AMBER DISTRIBUTION LATVIA SIA

ANNUAL FINANCIAL STATEMENT 2021

Prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia and independent auditors' report

Riga
2022

CONTENT

Information About the Company

Name of the Company:	Amber Distribution Latvia SIA
Legal status of the Company	Limited Liability Company
Number, place and date of registration	40003396995 Riga, 5 June 1998 Re-registered in the Commercial Register on 31 July 2003 under unified registration No. 40003396995
Address	Noliktavu Street 11 Dreiliņi, Stopiņi Civil Parish, Ropaži Municipality, LV-2130 Latvia
Shareholder	Amber Beverage Group Holding S.a r.l. (100%), Luxembourg
Subsidiary	Rits Holding SIA (100%), Latvia
Names, surnames and positions of members of the Management Board	Pāvels Fiļipovs – Member of the Management Board
Reporting year	1 January - 31 December, 2021
Name and address of the auditor and of the sworn auditor in charge	PricewaterhouseCoopers SIA Commercial company licence No. 5 Kr. Valdemāra Street 21 - 21 Riga, LV-1010 Latvia Sworn auditor in charge: Jana Smirnova sworn auditor certificate No. 188

Management Report

Type of Activity

The principal activity of Amber Distribution Latvia SIA (hereinafter also referred to as the Company) is wholesale of alcoholic beverages, as well as retail sales within the LB Veikali chain of stores. The Company supplies its products to more than 4,500 customers (business partners) across Latvia, including shops, bars, restaurants and hotels. The company is part of the Amber Beverage Group, one of the world's leading producers, distributors, retailers of alcoholic beverages and logistics providers.

In 2021, the Company continued to be the largest distributor of alcoholic beverages in Latvia, accounting for 30% of the total alcoholic beverages market (according to AC Nielsen data). The Company was the market leader in the alcoholic beverages categories vodka (26.9%), brandy and cognac (53.2%), alcoholic cocktails (29.6%) and whisky (31.5%).

The Company's portfolio includes more than 250 international and local beverage brands, and its wine range includes more than 400 names from 45 wineries around the world.

Activities of the Company in the Reporting Year

Overall, the Company's net turnover in 2021 increased by 3.8% compared to 2020, reaching an all-time high of EUR 136 million. The Company's net profit in 2021 amounted to EUR 3.6 million (in 2020: EUR 4.7 million), affected by structural changes in sales channels (due to the restrictions of the COVID-19 pandemic, HoReCa (hotels, restaurants, cafes) and borderland sales have not changed significantly in the total sales volume).

During the reporting year, the COVID-19 restrictive measures were changed several times, but the Company's management proactively implemented measures to minimise the negative impact: work continued on reviewing the advertising spending strategy, optimising staff workload, limiting international travel, introducing remote working for positions where this was possible. As a result of these and other activities, the Company was able to successfully adapt its core business to the new market conditions.

Main Brands Represented

Moskovskaya Vodka: (volume +4%, value +6% compared to 2020), the overall increase in sales is mainly due to various promotional activities in supermarkets.

Rīgas Melnais Balzams: (volume +8%, value +8% compared to 2020) sales growth was mainly driven by the stabilisation of *Rīgas Melnais Balzams Chocolate & Mint* position in the market, as well as the growth of *Rīgas Melnais Balzams Currant*, which exceeded the sales of the main product.

Cosmopolitan Diva: (volume +2%, value +2% compared to 2020) continues to hold its market position in the sparkling wine category.

Jim Beam: (volume +14%, value +7% compared to 2020) *Jim Beam* has maintained its position as the No.1 whisky brand in Latvia in 2021.*Jim Beam* continued to invest in marketing campaigns, focusing on retail (price discount campaigns, additional product placement, branded displays). The Company's aggressive price offers had a significant impact on competitors.

New Product Development

In 2021, the Company continued to introduce new products to the Latvian market. Many of them were successful, thus contributing to sales growth. The best known are the *Moskovskaya Street* range in cans, *Cross Keys Gin* cocktails in cans, a new alcoholic cocktail *Black Balsam Spritz* in cans, hemp-flavoured *Hektors*, vodka *Gradus* and *House of Riga Black Balsam Hot Drink*.

Management Report (continued)

Financial Risk Management

The financial risks associated with the Company's financial instruments are mainly interest rate risk, liquidity risk and credit risk. The Company's management seeks to minimise the negative impact of potential financial risks on the Company's financial position.

The Company is exposed to interest rate risk mainly in connection with its borrowings from Luminor Bank AS Latvian branch, credit line from BluOr Bank AS, as well as finance lease agreements with Luminor Līzings SIA with a variable interest rate. At the same time, contracts for long-term debts from and loans to affiliated companies are concluded at a fixed interest rate.

The Company is exposed to credit risk in respect of its purchasers' and commissioning party debts, short-term loans issued and cash and its equivalents. The Company controls its credit risk by continuously assessing the debt repayment history of its customers and setting credit terms on a customer-by-customer basis. The Company continuously monitors its balances of debts of debtors to minimise the possibility of uncollectible debts. A significant part of the concentration of credit risk arises from the debts of related undertakings. Given Amber Beverage Group's strong financial position, no provision for impairment is made for debts of related undertakings and the Company's management assesses the credit risk of transactions with related undertakings as insignificant.

The Company controls its liquidity risk by ensuring adequate financing using the granted credit lines and loans, by planning repayment terms to debt suppliers, by developing and analysing future cash flows consisting of both existing and planned loans, as well as the interest payable on these loans. As at 31 December 2021, the Company's current liabilities exceeded its current assets by EUR 5.4 million. The Company's current liabilities include the Company's debts to related undertakings amounting to EUR 32.9 million. Given that cash flow is managed at the Group level, the Company's management believes that the Company will have sufficient financial resources to cover its liabilities to third parties and to ensure adequate liquidity.

Circumstances and Events After the End of the Reporting Year

The Russian military invasion of Ukraine in February 2022 has created new challenges for the Company's operations: as a result of the hostilities, the Company has had to rearrange its supply chain processes for certain products, refrain from buying and selling certain products, redesign and improve its pricing mechanisms, which have been further affected by an even higher rise in raw material prices, and actively monitor and comply with the sanctions regime in place. The Company's management has taken all the necessary steps to be able to fulfil the promises made to its business partners, but it must be recognised that the turbulence in the global economy as well as in the beverage and consumer segments is currently unpredictable.

In March 2022, the Company's Parent Company Amber Beverage Group Holding S.a r.l. extended until 31 January 2023 the Overdraft and Letter of Credit Agreement concluded on 19 December 2018 with Luminor Bank AS, where the Company together with other companies of the Amber Beverage Group acts as guarantor.

There have been no other events that have materially affected the financial position of the Company as at 31 December 2021 during the period from the last day of the reporting year to the date of signing this financial statement.

Future Development of the Company

The Company will continue its activities to increase its market share, as well as to introduce new products, sales channels and optimise its product portfolio.

Proposals for the Distribution of the Company's Profits

The Management Board recommends that the 2021 profit be retained.

On behalf of the Management Board:

/signature/

Pāvels Fiļipovs
Member of the Management Board

Riga, 4 July 2022

Profit or Loss Account

	Annex	2021 EUR	2020 EUR
Net turnover	1	136,462,298	131,501,892
Purchase costs for goods sold or services provided	2	(121,505,972)	(114,329,945)
Gross profit		**14,956,326**	**17,171,947**
Selling costs	3	(9,401,120)	(10,313,204)
Administrative costs	4	(2,181,334)	(1,969,708)
Other income from economic activities	5	271,828	318,366
Other costs of economic activity	6	(93,899)	(175,482)
Other revenue from interest and similar revenue	7	309,131	266,433
Interest payments and similar costs	8	(280,907)	(619,812)
Profit before corporate income tax		**3,580,025**	**4,678,540**
Corporate income tax	9	(22,315)	(981)
Profit for the reporting year		**3,557,710**	**4,677,559**

The annexes on pages 11 to 27 are an integral part of this financial statement.

Balance Sheet **(1)**

Asset	Annex	31.12.2021 EUR	31.12.2020 EUR
Long-term investments			
Intangible investments:			
Concessions, patents, licences, trademarks and similar rights		23,181	31,747
Total intangible investments:	10	**23,181**	**31,747**
Fixed assets:			
Land parcels, buildings and engineering structures		70,300	72,259
Long-term investments in rented fixed assets		20,888	61,995
Other fixed assets and inventory		235,379	254,258
Costs of the establishment of fixed assets		41,951	48,091
Advance payments for fixed assets		5,221	-
Total fixed assets:	11	**373,739**	**436,603**
Asset usage rights	12	**1,634,426**	**1,832,085**
Long-term financial investments:			
Participation in the capital of related undertakings	13	904,000	904,000
Loans to related undertakings	16	9,001,945	9,001,945
Other securities and investments		1	1
Total long-term financial investments:		**9,905,946**	**9,905,946**
Total long-term investments:		**11,937,292**	**12,206,381**
Current assets			
Inventories:			
Finished products and goods for sale	14	9,103,007	10,435,039
Total inventories:		**9,103,007**	**10,435,039**
Debtors:			
Purchasers’ and commissioning party debts	15	22,699,314	21,741,831
Related undertaking debts	16	17,791,370	6,058,676
Other debtors	17	65,481	34,764
Next period costs	18	117,333	141,779
Accrued revenue		1,114,758	367,702
Total debtors:		**41,788,256**	**28,344,752**
Cash:	19	**478,660**	**767,180**
Total current assets:		**51,369,923**	**39,546,971**
Total assets		**63,307,215**	**51,753,352**

The annexes on pages 11 to 27 are an integral part of this financial statement.

Balance Sheet **(2)**

Liability	**Annex**	**31.12.2021 EUR**	**31.12.2020 EUR**
Equity:			
Share capital (fixed capital)	20	939,046	939,046
Reserves:			
reserves laid down in the articles of association of the company		12,151	12,151
reorganisation reserve		(13,788,703)	(13,788,703)
Retained profit brought forward from previous years		13,928,773	13,751,214
Profit for the reporting year		3,557,710	4,677,559
Total equity:		**4,648,977**	**5,591,267**
Creditors:			
Long-term creditors:			
Loans from credit institutions	21	932,641	1,243,521
Other loans	22	998,888	1,235,371
Total long-term creditors:		**1,931,529**	**2,478,892**
Short-term creditors:			
Loans from credit institutions	21	10,279,634	310,881
Other loans	22	698,405	690,984
Prepayments received from purchasers		5,389	4,134
Accounts payable to suppliers and contractors		8,838,507	9,731,528
Debts to related undertakings	23	32,887,221	28,882,093
Taxes and State mandatory social insurance payments	24	1,489,158	1,725,178
Other creditors	25	910,995	1,114,178
Next period revenue		301,914	291,077
Unpaid dividends		1,150,000	800,000
Accrued liabilities	26	165,486	133,140
Total short-term creditors:		**56,726,709**	**43,683,193**
Total creditors:		**58,658,238**	**46,162,085**
Total liabilities		**63,307,215**	**51,753,352**

The annexes on pages 11 to 27 are an integral part of this financial statement.

Statement of Changes in Equity

	Fixed capital EUR	Reserves laid down in the articles of association of the Company EUR	Reorganisation reserve EUR	Retained profit EUR	Total EUR
Balance as at 31 December 2019	**939,046**	**12,151**	**(13,747,839)**	**18,151,214**	**5,354,572**
Reorganisation reserve	-	-	(40,864)	-	**(40,864)**
Dividends	-	-	-	(4,400,000)	**(4,400,000)**
Profit for the reporting year	-	-	-	4,677,559	**4,677,559**
Balance as at 31 December 2020	**939,046**	**12,151**	**(13,788,703)**	**18,428,773**	**5,591,267**
Dividends	-	-	-	(4,500,000)	**(4,500,000)**
Profit for the reporting year	-	-	-	3,557,710	**3,557,710**
Balance as at 31 December 2021	**939,046**	**12,151**	**(13,788,703)**	**17,486,483**	**4,648,977**

The annexes on pages 11 to 27 are an integral part of this financial statement.

Cash Flow Statement

	Annex	2021 EUR	2020 EUR
I. Cash flow of principal activity			
1. Profit before tax		3,580,025	4,678,540
Adjustments:			
a) depreciation of fixed assets and asset usage rights	11; 12	837,743	991,105
b) depreciation of intangible investments	10	18,666	48,628
c) revenue from interest	7	(309,131)	(266,433)
d) interest cost	8	280,907	527,145
e) net gain on disposal of long-term investments	5	(23,083)	(61,142)
		4,385,127	**5,917,843**
Adjustments:			
a) (increase) / decrease in the purchasers' and commissioning party debts		(111,388)	5,028,818
b) decrease / (increase) in inventory balances		1,332,032	(1,094,976)
c) increase / (decrease) in debts to suppliers and other creditors		2,488,068	(284,929)
2. Gross cash flow of principal activity		**8,093,839**	**9,566,756**
3. Corporate income tax payments		42,179	-
4. Net cash flow of principal activity		**8,136,018**	**9,566,756**
II. Cash flow of investing activities			
1. Acquisition of shares in related undertakings	13	-	(904,000)
2. Acquisition of fixed assets and intangible investments		(115,662)	(75,725)
3. Proceeds from the sale of fixed assets and intangible investments		27,282	118,669
4. Loans issued	29 (e)	(13,332,116)	(2,422,365)
5. Interest received	29 (e)	273,809	-
1. Net cash flow of investing activities		**(13,146,687)**	**(3,283,421)**
III. Cash flow of financing activities			
1. Loans received	21 (c); 29 (f)	19,941,047	5,000,000
2. Expenditure on repayment of loans	21 (c); 29 (f)	(10,310,881)	(6,426,246)
3. Interest paid		(253,200)	(519,935)
4. Lease payments made	12	(504,817)	(586,695)
5. Paid dividends		(4,150,000)	(3,600,000)
8. Net cash flow of financing activities		**4,722,149**	**(6,132,876)**
Net (decrease) / increase in cash and cash equivalents in the reporting year		**(288,520)**	**150,459**
Balance of cash and cash equivalents at the beginning of the reporting year		767,180	616,721
Balance of cash and cash equivalents at the end of the reporting year	19	**478,660**	**767,180**

The annexes on pages 11 to 27 are an integral part of this financial statement.

Annex
Accounting Policy

(a) Information About the Company

The registered office of Amber Distribution Latvia SIA (hereinafter referred to as the Company) is Noliktavu iela 11, Dreiliņi, Stopiņu pagasts, Ropažu novads. The Company is registered with the Commercial Register under unified registration number 40003396995. The Company's sole shareholder is Amber Beverage Group Holding S.à r.l. (a company registered in Luxembourg), which owns 100% of the Company's share capital.

(b) Guidelines for the Preparation of the Financial Statement

The Annual Report has been prepared in accordance with the Accounting Law of the Republic of Latvia and the Law on the Annual Financial Statements and Consolidated Financial Statements, except for lease accounting, where the accounting principles of International Financial Reporting Standard No. 16 “Leases” have been applied. The annual financial statement has been prepared on a going concern basis. As at 31 December 2021, the Company qualifies as a large company.

The financial statements have been prepared under the historical cost convention.

The profit or loss account has been prepared using the sales costs method.

The cash flow statement has been prepared using the indirect method.

The Company's accounting and valuation methods are unchanged from the previous reporting year.

In accordance with the provisions of Section 65 of the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia, the Company has not prepared consolidated financial statement as its balance sheet total at the reporting date and financial results for the reporting period are included in the higher level consolidated financial statements.

(c) Going concern basis

The Company closed the reporting year with a profit of EUR 3.6 million. At the end of the reporting year, the Company's current liabilities exceeded its current assets by EUR 5.4 million. The Company's current liabilities include the Company's debts to related undertakings amounting to EUR 32.9 million. Given that cash flow is managed at the Group level, the Company's management believes that the Company will have sufficient financial resources to cover its liabilities to third parties and to ensure adequate liquidity. The going concern basis is fully applicable to the preparation of this financial statement.

(d) Recognition of revenue and net turnover

Net turnover is the total value of products sold and services rendered during the year, less discounts granted and value added tax. Revenue from the sale of goods is recognised when the goods are accepted by the buyer in accordance with the terms of delivery. Revenue from the provision of services is recognised according to the stage-of-completion method.

(e) Currency unit and foreign currency revaluation

The figures presented in this financial statement are expressed in the currency unit of the Republic of Latvia - euro (EUR).

All transactions in foreign currencies during the reporting year have been revalued in euro at the exchange rate officially set by the European Central Bank on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted into euro at the rate officially set by the European Central Bank on the last day of the reporting year. Gains or losses arising from fluctuations in foreign exchange rates are recognised in the profit or loss account for the period on a net basis.

	31.12.2021	**31.12.2020**
	EUR	**EUR**
1 USD	0.883	0.814
1 GBP	1.190	1.112

Annex (continued)
Accounting Policy (continued)

(f) Intangible investments and fixed assets

Intangible investments and fixed assets are stated at acquisition value less accumulated depreciation and accumulated impairment. The acquisition value includes the costs directly attributable to the acquisition of the intangible asset or fixed asset. The acquisition value of computer software licences purchased includes the cost of acquiring the licences and the cost of putting them into use.

Amortisation and depreciation are calculated on a straight-line basis over the estimated useful lives of the intangible investments and fixed assets, to write down the acquisition value of the intangible investment and fixed asset to its estimated residual value at the end of its useful life, using the following rates determined by the management:

	% per annum
Intangible investments	33
Buildings and structures	5
Other facilities and equipment, means of transport	10-33

Land is not subject to depreciation calculation.

Future costs are included in the balance sheet value of an asset or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are written off over the remaining useful life of the relevant fixed asset. By capitalizing the cost of the installed spare part, the residual value of the replaced part is written off in the profit or loss account.

Repair and maintenance costs of fixed assets are included in the profit or loss account of the period in which they are incurred.

Profit or loss from the disposal of fixed assets is calculated as the difference between the balance sheet value of the fixed asset and the proceeds from the sale and is included in the profit or loss account of the period in which it occurred.

(g) Impairment of fixed assets, intangible investments and asset usage rights

All of the Company’s fixed assets, asset usage rights and intangible assets have a defined useful life and are amortised or depreciated. The value of assets subject to amortisation or depreciation is reviewed whenever events and circumstances indicate a possible decrease in their value. Impairment losses are recognised at the amount that is the difference between the asset’s balance sheet value and its recoverable value. The recoverable value of fixed assets, intangible investments and asset usage rights is the higher of the fair value of the relevant asset, less selling costs and its value in use. The decrease is recognised in the profit or loss account. To determine impairment, assets are grouped based on the lowest level for which a cash flow can be identified that is largely independent of the cash flows of other assets or groups of assets (cash-generating units).

(h) Investments in the capital of subsidiaries

Investments in the capital of subsidiaries are accounted for at their acquisition value less impairment losses. The Company recognises income only if it receives a share of the profits of its subsidiary.

If there is objective evidence that the balance sheet value of an investment in a subsidiary is impaired, the impairment loss is calculated as the difference between the balance sheet value of the investment and its recoverable value. The recoverable value is the higher of the fair value of the investment less selling costs and the value in use. An impairment loss on an investment may be reversed if, after the impairment loss was last recognised, the estimates used to measure the impairment have changed.

Annex (continued)
Accounting Policy (continued)

(i) Inventories
Inventories are stated at the lower of cost price or net realisable value. Net realisable value is the selling price of inventories in the ordinary course of business, less costs of inventory completion and selling.

The cost price of inventories is calculated using the FIFO method. Acquisition cost consists of the purchase price and the overhead costs incurred in bringing the inventory to its current location and condition.

Where the net realisable value of inventories is less than their cost price, provisions are made to write them down to their net realisable value.

(j) Loans issued and debts of debtors
Loans issued and debts of debtors are initially recognised at fair value and subsequently carried at amortised acquisition value using the effective interest method, net of any provision for impairment. Provisions for impairment are made when there is objective evidence that the Company will not be able to collect the full amount of its debts when they are originally due. Significant financial difficulties of the debtor, the likelihood of bankruptcy proceedings or reorganisation, as well as payment defaults, are signs that the value of the debt is impaired. Provision for impairment is the difference between the asset's balance sheet value and the present value of estimated future cash flow, discounted at the effective interest rate. Changes in provisions are included in the profit or loss account.

(k) Lease
At the beginning of an agreement, the Company assesses whether it is a lease agreement or includes a lease. Namely, where the agreement transfers the right to control the use of the asset for a specified period of time in exchange for consideration.

The Company as lessee
The Company applies a single recognition and assessment approach to all lease agreements, except short-term leases and leases of low-value assets. The Company recognises a lease liability to make lease payments and asset usage rights representing the right to use those assets.

Asset usage rights
The Company recognises an asset usage right when it arises, i.e. on the day when the leased item is ready for use. The Company's asset usage rights consist of agreements concluded for the lease of immovable property and cars. Asset usage rights are stated at acquisition value less accumulated depreciation and impairment and adjusted for the result of recalculation of lease liabilities. The acquisition value includes the value of the lease liability, the direct costs associated with the lease agreement, lease payments made up to the date of initial recognition of the asset usage rights, less any lease agreement incentives received.
Unless the Company is sufficiently confident of taking ownership of the leased asset at the end of the lease period, the recognised asset usage rights are depreciated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term (3 to 10 years). Asset usage rights are subject to impairment.

Lease liabilities
At the beginning of a lease transaction, the Company recognises a liability for the lease of immovable property and cars measured at the present value of the payments under the lease agreement. Lease liabilities consist of fixed payments under lease agreements concluded. To calculate the liabilities, the Company uses the general borrowing rate of the Company at the beginning of the lease agreement, except if the borrowing rate is separately agreed. The Company has applied a discount rate of 2.75% in the initial recognition calculation of the lease liability and the recalculation at the end of the reporting period. The balance sheet value of a lease liability is reviewed if there is a change in the lease agreement, the lease term, the amount of lease payments or in relation to an assessment of the redemption of the asset at the end of the period. Each lease payment is split between the lease liability and interest expense on the lease liability. Interest expense on lease liabilities is recognised in the profit or loss account over the lease term.

Annex (continued)
Accounting Policy (continued)

(k) Lease (continued)
Lease of short-term and low-value assets
The Company applies the short-term lease recognition exemption to short-term leases of other fixed assets (i.e. lease agreements with a lease term of less than 12 months from the commencement date and no purchase option). This also applies to the accounting for leases of low-value assets up to EUR 5,000 (e.g. office equipment). Lease payments for short-term and low-value assets are recognised as an expense on a straight-line basis over the lease term.

(l) Borrowings
Borrowings are initially recognised at the amount of cash received, net of the costs associated with obtaining them. In subsequent periods, borrowings are stated at amortised acquisition value, which is determined using the borrowing's effective interest rate. The difference between the amount of cash received, net of the costs associated with obtaining borrowings, and the redemption value of the borrowing is charged to the profit or loss account gradually over the period of the borrowing using the effective interest method.

(m) Taxes
The corporate income tax expense for the reporting period is included in the financial statement based on the calculations made by the management in accordance with the tax legislation of the Republic of Latvia.

Corporate income tax is calculated on the distributed profits (20/80 of the net amount) payable to shareholders. Corporate income tax on distributed profits is recognised at the moment when the Company's shareholders make a decision on the distribution of profits.

The Company also calculates and pays corporate income tax on conditionally distributed profits (20/80 of the calculated taxable base), including statutory taxable items such as non-operating expenses, accrued doubtful debts and loans to related parties if they meet the criteria set out in the Corporate Income Tax Law, as well as other expenses that exceed the statutory thresholds for deductibility. Corporate income tax on conditionally distributed profits is recognised in the profit or loss account in the year in which it is incurred.

(n) Accrued unused leave costs
The costs of accumulated unused leave are estimated by multiplying the average daily earnings of employees for the last six months of the reporting year by the number of days of accumulated unused leave at the end of the reporting year.

(o) Cash and cash equivalents
Cash and cash equivalents consist of balances on current bank accounts, cash on hand and cash transferred for collection.

(p) Related parties
Related parties are considered to be a shareholder of the Company, related undertakings, board members, their close family members and companies in which the said persons have control or significant influence. Companies under the full control or significant influence of the controlling shareholder are also considered related parties.

Annex (continued)

(1) Net turnover

	2021 EUR	2020 EUR
Revenue from the sale of alcoholic beverages (NACE 46.34)	136,462,298	131,501,892
	136,462,298	**131,501,892**

Breakdown of revenues by geographic market:

	2021 EUR	2020 EUR
Revenue from the sale of goods in Latvia	125,070,978	122,236,604
Revenue from the sale of goods in other EU countries	11,391,320	9,265,288
	136,462,298	**131,501,892**

(2) Purchase costs for goods sold or services provided

	2021 EUR	2020 EUR
Purchase and overhead costs of goods sold	121,505,972	114,329,945
	121,505,972	**114,329,945**

(3) Selling costs

	2021 EUR	2020 EUR
Advertising costs	8,032,454	7,433,444
Revenue from advertising and marketing services	(6,530,112)	(5,078,932)
Work remuneration	2,970,087	2,981,023
Transport costs	2,344,143	2,248,499
State mandatory social insurance payments	697,904	716,693
Transport costs of sales representatives	149,433	140,906
Depreciation of fixed assets	290,786	181,033
Packaging management costs	343,438	298,356
Car repairs and other car costs	78,413	87,397
Business trip expenses	6,968	18,356
Net (income)/expenses from recovery, write-off and provisioning of doubtful debts	(64)	21,776
Maintenance and repair of information systems and office equipment	45,177	60,676
Packaging materials	5,881	6,299
Communication costs	25,973	27,615
Depreciation of asset usage rights	522,121	773,194
Rent of premises / rental discounts received	(96,858)	(90,494)
Utility costs	177,629	158,625
Cash collection costs	70,209	66,704
Store repair and maintenance costs	20,843	17,664
Real estate tax	5,793	5,713
Other selling costs	240,902	238,657
	9,401,120	**10,313,204**

Annex (continued)

(4) Administrative costs

	2021 EUR	2020 EUR
Management and consulting services	1,309,948	1,065,868
Work remuneration	393,191	379,244
Depreciation of fixed assets	43,502	85,506
Maintenance and repair of information systems and office equipment	157,694	138,359
State mandatory social insurance payments	92,183	91,181
Rent of premises	22,386	22,386
Utilities	33,412	33,925
Professional services	22,911	43,918
Transport costs	33,877	32,170
Operating costs	7,020	8,243
Bank commission	9,805	7,622
Other administrative costs	55,405	61,286
	2,181,334	**1,969,708**

(5) Other income from economic activities

	2021 EUR	2020 EUR
Penalties received	79	832
Net gain on disposal of long-term investments	23,083	61,142
Other income	248,666	256,392
	271,828	**318,366**

(6) Other costs of economic activity

	2021 EUR	2020 EUR
Penalties paid	51,615	73,123
Net loss from exchange rate fluctuations	700	330
Net loss on sale of currency	4,549	3,330
Other costs	37,035	98,699
	93,899	**175,482**

(7) Other revenue from interest and similar revenue

	2021 EUR	2020 EUR
Revenue from interest	309,131	266,433
	309,131	**266,433**

(8) Interest payments and similar costs

	2021 EUR	2020 EUR
Interest cost	280,907	527,145
Credit costs	-	92,667
	280,907	**619,812**

Annex (continued)

(9) Corporate income tax

	2021 EUR	2020 EUR
Corporate income tax for the reporting year	22,315	981
	22,315	**981**

The corporate income tax for the reporting year is the calculated amount of tax on conditionally distributed profits.

(10) Intangible investments

	Concessions, patents, licences, trademarks and similar rights EUR	Total EUR
Initial value		
31.12.2020	763,196	**763,196**
Acquired	10,100	**10,100**
31.12.2021	**773,296**	**773,296**
Amortisation		
31.12.2020	(731,449)	**(731,449)**
Calculated for 2021	(18,666)	**(18,666)**
31.12.2021	**(750,115)**	**(750,115)**
Residual balance sheet value as at 31.12.2021	**23,181**	**23,181**
Residual balance sheet value as at 31.12.2020	**31,747**	**31,747**

Information on encumbered assets is provided in Annex 31.

Annex (continued)

(11) Fixed assets

	Land parcels, buildings and structures	Long-term investments in leased fixed assets	Other fixed assets and inventory	Creation of fixed assets and costs of unfinished construction objects	Advances on fixed assets	Total
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Initial value						
31.12.2020	247,817	351,484	1,303,924	48,091	-	**1,951,316**
Acquired	4,153	3,404	27,661	25,641	44,703	**105,562**
Written-off	-	(84,694)	(104,794)	(315)	-	**(189,803)**
Reclassified	-	-	70,948	(31,466)	(39,482)	**-**
31.12.2021	**251,970**	**270,194**	**1,297,739**	**41,951**	**5,221**	**1,867,075**
Depreciation						
31.12.2020	(175,558)	(289,489)	(1,049,666)	-	-	**(1,514,713)**
Calculated for 2021	(6,112)	(44,511)	(117,488)	-	-	**(168,111)**
Written-off	-	84,694	104,794	-	-	**189,488**
31.12.2021	**(181,670)**	**(249,306)**	**(1,062,360)**	**-**	**-**	**(1,493,336)**
Residual balance sheet value as at 31.12.2021	**70,300**	**20,888**	**235,379**	**41,951**	**5,221**	**373,739**
Residual balance sheet value as at 31.12.2020	**72,259**	**61,995**	**254,258**	**48,091**	**-**	**436,603**

Information on encumbered assets is provided in Annex 31.

Fixed assets comprise fully depreciated fixed assets with a total initial balance sheet value of EUR 1,730,289 (as at 31.12.2020: EUR 926,477).

Annex (continued)

(12) Asset usage rights

The movements in the Company's asset usage rights and lease liabilities during the reporting period are as follows:

	Land parcels, buildings and structures EUR	Other fixed assets and inventory EUR	Total EUR	Lease liabilities EUR
As at 31 December 2020	**1,360,064**	**472,021**	**1,832,085**	**(1,926,355)**
Effects of acquisitions, changes in assumptions	455,681	20,176	**475,857**	(455,681)
Depreciation	(495,433)	(174,199)	**(669,632)**	-
Written-off	-	(3,884)	**(3,884)**	-
Financial costs	-	-	**-**	42,001
Variable lease payments (discounts)	-	-	**-**	137,925
Payments made	-	-	**-**	504,817
As at 31 December 2021	**1,320,312**	**314,114**	**1,634,426**	**(1,697,293)**

Variable lease payments (discounts) item reflects discounts on lease fees granted by lessors under existing lease agreements due to COVID-19, where the Company chose to use the IFRS 16 practical relief and not account for it as a lease agreement modification.

(13) Participation in the capital of related undertakings

	31.12.2021 EUR	31.12.2020 EUR
Rits Holding SIA	904,000	904,000
	904,000	**904,000**

(a) Information on the Group's subsidiaries

Name	Address	Equity 31.12.2021 EUR	Equity 31.12.2020 EUR	Loss for the reporting year 2021 EUR	Loss for the reporting year 2020 EUR
Rits Holding SIA	Daugavgrīvas iela 9, Rīga, LV-1048	825,002	838,210	(13,208)	(17,034)

Name	Investment value 31.12.2021 EUR	Investment value 31.12.2020 EUR	Participation share 31.12.2021 %	Participation share 31.12.2020 %
Rits Holding SIA	904,000	904,000	100	100

Annex (continued)

(14) Finished products and goods for sale

	31.12.2021 EUR	31.12.2020 EUR
Accounting value of goods	9,188,880	10,542,004
Provisions for impairment of inventories	(85,873)	(106,965)
	9,103,007	**10,435,039**

Information on encumbered assets is provided in Annex 31.

The change in the provisions shall be stated as follows:

	2021 EUR	2020 EUR
Provisions at the beginning of the year	106,965	56,293
Changes in the provision recognised in the profit or loss account	(21,092)	50,672
Provisions at the end of the year	**85,873**	**106,965**

(15) Purchasers' and commissioning party debts

	31.12.2021 EUR	31.12.2020 EUR
Accounting value of purchasers' and commissioning party debts	22,755,780	21,899,414
Provisions for doubtful purchasers' and commissioning party debts	(56,466)	(157,583)
	22,699,314	**21,741,831**

Information on encumbered assets is provided in Annex 31.

The movement in provisions is as follows:

	2021 EUR	2020 EUR
Provisions at the beginning of the year	157,583	136,034
Changes in the provision included in the profit or loss account	(101,117)	21,549
Provisions at the end of the year	**56,466**	**157,583**

Annex (continued)

(16) Related undertaking debts

	31.12.2021 EUR	31.12.2020 EUR
Long-term part		
Loan to parent company (see note (a))	9,001,945	9,001,945
	9,001,945	**9,001,945**
Short-term part		
Loan to Parent Company within Group account (see note (b))	15,754,481	2,422,365
Parent company debts	833,868	745,019
Other related undertakings	1,203,021	2,891,292
	17,791,370	**6,058,676**

a) The long-term loan to the Company's parent company Amber Beverage Group Holding S.à r.l. was issued as a result of the reorganisation of the Group's loans under an agreement dated 29 December 2017 with an initial maturity of 29 December 2022, which was extended until 31 December 2026. The applicable interest rate is 3% per annum.

b) The Company's parent company Amber Beverage Group Holding S.à r.l. has entered into a credit facility agreement with Luminor Bank AS Latvian branch with a maximum financing limit of EUR 22.7 million maturing on 31 January 2022. Concurrently with the credit facility agreement, the Company and other Group companies have entered into Group account agreements with the bank. At the balance sheet date, positive cash balances in the Company's bank accounts are presented as a short-term loan to the Group's account holder. After the end of the reporting year, the final maturity of the credit facility was extended to 31 January 2023.

Debts of other related undertakings consist of unpaid invoices for services rendered and goods supplied and warranty fees.

Information on encumbered assets is provided in Annex 31.

(17) Other debtors

	31.12.2021 EUR	31.12.2020 EUR
Advances for services	25,071	3,605
Other debtors	40,410	31,159
	65,481	**34,764**

(18) Next period costs

	31.12.2021 EUR	31.12.2020 EUR
Advertising and marketing costs	93,170	125,831
Insurance costs	10,035	11,442
Other costs	14,128	4,506
	117,333	**141,779**

(19) Cash

	31.12.2021 EUR	31.12.2020 EUR
Cash in the bank	363,604	689,656
Cash on hand	42,086	69,352
Cash transferred for collection	72,970	8,172
	478,660	**767,180**

Information on encumbered assets is provided in Annex 31.

Annex (continued)

(20) Fixed capital

The fixed capital authorised and fully paid on 31 December 2021 consists of 6,613 ordinary shares of a nominal value of EUR 142 each.

(21) Loans from credit institutions

	31.12.2021 EUR	31.12.2020 EUR
Long-term part		
- borrowings from Luminor Bank AS Latvian branch	932,641	1,243,521
	932,641	**1,243,521**

All long-term borrowings are repayable over a period of up to five years.

Short-term part		
- borrowings from Luminor Bank AS Latvian branch	338,587	310,881
- credit facility	9,941,047	-
	10,279,634	**310,881**

The Company has entered into several loan agreements with Luminor Bank AS Latvian branch and BluOr Bank AS:

a) Loan agreement with Luminor Bank AS Latvian branch, signed in July 2014. The balance of the contractual obligations as at 31 December 2021 is EUR 610,170 (31.12.2020: EUR 762,712). The applied interest rate is EURIBOR + 2.5%, maturity date – 31 December 2023.
b) Two loan agreements with Luminor Bank AS Latvian branch, signed in March 2015. The balance of liabilities at the end of the reporting year is EUR 633,352 (31.12.2020: EUR 791,690). The applied interest rate is EURIBOR + 2.5%, maturity date – 31 December 2023.
c) In February 2021, the Company received a short-term loan of EUR 10,000,000 from BluOr Bank AS. The applied interest rate is 4.0%, maturity date – 14 December 2022. During the reporting period, the loan was fully repaid.
d) On 3 December 2021, the Company entered into a credit facility agreement with BluOr Bank AS with a maximum funding limit of EUR 10 million, maturing on 2 December 2022. The applied interest rate is 4%. As at the end of the reporting period, the amount of the credit facility used amounts to EUR 9,941,047 and accrued interest to EUR 26,824.
e) The Company is the guarantor of a guarantee issued by Luminor Bank AS Latvian Branch in favour of Red Bull GmbH in the amount of EUR 500,000. Accrued interest at the end of the reporting period amounts to EUR 883. The guarantee issued is valid until the 31st of December of the reporting period. After the end of the reporting year, the guarantee was extended until 31 January 2023.

Information on the collateral for loans received is disclosed in Note 31.

Annex (continued)

(22) Other loans

	31.12.2021 EUR	31.12.2020 EUR
Payable within 1 year	698,405	690,984
Payable within 2-5 years	998,888	1,235,371
	1,697,293	**1,926,355**

Within other borrowings, the Company has recorded liabilities arising from existing lease agreement accounted for according to the principles of IFRS 16. See also Annex 12.

(23) Debts to related undertakings

	31.12.2021 EUR	31.12.2020 EUR
Debts to the Parent Company	122,452	41,950
Debts to other related undertakings	32,764,769	28,840,143
	32,887,221	**28,882,093**

(24) Taxes and State mandatory social insurance payments

	31.12.2021 EUR	31.12.2020 EUR
State mandatory social insurance payments	171,710	111,126
Personal income tax	33,245	25,667
Value added tax	1,202,142	1,536,407
Other taxes	82,061	51,978
	1,489,158	**1,725,178**

(25) Other creditors

	31.12.2021 EUR	31.12.2020 EUR
Settlements for the payment of work	231,989	218,069
Other creditors	6,123	6,848
Provisions for expected costs	672,883	889,261
	910,995	**1,114,178**

(26) Accrued liabilities

	31.12.2021 EUR	31.12.2020 EUR
Accrued unused leave costs	165,486	133,140
	165,486	**133,140**

Annex (continued)

(27) Average number of people employed by the Company

	2021	2020
Management Board members	1	1
Other employees	216	213
	217	**214**

(28) Management remuneration

Management Board members do not receive any remuneration for their service on the Management Board.

(29) Transactions with related parties

The Company's parent company is Amber Beverage Group Holding S.à r.l., which owns 100% of the Company's share capital. The beneficial owner of the Company is Jurijs Šeflers.

The Company has entered into the following transactions with related parties:

(a) Sale of goods and provision of services

	2021 EUR	2020 EUR
Sales of goods, intangible assets and fixed assets:		
- to other related undertakings	12,035,579	9,780,718
Provision of services, including interest income:		
- to the parent company	273,809	292,432
- to other related undertakings	553,447	323,301
	12,862,835	**10,396,451**

(b) Purchase of goods and receipt of services

	2021 EUR	2020 EUR
Purchase of goods, including fixed assets:		
- from other related undertakings	61,721,644	58,819,404
Receipt of services, including interest expense:		
- from the parent company	122,452	143,515
- from other related undertakings	5,034,619	5,268,266
	66,878,715	**64,231,185**

(c) Related undertaking debts

	31.12.2021 EUR	31.12.2020 EUR
Parent company (see Annex 16)	25,590,294	12,169,329
Other related undertakings (see Annex 16)	1,203,021	2,891,292
	26,793,315	**15,060,621**

(d) Debts to related undertakings

	31.12.2021 EUR	31.12.2020 EUR
Parent company (see Annex 23)	122,452	41,950
Other related undertakings (see Annex 23)	32,764,769	28,840,143
	32,887,221	**28,882,093**

Annex (continued)

(29) Transactions with related parties (continued)

(e) Loans to related undertakings

	2021 EUR	2020 EUR
At the beginning of the reporting year	11,432,635	8,743,837
Loans granted in the reporting year (change in the credit facility)	13,332,115	2,422,365
Calculated interest	273,809	266,433
Capitalised interest	-	(266,433)
Interest received	(273,809)	-
Loan increase in the amount of capitalised interest	-	266,433
At the end of the reporting year	**24,764,750**	**11,432,635**
Including:		
- principal amount	24,756,425	11,424,310
- interest on the guarantee	8,325	8,325
	24,764,750	**11,432,635**

(f) Borrowings from related undertakings

	2021 EUR	2020 EUR
At the beginning of the reporting year	7,210	1,427,520
Loans repaid in the reporting year (change in the credit facility)	-	(1,426,246)
Calculated interest	-	8,775
Interest paid	(7,210)	(2,839)
At the end of the reporting year	**-**	**7,210**
Including:		
- interest on the guarantee / credit facility used	-	7,210
	-	**7,210**

(30) Remuneration of the commercial company of sworn auditors

	2021 EUR	2020 EUR
Audit of the financial statement and examination of the report on dependency	16,925	16,590
	16,925	**16,590**

(31) Commercial pledge of assets and guarantees issued

As a collateral for the credit facility agreement concluded between Luminor Bank AS Latvian branch, the Parent Company, the Company and the other companies of the group, the Company has issued a guarantee, which secures the claim up to a maximum of approximately EUR 29.5 million. The collateral is in force until the full performance of the contractual obligations on 31 January 2022. After the end of the reporting year, the final maturity of the credit facility was extended to 31 January 2023.

In May 2018, the Company’s parent company entered into a credit agreement with Luminor Bank AS Latvian branch, under which the Company’s assignment of receivables and a guarantee securing a claim up to a maximum amount of EUR 4.6 million serve as a collateral. The guarantee is valid until the full performance of the contractual obligations on 31 December 2023.

As a collateral for the loan agreements concluded on 19 December 2018 between Luminor Bank AS Latvian branch and the Company’s parent company, the Company has issued a guarantee that secures a claim up to a maximum of approximately EUR 10.7 million. The collateral is in force until the full performance of the contractual obligations on 31 December 2023.

Annex (continued)

(31) Commercial pledge of assets and guarantees issued (continued)

The performance of the Company's obligations under the credit facility agreement with BluOr Bank AS dated 3 December 2021 is secured by a commercial pledge over all the assets of the Company as a whole at the time of pledge and as future components of the aggregation of property. The commercial pledge secures a claim up to a maximum of approximately EUR 15 million. The commercial pledge is in force until the full performance of the contractual obligations on 2 December 2022.

Given the financial position of the Group companies, it is not expected that the Company will be required to honour the guarantees and, as a result, no provision has been made in the financial statements for this contingent liability.

(32) Contingent liability

Corporate income tax on profits available for distribution

	31.12.2021 EUR	**31.12.2020 EUR**
Retained profit at the end of the year	17,486,483	18,428,773
Including the maximum possible dividend from retained profit arising after 31 December 2017, the distribution of which will give rise to a corporate income tax liability	16,665,921	13,108,211
Corporate income tax on the maximum possible dividends (20/80 of the net amount to be paid to shareholders in connection with the distribution of profits arising after 31 December 2017)	4,166,480	3,277,053
Potential reduction in tax payable on distributed profits using accumulated tax losses (see below)	(1,429,484)	(1,429,484)

When distributing 2018, 2019, 2020 and 2021 profits as dividends, the Company will calculate corporate income tax at the rate of 20/80 on the net amount payable to shareholders. The table shows the amount of corporate income tax that would be calculated if all net profits arising since 1 January 2018 were distributed as dividends to shareholders. The tax rate used in the calculation is the rate in force on 31 December 2021.

As at 31 December 2021, the Company had available cumulative losses for corporate income tax purposes of EUR 9,529,895 (15% of the losses amounting to EUR 1,429,484) which the Company will be able to utilise in reducing corporate income tax on distributions of profits arising since 1 January 2018, provided that those profits are distributed within the following tax year after 31 December 2021.

Annex (continued)

(33) Impact of COVID-19

In preparing the financial statement, the impact of the COVID-19 pandemic on the Company's current and future operations was considered. The impact of the pandemic on the valuation of assets and liabilities is included in the Company's valuation of assets and liabilities.

(34) Events After the End of the Reporting Year

The Russian military invasion of Ukraine in February 2022 has created new challenges for the Company's operations: as a result of the hostilities, the Company has had to rearrange its supply chain processes for certain products, refrain from buying and selling certain products, redesign and improve its pricing mechanisms, which have been further affected by an even higher rise in raw material prices, and actively monitor and comply with the sanctions regime in place. The Company's management has taken all the necessary steps to be able to fulfil the promises made to its business partners, but it must be recognised that the turbulence in the global economy as well as in the beverage and consumer segments is currently unpredictable.

In March 2022, the Company's Parent Company Amber Beverage Group Holding S.a r.l. extended until 31 January 2023 the Overdraft and Letter of Credit Agreement concluded on 19 December 2018 with Luminor Bank AS, where the Company together with other companies of the Amber Beverage Group acts as guarantor.

There have been no other events that have materially affected the financial position of the Company as at 31 December 2021 during the period from the last day of the reporting year.

The annual financial statement has been prepared by Chief Accountant Dace Martinsone – Pūcīte.

The Company's financial statement 2021 as set out on pages 6 to 27 have been signed by the following on 4 July 2022:

/signature/

Pāvels Fiļipovs
Member of the Management Board

/signature/

Dace Martinsone - Pūcīte
Chief Accountant

Independent Auditor's Report

To the shareholder of Amber Distribution Latvia SIA

Our Opinion

In our opinion, the financial statement included in the accompanying annual financial statement, which is presented on pages 6 to 27,
gives a true and fair view of the financial position of Amber Distribution Latvia SIA (the Company) as at 31 December 2021 and of the financial performance and cash flow of the Company for the year that ended on 31 December 2021 in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

What we have audited

The Company's financial statement includes:

- Profit or Loss Account for 2021,
- Balance sheet as at 31 December 2021,
- Statement of Changes in Equity for 2021,
- Cash Flow Statement for 2021, as well as
- annex to the financial statement, which includes a summary of significant accounting principles and other explanatory information.

Grounds for the Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) as recognised in the Republic of Latvia. Our responsibilities under those standards are described further in the Auditor's Responsibility for the Audit of the Financial Statement section of our report.

We believe that the audit evidence we have obtained provides sufficient and appropriate grounds for our opinion.

Independence

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

Reporting Other Information

Management is responsible for other information. Other information includes:

- Information on the Company set out on page 3 of the attached annual financial statement,
- Management Report, which is set out in the attached annual financial statement on pages 4 to 5, but does not

include the financial statement or our auditor's report thereon.

Our opinion on the financial statement does not extend to other information in the annual financial statement.

In connection with our audit of the financial statement, our responsibility is to read the other information referred to above and, in doing so, to consider whether that other information is materially different from the information in the financial statement or from our knowledge obtained in the course of the audit, and whether it is free from any other material nonconformities.

Regarding the Management Report, we also performed procedures in accordance with the requirements of the Law on Audit Services. These procedures include an assessment of whether the Management Report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements.

PricewaterhouseCoopers SIA
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Based on our audit procedures, in our opinion, in all material respects:

- The information provided in the Management Report and information about the Company regarding the reporting year for which the financial statement is prepared corresponds to the financial report, and
- The Management Report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Financial Statements.

In addition, given the knowledge and understanding of the Company and its operating environment obtained during the audit, we are required to report if we become aware of material nonconformities in other information. Nothing has come to our attention that needs to be reported in this regard.

Responsibility of the Management and Persons Entrusted With the Management of the Company for the Financial Statement

The management is responsible for the preparation of this financial statement that gives a true and fair view in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia and for such internal control as the management determines is necessary to enable the preparation of a financial statement that is free from material nonconformities, whether due to fraud or error.

In preparing the financial statement, the management is responsible for assessing the Company's ability to continue as a going concern, making appropriate disclosures, as necessary, about the circumstances surrounding the Company's ability to continue as a going concern and applying the going concern basis, unless the management intends to liquidate or discontinue the Company or has no realistic alternative but to liquidate or discontinue the Company's operations.

Persons entrusted with the management of the Company are responsible for overseeing the preparation of the Company's financial statement.

Auditor's Responsibility for the Audit of the Financial Statement

Our objective is to obtain reasonable assurance about whether the financial statement as a whole is free from material nonconformities, whether due to error or fraud, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with the ISA will always detect a material nonconformity, if any. Nonconformities may arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of this financial statement.
When conducting an audit in accordance with the ISA, we exercise professional judgement and professional scepticism throughout the audit process. We also:

- Identify and assess the risks of material nonconformities in the financial statement, whether due to fraud or error, design and perform audit procedures to mitigate those risks and obtain audit evidence that provides a reasonable and appropriate basis for our opinion. The risk of non-detection of material nonconformities due to fraud is higher than for material nonconformities due to error, as fraud may involve collusion, falsification of documents, deliberate omissions, misrepresentations or breaches of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Assess the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and disclosures made by the management.
- Express an opinion on the appropriateness of the going concern basis applied by the management and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditor's report focuses on the disclosures in the financial statement about those conditions, or if no disclosures are made, we issue a modified opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause the Company to discontinue its operations.

- Consider the overall presentation, structure and content of the financial statement, including the disclosures in the annex, and whether the financial statement presents fairly the underlying transactions and events.

We report to persons entrusted with the management of the Company, including the planned scope and timing of the audit and significant audit observations, including significant deficiencies in internal control, that we identify during the audit.

PricewaterhouseCoopers SIA commercial
company of sworn auditors Licence No. 5

/signature/

Jana Smirnova
Member of the
Management
Board
Sworn Auditor in Charge,
Certificate No. 188

Riga, Latvia
4 July 2022