

Amber Beverage Group Results for the first nine months of 2024

Executive summary

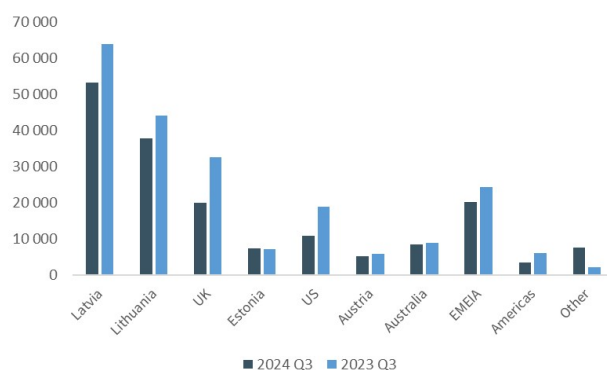
Amber Beverage Group has published its unaudited consolidated condensed financial statements for the first 9 months of 2024. As a result of confiscation of Amber Talvis by the Russian government (see note 18 of Unaudited Financial statements for first nine months of 2024) financial statements profit and loss statement and supporting notes for current and comparative period are presented with Russian entities disclosed as Discontinued operations. Assets and Equity and Liabilities statements for comparative period ending 31.12.2023 include Amber Talvis balances. Open balances between the Group and Amber Talvis as of 30.09.2024 are written-off through profit and loss.

- The net revenue from continuing operations for the reporting period were generated in amount of EUR 173.9m indicating a decrease by 20% comparing to respective period in 2023 due to:
 - Slower than expected recovery from macroeconomic slowdown in 2023 still affecting consumer spending habits
 - The excise tax increase in several markets implied by national governments from 1 Jan 2024 resulting in lower demand
 - Consumer preference shift towards premiumization in main spirit segments, tequila in particular
 - Price-value alignment that temporarily decreased sales of Groups core brands in global markets
- The lagging sales performance has impacted the operating profit and net result for the period. Operating profit for first 9 months of 2024 was EUR 3.146m vs EUR 10 561m the same period in 2023, at the same time Group was able to increase gross margin from 26% (2023 9m) to 28% (2024 9m) due to optimisation of COGS.
- In 2024 the Group has implemented and have planned for implementation several activities that are expected to improve the financial performance for full 2024 period:
 - Value/ price adjustments imposed starting from March 2024 improving the profitability for ABG Core brands portfolio,
 - Continuous cost optimization programs have been run throughout the Group entities impacting the both the direct production costs as well as overheads
 - Reorganization and centralization of Baltic business management which will yield cost efficiencies and boost synergy between distribution and production units

The Management of the Group considers that the prospects for the remaining year 2024 are positive and together with the wider ABG Team will work for further improvements.

Consolidated financial statements 2024 9 months

	Notes	01.01.2024- 30.09.2024 EUR 000	01.01.2023- 30.09.2023 EUR 000
Continuing operations			
Revenue	3	273 380	335 142
Excise and duties		(99 395)	(117 146)
Net revenue		173 985	217 996
Cost of goods sold	6	(122 619)	(160 491)
Gross profit		51 366	57 505
Selling expenses	7	(35 113)	(34 822)
General and administration expenses	8	(16 320)	(16 065)
Net impairment gain/ (losses) of financial assets		(63)	(24)
Fair value adjustment on biological assets		-	-
Other operational income		4 725	5 155
Other operational expense		(1 338)	(1 037)
Merger and acquisition related costs		(111)	(151)
Operating profit/ (loss)		3 146	10 561
Net finance income/ (expense)	9	(8 650)	(278)
Profit/ (loss) before tax from continuing operations		(5 504)	10 283
Corporate income tax	10	(1 612)	(1 671)
Profit/ (loss) for the period from continuing operations		(7 116)	8 612



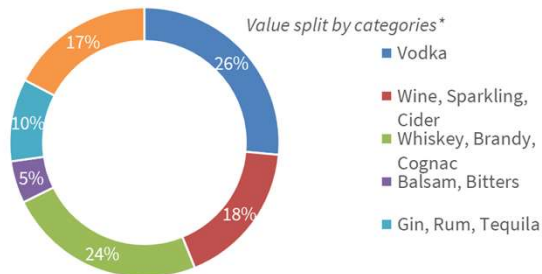
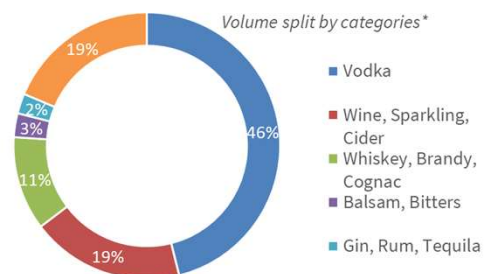
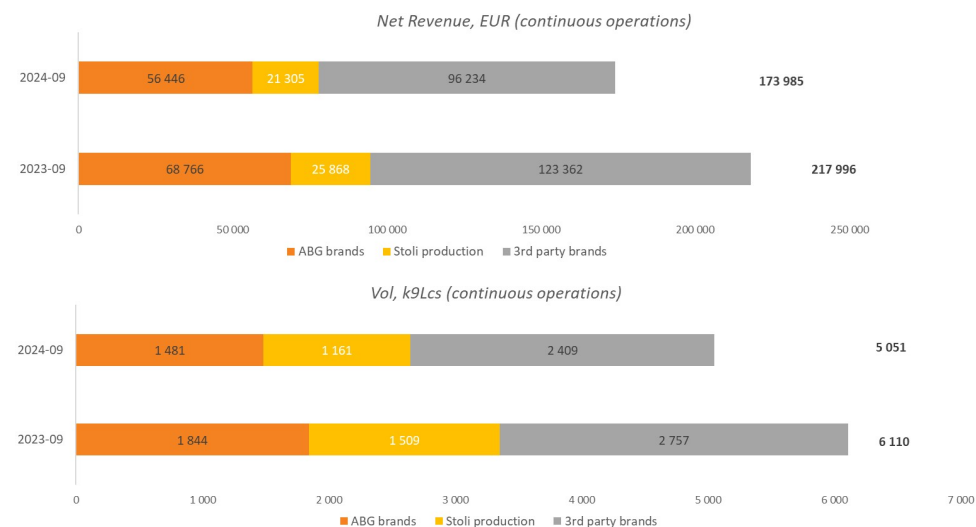
- In first nine months 2024 the Group has reached net revenue of EUR 173.9m, which is by 20% less than in comparative period, EBITDA declined by 48%. The deterioration in financial performance can be explained with:
 - Phasing slowdown trend in several key global markets (Baltics, US, UK)
 - Lower production volume in due to phasing Stoli orders
 - Tequila overstock due to consumer preference shift towards premium segment
 - Transformation of core brand pricing and marketing approach in Q3 temporarily affected sales
- Gross profit and operating profit ratios are impacted by macroeconomic and geopolitical changes, instability in energy resource prices, labour market changes, and inelasticity of several significant cost elements in lower production volume environment.

Consolidated financial statements 30.09.2024

	30.09.2024	31.12.2023
	EUR 000	EUR 000
Non-current assets		
Intangible assets	86 292	87 615
Property, plant and equipment	68 253	61 425
Rights-to-use assets	8 233	9 688
Biological assets	5 747	6 016
Non-current portion of loans to related parties	29 560	29 681
Other non-current financial assets	2 611	3 400
Non-current financial investments	2 275	2 214
Deferred tax asset	221	223
TOTAL NON-CURRENT ASSETS	203 192	200 262
Current assets		
Inventories	70 080	85 648
Trade and other receivables	105 212	147 075
Loans to related parties	7 794	6 020
Corporate income tax	1 162	1 578
Short term bank deposits	5 800	12 000
Cash and cash equivalents	5 907	16 065
TOTAL CURRENT ASSETS	195 955	268 386
TOTAL ASSETS	399 147	468 648

	30.09.2024	31.12.2023
	EUR 000	EUR 000
Capital and Reserves		
Share capital	13	13
Share premium	132 553	132 553
FX revaluation reserve	3 640	(2 683)
Other reserves	1	1
Asset revaluation reserve	523	523
Pooling reserve	(306)	(21 268)
Revaluation reserve of derivatives	-	8
Retained earnings	22 617	60 573
Total equity attributable to the owners of the parent	159 041	169 720
Non-controlling interest	14 064	15 114
TOTAL EQUITY	173 105	184 834
Liabilities		
Non-current liabilities		
Borrowings	46 132	10 245
Trade and other payables	10	1 357
Deferred tax liability	4 445	5 116
Derivatives	-	(8)
TOTAL NON-CURRENT LIABILITIES	50 587	16 710
Current liabilities		
Borrowings and bank overdrafts	60 560	113 951
Trade and other payables	70 808	97 018
Taxes payable	44 040	54 898
Corporate income tax liabilities	47	1 237
TOTAL CURRENT LIABILITIES	175 455	267 104
TOTAL LIABILITIES	226 042	283 814
TOTAL EQUITY AND LIABILITIES	399 147	468 648

Performance

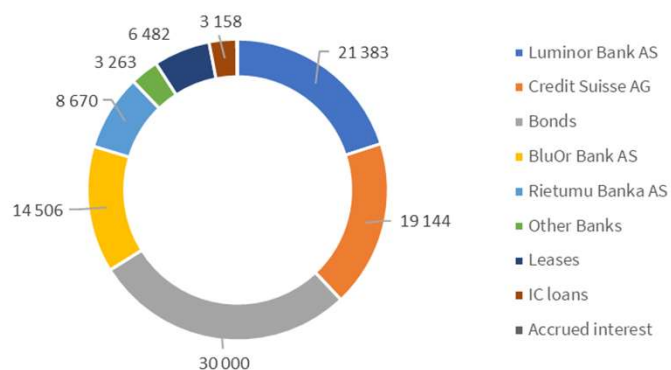


* Volume and value by categories exclude volume and value of beer, water and raw materials

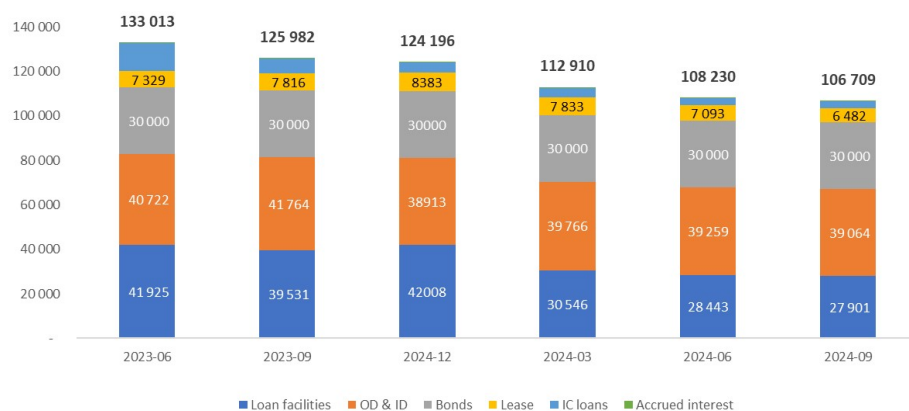
- In 9 months 2024 the volume has decreased by 17% vs 9 months 2023 (value decrease by 20%):
 - The ABG brands volume has decreased by 20% (value -18%) due price increase of core brand portfolio from March 2024
 - Decrease in Stoli production volumes by 23% (value -18%) due to changes in Stoli strategic market approach on vodka and tequila brands produced by ABG production entities
- The main categories sold by ABG entities in reporting period have remained:
 - vodka (46% in volume, 26% in value)
 - Whiskey, brandy, cognac (11% in volume, 24% in value)
 - Wine, sparkling wine and cider (19% in volume, 18% in value)
 - Gin, Rum, Tequila (2% in volume, 10% in value)
 - Other categories (non-alcoholic segment) amount to 19% of volume and 17% of value.

Debt analysis 30.09.2024

Total debt by lender, 30.09.2024, kEUR



- Since the beginning of the year the Group has decreased its debt by EUR 17.3m from own resources within the high-interest rate circumstances due to changes in EURIBOR.
- Total debt portfolio as at 30.09.2024 was EUR 106.7m. Main changes during the year:
 - Loans with Luminor have been repaid in full (EUR 2.7m) during Q2.
 - OD with Luminor has been prolonged until 30.12.2024. Further extension negotiations in progress.
 - In the September the Group started gradually decrease OD with BluOr Bank AS by replacing facility with factoring. At the end of September total overdraft/factoring limit was EUR 14.5m which is by EUR 0.3 MEUR less than at the beginning of the year. Overdraft limit has been extended to 15.05.2025.
 - Credit Suisse AG facility has been decreased by EUR 5.8m, the remaining part of EUR 19.1m is maturing on 20.12.2024. Extension of Credit Suisse facility is ongoing.



Other



- Working capital development
 - Inventory and trade receivables levels reduced as a result of working capital optimisation initiatives as well as brand portfolio adjustments.
- FTE development
 - Total number of employees has decreased by 330, of which more than 200 are due to Amber Talvis seizure.

