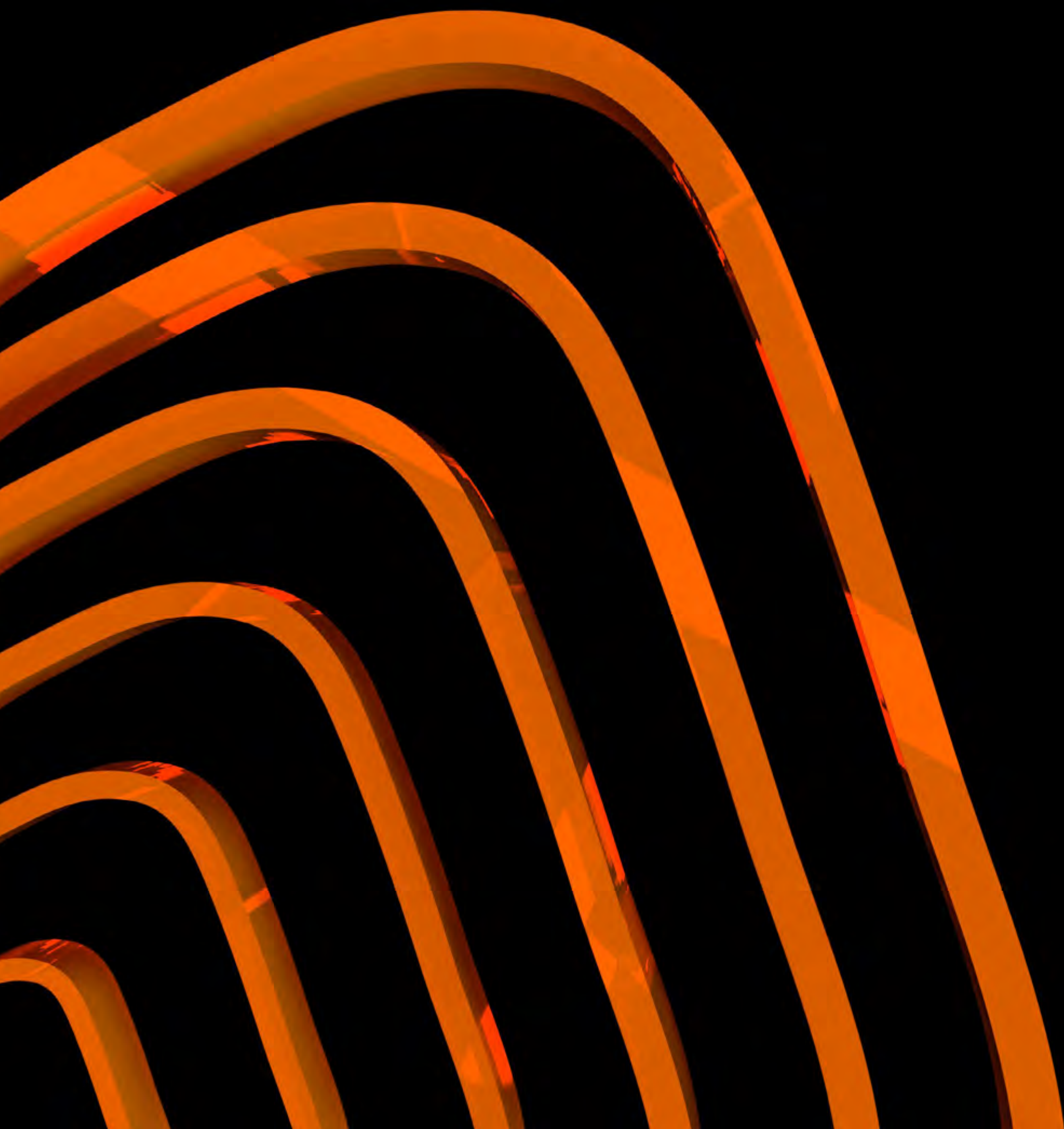
Ambitious Minds
Bring Excellent Results

Annual Report 2022



AMBER BEVERAGE GROUP

Production Logistics Distribution Retail

“Amber Beverage Group is on its way to become one of the Top 10 spirits industry players globally.”

Jekaterina Stuģe
Group Chief Executive Officer and
Chairman of the Board

Strategic Report

Contents

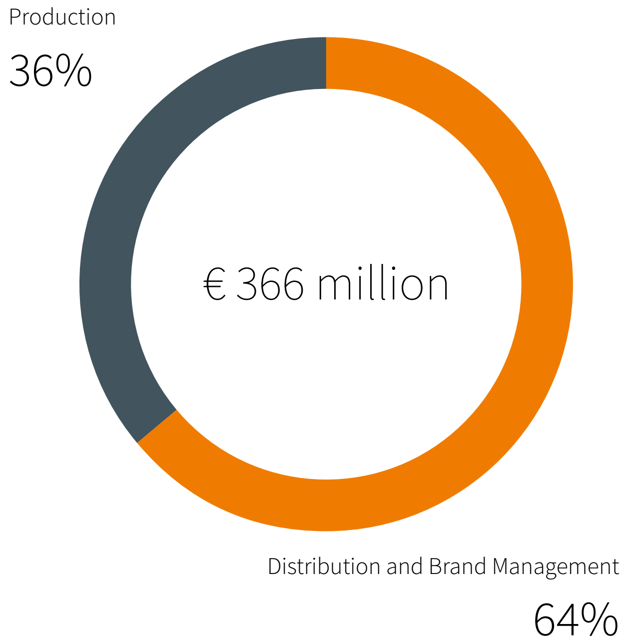
The Group at a Glance

Amber Beverage Group (ABG) is a rapidly growing global spirits company, whose products are found in millions of households and venues across the globe. ABG is a leading producer, distributor, logistic service provider and retailer of beverages. It operates internationally from its head office in Luxembourg and through its production and distribution companies in 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 2022



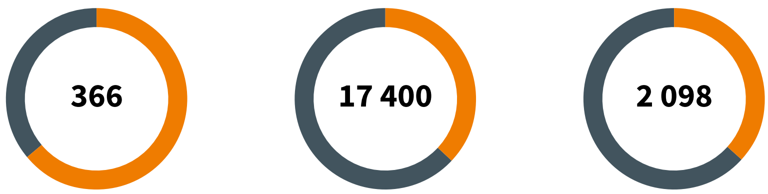
Highlights

Volume	17.4m 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 18%
Volume change -2%

Net revenue, mEUR — Production 36%
Volume, k9Lcs — Production 63%
Headcount — Production 1 324



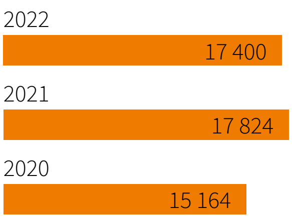
Distribution 64% — Distribution 37% — Distribution 774

Volume

Volume, k 9Lcs **17 400**

Reported movement ↓ -2%

Organic movement ↓ -2%

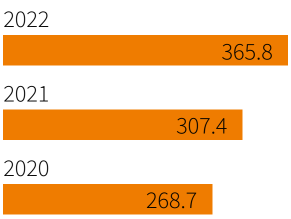


Net revenue

Net sales, m **€ 365.8**

Reported movement ↑ 18%

Organic movement ↑ 19%

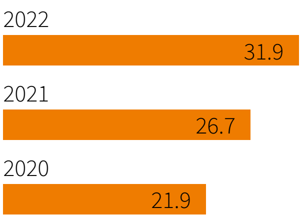


Operating Profit

Operating profit, m **€ 31,9**

Reported movement ↑ 19%

Organic movement ↑ 27%

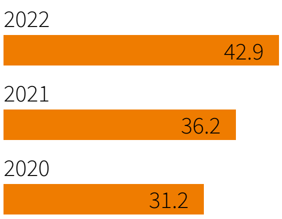


EBITDA

EBITDA*, m **€ 42.9**

Reported movement ↑ 18%

Organic movement ↑ 19%

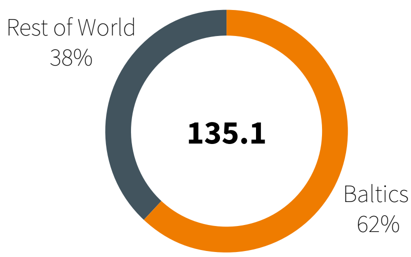


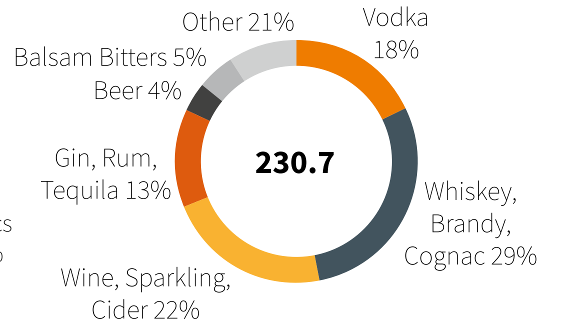
* Normalized for one-off items

Production

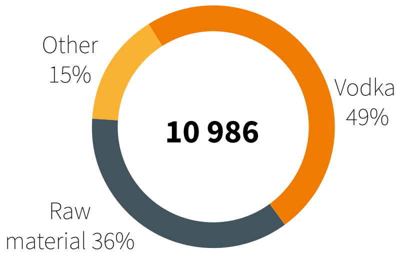
Distribution and Brand management

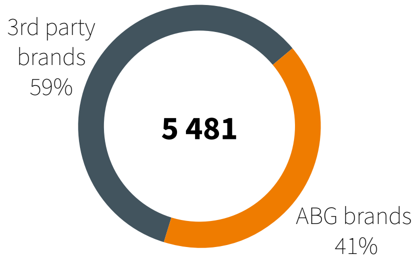
Net revenue, mEUR





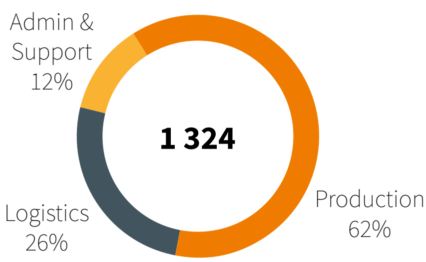
Volume, k9Lcs

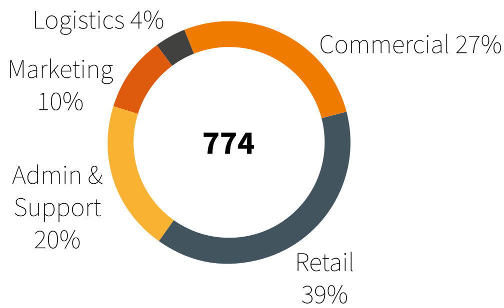




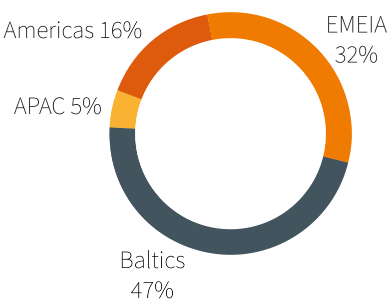
* Excluding 3rd party beer brand volume

Headcount

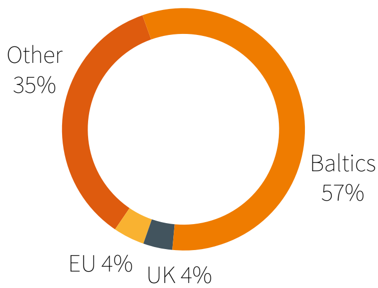




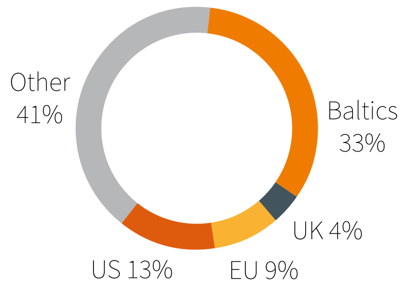
Net revenue by markets, mEUR



Volumes by point of sale



Volumes by end customer market



* 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

2020-2021

ABG formalizes its strategy for global growth – Sirius25

ABG names KAH® Tequila as a core brand. The Group invests in an exceptional field-to-bottle control over tequila production by acquiring two agave fields in Mexico

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

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

2022

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

ABG introduces two new expressions into the booming tequila category: Rooster Rojo® Ahumado Tequila and KAH® Extra Añejo Tequila

ABG launches a new party brand, BLACK 1752, a blend of herbal infusions, dark Caribbean rum, orange, and vanilla notes, laced with a mix of spices

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

Our Ambition

Chairman of the Supervisory Board Statement

Dear Reader,

I have only been a part of ABG for a short time, but I'm delighted to be able to share with you the work of the ambitious team that leads the company and to set out the company's results.

Our key message is that, despite an often-turbulent geopolitical and economic context, the company has continued to grow and to achieve excellent financial results. Two years ago, ABG devised the Sirius25 strategy with the aim of becoming one of the Top 10 spirits industry leaders globally. That strategy remains on track.

Awareness of Amber Beverage Group's core brands, including Rooster Rojo® Tequila, KAH® Tequila, Moskovskaya® Vodka, Riga Black Balsam®, Cross Keys Gin®, and Cosmopolitan Diva®, has continued to grow.

The company has successfully expanded into whiskey, with the new super-premium Irish Whiskey brands that the company acquired the previous year, The Irishman® and Writers' Tears®, effectively incorporated into the ABG portfolio and demonstrating excellent sales results.

In 2022, the Group also made a move in response to the ever-increasing demand for tequila. Rooster Rojo® Ahumado Tequila and Rooster Rojo® Smoked Pineapple Tequila are the names of the new smoke enhanced tequilas that were released by ABG. In addition, the Group expanded its KAH® Tequila portfolio by releasing an aged tequila expression in two different formats: KAH® Extra Anejo Tequila and KAH® Huichol Tequila, which is a luxury packaging style.

ABG's Moskovskaya® Vodka, which is one of the company's most important brands, also saw increased sales volumes in the year 2022. The company faced head-on the challenges of the name and its associations. ABG emphasised the Latvian roots of the brand and the Latvian location of the distillery that produces it, and confirmed to customers that all raw materials, including alcohol, bottles, labels, and closures, are sourced solely from within the European Union.

All of this was made possible by able, ambitious, and committed colleagues at every level. The international ABG sales team performed an outstanding job of opening new markets all over the world and growing the footprint of ABG core brands, while the ABG-owned distribution companies reinforced their relationships with brand owners. In the near future, too, ABG will build a fully automated high-bay warehouse in Riga, Latvia, ensuring ever more efficient stock management for its partners.

The company has maintained its status as a socially responsible company, for example contributing more than half a million euros to help the people of Ukraine, and sponsoring Ukraine's Men's Basketball Team.

Finally, I would like to express my gratitude to Jekaterina Stuģe, CEO of this forward-thinking company, for all she has done and invested in the growth of the Group in 2022, as well as to the rest of the Group's talented management team. The team has had to react very fast to changing circumstances – and have risen brilliantly to the challenge. I'd also like to thank my new colleagues on the Supervisory Board, Simon Crowe and Douglas Cunningham, who have brought fantastic insights and experience to bear. Our aims are to provide the management team with in-depth advice on how to streamline ABG operations and find efficiencies in the way the Group is working; how to continue growing the brands and develop sales; and helping them to accomplish the company's ambitious mission.

In short, ABG is fully on track with its ambition to become one of the world's Top 10 spirits companies and has shown its ability to adjust fast to a sometimes turbulent world.

Sir Geoffrey John Mulgan

Chairman of the Supervisory Board
26 May 2023

Sir Geoffrey John Mulgan
Chairman of the Supervisory Board

The Supervisory Board of Amber Beverage Group

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

Professor in University College London

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

Founder and Managing Partner of Monsar Capital

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

Experienced beverage industry professional, Founder of Indie Brands

Jekaterina Stuģe,
Supervisory Board member
(Since February 2018)

Experienced global commercial leader with a strong financial background and in-depth knowledge of business processes

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

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

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

Chief Executive Officer Statement

Dear Reader,

Amber Beverage Group's (ABG) Annual Report continues to be one of my favourite reads. This is because it is a reflection of the effort, dedication, and ingenuity of all our teams and the progress that we have managed to achieve. To me, every page of this Annual Report is remarkable, because it documents the countless triumphs of our Group – some small, some major, but all so significant. What you will read in the following pages proves once again that we are indeed a global industry player and that our core brands are successfully growing year after year.

2022 - a record year enabling further growth

The year 2022 has been a record year for the entire Amber Beverage Group. We accomplished sales of EUR 365.8 million and EBITDA of EUR 42.3 million, exceeding our expectations once again.

Our global strategy, Sirius25 - named after Sirius, one of the brightest stars in the night sky - is working flawlessly. It defines our approach to ABG's brand development in domestic and international markets, outstanding management of third-party brands, and excellence in production processes - all of which we highlight in this report.

Confidence in our core brands

We are excited about the continuous growth of our core brands thanks to the new alliances we created during 2022 in such markets as Algeria, Bahrain, Benelux, Ireland, Israel, Jordan, Nigeria, Poland, Serbia, Sweden, Tunisia, Turkey, and the United Arab Emirates. This comes as no surprise as our diverse portfolio includes several products that are currently on the rise, especially in the Tequila category - Rooster Rojo® Tequila and KAH® Tequila -and in the Irish Whiskey category - The Irishman® and Writers' Tears®. At the same time, we evidenced a strong overall performance of ABG global sales in our existing markets in EMEIA and GTR with a total value growth of +63%.

Continuous innovations expanding our portfolio

I am satisfied with all the innovations we have carried out for our core brands last year. It was a busy year at Amber Production Tequila, launching two new products: an exciting fifth expression in the fast-growing Rooster Rojo® Tequila range - an Ahumado (smoked) variant, and a premium aged expression of KAH® Extra Añejo. Together with the team at Amber Latvijas balzams, we launched a novelty addition to one of our senior core brands, Riga Black Balsam® - a new generation party brand called BLACK 1752®, which is a blend of herbal infusions, dark Caribbean rum, orange and vanilla notes, laced with a mix of spices. We also launched a special limited edition of Moskovskaya® Vodka, devoting 100% of the profits to support the people of Ukraine.

Our colleagues from Ireland unveiled a comprehensive rebranding of The Irishman® Irish Whiskey range, elevating the packaging to represent the superior liquid quality

Important milestones in securing our market position

2022 was a year of significant milestones for our brands. We celebrated the 270th anniversary of Riga Black Balsam® with an important trademark acquisition. We secured the trademark rights to this brand in Germany, the world's third largest market for bitters, completing the brand's full ownership by ABG across all territories. We secured the UK's first super-premium tequila listing in the multiple grocer, Tesco, which now stocks KAH® Tequila Blanco across over 500 Tesco stores in the UK and its online business. We signed several new partnerships for our brands including Diversa Spezialitäten GmbH in Germany, The Dandurand Group in Canada and elsewhere.

Extra stress on clarity of brand origins due to the war in Ukraine

Importantly, when the Ukrainian crisis made people take note of which vodkas are Russian and which are not, we emphasised that our core brand, Moskovskaya® Vodka, is a premium quality vodka brand made in Riga, Latvia, using 100% European Union-sourced materials. Conscious efforts to actively inform our customers and consumers about the origins of the brand helped us to protect listings and secured a brand growth of +16%.

Constant growth via partnerships

Third-party brand management is an important part of our business. We have maintained our fruitful partnerships with world-renowned producers and vintners of distilled spirits and wines, promoting their brands in the markets served by our trusted ABG distribution companies. We have also established new cooperation agreements with several major third-party brand owners in our routes-to-market: Torres Brandy, Desperados Beer from Heineken, and Warres Port from Symington in the Baltic States; Tenjaku Japanese Whisky and Gin from Minami Alps Wine and Beverage in Australia; Three Sixty Vodka, Déjà-Vu Aperitif, and Shatler's Cocktails in Austria, as well as Silent Pool Gin, Fritz Kola, Adriatico, Melbourne Gin, Mundo Tequila, and Fercullen Whiskey in the UK.

Navigating global instability and challenges

2022 was a turbulent time for almost all businesses, including those operating in the beverage industry. As a result of the invasion of Russian military forces in Ukraine in February 2022, we faced a number of significant challenges, notably an increase in prices for raw materials and energy, the availability of materials, a restructuring of supply chains to meet production plans approved by customers, as well as the need to review sales prices. Throughout the year, we continued to improve the efficiency of our production processes with a focus on purchasing, planning and infrastructure improvements to support our goal of delivering high-quality products with a competitive cost advantage.

Progressing towards becoming a Top 10 global sprits company

Thanks to our ability to adapt to the challenging conditions, I am confident that we will continue to move closer to our goal of becoming one of the Top 10 global spirits industry players. The global forecast for spirits in absolute figures without adjustments to inflation foresees stable growth of the industry through to 2025.

At Amber Beverage Group, we have ambitious goals and we continue to look at various M&A transactions and extensive development projects such as the development of an automated warehouse, for whose funding we will be issuing bonds in 2023.

Our aim is to be not just amongst the biggest, but amongst the best, in terms of sustainability and efficiency.

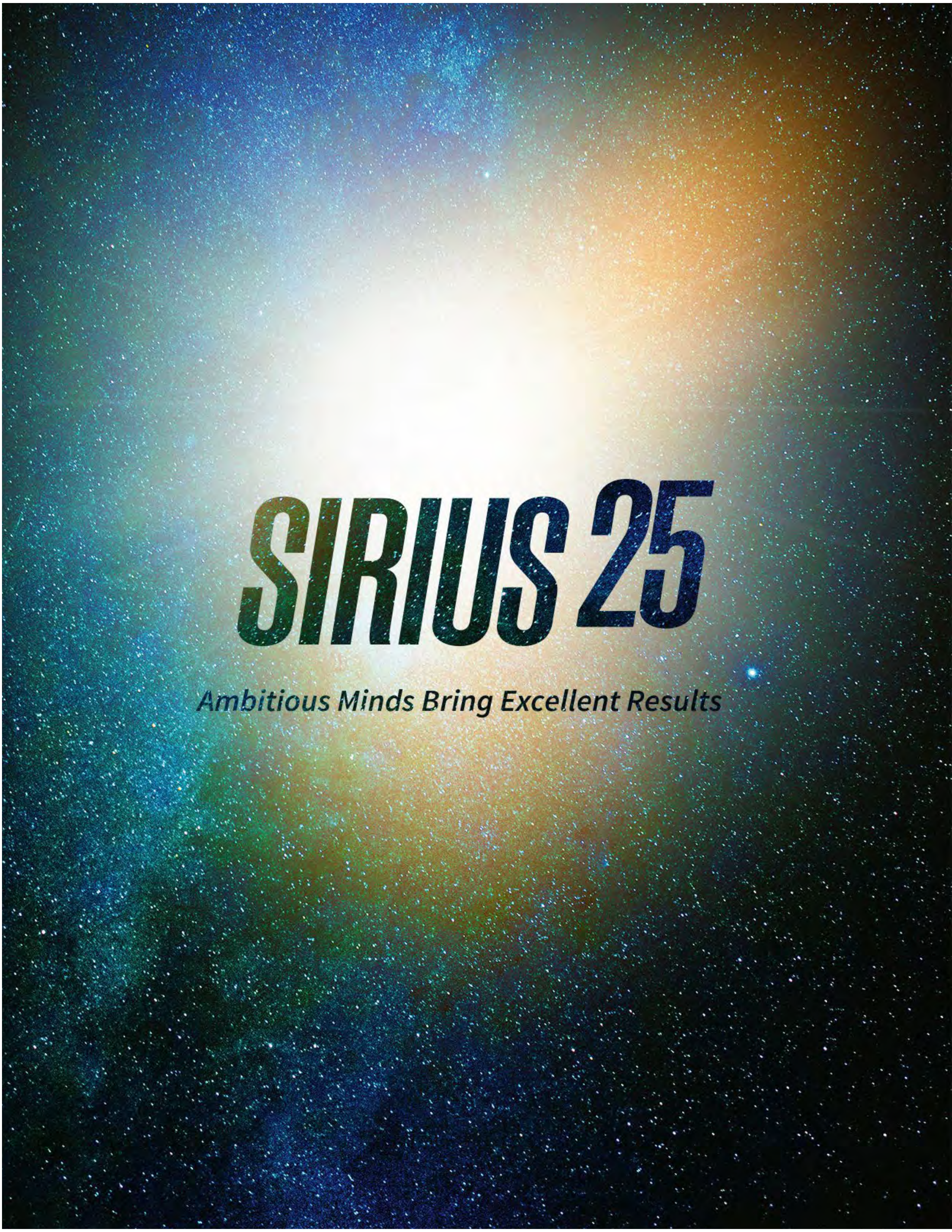
Each day we are creating a sustainable value chain to achieve strong revenue management, excellent execution of sales standards consistent across the Group, efficient production, and superb logistics processes. I am confident that all our brands and third-party products are in a strong position to continue their rapid growth in the year ahead.

As I mentioned earlier, this Annual Report is a great read to learn more about the rapidly growing Amber Beverage Group. I am grateful for the ambition, dedication, and great efforts of the whole ABG team numbering around 2 000 people in Europe, the UK, Australia, the Americas, and Asia.

On behalf of the management team, I take this opportunity to sincerely thank all our colleagues within Amber Beverage Group.

Jekaterina Stuģe

Group Chief Executive Officer and Chairman of the Board of Managers
26 May 2023


SIRIUS 25
Ambitious Minds Bring Excellent Results

Our Team

Creating the extraordinary. Everyday. Everywhere.

Our Team

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

Ruslan Romanenko,
Group Chief Financial Officer

Arturs Evarts,
Group Chief Legal Officer and
Sustainability Officer

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

Vangelis Smyrlis,
Chief Global Sales Officer,
Managing Director, EMEIA and Asia

Ewan MacLean,
Group Chief Operations Officer

Günther Rauner,
Commercial Excellence Director
Owned Route-To-Market and
Managing Director, Germany

Gabor Nagy,
Group Chief Human Resources
Officer

Pāvels Fiļipovs,
Managing Director,
Latvia

Marek Kuklis,
Managing Director,
Lithuania

Patrick Borg,
Managing Director,
Australia

Sam Thackeray,
Managing Director,
UK

Markus Panzl,
Managing Director,
Austria

Intars Geidāns,
Managing Director,
Amber Latvijas balzams

David Tenorio,
Managing Director,
Amber Production Tequila

Bernard Walsh,
Managing Director,
Walsh Whiskey

Chief Financial Officer Statement

Ruslan Romanenko
Chief Financial Officer

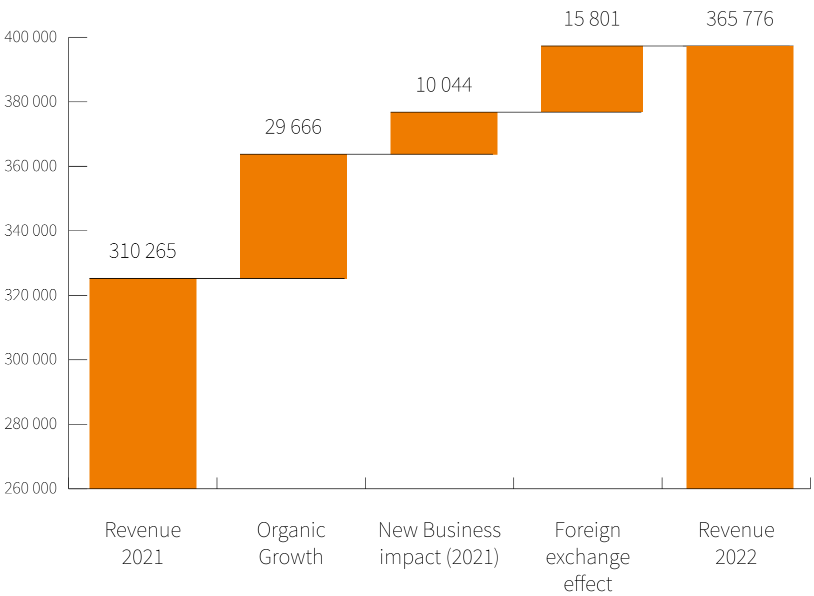
Dear Reader,

Despite the outstanding results of ABG, 2022 was a particularly challenging year with strong impacts from inflation, supply chain disruption, soaring energy costs, and geopolitical events. However, our ambitious team, strong brand portfolio, and solid partnerships have helped us adapt to the new circumstances rapidly and find the necessary solutions to outperform the previous year once again.

For the full year reported, net sales have increased by 17.9%, primarily driven by strong organic growth for both our own route-to-market segment and our global sales.

Growth reflects a healthy on- and off-trade recovery after Covid-19, as well as our strong positions in key markets combined with seized opportunities worldwide. The onboarding of Walsh Whiskey (acquired in late 2021) has resulted in substantial growth for the new business segment (EUR +10m), resulting from both existing and new partnerships in the market. The turbulence in the foreign exchange markets that started in spring 2022 impacted the Euro's stability against other currencies (like the Mexican Peso and US Dollar); however, the foreign exchange impact was driven by the Russian Ruble, whose value to the euro was turned around following the imposed sanction regimes.

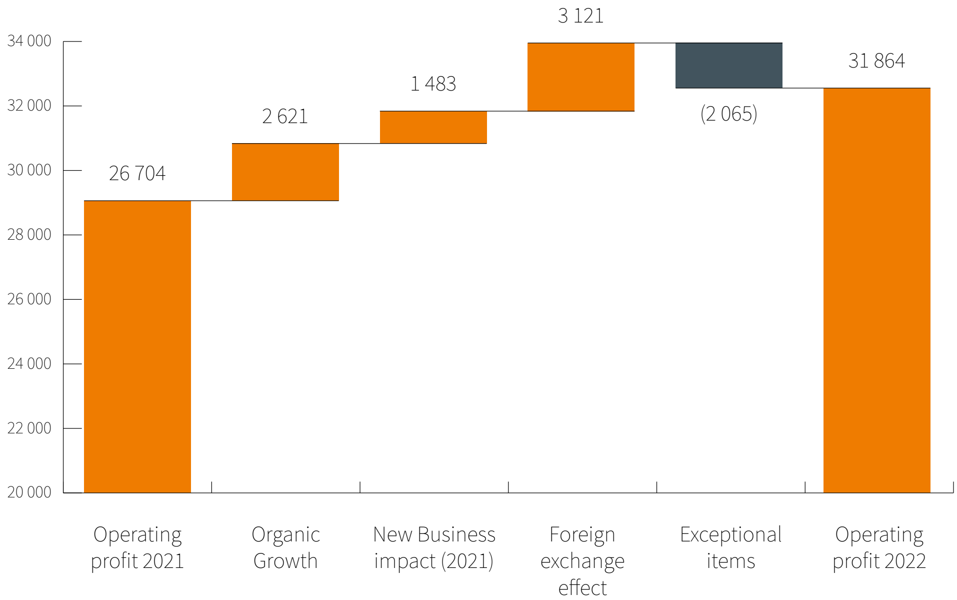
Revenue development 2021-2022



Apart from the overall growth of the combined business, our core brands have continued to grow even faster. This proves once again that our previous decisions to invest in brands in major growing categories, like Tequila and Irish Whiskey, have been smart and well-planned choices. The Tequila category has demonstrated the biggest volume growth compared to the previous year, with KAH® Tequila being up by 167% and Rooster Rojo® Tequila by 135%.

Reported operating profit has increased by 19.3%, driven by organic growth and the exchange effect (arising from FX variation for AUD/GBP/MXN/RUB).

Operating profit development 2021-2022

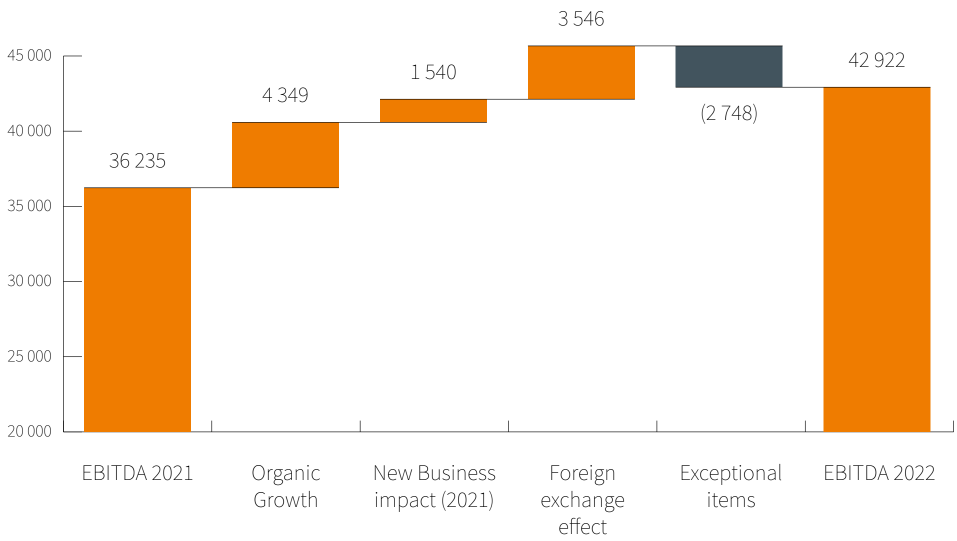


The operating margin in 2022 has remained stable at 8.7% (2022: 8.6%) despite the significant cost pressures faced for the majority of the year. This is the result of initiatives surrounding the brand portfolio review, continued work with our customers, and the ability to improve customer and brand profitability, as well as a strong focus on cost control initiatives.

The normalized EBITDA for 2022 has reached EUR 42.9 million, showing an outstanding 18.4% increase vs last year. The normalized EBITDA CAGR (compound annual growth rate) for the period 2020–2022 is 10% (while the Net Revenue CAGR is 8.6%), indicating a strong growth trend and the positive impact of premiumization on our brand portfolio.

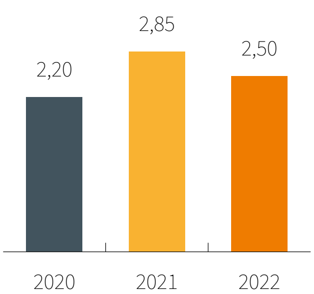
The new business segment – the impact from the Walsh Whiskey acquisition – reached EUR 1.5m and outperformed the initial expectations. With further careful management of our Irish Whiskey brands, The Irishman® and Writers' Tears®, both in global sales and own route-to-market segments, will give the necessary support towards the Sirius25 targets.

Normalized EBITDA development 2021-2022

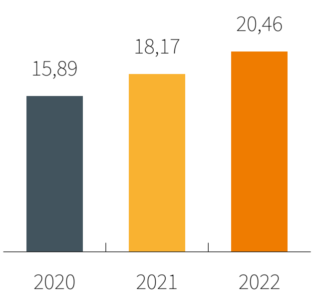


Along with the growth of normalized EBITDA, the financial covenants, closely monitored both internally and by the external partners, have remained stable. The Net Debt/EBITDA ratio has increased by 0.35 percentage points to 2.5x as of 31 December 2021. This indicates our strong position and ability to attract additional financing that would support further development, both organically and through M&A transactions. Also, other ratios describing the development of the Group in 2022 have improved: normalized EBITDA per head has increased by 2.29 thousand euros, and the normalized EBITDA margin has increased to 11.73%.

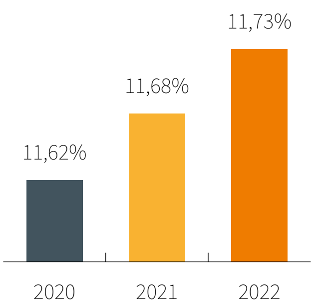
Net DEBT to EBITDA



EBITDA per head, kEUR

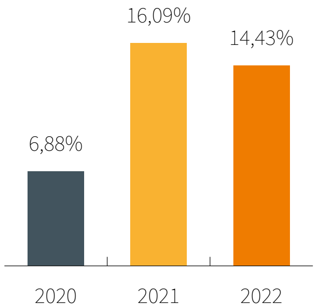


EBITDA margin,%

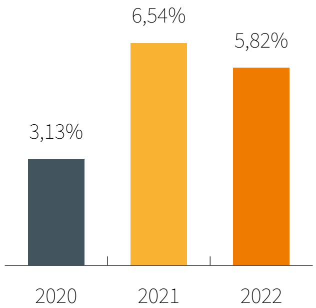


The ratios describing the profitability have slightly decreased, i.e., ROE (return on equity) has decreased to 14.43% due to the negative impact of turbulence in foreign exchange markets; however, ROA (return on assets) has decreased as the result of long-term investments made by the Group in previous years (acquisition of Irish Whiskey brands, investments in agave fields) that are expected to deliver returns over a longer period of time.

ROE, %



ROA, %



In 2023, the key attention items for the Group will be to maintain further increases in ABG brand share in the total brand portfolio, increase profitability while not cannibalising existing market share (value before volume), maintain constant cost control, and make improvements on internal processes.

To support the development of the fully automated warehouse project in Riga, Latvia, ABG, in cooperation with Signet Bank, have issued 4-year bonds in April 2023 for a total value of EUR 30 million. Next , we plan to list the bonds on the stock exchange, which is a major step forward.

I am thankful to everyone within the ABG team and beyond who helped in our outstanding achievements for 2022 placing us in a strong position to be ready for growth in the years to come.

Chief Legal Officer Statement

Arturs Evarts,
Group Chief Legal Officer and Sustainability Officer

Dear Reader,

Amber Beverage Group (ABG) is committed to conducting its business responsibly and in accordance with all laws and regulations to which its business activities are subject, and to ensure high standards of compliance in a manner which leads to an increase in its value. It is not a secret that good corporate governance has a positive link to economic development and strong corporate performance.

The companies adhere to the applicable laws and regulations in force in jurisdictions where they operate, as well as striving to implement high standards of integrity in business transactions. The challenge for companies operating in highly regulated markets - and alcohol is an example of this type of market - is how to ensure they mitigate such risks both within their corporate structure and across their higher risk third party suppliers and partners.

Some of the risks are beyond the control of the Group, as other risks and uncertainties may arise in a changing business environment. An example is the unpredictable changes that the geopolitical situation have brought. Without doubt, the human and economic cost of the pandemic has been significant, and this has been compounded by further geopolitical instability and sharp global cost inflationary pressures.

Throughout this year, due to the impact of the geopolitical situation, there has been much focus on being flexible, innovative, and compliant and on ensuring that resulting decisions are made in this regard. Whilst we cannot completely mitigate the impact of these external risk factors, we continue to monitor this changing socio-economic landscape, its impact on our relationship with partners, and the growing requirement to be transparent. We have faced and overcome the following challenges:

1. The control over the implementation of sanctions by banks and the need to comply with higher standards for the whole Group with regard to UBO and KYC matters. We were examined by several banks, answering all their questions and were able to prove our full compliance.

2. Concerns about the impact of the increase in energy prices and availability of resources. We concluded supplier contracts with specific volumes and fixed prices to ensure production continuity.

3. Availability and change of materials for production in the supply chain. We looked for alternative supplies for many groups of goods and stocked up on raw materials and dry goods that we anticipated to be limited in availability.

4. Availability of glass was restricted in one of our main production regions (due to the sanctions imposed on Russia). We revised the transition to pricing with deliveries, the open book principle, fixed the specific obligations of supply.

5. Changing our policy and routes-to-market depending on the trade of different brands in different territories.

In my role as the Officer designated to overseeing corporate compliance matters, I have benefited greatly from the teamwork and great performance across different locations despite all the challenges.

Sustainable corporate governance and compliance are the key factors in achieving goals despite the external environment. This includes ensuring the effective framework of internal controls, practices, policies, and systems which together define clear levels of accountability and authority for decision making, enabling management to take appropriate levels of risk within the constraints of ABG's corporate culture and values.

ABG is constantly reviewing conformity of the activities of our regional companies to ensure they meet the requirements of international, national, industry-specific and applicable foreign law as well as internal policies and procedures, and with the decisions of relevant managerial teams. We are building our business by placing the highest priority on compliance to fulfil our responsibilities in the best way and to meet the expectations of our clients, stakeholders, and of society.

We are sure that corporate compliance eliminates risks and contributes to a sustainable business over the long term. 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 companies) in all countries where ABG operates. The aim of the risk assessment process is to evaluate risk, then remove minimize the level of risk by adding controls and preventive measures, as necessary. By doing so, ABG has a policy of continuous self-evaluation from a compliance perspective.

Corporate Governance Report

Dear Reader,

I am pleased, on behalf of the Board, to present the Corporate Governance & Compliance Report for the year ended December 31, 2022.

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

The Supervisory Board of ABG comprises its Chairman, Board members, independent Non-Executive members and a Secretary.

The main functions of the Supervisory Board are:

- To oversee and implement 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 functions;
- To supervise key areas of the Group's operations, performance, and compliance.

The strategic resolutions to be taken by the Board of Managers will require the prior approval of the Supervisory Board of the Company. From the members of the Supervisory Board, we appoint a member who will preside at the supervisory board meetings (Chairman) and a Secretary.

Chairman

We thoughtfully leverage the wisdom of our Supervisory Board directors with the perspectives of our independent directors, both of whom remain steadfast in their support of our independence. Last year, we said farewell to Mark Garber, with deep appreciation for his years of dedicated Supervisory Board service to ABG, while welcoming Sir Geoffrey Mulgan who beings a new perspective and expertise to the Supervisory Board of Directors. Sir Geoffrey Mulgan CBE is Professor of Collective Intelligence, Public Policy and Social Innovation He has advised and pioneered many ideas used by governments, civil society, and businesses – including joined-up government, anticipatory regulation, experimentalism, social investment and social impact bonds, open innovation and creative economy strategies, as well as collective intelligence and data. In 2023-24, he will be chairing a European Commission programme on 'whole of government innovation', working with a group of EU nations.

The duties of the Chairman at ABG comprise the following:

- To lead and manage the ABG`s activities;
- To develop ABG's long term strategy;
- To determine and lead expansion of the Group in the industry, entering new markets, adopting effective use of synergies;
- To manage Board activities, plan its work, chair meetings of the Board;
- To lead the development plan implementation e.g., evaluation of potential alliances via M&A activities;
- To lead M&A processes, and to participate in negotiations with financial institutions and strategic partners to ensure the sustainable development of the Company;
- To provide entrepreneurial leadership;
- To represent ABG externally;
- To set requirements, according to the best world standards of corporate governance;
- To protect the interests of ABG by working with other Board members to advise on managing risk, liability, and financial exposure.

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

Secretary

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

The functions of Secretary of the Supervisory Board are:

- To organize all Supervisory Board meetings;
- To attend and record minutes of Supervisory Board meetings;
- To facilitate Supervisory Board communications;
- To advise the Supervisory Board on its roles and responsibilities;
- To facilitate the orientation and on-boarding of new Supervisory Board members and assist in their training and development;
- To maintain essential corporate documents and records.

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

Non-Executive Directors

The Non-Executive Directors have been appointed by the Board after determining the are independent, experienced and influential individuals from a 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. Their roles are as follows:

- Provide strategic leadership and guidance to the Board and to the CEO;
- Determine the quality, quantity, and timeliness of information from management;
- Improve and maximize the governance of the process but not 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 Board;
- Ensure effective shareholder communication;
- Serve as a representative of the Board with management and the public.

We are happy to announce a new member of the Supervisory Board: Simon Charles Rowe. Simon is the Managing Partner of a Geneva-based financial advisory and investment firm with a core focus on dynamic emerging markets. Simon embarked on a career in investment banking and has more than 12 years' experience of cross-border UK, European, and North American M&A transactions.

Board attendance and decision-making in 2022

According to internal regulations, the Board holds meeting at least once a quarter to discuss the business strategy of the Group and to review the financial results. The annual financial results of the Group for the previous year as well as the budget for the current year are reviewed and approved by the Board in May each year. The intermediate financial results and possible adjustment of the budget for the current year are reviewed and approved by the Supervisory Board each November.

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

The Supervisory Board met virtually, using audio-video conferencing, to ensure that Board members based in different locations and time zones were able to participate in meetings. During the year, the Board considered the nature and extent of the risks it was willing to take to achieve its strategic goals and reviewed the existing internal statement of risk appetite.

Risk management is a topic that is regularly discussed at Supervisory Board meetings. We monitor the economic conditions within the market, review our product portfolio and routes-to-market and adjust our activities accordingly. We are continuously looking for ways to diversify our market presence and look for business and investment opportunities.

Sustainability

Sustainability

In line with the Group's strategy *Sirius25*, Amber Beverage Group took the decision to enforce a sustainability element to underline responsible citizenship and to foster long term value growth. ABG managers from multiple locations and cultures have provided their views in terms of priorities for the Group's sustainability agenda in accordance with the Global Reporting Initiative (GRI).

By providing a comprehensive and widely applicable framework for sustainability reporting, we support responsible investing and targeted policymaking. The GRI Standards enable any organization to understand and report on their impacts on the economy, environment, and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development. In addition to companies, the Standards are highly relevant to many stakeholders - including investors, policymakers, capital markets, and civil society. The GRI Standards represent global best practice for reporting publicly on a range of economic, environmental, and social impacts. Sustainability reporting based on the Standards provides information about an organization's positive or negative contributions to sustainable development.

As using the GRI Standards helps to determine what topics are material, two key elements were identified within ABG 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.. There was a common understanding that key elements of the sustainability 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 agenda and were evaluated as already being in place, whilst requiring continuous improvement.

GRI 13: Agriculture, Aquaculture and Fishing Sectors

To ensure exceptional field-to-bottle control over its tequila production, ABG has finalized the process of acquisition of an additional 185 hectares of agave fields of 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. This enables us to supply our own brands with enough blue agave raw material to ensure the production of our own tequilas and even to broaden our services for private label projects.

GRI 201: Economic Performance

We actively participate in the development of the local business environment. ABG's results are affected by the economic conditions persisting in its key geographic markets and the levels of consumer confidence and spending. ABG operates in the global market, where there is potential for 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, 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 regulations. We monitor the economic conditions within the markets, review our product portfolio and routes to market, and adjust our activities accordingly. We are constantly seeking ways to diversify our market presence and look for business and investment opportunities outside Europe.

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

We are active members of national associations representing:

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

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.

ABG 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.

ABG's strategy is to align incoming and outgoing cash flows in country-specific currencies and all remaining agreements to maximize the Group's functional currency, the Euro.

GRI 202: Market Presence

Amber Beverage Group responds to consumer needs and preferences. To increase the visibility of the Group in the global arena and attract new customers and larger orders, Amber Beverage Group performed a huge rebranding project in almost all its companies by adding an additional brand recognition mark - 'Amber' - achieved via including the brand in their company names. Before going global under a unified brand identity, ABG performed deep analysis in each of the markets and took the decision to go ahead in some countries with 'Amber Beverage', to reflect differing perceptions. In production companies, the historical heritage of the companies' names was also considered and remained as a part of their firms.

The pandemic has reshaped consumer buying behaviour. Consumers have embraced the convenience of online home deliveries; eCommerce became a priority for our teams, and we started to develop our own platform on a global scale during 2022.

In 2022, ABG expanded into several new international markets and enhanced awareness of its core brands: Rooster Rojo® Tequila, KAH® Tequila, Moskovskaya® Vodka, The Irishman® Whiskey, Writers' Tears® Whiskey, Riga Black Balsam®, Cross Keys Gin® and Cosmopolitan Diva®. In 2022, ABG has implemented various brand and range innovations, including the introduction of line extensions: Rooster Rojo® Tequila Ahumado, KAH® Tequila Extra Añejo, a special limited edition of Moskovskaya® Vodka, a new party brand BLACK 1752®, and other novelties.

Consumer preferences

We develop a highly diversified portfolio of brands to ensure full coverage of consumer occasions and price points. We systematically review emerging consumer and route-to-consumer 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.

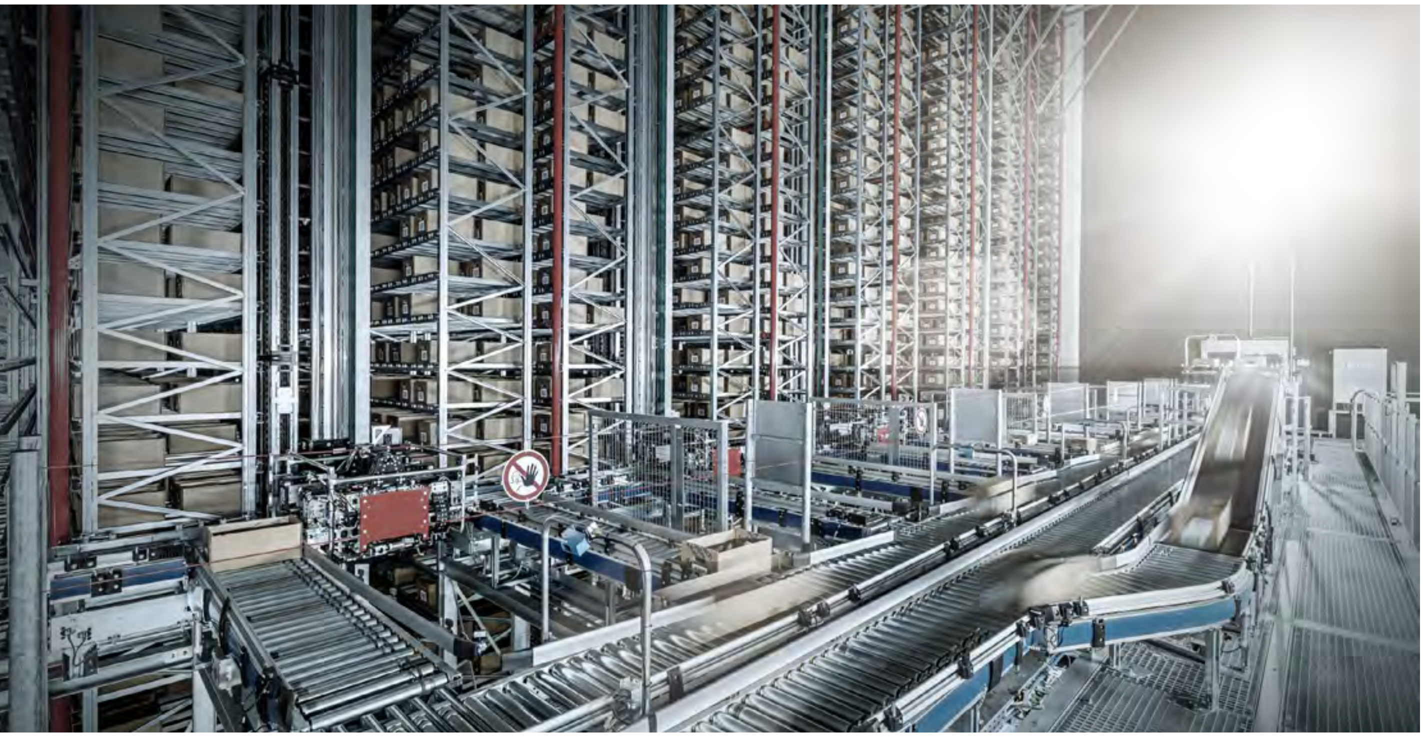
Responding to consumer trends in the 'new reality', ABG made its best efforts to identify and subsequently satisfy them. Consumers have adopted new habits, becoming more focused on in-home experiences. Changes were observed in purchasing priorities; as the HoReCa sector suffered dramatically, the new so-called 'drink-at-home' and 'ready-to-drink' trends developed. Starting in 2021 and continuing into 2022 with the lifting of the pandemic restrictions imposed by national governments, consumer preferences came to dominate and eCommerce as a significant sales channel for alcoholic beverages is here to stay.

GRI 204: Procurement Practices

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. A key benefit and advantage of the tendering process is that tenders or bids are evaluated based on certain predetermined criteria, such as price, quality and value for money and the process of tendering thus helps to promote a competitive market.

We continued the work regarding unification of our requirements for tenders, and have compared the specifications, observed common matters, and therefore obtained an economically optimised effect. We have shown that it is necessary to diversify supply routes, which becomes especially topical in the face of geopolitical instability and serves to strengthen stability in manufacturing. We have implemented a plan for taking further actions in the supply area and worked on 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, Latvia. However, the political and economic situation arising from the war in Ukraine in 2022 has negatively impacted global building prices and whilst the planned build was put on hold for a while, ABG has now found a solution to move ahead with this project.



During 2022, 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 teams when exploring opportunities for our products in new export markets. We successfully restructured production supply chains, replacing key raw materials suppliers with European-based producers and manufacturers whilst maintaining production and supply continuity with minimum impact on lead times. Due to the geopolitical situation, ABG also experienced issues on the spirit supply side, which we were able to overcome. 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. The Group took a robust approach to securing key supplies in order to secure operations throughout the turbulent times in the markets caused by the sanction regulations implemented by various countries. In particular, supply of glass and energy has been assured by securing long term cooperation contracts with our main suppliers.

Compliance

GRI 205: Anti-corruption

ABG takes corruption and bribery very seriously. Any violation is regarded by the Group as a serious case and, mostly likely, further actions will result from it, including termination of any relationship. Our partners are committed to developing and adhering to responsible and sustainable policies in their operations and to being compliant with anti-bribery and corruption rules and principles. The Group maintains a compliance policy (which requires compliance with all applicable laws and regulations, accurate book- and record-keeping, due diligence on retained third parties, and training), and implements other controls necessary to ensure compliance. We also undertake compliance training for our employees

GRI 206: Anti-competitive Behaviour

We continuously evaluate our routes-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. Although key retailers bear notable risk, our broad distribution network enables us to limit the negative impact of key retailers on our current and future business.

We comply with applicable anti-trust and/or competition laws in the relevant jurisdictions. ABG does not engage in anti-competitive practices, as defined by applicable laws. Our partners are determined to adhere to the applicable laws and regulations in force in jurisdictions where they operate, as well as to implement high standards of integrity in business transactions. ABG provides guidance to employees on required practices to ensure compliance, including assisting each employee in understanding how they may best carry out their role and activities on the market in compliance with applicable regulations, developing 'real life' examples and scenarios in order to help employees to get proper guidance as to the way to behave in business situations.

GRI 207: Tax

Some of ABG companies are among the largest taxpayers in their localities, 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 shadow economy in the alcohol industry, developing a sustainable tax policy, and establishing a competitive business environment.

Increase in the 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 for 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.

Environment

GRI 302: Energy

We continuously work to ensure a responsible approach to environmental matters. Environment is one of our focus areas, and ABG continuously works towards elimination of negative impacts. An example is that, in 2022, new company cars were chosen on the basis of environmental sustainability. Where possible, we are trying to meet our electricity needs from renewable sources. We have implemented a solar panel project in our production in Mexico; and we have invested in the heating system modernization in our production plant in Latvia. We will continue to work in this way in 2023 and beyond, planning to increase our solar panel park.

When modernizing production processes and buying new equipment, we always consider environmentally friendly solutions, and this supports our decision making. The choices take into account the reduction of negative environmental impacts.

GRI 303: Water and Effluents

We implement and demonstrate sound measures to prevent environmental pollution and minimize the production of solid waste, wastewater, and air emissions. Before discharge or disposal of wastewater and solid waste, we carry out appropriate analysis and treatments, in keeping with the applicable laws and regulations. ABG optimises its consumption of natural resources, notably water and energy. The majority of ABG production companies use water from artesian wells located in each territory.

GRI 305: Emissions

We strive to limit the greenhouse gas emissions generated during the development of our products and/or services, with measurements that are monitored and updated each year. ABG companies conduct CO_2 emissions assessments and implement controls. The positive effects included reduction of CO_2 emissions and increased profitability of production.

GRI 306: Effluents and Waste

In line with our sustainability ambitions, we have investigated the possibility of increasing the level of recycled and recyclable materials into our product packaging. We have identified an opportunity to change the materials used for our carton boxes to a recycled material thus reducing our carbon footprint. In selecting packaging for our products, we prioritize environmentally friendly solutions that are commensurate with the requirements of production processes.

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 improvements. 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 its range of recyclable packaging. About 10% of Amber Distribution Lithuania's products participate in the deposit return 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 representatives actively participated in the 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 2022, Amber Latvijas balzams continued filling its popular RTD cocktails in 330 millilitre aluminium cans. Some beverages are more convenient in this new format, as well as more environmentally friendly. Glass waste, when released into the environment, does not decompose whereas aluminium cans may be sorted and recycled or are biodegradable over several years.

People

GRI 401: Employment

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.

Work is performed on the basis of a recognised and legal employment relationship established in accordance with national laws and practices. We ensure that our employees work under conditions that comply with all laws that are in effect and with all mandatory industry standards relating to normal working hours and overtime, notably with regard to breaks, rest periods, holidays, and maternity leave. We ensure that the workplace, machinery, equipment, and work processes, as well as chemical, physical and biological substances and agents under our control, do not present any risks to the hygiene, health, and safety of employees. As needed, we provide appropriate protective clothing and equipment in order to prevent the risk of accidents or adverse health effects. We provide our employees with drinking water, good lighting, ambient temperatures, ventilation, adequate sanitary facilities, and personal protective equipment where needed, as well as suitably equipped workstations. In addition, the installations are built and maintained in accordance with the standards set by the legislation and regulations in effect.

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 located in the Zunda Towers complex, currently the tallest high-rise building in Riga. It has a strategic location - a prestigious area on the bank of the River Daugava, opposite Old Riga.

GRI 403: Occupational Health and 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 2022 has necessitated us taking a painstaking approach to our employees' well-being. As well as implementing some remote work practices introduced in 2020, we have taken additional measures to secure the well-being of our staff by protecting them from the impacts of the virus where possible.

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 staff-training, providing various materials as well as briefing and briefing 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 the necessity of reporting 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 2022 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 specific work safety improvement processes, automation in production is introduced where possible (for example, workplaces are equipped with depalletizers, in the warehouse - with a palletizing system), and physically heavy and monotonous work is reduced.

On our strong spirits production site at Amber Latvijas balzams, as a result of the modification of the ventilation system, the air quality in the workplace has been 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 potentially harmful volatile 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. To help prevent occupational injuries and 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 further in labour protection and industrial safety at the specialized educational institution.

We care for the workplace environment and several offices and production facilities were improved last year. To have healthy and work-capable employees, in 2022 we invested in employee health insurance, mandatory health checks, and accident insurance.

GRI 404: Training and Education

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

Several of our companies support educational institutions, where future industry specialists are trained, offering internship opportunities to familiarize potential industry recruits with the specifics of our business. Often, we award scholarships to specialists in engineering and in food technology, thus strengthening the development of future industry experts. In 2022, we continued to support talented students who have limited resources to enable them to commence their studies, as well as supporting talented individuals in music, culture, and sport.

In 2022, ABG announced its sponsorship of the Ukrainian Men's National Basketball Team. The agreement supports the team's participation in the qualifying matches at the FIBA World Cup 2023. Overall, Amber Beverage Group has donated more than EUR 550 thousand to support the people of Ukraine and this sports sponsorship forms just part of that ongoing package.

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. We undertake shrewd recruitment to ensure that the best talents are approached, and to retain good people ensuring that employee turnover is as healthy as possible.

GRI 405: Diversity and Equal Opportunity

We work to ensure that our business activities have a positive impact on the well-being of our employees and society in general. With the aim of engaging team members in the decision-making process, we provide a communication platform with the possibility of openly sharing feedback enabling staff to share their views on important wellbeing 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-by-company basis, enabling us to assess the impact of the most relevant factors and to tackle these 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.

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 Austrian children. In 2022, instead of sending gifts to our partners, a donation was made in Austria to the Children's Cancer and Life Helping association. This is a small but very active association that has been supporting very ambitious projects in the regions of Kufstein and Tyrol for many years. The association helps families with very seriously ill children, especially cancer, and supports them with purchases that are necessary for care and treatment.

GRI 406: 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 in 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.

GRI 409: Forced or Compulsory Labour

Modern slavery is not present in our company. Safe and fair working conditions are provided for our employees. The risks of modern slavery within our supply chains are understood and we adopt a zero tolerance policy in this matter. The responsible management and compliance with all legal requirements are reflected in our policies, procedures, practices, and in contracts with our suppliers.

Security Practices

GRI 410: Cyber

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 2022. 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.

GRI 410: 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 brands can be trade-marked and would therefore enjoy the protection granted under the respective regulatory regimes to protect business and intellectual property. We maximize the business' competitive position, monitoring the competitive environment, to promptly identify possible unfriendly actions and counterfeit cases.

GRI 410: Major litigations and fraud

Any major litigation could have a materially adverse effect on the Group's business, resulting in financial losses, reputational damage, 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 contract 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 these respective policies and procedures in order to minimize the risk of fraud and the leakage of information.

We train our 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 when required in order to protect the Group's interests.

GRI 410: 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) principles by performing AML and sanctions checks. In 2022 we undertook regular training of employees to make sure that they are informed about the latest KYC and sanctions requirements and are able to follow the procedures.

In 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 that have been imposed.

GRI 416: Customer Health and Safety

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 standard 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 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 has been 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 technology. 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 enabling us to reduce downtime as breakdowns diminished.

We have developed, implemented, and maintained a self-controlled 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 estimates of additional costs that are related to downtime or calculations regarding additional work because of 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.

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.

GRI 417: Marketing and Labelling

ABG is proud of building a culture in which people who choose ABG's products are well informed and do so responsibly. 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 by participating in social education campaigns about the responsible consumption of alcoholic beverages. 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 2022, no violation was recorded by the Group in product communications.

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

Being 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 Department and other colleagues involved in marketing matters, in addition to which we constantly communicate on trends and updated requirements.

Our focus in 2022 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 minimum 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.

GRI 418: Customer Privacy

Non-compliance with data protection regulations may harm our reputation with consumers, customers and 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 the introduction of a global data privacy policy, supported by training, and communication.

We carry out regular briefings to the Board, executives, and other senior leadership on our General Data Protection Regulation (GDPR) Readiness Programme. We perform Privacy Impact Assessments in key risk areas of the business concerning the proper use of data. We perform risk assurance at market and global functions levels. In 2022 we performed an internal audit, internal training, and reacted to market needs, making eCommerce routes compliant with GDPR requirements.

We have already implemented technical and organisational measures for secure processing of personal data received or data that will be received from the Group. The implemented security measures are sufficient to protect personal data from accidental or unlawful destruction, accidental loss, alteration, unauthorised disclosure, or unauthorised access, especially, if processing includes the transmission of data over a network, or from any other unlawful forms of processing.

To conclude, ABG as a company is in excellent shape regarding our economic, environmental and social sustainability. We take our responsibilities seriously and strive to always exceed both regulations and expectations. Underlying all that we do is a policy of being aware, alert and striving for continuous improvement to ensure our business and our people are robust and able to face the challenges that lie ahead, to grasp the opportunities that are in our reach, and to forge new and exciting prospects in a way that is secure and well managed at every level.

Our Brands

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

Chief Marketing Officer Statement

Pepijn Janssens,
Chief Marketing Officer

Dear Reader,

Amber Beverage Group is the go-to brand management and distribution company for international brand owners and producers including Askaneli Brothers, Badel 1862, Beam Suntory, Bodegas Faustino, Brown-Forman, Casillero del Diablo, De Kuyper, Diageo, Heaven Hill, Jägermeister, Luxardo, Pernod Ricard, Red Bull, Torres, and others.

As one of the world's leading drinks importers and distributors, we are proud to distribute a range of leading international wine and spirits brands. Amber Beverage Group and its offices across the globe, are responsible for marketing and distributing 1 300 third-party drinks brands, spanning everything from premium vodka to sparkling wines.

The ABG core brand portfolio has successfully grown during 2022, delivering EUR 81 million in net sales, a 41% increase in sales vs 2021. In terms of volume, we achieved a combined volume of 1 million 9Lcs, a growth of 32% vs 2021.

The year 2022 was a turning point for Moskovskaya® Vodka as it laid the groundwork for future expansion and will help ensure the brand's viability. The brand grew in volume by +16% in 2022 and is on track to become a million-cases-a-year brand by 2025 despite the ongoing uncertainty caused by the tail end of Covid-19 restrictions, inflationary headwinds caused by the rising cost of raw materials, and the challenging geopolitical climate due to the Russia-Ukraine war.

In the tequila category KAH® Tequila grew by 140% in volume to become a 22k 9Lcs brand while Rooster Rojo® Tequila became a 50k 9Lcs brand growing 198% in volume. ABG sources some of its agave from its own agave fields, which means that ABG's own tequila brands - Rooster Rojo® Tequila and KAH® Tequila - will benefit from this greater control of raw materials and become even more important brands in relation to the company's bottom line.

In 2022, we launched BLACK 1752®, a sister brand to Riga Black Balsam®, that will compete against the likes of similar category brands. In doing this, we believe that we have created a product to engage a new generation who will enjoy the Riga Black Balsam® brand. The roll out will happen from Q2 2022.

In November 2021, Walsh Whiskey joined the global ABG team. This fast-growing spirits sector, the Irish Whiskey category, is one which ABG is proud to have entered. As a result, the ABG portfolio includes two super-premium and world-revered Irish Whiskey brands: Writers' Tears® and The Irishman®. We sold a total of 67k 9Lcs in 2022.

Our solid portfolio together with our policy of continuous improvement in marketing and sales strategies places ABG in a strong position for 2023 and beyond as we work towards the company's goal of becoming one of the Top 10 spirits industry players globally.


WRITERS' TEARS
COPPER POT
IRISH WHISKEY
THE IRISHMAN
THE HARVEST
IRISH WHISKEY
VINERS

Leading International Brand Lines

Leading Category Brands

Vodka

GRADUS

SMOOTH VODKA AMBER™ GOLD

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

Arran Single Malt
Jack Daniel's Old No.7 Brand
Jim Beam
Joseph Cartron
Grant's
Glenfiddich Family Run Since 1887
Tullamore D.E.W. Estd 1829 Irish Whiskey
Whyte & Mackay
Heaven Hill Brands
Finlandia Vodka of Finland
Stoli
Three Sixty Vodka
Khortytsa
Bumbu The Craft Rum
Disaronno
Don Papa Small Batch Rum Mt. Kanlaon
Myers's Rum
Jägermeister
De Kuyper Anno 1695
Branca Dal 1845
Luxardo

TORRES

COURVOISIER

HARDY COGNAC

GIN MARE MEDITERRANEAN GIN

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 BEYOND SPUMANTE SINCE 1831

GANCIA 1850

CHAMPAGNE Laurent-Perrier

ACQUA PANNA

Red Bull

S.PELLEGRINO ACQUA INTERNAZIONALE


SIP DON'T SLAM
Rooster Rojo TEQUILA
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 five variants: Blanco, Reposado, Añejo, Smoked Pineapple, and Ahumado Tequila.

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

- 50k 9Lcs of Rooster Rojo® Tequila sold.
- Over EUR 5.4m revenue from brand sales.
- Sold in 38 markets worldwide.

Mantas Zlatkus,
Global Brand Director

“Rooster Rojo Tequila doubled sales volume in 2022 vs the previous year. Reopening of the on-trade channel, further expansion into new markets and excellent results in Southern Europe, Australia and though our own distribution companies were key growth drivers.

“In terms of innovations, 2022 was a year when we presented Rooster Rojo Ahumado Tequila to the world at the ProWein show in May. It was the 5th Rooster Rojo expression to be launched in the brand’s five-year history. It is an exceptional product, which could be viewed as a hybrid between tequila and mezcal as it is made from agaves which are cooked in our underground oven.

“In 2023 we have even more ambitious innovation plans with the global launch of Rooster Rojo Mezcal in Q2., We aim to make this a best seller from the start due to excellent packaging and an irresistible liquid profile.

“We planned the appointment of a new social media agency from Madrid for the start of 2023 to help elevate brand communication with consumers.

“An incentive for bartenders was a main prize of a Triumph Speed Twin motorcycle and this played very well, helping ensure excellent on-trade sales across the EMEIA region. This contributed noticeably to brand depletions and helped build consumer awareness amongst consumers.

“ABG optimized production in 2022 with the introduction of professional new team hired in Mexico with experience of working in some of the biggest global tequila production facilities. The team is now reworking all processes to ensure continuous production and supply of our precious liquid, and that we will always get only top-notch products and innovations.

“Despite the impressive growth in 2022, our goals for 2023 are even more ambitious: the plan is to double sales once again over the course of the year. We have unrealised potential still in the USA, Canada, Italy, the UK, Germany, Israel (we recently signed and onboarded a new distributor which is one of the strongest distribution companies in Israel), Southern and Central America. We also see great potential in Southern Africa.”


Rooster Rojo
100% DE AGAVE
TEQUILA MEXICO
Rooster Rojo
MEXICO
TEQUILA
100% DE AGAVE
AHUMADO
SMOKED TEQUILA REPOSADO
0,7L
Mexico
40% VOL.
DISTILLED & BOTTLED IN TEQUILA, MEXICO


KAH
KAH
KAH
KAH
KAH
KAH
Tequila Añejo
Tequila Blanco
JALISCO
MEXICO
100% AGAVE
750ml

KAH® Tequila

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

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

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

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

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

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

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

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

The finest art of tequila craft
Produced from had selected 100% Blue Agave by masters of the craft and respect for the tequila making tradition.

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

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

KAH® Tequila

Performance

- More than doubled KAH® global sales in 2022, growing across all regions and core markets like the US, the UK and beyond.
- Became the first super premium tequila brand listed in mainstream multiple grocery in the UK.
- Further strengthened our presence in the ultra-premium segment with the launch of KAH® Huichol Extra Añejo in the US.

Evija Sparāne,
Global Brand Director

"Despite the fact that the effect of the supply chain challenges we faced in 2021, rolled over to 2022, we managed to grow the brand and more than double global sales. This was mainly possible because the global tequila category growth is driven by the premium and premium-plus price segment.

"We continued to strengthen our position in major markets – by expanding distribution in the US, becoming the first super-premium tequila brand listed in Tesco UK, and entering new markets like South Africa. KAH is very much on track of attaining a place in the Top 10 super-premium tequilas in the next couple of years.

"From a marketing perspective, the main novelty of 2022 was the introduction of our first limited-edition product – KAH Huichol Extra Añejo. KAH always respects the brand's origins, and this launch was no different. Each bottle is adorned with 22,000 tiny beads, each applied by hand. It takes the Huichol craftspeople around 35 hours to complete the decoration of each bottle with designs based on symbols that reflect the deeply rooted cultural traditions of the Huichol tribe. The Huichol people live in the Sierra Madre Occidental Mountain range, in the North of Jalisco state near our distillery. But it is not only about the packaging: we are complementing the design with liquid that is rarely available – Extra Añejo Tequila, aged for more than 10 years in American oak barrels with a special toasting to produce a spirit of exceptional quality.

"In 2023 our overall focus for the brand will remain on growing our presence in key tequila markets including the US, the UK, Canada, and Australia. With the right distribution partners, KAH will also become available in its home market of Mexico. In the next 12 months, we plan to introduce a couple of product novelties. From a marketing perspective, the focus will remain on strengthening the brand positioning and on raising awareness with another exciting year ahead."


KAH
Authentic Mexican Quality
TEQUILA
Extra Añejo
100% AGAVE AZUL


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

The Irishman®

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

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

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

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

Created to honour Irish distilling heritage and history
Inspired by traditional recipes for Irish single malts, from a time when these were the dominant style of whiskey globally.

Recognized for award-winning taste
One of Irish Whiskey's most awarded brands.

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

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

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

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

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

The Irishman®

Performance

- 25.5k 9Lcs of The Irishman® sold in 2022.
- New market launch in Q4: South Africa.
- 12 medals, including the world's best Irish Single Cask, Single Malt.

Clare Minnock,
Global Brand Director

"2022 was a year of great change for The Irishman, resetting the brand foundations to ensure longevity and strong future growth ahead. In February, we launched an extensive rebranding for The Irishman range, the culmination of almost two years' work.

"Elevating the packaging to reflect our superior liquid quality was at the heart of the brand redesign and is critical to the continuing success of the brand. The introduction of a bespoke, tapered bottle, along with cork closures across all expressions in the range affirms the ultra-premium nature of the whiskeys.

"Notable features of the new labels are the addition of braille for the visually impaired and nutritional and calorific information on e-labels positioned on the back of pack and online.

"A singular focus on the single malt messaging helped us to reposition The Irishman as the whiskey of choice for those seeking to rediscover single malt, and subsequently saw our core expression grow by +34% globally.

"South Africa, the number two market (by volume) for premium-plus Irish whiskeys, has already shown huge potential for The Irishman, having only opened in Q4 2022. Similarly, with an emphasis on the new single malt messaging, we have seen increased interest in, and success of, the brand in Asian markets, where single malt and age-statements are dominant.

"Closer to home, the brand refresh helped us to achieve significant growth in the Ireland domestic market, historically a challenging market, where we are competing against an increasing variety of new entrants and established players. The Irishman experienced +37% growth in 2022, with a strong performance in the off-trade, driven by new listings in key retailers including Tesco.

"With our redesigned pack and repositioned messaging, we believe The Irishman is perfectly positioned to challenge the dominance of Scotch and redefine single malt as a category."


LEARN THE PAST
CREATE THE FUTURE
THE IRISHMAN
SINGLE MALT
IRISH WHISKEY
AMERICAN & EUROPEAN OAK
100% MALTED BARLEY
BOURBON & OLOROSO SHERRY
PRODUCT OF IRELAND


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 some of the greatest Irish novelists, poets, and playwrights. Ireland was then the leading whiskey producing nation in the world and the birthplace of literary giants including writers such as George Bernard Shaw, Oscar Wilde, W. B. Yeats, Lady Gregory, James Joyce, Samuel Beckett, and Bram Stoker.

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

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

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

One-of-a-kind packaging and brand story
Stand-out packaging which connects with creative audiences, the packaging was refreshed in late 2020 and rolled out globally throughout 2021.

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

Super-premium range to explore
Writers' Tears® is a range of four core and several limited super-premium expressions featuring rare finishes including Cognac, Icewine, Marsala, Mizunara and Seaweed IPA.

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

Writers' Tears®

Performance

- 34k 9Lcs of Writers' Tears® sold in 2022.
- Continued strong double-digit growth in competitive home market.
- 11 medals, including Best Irish Blended Whiskey at the Tokyo Spirits Competition.

Clare Minnock,
Global Brand Director

"2022 was a vibrant year for Writers' Tears and one in which we further cemented the brand's creative credentials. Despite ongoing economic challenges and pressures on consumer spending, Writers' Tears continued to experience strong growth throughout the year.

"Celebrating the centenary of one of the world's most renowned literary works – James Joyce's Ulysses - Writers' Tears played a large part in the commemoration celebrations globally through the innovative release of a unique limited edition.

"Limited to just 5,442 bottles worldwide, the collector's edition bottle of Writers' Tears Copper Pot, designed by Studio Minerva of London, featured a striking screen-print and line drawing of Sweny's Pharmacy, which Joyce visited in 1904 and features in Episode 5 of Ulysses. Alongside a wealth of in-person and online activities, celebrating the great links between Writers' Tears and the literary community, the limited-edition expression created a second peak for the brand in what is traditionally a non-whiskey time of year (June).

"Canada, a dominant market for Writers' Tears, where we have a 32% market share in the deluxe category, continued its stellar performance with the extension of the Writers' Tears range. Writers' Tears Double Oak surpassed expectations and earlier this year secured a 6-month listing in the Liquor Control Board of Ontario (LCBO), a Crown corporation that retails and distributes alcoholic beverages, with a commitment for a full listing in 2023.

"While we continued to cope with disruptions across the supply chain, a strong emphasis on building stock helped to ensure that we effectively managed our supply, where competitors struggled. This, alongside the great work of our brand ambassador in Dublin Airport, helped us to achieve +37% growth, ahead of +7% growth across the Irish whiskey category compared with the pre-pandemic performance of 2019.

"Alongside strong sales growth, Writers' Tears continued to find favour among Hollywood's elite, not just for our great brand name but also for our strong liquid credentials. Margaret Atwood, JJ Abrams, Misha Green, and Stanley Tucci all shared their love for the brand, perfectly positioning us to continue to drive brand awareness with the creative set."


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
Moskovskaya
OSOBAYA SILVER VODKA
Moskovskaya
RASPBERRY AND LIME
PREMIUM RASPBERRY VODKA
MADE TO OUR ORIGINAL RECIPE INFUSED WITH RASPBERRY AND LIME
OVER 100 YEARS OF VODKA MAKING TRADITION
PINK
MASTER BLENDER

Moskovskaya® Vodka

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

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

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

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

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

Over 100 years of vodka making expertise
Made by Amber Latvijas balzams, to the authentic, original recipe dating back to 1938.

100% European
Proudly produced in Riga, Latvia, with all ingredients and materials sourced from within the European Union.

Moskovskaya® Vodka

Performance

- 474.7 k 9Lcs sold in 2022 (+16% vs 2021).
- Over EUR 3.5 million generated from brand sales.
- Top 3 standard vodka brand (by volume) across strategic markets in 2022.

Claire Li,
Global Brand Director

"2022 marked a new chapter for Moskovskaya in building a healthy foundation and future-proofing this ABG flagship brand to enable sustainable long-term growth. Despite the continued uncertainty caused by the tail-end of Covid-19 restrictions, inflationary headwinds caused by the rising cost of raw materials and the challenging political climate due to the outbreak of the Russia-Ukraine war, the brand was able to grow volume by +16% in 2022 and remains on track to become a million-cases-a-year brand by 2025.

"In response to the outbreak of the Russia-Ukraine war, conscious efforts were made to actively inform our customers and consumers about Moskovskaya Vodka's production – made in Riga, Latvia – and where we source our materials and ingredients – 100% European Union – which enabled the brand to protect listings as well as further expand its distribution footprint.

"In line with our ambition to gain greater presence globally, 2022 was a significant milestone year for Moskovskaya where the brand experienced further growth acceleration across its strategic markets, with stellar performance across Southern Europe in particular.

"In Italy, now the third largest market for the brand at over one hundred thousand nine litre cases, Moskovskaya managed to secure its place as the third largest standard vodka, growing +24% vs 2021 driven by double digit year-on-year growth across all sales channels and a more balanced channel strategy including significantly improved off-trade (+103%) and e-commerce (+24%) presence. Moreover, brand activations were further amplified through our new digital-first media campaign, reaching over 6.5M target consumers.

"In Spain, Moskovskaya depletions grew by +83% vs 2021 with significant distribution gains across both the on- and off-trade, reaching 56% and 26.5% weighted distribution respectively. New on-trade visibility strategy resulted in securing key lighthouse accounts, such as Café Mambo in Ibiza, BCM's in Magaluf and Papagayo in Tenerife. In addition, a further 25 key accounts were secured across key regions in Spain, to amplify our presence in high consumption domestic and touristic locations. As we did in Italy, we went live with our new media campaign, reaching over 8.5M target consumers. Moskovskaya also became the bestselling vodka on Amazon in Spain, which signifies the traction in the market.

"From a marketing standpoint, 2022 saw the implementation of the redefined digital-first strategy, a campaign that initiated the rejuvenation of the brand, step changing towards a distinct brand personality and a contemporary, urban brand positioning which allowed us to connect with our target consumers in more meaningful ways. This new brand identity came to life through our hero campaign, a targeted social media strategy and our website relaunch. Towards the end of the year, we initiated our move towards a 'greener' future by defining our role in contributing to a more sustainable environment. The plan that enables us to introduce tangible actions will be shaped throughout the next year.


ORIGINAL
RECIPE
38% vol.
Moskovskaya


RIGAS MELNAIS BALZAMS
RIGA BLACK
BALSAM
1752
ORIGINAL RECIPE
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 and other experts, having received more than 100 awards at international fairs and competitions.

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

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

Probably the oldest bitter brand available
Crafted with passion since 1752.

Distinctive, authentic taste
An exquisite balance of sweet and bitter flavours.

Complex flavour profile
An exciting ingredient for modern mixology and cuisine.

All-natural ingredients
No colourants or artificial flavours added.

Secrets of master craftsmanship
Handcrafted using single-barrel infusion technology.

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

Recognition of quality
Over 100 top international awards.

Riga Black Balsam®

Performance

– >167k 9Lcs of Riga Black Balsam® sold.

– Strong +6% volume growth (9Lcs) vs 2021.

– New limited edition product launched in Baltic States and GTR – 270 years anniversary edition.

Māris Kalniņš,
Global Brand Director

"2022 was another successful year for the legendary herbal bitter Riga Black Balsam, showing total volume increase compared with 2021. Results were positively affected by a sales increase in the Baltics, positive development in global travel retail, as well as positive impact from the launches in Germany and Austria.

In 2022 we achieved strong growth in volume, reaching +6% vs 2021, which allowed us to almost reach pre-Covid results. Volume increase was achieved mainly due to expansion of the existing brand portfolio in export markets, return of on-trade sales, and promotional activities, a significant increase of incoming and outgoing tourism through Riga Airport in Latvia, as well as the successful opening of Germany as a new strategic market for the brand.

On April 2022 Riga Black Balsam achieved an important trademark acquisition in the year the brand celebrated its 270th anniversary. Amber Beverage Group acquired the trademark rights to Riga Black Balsam in Germany, the third largest market globally for bitters, completing the brand's ownership by ABG across all territories.

Riga Black Balsam also celebrated the 270 years anniversary with a launch of a limited-edition proposition – featuring a specially designed handmade label in combination with a unique, barrel aged liquid, providing an opportunity for our consumers to celebrate this important event with us.

"In 2022 we continued to capitalise on the existing Riga Black Balsam portfolio. We successfully launched core range of Riga Black Balsam in Germany. We entered Austria with first SKUs. We continued to expand brand footprint in the USA. Our Black Currant expression became the top selling SKU in export markets."


RIGA BLACK
BALSAM
1752
BLACK
CURRANT
CHERRY


BLACK
1752
SPIRIT DRINK
ORIGINAL RECIPE
RIGA BLACK BALSAM
70cl/0,7L
35% vol.

BLACK 1752®

It's 17:52, and it's time to begin the evening. Call for the first drink and raise the bar at your party with BLACK 1752® – a spiced spirit for people of our time who love to discover unexplored territories in taste and style.

BLACK 1752 is a modern expression of the legendary herbal bitter, Riga Black Balsam®, first crafted in year 1752. Its rich heritage springs to life in a magnificent blend of herbal infusions, dark Caribbean rum, orange, and vanilla notes, laced with a mix of spices.

This drink holds the power of 18th century herbalist craft with all its grit, guts, and glory. With the help of a twilight figure – a noble maiden greatly skilled in these ways – BLACK 1752® has made its leap through the gates of time to dance to the beat of the now. It is in your hands to unleash its energy and see where the evening takes you. Enjoy BLACK 1752® in shots or with your favourite mixer to light up any party.

True contemporary experience
Every element has been carefully designed, crafted, and perfected to challenge existing party and high energy brands, even growing the spiced rum category.

Original packaging
Original bottle with an eye catching and contemporary colour combination – black and orange.

Unique flavour combination
Blend of herbal infusions, spices, rum, grain spirit, orange, and vanilla notes.

Pleasantly approachable
Designed to taste great and easy to enjoy neat or with your favourite mixer. With BLACK 1752® we are bringing accessibility in flavour.

Excited brand world
Generation Z focused communication with attractive and eye-catching brand attributes.

Top-notch quality
Top quality ingredients. Craftsmanship perfected since 1900 and with a Master Distiller who has over 50 years of expertise.

BLACK 1752®

Performance

- Brand launched in May 2022; available in the Baltic States and soon in the US, UK, Germany, and Austria.
- Successfully presented at large industry exhibitions – ProWein Dusseldorf and Bar Convent Berlin.
- Among the TOP 15 innovative spirits launches of 2022 (Source: The Spirits Business).

Māris Kalniņš,
Global Brand Director

"It's 17:52, and it's time to call for the first drink of the night. With this statement, Amber Beverage Group lays claim to the global stage of shot culture and parties. New generation party brand, BLACK 1752, was developed and launched as a high energy brand to attract younger consumers, Gen Z. We want to be an integral part of the consumer journey through the years by building consumer loyalty via attractive brands. Thus, the development of BLACK 1752 was a logical step in Amber Beverage Group's portfolio development. And it's no secret, that with BLACK 1752 we want to attract new Riga Black Balsam consumers as well.

"Each and every brand attribute was developed according to Gen Z behaviour, values, and lifestyle. Starting from the original bottle mould, a contemporary colour combination, a unique liquid and an imaginative marketing and communication concept, each element was tested with the target group. This rigour gives us confidence in the anticipated success of BLACK 1752.

"In developing the liquid, we combined two globally growing categories – herbal bitters and spiced rums, thus giving consumers an opportunity to light up any party with shots or with simply mixed long drinks. Active on-trade promotional activities, regular participation in student community events, and festival participation will provide opportunities for potential consumers to taste and discover this new party brand.

"Brand awareness and product trial are key focus areas for BLACK 1752. We are establishing a strong digital presence with active social media communication, intensive digital brand awareness campaigns, and building online availability. Market specific online partnerships, cooperation with Gen Z-focused influencers and e-commerce campaigns are also in the pipeline.

"#LongStoryShot - In a world that expects you to follow convention, BLACK 1752 enables the fearless to experience individual freedom, by standing true to yourself, because it believes that everyone has the right to play by their own rules instead of following the playbook. *#PutOnBlack.*"


SPICED
BLACK
1752
ORIGINAL RECIPE
CRAFTED BY
RIGA BLACK BALSAM
MASTER DISTILLER
35% vol.


NATURE
NATURE
NATURE
UNLOCKING NATURE
CRO
SSK
EYS
SMALL GIN BATCH
SEA BUCKTHORN
BASED ON OUR FOUR KEY INGREDIENTS, CRAFTED AND DISTILLED WITH 20 NATURAL BOTANICALS
700 ML PRODUCT OF RIGA, LATVIA
BOTANICAL
700 ML PRODUCT OF RIGA, LATVIA 41% VOL.
BLACKCURRANT
PRODUCT OF RIGA, LATVIA 38% VOL.

Cross Keys Gin®

The story of Cross Keys Gin® begins in medieval Riga – a busy and thriving Northern port city ruled by the bishops of the Catholic Church. But there is another side to the story, kept secret under the crossed keys of the City's coat of arms. For centuries we have mastered the art of crafting drinks, a process that started with the famous Herbal Bitter Riga Black Balsam® – an alchemic masterpiece from 1752. Since then, we have never stopped seeking the perfect taste, inspired by nature.

Our quest for excellence goes on: experience the unique tastes of nature in our spirit masterpiece, handcrafted Cross Keys Gin®.

Unlock the essence of nature and the flavour of the Nordic region with a twist of juniper, chamomile, linden blossoms and rosemary to experience the unique and refreshing taste of Cross Keys Gin®. Discover a fresh union of gin's traditional flavour along with the light summer breeze delivering Nordic charm – a blend of floral notes inherited from the original recipe of our herbal bitter, Riga Black Balsam®. Our gin mellows and matures in its signature clay flask, enhancing the enjoyment of the soft bouquet from the array of natural botanicals.

Original combination of botanicals
Crafted and distilled with 20 natural botanicals used in the legendary herbal bitter Riga Black Balsam®.

Refreshing Nordic region flavour
Classic gin flavour, enriched by rosemary, chamomile, and linden blossoms.

Pure gift of nature
All-natural, botanical ingredients carefully gathered to preserve their special qualities.

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

Original clay bottle
Our gin matures in our signature clay flask, so you can enjoy the soft bouquet of its diverse botanicals.

Contemporary, fashionable product
Our unique flavoured gins will surprise and be a discovery both for experienced and demanding gin lovers and for those who are not into traditional gins.

Highly acclaimed quality
Winner of a Gold medal for its outstanding quality at The Gin Masters (The Spirits Business).

Finest art of distillery
Craftsmanship perfected and enhanced by decades of tradition.

Cross Keys Gin®

Performance

- Full product range re-branding and re-positioning in 2022.
- More than 30% growth in volume over the existing portfolio footprint, leading to expansion and opening of new markets.
- Brand launch in the key strategic market of Germany.

Māris Kalniņš,
Global Brand director

"2022 was an important year for Cross Keys Gin. We undertook a full re-branding and re-positioning programme to strengthen our position in existing markets and prepare the ground for further expansion. We launched attractive, eye-catching packaging design that corresponds to category trends and attracts consumer attention. White bottles with colourful labels stand out among competitors and is one of the brand's USPs when it comes to the trade.

Together with new packaging design, we launched a new communication platform and positioning – UNLOCKING NATURE. In 2022, we achieved an excellent brand sales increase compared with 2021 (+30%), and the outlook for 2023 is also positive. We continued to expand the Cross Keys Gin footprint in export markets, strengthen off-trade distribution, as well as capitalise on the existing product portfolio that is perfectly in line with global consumer trends.

"Change in Cross Keys Gin's positioning and branding led to significant increase in interest from export markets. The brand's largest markets remain the Baltic States; however, there is a key strategic newcomer - Germany. In 2022, export markets accounted for 50% of total sales, compared with 25% the previous year. Our forecasts shows that Germany will become a flagship market for Cross Keys Gin in the coming years."


NATURE
UNLOCKING NATURE
CRO
SSK
EYS
SMALL
GIN
BATCH
SEA BUCKTHORN
BASED ON OUR FOUR KEY
INGREDIENTS. CRAFTED AND DISTILLED
WITH 20 NATURAL BOTANICALS
700 ML
PRODUCT OF RIGA, LATVIA
38% VOL.


COSMOPOLITAN
DIVA
PASSION FRUIT
COSMOPOLITAN
DIVA
BERRY
COSMOPOLITAN
DIVA
NON-ALCOHOLIC
COSMOPOLITAN
DIVA
COSMOPOLITAN
DIVA
MELON
COSMOPOLITAN
DIVA
STRAWBERRY MINT

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 enjoyment of alcohol 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 choice of varieties.

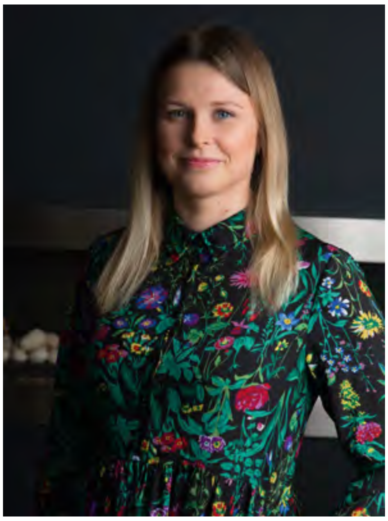
Recognized and appreciated by customers
Changing consumption habits – new favourite low- and no-alcohol versions.

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

Cosmopolitan Diva®

Performance

- Israel grew sales by more than 50% becoming the leading export market in EMEIA.
- Completed portfolio optimization resulting in better COGS management and improved stock rotation.
- Rolled out new Piña Colada flavour across multiple markets.



Evija Sparāne,
Global Brand Director

"2022 proved to be a challenging year for Cosmopolitan Diva as we were facing the consequences of our key development market, China, remaining locked down for months due to the Covid pandemic. We saw a drastic increase in dry goods prices combined with shortages of some materials caused by the Russian war in Ukraine. Nevertheless, these challenges were mostly outweighed by an outstanding performance in some of the markets, notably Israel and Finland, clearly showing that the brand truly has global appeal.

During the year, we rolled out novelties introduced in 2021, focusing especially on Piña Colada Fusion – our first attempt to step into well-known cocktail flavours. The results of this line extension exceeded our expectations and the targets we set. Overall feedback from our markets is extremely positive and that gives us confidence in further exploration into the cocktail area. The latest study we did for the brand shows that the variety of different tastes offered by Cosmopolitan Diva is the second most important reason for our target audience to choose our brand after the packaging. We aim to delight our consumers and in late 2022 were already working on the next novelty.

"The outlook for the brand in the next couple of years remains positive - health and wellness continue to be key trends in spirits and will remain so in the coming years. The competition is getting tougher as more novelties in the No/Low categories are appearing on the market. It seems that we have not reached saturation point just yet. The perception that the No/Low trend is driven mostly by younger consumers is changing as we see older generations (millennials, Gen X) largely contributing to sales as they shift their lifestyles and become more health conscious, especially after the turbulence caused by the pandemic.

"In 2023 we will continue working closely with our core markets to make sure that they have the right tools available to grow and support the brand. The next novelty product will be launched into the first chosen market in Q2 of 2023. Towards the end of 2023, we plan to introduce a limited-edition design for one of our core flavours to celebrate the festive season."


DIVA
DIVA
Filtered
THROUGH GOLD
COSMOPOLITAN
DIVA
PIÑA
COLADA
FUSION

Business Performance

Chief Operations Officer Statement

Ewan MacLean,
ABG Chief Operations Officer

Dear Reader,

Despite joining the ABG Executive Team as Chief Operations Officer only recently, I am delighted to present an overview of our production entities and cluster performance in 2022, which has been the year of notable change.

Following the Russian invasion of Ukraine in February, we successfully restructured production supply chains whilst maintaining supply and stakeholder commitments in Latvia and Estonia.

Part of this restructuring included the successful replacement of key raw materials suppliers with European-based producers and manufacturers whilst maintaining production and supply continuity with minimum impact on lead times. Unfortunately, the impact of global energy prices, and a rise in commodities and material prices necessitated an increase in our sales prices, the impact of which was minimized. This was due to the agility of our supply chains and plants and the flexibility of our colleagues and processes.

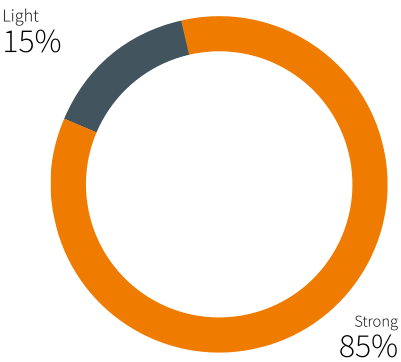
We have successfully managed these commercial challenges and are in a strong position to ensure the continuity and flexible supply of our high-quality products to maintain the trust of our partners and customers.

In 2022 we finalized a project to rename our production entities by introducing Amber Latvijas balzams, Amber Production Tequila, Amber Production Remedia, and Amber Agave as new brand names working under the same set of values and principles throughout ABG across the world.

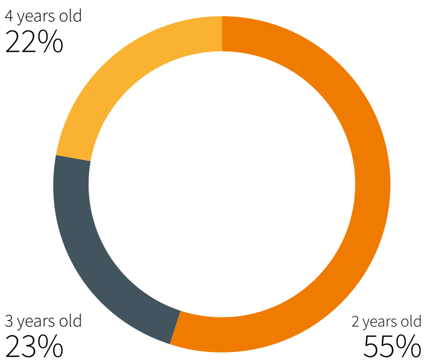
To support the anticipated growth of our tequila production, we have continued to maintain existing agave fields in Mexico in addition to the acquisition of an additional 185 hectares of Blue Weber Agave, which will help to supply our production plant in Mexico and enable us to keep up with the growing market demand for our high-quality tequilas. Amber Production Tequila also welcomed a new Master Distiller, Cezar Zarate during the year replacing the legendary Arturo Fuentes whose skills had been so widely admired inside and beyond our company.

As our brands grow in 2023, we will focus on supply chain capability and agility and continue our track record of investment. We will also concentrate on continuous improvement in production capability in terms of supply chain, people, equipment, and processes as well as a range of sustainability initiatives. It is important to mention that our current investments and those to come in 2023, are considered carefully from the perspectives of efficiency, effectiveness, and sustainability. In 2023 we have planned to further increase the use of green energy by installing additional solar panels on our production premises as well as to further plans to institute a fully automated warehouse construction project in Riga, Latvia.

Total volume split by general categories 2022 (excluding spirit)



Agave fields structure by year of planting as of 31/12/2022



Latvia

Performance

€ 108m	Standalone net revenue
34	New product development projects accomplished
15%	9Lcs sales volume growth

Continuous investments and implementation of new projects in production facilities improve efficiency and financial results

Latvijas balzams is the leading producer of alcoholic beverages in the Baltic States. It was established in 1900 as Riga's first state alcohol warehouse and has been operating under that name since 1970. To strengthen the Company's global recognition as part of the parent company Amber Beverage Group, the decision at the Company's Shareholders' meeting to change the name to AS "Amber Latvijas balzams" came into force on May 1, 2022. Amber Latvijas balzams (ALB) produces over 700 SKUs annually and is one of the largest taxpayers contributing to the Latvian economy. Currently, ALB produces more than 100 different beverage brands under trademarks owned by ABG and third-party brand owners.

Nowadays, Amber 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 Amber Latvijas balzams products date back hundreds of years; for example, the formula of Riga Black Balsam® was officially recorded in 1752.

Suppliers of raw materials and consumables for ALB are European Union-based. Important resources are water and alcoholic materials. Water is drawn from an artesian well located in the ALB domain. Alcohol for production is generally sourced from high quality spirits producers within the European Union.

Logistics services represent a small but significant part of the ALB 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 because of our targeted efforts.

In 2022, ALB continued the installation and implementation of efficiency and adaptability equipment projects and the preservation of a low-cost base. The key projects executed in 2022 are:

- Reconstruction of a heating system at a strong alcoholic beverage facility, providing significant savings in energy and overheads;
- Installation of an automated apple wine fermentation unit;
- Installation of bottle sleeving equipment;
- Implementation of a depository system as per Latvian regulations;
- Upgrade of an existing ultra-premium segment production line to increase performance by 350%;
- Installation of automated palletization equipment for three production lines;
- Implementation of e-labelling across the range of products.

In addition, plenty of new products were developed in 2022 including: Lucky Dog® Quince flavour, Black® Spritz, De Danann® Irish Whiskey, Grand Cavalier® in Vanilla flavour, Žolynu® Spanguoline, Pepper Bitter® with Honey taste, Bonaparte® Apple flavour, Riga Black Balsam® Limited addition to mark the 270 years anniversary, Black® 1752, limited editions of Moskovskaya® Vodka - Moskovskaya® and Moskovskaya® Green, Rīgas® sparkling wine with special labels, Rīgas Anniversary®, Black® Orange Winter Edition, Tambovskaya® Silver, Tambovskaya® Pink, Dins® Vodka & Tonic in Cranberry flavour.

In the private label production segment, ALB continued to serve Stoli Group and reached 2.9m 9Lcs - the highest production volume over the last three years, showing positive progress in the development of the Vodka category despite the current geo-political situation.

Mexico

Performance

€ 16.9m Net revenue (stand-alone) generated

145k Production volume of tequila, 9 Lcs

94.8% Volume growth vs 2021

Outstanding growth and investments in the future

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

Over 20 years ago, in 2001, APT 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 managed to double yearly growth by reaching 68k 9Lcs in 2022 and aiming forge ahead to 100k 9lcs in 2023. In late 2021, Rooster Rojo® Smoked Pineapple Tequila was introduced and launched in major markets in 2022, a global first in the tequila segment with immense potential worldwide.

Also, iconic KAH® Tequila managed to reach 3-digit volume growth thanks to the reopening of worldwide travel retail business and new listings in chains including the grocery multiple, Tesco in the UK. As a novelty for 2022, a limited edition ultra-premium KAH® Huichol Extra Anejo Tequila was launched. Each bottle is a unique piece of art, handcrafted by members of the Huichol tribe from the Sierra Madre Occidental Mountain range. It takes 35 hours of hand work and 22 000 tiny beads to complete the decoration of each luxurious bottle.

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

In 2022, ABG continued to strengthen its field-to-bottle tequila production capacity by acquiring additional agave field increasing the total area of land owned to 405ha. At the same time, the first harvesting season achieved a harvest of more than 3 million tons of agave enabling us to deliver tequila of exceptional quality.

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

Estonia

Performance

1m Production capacity in litres

900 Pallet places in the warehouse

22k 9Lcs of private label products produced

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

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

APR'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 at APR. 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 imported 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 given rise to increased synergies and cost reductions at Group level, in turn making the utilisation of resources at APR more efficient.

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

Chief Global Sales Officer Statement

Vangelis Smyrlis,
ABG Chief Global Sales Officer

Dear Partner,

I'm pleased that the ABG Global Sales Cluster has played a part in the overall ABG success story of 2022. With Covid-19 restrictions lifted during the year, we have been able to see the return of on-trade activities throughout our major markets. Also, the return of international travel has contributed to expanding the brand stories of our flagship brands, Rooster Rojo® Tequila, KAH® Tequila, Moskovskaya® Vodka, and other ABG core brands.

This year, we have started to onboard the premium Irish Whiskey brands The Irishman® and Writers' Tears® in our core markets, which have already responded very positively. With excellent brand stories for our historically known brands and these great additions to the ABG brand portfolio, we at the Global Sales Cluster have formed a strong set of arguments to open new markets globally.

During the year, we have strengthened our sales team by adding some of the best industry experts, which allows us to cover wider territory as well as increase the global ABG footprint by expanding in the Middle East region, Africa, and Latin America, and setting out our ambitions for Asia, one of the largest markets in the world yet one which has not been fully discovered by ABG.

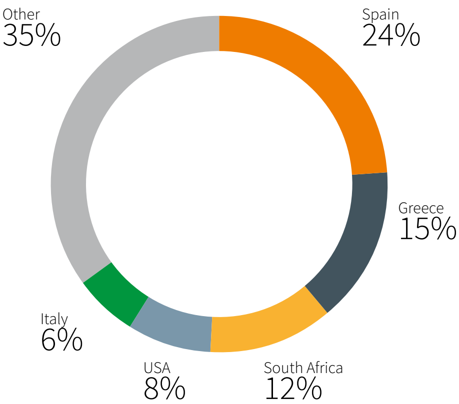
With the start of the war in Ukraine, our team, along with the ABG management, has effortlessly continued to speak with the markets about the origins of ABG brands, the production process, and the sourcing of ingredients as well as showing our full support for Ukraine and the people of Ukraine. These activities have brought positive results: Moskovskaya ® Vodka has reached the Top 2 position in Spain and Italy in the on-trade segment, and we have a strong ambition to continue along this path until we reach the top.

The Rooster Rojo® Tequila, the brand that ABG created from scratch, is gaining significant traction in major tequila markets (like the US and Spain) and opening the category for premium tequila in new markets (like South Africa and Greece).

Our participation in global events including ProWein, Bar Convent Berlin, TFWA World Exhibition, and London Cocktail Week has continued to raise interest and excitement about ABG core brands from existing and potential partners globally.

I send my sincere gratitude to all our partners globally who are with us on this exciting journey of delivering the ABG story and stories of our outstanding brands to our consumers.

Rooster Rojo® Tequila sales split by Global Markets 2022



Net revenue composition of ABG core brands in Global Markets 2022

Strong performance driven by a new commercial team, media investment in key markets, geographic expansion, improved route to market in numerous countries and focus on growth categories

Results - EMEIA & Global Travel Retail

In 2022, ABG in Europe, the Middle East, India, and Africa (EMEIA) and Global Travel Retail (GTR) enjoyed a strong overall performance with value growth at +63% vs last year and exceeding the threshold of 400k 9Lcs for the first time. This was satisfactory, especially in a year of war in Europe, significant supply chain issues including sourcing raw materials, and record inflation impacting our work.

Three new regional directors joined the team in April 2022 and immediately started to deliver results. New partnerships in United Arab Emirates, Israel, Turkey, Algeria, Tunisia, Nigeria, Poland, Ireland, Sweden, Benelux, Jordan, Bahrain, Serbia and other markets were instrumental in 2022 growth and also laid the foundations for future development.

Our strategic priorities - where to play and how to win - are now set at a global level, across seven categories indicating the brand/country combination with the highest benefits for the focus of our resources. The GTR channel was 100% managed by the ABG commercial team, enabling better customer service and alignment between duty free and duty paid channels.

Numerous brand building initiatives with digital media, consumer influencers, and global brand ambassadors increased priority brands' relevance, awareness, making them brands to be reckoned with.

Process improvements in budgeting, reporting, S&OP (sales and operations planning), allocation prioritization, net revenue management, selling processes, etc. continued benchmarking the best within and outside our industry.

Italy

Moskovskaya® Vodka: In the Italian market, the brand showed outstanding performance, resulting in record shipments of 100k 9Lcs. A Moskovskaya® Vodka media campaign launched across multiple media platforms reached an audience of over 6.5 million in the 18 to 24 age range. All sales channels enjoyed double digit annual growth, with the off-trade channel growing by103% and e-commerce by 24% as we focused on a more balanced channel strategy. This makes for a great business case in showing how investing behind brand building helps even a mature brand grow by double digits.

Rooster Rojo® Tequila: More than 740 bar tenders from across Italy where immersed in the brand as part of a full-day event at 'Camp Velier', a spirits training academy held annually by our distributor, Velier. 22 influential accounts across Italy took part in Rooster Rojo® Margarita Day, increasing awareness of the brand in key cities including Milan and Rome. 630 trade professionals sampled Rooster Rojo® Tequila at the Roma bar show, which was attended by 12 thousand trade professionals. A key Italian bar tender won the Rooster Rojo® Motorbike Competition. Publicity from this will be generated in 2023. Rooster Rojo® Ahumado and Smoked Pineapple expressions were launched this year and gained positive feedback from the trade.

Spain

Moskovskaya® Vodka: We shipped volume a record of over 50k 9Lcs. Distribution gained in both channels, with on-trade distribution growing to 56% of all direct on-trade accounts and off-trade distribution growing to 26.5%, representing 820 new retail stores. Moskovskaya® Vodka became the bestselling vodka on Amazon with a rating of 4.5/5 stars. A social media campaign launched on Instagram reaching an audience of 8.5 million+ in the 18 to 24 years age range due to the disruptive approach by the Spanish media agency, which are now a global social media partner. The new on-trade visibility strategy resulted in securing key lighthouse accounts, such as Café Mambo in Ibiza, BCM's in Magaluf, and Papagayo in Tenerife. In addition, we secured a further 25 key accounts across key regions in Spain, helping to amplify our presence in high consumption domestic and touristic locations.

Rooster Rojo® Tequila: Total volume exceeded 7k 9Lcs in 2022, only the second year after launching, demonstrating the tremendous potential of this brand. Our two cities amplification strategy worked, with on-trade distribution in direct accounts at 53% in Barcelona and 24% in Madrid. We became a Top 3 selling tequila on Amazon.

As part of our sponsorship of the 'Top 50 cocktail bars of the world' awards ceremony, not only did we gain visibility for Rooster Rojo® in front of the most influential bar tenders, but we also had TV coverage showing the brand. Our cocktail bar tender competition was deemed 'best in class' by trade professionals. Top bar tenders from across Spain could apply to be part of this initiative by posting their mixology capabilities via Instagram posts, with the competition taking place in Madrid for the best 20 and the winner being taken to Mexico. This activity not only engaged with the bar tender community but also generated media content and visibility for the brand. Our new table service POS 'The Proudest Rooster' won design awards and gained visibility across social media platforms. Rooster Rojo® Smoked Pineapple was launched this year and gained excellent feedback from the trade.

Portugal

Moskovskaya® Vodka: The brand achieved a record shipment of 24k 9Lcs. The Moskovskaya® Vodka media campaign launched across multiple social media platforms, reaching an audience of over 4.3 million in the 18 to 24 age range. An influencer partnership with two local digital natives increased our reach by 973k via their media channels.

Greece

Moskovskaya® Vodka: Direct distribution for the brand grew year-on-year by 2% in the on-trade with pouring agreements growing by 10%, meaning that over a third of the distributor's direct trade agreements have Moskovskaya® as their pouring vodka. Premium hotel chain Greco Hotels replaced Smirnoff for Moskovskaya® as their pouring brand, so we now have visibility across Greece in this 4/5* group.

Rooster Rojo® Tequila: Direct distribution grew by 4% in the on-trade channel, resulting in 14% national distribution across Greece, with an average of 19% distribution across Athens and Crete, the two most important regions for tourism and tequila consumption. Athens Bar Show attendance increased our visibility through both our stand and a tequila masterclass attended by 40 bar tenders from across Greece. Rooster Rojo® Ahumado and Smoked Pineapple were launched this year and gained great feedback by the trade. The decision to hire a Southern Europe brand ambassador was approved and is now in place to take the brand in 2023 to new levels of growth and engagement.

Results – Americas

2022 has been a successful year in the USA, where we grew the total volume of the ABG core brands from 16k 9Lcs to 24k 9Lcs, a growth of 48%. In addition, LATAM has doubled its net revenue from EUR 475k to EUR 935k which is a 97% growth. In Canada we changed agents and moved to a new partner, Dandurand Group, which has been tasked with unlocking the LCBO potential for Moskovskaya® Vodka, hence we expect remarkable things from Canada in 2023.

Overall, we managed to grow the Americas region from EUR 3.4 mil to EUR 5.5 mil in net revenue, which is a 63% year-on-year growth. This makes it clear that the Americas as a region will become instrumental in the further growth of ABG and a key contributor to the volume ambition for our core brands. In particular, KAH® Tequila is showing enormous success in the USA, the biggest tequila market in the world, growing by 5k 9Lcs to 12.5k 9Lcs (150%).

Even though Walsh Whiskey will only fully integrate into Amber in 2023, 2022 was a strong year for Writers' Tears® in Canada with shipments +56% and NSV +75%, due to an improved sales mix and stronger CAD. The Liquor Control Board of Ontario (LCBO) continues to be the standout market for Writers' Tears® with shipments +64% year over year. Growing consumer sentiment and well executed brand activations means Writers' Tears® Copper Pot is now recognised as the No. 1 Irish Whiskey brand in the Deluxe category.

In the USA, it was a year of transition. A significant focus on The Irishman®'s performance was in driving ROS to ensure we brought our new packaging to shelf as quickly as possible. This strong new pack and messaging, along with a planned exclusive partnership between our importer, Hotaling, and Southern Glazer Wines & Spirits (SGWS), the largest Distributor in the US, lays strong foundations for the future growth of The Irishman® brand.

Results – ASIA

2022 was heavily impacted by Covid-19 within the largest markets, China and Taiwan, due to the imposition of a zero Covid policy and major restrictions throughout most of the year. Nonetheless, the Group reached 39k 9Lcs, which was an achievement of 28% growth in volume. Key growth markets included: Thailand reaching a total regional volume of 7k 9Lcs (81% growth), China with 15k 9Lcs (+14%) and Vietnam with 2k 9Lcs (+283%), due to a successful and focused brand plan for Moskovskaya® Vodka, which reached 15k 9Lcs, highlighting 274% growth in volume vs 2021, and the continued success of Cosmopolitan Diva® (15k 9Lcs, representing 9% growth) as well as other ABG brands.

For 2023, we transitioned the management of the region to the rest of the Global Sales Division and strengthened the team by appointing a full-time experienced Regional Director to implement a growth strategy, identifying the most attractive countries for the categories in which ABG competes, selecting the best routes to market and investing in the most strategic opportunities. At the strategy is to walk away from low growth, low margins, and tactical initiatives.

Commercial Excellence Director – Own Route-to-Market Statement

Günther Rauner,
ABG Commercial Excellence Director - Own Route-to-Market

Dear Partner,

2022 has been a time of challenges and opportunities for ABG distribution companies worldwide. The recovery of markets helped by the lifting of Covid-19 restrictions that were imposed by most national governments, resulted in a fast recovery for on-trade channels in many territories.

With restored social and nightlife activities as well as the resumption of international travel, our sales teams from Australia, Austria, Germany, Estonia, Latvia, and Lithuania saw strongly positive sales trends in all segments and categories and were quick to support these.

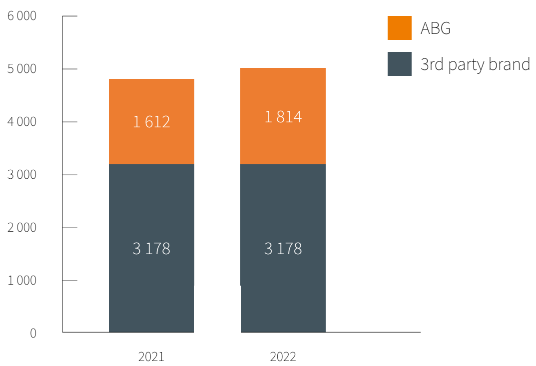
At the same time, e-commerce channels have maintained and even continued to improve their position, thus demonstrating the value of putting effort behind both traditional commercial activities and online marketplaces.

At ABG we have reviewed, updated, and relaunched our Distribution Commercial Standards, being the base for ABG Excellent Distribution Standards in all our distribution companies. This includes upgrading guidelines for the desired performance targets of sales personnel, improving merchandising standards, and introducing improvements in the performance recording platform that captures distribution team outputs. Our consistent approach across the globe allows us to improve our cooperation with our customers and consumers wherever we are operating.

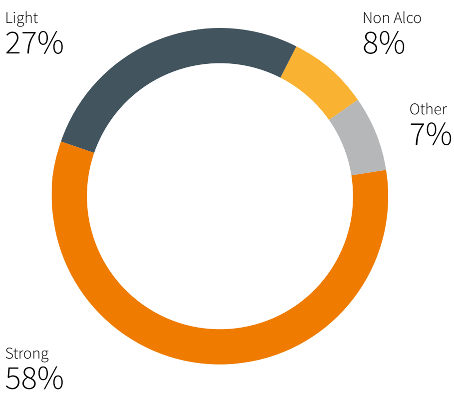
In late 2022 we appointed FuturMaster as a strategic partner to plan and manage trade promotions management, planning, and forecasting. The aim of the work is to provide guidance for ABG signature brands including Rooster Rojo® Tequila, Moskovskaya® Vodka, and Writers' Tears® Irish Whiskey and will be a useful tool for our commercial teams in their daily activities once this programme is rolled out globally.

In the following pages we are happy to share more in-depth reviews of our core ORTM markets. I would like to use this opportunity to express my gratitude to all the commercial and marketing teams for bringing ABG brands closer to our consumers and for being highly professional, skilled, and trustworthy partners when it comes to representing our third-party partners as well as our growing volume of core brands.

Distribution volume (excluding beer) in 2021 and 2022



2022 distribution net revenue split by alcohol type



Baltics

Performance

No.1	Wine and spirits distributors in Latvia and Lithuania
16%	Combined pan-Baltic market share
69	Own retail stores operated in Balticss

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 the distribution companies Amber Distribution Latvia (ADLV), Amber Distribution Lithuania (ADLT), Amber Distribution Estonia (ADEE), Interbaltija AG (IB), as well as retail 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 serving more than 3 700 customers in all trade segments from international key accounts to alco specialists, traditional trade, the HoReCa segment and border trade. IB is a specialist premium wine and spirits distributor which focuses on the HoReCa segment.

ADLT is the No1. alcohol importer in Lithuania with a highly prestigious and diversified portfolio in all categories, serving over 6 000 customers across key accounts, the HoReCa segment, and traditional trade channels. ADLT has a well-developed distribution network throughout Lithuania with sales of more than 2.2m 9Lcs annually. ADLT operates a fleet of 30 trucks and vans and provides 14 000 m2 of warehousing.

ADEE is a mid-sized, competitive and dynamically developing player in the Estonian beverage market providing to customers a wide range of international wines and spirits brands. Being the fastest growing distributor of international wine and spirits brands in Estonia, ADEE achieved a record year in 2022. The company serves more than 1 200 outlets across the country with a portfolio of over 210 brands.

In 2022, the estimated total volume market share was 16.4% (ADLV 27.6%, IB 1.1%, ADLT 14.7%, ADEE 3.9%). There were significant and notable volume shares in the brandy & cognac category (47.1%), the whiskey category (30.7%) and the RTD (ready-to-drink) category (28.4%) in Latvia. In Lithuania, the company leads the brandy and cognac category (36.2%), the whiskey category (31.3%), and the wine category (20.1%). In Estonia, the company has a good share of the whiskey category (24.8%) and the brandy and cognac category (11.0%) (Sources: AC Nielsen, IWSR, Internal data). In the Baltic distribution segment, the top performing volume categories in 2022 were sparkling wine, reaching 559k 9Lcs (+7% vs 2021); brandy and spirits reaching 384k 9Lcs (+6% vs 2021); whiskey reaching 252k 9Lcs (+4% vs 2021); liqueurs standing at 127k 9Lcs (+15% vs 2021); and improved positions in gin at 25k 9Lcs (+14% vs 2021) and rum at 25k 9Lcs (+26% vs 2021) with a focus on the premium segments in these categories.

The beverage market in 2022 has been impacted by +6.8% increase in excise tax for strong alcohol, +10% for still and sparkling wines, and +10% for beer in Lithuania. In Latvia, the easing of Covid-19 restrictions for travellers improved border sales and gave a significant boost in the HoReCa sector. At the same time, consumers returned to bigger store formats and once again chose physical shopping over e-retail. As a result, we saw +2% growth of the total alcohol market (-0.2% beer, +8% strong spirits, +14.1% fermented beverages, +3.8% wine). However, there was a decline in RTD with -12.4% for RTD as per EGD. Estonia also benefited from the lifting of Covid-19 restrictions and a return of consumers from Finland. As a result, the total alcohol market (excluding beer) grew by +9%. Domestic alcohol sales in Estonia changed as follows: beer +5%, spirits +9%, wine +12%, and fermented beverages +5%.

Major Brands

Moskovskaya® Vodka (volume -9%, value -9% vs 2021): Lithuania (volume -38% vs 2021): Moskovskaya® Vodka was the No.2 imported vodka up until the war started in Ukraine. All products that were perceived to have a connection with Russia were completely banned from trade channels in March 2022, following severe public pressure from consumers and politicians. Even though Moskovskaya® Vodka is produced in Latvia, due to the product name and branding cues it was perceived - erroneously - as a Russian product by both retailers and consumers. The brand therefore suffered immensely.

By the middle of 2022, we achieved re-listings of key SKUs under altered 'Mosko' branding accompanied by an extensive communication campaign promulgating the true origin of the product. Unfortunately, this did not mitigate the overall damage to the yearly results. In Latvia, Moskovskaya® Vodka became the No. 1 vodka in the category, growing volume by +63%. We successfully utilised our home production and the opportunity of replacing Russian- and Belorussian-origin vodkas after the war started. In Estonia we grew volume/value by +42%, successfully replacing Russian-origin brands in the biggest retailer, COOP.

Riga Black Balsam® (volume +5%, value +10% vs 2021): In Lithuania, the performance started to stabilize (volume is -2% vs 2021) after a positive 2021 recovery from the pandemic downturn. Due to a revised price strategy and optimization in the supply chain, we managed to gain in value SOM, even with slight decrease in overall volume. The main focus was still on the Riga Black Balsam® Black Currant flavour and the successful continuation of the development of Riga Black Balsam® Chocolate & Mint flavour. In Latvia, Riga Black Balsam® grew strongly due to increased domestic consumption (volume +5%, value +10% vs 2021). The potential was even higher, but we were impacted by lack of availability of bottles due to supply disruption caused by the war in Ukraine. A key focus was to build value by reviewing trade discounts. Due to the continued focus on building distribution and activations, Estonia also secured reliable results with volume growth of +15%, and value of +19% vs 2021).

Cosmopolitan Diva® (volume +6%, value +14% vs 2021): The brand grew by +4% in volume in Lithuania due to rotation on-shelf in both modern trade and traditional trade outlets as well as big gains resulting from a review of our pricing strategy. A high focus on awareness about brand improvements was the main priority, using influencer communications, digital campaigns, and off-trade activations. While already being a mature brand in the Latvian and Estonian markets, we introduced an ABV change from 6% to 5.5% to synchronize with the rest of the world. The introduction of our Pina Colada flavour delivered above expectations and proved to be a new and successful direction for the brand's taste profile.

Bumbu Rum (volume +32%, value +38% vs 2021): Latvia, our key market for the brand, delivered 23% growth on volume strengthening Bumbu's No.1 position in the premium rum category. At the same time, we continued the successful distribution build up in the Lithuanian market, with volume growth of +68% and in the Estonian market with +50% volume growth.

Jim Beam (volume +3%, value +6% vs 2021): In all three markets, we increased prices and faced fierce competition form Johnny Walker, Ballantine's, and Jack Daniel's. Latvia volumes fell by -4% in value and -1% in volume. We were prevented from taking part in some promotions and this had a negative impact on volume. In Estonia, volume grew by+14%. The key focus was on the expansion of distribution and activations to promote 0.7 and 1L sizes, thus limiting the historical dependency on the 0.5L format. In Lithuania, the brand performance was positive in 2022 with +10% vs 2021 growth in volume whilst the whisky category volume remained flat, according to market data. The main influencing factors affecting the positive Jim Beam sales were an active communication schedule in the modern trade and alco specialist sales channels; continuous distribution growth; and correct price positioning.

Grand Cavalier® Brandy: Grand Cavalier® Brandy maintained No.1 position in the category by volume and by value (Source: AC Nielsen 2022). Grand Cavalier® Brandy managed to grow its volume (+1.6% vs 2021) and market share based on high brand awareness, effective pricing strategy and the successful launch of a flavoured line extension.

Jack Daniel's: Jack Daniel's achieved growth of +4% vs 2021 by volume due to a strong focus on off-trade activities, a continuous communication campaign, and capitalizing on high brand awareness for an established brand. As a result, Jack Daniel's held the No.1 whiskey brand position by value and the No2 whiskey brand position by volume in Lithuania.

Online sales platform

Covid-19 has changed online shopping worldwide and ABG Baltic distribution units were no exception. During the pandemic, online consumption habits changed significantly, with a greater proportion of consumers buying essential products, such as food and beverages, online. Therefore, ADLT continued the development and further promotion of its online sales platform: www.amberdrinks.lt. The platform offers a wide range of alcoholic beverages, outstanding wine collections, and more. Latvijas balzams stores continued online beverage sales at the e-commerce platform www.lbveikali.lv. In addition, the opportunity to represent and sell ABG assortments via an external delivery online platform Bolt was also utilized. Along with its 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 2022, the Group continued the introduction of new products and proceeded with packaging renewal projects.

1. Reacting to the changed geopolitical situation and shifting end consumers' purchase decisions, the Moskovskaya® Vodka brand was updated to Mosko® Vodka.
2. The economy segment private label beer production was moved from Belarus to Ukraine in Lithuania.
3. Ukrainian Vodka brands Morosha and Khortytsa were introduced into the market.
4. Zolynai Cranberry new flavour bitter was successfully launched in Lithuania.
5. Grand Cavalier Vanilla flavour brandy was launched.
6. New flavours of ABG core brands were further successfully developed including sparkling Cosmopolitan Diva® Passion Fruit meeting the trend for passion fruit flavours globally; and the launch of Rooster Rojo® Ahumado Tequila.
7. New third-party supplier products from big brand families were successfully launched in the market: Tullamore Dew Honey, Finlandia Botanicals, Grant's Summer Orange, and Desperados Virgin.
8. The premium whisky segment was further strengthened with new Monkey Shoulder, Glenfiddich and the introduction of new volume sizes and variants for The Balvenie.

Australia

Performance

81k	9Lcs sold in 2022
AUD $1.7m	EBITDA budget achieved
62%	Rooster Rojo® Tequila growth

Amber Beverage Australia well positioned to deliver on our *Sirius25* objectives

2022 proved to be a successful one for the team at Amber Beverage Australia (ABAU). We achieved strong growth from our core brands, attracted exceptional new brands to the portfolio, and delivered on our full year EBITDA budget.

At ABAU, we have partnered with some of the world's finest international spirits businesses, such as Whyte & Mackay, Heaven Hill, Fratelli Branca, and Crystal Head Vodka. These partnerships, developed over many years, ensure that we work closely together to achieve our shared objectives. We also released several exciting brands onto the market and achieved positive initial sales volumes for brands that included KAH® Tequila, Tenjaku Japanese Whisky, and customer brand exclusives, Tamnavulin Sherry Cask and Jura Red Wine Cask.

Our brands are ranged and distributed by Australia's largest liquor retailers, Endeavour Drinks Group and Coles Liquor. We also utilise the Australia-wide wholesalers' networks such as Australian Liquor Marketers, Paramount, and Liquid Mix which serve on- and off-premise customers.

In addition, we have our Amber Rewards loyalty programme, that sees us communicating, training, and rewarding nearly 3 000 on-premise bar staff and managers who serve our quality brands to consumers every day.

Overall, the business achieved its budgeted AUD 1.7m EBITDA despite volume falls from our biggest retail partners of over 10% as the on-premise channel benefited from the lifting of Government restrictions and consumers regained confidence to return to bars, restaurants, and clubs.

Importantly, growth was achieved by retaining staff levels and keeping operations lean, thus contributing to an outstanding bottom-line result.

Major brands

Rooster Rojo® Tequila: 2022 was a record year for Rooster Rojo® Tequila with volumes up tby 62% on the previous year, surpassing the 6k9Lcs benchmark. This is despite industry-wide supply and logistics issues that hampered our ability to supply the market for extended periods. Distribution was gained across both on-trade and off-trade channels as consumers flocked to the brand, raising confidence that we will continue our growth in 2023.

Moskovskaya® Vodka: With annual volumes standing at just under 3k9Lcs, growth of over 300% meant that 2022 was the year that Moskovskaya® Vodka established itself in the Australian market. Consumers have quickly realised that Moskovskaya® Vodka represents good value for money, is highly awarded, and is affordable.

Little Drippa Coffee Extract: 2022 was also another record year for Little Drippa with volumes surpassing 5k 9Lcs and growth of +14% compared vs 2021. The ABAU sales and marketing team delivered increased ranging and visibility across the on-premise channel helping to deliver excellent growth.

New brands

In 2022, ABAU launched Tenjaku Japanese Whisky and Gin, Fettercairn Whisky, as well as several ABG brands – KAH® Tequila, Writers' Tears® Whiskey, and The Irishman® Whiskey.

Other events

In 2022, ABAU prioritized establishing closer cooperation with the Stoli brand owner, performed a market study and organized joint workshops, which resulted in focused brand plans and securing additional investment from the brand owner to ensure even faster growth in the coming years for ABAU's largest portfolio products.

United Kingdom

Performance

1.2m EUR in EBITDA for Amber Beverage UK, -10% vs 2021

606k 9Lcs sold by Amber Beverage UK, -15% vs 2021

51k 9Lcs sold by Indie Brands, +21% vs 2021

Turbulent UK post-Covid-19 recovery results in ‘squeezed middle’ in hospitality sector

The UK began 2022 with the on-trade once again closed due to an outbreak of another Covid-19 variant but then re-opened with a buoyant outlook, and hospitality experienced an encouraging come-back in Q1 of 2022. This was mainly driven by ‘staycations’ and pent-up demand for ‘experiences’, that saw a healthy rebound for the premium on-trade channel.

Much like the rest of Europe, the Russian invasion of Ukraine triggered a chain of events that damaged consumer confidence. This manifested itself in shortages of packaging materials, disrupted supply chains, fuel surcharges of up to 19% in certain parts of the country, and dramatic increases in COGS. While median disposable income was reported to fall by 0.3% over the course of 2022, household income inequality rose to 35.7% across the UK. The effect of this on hospitality was the phenomenon of the ‘squeezed middle’, whereby discretionary spending in outlets that rely on lower socioeconomic classes was most hit. These pressures came to bear in a 60% increase in UK restaurants that declared insolvency, peaking at over 450 closures during Q3 of 2022 alone. To round off a challenging year for hospitality, a series of nationwide public transport strikes during December was estimated to have wiped out 1.5 billion GBP in revenue at the most critical trading period of the year.

In this fraught climate for hospitality, operators in the premium on-trade and events channels continued to be the most resilient. In 2022, Amber Beverage UK’s (ABUK) and Indie Brands’ sales strategies were adjusting only slowly hence the total revenue has dropped by 10%, where off-trade sales account for 58% of revenue in 2022, and on-trade sales account for only 35% of revenue.

Meanwhile, the 21% increase in volume sales reported by Indie Brands was driven by the business’ strong presence in premium brands and outlets, with the on-trade accounting for 57% of revenue in 2022. The contrast between increased volume sales and declining EBITDA is a result of legacy payments from 2021 performance, unaccrued support monies and increased costs.

Portfolio changes

To align with developments in the market, the UK portfolio saw several changes. ABUK welcomed premium brands such as Silent Pool and Fritz Kola, while Indie Spirits expanded its range with the addition of provenance-driven brands including Adriatico, Melbourne Gin, Mundo Tequila, and Fercullen.

Simultaneously, both businesses sought operational synergies by exiting brands that were not strategically aligned with the strategic portfolio direction. These included Brockmans Gin, Beau Joie Champagne, Chang Beer, and Soto Sake.

Major brands

Rooster Rojo® Tequila: Volume sales of Rooster Rojo® Tequila reached 2.6k 9Lcs (+120% vs 2021). This was largely driven by listings with new routes to market and cash-and-carry retailers. Brand equity was improved by a branded pop-up hub at London Cocktail Week in October 2022.

KAH® Tequila: Volume sales of KAH® Tequila grew by 237% in 2022 and reached 1.6k 9Lcs. 75% of the volume in 2022 resulted from a new listing in Tesco with the KAH® Tequila Blanco expression in the second part of 2022.

Finest Call and Real: Volumes across Finest Call and Real brands (part of the ABM portfolio) reached 53.7k 9Lcs (+30% vs 2021). The brand has gained a strong foothold in the UK on-trade as a commercially compelling pouring product with a clearly articulated value proposition to outlets across a range of price points.

Don Papa Rum: Don Papa volume reached 12.9k 9Lcs (+27% 2021). The excellent performance is indicative of the strong category growth of rum in the UK. In March 2023, Diageo announced the completion of its acquisition of Don Papa, but its UK distribution will remain with ABUK in the medium-term.

Faustino: Volume sales of Faustino reached 170k 9lcs (-27% vs 2021). This is indicative of the challenges in the UK off-trade, as Faustino is heavily reliant on the off-trade in the UK with 92% of its volumes in 2022 being through multiple grocers.

Luxardo: Luxardo volumes exceeded 53k 9Lcs mark (+5% vs 2021), which is reflective of its reputation in the on-trade and the boom in cocktail culture in a post-Covid-19 market environment.

Austria and Germany

Performance

189k Total sales volume, 9Lcs

10.5m Total net sales

89 Brands served in Austria

A year full of growth and celebrating moments of success

The Austrian and German region is represented by two entities – Amber Beverage Austria (ABAT) and Amber Beverage Germany (ABGE). The Austrian entity showed excellent growth in 2022 with volumes up +31% vs 2021. During the year, a total of six new employees were welcomed to the company, actively supporting further growth. Thus, ABAT is currently better positioned than ever in all areas and can optimally support the on- and off-trade sectors. The expansion of the team combined with the number of outstanding brands introduced this year is the reason ABAT is now one of the best distributors in Austria. The year closed with the strongest month in the entire history of the company. Full of pride for the performance achieved this year, the ABAT team celebrated its 18th anniversary.

2022 was the first full year for the newly established Amber Beverage Germany, which was established in October of 2021. With Germany being the largest spirit market in the EU, it is essential for ABG to be present with a dedicated entity in this important market – both, from a volume perspective, grasping the opportunities this market of 45 million cases has to offer as well as from the viewpoint of utilizing Germany as our lighthouse market, setting trends beyond the country's borders.

ABGE operates as a very slim organization with only two Sales Representatives and one Managing Director. With this approach, the structure follows the business. We were able to sign up with a top five distributor ensuring quick execution of our ambitious plans and also provide a good platform for selected third-party brands.

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 outperformer of 2022 was clearly the successful Italian brand Terme di Crodo, which contributed 22.5k 9Lcs to the total volume in 2022, followed by the German beer brand König Ludwig with 18k 9Lcs, just ahead of Faxe Premium Beer. In the spirits sector, once again an Italian brand - Disaronno – comes on top with 9.4k 9Lcs. From a value perspective, the German vodka Three Sixty performed extremely well, along with Ron Centenario, Peachtree and Licor43. Licor43 and the Badel Liqueur range was in our assortment since September and have had an impressive performance; both are significant players in our existing core – brand range with big plans for the future.

ABGE is heavily focused on ABG core brands which make up for over 90% of the organization's sales with a heavy focus on the vodka category as well as on the off-trade channel which accounts for 80% of the spirits sector in Germany.

New brands

After more than two years of the Covid-19 pandemic, ABAT was finally able to experience that the on-trade segment was growing during 2022 because of restrictions being lifted on hospitality outlets. This year, we added several strong brands to the portfolio. The year started with the addition of the Peachtree Original brand and the inclusion of Rooster Rojo® Smoked Pineapple Tequila. In February, The Irishman® Whiskey was relaunched, and this was actively promoted. Then in April, a significant step and a milestone in the company's history occurred: portfolio expansion with Three Sixty Vodka, the No.1 vodka on the German market. Through cooperation with Schwarze & Schlichte, the brands Déjà-Vu and Shatler's were also added to the product range.

In the second half of the year, in August, Zamora Brands' Licor43, Martin Miller's Gin, Yellow Rose, and Villa Massa Limoncello were also added. These were followed by what is currently the largest spirits brand in the ABAT range - Badel. With Badel, the No.1 spirits producer on the Adriatic coast, we can address a significant target group in Austria.

ABAT ended the year with many new, strong brands, a top performance in on- and off-trade and enormous of motivation for the year ahead.

Consolidated Financial Statements

Contents

Primary Statements

Consolidated Statement of Comprehensive Income

	Notes	2022 EUR 000	2021 EUR 000
Revenue		530 128	482 238
Excise tax and duties		(164 352)	(171 973)
Net revenue	5	**365 776**	**310 265**
Cost of goods sold	6.1	(256 255)	(222 945)
Gross profit		**109 521**	**87 320**
Selling expenses	6.2	(55 436)	(43 731)
General and administrative expenses	6.3	(24 948)	(21 652)
Net impairment losses of financial assets		63	165
Fair value adjustment on biological assets	16	682	133
Other operational income	6.4	7 492	6 963
Other operational expenses		(2 762)	(1 880)
Merger and acquisition related costs		(2 748)	(614)
Operating profit	6	**31 864**	**26 704**
Net finance income / (costs)	9	(5 483)	813
Profit before tax		**26 381**	**27 517**
Corporate income tax	10	(4 995)	(4 671)
Profit for the year		**21 386**	**22 846**
Attributable to:			
Equity holders of the parent		18 364	20 579
Non-controlling interest		3 022	2 267
		21 386	**22 846**
Other comprehensive income (cannot be subsequently reclassified to profit or loss)		(222)	1 420
Total comprehensive income for period		**21 164**	**24 266**
Attributable to:			
Equity holders of the parent		17 243	21 963
Non-controlling interest		3 921	2 303
		21 164	**24 266**

These consolidated financial statements on pages 116 to 175 were approved by the Board of Managers on 26 May 2023 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Assets

	Notes	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Non-current assets				
Intangible assets	12	81 166	81 141	56 623
Property, plant and equipment	13	54 462	54 674	47 060
Rights-of-use assets	14	9 029	9 448	7 843
Investment properties	15	1 059	897	2 617
Biological assets	16	14 774	11 159	10 125
Loans to related parties	26.2	26 617	20 830	28 268
Other non-current financial assets		3 182	2 204	1 054
Non-current financial investments		2 184	2 810	2 734
Total non-current assets		**192 473**	**183 163**	**156 324**
Current assets				
Inventories	17.1	87 785	79 343	76 370
Trade and other receivables	17.2	138 253	147 244	117 640
Loans to related parties	26.2	3 717	2 856	2 204
Corporate income tax		146	812	628
Cash and cash equivalents	27	7 490	7 442	8 356
Total current assets		**237 391**	**237 697**	**205 198**
Assets held for sale	11.2	23 327	–	–
Total assets		**453 191**	**420 860**	**361 522**

These consolidated financial statements on pages 116 to 175 were approved by the Board of Managers on 26 May 2023 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Financial Position

Equity and liabilities

	Notes	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Capital and Reserves				
Share capital	22	13	13	13
Share premium	22	132 553	132 553	132 553
Foreign exchange revaluation reserve		(1 044)	243	(1 042)
Other reserves		1	1	1
Pooling reserve	23	(18 041)	(18 041)	(18 041)
Revaluation reserve of derivatives		98	(68)	(167)
Retained earnings		58 643	51 279	40 700
Total attributable to majority shareholders		**172 223**	**165 980**	**154 017**
Non–controlling interest	24	15 445	12 008	10 086
Total equity		**187 668**	**177 988**	**164 103**
Liabilities				
Non–current liabilities				
Borrowings	19	19 224	47 164	24 017
Trade and other payables	17.4	1 377	3 000	614
Deferred tax liability	10	3 392	1 390	427
Derivatives		(98)	68	167
Total non–current liabilities		**23 895**	**51 622**	**25 225**
Current liabilities				
Borrowings and bank overdrafts	19	88 658	61 938	50 234
Trade and other payables	17.3	86 858	71 323	58 112
Taxes payable	17.3	52 146	55 622	63 254
Corporate income tax liabilities		264	2 367	594
Total		**227 926**	**191 250**	**172 194**
Liabilities directly associated with the assets held for sale	11.2	13 702	–	–
Total current liabilities		**241 628**	**191 250**	**172 194**
Total liabilities		**265 523**	**242 872**	**197 419**
Total equity and liabilities		**453 191**	**420 860**	**361 522**

These consolidated financial statements on pages 116 to 175 were approved by the Board of Managers on 26 May 2023 and signed on its behalf by:

Jekaterina Stuge
Chairman of the Board of Managers

Consolidated Statement of Changes in Equity

	Notes	Share capital EUR 000	Share premium EUR 000	Foreign exchange revaluation reserve EUR 000	Pooling reserve EUR 000
As at 1 January 2021		**13**	**132 553**	**(1 042)**	**(18 041)**
Dividends declared	26.4	–	–	–	–
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)**
Dividends declared	26.4	–	–	–	–
Profit for the period		–	–	–	–
Other comprehensive income		–	–	(1 287)	–
Total comprehensive income		**–**	**–**	**(1 287)**	**–**
As at 31 December 2022		**13**	**132 553**	**(1 044)**	**(18 041)**

Attributable to the equity holders of the parent					
Revaluation reserve of derivatives EUR 000	Other reserves EUR 000	Retained earnings EUR 000	Total EUR 000	Non–controling interest EUR 000	Total equity EUR 000
(167)	**1**	**40 700**	**154 017**	**10 086**	**164 103**
–	–	(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**	**51 279**	**165 980**	**12 008**	**177 988**
–	–	(11 000)	(11 000)	(484)	(11 484)
–	–	18 364	18 364	3 022	21 386
166	–	–	(1 121)	899	(222)
166	**–**	**18 364**	**17 243**	**3 921**	**21 164**
98	**1**	**58 643**	**172 223**	**15 445**	**187 668**

Consolidated Statement of Cash Flows

	Notes	2022 EUR 000	2021 EUR 000
Cash flow from operating activities			
Profit for the period before taxation		26 381	27 517
Adjustments for:			
Depreciation and amortisation charge	6	8 992	8 844
Impairment of intangible assets	12	–	206
Net gain on disposal of property, plant and equipment, investment properties and intangible assets		(90)	(690)
Interest income		(912)	(869)
Interest expense		5 064	3 341
Adjustments to contingent consideration		2 212	–
Fair value adjustment on biological assets	16	(682)	(133)
		40 965	**38 216**
Working capital changes:			
Increase in inventories		(10 365)	(987)
Increase/ (decrease) in trade and other receivables		(8 020)	(27 085)
(Decrease)/ increase in trade and other payables		18 034	1 608
Cash generated from operations		**40 614**	**11 752**
Corporate income tax paid		(2 988)	(2 204)
Interest received		–	67
Net cash generated by operating activities		**37 625**	**9 615**

	Notes	2022 EUR 000	2021 EUR 000
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and right to use assets		(7 323)	(13 011)
Payments to acquire intangible assets		(1 346)	(1 129)
Payments to acquire biological assets		(620)	(328)
Proceeds from disposal of property, plant and equipment		424	1 312
Payment for acquisition of subsidiaries, net of cash acquired	11.1	–	(19 904)
Loan repayment received		–	7 571
Net cash used in investing activities		**(8 865)**	**(25 489)**
Cash flows used in financing activities			
Interest paid		(3 753)	(2 795)
Change in overdraft	19	3 500	10 244
Borrowings received	19	10 000	37 819
Borrowings from related parties	19	78	11
Repayment of borrowings	19	(27 314)	(17 256)
Lease payments	20	(2 845)	(2 732)
Dividends paid to Parent Company's shareholders	26.4	(7 602)	(9 950)
Dividends paid to non-controlling interests in subsidiaries	26.4	(484)	(381)
Net cash (used in)/ generated from financing activities		**(28 420)**	**14 960**
Net change in cash and cash equivalents		**341**	**(914)**
Cash and cash equivalents at the beginnging of the period		**7 442**	**8 356**
Cash and cash equivalents at the end of the period	27	**7 783**	**7 442**

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 26 May 2023.

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, L-2661, Luxembourg.

As of 31 December 2022 Amber Beverage Group (further on – the Group or ABG) consists of the Parent Company and its subsidiaries (see also **Note 28**).

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

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

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (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. For comparison purposes, several positions of consolidated statement of comprehensive have been reclassified.

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 2022 is a profit of EUR 21 385 thousand, Normalized EBITDA ratio (earnings before interest, taxes, depreciation and amortisation adjusted by merger and acquisition related costs and fair value change of biological assets) has reached EUR 42 922 thousand, as at the 31 December 2022 the Group has positive equity of EUR 187 668 thousand, the current assets exceed current liabilities (excluding the asset held for sale and associated liabilities) by EUR 9 465 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 and assets held for sale measured at the lower of carrying amount and fair value less costs to sell..

Reporting period

These consolidated financial statements cover the period from 1 January 2022 to 31 December 2022.

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 the functional currency of the Parent Company, the positions of statement of financial position are revalued at year–end exchange rate, the positions of statement of comprehensive income, cash–flow statement and statement of changes in equity are revalued at annual average exchange rate (or the average exchange rate for the period the Group has obtain the control), except for entities with functional currency of Russian ruble, where due to significant fluctuations in the currency market the quarterly weighted average exchange rate is applied.

The following foreign currency exchanges rates have been applied:

	31/12/2022	2022 average	31/12/2021	2021 Average	31/12/2020
USD/EUR	1.0666	1.0530	1.1326	1.1827	1.2271
AUD/EUR	1.5693	1.5167	1.5615	1.5749	1.5896
GBP/EUR	0.8869	0.8528	0.8403	0.8596	0.8990
RUB/EUR	75.6530	66.8916	85.3004	87.1527	91.4671
MXN/EUR	20.8560	21.1869	23.1438	23.9852	24.4160
CHF/EUR	0.9847	1.0047	1.0331	1.0811	1.0802
CAD/EUR	1.4440	1.3695	1.4393	1.4826	1.5633

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

3. Changes in IFRS Standards and Interpretations

Standards or interpretations effective for the first time for the annual periods beginning 1 January 2022

- 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, IFRS 9, IFRS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2022).
- Covid–19–Related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 April 2021).

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

Certain new standards and interpretations have been issued and become effective for annual periods beginning on or after 1 January 2023 or are not yet endorsed by the European Union

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IFRS 17 and an amendment to IFRS 4** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 8: Definition of Accounting Estimates** (effective for annual periods beginning on or after 1 January 2023).

- **Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12** (effective for annual periods beginning on or after 1 January 2023).
- **Transition option to insurers applying IFRS 17 – Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed 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 2024, not yet endorsed by the EU).
- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28** (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)

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

4. Critical Assumptions and Estimates

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

Impairment of goodwill and trademarks with indefinite useful life

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

Results for the Year

This section explains the results and performance of the Group for the year ending 31 December 2022. Disclosures are provided for divisional information, operating profit, finance income and costs, and taxation.

5. Segment Reporting

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

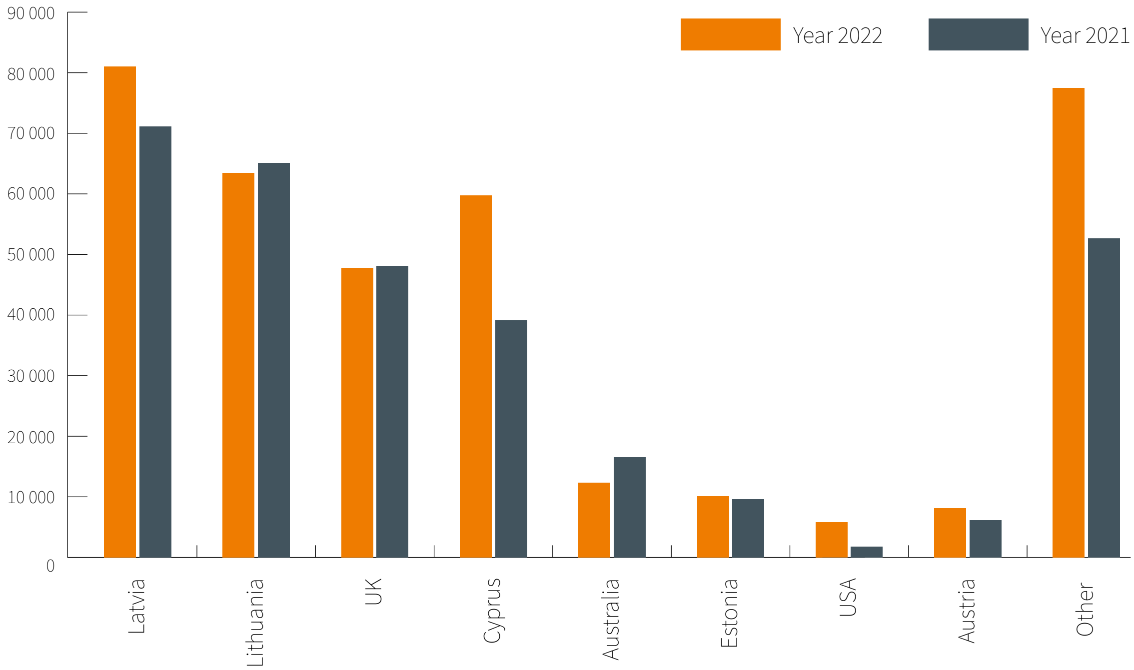
Each of these segments is managed separately as each of business areas require different approaches. All inter–segment transfers are carried out at arm's length prices.

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 recognised at a point of time.

	Production		Distribution and Brand Management		Other/ Eliminations		Consolidated	
	2022 EUR 000	2021 EUR 000	2022 EUR 000	2021 EUR 000	2022 EUR 000	2021 EUR 000	2022 EUR 000	2021 EUR 000
Net revenue								
Third party revenue	135 104	84 266	230 672	225 999	-	-	365 776	310 265
Intersegment revenue	61 968	48 179	16 719	15 305	(78 687)	(63 484)	-	-
Segment net revenue	**197 072**	**132 445**	**247 391**	**241 304**	**(78 687)**	**(63 484)**	**365 776**	**310 265**
Operating profit	**23 119**	**16 339**	**13 938**	**14 546**	**(5 193)**	**(4 181)**	**31 864**	**26 704**
Finance income							1 197	4 615
Finance costs							(6 680)	(3 802)
Income tax							(4 995)	(4 671)
Profit for the year							**21 386**	**22 846**

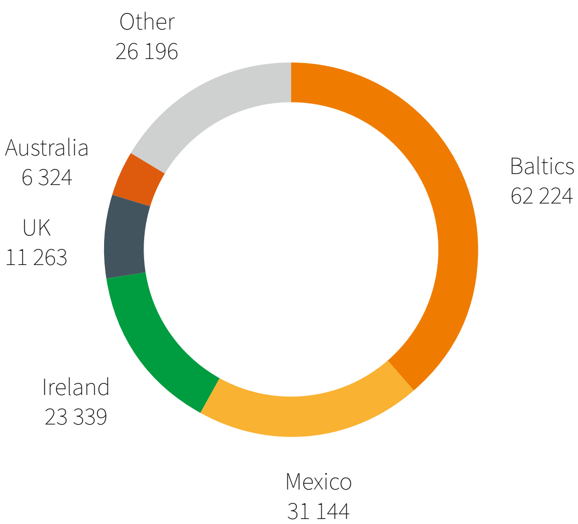
	Production		Distribution and Brand Management		Other/ Eliminations		Consolidated	
	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2022 EUR 000	31/12/2021 EUR 000
Assets								
Non-current segment assets	78 980	74 892	65 587	67 784	15 809	14 643	160 376	157 319
Current segment assets	87 906	90 460	138 512	135 711	7 227	7 858	233 645	234 029
Segment assets	**166 886**	**165 352**	**204 099**	**203 495**	**23 036**	**22 501**	**394 021**	**391 348**
Current tax receivable							146	812
Loans to related parties							30 334	23 686
Other non-current assets							3 179	2 204
Non-current financial investments							2 184	2 810
Assets held for sale							23 327	–
Total assets							**453 191**	**420 860**
Liabilities								
Non-current segment liabilities	(904)	(1 081)	(4 287)	(5 127)	–	(1 180)	(5 191)	(7 388)
Current segment lia-biltiies	(67 071)	(49 703)	(212 749)	(76 346)	137 075	(3 656)	(142 745)	(129 705)
Segment liabilities	**(67 975)**	**(50 784)**	**(217 036)**	**(81 473)**	**137 075**	**(4 836)**	**(147 936)**	**(137 093)**
Deferred tax liabilities							(3 465)	(1 390)
Current tax payable							(264)	(2 367)
Interest-bearing loans and borrowings							(100 327)	(101 954)
Derivatives							98	(68)
Liabilities associated with assets held for sale							(13 629)	–
Total liabilities							**(265 523)**	**(242 872)**
Other disclosures								
Capital expenditure	10 799	11346	1 446	838	1 323	1 384	**13 568**	**13 365**
Depreciation, amortisa-tion and impairment	5 113	4 541	2 715	2 713	1 164	1 796	**8 992**	**9 050**

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

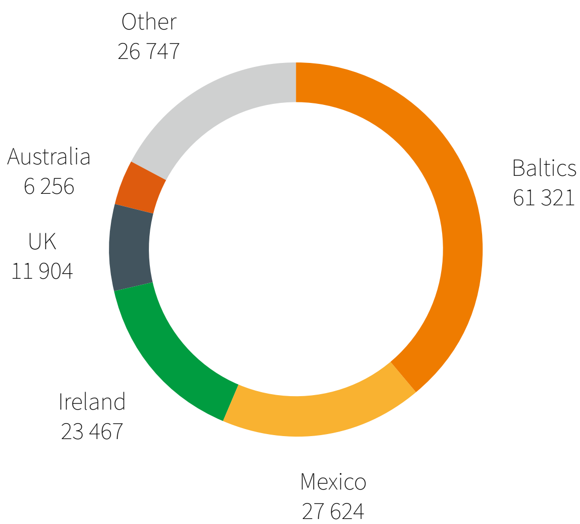


The total non–current assets other than financial instruments and deferred tax assets, broken down by location of assets, is shown in the following graphs:

2022



2021



6. Operating Profit

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

	2022 EUR 000	2021 EUR 000
Revenue	530 128	482 238
Excise tax and duties	(164 352)	(171 973)
Net revenue	**365 776**	**310 265**
Cost of inventories	(226 939)	(200 515)
Advertising, marketing and promotional costs	(9 578)	(6 328)
Logistic costs	(11 628)	(8 477)
Salaries and related taxes	(49 768)	(40 342)
Other indirect costs	(32 496)	(25 496)
Other operating income	7 492	6 963
Net impairment loss on financial assets	63	165
Depreciation and amortisation - cost of goods sold	(2 745)	(2 285)
Depreciation and amortisation - selling costs	(2 982)	(3 282)
Depreciation and amortisation - administration costs	(3 265)	(3 277)
Impairment of non-financial assets	–	(206)
Total depreciation, amortisation and impairment of non-financial assets	(8 992)	(9 050)
Fair value adjustment to biological assets	682	133
Merger and acquisition related costs	(2 748)	(614)
Operating profit	**31 864**	**26 704**

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

	2022 EUR 000	2021 EUR 000
Operating profit	31 864	26 704
Add-back for:		
Depreciation, amortisation and impairment	8 992	9 050
Fair value adjustment to biological assets	(682)	(133)
Total	**40 174**	**35 621**
Merger and acquistion related costs	2 748	614
Business restructuring costs	–	–
Normalized EBITDA	**42 922**	**36 235**

6.1. Costs of Goods Sold

	2022 EUR 000	2021 EUR 000
Cost of inventories	226 939	200 515
Salaries and related taxes	12 878	9 715
Utility expense	4 394	2 821
Nature resource tax	2 603	3 082
Depreciation and amortisation	2 745	2 285
Maintenance costs	1 170	869
Real estate tax	264	253
Laboratory expense	86	69
Insurance costs	61	56
Change in accruals	(41)	483
Other production costs	5 156	2 797
Total	**256 255**	**222 945**

6.2. Selling Expenses

	2022 EUR 000	2021 EUR 000
Salaries and related taxes	24 552	20 577
Transport and logistics	11 628	8 477
Advertising	9 578	6 328
Depreciation and amortisation	2 982	3 282
Maintenance of premises and similar costs	2 069	1 256
Change in accruals	465	741
Packaging materials	334	217
Maintenance of cars	149	110
Other distribution costs	3 679	2 743
Total	**55 436**	**43 731**

6.3. General and Administrative Expenses

	2022 EUR 000	2021 EUR 000
Salaries and related taxes	12 338	10 050
Depreciation and amortisation	3 265	3 277
Management and professional service expense	2 076	1 903
Office expense	1 419	1 027
Change in accruals	920	2 160
IT maintenance	575	458
Business trips	532	135
Communication	470	425
Representation	297	136
Bank commissions	264	280
Training expense	63	38
Other administration	2 729	1 763
Total	**24 948**	**21 652**

6.4. Other Operational Income

	2022 EUR 000	2021 EUR 000
Income from logistic services	3 558	3 265
Income from management services and royalties	317	301
Gain from sale of materials	181	455
Net gain on sale of property, plant and equipment	90	690
Other income	3 346	2 252
Total	**7 492**	**6 963**

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:

	2022 EUR 000	2021 EUR 000
Fees paid for audit and audit related services	291	242
Fees paid for other consulting services	–	–
Total	**291**	**242**

8. Staff Costs

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

	2022 EUR 000	2021 EUR 000
Wages and salaries	42 636	34 385
Social security contributions	7 132	5 957
Total	**49 768**	**40 342**

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

	2022	2021
Production	1 324	1 234
Wholesale and retail	692	688
Other	82	72
Total	**2 098**	**1 994**

9. Finance Income and Costs

	2022 EUR 000	2021 EUR 000
Finance income		
Interest income	114	77
Interest income from related parties	799	792
Foreign exchange gain, net	–	3 515
Other financial income	284	231
Total finance income	**1 197**	**4 615**
Finance costs		
Interest expenses	(4 283)	(2 892)
Interest expenses to related parties	(780)	(449)
Foreign exchange loss, net	(1 073)	–
Amortisation of loan related expenses	(544)	(461)
Total finance costs	**(6 680)**	**(3 802)**
Net finance income/ (costs)	**(5 483)**	**813**

In 2022 position Foreign exchange gain/ (loss), net includes unrealized net foreign exchange loss of EUR 516 thousand mainly due to euro valuation against Russian rubles and Mexican pesos (2021: unrealized net foreign exchange gain of EUR 3 388 thousand).

10. Corporate Income Tax

Corporate income tax comprises current and deferred tax of the reporting year. Corporate income tax for the reporting period is included in the consolidated financial statements based on the management's calculations prepared in accordance with requirements of tax legislation of each company of the Group. Deferred income tax arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements is calculated using the liability method. Deferred income tax liabilities are determined based on the tax rates that are expected to apply when the temporary differences reverse. Deferred tax assets/liabilities are written off in the consolidated statement of comprehensive income of the reporting period based on the legislative changes resulting in a change in deferred tax base. Income taxes are recognised through profit or loss unless they relate to items recognised directly in equity.

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

10.1. Components of Corporate Income Tax

	2022 EUR 000	2021 EUR 000
Current tax expense	2 828	3 317
Deferred tax expense	2 167	1 354
Tax charge	**4 995**	**4 671**

10.2. Reconciliation of Accounting Profit to Income Tax Charges

	2022 EUR 000	2021 EUR 000
Profit before tax	26 381	27 517
Income tax credit calculated at effective tax rate	4 983	5 291
Adjusting for:		
Expenses non-deductible for tax purposes	(1 208)	46
Change in allowance for deferred tax asset	1 220	(666)
Income tax expense recognized in profit or loss	**4 995**	**4 671**

Effective tax rate for reporting year is 18.89% (2021: 19.23%).

10.3. Movements in Components of Deferred Tax

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

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

	31/12/2020 EUR 000	Charged to income statement EUR 000	Charged to OCI 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 deferred tax asset	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 and discontinued operations.

11. Business Combinations and Assets Held for Sale

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

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

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

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non–controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the 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 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. Business Combinations

	2021	
	Walsh Whiskey group EUR 000	TOTAL EUR 000
Assets		
Intangible assets	23 254	23 254
Property, plant and equipment	125	125
Inventories	1 986	1 986
Trade receivables and other receivables	1 643	1 643
Cash and cash equivalents	195	195
Liabilities		
Trade payables	(951)	(951)
Other accounts payable	(986)	(986)
Borrowings and leases	(2 395)	(2 395)
Total identifiable net assets acquired	**22 871**	**22 871**
Goodwill arising on acquisition	–	–
Purchase consideration	**22 871**	**22 871**

In 2021 the Parent Company acquired the Walsh Whiskey group from 3rd, independent party, paying the consideration in cash. The consolidated statement of cash flows discloses purchase consideration net of cash acquired and net of contingent consideration, which is disclosed in **Note 17.4.**

11.2. Assets Held for Sale

Assets Held for Sale

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

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

As at 31 December 2022 the Group has classified investment in Amber Permalko AO as assets held for sale.

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

	2022 EUR 000	2021 EUR 000
The net cash flows incurred by the Disposal Group		
Operating	2 728	(1 654)
Investing	(216)	(128)
Financing	(4 388)	1 142
Net cash outflow	**(1 876)**	**(640)**

11.3. Impact on Financial Results

The operating profit development in 2022 has been impacted by the merger and acquisitions (M&A) of prior years. Therefore, to allow proper benchmarking of the operating profit 2022 development in comparison to 2021 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 2022 the M&A segment includes the operating profit generated by Walsh Whiskey group entities (acquired in 2021).

Comparative information for M&A represents Walsh Whiskey group entities (2 months) and Indie Brands acquired in 2020.

	2022		
	Organic growth EUR 000	**M&A impact EUR 000**	**Total EUR 000**
Revenue	520 068	10 060	530 128
Excise tax and duties	(164 336)	(16)	(164 352)
Net revenue	**355 732**	**10 044**	**365 776**
Cost of goods sold	(251 492)	(4 763)	(256 255)
Gross profit	**104 240**	**5 281**	**109 521**
Selling expenses	(52 492)	(2 944)	(55 436)
General and administration expenses	(24 040)	(908)	(24 948)
Net impairment losses on financial assets	9	54	63
Fair value adjustment on biological assets	682	–	682
Other operational income	7 492	–	7 492
Other operational expenses	(2 762)	–	(2 762)
Merger and acquisition related costs	–	(2 748)	(2 748)
Operating profit	**33 129**	**(1 265)**	**31 864**

	2021		
	Organic growth EUR 000	**M&A impact EUR 000**	**Total EUR 000**
Revenue	470 753	11 485	482 238
Excise tax and duties	(171 954)	(19)	(171 973)
Net revenue	**298 799**	**11 466**	**310 265**
Cost of goods sold	(214 418)	(8 527)	(222 945)
Gross profit	**84 381**	**2 939**	**87 320**
Selling expenses	(42 373)	(1 358)	(43 731)
General and administration expenses	(21 271)	(381)	(21 652)
Net impairment losses on financial assets	111	54	165
Fair value adjustment on biological assets	133	–	133
Other operational income	6 913	50	6 963
Other operational expenses	(1 880)	–	(1 880)
Merger and acquisition related costs	(74)	(540)	(614)
Operating profit	**25 940**	**764**	**26 704**

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 (the average registration period of trademark) by using straight–line method. Trademarks with indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses. If events that previously have triggered the recognition of impairment have ceased to exist, impairment might be reversed to initial cost value.

(c) Computer software and licences

Internal as well as external costs associated with developing or maintaining computer software 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®, KAH®, The Irishman® and Writers's Tears® trademarks.

	Goodwill EUR 000	Brands EUR 000	Conces- sions, licences and other intangible assets EUR 000	Intangi- bles under develop- ment EUR 000	Total EUR 000
As at 1 January 2021					
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
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**
2022					
Additions	–	–	–	1 346	1 346
Reclassification	–	275	1 334	(1 609)	–
Reclassified to assets held for sale	–	(116)	(9)	–	(125)
Amortisation	–	(197)	(1 081)	–	(1 278)
Foreign exchange differences	(46)	19	109	(1)	81
Total	**42 081**	**36 270**	**2 340**	**475**	**81 166**
As at 31 December 2022					
Cost value	42 081	41 523	9 036	681	93 321
Accumulated amortisation and impairment	–	(5 137)	(6 688)	(206)	(12 031)
Net book value	**42 081**	**36 270**	**2 340**	**475**	**81 166**

Segment level summary of goodwill is presented as following:

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Production – Grain	5 935	5 935	5 935
Production – Agave	6 033	5 436	5 153
Distribution – Baltics	12 312	12 312	12 312
Distribution – UK	11 048	11 663	10 900
Distribution – Australia	5 744	5 773	5 671
Distribution – Austria	1 009	1 009	1 009
Total:	**42 081**	**42 128**	**40 980**

The book value of trademark portfolio is presented as following:

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Writers' Tears ®	13 164	13 164	–
Moskovskaya ®	10 164	10 164	10 164
The Irishman ®	7 820	7 820	–
KAH ®	2 093	2 000	2 005
Other brands	3 029	3 141	727
Total:	**36 270**	**36 289**	**12 896**

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 2022 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.

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

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

	Production		Distribution			
2021	**Grain**	**Agave**	**Baltics**	**UK**	**AUS**	**AUT**
Sales volume growth, %	5%	39%	5%	15%	4%	16%
Sales price growth, %	0.3%	0.0%	1%	0%	–2%	1%
Gross margin growth, %	–3.7%	21.4%	5%	–1%	–3%	1%
EBITDA margin, %	13.0%	19.0%	10%	4%	9%	3%
Replacement CAPEX	2 500	328	1 463	50	14	37
Discount rate	12.5%	15.3%	12.1%	12.4%	13.6%	12.0%
Terminal value growth	3.0%	2.0%	2.4%	1.5%	2.6%	1.8%

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

2021	Moskovskaya®	KAH®	The Irishman®	Writers' Tears®
		Trademark		
Sales volume growth, %	32%	130%	n/a	n/a
Sales price growth, %	3.0%	3.3%	n/a	n/a
Discount rate	11.9%	15.3%	n/a	n/a
Terminal value growth	1.7%	1.7%	n/a	n/a

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

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

Freehold land is not depreciated.

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

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

Impairment of property, plant and equipment

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

	Land and buildings EUR 000	Machinery and equip-ment EUR 000	Other PPE EUR 000	Construc-tion in progress EUR 000	Total EUR 000
As at 1 January 2021					
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	(5 805)	(1 069)
Reclassification from Right-of-use Assets	–	476	–	–	476
Acquired through business combination **(Note 11.1)**	–	80	44	–	124
Foreign exchange differences	1 085	409	7	116	1 617
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**
2022					
Additions	–	48	–	6 857	6 905
Disposals	(35)	(81)	(19)	(129)	(264)
Reclassification	1 547	1 322	597	(7 394)	(3 928)
Reclassification from Right-of-use Assets	–	586	–	–	586
Reclassification to assets held for sale	(913)	(799)	(48)	(261)	(2 021)
Foreign exchange differences	2 571	702	(86)	246	3 433
Depreciation	(2 362)	(2 024)	(537)	–	(4 923)
Total	**34 929**	**10 223**	**1 276**	**8 034**	**54 462**
As at 31 December 2022					
Cost value	61 733	32 857	7 174	8 279	110 043
Accumulated depreciation and impairment	(26 804)	(22 634)	(5 898)	(245)	(55 581)
Net book value	**34 929**	**10 223**	**1 276**	**8 034**	**54 462**

The gross carrying value of fully depreciated property, plant and equipment that is still in use is EUR 24 262 thousand (31.12.2021: EUR 25 182 thousand).

As at 31 December 2022 fixed assets of the Group with the net book value of EUR 20.8 million (31.12.2021: EUR 19.2 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 2022 the Group has capitalized the borrowing costs in amount of EUR 140 thousand (31.12.2021: EUR 57 thousand) 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 2021	**4 582**	**3 130**	**131**	**7 843**
Additions	2 021	909	7	2 937
Change in management assumptions on remaining lease period	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**
Additions	414	775	23	1 212
Change in management assumptions on remaining lease period	1 886	117	–	2 003
Disposals	57	(127)	–	(70)
Reclassification to/ from property, plant and equipment	–	(585)	30	(555)
Foreign exchange differences	(161)	1	–	(160)
Depreciation	(2 000)	(635)	(214)	(2 849)
As at 31 December 2022	**5 640**	**2 438**	**951**	**9 029**

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.

	2022 EUR 000	2021 EUR 000
Opening balance	897	2 617
Additions	176	10
Disposals	–	(1 643)
Depreciation	(14)	(87)
Closing balance	**1 059**	**897**

Investment properties consist of several land plots and commercial buildings in Riga, Latvia, which are held for rental income generation purposes. As at 31 December 2022 the fair value of investment properties is estimated to be EUR 962 thousand (31.12.2021: EUR 904 thousand).

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.

	2022 EUR 000	2021 EUR 000
Opening balance	11 159	10 125
Additions	3 929	–
Capitalised maintenance costs	620	328
Transfers of harvested agave to inventories	(2 877)	–
Gain on change in fair value	682	133
Foreign exchange differences	1 261	573
Closing balance	**14 774**	**11 159**

As at 31 December 2022 the Group owns plantations of 400 hectares of Blue Weber Agave at different aging profile (2-4 years) (31.12.2021: 220 ha).

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, impairment is recognised 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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Raw materials	22 723	17 253	16 923
Finished goods and merchandize	60 396	56 301	54 407
Production in progress	4 412	4 807	4 701
Goods on the way	3 250	3 459	2 211
Other	134	753	165
Impairment for obsolete inventories	(3 130)	(3 230)	(2 037)
Total	**87 785**	**79 343**	**76 370**

Inventories of the Group with the book value as of 31 December 2022 of EUR 63.1 million (31.12.2021: EUR 55.4 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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Gross trade receivables	91 932	106 407	88 008
Allowance for doubtful debts	(1 356)	(2 604)	(2 769)
Net trade receivables	**90 576**	**103 803**	**85 239**
Receivables from related parties	38 023	35 878	24 937
Other debtors	7 714	5 986	6 006
Prepayments	1 941	1 577	1 458
Total	**136 313**	**145 667**	**116 182**

Information about major customers

Concentration of credit risk of Trade receivables with the customers of similar characteristics (national retail chains) as at 31 December 2022 is 34% (31.12.2021: 26%).

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

Trade receivables with the book value as at 31 December 2022 of EUR 64.4 million (31.12.2021: EUR 30.7 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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Excise tax	38 991	37 819	47 293
Value added tax	9 670	12 175	11 740
Corporate income tax	264	2 367	594
Other	3 485	5 628	4 221
Total	**52 410**	**57 989**	**63 848**

17.4. Trade and Other Payables

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Trade payables	60 071	50 337	42 568
Accrued expense	8 462	9 944	7 586
Contingent consideration	5 557	3 345	499
Dividends payable	3 348	650	600
Vacation reserve	2 157	2 061	1 522
Payables to related parties	1 454	1 619	1 642
Salaries payable	1 122	1 065	897
Advances received	991	686	255
Deferred income	973	455	563
Other payables	4 100	4 161	2 594
Total	**88 235**	**74 323**	**58 726**
Out of that:			
Non–current	1 377	3 000	614
Current	86 858	71 323	58 112

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.

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 2022 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:

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Borrowings at floating rates	66 946	58 461	45 963
Total	**66 946**	**58 461**	**45 963**

	Effect on profit before tax			
Currency on the borrowings	**Change in basis points**	**2022 EUR 000**	**Change in basis points**	**2021 EUR 000**
EUR	+50	305	+30	156
	–50	(305)	–30	(156)
RUB	+50	–	+30	13
	–50	–	–30	(13)
AUD	+50	21	+30	–
	–50	(21)	–30	–
GBP	+50	9	+30	6
	–50	(9)	–30	(6)

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, 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:

	31/12/2022 CUR 000	31/12/2021 CUR 000	31/12/2020 CUR 000
Financial assets in USD	4 311	4 793	2 547
Financial liabilities in USD	(2 017)	(2 363)	(1 837)
Open position in USD, net	2 294	2 430	710
Open position in USD calculated in EUR, net	**2 151**	**2 146**	**579**
Financial assets in GBP	60	62	23
Financial liabilities in GBP	(1 058)	(15 316)	(890)
Open position in GBP net	(998)	(15 254)	(867)
Open position in GBP calculated in EUR, net	**(1 125)**	**(18 153)**	**(964)**
Financial assets in MXN	–	–	–
Financial liabilities in MXN	–	(41 965)	(1 999)
Open position in MXN net	–	(41 965)	(1 999)
Open position in MXN calculated in EUR, net	**–**	**(1 813)**	**(82)**

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:

	2022		2021	
	Change in currency rate	Effect on equity, EUR 000	Change in currency rate	Effect on equity, EUR 000
USD	+10%	(196)	+10%	(196)
	–10%	239	–10%	238
GPB	+10%	102	+10%	1 650
	–10%	(125)	–10%	(2 018)
MXN	+10%	–	+10%	165
	–10%	–	–10%	(202)

18.5. Credit Risk

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

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

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

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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Loans to related parties	30 334	23 686	30 472
Non-current financial investments	2 184	2 810	2 734
Net trade receivables	90 576	103 803	85 239
Receivables from related parties	38 023	35 878	24 937
Other debtors and prepayments	7 835	5 986	7 464
Cash	7 490	7 442	8 356
Total	**176 442**	**179 605**	**159 202**

The largest concentration of credit risk arises from the debts of Group companies and loan issued to Group companies: on 31 December 2022 39% of total positions are related to Group companies (31.12.2021: 33%). 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 2022 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 2022 was determined for trade receivables, as follows:

31 December 2022	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	91 931	81 642	8 620	572	528	569
Expected loss rate		0,25%	0,60%	10%	90%	100%
Loss allowance	**(1 356)**	**(203)**	**(52)**	**(57)**	**(475)**	**(569)**

31 December 2021	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	106 407	91 281	12 107	1 043	296	1 680
Expected loss rate		0,45%	0,95%	15%	83%	100%
Loss allowance	**(2 604)**	**(407)**	**(115)**	**(156)**	**(246)**	**(1 680)**

31 December 2020	Total	Not due	1-90	91-180	181-360	361-
Gross carrying amount - Trade receivables	88 008	76 072	9 168	441	324	2 003
Expected loss rate		0,45%	0,95%	15%	85%	100%
Loss allowance	**(2 769)**	**(338)**	**(87)**	**(66)**	**(275)**	**(2 003)**

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:

	2022 EUR 000	2021 EUR 000
As at 1 January	2 604	2 769
Reclassified to Assets held for sale	(5)	–
Increase in loss allowance recognized in profit or loss during the year	492	501
Receivables written off during the year as uncollectible	(1 594)	(344)
Foreign exchange differences	413	343
Unused amounts reversed	(554)	(665)
As at 31 December	**1 356**	**2 604**

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 2022.

31/12/2022 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	89 707	18 438	–	108 145	100 328
Leases	2 877	6 233	–	9 110	7 554
Derivatives	(98)	–	–	(98)	(98)
Trade and other payables	123 589	1 365	–	124 954	124 954
Total:	**216 075**	**26 036**	**–**	**242 111**	**232 738**

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
Derivatives	–	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
Derivatives	–	167	–	167	167
Trade and other payables	109 123	601	–	109 724	109 724
Total:	**159 320**	**30 863**	**–**	**190 183**	**184 142**

As at 31 December 2022, the Group has further EUR 10 085 thousand (31.12.2021: EUR 5 735 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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Financial assets			
Financial assets at amortised cost			
Loans to related parties	30 334	23 686	30 472
Loans to other	2 184	2 810	2 734
Trade and other receivables	128 599	139 681	110 176
Other assets	3 684	4 382	4 824
Other receivables	4 296	2 416	1 603
Cash and cash equivalents	7 490	7 442	8 356
Total	**176 587**	**180 417**	**158 165**
Financial liabilities			
Liabilities at amortised cost			
Loans from credit institutions	86 324	93 169	58 218
Derivative financial instruments	(98)	68	167
Loans from related parties	14 004	8 785	9 516
Lease liabilities	7 554	7 148	6 517
Trade and other payables	117 570	111 281	108 913
Other liabilities	16 562	17 230	12 599
Total	**241 916**	**237 681**	**195 930**

	31/12/2022 Financial Assets EUR 000	31/12/2022 Financial Liabilities EUR 000	31/12/2021 Financial Assets EUR 000	31/12/2021 Financial Liabilities EUR 000	31/12/2020 Financial Assets EUR 000	31/12/2020 Financial Liabilities EUR 000
Euro	137 879	(208 190)	127 058	(173 104)	118 706	(163 166)
Sterling	16 604	(13 443)	20 629	(33 118)	11 744	(10 795)
Australian Dollar	9 435	(7 255)	7 753	(4 764)	10 645	(3 474)
Russian Ruble	4 091	(9 292)	18 737	(21 857)	12 192	(16 522)
US Dollar	4 042	(1 891)	4 232	(2 086)	2 076	(1 497)
Mexican Peso	3 325	(1 687)	1 942	(2 752)	2 684	(476)
Canadian Dollar	1 211	(157)	67	–	119	–
Total	**176 587**	**(241 916)**	**180 417**	**(237 681)**	**158 165**	**(195 930)**

19. Net Borrowings

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

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

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

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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Bank overdrafts	42 103	37 648	17 070
Bank loans	43 888	21 388	30 400
Accrued interest on bank loans	176	85	41
Loans from related parties **(Note 26.2)**	12	58	116
Borrowings due within one year	**86 179**	**59 179**	**47 627**
Non–current interest–bearing loans and borrowings			
Bank loans	157	34 048	10 707
Loans from related parties **(Note 26.2)**	13 992	8 727	9 400
Borrowings due after one year	**14 149**	**42 775**	**20 107**
Total borrowings before derivative financial instruments	**100 328**	**101 954**	**67 734**
Derivative financial instruments	(98)	68	167
Lease liabilities **(Note 20)**	7 554	7 148	6 517
Gross borrowings	**107 784**	**109 170**	**74 418**
Less: Cash and cash equivalents **(Note 27)**	(7 490)	(7 442)	(8 356)
Net borrowings	**100 294**	**101 728**	**66 062**

Analysis of net borrowings by currency

	31/12/2022		31/12/2021		31/12/2020	
	Cash and cash equivalents EUR 000	Gross borrowings EUR 000	Cash and cash equivalents EUR 000	Gross borrowings EUR 000	Cash and cash equivalents EUR 000	Gross borrowings EUR 000
Euro	3 357	(95 277)	4 526	(75 769)	4 833	(60 374)
US dollar	890	(34)	639	(31)	302	(29)
Sterling	1 302	(1 916)	1 248	(19 928)	2 536	(865)
Mexican peso	376	–	166	(3 696)	17	(4 985)
Australian dollar	1 133	(4 323)	558	(63)	330	(92)
Russian ruble	273	(6 208)	219	(9 658)	219	(8 050)
Other	159	(26)	86	(25)	119	(23)
Total	**7 490**	**(107 784)**	**7 442**	**(109 170)**	**8 356**	**(74 418)**

Movement of borrowings

	2022 EUR 000	2021 EUR 000
As at 1 January	**101 954**	**67 734**
Acquired through business combinations	–	2 350
Borrowings received	10 078	37 830
Net change in overdrafts	3 500	10 244
Borrowings repaid	(27 314)	(17 256)
Other non-cash movement	5 833	–
Foreign exchange differences	5 416	923
Interest accrued	4 415	2 747
Interest paid	(3 554)	(2 618)
As at 31 December	**100 328**	**101 954**

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, Amber Production Tequila S.A. de C.V., Interbaltija AG AS, and Amber Distribution Lithuania UAB as aggregation of property on the date of pledging as well as future aggregation of property;
(iii) The pledge of all shares of subsidiaries owned by the Parent Company, and any other shares that may be acquired in the future.

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

	Cash and cash equiva-lents EUR 000	Leases due after 1 year EUR 000	Leases due with-in 1 year EUR 000	Borrow-ings due after 1 year EUR 000	Borrow-ings due within 1 year EUR 000	Deriv-ative financial instru-ments EUR 000	Total EUR 000
Net debt as at 1 January 2021	**8 356**	**(3 910)**	**(2 607)**	**(20 107)**	**(47 627)**	**(167)**	**(66 062)**
Cash flows	(1 109)	–	2 732	–	17 256	–	18 879
New leases	–	(1 822)	–	–	–	–	(1 822)
New borrowings	–	–	–	–	(48 075)	–	(48 075)
Other non–cash movement	195	1 343	(2 884)	(22 668)	19 267	99	(4 648)
Net debt as at 31 December 2021	**7 442**	**(4 389)**	**(2 759)**	**(42 775)**	**(59 179)**	**(68)**	**(101 728)**
Cash flows	341	–	2 845	–	27 314	–	30 500
New leases	–	(970)	–	–	–	–	(970)
New borrowings	–	–	–	(78)	(10 000)	–	(10 078)
Other non–cash movement	(293)	284	(2 565)	28 704	(44 314)	166	(18 018)
Net debt as at 31 December 2022	**7 490**	**(5 075)**	**(2 479)**	**(14 149)**	**(86 179)**	**98**	**(100 294)**

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 5.08% for the calculation of lease liabilities upon initial recognition and their subsequent re–calculation at the year end. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset at the end of the period. Every lease payment is apportioned between lease liabilities and interest expenses thereon. Interest paid on lease liabilities is recognised in the statement of comprehensive income over the lease term.

Short–term leases and leases of low–value assets

The Group applies the short–term lease recognition exemption to its short–term leases of other property, plant and equipment items (i.e., those leases that have a lease term less than 12 months from the commencement date and do not contain a purchase option). It also applies the lease of low–value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payment on short–term leases and leases of low–value assets are recognized as expenses on a straight–line basis over the lease term.

	2022 EUR 000	2021 EUR 000
As at 1 January	**7 148**	**6 517**
Additions	970	1 822
Acquired through business combination	–	45
Changes in management assumptions on remaining lease period	2 424	1 505
Negative variable consideration	–	(220)
Interest	128	223
Payments	(2 845)	(2 732)
Foreign exchange difference	(271)	(12)
As at 31 December	**7 554**	**7 148**
Accounted as:		
Non-current liabilities	5 075	4 389
Current liabilities	2 479	2 759
Total	**7 554**	**7 148**

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 2022 the gearing ratio is 53% (31.12.2021: 57%) and ratio equity to total assets is 41% (31.12.2021: 42%).

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Borrowings	107 784	109 170	74 418
Cash and cash equivalents	(7 490)	(7 442)	(8 356)
Equity	187 668	177 988	164 103
Gearing ratio	**53%**	**57%**	**40%**
Equity	187 668	177 988	164 103
Assets	453 191	420 860	361 522
Equity to Assets ratio	**41%**	**42%**	**45%**
Borrowings	107 784	109 170	74 418
EBITDA	40 174	35 621	30 014
Debt/EBITDA ratio	**2,7x**	**3,1x**	**2,5x**
Borrowings	107 784	109 170	74 418
Cash and cash equivalents	(7 490)	(7 442)	(8 356)
EBITDA	40 174	35 621	30 014
Net Debt/ EBITDA ratio	**2,5x**	**2,9x**	**2,2x**

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 2022 is EUR 12 500 (31.12.2021: 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 (since 2021 Amber Talvis AO) from the related party S.P.I. Production B.V. (70.95%) and minority shareholder (1.91%). In 2018, the Group acquired a majority shareholding in Permalko AO (since 2021 Amber Permalko AO) from the related party S.P.I. Production B.V. (92.6%). In 2019, the Group acquired a 100% shareholding in DDE Holding Ltd. (since 2019 Amberbev International Ltd) from the related party S.P.I. Spirits (Cyprus) Ltd. In 2020, the Group acquired a 100% shareholding in Rits Holdings SIA from the related party SPI Holding Sarl.

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

24. Non–controlling Interest

	2022 EUR 000	2021 EUR 000
Opening balance	12 008	10 086
Share of profit for the period	3 022	2 267
Dividends **(Note 26.4)**	(484)	(381)
Foreign exchange differences	899	36
Closing balance	**15 445**	**12 008**

As at 31 December 2022 91% of non-controlling interest closing balance referres to Amber Latvijas balzams AS, which is listed on the Nasdaq Riga Stock exchange.

Other Financial Information

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

25. Commitments and Contingencies

25.1. Guarantees Received

Luminor Bank AS Latvian Branch has issued two payment guarantees to the Group entities Amber Latvijas balzams AS and Amber Distribution Latvia SIA for total maximal amount of EUR 1 058 thousand. The applied interest rate is EURIBOR + 2.05% maturity date – 31 December 2025.

25.2. 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 to take place on 13 April 2023.

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 in the Administrative Court of Armenia seeking cancellation a group of the Stolichnaya and Moskovskaya® trademarks there. FKP sought the cancelation of these trademarks on two grounds: (i) on the ground that the disputed trademarks are geographically misleading (i.e., mislead the consumer regarding the geographical origin of the goods marked with these trademarks), (ii) due to non-use. In 2016, the case was split into two separate proceedings currently pending before different courts: the Administrative Court proceeding concerning the claim to cancel the trademark registrations as geographically misleading, and the Civil Court proceeding concerning the cancellation of trademark registrations due to non-use. In the Administrative Court proceedings, in February 2019, the court of first instance fully rejected FKP's claims and found that FKP does not have legal standing to present a claim against SPI, which was appealed by FKP. In July 2022, the court of appeals revoked the aforementioned judgment of the court of first instance and instructed the court of first instance to hear FKP's claim anew. The next court hearing (of the court of first instance) is expected to take place on 12 May 2023. As for the civil court proceedings, the case is still at the court of first instance. The next hearing is expected to take place on 20 April 2023.

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 to take place on 4 May 2023.

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.

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® 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.

25.3 Lawsuit Related Contingencies

Environment pollution case

On 18 October 2018 a planned inspection of the Vilnius Region Environmental Protection Department of the Ministry of Environment of the Republic of Lithuania (hereinafter – Vilnius RAAD) was performed and Amber Distribution Lithuania UAB (previously known as Bennet Distributors UAB) (ADLT) was informed that by the decision of RAAD dated 18 December 2017 and 22 February 2018 the approvals issued by the Packaging Managers on the arrangement of metal and PET packaging in 2013–2015 tax periods were revoked. Therefore, on 18 December 2018, by the decision of the Vilnius RAAD ADLT was obliged to pay a fee of EUR 267 thousand for environmental pollution for packaging waste. ADLT has filed a plaint 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.), or other entities controlled by ultimate beneficial owner are disclosed below.

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

26.1. Trading Transactions

	Amounts owed by related parties			Amounts owed to related parties		
	31/12/2022 EUR 000	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**	**31/12/2022 EUR 000**	**31/12/2021 EUR 000**	**31/12/2020 EUR 000**
Parent Company	5 669	6 214	985	187	21	9
Other ABG Group companies	32 354	29 664	23 952	1 267	1 598	1 633
Total controlled by the Ultimate controlling party	**38 023**	**35 878**	**24 937**	**1 454**	**1 619**	**1 642**

	Sale of services and goods		Purchase of services and goods	
	2022 EUR 000	**2021 EUR 000**	**2022 EUR 000**	**2021 EUR 000**
Parent Company	–	1	300	51
Other ABG Group companies	63 976	43 869	562	142
Total controlled by the Ultimate controlling party	**63 976**	**43 870**	**862**	**193**

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 2022 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31.12.2021: 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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Loans to related parties			
Issued by Parent Company			
Non–current portion	26 463	20 698	28 268
Current portion	3 717	2 856	2 204
Total:	**30 180**	**23 554**	**30 472**
Issued by other companies			
Non–current portion	154	132	–
Current portion	–	–	–
Total:	**154**	**132**	**–**
Total loans to related parties	**30 334**	**23 686**	**30 472**
Loans from related parties			
Received by Parent Company			
Non–current portion	8 090	3 647	4 821
Current portion	–	49	110
Total:	**8 090**	**3 696**	**4 931**
Received by other companies			
Non–current portion	5 902	5 082	4 579
Current portion	12	9	6
Total:	**5 914**	**5 091**	**4 585**
Total loans from related parties	**14 004**	**8 787**	**9 516**

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 2023–2026. The Group has applied fixed interest rate of 3–8% (2021: 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 2023–2027, with fixed interest rates of 3–11%.

26.3. Compensation to Key Management Personnel

	2022 EUR 000	2021 EUR 000
Short–term employee benefits	4 315	3 614
Social security costs	528	512
Total	**4 843**	**4 126**

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

26.4 Movement of Dividends

	2022 EUR 000	2021 EUR 000
As at 1 January	**650**	**600**
Dividends declared	11 000	10 000
Dividends declared to non-controlling interests in subsidiaries	484	381
Dividends paid	(7 602)	(9 950)
Other movement	(700)	–
Dividends paid to non-controlling interests in subsidiaries	(484)	(381)
As at 31 December	**3 348**	**650**

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.

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Cash at bank	7 278	7 243	8 200
Petty cash	3	6	3
Cash in shops	98	69	126
Cash in transit	111	124	27
Total	**7 490**	**7 442**	**8 356**

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

	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Cash at bank	7 278	7 243	8 200
Petty cash	3	6	3
Cash in shops	98	69	126
Cash in transit	111	124	27
Cash and cash equivalents attributable to Disposal Group	293	–	–
Total	**7 783**	**7 442**	**8 356**

Cash at bank includes restricted cash in the amount of EUR 290 thousand (31.12.2021: EUR 241 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 31/12/2022	% Equity interest 31/12/2021
Amber Distribution Latvia SIA	Distribution	Latvia	100%	100%
Interbaltija AG AS	Distribution	Latvia	100%	100%
Amber Distribution Estonia OU	Distribution	Estonia	100%	100%
Amber Distribution Lithuania UAB	Distribution	Lithuania	100%	100%
Amber Beverage UK Ltd	Distribution	the UK	100%	100%
Amber Beverage Australia Pty Ltd	Distribution	Australia	100%	100%
Amber Beverage Austria GmbH	Distribution	Austria	90%	90%
Amber Beverage Germany GmbH	Distribution	Germany	100%	100%
Indie Brands Ltd	Distribution	the UK	75%	75%
Indie Spirits Ltd	Distribution	the UK	75%	75%
WW Equity House Holding Ltd	Holding activities	Ireland	100%	100%
WW Equity House Trading Ltd	Distribution and Brand management	Ireland	100%	100%
Amberbev International Ltd	Distribution	Cyprus	100%	100%
Amber Latvijas balzams AS [1]	Production of alcoholic beverages	Latvia	89.99%	89.99%
Amber Production Tequila S.A. de C.V.[1]	Production of alcoholic beverages	Mexico	100%	100%
Amber Agave S.A. de C.V.[1]	Agricultural activities	Mexico	100%	100%
Amber Permalko AO	Production of alcoholic beverages	Russia	92.6%	92.6%
Amber Talvis AO	Rectification of ethyl alcohol	Russia	72.87%	72.87%
Amber Production Remedia OU[1,2]	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[3]	Dormant	Lithuania	–	100%

1 In 2022 the Group finalized the rebranding of its subsidiaries. As the result, in 2022 Latvijas balzams AS was renamed to Amber Latvijas balzams AS, Fabrica de Tequilas Finos S.A. de C.V. to Amber Production Tequila S.A. de C.V., FTF Agro S.A. de C.V. to Amber Agave S.A. de C.V., Remedia AS to Amber Production Remedia OU.

2 On 11 November 2022 the Articles of Association of Remedia AS were amended by changing its legal form from AS (joint stock company) to OU (limited liability company).

3 On 25 February 2022 Skoniu Krastas UAB was liquidated

29. Other Accounting Policies

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

Revenue from contracts with customers

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

Excise tax expense

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

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

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

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

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

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

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

The carrying amount of the financial assets is reduced using a provision account and the amount of the loss is recognised in the consolidated 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 through the social security contribution payments in different jurisdictions in accordance with local legislative requirements.

Government grants

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

30. 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 2024.

In March 2023 the Group acquired the remaining 25% shares of Indie Brands Ltd, thus gaining full control over Indie Brands Ltd and Indie Spirits Ltd.

To finance the construction of automated high-bay warehouse project in Riga, Latvia, in April 2023 the Parent Company has issued EUR 30 million 4-year bonds (ISIN: LV0000870137).

In May 2023 to support the working capital management, Indie Brands Ltd has refinanced the invoice discounting facility with Royal Bank of Scotland to Ultimate Finance Ltd. Total available facility amount is GBP 2 million (EUR 2.3 million).

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.

Unaudited Financial Information

Statement of Financial Position of Amber Beverage Group Holding S.a r.l

Assets

	Notes	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Non–current assets				
Intangible assets		80	107	59
Property, plant and equipment		–	1	2
Loans to related parties		80 710	80 434	102 191
Investments in subsidiaries		200 770	200 775	174 983
Other non–current financial assets		2 178	2 810	2 734
Non–current financial investments		–	39	–
Total non–current assets		**283 738**	**284 166**	**279 969**
Current assets				
Trade and other receivables		12 019	15 378	10 735
Loans to related parties		28 164	25 712	9 617
Corporate income tax		22	–	64
Cash and cash equivalents		**458**	**120**	**165**
Total current assets		**40 663**	**41 210**	**20 582**
Total assets		**324 401**	**325 376**	**300 551**

Equity and Liabilities

	Notes	31/12/2022 EUR 000	31/12/2021 EUR 000	31/12/2020 EUR 000
Capital and Reserves				
Share capital		13	13	13
Share premium		132 553	132 553	132 553
Other reserves		1	1	1
Revaluation reserve of derivatives		98	(68)	(167)
Retained earnings		12 079	17 876	14 468
Total equity		**144 744**	**150 375**	**146 868**
Liabilities				
Non-current liabilities				
Borrowings		50 824	35 885	86 618
Derivatives		(98)	68	167
Total non-current liabilities		**50 726**	**35 953**	**86 785**
Current liabilities				
Borrowings and bank overdrafts		123 336	135 815	64 555
Trade and other payables		5 595	3 232	2 340
Taxes payable		–	1	3
Total current liabilities		**128 931**	**139 048**	**66 898**
Total liabilities		**179 657**	**175 001**	**153 684**
Total equity and liabilities		**324 401**	**325 376**	**300 551**

Statement of Changes in Equity of Amber Beverage Group Holding S.a r.l.

	Share capital EUR 000	Share Premium EUR 000	Revaluation reserve of derivatives EUR 000	Other Reserves EUR 000	Retained Earnings EUR 000	Total EUR 000
1 January 2021	**13**	**132 553**	**(167)**	**1**	**14 468**	**146 868**
Profit for the period	–	–	–	–	13 408	13 408
Dividends declared	–	–	–	–	(10 000)	(10 000)
Changes in revaluation reserve of derivatives	–	–	99	–	–	99
31 December 2021	**13**	**132 553**	**(68)**	**1**	**17 876**	**150 375**
Profit for the period	–	–	–	–	5 203	5 203
Dividends declared	–	–	–	–	(11 000)	(11 000)
Changes in revaluation reserve of derivatives	–	–	166	–	–	166
31 December 2022	**13**	**132 553**	**98**	**1**	**12 079**	**144 744**

Notes to Financial Information of Amber Beverage Group Holding S.a r.l.

Accounting policies of the Company

Basis for preparation

The financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost conversion.

Accounting policies and valuation rules are, besides the ones laid down by the law on 19 December 2002, determined and applied by the Board of Managers.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Investment in subsidiaries

Shares in affiliated undertakings are valued at their historical acquisition cost including the incidental costs of acquisition. the Management determines that a permanent impairment has occurred in the value of a financial asset, a value adjustment may be made, to reflect that loss. These value adjustments may not be continued if the reasons for which they were made have ceased to apply.

Dividends

Dividends payable are included in the financial statements in the financial year in which they are approved. Dividends received are included in the financial statements in the year in which they are receivable.

Borrowings

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

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value as at the date when the contract is concluded. Derivatives are subsequently measured at fair value at the end of each reporting period. The method of recognising 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 Company designates derivatives as hedges of an interest rates 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 "Reserves". The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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

Investment in subsidiaries

	EUR 000
As at 1 January 2021	
Cost value	174 983
Accumulated impairment	-
Net book value	**174 983**
2021	
Additions	21 630
Increase in investment due to capitalisation of loan	4 162
Total	**200 775**
As at 31.12.2021	
Cost value	200 775
Accumulated impairment	–
Net book value	**200 775**
2022	
Disposals	(5)
Total	**200 770**
As at 31.12.2022	
Cost value	200 770
Accumulated impairment	–
Net book value	**200 770**

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 26 May 2023 by:

Jekaterina Stuge
Chairman of the Board of Managers

Independent Auditor’s Report

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L–1014 Luxembourg T : +352 494848 1, F : +352 494848 2900, www.pwc.lu
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.

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 2022, 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 financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, 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 annual 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.

Restriction on distribution and use

The report, including the opinion, has been prepared for and only for the Shareholders and the Board of Managers in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Andrei Chizhov
Luxembourg, 29 May 2023

AMBER
BEVERAGE GROUP

Production Logistics Distribution Retail