routine, we review team performance and individual performance and successful fulfilment of KPIs.

Talent development is important at ABG, so employees are encouraged and supported to develop in their career by learning new skills and challenging themselves to grow into new positions. We promote their development, either through training focused on job-specific skills or by means of personal development and/or coaching.

The Group invests in professional, business and competence development and training across all levels of Group companies and in shrewd recruitment to ensure that the best talents are approached, and employee turnover is as healthy as possible.

Our values – Tenacity, Entrepreneurship, Fun, Excellence, Speed, and Teamwork are the core of our organizational spirit. 'Value Week', organized for five consecutive years and designed to share, strengthen and develop the understanding of values, has become a notable event within the Group.

To make the everyday business even better and to motivate our employees, we truly care about work conditions to help motivate our talented people. Therefore we have carried out several repairs in existing offices or have reallocated several teams to new and modern facilities. For example, in Latvia employees moved to possibly the best offices in the country – the A Class office placed in the Zunda Towers complex, which currently is the tallest high-rise building in Riga. It has a strategic location - a prestigious area on the banks of the river Daugava, opposite Old Riga.

With the aim to engage team members in the decision-making process, we provide a communication platform with the possibility of sharing feedback openly and we provide the opportunity for staff to share their views on important well-being factors during these challenging times. To do this, ABG carries out a quarterly Amber Express survey. The results of the survey are considered in detail on a company-to-company basis, assess the impact of the most relevant factors and this is tackled in a rigorous manner. The results of the survey help to identify any problems at their root and take appropriate measures to deal with them.

Market

Amber Beverage Group responds to consumer needs and preferences.

The pandemic has completely reshaped consumer buying behaviour. Consumers have embraced the convenience of online home deliveries. E-commerce became a priority for our teams, and we launched our own e-commerce platform in the Baltics and ensured availability of our products through global e-commerce platforms in other markets. We plan to develop our own platform on a global scale during 2022.

In 2021, ABG expanded into several new international markets and enhanced awareness of its core brands: Moskovskaya® Vodka, Rooster Rojo® Tequila, KAH® Tequila, Riga Black Balsam®, Cross Keys Gin® and Cosmopolitan Diva®. In 2021, ABG has had various innovations and new brand implementations, as well as introducing line extensions. We have continued the work of pioneering the flavoured tequila section by launching the innovative Rooster Rojo® Smoked Pineapple Tequila edition. We have also launched the new Ahumado product manufacturing at Fabrica de Tequilas Finos.

In line with our sustainability ambitions, we have looked into the possibility of increasing the level of recycled/recyclable materials into our product packaging. We have identified the opportunity to change the material used for our carton boxes to a recycled material thus reducing our carbon footprint.

To increase the visibility of the Group in the global arena and attract new customers and larger orders, Amber Beverage Group plans to add an additional recognition mark - 'Amber' - to the majority of its companies by including the brand in their company names. In going global under a unified brand name, ABG has performed deep analysis in each of the markets and took the decision to go ahead in some countries with 'Amber Beverage', as we understood that perceptions differ. In production companies, the historical heritage of the companies' names was also taken into account.

Economy

We actively participate in the development of the local business environment.

Some of our companies are among the largest taxpayers in their locality, having paid several million euros to the state budget. In conducting our operations, we cooperate with state oversight institutions. In cooperation with several organizations, the company supports initiatives that are aimed at reducing the proportion of the shadow economy in the alcohol industry, developing a sustainable tax policy, and establishing a competitive business environment.

We are active members in national associations representing:

- Producers of alcoholic beverages in Latvia, Russia and Mexico
- Entrepreneurs, employers and investors in Latvia, Lithuania, the United Kingdom and Russia
- Retailers and distributors in Latvia, Lithuania, Estonia, Australia, Austria, and the UK.

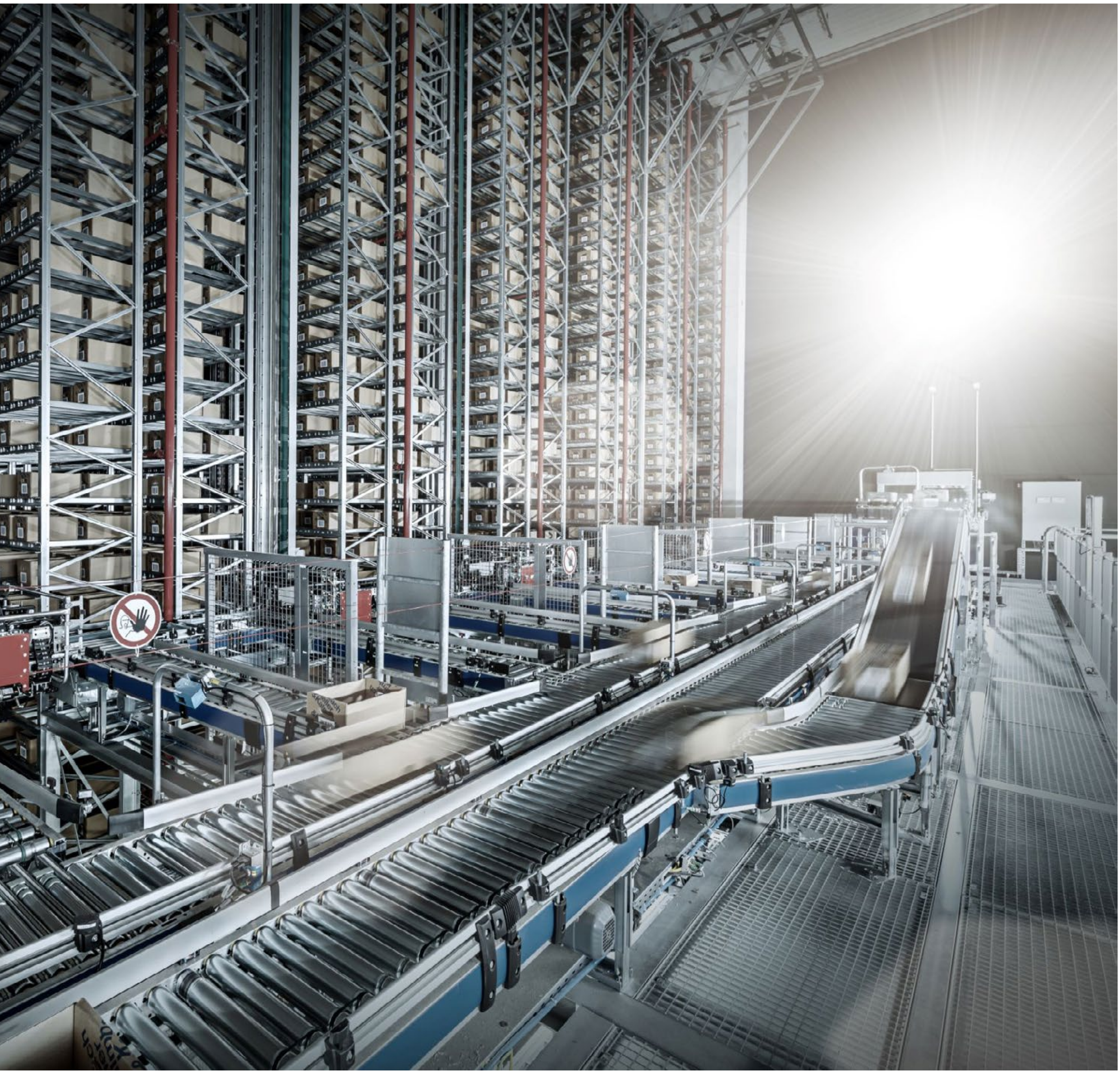
Supply Chain

We care about each stage of the supply chain.

We implement fair partnerships with our business partners and a transparent purchasing policy by demanding from suppliers conformity with the highest quality standards. In performing our business in each stage of the supply chain, from farming and manufacturing to distribution and merchandising, we use tender processes. Some of the key benefits and advantages of the tendering process are as follows: tenders or bids are evaluated based on certain predetermined criteria, such as price, quality and value for money and the process of tendering helps promote a competitive market.

During 2021, the Group renegotiated the terms of contracts for the supply of core raw materials that resulted in material savings and provided flexibility for our sales team for exploring our products in new export markets. Due to the Covid-19 pandemic ABG also experienced issues on the spirit supply side, which we were able to overcome due to the teamwork and support from the companies of the Group. ABG's focus is on uninterrupted deliveries of packaging and raw materials, whilst keeping stock levels as low as possible. Overall, ABG keeps track of and compares the market prices of raw materials and services, enabling us to be competitive and manage price fluctuations.

We started the work regarding unification of our requirements for tenders, and have compared the specifications, observed common matters and therefore obtained an economically positive effect. We have shown that it is necessary to diversify the routes of supplies, which becomes especially topical in the face of geopolitical instability and serves as a guarantee for stability in manufacturing. We have implemented a plan for taking further actions in the supply area and performed work aiming at diversification of our supply chains.



It is very important for us to ensure efficient cargo and pallet supply of our products to our partners all over the world and to maintain the speed of development of investment projects which are characteristic of our company. Thus, ABG decided to build its own fully automated high-bay warehouse in Riga. In 2021 ABG made significant progress with this project, finalizing the land acquisition, working on the design of the warehouse, and starting the preparation work for the construction programme. We concluded the contract with the equipment supplier of one of the top producers of warehouse equipment – Jungheinrich - to supply us with best-in-class solutions. We launched the tender for the construction of the warehouse and negotiated with the shortlisted candidates. However, the political and economic situation arising from the Ukraine crisis in 2022 has negatively impacted global building prices and the project has been put on hold until such time as the situation stabilizes.

Responsible marketing

ABG is proud of building a culture in which people who choose ABG's products are well informed and do so responsibly.

ABG markets its brands responsibly, cooperates with governments, society, individuals, non-governmental organisations, and other companies, being a proactive market player which goes beyond state regulatory requirements.

Going global requires us to not only comply with national laws and to follow the best practices of spirits sector leaders, but also to respect the habits and cultures of the consumers to avoid any possible barriers on the route to sustainable success.

ABG has analysed the best practice for alcohol warnings and responsible marketing in the industry and developed guidelines for activities related to our product marketing. The guidelines and general principles were notified to the ABG Strategic Marketing team and the other colleagues involved in marketing matters, in addition to which we constantly communicate on trends and updated requirements.

Our main focus in 2021 was advertising through social media platforms as, due to the impact of Covid-19, these channels are used the most, especially among younger adults. We aim to follow not only minimal requirements, which are set by applicable laws, but also such good practice as finding a balance between target-oriented marketing and thoughtful alcohol consumption in all marketing materials.

U-Label initiative

We encourage the use of smart technologies in beverage business.

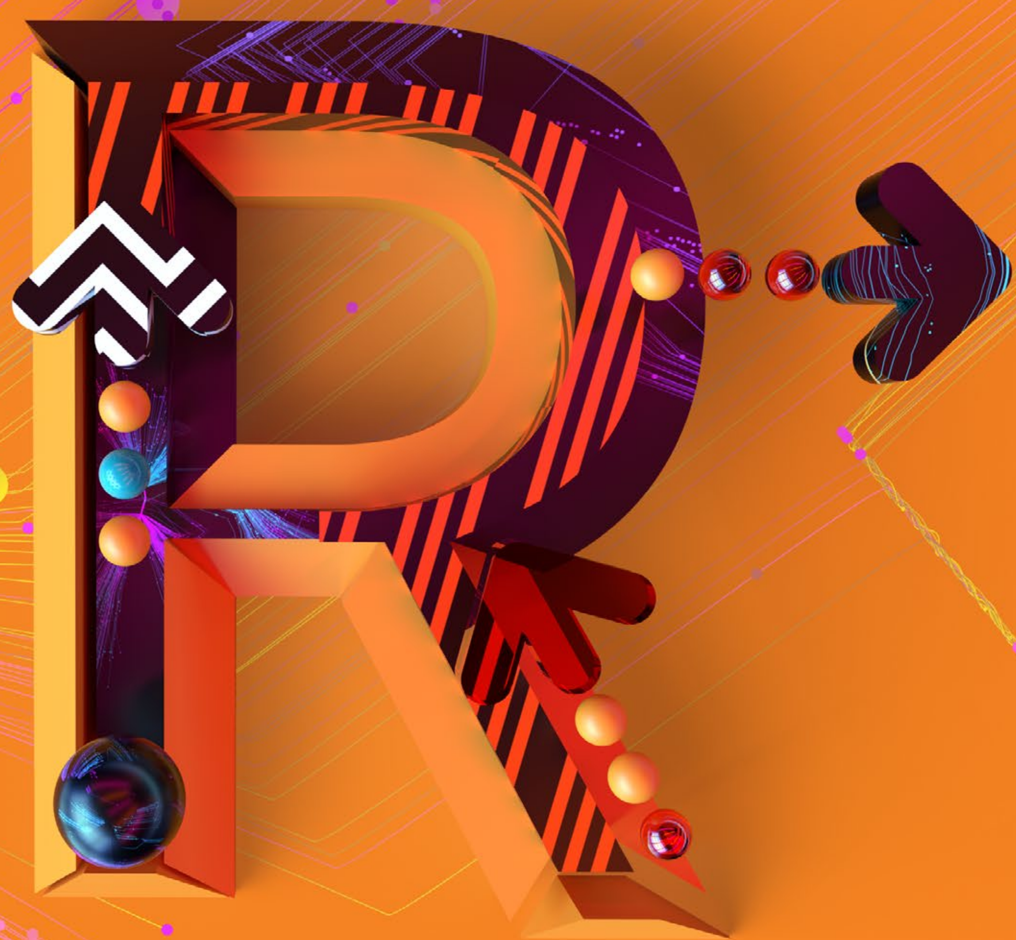
Due to the implementation of EU Regulations on obligatory indication of alcoholic beverage ingredients on the label, two EU organizations of alcohol producers initiated use of the U-Label. The U-label is a QR code placed on the product, which leads to a website giving basic information as per EU Regulations about the product ingredients. The benefit of this system is that you do not have to amend the label, if there are changes in the list of ingredients, but only make amendments to the material in the platform connected to the website.

In 2021 ABG actively participated in discussion about this platform. During the launch presentation one of the products was provided by the Group showing the integrated QR code. ABG is actively moving to implement the QR code on our main products within the EU as well as informing our partners about this innovation and additional features available for consumers.

Human rights and non-discrimination

Equality and non-discrimination are core human rights concepts at ABG.

When related to the field of employment, non-discrimination and equal opportunities are rooted in the principle that all decisions made at the workplace are based on the ability of the individual to do the job in question without regard to personal characteristics that are unrelated to the inherent requirements of the work. At ABG we follow best in class practices to ensure the non-discrimination within our Group. We follow a risk-based approach in evaluating human rights violation risks in the fields relevant for our operations. Areas which are given our attention include policies on: the right to personal privacy; a safe workplace environment; anti-slavery; anti-discrimination on grounds of gender, race, creed, colour, beliefs, or religion; and implementing measures to counter workplace bullying. We have adopted internal procedures and mechanisms to ensure identification of the possible or actual risks in this field as well as an effective and safe whistle-blowing mechanism.



Principal Risks

Principal Risks

Risk assessment is a systematic process of evaluating the potential risks that may be involved in ABG activities. It is applicable to all functions, in all types of affiliates (production, distribution, retail) in all countries where ABG operates. Risk assessment management drives better commercial decisions, creating a growing and sustainable business model.

The aim of the risk assessment process is to evaluate risk, and to minimize the level of potential impact of it by adding control and preventive measures, as necessary. By doing so, ABG can evaluate itself from a compliance perspective. An ongoing process has been established for identifying, evaluating and managing risks faced by the Group.

The Group has in place internal control and risk management systems in relation to the Group's financial reporting process and the process for the preparation of consolidated accounts.

ABG believes that the following risks are the principal ones to which its business is exposed. The steps taken by ABG to manage and mitigate these risks are listed below. If any of these risks occur in practice, ABG's business, financial condition and performance might be affected. Some of these risks are beyond the control of the Group and this list is not comprehensive, as other risks and uncertainties may arise in a changing business environment. Risk management is a topic that is regularly discussed at Supervisory Board meetings.

Economic and political change, taxes

The Group's results are affected by economic conditions persisting in its key geographic markets and the level of consumer confidence and spending. The Group operates in the global market, where there is a risk of local laws and regulations not being always fully transparent, and these can be difficult to interpret and may be applied inconsistently. Ongoing political tensions between Russia, the European Union member states and the United States are also creating instability throughout Eastern Europe.

We monitor and analyse economic indicators and consumer habits, which directly influence our product portfolio and new product development. About a half of our companies and countries, in which we are operating, are EU member states and, therefore, are subject to EU regulation. We monitor the economic conditions within the market, review our product portfolio and routes to market and adjust our activities accordingly. We are looking for ways to diversify our market presence and look for business and investment opportunities outside Europe.

The European Green Deal has middle-term impact on current cost structure as economies in the EU have to adjust to imposed changes having impact in sectors that cannot adopt rapidly. However it is expected that with more options appearing on the market, diversification of energy sources, the production cost as well as cost of goods sold will decrease.

Increase in tax burden could adversely affect the demand for the Group's products, which is extremely sensitive to fluctuations in excise duties, since taxes represent the largest component of the shelf price of alcoholic beverages.

Excise tax increases, which are significant in our markets, tend to have a negative impact on our operations. Change in excise tax rates (supposed to be short term) imposed by national governments in Eastern Europe to reduce the impact from energy cost increases drives the consumer flows to neighbouring countries chasing the lower tax rates. Consequences of tax changes and resulting changes in buying behaviour are constantly monitored and market positioning is adjusted where necessary.

Sanction regime compliance

Non-compliance with AML (anti money laundering) and sanctions could result in major penalties from state authorities. For many years we have been closely working with our clients and partners to secure effective and sustainable working relationships. At ABG, we are focusing on compliance with high standards and local regulations. We have adopted programmes to manage various potential risks in connection with our business partners, including credit risk and Know Your Client (KYC) principle by performing AML and sanctions checks. In 2021 we were performing regular training of employees to make sure that they are informed about the latest KYC and sanctions requirements and follow the procedures.

As the response to the growing tension in the relationships among Russia, Belarus, EU and the USA, that escalated in February 2022 following the military invasion of Russia in Ukraine, the lists of sanctioned legal entities and private individuals have been amended several times. We are constantly monitoring the changes and respond quickly to be fully compliant with the imposed restrictions for financial and sectorial sanctions imposed.

Funding and liquidity

Due to market conditions, the Group may be exposed to unexpected liquidity problems, which may lead to an increase in debt. The availability of financing in the longer term depends on certain factors which are outside the Group's control, including adverse capital and credit market conditions.

The Group closely controls cash balances, future requirements for funding and the external market for financing. We undertake detailed reviews of both short-term and long-term liquidity requirements on a regular basis. We are confident that we have the appropriate processes and relationships in place to handle any unexpected liquidity problems and that we will continue to have access to required funding in the future.

The Group's strategy is to align incoming and outgoing cash flows in country-specific currency and all remaining agreements to maximize in Group functional currency euro.

Marketplace and competition

ABG is operating in a highly competitive environment and faces pressure from both local and international spirits producers, which may result in the downward revision of prices and loss of market share. Changes in the Group's distribution channels may also have an adverse effect on its profitability and business. The Group's revenue is mainly derived from a limited number of customers. The Group may not be able to maintain its relationships with these customers, or renegotiate agreements on favourable terms, or collect payments from some customers, which will affect its financial situation.

We continually evaluate our route-to-consumer and adapt our business model as appropriate. We cover directly traditional and small format stores and work closely with wholesaler partners. We trade across all channels and actively manage our profit mix. Also, key retailers bear notable risk. The share of key retailers like Rimi and Maxima delivers 13.5% of ABG's business, while at the same time they are responsible for 50% of the retail market in the Baltics. Our broad distribution network enables us to limit the impact of key retailers on our current and future business.

Consumer preferences

We develop a highly diversified portfolio of brands to ensure coverage of consumer occasions and price points. We systematically review emerging consumer and route-to-customer trends including potential disruptive technologies. We continuously assess the existing business model looking for optimization opportunities, business efficiencies and value-added investments.

Since the start of the Covid-19 pandemic in 2020, a different customer type has emerged with new behaviours and decision-making criteria driven by self-protection. Responding to consumer trends in the new reality, ABG made its best efforts to identify and subsequently satisfy them. Consumers have adopted new habits, being more focused on in-home experiences. Changes were observed in purchase priorities, as the HoReCa sector suffered dramatically, the new so-called 'Drink at home' and 'Ready to Drink' trends developed. In 2021 with the lifting the pandemic restrictions imposed by national governments, the more traditional consumer preferences became dominant, and e-commerce as a significant sales channel for alcoholic beverages is here to stay.

Brand Protection and IP

Look-alike products and brands, as well as counterfeit products are damaging brand equity and may heavily impact sales. Thus, we carefully evaluate the brands in the development phase in order to make sure that the brand can be trademarked and would therefore enjoy the protection granted under the respective regulatory regimes and we protect business and intellectual property. We maximize the business' competitive position, monitoring the competitive environment, in order to promptly identify possible unfriendly actions and counterfeit cases.

Major litigations and fraud

Any major litigation could have a materially adverse effect on the Group's business, resulting in financial losses or the leakage of information. We implement a litigation avoidance strategy, i.e., ABG constantly adapts and improves its practices to avoid potential conflicts. This is achieved by continuously reviewing transaction documents, developing and upgrading contracts drafts to be used in business activities, as well as providing recommendations for business, operational and compliance measures in order to meet legislative requirements and avoid claims. We developed and follow the respective policies and procedures in order to minimize the risk of fraud and the leakage of information.

We train managers and other employees to make sure that they are promptly informed of requirements and are prepared to conduct or avoid specific actions, which could trigger the risk of claims. We respond to risky situations promptly, reviewing and preparing to mitigate them during the course of regular management meetings. We seek professional assistance in cases where it is required in order to protect the Group's interests.

Cyber threat

Cyber-attacks might result in financial loss, operational disruption, and reputational damage. Due to new trends in business and work environments, cyber threats continued to be extremely topical in 2021.

We constantly focus on insider threats by tightening privileged access to critical applications. Mandatory e-learning and regular phishing exercises to the global workforce help us to identify critical issues promptly so that we can develop the most appropriate action plans for risk mitigations. We engage experts to perform intelligence-led, proactive hunting and monitoring of threats. We use high risk market cyber stress tests to address security gaps.

Data privacy

Non-compliance with data protection regulations may harm our reputation with consumers, customers and/or our people and may also result in a financial penalty of up to 4% of global turnover.

We have implemented a Global Data Privacy programme with global data privacy policy, training and communication.

Regular briefings to the Board, Executives and other senior leadership on our General Data Protection Regulation (GDPR) Readiness Programme are carried out. We perform Privacy Impact Assessments in key risk areas of the business concerning the proper use of data. We perform risk assurance at a market and global functions level. In 2021 we performed an internal audit, internal training and reacted to market needs, making e-commerce routes compliant with GDPR requirements.

Our Brands

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

Brand Portfolio Management

As one of the world's leading importers and distributors, our companies from the Baltic States, the United Kingdom, Australia and Austria have the honour to represent premier distillers and vintners from across the globe.

2021 is the year where the pandemic started to slow down and ABG had the chance to rework some of the creative platforms for core brands like Moskovskaya® Vodka and Rooster Rojo® Tequila.

With the ambition for Moskovskaya® Vodka set to deliver 1 million 9Lcs in the next four years, Moskovskaya® has created two focus points. First and foremost, we have an ambition to become greener and more sustainable, something that will be realised in a 'green' limited edition that helps the planet through a pledge to plant more trees. Secondly, a new creative campaign was created to attract a younger generation into the brand. Both will roll out in 2022.

In tequila: The new packaged KAH® is gaining traction in the USA and achieved over 5k 9Lcs in 2021, showing a healthy rate of growth. Moreover, ABG has its own agave fields, which obviously means that ABG's tequila brands - Rooster Rojo® Tequila, KAH® Tequila, Don Camillo®, and others - will become all the more important for the company's bottom line.

In 2022 we plan to launch BLACK 1752®, a sister brand of Riga Black Balsam®, that will compete against the likes of Jägermeister. Finally, we have found an answer for how to attract a new generation of consumers to the Riga Black Balsam®. The roll out will happen from Q2 2022.

In November 2021, Walsh Whiskey joined the global ABG team, elevating it into the high-growth Irish Whiskey sector. Now ABG portfolio includes two super premium world-revered Irish Whiskey brands: Writers' Tears® and The Irishman®.

Leading International Brand Lines

Leading Category Brands

Vodka

GRADUS

organic

RIGA BLACK® VODKA

Tequila

DON CAMILO

Rum

BARBUDA RUM

Brandy

Grand Cavalier

Cofee liqueur

MOKA

Sparkling

RIGAS Šampanietis

Cider

LUCKY DOG Apple Cider

Leading third party brands

TORRES

COURVOISIER

HARDY COGNAC

GIN MARE

MARTIN MILLER'S GIN

Puerto de Indias

ASKANELI BROTHERS 1880

ACHAVAL FERRER

BOSTAVAN

CALVET

Casillero del Diablo

DR. LOOSEN

Faustino

FRONTERA

LUC BELAIRE FRANCE

BOSCA

GANCIA

CHAMPAGNE Laurent-Perrier

ACQUA PANNA

Red Bull

S.PELLEGRINO


Moskovskaya
MADE TO OUR ORIGINAL RECIPE INFUSED WITH RASPBERRY AND LIME
OVER 100 YEARS OF VODKA MAKING TRADITION
PINK
Moskovskaya
OSOBAYA VODKA
TRIPLE DISTILLED IMPORTED VODKA
Made to our original recipe from the finest ingredients
Over 100 years of vodka making tradition
Moskovskaya
SIX TIMES DISTILLED
Traditional silver & charcoal purification method
Over 100 years of vodka making tradition

Moskovskaya® Vodka

Moskovskaya® Vodka is one of the oldest vodka brands in the world with a recipe dating back to the end of the 19th Century – making it one of the most original and authentic brands in the category. It is proudly produced in Latvia, by the leading producer of alcoholic beverages in the Baltic States – Latvijas balzams - a company with a history steeped in tradition since 1900.

Today Moskovskaya® is a brand imbued with a young and gritty urban reality, building on relevant consumer insights of younger generations and connecting our brand truth and heritage to a contemporary zeitgeist.

Moskovskaya® stands for highest quality vodka made in Latvia 100% sourced from EU ingredients. It is made with the finest wheat, triple distilled, and then filtered through quartz and charcoal to acquire purest quality vodka and maintain the unique Osobaya vodka flavour. In addition to 'the original', the portfolio includes Moskovskaya® Pink, Moskovskaya® Silver, Moskovskaya® Hard Seltzers, as well as RTDs.

One of the oldest existing vodka brands
Created in 1894, from an original recipe unchanged since 1938

Over 100 years of vodka traditions
Made according to centuries-old vodka making traditions in the production facility – Latvijas balzams – which was established in 1900

Smooth taste with character
Multiple awards form experts for exceptional quality and smooth taste

100% European Union
Proudly produced in Latvia, with all ingredients and materials sourced from EU countries only

The 'green' Vodka
Committed to reducing its carbon footprint and protecting the environment

Moskovskaya® Vodka

Performance

- 416k 9Lcs sold in 2021
- EUR 5.5m gross margin generated
- Available in 70+ markets worldwide

Benedikt Fimpel,
Global Brand Director

“2021 was a defining year for Moskovskaya®, generating much-needed market insights and building a healthy foundation to future-proof our flagship brand. Despite the continuing uncertainty caused by Covid-19 restrictions, Moskovskaya® was able to grow volume by +28% in 2021 and remains on track to become a million-cases-a-year brand by 2025.

“With the launch of our RTDs and Hard Seltzers in the first half of the year, we have proven how quickly we can adapt to market trends and have kick-started future business opportunities. Limited editions like ‘Retro Edition’ in Canada or ‘Year of Dragon Edition’ in Asia brought new momentum and buying impetus to the brand. Moskovskaya® Pink was launched in Canada and further grew distribution across European focus markets. The learnings in 2021 helped us sharpen our portfolio strategy in 2021.

“2021 was especially defining as we analysed our brand ‘DNA’ and pivoted our marketing strategy to reinforce our ambitious growth plans. We initiated the rejuvenation of the brand, setting up a healthy brand infrastructure with proper purpose, values and a distinct brand personality. Instead of focussing on traditions and dusty stereotypes, we’ve made a major step forward towards a modern and refreshingly raw brand positioning – allowing us to connect with a contemporary zeitgeist as well as a young consumer base. This was made visible in a relaunched website, adjusted social media strategy and hero campaign assets that are ready to roll out globally in 2022.

“Furthermore the ‘Green Ambition’ was initiated, allowing us to add value and drive differentiation by establishing sustainable credentials.

“We were able to close the year with outstanding results due to a shift towards off-trade and e-commerce channels as well as the tireless commitment of our distribution partners. We saw another strong performance in the Baltics with a record year for Lithuania; rapid recovery in Italy, Spain and Portugal; significant growth in our strategic markets, Canada and the UK; as well as promising new distributors such as Heinemann in Hungary that kickstarted the brand in just eight months. While further increasing our market power and brand recognition in existing focus markets, strategic vodka markets will remain important on our way to becoming a global power brand – with the USA, Canada, the UK, and Australia delivering between them 88% of overall global volumes in the standard vodka segment.

“With our repositioned brand we’re perfectly set up to continue our success story and ready to make noise in a promising 2022.”


Moskovskaya
ORIGINAL RECIPE
Moskovskaya
OSOBAYA VODKA
38% vol.
TRIPLE DISTILLED IMPORTED VODKA
Made to our original recipe from the finest ingredients
Over 100 years of vodka making tradition
Vodka Master


SIP DON'T
SLAM
Rooster Rojo
TEQUILA

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 four variants: Blanco, Reposado, Añejo, and Smoked Pineapple Tequila – the latter only recently released and a world first, delivering a truly innovative flavour profile.

Superb 100% agave tequila
Received 27 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

Performance

- 25.4k 9Lcs of Rooster Rojo® Tequila sold
- Over EUR 3.7m revenue from brand sales
- Sold in 32 markets worldwide

Mantas Zlatkus,
Global Brand Director

"Rooster Rojo® Tequila enjoyed a superb year of growth in 2021. Despite the global pandemic, we managed to launch the brand successfully in important markets like the US and Spain and also to achieve strong growth at our own distribution companies across the globe. The biggest market for Rooster Rojo® and with highest growth in 2021 was Australia where the brand was accepted very well in on-trade outlets and also achieved some key national off-trade account listings, the largest being Coles supermarket chain.

"The growth was huge in all regions, EMEIA being the biggest growth driver, where Spain and Greece were the brightest stars. In the USA, we appointed a new distributor which delivered over 2k 9Lcs sales in 2021.

"In terms of innovations, 2021 was a year when we presented Rooster Rojo® Smoked Pineapple Añejo Tequila to the world at the BCB show in October. This is a ground-breaking innovation and a world-first, and the variant was embraced both by trade experts and by consumers.

"In 2022 we have even more ambitious innovation plans starting with ahumado tequila which will arrive in Q2 and ending with mezcal which is in the development stage.

"At the end of 2021, a new advertising campaign was shot in LA California, which delivers a fresh, vibrant, edgy, and impactful tool to build the brand, underlining Rooster Rojo's® fine quality. The global digital campaign theme, 'SIP DON'T SLAM', is rolling out in Q1 in 2022.

"An incentive trip for ABG's own distribution arm and third party distributors has also gone down well, and we have three markets and one ABG International salesperson who have achieved ambitious sales goals qualifying them for complimentary trips to Mexico in March 2022.

"Despite the impressive growth in 2021, our goals for 2022 are even more ambitious: the plan is to double sales over the course of the year. We have unrealised potential still in the USA, Canada, Italy, the UK, Germany, Israel, Southern & Central America and, as yet, no sales representation in France, so the global brand management team will work to unlock new opportunities in these markets."


Rooster Rojo
AÑEJO
TEQUILA
100% DE AGAVE
MEXICO
WITH SMOKED PINEAPPLE
NATURAL FLAVOUR
70CL
38% VOL


KAH
KAH
Tequila Reposado
KAH

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 Mayan heritage ritual that is over 3 000 years old. We know it today as Dia de los Muertos - the Day of the Dead – a colourful Mexican holiday. Instead of mourning and sadness, it 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 key element of the packaging, the skull, is inspired by calaveras – traditional colourfully decorated sugar skulls that symbolize death and rebirth.

The product range features four expressions: Blanco, Reposado, Añejo and the recently launched Extra Añejo. Each tells a story of different Dia de los Muertos traditions.

KAH® Reposado is in a yellow bottle inspired by Peruvian tradition. In Peru, a dance to Satan is performed wearing long, dangling upturned crucifixes. It is believed that Satan leads this dance himself and the dance is performed to honour the Devil. Tequila is poured on the ground as an offering to appease him and keep people safe.

The design of the black bottle containing KAH® Añejo is based on the Nicaraguan tradition of Día de los Muertos. In addition to the standard traditions of building a shrine and gift-giving, many people stay and sleep in the graveyard. They believe that this act reinforces 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. Special phosphoric finishing allows the bottle to glow in the dark, reminding us to appreciate the precious things in life.

The finest art of tequila craft
Made by Master Distiller Arturo Fuentes, a biochemist who has been dedicated to the production of alcoholic beverages for forty-five years

One-of-a-kind packaging and brand story
Designed to pay tribute to and to honour Mexican and other South American cultures and traditions

Award-winning proposition
Recognized by experts in numerous global competitions as well as by bartenders and consumers across the globe

KAH® Tequila

Performance

- Successfully relaunched and growing in the US, the biggest tequila market in the world
- Successfully launched in Canada and with continuously improving results in the UK, two other top 5 global tequila markets
- Completes ABG's tequila portfolio, now offering 100% agave tequila across multiple price points, including ultra-premium priced Extra Añejo, launched in 2021

Evija Sparāne,
Global Brand Director

"2021 was a challenging yet rewarding year for KAH® Tequila. On the one hand, the whole industry was facing disturbances in the supply chain; on the other hand, the brand experienced a high increase in demand across almost all the regions. We managed to grow KAH® volume by 35% compared to 2020, which I believe is an outstanding result. While we improved the brand's performance in multiple markets, most of the growth occurred in the Americas and EMEIA. KAH® is well on track to achieve its objective of becoming a top ten super-premium tequila brand globally.

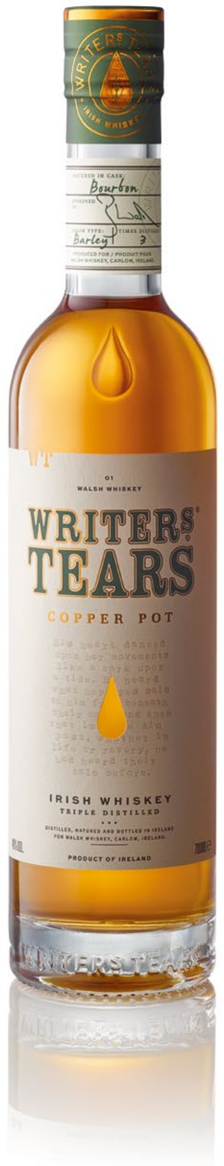
"The biggest development of the year was the launch in the United States of KAH® Extra Añejo. Presented in a unique clay bottle, KAH® Extra Añejo was created to celebrate friendship. The royal green enamel of the bottle symbolizes eternity and fruitfulness, reminding us of the things that mattered back in Mayan times and which still matter today. Even in the dark, the bottle that holds the enduring spirit of strong and meaningful bonds shines out, a reminder to appreciate the most precious things in our lives.

"Matured for a minimum of three years in white American Oak barrels, KAH® Extra Añejo Tequila features smooth pepper and smoky wood notes with hints of sweet spice, vanilla, honey, maple, and caramel.

"In 2022 our focus will remain on building the KAH® footprint globally, expanding in existing core markets including the United States and the United Kingdom as well as launching KAH® in Australia. From a marketing perspective our focus will be on strengthening the core of the brand by revising the brand positioning and communication to reflect the true essence of the brand on and beyond Day of the Dead. Meanwhile we are working on yet another exciting product innovation, so most definitely 2022 will be another busy and exciting year for KAH®."


KAH
Authentic Mexican Quality
TEQUILA
Extra Añejo
100% AGAVE AZUL


WALSH WHISKEY
WRITERS TEARS
COPPER POT
IRISH WHISKEY
TRIPLE DISTILLED
PRODUCT OF IRELAND



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 pot still distillation, 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 great 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 to explore, including Cognac, Icewine, Marsala, Mizunara and Seaweed IPA

Global distribution
Sold in 50 markets, including the USA, Canada, Australia, Europe, the UK and Asia

Writers' Tears®

Performance

– 29k 9Lcs of Writers' Tears® sold in 2021

– World first: Irish Whiskey matured in Icewine Casks launched by Writers' Tears® in 2021

– Writers' Tears® Copper Pot is the No.1 selling Irish Whiskey in the Deluxe Category in Ontario, Canada (LCBO)

Clare Minnock,
Head of Marketing

"Despite the ongoing challenges presented by Covid-19, 2021 proved to be the strongest year ever for Writers' Tears®, delivering a record +36.3% growth year-on-year. A significant part of that success is down to the tremendous work of our team in ensuring that the brand continued to stay relevant and desirable in such testing times, most notably through the successful global roll out of our packaging refresh.

"Writers' Tears® underwent a design evolution in late 2020, which was successfully launched in all markets through 2021 to deliver a record year for the brand, with 29k 9Lcs sold. North America (our key territory representing 60.2% of total brand sales) was a key driver with growth of +42.4%. Other notable markets included Ireland (+76.8%) and the UK (+61.8%).

"This performance was affirmation of the investment in the brand redesign, which was well received by distributors and consumers alike. We also received the highest accolade possible at The Spirits Business' 'Spirit Design & Packaging Masters' for the revamped packaging, with judges praising the attention to detail and overall quality of the finish.

"Our ongoing commitment to innovation is another key driver behind the brand's growth and 2021 saw the release of a world-first Irish Whiskey. Writers' Tears® Icewine Cask Finish was a unique collaboration with one of the world's finest Icewine vineyards and it brought international recognition and acclaim to the brand whilst recruiting a wider consumer audience. The introduction of a single pot still whiskey to the core range also further cemented the position of Writers' Tears® as one of the leading Irish Whiskey brands and an exciting brand to watch."


WRITERS TEARS
COPPER POT
IRISH WHISKEY


THE IRISHMAN
THE HARVEST
IRISH WHISKEY
SINGLE MALT & SINGLE POT
TRIPLE DISTILLED
PRODUCT OF IRELAND
LEARN THE PAST
CREATE THE FUTURE

The Irishman®

The Irishman® Irish Whiskey is always single malt focused - whether championed in blends or pure single malt expressions - always enriching the flavour, lengthening the depth, and refining the smoothness. The brand is our pride and our focus: every one 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 truth-telling 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® Founder's Reserve and The Irishman® Single Malt; two aged Malt expressions: 12-year-old Single Malt and 17-year-old Single Malt; an annual vintage release: The Irishman® Cask Strength; as well as 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 liquid 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 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 to explore, including Florio Marsala, Oloroso, Rum and Peated Red Ale

Global distribution
Sold in 50 markets, including the USA, Canada, Europe, the UK, Asia, and Australia

The Irishman®

Performance

- 21k 9Lcs of The Irishman® sold in 2021
- Strong rebound of +357.4% post-Covid-19 in travel retail vs 2020
- The Irishman® Founder's Reserve was the best performing Irish Whiskey at Dublin Airport in 2021

Clare Minnock,
Head of Marketing

"In a year where Covid-19 continued to dominate and challenge brand performances, The Irishman's® performance in travel retail emphasised the true resilience and exceptional quality of the brand. Dublin Airport – the most competitive space for Irish Whiskey – suffered a significant loss in passenger numbers as a result of pandemic, and yet The Irishman® Founder's Reserve became their best performing Irish Whiskey, contributing significantly to an exceptional +357.4% year on year performance.

"The Irishman®, the original brand within the Walsh Whiskey portfolio, represents 35.8% of total portfolio sales volume. The Irishman® is dominant in Eastern Europe and non-English speaking nations and saw significant return to growth in these markets despite lingering Covid-19 challenges, with total sales volume growth of 39.3%.

"As well as being the strongest year for The Irishman® in terms of sales performance, 2021 was also the most-awarded year for the brand as well. Expressions across the range picked up top accolades in spirits and whiskey competitions around the globe, strengthening our position as one of the most awarded Irish whiskey brands and confirming the superior liquid quality across the entire portfolio.

"2021 was also a year of preparation as we undertook a significant amount of work behind the scenes on a brand renovation for The Irishman®. As well as upgrading the packaging, we streamlined the brand narrative to offer a clearer proposition to consumers, one focused on the pursuit of excellence in single malt. Throughout the year we rolled out this enhanced messaging to our distribution network, and in turn consumers, and the renewed focus on single malt in our messaging resulted in +63.6% growth of our single malt SKU. The packaging redesign is due to launch globally in 2022, no doubt further accelerating the growth of the brand."


LEARN
THE PAST
THE
IRISHMAN
SINGLE MALT
IRISH WHISKEY
100%
MALTED BARLEY
BOURBON &
OLOROSO SHERRY
PRODUCT OF IRELAND


RĪGAS MELNAIS BALZAMS
CRAFTED
SPIRIT DRINK
PRODUCT OF LATVIA
RIGA BLACK
BALSAM
SINCE
1752
ORIGINAL RECIPE
NATURAL BOTANICALS
SINGLE BARREL PROCESS
45% VOL
ORIGINAL

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, 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 its contemporary flavoured variations with the original recipe enriched with juices and other flavour notes: Riga Black Balsam® Black Currant, Riga Black Balsam® Cherry, Riga Black Balsam® Espresso (enriched with the extract of coffee beans and cinnamon), Riga Black Balsam® Chocolate & Mint, and Riga Black Balsam® XO (blended with exquisite 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
Single-barrel infusion technology

Unique bottle
True to the original centuries-old natural clay design

Recognition of quality
Over 100 top international awards and counting

Riga Black Balsam®

Performance

- 157k 9Lcs of Riga Black Balsam® sold
- Strong +16% volume growth (9Lcs) vs. 2020
- The brand successfully continued to develop its RTD cans portfolio, by adding 2021 summer top seller – Spritz

Māris Kalniņš,
Global Brand Director

"2021 was a comeback year for the legendary herbal bitter Riga Black Balsam®, showing total volume increase compared with 2020. Results were positively affected by sales recovery in the Baltics, slowly, but positive development in global travel retail, as well as continuing brand footprint expansion in the US, the UK and Western Europe.

"Despite the still challenging global Covid-19 situation, we have managed to achieve double digit growth in volume, reaching +16% vs 2020, which is a significantly better result compared with the overall global bitters category growth of +4%. Volume increase was achieved mainly due to the return of on-trade sales, and partly because of international travel recovery, as well as expansion of the existing brand portfolio in export markets.

"Riga Black Balsam® is continuing to increase its business in export markets, reaching a 32% share from total portfolio sales (compared with 29% the year before). The opening of new markets, existing portfolio footprint expansion, potential entry into new categories, and the launch of profitable limited offers will ensure growth for the future.

"In 2021 we continued to capitalise on the existing Riga Black Balsam® portfolio. We successfully launched Riga Black Balsam® Espresso in the US, where we are gaining new listings every month. Our Chocolate & Mint expression showed excellent results during the winter season, not only in Latvia, but in export markets as well. We continued to develop our RTD cans portfolio by adding a third expression – The Spritz - that became a top seller during the summer season."


RIGAS MELNAIS BALZAMS
PRODUCT OF LATVIA
RIGA BLACK
BALSAM
ESPRESSO
LIMITED EDITION
Melnie pipari
Black pepper
Черный перец


CROSS KEYS
GIN
SINGLE BATCH
CROSS KEYS
GIN
SINGLE BATCH
NR. 01

Cross Keys Gin®

1 000 miles north of Berlin, between the blooming marshes of Lithuania and the stony Estonian islands, lies the crown jewel of the Eastern Baltic coast – Riga, the capital of Latvia. This city has always bred all kinds of rebels: it was the cradle of the Reformation, hub of revolutionaries, and homestead of anarchists. Its history has inspired unique and rebellious drinks as well.

The first was the famous herbal bitter, Riga Black Balsam® – an alchemic experiment conducted in 1752 with its still secret recipe. The latest ground-breaking spirit is Cross Keys Gin®. Created by the same master distiller who blends Riga Black Balsam® today, the gin takes its name from the crossed keys – an ancient symbol of urban hospitality and part of Riga's heraldry.

Cross Keys Gin® Original is characterized by the rich sweetness of wild flowers and trees that bloom during the short Northern summers. These notes are joined by the woody sweetness of birch bud sap, a refreshing hint of mint, all anchored by classic spice notes like black pepper and cloves.

Original & refreshing Nordic region flavour
Classic gin flavour tenderly enriched by chamomile, linden blossoms and botanicals used in the legendary herbal bitter Riga Black Balsam®

Pure gift of nature
All-natural, herbal ingredients carefully gathered to preserve their unique qualities

Authentic crafting process
The original recipe requires great care and therefore the gin is handcrafted in small batches

Original clay bottle
The traditional Riga Black Balsam® clay bottle complements the ageing process of the gin

Finest art of distillery
Craftsmanship perfected since 1900 and enhanced by centuries of tradition

Flavoured gins are on trend
Our purple and orange gins will surprise and be a revelation even for the most demanding gin aficionados and will delight those who are not lovers of traditional, dry gins

Cross Keys Gin®

Performance

- Internationally acclaimed Nordic style gin brand
- More than 6k 9Lcs sold in 2021 with positive growth over the existing portfolio footprint, leading to expansion and the opening of new markets
- Presented in three different flavours (Original, Black Currant, and Sea Buckthorn)

Māris Kalniņš,
Global Brand director

“Despite the challenging Covid-19 global situation, we have achieved an excellent brand sales increase compared with 2020, and the development outlook for 2022 is also positive. We continued to expand the Cross Keys Gin® footprint in export markets, strengthen off-trade distribution, as well as capitalize on the existing product portfolio that perfectly matches to global consumer trends.

“Change in Cross Keys Gin® retail positioning and pricing strategy led to significant overall volume growth. The brand’s largest markets remain the Baltic States, global travel retail, and Italy plus there is a newcomer - Singapore. In 2021, the brand increased its focus on a retail positioning change, off-trade distribution, and increased presence to support Cross Keys Gin’s® long term growth ambitions.

“Continuing to focus on the global gin category trends, Cross Keys Gin® entered the global ready-to-drink (RTD) category, by launching two RTD canned products: Cross Keys Gin® & Tonic and Cross Keys Gin® Black Currant & Tonic, both of which became popular summer cocktails in the Baltic States, reaching >3k 9Lcs in just six months following their launch.”


CROSS KEYS
GIN
SEA BUCKTHORN
PREMIUM CRAFT GIN
38% vol.
70cl/0.7 L
CRAFTED BY RIGA BLACK BALSAM
MASTER DISTILLER


Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
PASSION
FRUIT
FUSION
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
BERRY
FUSION
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
STRAWBERRY
MINT
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
MELON
FUSION
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
SPARKLING

Cosmopolitan Diva®

The concept of the brand is based on insights from consumer trends that go beyond the traditional realm of the sparkling category.

By launching Cosmopolitan Diva®, we aimed to address the following consumer trends:

- Growing power of female consumers: increased income, greater independence, and increased self-confidence all drive the demand for brands and products that are tailored to the needs and aspirations of female consumers;
- Healthy lifestyle: health remains an influence on new product development in the alcohol sector as consumers seek to sustain alcohol enjoyment within the context of leading healthier lifestyles;
- Guilt free indulgence: meeting the needs of modern lifestyles and providing indulgence in an uncertain world, means that the consumption experience remains at the very core of alcoholic beverage choices;
- 'Drink-Stagramming': alcoholic beverages have become a favourite topic for visual sharing via social media.

Cosmopolitan Diva® is the first sparkling wine filtered through real gold. Filtration through gold threads at low speed enriches the drink with gold ions and this is what makes the liquid soft, the taste rounded and full and gives the drink a special shine and sparkle.

This celebratory brand was launched successfully in Asian markets to become an exclusive drink in top clubs, later expanding into the Baltic markets to become a top 3 launch and No.3 in the sparkling wine category in one of the markets (AC Nielsen). Building on this success, the brand was launched in other export markets including the US.

The first ever gold filtered sparkling wine
Delivers a rounded, smooth taste, inspired by the emerging fusion trend

Fusion drives the growth of light beverages globally
Unique, fruit-flavoured, sparkling indulgence

Natural fruit juices and refreshing flavour
Award winning design and varieties

Recognized and appreciated by customers
Changing consumption habits – new favourite low- and no-alcohol versions

Global distribution
China, Asia, the US, LATAM, the UK, Nordics, Israel, the Baltics

Cosmopolitan Diva®

Performance

– 27% growth vs LY achieved in 2021

– Growing volumes in the US, multiple APAC markets, as well as EMEIA

– Launching novelties in response to market needs

Evija Sparāne,
Global Brand Director

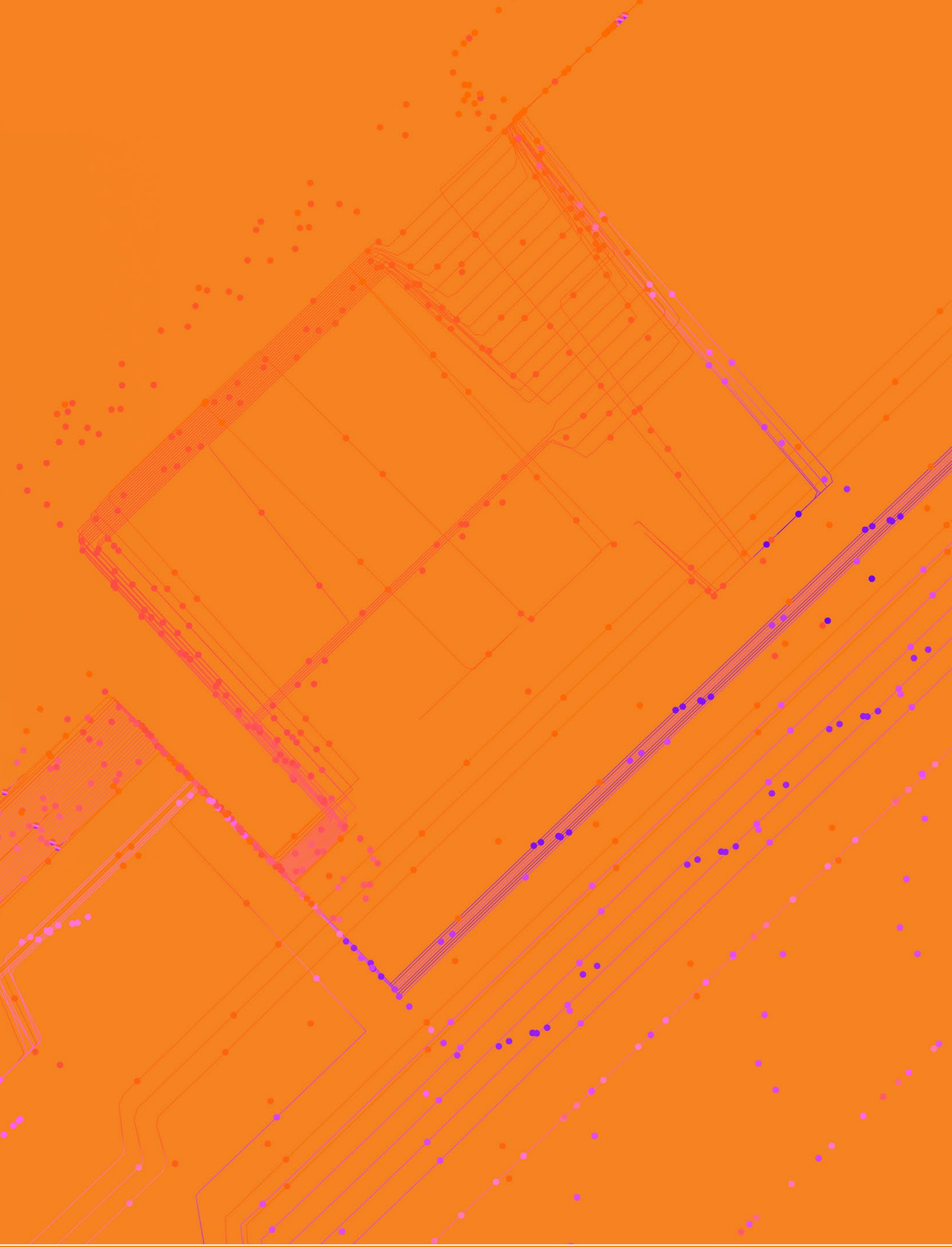
"While we saw most of the trends of 2020 rolling over to 2021, more particularly the limited on-trade operations and restricted social gatherings limiting the occasions of sparkling wine consumption and eventually holding back the growth of the category, Cosmopolitan Diva® managed to successfully defend its position in established markets as well as improve significantly in developing markets including the United States, United Kingdom, Israel, and others. Overall, the brand delivered a 27% increase in volume compared to 2021 proving again that Cosmopolitan Diva® has managed to establish an exciting brand proposition that appeals to consumers across the globe. It is for this reason that we have seen consistent growth across all the regions where the brand has a presence.

"The great performance is not a coincidence, considering that we are working closely with our core markets, especially when it comes to portfolio evaluation and development. Listening to market needs is an essential part of successful brand performance. Cosmopolitan Diva® Piña Colada, for example, was created in 2021 following a request from Israel (one of our top markets in the EMEIA region) for an exotic flavour mix. We also entered the 'on the go' category with two Cosmopolitan Diva® flavours in single serve bottles to respond to demand from APAC markets. I believe that listening to market needs is key in order to build successful brands.

"In 2022 we will focus on portfolio optimization, aligning the ABV and packaging across the markets as well as rolling out the recent brand novelties (a new flavour and single serve bottles). Marketing activities will focus on market specific campaigns that allow us to adapt effectively to changing local circumstances."


DIVA
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
PASSION
FRUIT
FUSION
DIVA
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
SPARKLING

Regional Performance



Distribution and Brand Management

International

Performance

+75% Volume growth vs 2020

10 New markets opened

40+ Strategic markets identified

Strong performance in the light of redefined strategic priorities

Results – EMEIA & Global Travel Retail

The ABG International Sales department enjoyed a strong overall performance and, despite very challenging trading conditions due to Covid-19 trade restrictions, the Group delivered the highest ever volume sales, exceeding the pre-pandemic performance of 2019.

Continued exploration of opportunities resulted in the opening of 10 new markets: Hungary, Romania, South Africa, Northern Cyprus, Moldova, Togo, Tunisia, Bulgaria, Jordan, and Bahrain.

In August the ABG International Sales team was restructured focusing our talent behind specific geographic regions, providing them with a clear scope for growth, enhancing their regional expertise, improving travelling efficiencies, and exploiting adjacent countries' similarities.

A cross-functional team evaluated the attractiveness and size of the prize of all countries audited by IWSR identifying the priority areas for standard vodka and premium tequila. This exercise will guide our resourcing and investment choices to realize our ambitious goals. In the GTR channel we made the decision to service the top customers directly, enhancing our collaboration with the main players like Heinemann and Lagardere.

New processes were initiated to ensure visibility of customer and SKU profitability enabling us to enhance gross margins and invest in the biggest growth opportunities.

Moskovskaya® Vodka depletions in the top markets grew significantly vs 2020, with Spain growing by +151%, Italy by +35%, and Portugal by +40%. Moskovskaya Vodka grew in volume by +103% vs 2020 and in value by +109%. Recovery came from all key markets. In Italy, the second biggest market globally, sales exceeded 2019 levels demonstrating the strength of the brand as it reached a Top 3 ranking in the market, growing market share as well. In Spain we grew volume and market share thanks to strong activations in on- and off-trade channels. In Portugal we grew mainly thanks to the on-trade and influencers' social media activations. GTR also contributed to the brand's growth making it available at border retail stores and on board cruise ships.

Riga Black Balsam® grew in volume by +46% and in value by +49% vs 2020. Key drivers were the recovery in Russia and the GTR channel. GTR specifically grew +19% vs 2020 but this still fell behind 2019 levels by -13%. Significant growth of this channel is now expected in 2022.

Rooster Rojo® Tequila is now available in eight markets and expanding fast. Currently it is our fastest growing brand with volume at +242% and value +261% vs 2020. The global trend behind premium tequila, the quality of our 100% agave liquid, and the unique positioning and bottle are the key drivers of growth. Production capacity is expected to be the only limit to the brand's growth in 2022 as we continue to receive inquiries from new markets.

KAH® Tequila is now available in 20 markets and in major GTR operators. The brand enjoyed volume growth of +371% and growth in value of +385% coming from the GTR channel (accounting for 28% of the brand's sales) and numerous national markets including Italy, Poland, the Netherlands, Israel, India and others.

Cosmopolitan Diva® grew +32% in volume and +31% in value. Key markets driving the performance were Israel, Denmark, and Finland and the brand is also distributed in China, Asia, the US, LATAM, the UK, and the Baltics.

Results – Americas

In the USA, 2021 has been a successful year with all ABG core brands being outsourced to importers: Pacific Edge – tequila portfolio of KAH® Tequila, Rooster Rojo® Tequila, Don Camilo® Tequila; E-Spirit – Riga Black Balsam®; Blue Springs – Moskovskaya® Vodka; and Premium Innovations – Cosmopolitan Diva®. The new structure of selected importers for all core brands has laid solid ground for further brand development and market penetration strategies.

The total USA volumes in 2021 stood at 16k 9Lcs (-16% vs 2020), which were heavily influenced by the global logistics issues faced in the last quarter of 2021, phasing the shipments to 2022.

Canada (43k 9Lcs, + 9% vs 2020) has remained the strategic market for Moskovskaya® Vodka where there is great potential for the Group's tequila portfolio to grow. In LATAM region (14k 9Lcs, +453% the main focus has been the establishment of the relationship with importers, which has successfully opened doors for Moskovskaya® Vodka and Cosmopolitan Diva®.

Results – Asia

The Covid-19 travel restrictions imposed by national governments have heavily influenced the performance in Asian markets. However, the Group has managed to continue to cooperate with partners in China, Thailand, and Taiwan reaching a total regional volume of 34k 9Lcs (+26%) with the main contributors being Cosmopolitan Diva® (17.9k 9Lcs), Moskovskaya® Vodka (4k 9Lcs) and Riga Black Vodka® (3.6k 9Lcs).

Baltics

Performance

No.1 Wine and spirits distributors in Latvia and Lithuania

17% Combined pan-Baltic market share

69 Own retail stores operated in Baltics

Experience of distribution leadership allows us to focus on consumer preferences, driving the business at pan-Baltic level

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 (IB), as well as retail stores chain Latvijas balzams stores within the structure of ADLV, Bravo Alco stores within ADLT, and exclusive wine stores Vinothek Gourmet within IB.

ADLV is the No.1 distribution company in Latvia in terms of volume and revenue, and IB – the premium wine and spirits distributor with main focus on HoReCa segment. ADLV serves more than 3,700 customers around Latvia including off-trade and on-trade customers.

ADLT is the No1. alcohol importer in Lithuania with the most prestigious and diversified portfolio in all categories, serving over 5,500 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 3.9m 9Lcs annually. ADLT operates a fleet of 30 trucks and vans and provides 14 000 m^2 of warehousing.

ADEE is a mid-sized, but competitive and dynamically developing player in the Estonian beverage market providing to customers a wide range of international spirits and wine brands. Being the fastest growing distributor of international spirit and wine brands in Estonia, ADEE reached its highest annual sales record in 2021. The company serves more than 1 200 outlets across the country with a portfolio of more than 210 brands.

In 2021 estimated total volume market share is 17% (ADLV 27.0%, IB 1.2%, ADLT 15.7%, ADEE 4.3%). Significant volume share is noted in the brandy and cognac category (51.3%), the whiskey category (33.3%) and RTD (ready-to-drink) category (30.3%) in Latvia. In Lithuania, the company leads the brandy and cognac category (37.7%), whiskey category (34.1%), and the wine category (20.3%). In Estonia the company has a good share of both the whiskey category (27.2%) and the brandy and cognac category (15.9%) (Sources: AC Nielsen, IWSR, Internal data). In the Baltic distribution segment, the top performing volume categories in 2021 were vodka, reaching 812k 9Lcs (+5% vs 2020), whiskey 242k 9Lcs (+6% vs 2020), brandy and cognac 26k 9Lcs (+17% vs 2020) and improved positions in gin 22k 9Lcs (+35% vs 2020) and rum 20k 9Lcs (+34% vs 2020) with focus on the premium segments.

The beverage market in 2021 has been impacted by +11% increase in excise tax for strong alcohol, by imposed operational restrictions for the HoReCa sector as a result of full or partial lockdowns for five months and the prohibition of strong beers of over 6% ABV in plastic bottles in Lithuania. In Latvia, the increase of excise duty of +5% has not had a direct impact on consumption. Covid-19 travel restrictions left continuous impact on border sales and in the HoReCa channel that resulted in a 3.8% decline of the total alcohol market (-5.2% beer, -3.9% strong spirits, +8.1% fermented beverages, +7.5% RTD as per EGD). Estonia at the same time did not make any taxation changes but still benefited from price sensitive consumers traveling to Latvia. A negative impact also resulted from the absence of Finnish tourists in the Estonian and Latvian markets. As a result, the total alcohol market grew by +4.0%. Domestic alcohol sales in Estonia changed as follows: spirits +5.7%, beer +4.7%; fermented beverages +1.3%. Still, the strong focus on revenue management, distribution of a profitable brand portfolio, and tailored distribution and marketing activities have contributed to an increase of 7% in net revenues within Baltic distribution companies by 7% compared with 2020.

Major Brands

Moskovskaya® Vodka (volume +8%, value +10% vs 2020): Moskovskaya® Vodka was the No.2 imported vodka and grew significantly more rapidly (volume +20%, value +21%) vs the total vodka category (volume +2%, value +4%) in the Lithuanian market. Growth achieved through a focus on off-trade promotional activities, achieved new sales channels (e.g. Lidl in Lithuania) and innovations: Moskovskaya® Kedrovaya (Ceder Nut) and Moskovskaya® Percovaya (Pepper) successfully generated incremental volumes (+3k 9Lcs in Lithuania). In Latvia Moskovskaya® Vodka continued to strengthen its No. 2 position in the mainstream vodka segment growing volume by +8% whilst the segment overall delivered only 0.7% growth.

Riga Black Balsam® (volume +8%, value 8% vs 2020): Performance recovered after the pandemic downturn due to HoReCa once again being able to operate. The main focus was on the Riga Black Balsam® Currant flavour, successful development of Riga Black Balsam® Chocolate & Mint flavour and regular investment in marketing activities in Lithuania where volume increased by +11% vs 2020. In Latvia, Riga Black Balsam® grew strongly due to domestic consumption (volume +8%, value +8% vs 2020). The novelty Riga Black Balsam® Chocolate & Mint flavour continued successfully delivering index 138 growth vs 2020.

Cosmopolitan Diva® (volume +5%, value +4% vs 2020): There was good performance in Lithuania (volume +14% vs 2020) due to great rotation on-shelf in both modern trade and traditional trade outlets. High focus on awareness about brand improvements was the main priority using influencer communication, digital campaigns and off-trade activations. While already being a mature brand in the Latvian and Estonian markets, the alco version delivered growth (volume +2%) in Latvia and the non-alco version delivered growth (volume +16%) in Estonia.

Bumbu Rum (volume +52%, value +53% vs 2020): There was successful brand distribution across all sales channels delivering volume growth of +37%, taking the brand to the No.1 premium rum position in this market and continuing further distribution in the Estonian market, delivering growth of +115%.

Zelonaya Marka (volume +10%, value +10% vs 2020): Strong performance, off-trade activities, increased distribution, new listings and proper focus on brand positioning all resulted in growth and strengthening of the brand's No.1 position in distribution.

Jim Beam (volume +14%, value +9% vs 2020): Sales continued to grow due to new listings, increased distribution, Jim Beam White 0.5l SKU development and an intensive schedule of brand activities. Moreover, flavours with low ABV were successfully replaced in all sales channels. Jim Beam & Cola RTD depletions were 3 times higher vs 2020 due to new listings, increased distribution, and proper price positioning.

Grand Cavalier® brandy (volume +2%, value +3% vs 2020): Grand Cavalier® brandy managed to grow its market share by introducing outstanding packaging, implementing a new pricing strategy and launching a flavoured line extension.

Jack Daniel's (volume +13%, value +14% vs 2020): With the strong focus on off-trade activities, a continuous global communication campaign, and capitalizing on high brand awareness and established brand image, Jack Daniel's kept its No.1 whiskey brand position by value and reached No.2 whiskey brand position by volume in Lithuania. Jack Daniel's & Cola RTD was successfully launched in Lithuania in April.

Online sales platform

Covid-19 has changed online shopping worldwide and ABG Baltic distribution units are no exception. During the pandemic, online consumption habits have changed significantly, with a greater proportion of consumers buying essential products, such as food and beverages, online. Therefore, ADLT continued 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 beverage sales at the e-commerce platform www.lbveikali.lv. In addition, the opportunity to represent and sell ABG assortments via 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 and this undoubtedly increased the visibility and distribution of our core brands throughout Latvia.

New Product Development

During 2021, the Group continued the introduction of new products and proceeded with packaging updates. Following the global market trend towards low ABV categories, a new assortment of RTD products was launched: Jack Daniel's & Cola, Moskovskaya® Mule, Riga Black Balsam® Spritz, Cross Keys Gin® & Tonic were introduced and well-received by the market. Grand Cavalier® Brandy packaging was updated to achieve a contemporary product look along with a new Cinnamon flavour launch in the market. New flavours of ABG core brands reached the customers: sparkling Cosmopolitan Diva® Passion Fruit as a result of trending passion fruit flavours globally; Cross Keys Gin® introduced a Sea Buckthorn variant, unique in the Baltics, and which therefore succeeded in the market; Rooster Rojo® Smoked Pineapple Tequila entered the premium static tequila category, and Grand Cavalier® Cinnamon was introduced. Gradus® Vodka was relaunched in 2021 and nominated 'The Most Successful NPD of 2021' by AC Nielsen. The premium whiskey segment was strengthened with new Monkey Shoulder, Glenfiddich and The Balvenie pack sizes and variants being introduced into the market. We capitalised on the growing trend for spritz products with launch of new green spritz aperitif P31. Clan MacGregor Whiskey and Aerstone Malt Whisky were introduced in all markets. Torres Brandy and Desperados Beer distribution rights were gained for the Latvian and Estonian markets.

United Kingdom

Performance

1.5m EUR in EBITDA reached

752k 9Lcs sold, +43% vs 2020

145 Brands from more than 73 brand owners served

Continuing to grow in the off-trade, while capitalizing on the gradual return of the on-trade

As with 2020, 2021 was another year where Amber Beverage UK (ABUK) was faced with periods of on-trade closures due to continued Covid-19 restrictions. However, 2021 saw the business unlock significant volume and profit growth across all trade channels. Volumes for ABUK were up +41% vs 2020, with the on-trade up +135%. The off-trade followed up strong growth in 2020, with volumes up +28% in 2021 despite total channel volume slowing.

ABUK was well positioned to capitalize on the on-trade slowly re-opening in 2021. On-trade volumes were up +135% with Bumbu Rum more than tripling volume vs 2020, and Stoli (Premium & Flavours), Luxardo and Brockmans Gin all more than doubling volumes vs 2020. In the off-trade, Bumbu Rum nearly doubled volumes in 2021 and Faustino wine delivered its second-best year ever in the UK market with 234k 9Lcs sold. Stoli Vodka, Luxardo and Luc Belaire also showed exceptional growth in 2021. Bumbu, Faustino, Stoli and Luc Belaire all grew well ahead of the off-trade category performance. Notable brands joining the portfolio during the year were Super Bock Lager and Smashed Alcohol Free.

Operationally, the business was reorganized to drive greater distribution of brands. ABUK built capability across all sales with the introduction of a new structure and utilized customer marketing to support engagement with shoppers whilst strategically targeting new brands for distribution. The company continues to focus on driving profitability, developing the existing portfolio, and acquiring new, must-stock, category complimenting brands.

Pre-pandemic, Indie Brands' turnover was split 60% on-trade and 40% off-trade. Despite the continued on-trade restrictions in 2021, turnover grew in 2021 compared to 2020. Of particular note was the growth performance of Arran Malt Whisky in 2021 to 6.5k 9Lcs (2020 3k 9Lcs). Also, a number of recognised premium brands were welcomed to Indie Brands' portfolio. Of particular note were Don Papa Rum in February, selling 7.2k 9Lcs in 2021, and Gin Mare in August 2021, selling 2.6k 9Lcs. Whilst the volumes are comparatively low, these brands are premium spirits, with high margins and significant potential for growth within the UK.

Core Brands

Stoli Vodka: Despite closures in Q1, the return of the on-trade from Q2 led to a strong return for Stoli. Competitor supply issues allowed for gains in key customers, which saw Stoli Premium + 67% and flavours + 78% vs 2020.

Faustino: Following a very successful 2020, the brand saw an equally strong 2021. Despite the return of the on-trade, Faustino managed to secure growth of +1% as grocery sales remained positive. As a result, this was the second-best year ever in the UK market for the brand.

Luxardo: As trading conditions stabilized, Luxardo volumes grew by 81%, driven by a strong return on the Sambuca range (+74%) and the wider liqueur range growing +104% vs 2020.

Other Brands

There were a number of success stories across the portfolio as the on-trade returned. ABM brands (Finest Call & Re'Al) were the star performers with a record year, delivering +97% growth vs 2020 as ABUK capitalized on competitor stock issues to gain new on-trade distribution. Licor 43 continued to build on an excellent 2020, with continued growth across online and grocery, with volumes of +31%. Agave continued to be a hot category in the UK, which saw Rooster Rojo® Tequila (1.2k 9Lcs) and KAH® Tequila (481 9Lcs) capitalize on the growing trend

Australia

Performance

€ 17m	Revenue excluding excise
4.1k	Rooster Rojo sales in 2021, 9lcs
22%	Gross profit growth

Amber Beverage Australia achieved new milestone of selling over 100k 9Lcs for the first time

In 2018 ABG acquired 90% shares in Amber Beverage Australia (ABAU) – one of the largest on-trade-focused distributors of beverages in Australia. 2021 was ABAU`s third full year as part of the ABG family.

The brand portfolio in ABAU is selectively sourced from international suppliers not affiliated with other Australian distributors or corporates. Products are distributed by leveraging the sales channels of large-scale buyers such as Woolworths and Coles and use Australia-wide wholesalers' networks such as Australian Liquor Marketers, Paramount, and Liquid Mix that serve on- and off-premise customers. The business has also established strong relationships with its end-users (i.e. bartenders) through its own loyalty programme.

Overall, the business achieved growth in revenue excluding excise by 22% from EUR 14m in 2020 to EUR 17m in 2021. ABAU achieved this result by successfully navigating through various lockdowns and other changes in market conditions. ABAU improved its gross profit margin by focusing on high value brands and reviving the on-premise channel across Australia. In 2021 the business had three key third party brand exits – Seedlip, Malfy, and Casamigos. All brand exits were managed well maximizing both brand value and revenue from the exiting brands. Additionally, growth was achieved by keeping the same staff levels and keeping operations lean, thus contributing to an outstanding bottom-line result.

Core brands

Stoli Vodka: 2021 was a record year for Stoli elit Vodka with total volume surpassing 1.1k 9Lcs for the first time in the Australian market, 20% growth over the previous year in a flat vodka market. The total Stoli portfolio finished 5% below 2021 with setbacks coming from the challenging on-trade market. The brand represented 32% of all ABAU volumes, thus making it the largest brand in the ABAU portfolio.

Rooster Rojo® Tequila: With a small but growing tequila category in Australia, Rooster Rojo® has found its place and 2021 was a record year for the brand. Total sales reached 4.1k 9Lcs, +224% growth from 1.3k 9Lcs in 2020. The ABAU team managed to secure national listings in retail chains and increased its presence in the on-trade segment. The brand is in a good position for further success in 2022.

Joseph Cartron Liqueur: This on-trade focused high quality liqueur brand had a successful year with growth of +51% in 2021. The sales team's focus on gaining on-premise distributions was made possible after the ease of lockdowns which helped the brand to return to growth.

New brands

In 2021, Amber Beverage Australia launched some new brand extensions, including Brockmans Gin, Rooster Rojo® Smoked Pineapple Tequila, Westward Whiskey and the Dalmore Whiskey line extensions.

Other events

In 2021, ABAU had several operational changes including a change of logistics service provider, implementation of Group ERP as of 1st January, and improvements in internal reporting and budgeting capabilities. All activities contributed to improved profitability compared to 2020.

Austria

Performance

130k Sales volume, 9Lcs

28% Growth in off-trade

86 Brands from 26 brand owners served

Setting the fundaments of the next level expansion in Austria

For the newly renamed import and distribution company Amber Beverage Austria GmbH (ABAT), 2021 has been full of challenges yet still providing great opportunities for the future. In the Alpine region, which is dominated by tourism, the effects of the Covid-19 pandemic were severe, resulting in imposed fierce restrictions for on-trade business and a complete standstill for night-life in Austria.

With a strong, improved brand portfolio and a highly motivated team, ABAT has gained new listings in the retail sector and has increased sales promotions that supported the sales volume shift towards the off-trade segment. Also, the presence in e-commerce, the listing of strong brands with on-trade customers, and additional focus on online retailing strengthened the performance in 2021 and has laid solid foundations for business development in 2022 and beyond.

Core brands

The wide range of the ABAT portfolio not only reflects high competence in the comparatively small domestic market, but also ensures that our offer is capable of serving every kind of customer.

The sales winner of 2021 was clearly the successful Italian brand Therme di Crodo, which contributed 18.5k 9Lcs to the total volume in 2021, just ahead of the Faxe Premium Beer. In the spirits sector, once again an Italian brand comes top - Disaronno, with 7k 9Lcs. From a value perspective, the rum Ron Centenario, performed surprisingly well, along with the RTD gin & tonic from Opihr Gin which had good sales in the retail groups, Spar and Interspar.

New brands

During 2021 ABAT worked actively in developing the wine and sparkling wine category, resulting in the inclusion of such world famous brands as Gancia (Asti and Prosecco brand) and Faustino (wine) into the ABAT portfolio. Other new brands like Bodegas Campillo, Porto, and Marques de Vitoria were also successfully included in wine portfolio. Building the wine portfolio is an important milestone for the company and 2021 set a strong basis for other promising brands to be added soon.

The strong spirits portfolio was supplemented with the addition of Barbuda Rum in the pouring range, welcoming the De Kuyper brands, adding brands from the Royal Bar Selection, and including the Premium Bartender Edition and Rutte Gin to ABAT's portfolio. In the second half of the year, ABAT expanded in the Cognac, port wine and pastis categories, with the addition of the large brands Meukow Cognac, Porto Cruz, and Duval Pastis by La Martinique.

With the returning on-trade segment after the lifting of Covid-19 restrictions, a strengthened brand portfolio and the joint efforts of ABAT and the Group, the Company is on its way towards achieving the ambition to become one of the national players in the Austrian beverage market.

Ireland

Performance

EUR 7.4m	Total revenues
50k	Total 9Lcs sold in 2021
29%	Sales volume growth vs 2020

Record year for Walsh Whiskey with case sales surpassing 50k 9Lcs for the first time driven by successful roll out of Writers' Tears® brand refresh

Established in 1999, Walsh Whiskey embarked on the next exciting phase of its journey in November 2021 when Amber Beverage Group acquired the shareholding of the company. The transaction elevated the Group into the high-growth Irish Whiskey sector.

At the time of the acquisition Walsh Whiskey was the largest independent producer of super premium Irish Whiskey with two world-revered brands: Writers' Tears® and The Irishman®, both of which are sold in 50+ countries globally and have experienced compound annual growth rate of +21.2% (12 years to 2019) in combined 9Lcs sales

Following the challenges caused by Covid-19, 2021 was a record year for Walsh Whiskey with sales volume reaching 50k 9Lcs and revenues surpassing EUR 7m for the first time in the company's 22-year history. EBITDA also increased significantly at +41% compared with 2020. This outstanding performance is testament to the hard work of a small and dedicated team who demonstrated resilience and perseverance in the face of the ongoing pandemic and global supply chain issues.

Irish Whiskey category growth

By January 2020, just before the onset of the Covid-19 pandemic, the twelve-month rolling sales total for Irish Whiskey exceeded 12 million cases (144 million bottles), achieving heights not last seen since the early 1900s. This follows a phenomenal category performance which has seen Irish Whiskey achieve 140% volume growth - becoming the fastest growing spirits category of the past decade.

Looking to the future, there is no sign of a slowing of this growth trajectory for the category. Irish Whiskey is now sold in 140 markets globally and sales of Irish Whiskey are forecasted to overtake Scotch whisky in the US in the next decade.

The opportunity ahead for Writers' Tears® and The Irishman® is very exciting and 2021 created a strong platform for growth.

Global brand strategy

The success of the Irish Whiskey category has brought about a significant increase in competition, with many new players entering the category and fighting for consumers' attention. With this in mind, Walsh Whiskey undertook a strategic review of both brands to ensure that the company is best placed to win at point of purchase.

In late 2020, Walsh Whiskey launched the Writers' Tears® brand evolution, which rolled out globally across 2021. That work contributed significantly to the success of the brand throughout the year, winning share of market with consumers and further elevating the brand against its competitive set.

The Irishman® brand narrative evolution, which was shared across internal and external stakeholders, as well as with consumers through POP activations and online engagements, gave the distribution teams a renewed focus on the unique selling points of the brand and helped to ensure strong growth for the brand ahead of the launch of the new packaging. The repositioning of the brand, alongside the new pack, is critical to the future success of The Irishman®.

Awards

2021 was our most-awarded year yet for both Writers' Tears® and The Irishman®. The brands brought home an impressive medal haul from national and international competitions throughout the year. In total 27 medals were awarded across the portfolio, emphasising the superior quality of the brands as well as recognising the exceptional quality of the liquid.

The annual Irish Whiskey Awards is the most competitive Irish Whiskey competition globally, with over 300 expressions entering the blind-tasted competition. Walsh Whiskey gained top honours across 8 categories, with both the core and limited expressions recognised for their superior quality. Among some of the highlights were the best in class wins for The Irishman® 17-Year-Old Single Malt, The Irishman® Single Malt Marsala Cask Finish, and Writers' Tears® Icewine Cask Finish.

Production

Latvia

Performance

€ 78m Standalone net revenue

€ 2.7m Annual investment in production facilities

12% Sales volume growth

Continuous investments in production facilities improve efficiency and financial results

Latvijas balzams (LB) is the leading producer of alcoholic beverages in the Baltic States. LB was established in 1900 as Riga's first state alcohol warehouse and has been operating under its current name since 1970. Latvijas balzams represents 18% of the local market share, produces over 700 SKUs annually, and is one of the largest taxpayers contributing to the Latvian economy. Currently, LB produces more than 100 different beverage brands.

Nowadays, Latvijas balzams operates two alcohol production facilities in Riga: 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 sparkling wines, fortified wines, ciders, RTDs (ready-to-drink), vodka, liqueurs, brandy, bitters and gin. The recipes for some of Latvijas balzams products date back hundreds of years; for example, the formula of Riga Black Balsam® was officially recorded in 1752.

Suppliers of key raw materials and consumables for LB are European Union-based. Key resources are water and alcoholic materials. Water is sourced from an artesian well located in the territory of LB. Alcohol for the production of most products is supplied by Amber Talvis as well as from high quality spirit producers in the European Union.

Logistics services represent a small but significant part of the LB business. This competence has been increasingly developing in recent years. For the most part, services are rendered to related companies, but there is growth in the volume of services provided to other enterprises within the alcohol industry, such as transit assurance services, bonded warehouse services, value-added services, picking and other logistics operations. . The utilization of available resources has become effective owing to our targeted efforts.

In 2021, LB continued investing in production with a focus on improved efficiency and adaptability and the preservation of a low-cost base. Total investments made by LB in the acquisition of property, factory and equipment, and intangible assets in 2021 were EUR 2.7 million. The main investment projects were:

- Reconstruction of the heating system to improve energy consumption;
- Replacement of electric and gas fork-lifts for logistics operations;
- Installation of a wrap-around packing machine;
- Installation of depalletizing equipment for several production lines.

In addition, plenty of new products were developed in 2021: Gradus® Vodka, Bonaparte® Coffee, Žolynu® Rinktine, House of Riga Black Balsam® Hot Drink, Hektors® Cannabis, Apple Garden® Dry Apple Cider, Moskovskaya® STREET cocktail in cans, Black Balsam® Spritz cocktail in cans, Lucky Dog®

Dark Cherry flavour in cans, Cross Keys Gin® & Tonic in cans – classic and Black Currant, new flavours of Dins® – Rowanberry & Tonic and Black Currant & Tonic, Grand Cavalier® new flavours of cinnamon and honey.

In the private label production segment, LB continued to serve Stoli Group and reached 2.8m 9Lcs - the highest production volume over the last three years, showing positive progress in the development of the vodka category in a post-pandemic environment.

In 2021 the Group started the construction of a world-class automated warehouse in Riga, Latvia, which will unify the existing warehouses for finished goods (both for own brands and third party brands), improve the efficiency and effectiveness of logistics processes as well as contributing to business development in the Baltics by providing extra storage space. In February 2021 the Group signed a contract with Jungheinrich – the world's leading logistics equipment provider, and started the preparation works for the site.

Russia

Performance

2.9m DAL of spirit sales in 2021 by Amber Talvis

9 658 Average daily productivity in 2021 by Amber Talvis, DAL/day

68 Regions where alcohol products were sold in 2021 by Amber Permalko

Amber Permalko increases footprint in organic products sector with expansion of Organic® Vodka sourced from organic Alfa-grade spirit by Amber Talvis

Amber Permalko is one of the top 20 vodka and spirits producers in Russia with a market share of 1.6%. The company has over 125 years of history and more than 35 brands/products in its portfolio comprising vodka, gin and bitters. The territory covered is extensive and includes not only the Perm region but also 68 other regions of Russia and 11 other countries.

In October 2021 Amber Permalko continued to expand its organic product segment by launching three new products under the brand Organic®: Vodka Organic Rose, Gin Organic, Bitter Organic Herbal, and has gained significant attention from distributors and customers at exhibitions and in retail chains. Vodka Organic® has been awarded a trophy by the vodka judging panel at the International Spirits Challenge 2021 (London).

In 2021 the total sales volume of Amber Permalko reached 1.7m 9Lcs with the largest contributors to that growth being Gradus® Vodka, Russian Reserve® Vodka and Permskaya® Vodka. Products in the mid-price segment constituted 37% of total sales and 58% of total brand contribution this year. Total sales volume has grown by +9% compared with 2020. Sales to federal chains showed a significant increase of +76% in 2021 resulting from cooperation with one of the largest alcohol retailers in Russia - Red and White - in the second half of the year.

Major investments of Amber Permalko in 2021 included the installation of a capping machine which, together with the labeling machine and capsulator (installed in 2020), enabled us to improve the productivity of the filling line for bottles of complex design by 1.5 times whilst decreasing the production costs and reducing the number of line workers required.

Amber Talvis is proudly taking part in the 100 best ecological enterprises of the Russian Federation. Amber Talvis was granted an organic production certificate in 2021.

With a history dating back over 100 years, Amber Talvis has mastered the production process of rectified ethyl alcohol in combination with modern technology that allows nominal production capacity of 10 thousand dekalitres (DAL) per day. (The average daily production in 2021 reached 9,658 DAL due to the achievement of optimal technological regime). The production facility in Tambov, Russia has been in operation for over 11 years.

In 2021 75.2k tons of grain were processed, providing the raw material – spirit – for the producers of alcoholic beverages in Russia and other countries. In 2021 Amber Talvis reached a spirit production volume of 2.845m DAL placing Amber Talvis in sixth place in the top 10 ranking of spirits producers in the Russian Federation, with a market share of 5.5%.

The quality of Amber Talvis's spirit is highly appreciated by domestic and international markets, allowing the company to choose the most appropriate customer base of global premium vodka producers. The bulk of Amber Talvis's spirit is sold within Russia, to Amber Permalko and to third parties. In 2021 Amber Talvis renewed its export sales of spirit to Armenia and increased export sales to Turkmenistan by 1.8 times.

Key investments of Amber Talvis in 2021 were the construction of an additional grain storage tank, which allowed to increase the storage capacity up to 15,000 tons and reduce production costs during a period of high grain prices; replacement of a decanter, cooper cassettes and chromatograph; and modernization of the automated process control system of the grain complex to reduce the repair time for equipment during sanitization and to optimise the production volume of the high-quality spirit to capacity.

In 2021 both Amber Permalko and Amber Talvis successfully went thought a relicensing process, that resulted in renewal of production licenses until 2026.

Estonia

Performance

1m Production capacity in litres

900 Pallet places in the warehouse

12k 9Lcs of private label products produced

An efficient production facility meets 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. Remedia's portfolio includes vodkas, flavoured vodkas, gins, 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 in Remedia. This allowed producing 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 product import by Amber Distribution Estonia (ADEE) through the warehouse in Kiiu, Estonia, thus bringing synergies to logistics costs in the Estonian market. Moreover, providing a logistics services to ADEE has facilitated increased synergies and cost reduction at Group level, in turn making the utilisation of resources at Remedia more efficient.

In the second half of 2021, Remedia demonstrated high professionalism and the ability to produce several products in private label segments, in what are new categories for the company - premium rum, gin, and organic vodka. The experience gained has strengthened the skills and expertise of Remedia readying it to continue to take on new and challenging projects.

Mexico

Performance

€ 8.9m Net revenue (stand-alone) generated

74.4k Production volume of tequila, 9Lcs

3.8x Volume growth of Rooster Rojo® Tequila vs 2020

Ensuring outstanding quality standards and investing in the future

Fabrica de Tequilas Finos (FTF) was established in 1999 and started producing premium tequilas in 2000. The company is in the heart of Tequila, Jalisco, surrounded by an agave landscape that has been declared a heritage of humanity site by UNESCO. FTF has a certified quality management system (NSF), and several products have been certified as Kosher and Organic.

More than 20 years ago - in 2001 - FTF started producing Tenoch® Tequila followed by Stallion®, Tonala®, Don Camilo®, Zapopan®, Santos® and other top tequila brands, all of which have been marketed with great success in the United States.

Since the launch of Rooster Rojo® Tequila in 2017, it has become one of the ABG core brands gaining immediate international recognition. The brand has secured significant global volume growth reaching 32k 9Lcs in 2021. In late 2021 Rooster Rojo® Smoked Pineapple Tequila was introduced in the portfolio which as a novelty in the tequila segment has great potential in major tequila markets worldwide.

The iconic KAH® Tequila with the new KAH® bottle design has also become enormously successful in the US and Canada, giving us high expectations about the product's future performance. In 2021 the ultra-premium KAH® Extra Añejo was introduced, completing the range for KAH® brand – Blanco, Reposado, Añejo and Extra Añejo.

As we continue to grow in the segment of exclusive tequilas, the Don Camilo® Extra Añejo was introduced into the US market and one more unique product, Don Camilo® Small Batch Extra Añejo, with an ultra-aged nine-year-old tequila expected to be launched in early 2022.

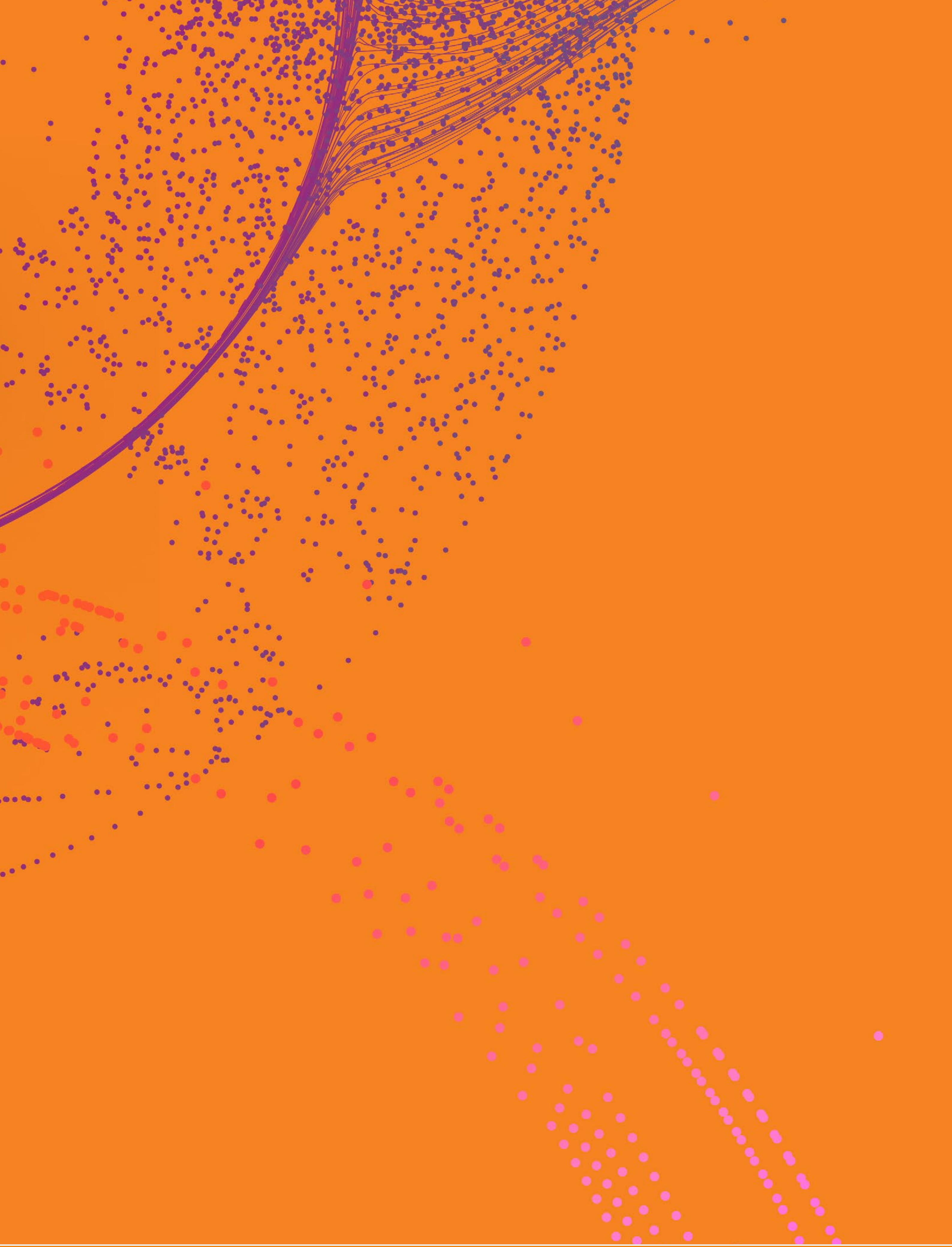
In close cooperation with the Stoli Group, FTF is producing the premium quality Cenote and Villa One Tequila. Villa One was introduced in July 2019 and developed in a cooperative arrangement between Stoli Group and the American singer-songwriter Nick Jonas with the menswear fashion designer John Varvatos.

The distillery is certified by the government of Mexico which has approved the extensive care shown towards the environment. FTF has its own wastewater treatment plant; and the biggest part of factory's electricity consumption is provided from renewable sources via usage of solar panels. According to the development plans, within the next 5 years 100% of electricity consumption will be supported by the solar energy resources, allowing FTF to become completely independent from fossil energy. This helps FTF to protect the environment and reduce its carbon footprint, which provides us with high-quality agave plants sourced from our own agave fields.


Rooster Rojo
Hecho en Mexico
Rooster Rojo
HECHO EN
MEXICO
TEQUILA
100% DE AGAVE
REPOSADO
750ml
Mexico
DISTILLED & BOTTLED IN TEQUILA, MEXICO

Our Team

Creating the extraordinary. Everyday. Everywhere.



Our Team

Jekaterina Stuģe,
Group Chief Executive Officer, Chairman of the Board of Managers

Arturs Evarts,
Group Chief Legal Officer

Ruta Rimšāne,
Head of Group HR Services

Pepijn Janssens,
Group Chief Marketing Officer, Managing Director, US

Vangelis Smyrlis,
Managing Director, EMEIA and GTR

Pāvels Fiļipovs,
Managing Director, Latvia and Estonia

Marek Kuklis,
Managing Director, Lithuania

Patrick Borg,
Managing Director, Asia-Pacific

Douglas Cunningham,
Managing Director, UK

Markus Panzl,
Managing Director, Austria

Guenther Rauner,
Managing Director, Germany

Bernard Walsh,
Managing Director, Walsh Whiskey

Intars Geidans,
Managing Director, Latvijas balzams

Olegs Alainis,
Managing Director, Fabrica de Tequilas Finos

Anna Voylokova,
Managing Director, Amber Talvis

Oleg Kotelnikov,
Managing Director, Amber Permalko

Consolidated Financial Statements

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Primary Statements

Consolidated Statement of Comprehensive Income

	Notes	2021 EUR 000	2020 EUR 000
Revenue		479 355	422 836
Excise tax and duties		(171 973)	(154 088)
Net revenue	5	307 382	268 748
Cost of goods sold	6.1	(222 945)	(188 926)
Gross profit		**84 437**	**79 822**
Selling expense	6.2	(43 154)	(43 309)
General and administrative expense	6.3	(22 229)	(20 731)
Net impairment reversal/ (losses) of financial assets		165	(82)
Fair value adjustment on biological assets	16	133	816
Other operational income	6.4	9 846	8 319
Other operational expense		(1 954)	(2 122)
Merger and acquisition related costs		(540)	(786)
Operating profit		**26 704**	**21 927**
Net finance income / (costs)	9	813	(10 615)
Profit before tax		**27 517**	**11 312**
Corporate income tax	10	(4 671)	(1 385)
Profit for the period		**22 846**	**9 927**
Attributable to:			
Equity holders of the parent		20 579	8 850
Non-controlling interest		2 267	1 077
		22 846	**9 927**
Other comprehensive income (can not be subsuquently reclassified to profit or loss)		1 420	(271)
Total comprehensive income for period		**24 266**	**9 656**
Attributable to:			
Equity holders of the parent		21 963	8 831
Non-controlling interest		2 303	825
		24 266	**9 656**

These consolidated financial statements on pages 104 to 164 were approved by the Board of Managers on 3 May 2022 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Assets

	Notes	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Non-current assets				
Intangible assets	12	81 141	56 623	53 850
Property, plant and equipment	13	54 674	47 060	49 753
Rights-of-use assets	14	9 448	7 843	9 409
Investment properties	15	897	2 617	1 808
Biological assets	16	11 159	10 125	–
Loans to related parties	26.2	20 830	28 268	23 481
Other non-current financial assets		2 204	1 054	502
Non-current financial investments		2 810	2 734	3 163
Total non-current assets		**183 163**	**156 324**	**141 966**
Current assets				
Inventories	17.1	79 343	76 370	69 308
Trade and other receivables	17.2	147 244	117 640	121 754
Loans to related parties	26.2	2 856	2 204	1 506
Corporate income tax		812	628	665
Cash and cash equivalents	27	7 442	8 356	8 142
Total current assets		**237 697**	**205 198**	**201 375**
Total assets		**420 860**	**361 522**	**343 341**

These consolidated financial statements on pages 104 to 164 were approved by the Board of Managers on 3 May 2022 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Equity and liabilities

	Notes	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Capital and Reserves				
Share capital	22	13	13	13
Share premium	22	132 553	132 553	132 553
Foreing exchange revaluation reserve		243	(1 042)	(998)
Other reserves		1	1	1
Pooling reserve	23	(18 041)	(18 041)	(17 978)
Revaluation reserve of derivatives		(68)	(167)	(192)
Retained earnings		30 700	31 850	27 384
Profit for the period		20 579	8 850	14 466
Total attributable to majority shareholders		**165 980**	**154 017**	**155 249**
Non-controling interest	24	12 008	10 086	9 307
Total equity		**177 988**	**164 103**	**164 556**
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	19	42 775	20 107	50 670
Leases	20	4 389	3 910	5 416
Trade and other payables	17.4	3 000	614	247
Deferred tax liability	10	1 390	427	246
Derivative financial instruments		68	167	192
Total non-current liabilities		**51 622**	**25 225**	**56 880**
Current liabilities				
Interest bearing loans and borrowings	19	59 179	47 627	16 182
Leases	20	2 759	2 607	2 822
Trade and other payables	17.4	71 323	58 112	61 311
Taxes payable	17.3	55 622	63 254	41 600
Corporate income tax liabilities	17.3	2 367	594	99
Total current liabilities		**191 250**	**172 194**	**122 014**
Total liabilities		**242 872**	**197 419**	**178 785**
Total equity and liabilities		**420 860**	**361 522**	**343 341**

These consolidated financial statements on pages 104 to 164 were approved by the Board of Managers on 3 May 2022 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Changes in Equity

	Share capital EUR 000	Share premium EUR 000	Foreign exchange revaluation reserve EUR 000	Pooling reserve EUR 000
As at 1 January 2020	**13**	**132 553**	**(998)**	**(17 978)**
Transfer of prior period result	–	–	–	–
Dividends	–	–	–	–
Profit for the period	–	–	–	–
Other comprehensive income	–	–	(44)	–
Total comprehensive income	**–**	**–**	**(44)**	**–**
Acquired during the period	–	–	–	(63)
As at 31 December 2020	**13**	**132 553**	**(1 042)**	**(18 041)**
Transfer of prior period result	–	–	–	–
Dividends	–	–	–	–
Profit for the period	–	–	–	–
Other comprehensive income	–	–	1 285	–
Total comprehensive income	**–**	**–**	**1 285**	**–**
As at 31 December 2021	**13**	**132 553**	**243**	**(18 041)**

	Attributable to the equity holders of the parent						
	Revaluation reserve of derivatives EUR 000	Other reserves EUR 000	Retained earnings EUR 000	Profit for the period EUR 000	Total EUR 000	Non-controlling interest EUR 000	Total equity EUR 000
	(192)	**1**	**27 384**	**14 466**	**155 249**	**9 307**	**164 556**
	–	–	14 466	(14 466)	–	–	–
	–	–	(10 000)	–	(10 000)	(46)	(10 046)
	–	–	–	8 850	8 850	1 077	9 927
	25	–	–	–	(19)	(252)	(271)
	25	**–**	**–**	**8 850**	**8 831**	**825**	**9 656**
	–	–	–	–	(63)	–	(63)
	(167)	**1**	**31 850**	**8 850**	**154 017**	**10 086**	**164 103**
	–	–	8 850	(8 850)	–	–	–
	–	–	(10 000)	–	(10 000)	(381)	(10 381)
	–	–	–	20 579	20 579	2 267	22 846
	99	–	–	–	1 384	36	1 420
	99	**–**	**–**	**20 579**	**21 963**	**2 303**	**24 266**
	(68)	**1**	**30 700**	**20 579**	**165 980**	**12 008**	**177 988**

Consolidated Statement of Cash Flows

	Notes	2021 EUR 000	2020 EUR 000
Cash flow from operating activities			
Profit for the period before taxation		27 517	11 312
Adjustments for:			
Depreciation and amortisation charge	6	8 844	8 903
Impairment of intangible assets	6	206	–
Net gain on disposal of property, plant and equipment, investment properties and intangible assets		(690)	(19)
Interest income	9	(869)	(1 363)
Interest expense	9	3 341	2 751
Fair value adjustment on biological assets	16	(133)	(816)
		38 216	**20 768**
Working capital changes:			
Increase in inventories		(987)	(5 528)
Increase/ (decrease) in trade and other receivables		(27 085)	7 025
Increase in trade and other payables		1 608	24 101
Cash generated from operations		**11 752**	**46 366**
Corporate income tax paid		(2 204)	(1 050)
Interest received		67	–
Net cash generated from operating activities		**9 615**	**45 316**
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and right to use assets		(13 011)	(7 462)
Payments to acquire intangible assets		(1 129)	(2 133)
Payments to acquire biological assets		(328)	(9 309)
Proceeds from disposal of property, plant and equipment		1 312	204
Payment for acquisition of subsidiaries, net of cash acquired	11	(19 904)	(5 374)
Loans issued		–	(5 000)
Loan repayment received		7 571	50
Net cash used in investing activities		**(25 489)**	**(29 024)**
Cash flows from/ (used in) financing activities			
Interest paid		(2 795)	(2 387)
Change in overdraft		10 245	9 193
Borrowings received		37 819	15 556
Borrowings from related parties		11	4 792
Repayment of borrowings		(17 256)	(28 598)
Lease payments		(2 732)	(2 427)
Dividends paid to Parent Company's shareholders		(9 950)	(12 161)
Dividends paid to non-controlling interests in subsidiaries		(381)	(46)
Net cash generated from/ (used in) financing activities		**14 960**	**(16 078)**
Net change in cash and cash equivalents		**(914)**	**214**
Cash and cash equivalents at the beginnging of the period		**8 356**	**8 142**
Cash and cash equivalents at the end of the period	27	**7 442**	**8 356**

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 3 May 2022.

The Parent Company was incorporated on 26 September 2017 under the laws of 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 Vallee, Luxembourg.

As of 31 December 2021 Amber Beverage Group (further on – the Group or ABG) consists of the following companies – the Parent Company, Amber Beverage Group SIA (Latvia), Latvijas balzams AS (Latvia), Amber Distribution Latvia SIA (Latvia), Amber Distribution Estonia OU (Estonia), Amber Distribution Lithuania UAB (Lithuania), Amber IP Brands S.a r.l. (Switzerland), Fabrica de Tequilas Finos S.A. de C.V. (Mexico),F TF Agro S.A. de C.V. (Mexico), Interbaltija AG AS (Latvia), Amber Beverage UK Ltd (the UK), Amber Talvis AO (Russia), Amber Permalko AO (Russia), Remedia AS (Estonia), Amber Beverage Australia Pty Ltd (Australia), Amberbev International Ltd (Cyprus), Amber Beverage Austria GmbH (Austria), Amber Beverage Germany GmbH (Germany), Skoniu Krastas UAB (Lithuania), Indie Brands Ltd (the UK), Indie Spirits Ltd (the UK), Think Spirits NL B.V. (the Netherlands), ABG Real Estate SIA (Latvia), Rits Holdings SIA (Latvia), WW Equity House Holding Ltd (Ireland) - acquired in 2021, WW Equity House Trading Ltd (Ireland) - acquired in 2021 (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 (IFRS) as issued by the International Accounting Standards Board (IASB) 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 consolidated statement of cash flows is prepared according to the 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 2021 is a profit of EUR 22 846 thousand, adjusted 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 36 161 thousand, as at the 31 December 2021 the Group has positive equity of EUR 177 988 thousand, the current assets exceed current liabilities by EUR 40 471 thousand. 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 and biological assets that are recognised at fair value.

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 subsidiary financial statements 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 unrealised 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) de recognises 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 Group's functional currency, the positions of statement of comprehensive income, cash-flow statement and statement of changes in equity are revaluated at annual average exchange rate (or the average exchange rate for the period the Group has obtain the control), the positions of statement of financial position are revaluated at year-end exchange rate.

The following foreign currency exchanges rates have been applied:

	31/12/2021	2021 average	31/12/2020	2020 average	31/12/2019
USD/EUR	1.1326	1.1827	1.2271	1.1422	1.1234
AUD/EUR	1.5615	1.5749	1.5896	1.6549	1.5995
GBP/EUR	0.8403	0.8596	0.8990	0.8897	0.8508
RUB/EUR	85.3004	87.1527	91.4671	82.7248	69.9563
MXN/EUR	23.1438	23.9852	24.416	24.5194	21.2202
CHF/EUR	1.0331	1.0811	1.0802	1.0705	1.0854
CAD/EUR	1.4393	1.4826	1.5633	1.5300	1.4598

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

Reporting period

These consolidated financial statements cover the period from 1 January 2021 to 31 December 2021.

3. Changes in IFRS Standards and Interpretations

New IFRS that became effective on 1 January 2021

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 June 2020). The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. The Group has applied the optional exemption while evaluating the existing lease agreements.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for annual periods beginning on or after 1 January 2021). Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform.

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

Certain new standards and interpretations have been issued and become effective for annual periods beginning on or after 1 January 2021 or are not yet endorsed by the European Union

Amendments to IFRS 4 – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2023).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after a date to be determined by the IASB, not yet adopted by the EU).

IFRS 17 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2021, not yet adopted by the EU).

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2022, not yet adopted by the EU).

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS9, IFRS16 and IAS 41 (effective for annual periods beginning on or after 1 January 2022).

The Group has not early adopted new standards and interpretations and believes that the adoption of new or revised standards and interpretations has no material impact on the Group's 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.

Impairment of goodwill

The Group's impairment test for goodwill 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 has suffered any impairment.

Provisions for inventory obsolescence

Provisions are made with reference to the ageing of inventory balances and the view of management as to whether amounts are recoverable. Provisions for inventory obsolescence are determined with consideration to latest sales forecasts.

Determination of the lease term

The carrying amount of lease liabilities is measured on the basis of existing lease agreements or Management's expectations of expected reasonable extension of existing lease period if such extension option is contractually possible. The lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in assessment of an option to purchase the underlying asset at the end of the lease period.

Results for the Year

This section explains the results and performance of the Group for the year ending 31 December 2021. Disclosures are provided for divisional information, operating profit, finance income and costs, and taxation.

5. Divisional Reporting

In identifying its divisions management follows the Group's business specific. The Group is considered to have two main reportable divisions: Production and Distribution and Brand Management segment.

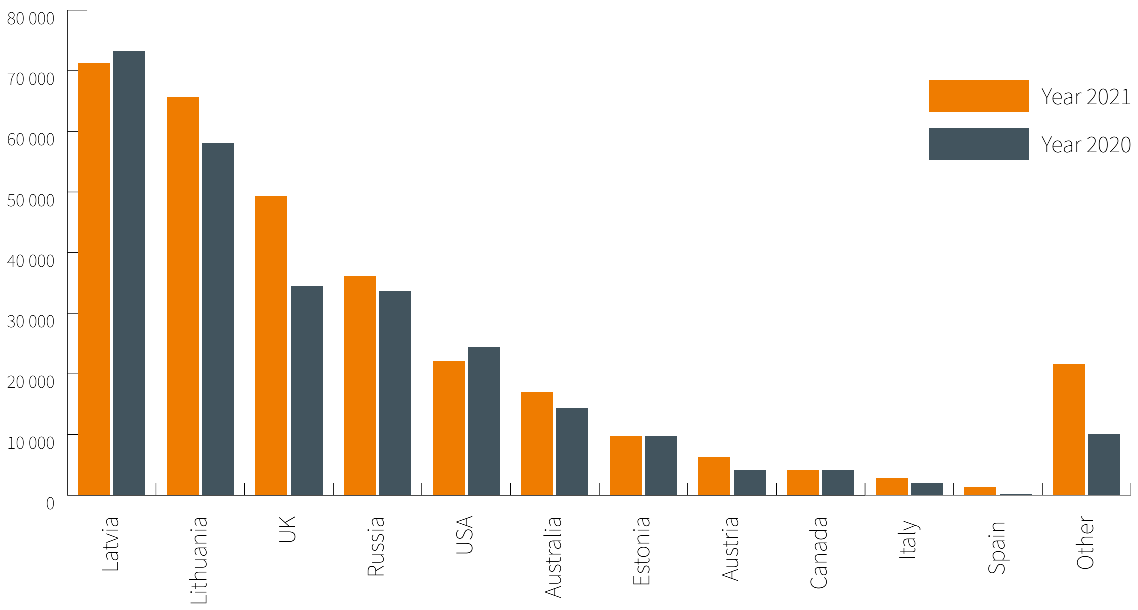
Each of these divisions is managed separately as each of business areas require different approaches. All inter-divisional transfers are carried out at arm's length prices.

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. 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 recongized at a point of time.

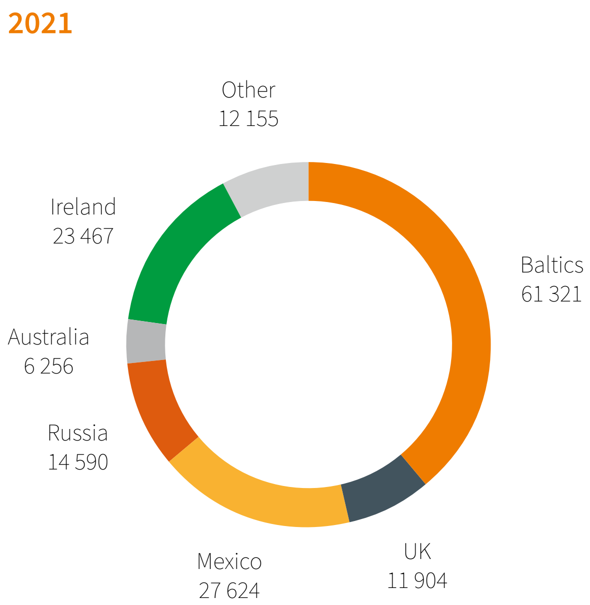
	Production		Distribution and Brand management		Management/ Other/ Eliminations		Consolidated	
	2021 EUR 000	2020 EUR 000	2021 EUR 000	2020 EUR 000	2021 EUR 000	2020 EUR 000	2021 EUR 000	2020 EUR 000
Net revenue								
Third party revenue	81 383	74 365	225 999	194 383	–	–	307 382	268 748
Intersegment revenue	48 179	42 798	15 305	11 975	(63 484)	(54 773)	–	–
Segment net revenue	**129 562**	**117 163**	**241 304**	**206 358**	**(63 484)**	**(54 773)**	**307 382**	**268 748**
Operating profit	**16 339**	**15 921**	**14 546**	**8 933**	**(4 181)**	**(2 927)**	**26 704**	**21 927**
Finance income							4 616	1 542
Finance costs							(3 802)	(12 157)
Income tax							(4 671)	(1 385)
Net profit							**22 847**	**9 927**

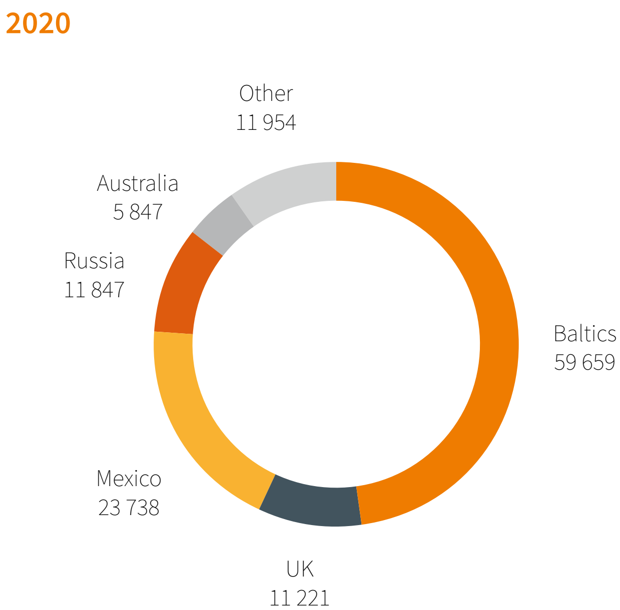
	Production		Distribution and Brand management		Management/ Other/ Eliminations		Consolidated	
	31/12/2021 EUR 000	**31/12/2020 EUR 000**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**
Assets								
Non-current segment assets	74 892	64 934	67 784	42 804	14 643	16 529	157 319	124 267
Current segment assets	90 460	78 656	135 711	120 465	7 858	3 246	234 029	202 367
Segment assets	**165 352**	**143 590**	**203 495**	**163 269**	**22 501**	**19 775**	**391 348**	**326 634**
Current tax receivable							812	628
Loans to related parties							23 686	30 472
Other non-current assets							2 204	1 054
Non-current financial investments							2 810	2 734
Total assets							**420 860**	**361 522**
Liabilities								
Non-current segment liabilities	(1 081)	(793)	(5 127)	(3 056)	(1 180)	(675)	(7 388)	(4 524)
Current segment lia-biltiies	(49 703)	(44 379)	(76 346)	(77 481)	(3 656)	(2 113)	(129 705)	(123 973)
Segment liabilities	**(50 784)**	**(45 172)**	**(81 473)**	**(80 537)**	**(4 836)**	**(2 788)**	**(137 093)**	**(128 497)**
Deferred tax liabilities							(1 390)	(427)
Corporate income tax liabilities							(2 367)	(594)
Interest-bearing loans and borrowings							(101 954)	(67 734)
Derivatives							(68)	(167)
Total liabilities							**(242 872)**	**(197 419)**
Other disclosures								
Capital expenditure	11 346	15031	838	1 183	1 187	2 736	**13 365**	**18 950**
Depreciation, amortisation, impairment	4 541	4 593	2 713	3 448	1 796	862	**9 050**	**8 903**
Acquisition of goodwill	–	–	–	3 805	–	–	**–**	**3 805**

The Group is domiciled in Luxembourg, with the primary activities carried out in the Baltic countries (Latvia, Lithuania and Estonia). The amount of net 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):

	2021 EUR 000	2020 EUR 000
Revenue	479 355	422 836
Excise tax and duties	(171 973)	(154 088)
Net revenue	**307 382**	**268 748**
Cost of inventories	(200 515)	(168 720)
Advertising, marketing and promotional costs	(6 328)	(8 015)
Logistic costs	(8 477)	(7 364)
Staff costs	(39 283)	(39 236)
Other indirect costs	(26 629)	(22 850)
Other operating income	9 846	8 319
Net impairment loss on financial assets	165	(82)
Depreciation and amortisation - cost of goods sold	(2 285)	(2 220)
Depreciation and amortisation - selling costs	(3 282)	(3 336)
Depreciation and amortisation - administration costs	(3 277)	(3 347)
Impairment of non-financial assets	(206)	–
Total depreciation, amortisation and impairment of non-financial assets	(9 050)	(8 903)
Fair value adjustment to biological assets	133	816
Merger and acquisition related costs	(540)	(786)
Operating profit	**26 704**	**21 927**

The EBITDA ratio (earnings before interest, tax, depreciation, amortisation and impairment of non-financial assets) is calculated as following:

	2021 EUR 000	2020 EUR 000
Operating profit	26 704	21 927
Add-back for:		
Depreciation, amortisation and impairment	9 050	8 903
Fair value adjustment to biological assets	(133)	(816)
EBITDA	**35 621**	**30 014**
Merger and acquistion related costs	540	786
Business restructuring costs	–	432
EBITDA (adjusted)	**36 161**	**31 232**

6.1. Costs of Goods Sold

	2021 EUR 000	2020 EUR 000
Cost of inventories	200 515	168 720
Salaries and related tax expense	9 715	9 676
Depreciation and amortisation	2 285	2 220
Utility expense	2 821	2 700
Nature resource tax	3 082	2 372
Maintenance costs	869	874
Change in accruals	483	181
Real estate tax	253	228
Insurance costs	56	67
Laboratory expense	69	62
Other production costs	2 797	1 826
Total	**222 945**	**188 926**

Change in costs of goods sold have been impacted by the expansion of the Group via business combinations.
See also **Note 11.3.**

6.2. Selling Expenses

	2021 EUR 000	2020 EUR 000
Salaries and related taxes	20 000	20 302
Advertising	6 328	8 015
Transport and logistics	8 477	7 364
Rent and maintenance of premises	1 256	1 064
Depreciation and amortisation	3 282	3 336
Maintenance of cars	110	89
Packaging materials	217	171
Change in accruals	741	(22)
Other distribution costs	2 743	2 990
Total	**43 154**	**43 309**

Change in selling expense have been impacted by the expansion of the Group via business combinations.
See also **Note 11.3.**

6.3. General and Administrative Expenses

	2021 EUR 000	2020 EUR 000
Salaries and related expenses	9 569	9 258
Depreciation and amortisation	3 277	3 347
Management and professional service expense	2 961	3 021
Change in accruals	2 160	560
Office expense	1 027	978
Business trips	135	269
IT maintenance	458	674
Represenation	136	117
Communication	425	356
Bank commissions	280	251
Training expense	38	36
Other administration	1 763	1 864
Total	**22 229**	**20 731**

Change in general and administrative expenses have been impacted by the expansion of the Group via business combinations. See also **Note 11.3.**

6.4. Other Operating Income

	2021 EUR 000	2020 EUR 000
Gain from sale of materials	3,338	1,073
Rendering of logistic services	3,265	3,045
Revenue from management services and royalties	863	1,958
Net gain on sale of PPE	690	108
Other income	1,690	2,135
Total	**9,846**	**8,319**

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 and for other services provided to the Group:

	2021 EUR 000	2020 EUR 000
Fees paid for audit and audit related services	242	233
Total	**242**	**233**

8. Staff Costs

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

	2021 EUR 000	2020 EUR 000
Wages and salaries	33 187	33 279
Social security contributions	6 096	5 957
Total	**39 283**	**39 236**

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

	2021	2020
Production	1 234	1 208
Wholesale and retail	688	689
Other	72	69
Total	**1 994**	**1 966**

9. Finance Income and Costs

	2021 EUR 000	2020 EUR 000
Finance income		
Interest income	77	80
Interest income from related parties	792	1 283
Foreign exchange gain, net	3 515	–
Other financial income	231	179
Total finance income	**4 615**	**1 542**
Finance costs		
Interest expense	(2 892)	(2 428)
Interest expense to related parties	(449)	(323)
Foreign exchange loss, net	–	(8 838)
Amortisation of loan related expense	(461)	(568)
Total finance costs	**(3 802)**	**(12 157)**
Net finance income/ (costs)	**813**	**(10 615)**

In 2021 position Foreign exchange gain/ (loss), net includes unrealized net foreign exchange gain of EUR 3 388 thousand mainly due to euro valuation against Russian rubles and Mexican pesos (2020: unrealized net foreign exchange loss of EUR 8 395 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.

10.1. Components of Corporate Income Tax

	2021 EUR 000	2020 EUR 000
Current tax expense	3 317	984
Change in deferred tax	1 354	401
Tax charge	**4 671**	**1 385**

10.2. Reconciliation of Accounting Profit to Income Tax Charges

	2021 EUR 000	2020 EUR 000
Profit before tax	27 518	11 312
Income tax credit calculated at effective tax rate	5 291	2 048
Adjusting for:		
Permanent differences	46	126
Change in allowance for deferred tax asset	(666)	(789)
Income tax expense recognized in profit or loss	**4 671**	**1 385**

Effective tax rate for reporting year is 19.23% (2020: 18.11%).

10.3. Movements in Components of Deferred Tax

	31/12/2020 EUR 000	Charged to income statement EUR 000	Charged to Other Comprehensive Income EUR 000	31/12/2021 EUR 000
Temporary differences				
Property, plant and equipment	697	(163)	–	534
Tax loss carried forwards	(2 635)	821	–	(1 814)
Other provisions and accruals	211	967	–	1 178
Allowance for unrecognized tax loss carried forwards	2 154	(271)	(391)	1 492
	427	**1 354**	**(391)**	**1 390**
Deferred tax asset	–			–
Deferred tax liabilities	427			1 390
	427			**1 390**

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.

11. Business Combinations and Acquisitions Under Common Control

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 statement of comprehensive income.

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 controlling interests in subsidiaries from entities under common control

Purchases of controlling interests in subsidiaries from entities under common control are accounted for prospectively from the date of acquisition, using the pooling of interests method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these consolidated financial statements at the historical cost of the controlling entity (the Predecessor). Related goodwill inherent in the Predecessor's original acquisition is also recorded in the consolidated financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to the shareholders' equity via pooling reserve.

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. Acquisitions

	2021		2020	
	Walsh Whiskey group EUR 000	TOTAL EUR 000	Indie Brands group EUR 000	TOTAL EUR 000
Assets				
Intangible assets	23 254	23 254	–	–
Property, plant and equipment	125	125	22	22
Inventories	1 986	1 986	1 533	1 533
Trade receivables and other receivables	1 643	1 643	2 231	2 231
Cash and cash equivalents	195	195	371	371
Liabilities				
Trade payables	(951)	(951)	(1 415)	(1 415)
Other accounts payable	(986)	(986)	(342)	(342)
Borrowings and leases	(2 395)	(2 395)	(1 652)	(1 652)
Total identifiable net assets acquired	**22 871**	**22 871**	**748**	**748**
Goodwill arising on acquisition	–	–	3 804	3 804
Purchase consideration	**22 871**	**22 871**	**4 552**	**4 552**
Cash paid	20 099	20 099	4 170	4 170
Contingent consideration	2 772	2 772	382	382
Total purchase consideration	**22 871**	**22 871**	**4 552**	**4 552**
Net cash acquired on acquisition	195	195	371	371
Cash paid	(20 099)	(20 099)	(4 170)	(4 170)
Net cash flow on acquisition	**(19 904)**	**(19 904)**	**(3 799)**	**(3 799)**

Walsh Whiskey group

On 8 November 2021, the Group through acquisition of WW Equity House Holding Ltd acquired 100% of voting shares in WW Equity House Trading Ltd, an unlisted company in Ireland, whose main activity is management of brands the Irishman® and Writers' Tears®. The Group acquired Walsh Whiskey group companies in accordance with the Group's strategy on strengthening its position in whiskey category. The fair value of trademarks The Irishman® and Writers' Tears® was determined by applying the MEEM (multiple excess earning method) method on basis of free cash-flow to firm forecasts discounted by the cost of equity (as approximation to weighted average return of assets) and allocating them to identified brands. Contingent consideration for the purchase consideration consists of estimated future payments under the transaction.

Since the date of acquisition, Walsh Whiskey group has contributed EUR 893 thousand of revenues and profit before tax of EUR 41 thousand. If the combinations had taken place at the beginning of the year, revenue from continuing operations would be EUR 7 337 thousand and net result for the year would be EUR 7 thousand.

11.2. Business Combination Under Common Control

	2020	
	Rits Holding EUR 000	Total EUR 000
Assets		
Investment properties	904	904
Trade receivables and other receivables	1	1
Liabilities		
Other	(6)	(6)
Other borrowings	(58)	(58)
Total identifiable net assets acquired	**841**	**841**
Pooling reserve recongized	63	63
Purchase consideration	**904**	**904**
Cash paid	(904)	(904)
Total purchase consideration	**(904)**	**(904)**
Cash paid	(904)	(904)
Net cash flow on acquisition	**(904)**	**(904)**

11.3. Impact on Financial Results

The operating profit development in 2021 has been impacted by the merger and acquisitions (M&A) of prior years. Therefore, to allow proper benchmarking of the operating profit 2021 development in comparison to 2020 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 2021 the M&A segment includes the operating profit generated by Walsh Whiskey entities (2 months) and Indie Brands entities acquired in 2020.

Comparative information for M&A represents Indie Brands entities (11.5 months) and Amberbev International, Interbaltija Arka, Mountain Spirits entities acquired in 2019.

Financial result of entities incorporated in 2020 (ABG Real Estate, FTF Agro, Think Spirits NL) for disclosure purposes are presented as organic growth segment of the Group in 2020.

	2021			2020		
	Organic Growth EUR 000	**M&A impact EUR 000**	**Total EUR 000**	**Organic Growth EUR 000**	**M&A impact EUR 000**	**Total EUR 000**
Revenue	467 870	11 485	479 355	405 359	17 477	422 836
Excise tax and duties	(171 954)	(19)	(171 973)	(153 396)	(692)	(154 088)
Net revenue	295 916	11 466	307 382	251 963	16 785	268 748
Cost of goods sold	(214 418)	(8 527)	(222 945)	(176 242)	(12 684)	(188 926)
Gross profit	**81 498**	**2 939**	**84 437**	**75 721**	**4 101**	**79 822**
Selling expense	(41 796)	(1 358)	(43 154)	(40 409)	(2 900)	(43 309)
General and administration expense	(21 848)	(381)	(22 229)	(19 409)	(1 322)	(20 731)
Net impairment reversal/ (losses) on financial assets	111	54	165	(406)	324	(82)
Fair value adjustment on biological assets	133	–	133	816	–	816
Other operational income	9 796	50	9 846	8 305	14	8 319
Other operational expense	(1 954)	–	(1 954)	(2 113)	(9)	(2 122)
Merger and acquisition related costs	–	(540)	(540)	–	(786)	(786)
Operating profit	**25 940**	**764**	**26 704**	**22 505**	**(578)**	**21 927**

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) Trademarks and trademark registration costs

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 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 programmes 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® and KAH® trademarks. As the acquisition of the Irishman® and Writers' Tears® trademarks was done close to the year end, it is estimated that the recoverable value has not changed materially since the date of acquisition, therefore impairment test for these cash generating units as of 31 December 2021 was not performed.

	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 2020					
Cost value	38 508	17 440	6 088	338	62 374
Accumulated amortisation and impairment	–	(4 696)	(3 828)	–	(8 524)
Net book value	**38 508**	**12 744**	**2 260**	**338**	**53 850**
2020					
Additions	3 805	593	1 333	253	5 984
Reclassification	–	–	(2)	2	–
Disposals	–	(44)	(45)	–	(89)
Amortisation	–	(113)	(1 430)	–	(1 543)
Foreign exchange differences	(1 333)	(285)	41	(2)	(1 579)
Total	**40 980**	**12 895**	**2 157**	**591**	**56 623**
As at 31 December 2020					
Cost value	40 980	17 683	7 273	591	66 527
Accumulated amortisation and impairment	–	(4 788)	(5 116)	–	(9 904)
Net book value	**40 980**	**12 895**	**2 157**	**591**	**56 623**
2021					
Additions	–	–	49	1 080	1 129
Reclassification	–	62	677	(728)	11
Disposals	–	–	–	–	–
Acquired through business combination **(Note 11.1)**	–	23 252	2	–	23 254
Amortisation	–	(152)	(1 106)	–	(1 258)
Foreign exchange differences	1 147	232	207	2	1 588
Impairment	–	–	–	(206)	(206)
Total	**42 127**	**36 289**	**1 986**	**739**	**81 141**
As at 31 December 2021					
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**

Segment level summary of goodwill is presented as following:

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Production - Grain	5 935	5 935	5 935
Production - Agave	5 436	5 153	5 929
Distribution - Baltics	12 312	12 312	12 312
Distribution - UK	11 663	10 900	7 688
Distribution - Australia	5 773	5 671	5 635
Distribution - Austria	1 009	1 009	1 009
Total:	**42 128**	**40 980**	**38 508**

The book value of trademark portfolio is presented as following:

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Writers' Tears ®	13 164	–	–
Moskovskaya ®	10 164	10 164	10 164
Irishman ®	7 820	–	–
KAH ®	2 000	2 005	1 765
Other brands	3 141	727	815
TOTAL:	**36 289**	**12 896**	**12 744**

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 2021 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 growth rates stated below. The Group reviews the CGU composition annually and amends the CGU's subject to impairment review, if needed. As trademarks the Irishman® and Writers' Tears® were acquired close to the year end, it is assumed, that acquisition value of these CGUs approximates recoverable amount, therefore they were not tested for impairment separately.

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

	Production		Distribution				Trademark	
2021	**Grain**	**Agave**	**Baltics**	**UK**	**AUS**	**AUT**	**Moskovskaya®**	**KAH®**
Sales volume growth	5%	39%	5%	15%	4%	16%	32%	130%
Sales price growth	0.3%	0.0%	1%	0%	(2%)	1%	3.0%	3.3%
EBITDA margin	13.0%	19.0%	10%	4%	9%	3%	n/a	n/a
Replacement CAPEX	2 500	328	1 463	50	14	37	n/a	n/a
Discount rate	12.5%	15.3%	12.1%	12.4%	13.6%	12.0%	11.9%	15.3%
Terminal value growth	3.0%	2.0%	2.4%	1.5%	2.6%	1.8%	1.7%	1.7%

	Production		Distribution				Trademark	
2020	**Grain**	**Agave**	**Baltics**	**UK**	**AUS**	**AUT**	**Moskovskaya®**	**KAH®**
Sales volume growth	6%	26%	6%	21%	9%	18%	22%	82%
Sales price growth	0.2%	(6.8%)	2%	(1%)	2%	4%	0.4%	0.4%
EBITDA margin	13.7%	15.2%	10%	3%	10%	2%	n/a	n/a
Replacement CAPEX	2 500	120	462	50	11	10	n/a	n/a
Discount rate	11.5%	13.8%	11.3%	11.0%	12.0%	11.0%	10.8%	13.8%
Terminal value growth	3.0%	2.1%	2.5%	1.6%	2.5%	1.6%	1.7%	1.8%

Key assumptions used in the value-in-use calculations are as follows:

- Sales volume - Average growth rate over the five year forecast period is based on management's expectations on market development and assumptions on expansion in the respective markets;
- Sales price– small 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;
- Growth in spirits market – assumed to be stable with upward development based on regional consumption trends;
- Growth in tequila market – assumed to be growing up to 10% per annum for next 5 years in all markets based on recent historic trends;
- Raw material cost – assumed to be at average industry cost with passing the additional cost increase to consumers via price increase;
- Market share – through Group companies specific actions outlined in detailed internal plans, market share to be grown overall;
- 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 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.

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.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The following useful lives are used in the calculation of depreciation:

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	Machinery and equip-ment EUR 000	Other PPE EUR 000	Construc-tion in progress EUR 000	Total EUR 000
As at 1 January 2020					
Cost value	59 223	28 354	7 163	2 711	97 451
Accumulated depreciation and impairment	(20 531)	(20 398)	(5 649)	(1 120)	(47 698)
Net book value	**38 692**	**7 956**	**1 514**	**1 591**	**49 753**
2020					
Additions	1 271	8	55	6 121	7 455
Disposals	(3)	(31)	(26)	(6)	(66)
Reclassification	1 171	3 250	516	(4 983)	(46)
Acquired through business combination (Note 11.1)	–	–	22	–	22
Foreign exchange differences	(4 568)	(844)	(45)	(35)	(5 492)
Depreciation	(2 216)	(1 650)	(700)	–	(4 566)
Total	**34 347**	**8 689**	**1 336**	**2 688**	**47 060**
As at 31 December 2020					
Cost value	57 090	30 538	7 543	3 808	98 979
Accumulated depreciation and impairment	(22 743)	(21 849)	(6 207)	(1 120)	(51 919)
Net book value	**34 347**	**8 689**	**1 336**	**2 688**	**47 060**
2021					
Additions	–	93	43	11 751	11 887
Disposals	(2)	(195)	(390)	(35)	(622)
Reclassification	874	2 655	1 207	(4 725)	11
Reclassification to/from Right of Use Assets	–	476	–	(1 086)	(610)
Acquired through business combination (Note 11.1)	–	80	45	–	125
Foreign exchange differences	1 085	409	6	122	1 623
Depreciation	(2 183)	(1 738)	(878)	–	(4 799)
Total	**34 121**	**10 469**	**1 369**	**8 715**	**54 674**
As at 31 December 2021					
Cost value	59 026	32 910	7 279	8 960	108 175
Accumulated depreciation and impairment	(24 905)	(22 441)	(5 910)	(245)	(53 501)
Net book value	**34 121**	**10 469**	**1 369**	**8 715**	**54 674**

The gross carrying value of fully depreciated property, plant and equipment that is still in use is EUR 24 133 thousand (31.12.2020: EUR 24 567 thousand).

As at 31 December 2021 fixed assets of the Group with the net book value of EUR 19.2 million (31.12.2020: EUR 19.8 million) are pledged under the conditions of the Mortgage and Commercial pledge agreements as the security for loans from the credit institutions **(see Note 19)**. As at 31 December 2021 the Group has capitalized the borrowing costs in amount of EUR 57 thousand (31.12.2020: nil) related to warehouse construction project.

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	Leasehold improve-ments EUR 000	Total EUR 000
As at 1 January 2020	**5 621**	**3 583**	**205**	**9 409**
Additions	395	73	4	472
Change in management assumptions	578	76	–	654
Disposals	(34)	(4)	9	(29)
Foreign exchange differences	(36)	64	–	28
Depreciation	(1 942)	(662)	(87)	(2 691)
As at 31 December 2020	**4 582**	**3 130**	**131**	**7 843**
Additions	2 021	909	7	2 937
Change in management assumptions	936	49	–	985
Disposals	–	(186)	(3)	(189)
Reclassification to/ from property, plant and equipment	(78)	(476)	1 164	610
Foreign exchange differences	(100)	62	–	(38)
Depreciation	(1 917)	(596)	(187)	(2 700)
As at 31 December 2021	**5 444**	**2 892**	**1 112**	**9 448**

15. 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.

	2021 EUR 000	2020 EUR 000
Opening balance	2 617	1 808
Additions	10	8
Acquisition through business combination	–	904
Disposals	(1 643)	–
Depreciation	(87)	(103)
Closing balance	**897**	**2 617**

Investment properties consist of several land plots and commercial buildings in Riga, Latvia, which are held for rental income generation purposes. In 2021 the Group has partially sold the investment property located in Riga to related party SPI RE Holding S.a r.l. The fair value of remaining investment properties is estimated to be EUR 904 thousand (31.12.2020: EUR 2 915 thousand). The fair value has been assessed in 2018 and 2020 by independent valuation expert. In the management has assessed that there are no significant changes to the market value of the investment properties.

Direct income in amount of EUR 64 thousand (2020: EUR 140 thousand) and direct expense in amount of EUR 28 thousand 2020: EUR 30 thousand) from rent of investment properties was recognised in the statement of comprehensive income.

16. 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.

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Opening balance	10 125	–	
Additions	–	9 309	–
Capitalised maintenance costs	328	–	–
Gain on change in fair value	133	816	–
Foreign exchange differences	573	–	–
Closing balance	**11 159**	**10 125**	**–**

17. 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, provisions are created to reduce the value of inventories to its net realisable value.

The cost of inventories is based on the 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 18.5).**

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 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.

17.1. Inventories

	31/12/2021 EUR 000	**31/12/2020 EUR 000**	**31/12/2019 EUR 000**
Raw materials	17 253	16 923	19 925
Finished goods	56 301	54 407	44 941
Production in progress	4 807	4 701	5 509
Goods on the way	3 459	2 211	754
Other	753	165	427
Provisions for obsolete inventories	(3 230)	(2 037)	(2 248)
Total	**79 343**	**76 370**	**69 308**

Inventories of the Group with the book value as of 31 December 2021 of EUR 55.4 million (31.12.2020: EUR 44.4 million) are pledged in accordance with the terms of Commercial pledge agreements as the security for loans from the credit institutions **(see Note 19).**

17.2. Trade and Other Receivables

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Gross trade receivables	106 407	88 008	95 152
Allowance for doubtful debts	(2 604)	(2 769)	(2 542)
Net trade receivables	**103 803**	**85 239**	**92 610**
Receivables from related parties	35 878	24 937	20 828
Other debtors and prepayments	7 563	7 464	8 316
Total	**147 244**	**117 640**	**121 754**

Information about major customers

Concentration of credit risk of Trade receivables with the customers of similar characteristics as at 31 December 2021 is 20% (31.12.2020: 29%).

Receivables from related party mainly represent debt of S.P.I. Spirits (Cyprus) Ltd., as Latvijas balzams is manufacturing alcoholic beverages for S.P.I. Spirits (Cyprus), based on the Private label agreement in relation to the Stolichnaya trademark.

Trade receivables with the book value as at 31 December 2021 of EUR 24.1 million (31.12.2020: EUR 22.8 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 19).** For credit risk analysis see also **Note 18.5.**

17.3. Taxes Payable

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Excise tax	37 819	47 293	29 509
Value added tax	12 175	11 740	9 846
Corporate income tax	2 367	594	99
Other	5 628	4 221	2 245
Total	**57 989**	**63 848**	**41 699**

17.4. Trade and Other Payables

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Trade payables	50 337	42 568	41 474
Accrued expense	9 944	7 586	8 666
Contingent consideration	3 345	499	748
Vacation reserve	2 061	1 522	1 724
Payables to related parties	1 619	1 642	3 679
Salaries payable	1 065	897	964
Advances received	686	255	119
Dividends payable	650	600	2 761
Deferred income	455	563	200
Other payables	4 161	2 594	1 223
Total	**74 323**	**58 726**	**61 558**
Out of that:			
Non-current	3 000	614	247
Current	71 323	58 112	61 311

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 18.6.**

Contingent consideration is related to acquisition of the Indie Brands group entities, Amber Beverage Austria and Walsh Whiskey group entities **(see Note 11.1).**

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.

18. 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.

18.1. 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 market prices. The Group's exposure is primarily to the financial risks 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 19).**

18.2. 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 18.3** and **18.4**).

18.3. Interest Rate Risk

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 2021 are not hedged (see also Note 19).

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

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
At floating rates	58 461	45 963	39 238
Total	**58 461**	**45 963**	**39 238**

		Effect on profit before tax	
Currency on the the borrowing	**Change in basis points**	**2021 EUR 000**	**2020 EUR 000**
EUR	+30	156	130
	-30	(156)	(130)
RUB	+30	13	8
	-30	(13)	(8)

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 fair value interest rate risk.

18.4. Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising mainly from the U.S. dollars, Australian dollars, Russian rubbles, 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:

	31/12/2021 CUR 000	31/12/2020 CUR 000	31/12/2019 CUR 000
Financial assets in RUB	1 620 863	1 121 600	1 042 327
Financial liabilities in RUB	(1 823 017)	(1 476 691)	(1 515 161)
Open position in RUB, net	(202 154)	(355 091)	(472 834)
Open position in RUB calculated in EUR, net	**(2 370)**	**(3 882)**	**(6 759)**
Financial assets in USD	4 793	2 547	3 658
Financial liabilities in USD	(2 363)	(1 837)	(3 801)
Open position in USD, net	2 430	710	(143)
Open position in USD calculated in EUR, net	**2 146**	**579**	**(127)**

	31/12/2021 CUR 000	31/12/2020 CUR 000	31/12/2019 CUR 000
Financial assets in GBP	17 146	9 903	12 222
Financial liabilities in GBP	(23 100)	(5 576)	(4 399)
Open position in GBP, net	(5 954)	4 327	7 823
Open position in GBP calculated in EUR, net	**(7 086)**	**4 813**	**9 195**
Financial assets in MXN	1 093	14 420	23 556
Financial liabilities in MXN	(49 627)	(3 367)	(7 685)
Open position in MXN, net	(48 534)	11 053	15 871
Open position in MXN calculated in EUR, net	**(2 097)**	**453**	**748**
Financial assets in AUD	11 707	16 468	14 299
Financial liabilities in AUD	(3 880)	(1 175)	(12 987)
Open position in AUD, net	7 827	15 293	1 312
Open position in AUD calculated in EUR, net	**5 012**	**9 561**	**820**

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:

	2021		2020	
	Change in currency rate	Effect on equity, EUR 000	Change in currency rate	Effect on equity, EUR 000
RUB	+50%	790	+10%	353
	-5%	(125)	-10%	(432)
USD	+10%	(196)	+10%	(53)
	-10%	238	-10%	64
GPB	+10%	644	+10%	(438)
	-10%	(787)	-10%	535
MXN	+10%	191	+10%	(41)
	-10%	(233)	-10%	50
AUD	+10%	(455)	+10%	(869)
	-10%	557	-10%	1 062

18.5. Credit risk

Credit risk is the risk that a counter-party 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 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.

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Issued loans to Group companies	23 686	30 472	24 987
Non-current financial assets	2 810	2 734	3 163
Net trade receivables	103 803	85 239	92 610
Receivables from related parties	35 878	24 937	20 828
Other debtors	5 987	6 006	6 745
Cash	7 442	8 356	8 142
Total	**179 605**	**157 744**	**156 475**

The largest concentration of credit risk arises from the debts of Group companies and loan issued to Group companies: on 31 December 2021 33% of total positions are related to Group companies (31.12.2020: 35%). 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 2021 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 2021 was determined for trade receivables, as follows:

31 December 2021	TOTAL	Not due	1-90	91-180	181-270	270-360	361-
Gross carrying amount - Trade receivables	106 407	91 281	12 107	1 043	141	155	1 680
Expected loss rate		0.45%	0.95%	15%	65%	100%	100%
Loss allowance	**(2 604)**	**(406)**	**(115)**	**(156)**	**(92)**	**(155)**	**(1 680)**

31 December 2020	TOTAL	Not due	1-90	91-180	181-270	270-360	361-
Gross carrying amount - Trade receivables	88 008	76 072	9 168	441	140	184	2 003
Expected loss rate		0.45%	0.95%	15%	65%	100%	100%
Loss allowance	**(2 769)**	**(338)**	**(87)**	**(66)**	**(91)**	**(184)**	**(2 003)**

31 December 2019	TOTAL	Not due	1-90	91-180	181-270	270-360	361-
Gross carrying amount - Trade receivables	95 152	76 874	13 158	3 363	438	567	752
Expected loss rate		0.4%	0.95%	15%	65%	100%	100%
Loss allowance	**(2 542)**	**(309)**	**(125)**	**(504)**	**(285)**	**(567)**	**(752)**

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:

	2021 EUR 000	2020 EUR 000	2019 EUR 000
As at 1 January	**2 769**	**2 542**	**2 230**
Acquired through business combination	–	13	125
Increase in loss allowance recognized in profit or loss during the year	501	1 132	379
Receivables written off during the year as uncollectible	(344)	–	(91)
Foreign exchange differences	343	(233)	140
Unused amounts reversed	(665)	(685)	(241)
At 31 December	**2 604**	**2 769**	**2 542**

18.6 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 2021.

31/12/2021

Financial liabilities	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total contractual cash flows EUR 000	Carrying amount EUR 000
Interest bearing loans and borrowings	60 185	48 000	–	108 185	101 954
Leases	2 868	5 066	–	7 934	7 148
Derivative financial instruments	–	68	–	68	68
Trade and other payables	111 660	–	–	111 660	111 660
Total:	**174 713**	**53 134**	**–**	**227 847**	**220 830**

31/12/2020

Financial liabilities	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total contractual cash flows EUR 000	Carrying amount EUR 000
Interest bearing loans and borrowings	47 417	25 656	–	73 073	67 734
Leases	2 780	4 439	–	7 219	6 517
Derivative financial instruments	–	167	–	167	167
Trade and other payables	109 123	601	–	109 724	109 724
Total:	**159 320**	**30 863**	**–**	**190 183**	**184 142**

31/12/2019

Financial liabilities	Less than 1 year EUR 000	Between 2 and 5 years EUR 000	More than 5 years EUR 000	Total contractual cash flows EUR 000	Carrying amount EUR 000
Interest bearing loans and borrowings	18 477	56 123	31	74 631	66 852
Leases	3 043	6 080	–	9 123	8 238
Derivative financial instruments	–	192	–	192	192
Trade and other payables	90 347	231	–	90 578	90 578
Total:	**111 867**	**62 626**	**31**	**174 524**	**165 860**

As at 31 December 2021, the Group has further EUR 5 735 thousand (31.12.2020. EUR 12 695 thousand) of undrawn facilities available under the terms of credit line agreements with financial institutions.

18.7. 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.

18.8. Financial Assets and Financial Liabilities

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Financial assets			
Loans to related parties	23 686	30 472	24 987
Loans to other	2 810	2 734	2 730
Trade and other receivables	139 681	110 176	113 776
Other assets	4 382	4 824	3 711
Other receivables	2 416	1 603	3 700
Cash and cash equivalents	7 442	8 356	8 142
Total	**180 417**	**158 165**	**157 046**
Financial liabilities			
Loans from credit institutions	93 167	58 216	55 558
Derivative financial instruments	68	167	192
Loans from related parties	8 787	9 516	11 294
Lease liabilities	7 148	6 517	8 238
Trade and other payables	111 281	108 913	96 865
Other liabilities	17 230	12 599	5 455
Total	**237 680**	**195 928**	**177 592**

19. 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.

Current interest bearing loans and borrowings	**Interest rate %**	**Maturity**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**	**31/12/2019 EUR 000**
Bank overdrafts - Luminor	EONIA + 2.5%	31/01/2022	21 377	13 136	3 578
Bank overdrafts - OTP bank	9%	02/06/2022	2 345	2 187	2 859
Bank overdrafts - Sberbank	MosPrime + 2.4%	22/06/2022	802	–	916
Bank overdrafts - VTB bank	MosPrime + 1.85%	10/10/2022	356	328	429
Bank overdrafts - Rosbank	MosPrime + 2.2%	24/10/2022	879	731	–
Bank overdrafts - BlueOrange Bank	4%	14/12/2022	9 941	–	–
Bank overdrafts - Royal Bank of Scotland	3%	16/11/2022	1 948	688	–
EUR 27m bank loan - Credit Suisse (Amber Beverage Group Holding)	3M EURIBOR + 2.4%	03/12/2023	–	27 000	–
EUR 8.9m bank loan - Luminor (Latvijas balzams)	1M EURIBOR + 2.65%	31/12/2023	311	311	269
EUR 5m bank loan - Luminor (Amber Distribution Latvia)	1M EURIBOR +2.50%	31/12/2023	153	153	–
EUR 0.6m bank loan - Luminor (Amber Distribution Latvia)	3M EURIBOR + 2.50%	31/12/2023	58	58	–
EUR 1m bank loan - Luminor (Amber Distribution Latvia)	3M EURIBOR + 2.50%	31/12/2023	100	100	–
EUR 7m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	1 636	1 636	1 418
EUR 1.5m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	311	311	–
GBP 50k loan - Bank of Scotland (Indie Brands)	2.50%	26/10/2026	12	–	–
EUR 13m bank loan - BlueOrange Bank AS (Bennet Distributors)	4.5%		–	–	5 858
EUR 3.6m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	831	831	720
EUR 0.5m bank loan - Sparkasse (Mountain Spirits Osterreich)	3M EURIBOR + 0.75%	30/06/2025	125	–	–
GBP 15m loan - Greenwood Capital Europe (Amber Beverage Group Holding)	7%	22/10/2022	17 851	–	–
Accrued interest on bank loans			85	41	72
Loans from related parties (EUR)	3%	31/12/2022	9	6	–
Loans from related parties (MXN)	8%	30/09/2025	49	82	–
Loans from related parties (AUD)	10%	01/12/2024	–	28	63
Total current interest-bearing loans and borrowings			**59 179**	**47 627**	**16 182**

Non-current interest bearing loans and borrowings	Interest rate %	Maturity	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
EUR 8.9m bank loan - Luminor (Latvijas Balzams)	1M EURIBOR + 2.65%	31/12/2023	580	891	1 077
EUR 1m bank loan - Luminor (Amber Distribution Latvia)	3M EURIBOR + 2.5%	31/12/2023	300	400	500
EUR 0.6m bank loan - Luminor (Amber Distribution Latvia)	3M EURIBOR + 2.5%	31/12/2023	175	233	292
EUR 5m bank loan - Luminor (Amber Distribution Latvia)	1M EURIBOR +2.5%	31/12/2023	458	610	763
EUR 27m bank loan - Credit Suisse (Amber Beverage Group Holding)	3M EURIBOR + 2.4%	03/12/2023	27 000	–	27 000
EUR 7m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	3 054	4 690	5 671
EUR 1.5m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	934	1 245	1 556
EUR 3.6m bank loan - Luminor (Amber Beverage Group Holding)	3M EURIBOR + 2.75%	31/12/2023	1 251	2 082	2 580
GBP 50k loan - Bank of Scotland (Indie Brands)	2.50%	26/10/2026	46	56	–
EUR 0.5m bank loan - Sparkasse (Mountain Spirits Osterreich)	3M EURIBOR + 0.75%	30/06/2025	250	500	–
Loans from related parties (EUR)	3%	31/12/2023	61	51	–
Loans from related parties (MXN)	8%	30/09/2025	3 647	4 903	–
Loans from related parties (AUD)	10%		–	–	6 252
Loans from related parties (RUB)	6–11%	31/12/2023	4 988	4 417	4 948
Loans from related parties (USD)	1.575%	22/12/2025	31	29	31
Total non-current interest-bearing loans and borrowings			**42 775**	**20 107**	**50 670**
Total interest-bearing loans and borrowings			**101 954**	**67 734**	**66 852**

	2021 EUR 000	2020 EUR 000
Opening balance	67 734	66 852
Acquired through business combinations	2 350	1 652
Acquired through reorganisation of the Group	–	58
Borrowings received	37 830	20 348
Net change in overdrafts	10 244	9 193
Borrowings repaid	(17 256)	(28 598)
Foreign exchange differences	923	(1 938)
Calculated interest	2 747	2 377
Interest paid	(2 618)	(2 210)
Closing balance	**101 954**	**67 734**

Fulfilment of the Group's liabilities 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, Fabrica de Tequilas Finos 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.

The Group is subject to certain covenants related primary to its borrowings from Luminor Bank AS Latvian branch, Credit Suisse AG, BlueOrange Bank AS and banks in Russia. The Group is constantly monitoring the compliance with financial covenants as agreed with the respective lenders and is communicating on their fulfilment.

20. 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 2.75% 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.

	2021 EUR 000	2020 EUR 000
As at 1 January	**6 517**	**8 238**
Additions	1 822	130
Acquired through business combination	45	–
Impact on changes in assumptions	1 505	920
Negative variable consideration	(220)	(172)
Interest	223	(37)
Payments	(2 732)	(2 427)
Foreign exchange difference	(12)	(135)
As at 31 December	**7 148**	**6 517**
Accounted as:		
Non-current liabilities	4 389	3 910
Current liabilities	2 759	2 607
Total	**7 148**	**6 517**

21. Capital Management

The capital structure is managed at the Group level on an ongoing basis. During the reporting period, there were no changes in capital management objectives, policies or processes to ensure capital sufficiency, the Management of the Group proposes to leave the profit of reporting period not distributed.

The Management controls the gearing ratio, calculated as net debt (interest bearing loans and borrowings, leases net of cash and cash equivalents) to equity. As of 31 December 2021 the gearing ratio is 57% (31.12.2020: 40%) and ratio equity to total assets is 42% (31.12.2020: 45%).

Net debt calculation is presented as follows:

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Cash and cash equivalents **(Note 27)**	7 442	8 356	8 142
Interest bearing loans and borrowings **(Note 19)**	(101 954)	(67 734)	(66 852)
Leases **(Note 20)**	(7 148)	(6 517)	(8 238)
Total net debt	**(101 660)**	**(65 895)**	**(66 948)**

	Cash and cash equivalents EUR 000	Leases due after 1 year EUR 000	Leases due within 1 year EUR 000	Borrowings due after 1 year EUR 000	Borrowings due within 1 year EUR 000	Total EUR 000
Net debt as at 1 January 2020	**8 142**	**(5 416)**	**(2 822)**	**(50 670)**	**(16 182)**	**(66 948)**
Cash flows	**(157)**	**–**	**2 427**	**6 467**	**23 385**	**32 122**
New leases and borrowings	–	(130)	–	(500)	(30 215)	(30 845)
Other non-cash movement	371	1 636	(2 212)	24 596	(24 615)	(224)
Net debt as at 31 December 2020	**8 356**	**(3 910)**	**(2 607)**	**(20 107)**	**(47 627)**	**(65 895)**
Cash flows	(1 109)	–	2 732	–	17 256	18 879
New leases and borrowings	–	(1 822)	–	–	(48 075)	(49 897)
Other non-cash movement	195	1 343	(2 884)	(22 668)	19 267	(4 747)
Net debt as at 31 December 2021	**7 442**	**(4 389)**	**(2 759)**	**(42 775)**	**(59 179)**	**(101 660)**

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 2021 is EUR 12 500 (31.12.2020: 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 spirtovoye predpriyatye “Talvis” AO (in 2021 renamed to 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 (in 2021 renamed to 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. (in 2019 renamed to 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 Real Estate Holding Sarl.

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.

24. Non-Controlling Interest

	2021 EUR 000	2020 EUR 000
Opening balance	10 086	9 307
Share of profit for the period	2 267	1 076
Dividends	(381)	(46)
Foreign exchange differences	36	(251)
Closing balance	**12 008**	**10 086**

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 Issued

The Group entity - Latvijas balzams AS - had issued a guarantee to Luminor Bank AS Latvian branch for the related company S.P.I. Spirits (Cyprus) Ltd. of EUR 13.2 million, resulting from Overdraft agreement signed in July 2007. In 2021 the overdraft agreement was closed, thus the guarantee has been terminated.

25.2. Guarantees Received

In 2015, Luminor Bank AS Latvian Branch has issued two guarantees to the Group entities Latvijas balzams AS and Amber Distribution Latvia SIA for total maximal amount of EUR 938 thousand. The applied interest rate is EURIBOR + 2.05% maturity date – 31 December 2025.

25.3. Trademark Related Contingencies

Moskovskaya® case

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 than 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 has claimed recognition of its ownership of Soviet vodka brands owned by SPI Group in a number of jurisdictions. SPI is actively defending those lawsuits.

Amber Beverage Group Holding, through its subsidiary, holds the title for MOSKOVSKAYA® trademark registrations in various jurisdictions, a number of which are subject to ongoing disputes.

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. 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 ZHS IP Europe Sarl. An initial court hearing is expected in Q4 of 2022.

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.

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 may appeal this decision.

Greece: In July 2014, SPI received a decision in its favour 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 a hearing is expected sometime in Q4 2022.

Vietnam: In April 2014, SPI was informed that certain international registrations in Vietnam had been transferred to FKP. As a result, the SPI cannot currently sell its 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: In July 2018, FKP filed a complaint against Spirits and ZHS IP Worldwide but was not able to complete valid service. Service was confirmed in May 2019 and the case is proceeding. A witness hearing was held in December 2020.

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. The court also ordered SPI to cease the use of the trademark STOLI in Benelux. 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 Stolichnaya and Moskovskaya in order to determine the amount of damages that will have to be paid by Spirits International B.V. (Spirits). In July 2018 FKP initiated preliminary relief proceedings. The preliminary relief judge ordered Spirits to provide a bank guarantee in the amount of EUR 6 million (which Spirits 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, the report that Spirits had previously provided as required by the Court of Appeal showed no profit for the relevant period. This report will be analyzed on its merits in future proceedings.

Interbaltija trademark case

On 20 March 2021, AS Interbaltija AG (IB) graphic trademark "Interbaltija Fine Wine & Spirits" was registered with Latvian Patent Office. On 18 June 2021 SIA "Eirovīns Īpašumi" raised objections in regard of registered trademark on the basis of similarity of one particular element (the picture of grapes in logo) and scope of trademark registration (wholesale and retail services for alcoholic and non-alcoholic beverages and their ingredients) to their previously registered graphic trademark EIROVĪNS. Currently both parties provided their argumentation and exchanged with the replies in regard of the opponent`s claims. The Appellation Council will review the case 2022 in written process. The Group evaluates IB chances to receive positive decision as above average due to the fact that the only similar element in the trademarks is grape picture, which is commonly used in services related to alcoholic beverages, and the word part of the trademarks are completely different.

25.4 Lawsuit Related Contingencies

Ierosme case

In 2015 the Group's subsidiary Latvijas balzams AS (LB) carried out a reorganization by way of merger with Daugavgrivas 7 SIA. Daugavgrivas 7 SIA was a defendant in the lawsuit against Interjeru iekārtošanas un restaurācijas firma "Ierosme" SIA (Ierosme). The claim relates to construction work done for a total amount of EUR 248 thousand, including fines and interest. Daugavgrivas 7 SIA has filed the counter claim for the compensation of losses for the total amount of EUR 882 thousand. LB joined as a defendant in the lawsuit against Ierosme as a limited liability company Daugavgrivas 7 legal successor.

On 14 October 2016 the Latvian Supreme Court ruled Ierosme claim against LB for debt of EUR 111 thousand and the amount of penalty of EUR 75 thousand of the recovery, and LB counterclaim against Ierosme SIA for damages of EUR 882 thousand and offsetting and judged to dismiss both claims.

On 19 January 2017 Ierosme has appealed a cassation with request to set aside the judgment in relation to rejection of LB debt and penalty recovery and refer the case for retrial. By the judgment of the Senate of the Republic of Latvia of 12 September 2019, the judgment of the Chamber of Civil Cases of the Supreme Court of 14 October 2016 has been annulled and the case has been remanded to the Riga Regional Court.

On 20 October 2020, the Court decided to satisfy the claim of Ierosme against LB for debt and penalty recovery. LB appealed the judgment by filing a cassation appeal. On 28 April 2021 the Court rejected the appeal in part on claim of the debt recovery. Therefore the ruling on recovery of the debt in amount of EUR 111 thousand from the LB came into force. Meanwhile, the appeal in part on recovery of the penalty was satisfied. The proceedings are still ongoing. The Group considers the legal proceeding as insufficiently grounded, therefore no accruals in these respects have been recognized.

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 to 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 and points out that the amount of the claim may increase if ADLV's guilt is proven. 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. (until 23 December 2021 known as S.P.I. Group S.a r.l.)) 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 owners of the Group is Mr. Yuri Schefler.

26.1. Trading Transactions

	Amounts owed by related parties			Amounts owed to related parties		
	31/12/2021 EUR 000	**31/12/2020 EUR 000**	**31/12/2019 EUR 000**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**	**31/12/2019 EUR 000**
Parent Company	6 214	985	719	21	9	635
Other related parties	29 664	23 952	20 109	1 598	1 633	3 044
Total controlled by the Ultimate controlling party	**35 878**	**24 937**	**20 828**	**1 619**	**1 642**	**3 679**

	Sale of services and goods		Purchase of services and goods	
	2021 EUR 000	**2020 EUR 000**	**2021 EUR 000**	**2020 EUR 000**
Parent Company	1	–	51	165
Other related parties	43 869	41 205	142	594
Total controlled by the Ultimate controlling party	**43 870**	**41 205**	**193**	**759**

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 2021 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31.12.2020: 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

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Loans to related parties			
Issued by Parent Company			
Non-current portion	20 698	28 268	23 329
Current portion	2 856	2 204	1 506
Total:	**23 554**	**30 472**	**24 835**
Issued by other companies			
Non-current portion	132	–	152
Total:	**132**	**–**	**152**
Total loans to related parties	**23 686**	**30 472**	**24 987**
Loans from related parties			
Received by Parent Company			
Non-current portion	3 647	4 821	6 252
Current portion	49	110	63
Total:	**3 696**	**4 931**	**6 315**
Received by other companies			
Non-current portion	5 082	4 579	4 979
Current portion	9	6	–
Total:	**5 091**	**4 585**	**4 979**
Total loans from related parties	**8 787**	**9 516**	**11 294**

Loans to and from related parties have been issued to and received from related parties within Stoli Group (previously - SPI Group). The non-current loans issued to related parties are not secured and are maturing in 2022-2025. The Group has applied fixed interest rate of 3-7% (2020: 3-7%) 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 2022-2025, with fixed interest rates of 3-11%.

26.3. Compensation to key management personnel

	2021 EUR 000	2020 EUR 000
Short-term employee benefits	3 614	3 042
Social security costs	512	486
Total	**4 126**	**3 528**

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

27. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

	31/12/2021 EUR 000	31/12/2020 EUR 000	31/12/2019 EUR 000
Cash at bank	7 243	8 200	7 923
Petty cash	6	3	3
Cash in shops	69	126	137
Cash in transit	124	27	79
Total	**7 442**	**8 356**	**8 142**

Cash at bank includes restricted cash in the amount of EUR 241 thousand (31.12.2020: EUR 392 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.

28. Group Information

Name	Principal activities	Country of incorporation/ operations	% Equity interest 31/12/2021	% Equity interest 31/12/2020
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 [1]	Distribution	Lithuania	100%	100%
Amber Beverage UK Ltd [1]	Distribution	the UK	100%	100%
Amber Beverage Australia Pty Ltd [1]	Distribution	Australia	100%	90%
Amber Beverage Austria GmbH [1]	Distribution	Austria	90%	90%
Amber Beverage Germany GmbH [1,2]	Distribution	Germany	100%	90%
Indie Brands Ltd	Distribution	the UK	75%	75%
Indie Spirits Ltd	Distribution	the UK	75%	75%
WW Equity House Holding Ltd [3]	Holding activities	Ireland	100%	–
WW Equity House Trading Ltd [3]	Distribution and Brand management	Ireland	100%	–
Amberbev International Ltd	Distribution	Cyprus	100%	100%
Latvijas balzams AS	Production of alcoholic beverages	Latvia	89.99%	89.99%
Fabrica de Tequilas Finos, S.A. de C.V.	Production of alcoholic beverages	Mexico	100%	100%
FTF Agro S.A. de C.V.	Agricultural activities	Mexico	100%	100%
Amber Permalko AO [1]	Production of alcoholic beverages	Russia	92.6%	92.6%
Amber Talvis AO [1]	Rectification of ethyl alcohol	Russia	72.87%	72.87%
Remedia AS	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	Real estate management	Latvia	100%	100%
Skoniu Krastas UAB	Dormant	Lithuania	100%	100%
Amber Beverage Group UK Limited [4]	Dormant	the UK	–	100%
Cellar Trends Holding Limited [4]	Dormant	the UK	–	100%

1 In 2021 the Group started the rebranding of its subsidiaries. As the result, in 2021 Bennet Distributors UAB was renamed to Amber Beverage Lithuania UAB, Cellar Trends Ltd to Amber Beverage UK Ltd, Tambovskoye spirtovoye predpiyatyie “Talvis” AO to Amber Talvis AO, Permalko AO to Amber Permalko AO, Mountain Spirits Österreich GmbH to Amber Beverage Austria GmbH, Mountain Spirits Deutschland GmbH to Amber Beverage Germany GmbH.

2 On 11 November 2021 the reorganisation process of Amber Beverage Germany GmbH was executed, that resulted in Parent Company obtaining direct control and becoming a sole shareholder of the company.

3 On 8 November 2021 the Parent company through acquisition of 100% share capital of WW Equity House Holding Ltd gained control WW Equity House Trading Ltd – brand management company in Ireland. WW Equity House Holding Ltd is the sole shareholder of WW Equity House Trading Ltd.

4 On 28 June 2021 as part of reorganisation of the Group the liquidation of dormant UK based ex holding companies Amber Beverage Group UK Ltd and Cellar Trends Holding Ltd was finalized.

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.

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. To provide full 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 income statement. A new subtotal called 'Net revenue' is added. 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.

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 in the following measurement categories:

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

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

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

The 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.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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 statement of comprehensive income 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. 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. 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 pension insurance and to the state funded pension schemes 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.

30. Impact of COVID-19

During the preparation of Financial statements, the Group has considered the future potential effects on the Group arising from the COVID-19 pandemic. The impact of the COVID-19 has been reflected in the measurement of assets and liabilities in these consolidated financial statements.

31. Events After the Balance Sheet Date

Subsequently to the year end the Group extended the overdraft facility of EUR 22.7 million with Luminor Bank AS Latvian branch until 31 January 2023.

Subsequently to the year-end following the Russian invasion of Ukraine, the USA and European institutions strengthened existing and imposed new sanctions upon selected financial and other entities in Russia. These events had immediate direct effect on foreign exchange markets (valuating the Russian Ruble against EUR and USD), as well as triggering necessity to review the existing supply chains for several production and distribution entities within the Group. The management considers that such changes shall be having temporary impact on Group's business model. Also it is considered that these are non-adjusting subsequent events for impairment testing purposes. The Group's management along with the local managements are constantly monitoring development and are adjusting business model to fully comply with the respective sanction regimes and to maintain sustainable business model.

With the purpose to strengthen the Group's position, worldwide recognition, and ABG's corporate identity, in 2022 the Group has continued the Amber renaming project. As a result as of 1 May 2022 Latvijas balzams AS has been renamed to Amber Latvijas balzams AS.

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 Managers' Responsibilities

The managers are responsible for preparation of the consolidated financial statements in accordance with applicable law and regulations. Under that law, the managers have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

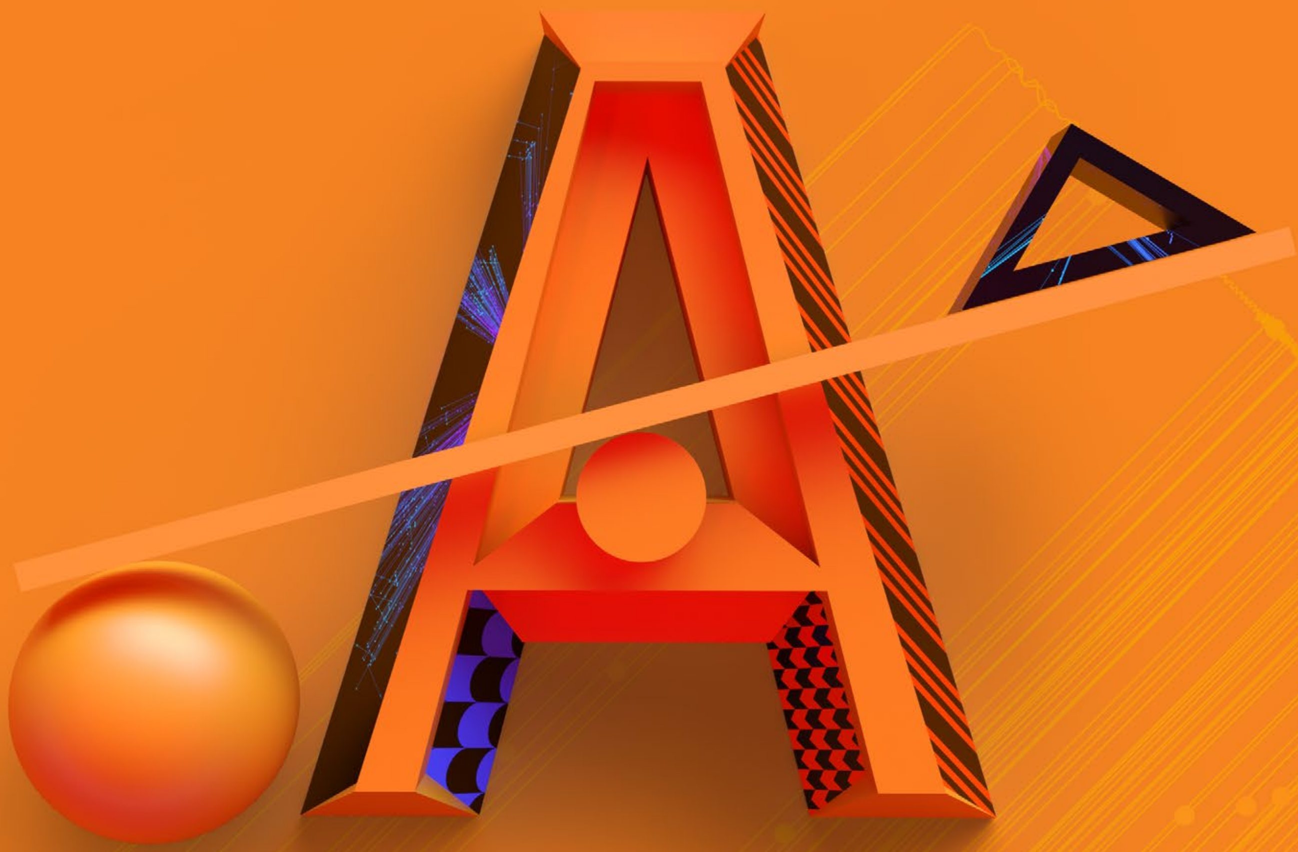
In preparing the consolidated financial statements, the managers should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business as a going concern.

The managers are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Group and which enable the managers to ensure that the consolidated financial statements comply with the IFRS as adopted by the EU. This responsibility includes designing, implementing and maintaining such internal control as the managers determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The managers are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Managers and signed on its behalf on 3 May 2022 by:

Jekaterina Stuge
Chairman of the Board of Managers



Independent Auditor’s Report

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256) R.C.S. Luxembourg B 65 477 - TVA LU25482518

Audit report
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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2021;
- 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, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with 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 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, 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.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report 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 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 IFRSs 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.

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 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 Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment 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.

Report on other legal and regulatory requirements

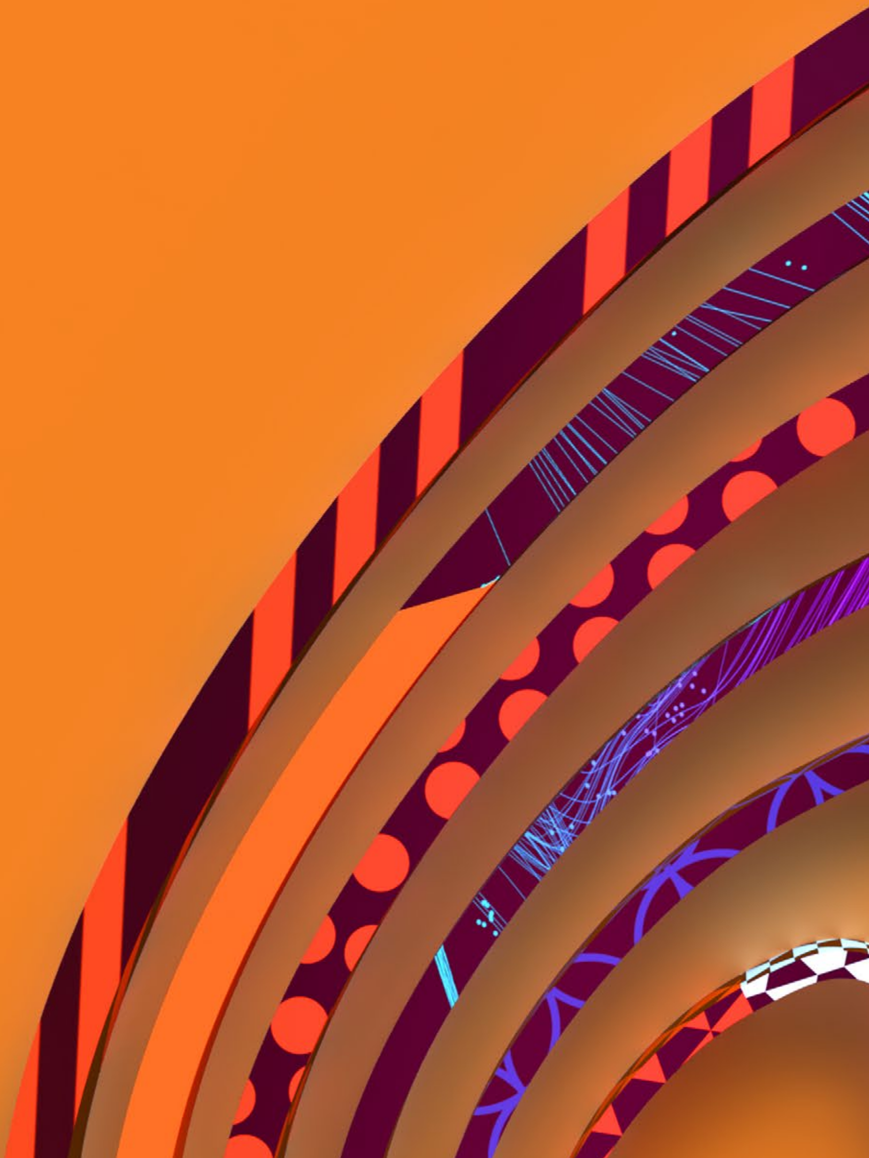
The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Andrei Chizhov
Luxembourg, 3 May 2022

AMBER
BEVERAGE GROUP

Production Logistics Distribution Retail



AMBER
BEVERAGE GROUP

Production Logistics Distribution Retail