



JSC LATVIJAS BALZAMS

(Registration number 40003031873)

UNAUDITED CONDENSED FINANCIAL STATEMENTS

for the first nine months of 2019

**prepared in accordance with
International Financial Reporting Standards as adopted by the EU**

JSC Latvijas balzams
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INFORMATION ON THE COMPANY

Name of the Company	Latvijas balzams
Legal status of the Company	Joint Stock Company
Number, place and date of registration	Companies register No. 40003031873 Riga, 2 October 1991 Re-registered on 20 October 1998 Commercial Register Riga, 19 June 2014
Address	A. Caka Street 160 Riga, LV- 1012 Latvia
Main business activities	Production of alcoholic beverages NACE2 11.01
Major shareholder	Amber Beverage Group Holding S.à r.l. (89.99%)
Names and positions of the Council Members	Rolands Gulbis – Chairman of the Council Petr Aven – Member of the Council Valizhan Abidov – Member of the Council (until 27.06.2019) Valizhan Abidov – Vice Chairman of the Council (from 27.06.2019) Oļegs Alainis – Vice Chairman of the Council (until 27.06.2019) Sergejs Ļimarenko – Member of the Council (until 27.06.2019) Aleksandrs Maslo - Member of the Council (from 27.06.2019) Velga Celmiņa - Member of the Council (from 27.06.2019)
Names and positions of the Board Members	Intars Geidāns – Chairman of the Board Ronalds Žarinovs – Member of the Board Jekaterina Stūģe – Member of the Board

REPORT OF THE MANAGEMENT

Type of operations

JSC Latvijas balzams (hereinafter also - the Company) is a leading producer of alcohol beverages in the Baltic States. The Company was established in 1900 as Riga's first state alcohol warehouse and has been operating under the current name since 1970. Since 7 May 2018 Amber Beverage Group Holding S.à. r.l. is the major shareholder, which owns 89.99% of the Company's share capital.

Nowadays JSC Latvijas balzams is operating two alcohol production facilities in Riga: a plant for the production of strong alcoholic beverages and a plant for the production of sparkling wines and light alcoholic beverages. These plants produce most of alcoholic beverages, such as sparkling wines, fortified wines, ciders, vodka, liqueurs, brandy, gin, strong alcoholic beverages, etc. The recipes for some of JSC Latvijas balzams key products date back hundreds of years; for example, the formula of Riga Black Balsam was officially written down in 1752. The mission of JSC Latvijas balzams is "Excellence in everything we do".

At present, JSC Latvijas balzams has a range of more than 100 different brands. Its products are exported to more than 175 export markets as mediated by SPI Group and to more than 42 markets via the Company's direct export route.

The key suppliers of raw materials and consumables for JSC Latvijas balzams represent Latvia, Russia, Lithuania, Estonia, Poland, Germany and Slovakia. The key resources are water and alcoholic materials. Water is derived from an artesian well located in the territory of the Company. Alcohol for the production of most products is supplied by a related company Tambovskoe spirtovoe predpriyatie Talvis AO, which is one of the largest producers of high-quality alcohol in the Russian Federation.

Logistics services represent a small, but still significant share of the Company's business; this competence has been increasingly developing over the last two years. For the most part, services are rendered to related companies, but the volume of services, such as transit assurance services, bonded warehouse services, logistics services, value added services, picking, etc., provided to other enterprises of the alcohol industry is growing. Actions taken have ensured more effective utilization of available resources.

The Company as a socially responsible and sustainable enterprise has drafted and complies with basic principles of corporate social responsibility. These have been harmonized with the United Nations Sustainable Development Goals for 2030, the Organization for Economic Cooperation and Development guidelines and Financial Instrument Market Law of the Republic of Latvia, which are mentioned in the chapter Corporate Social Responsibility on the Company's website.

For compliance with these guidelines, the Company has drafted and adheres to the following procedures: the Corporate Social Responsibility Policy, the Company Procurement Procedure, the Collective Bargaining Agreement, the Quality Management Handbook, the Ethical Marketing Communications Code, the Anti-Corruption Policy, the Data Protection Policy, Risk Management Policy and other internal documents. These documents, policies and the procedures contained therein are reviewed regularly in accordance with the Quality Management System and by external auditors. The results of audits and planned corrective measures are considered at the Company's management meetings.

Performance of the Company during the reporting period

Financial performance

The unaudited net turnover of the Company in the first nine months of 2019 reached EUR 53.1 million, 5.2% up against first nine months of 2018, due to higher orders and sales volumes from key customers and markets, especially Amberbev International Ltd (previously DDE Holding Ltd), which provides unified service for international customers of Amber Beverage Group, as well from sales to Bennet Distributors UAB, which increased its purchases due to changes in excise tax rates in Lithuania in the first quarter of the reporting period.

The unaudited profit has reached EUR 5.67 million, which is 8% more than in first nine months of 2018 as the result of increased volumes.

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REPORT OF THE MANAGEMENT (continued)

The operating profit for the first nine months of 2019 amounts to EUR 4.2 million, which is in line with the first nine months of 2018 result in terms of the profit/turnover ratio: 8.1 % in first nine months of 2018, 7.9 % in first nine months of 2019.

The Company's alternative performance indicators for past reporting periods are as follows:

The Company's return on equity (ROE) and return on assets (ROA) for the last three years:

	30.09.2019	30.09.2018	30.09.2017
ROA*	3.8%	3.8%	3.7%
ROE**	4.9%	5.0%	4.9%

* ROA = Net profit for the first nine months / average asset value x 100%.

** ROE = Net profit for the first nine months / average total equity x 100%.

The Company's EBIT* and EBITDA** indicators for the last three years are as follows:

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018	01.01.2017- 30.09.2017
	EUR 000	EUR 000	EUR 000
EBITDA*	6 179	5 382	5 657
EBIT**	4 175	4 078	4 512

* EBIT = earnings before interest and taxes.

** EBITDA = earnings before interest and taxes, depreciation and amortization.

The Company's management uses the previously reported alternative performance indicators in assessing the Company's performance for a particular financial period and in making decisions.

JSC Latvijas balzams is one of the largest local taxpayers. During the reporting period, the Company paid taxes of EUR 57.0 million to the state budget, including excise duty amounting to EUR 45.7 million.

Non-financial performance and activities for the reporting year

Since 2016, JSC Latvijas balzams has been successfully operating as a European logistics hub for the distribution of group's brands in Europe, including Scandinavia and Russia (KAH, Bayou, Arinzano, Achaval Ferrer). Since the fourth quarter of 2018, JSC Latvijas balzams has been executing all customer service center's functions for all Amber Beverage Group's brands all over the world.

In 2019, the Company continued investing in production, specifically focusing on the improvement of efficiency and adaptability and the preservation of the low cost base. The major investments are expected to in second half of 2019, by implementing the automatic palletization line and other investments.

Apart from the financial indicators referred to in these financial statements, the Company is using the following comparative indicators for the purposes of operational analysis: RFT (*right first time*) and OTIF (*on time in full*) & quality. RFT shows the share of products manufactured right on the first time. During the first nine months of 2019, RFT reached 97,4%, which is improvement compared to 2018. The OTIF result for the first nine months of 2019 is 92,4%, which is slightly below the target level of 93%. As the methodology for calculation of this indicator has been changed the results are not directly comparable.

REPORT OF THE MANAGEMENT (continued)

Risk assessment and management

As regards the Company's products and risk management process, the following factors to which greater consideration is given should be mentioned on the basis of an assessment of external and internal factors that are likely to affect the Company's operations:

- the timely identification and compliance with statutory requirements by taking into account timely information and education of staff;
- the ensuring of production continuity by timely planning production capacity and load;
- the creation of adequate jobs by investing in the development of production, services and human resources by means of training.

In the course of business, the Company strictly complies with the legislation of the Republic of Latvia. Considering the industry, the Company is devoting a great deal of attention to the assessment of transactions and their conformity with laws.

Stock and fund market

In the first nine months of 2019, the Company's share price fluctuated from EUR 8.45 to EUR 9.95 per share.



Financial risk management

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

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

Financial assets which potentially expose the Company to a certain degree of credit risk concentration are primarily trade receivables, receivables from related companies and loans. The Company has introduced and pursues a credit policy whereby goods are sold on credit only to customers having sound credit histories. In international transactions, the Company also complies with the sanctions regime based on the information published on the website of the Ministry of Foreign Affairs of the Republic of Latvia. The Company's counterparties in cash transactions are highly reputable local financial institutions.

REPORT OF THE MANAGEMENT (continued)

The Company pursues a prudent liquidity risk management policy, according to which adequate credit resources are ensured to settle liabilities when they fall due. The Company's management manages liquidity and cash flow risks by maintaining adequate cash reserves and securing sufficient financing by means of loans, credit lines, finance leases, etc., by monitoring forecasted and actual cash flows and by matching the maturities of financial assets and liabilities on an ongoing basis. As at 30 September 2019, the Company's current assets exceeded its current liabilities by EUR 59.0 million (31 December 2018: EUR 54.6 million). The Company has a strong ability to meet its current liabilities as they fall due. The Company's liquidity ratios for last three years are as follows:

	2019	2018	2017
Current ratio*	3.07	2.65	2.54
Quick ratio**	2.22	1.79	1.77

* Current ratio = current assets / current liabilities.

** Quick ratio = (cash and cash equivalents, short-term investments, and current receivables) / current liabilities.

Events after the reporting date

Since the last day of the first half of 2019 until the date of signing of these condensed financial statements, there have been no subsequent events which would have a significant effect on the financial position of the Company as at 30 September 2019.

Future prospects

In 2019, JSC Latvijas balzams will keep focusing on the following:

- 1) investment opportunities in both the existing and new export markets with strong growth potential and accelerating sales;
- 2) the efficiency improvement program.

The strong focus will be maintained on the core export brands, i.e., Riga Black Balsam and Cosmopolitan Diva, as well as the premium gin brand Cross Keys Gin, by investing into their international recognition and the promotion of brand equity and market share.

During third quarter of 2019, Company has finished following projects:

- the introduction of the automated recording of products;
- the implementation of new bottle shapes for the popular Moskovskaya Vodka brand.

The Company will also continue improving the efficiency of production, with a focus on purchase, planning and infrastructure improvements to support its goal, which is to deliver quality products with a competitive cost advantage. To this end, the work on the following projects will be continued in 2019:

- the installation of automated quality control equipment;
- the installation of semi-automated palletizing equipment to substitute manual operations;
- the continuation of the LEAN project;

In 2019, the Company will proceed with the plant modernization and reconstruction project with the aim of integrating both plants under the same roof. It is expected that the project will result in the improvement of the Company's competitive position among regional producers by decreasing labor, logistics and production costs.

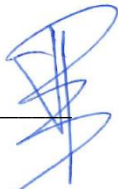
Total costs of the project are estimated at EUR 23 million. The Company has received a Cabinet's decision granting a corporate income tax discount for the implementation of the project and is currently drawing up the technical part of the project.

REPORT OF THE MANAGEMENT (continued)

In 2019, the Company in its planning of corporate social responsibility activities will make a deeper analysis of the Company's impact and responsibility in terms of reaching 17 Sustainable Development Goals. Also, in 2019 the Company plans to review its activities in relation to responsibility for the environment and to draft a Company's Environmental policy. Of equal importance in 2019 is the Company paying special attention to reporting corporate governance principles in accordance with the best practices.

Regardless of the potentially expected drop in prices for alcohol, wine materials, juice and concentrates in Europe in 2019, the price of secondary packaging and primary packaging (glass bottles) may still increase. In addition, production costs could be negatively affected by rises in the prices of all energy sources (electricity, gas, water). The total effect on the cost of production could be minimally negative. Despite these factors, the Company does not plan to change its sales prices and plans to keep its current level of profitability by making the aforementioned investments and thereby reducing fixed costs.

The Company as an alcohol industry enterprise was affected by the rise in the excise tax rate on 1 March 2019, which did not result in a decline in domestic consumption. At the same time Estonia has decided to reduce the excise tax rates effective from 1 July by 25%. This decision has led to same decrease in Latvia excise rate – for same 25% from August 1, 2019. This reaction will support border trade and total volumes sold in Latvia.



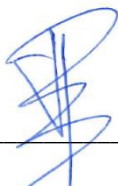
Intars Geidāns
Chairman of the Board
Riga, 29 November 2019

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STATEMENT OF THE MANagements' RESPONSIBILITY

The management of the Company declares that in accordance with the information at its disposal, the condensed financial statements presented were prepared under laws and regulations in force and represent truthful and clear information on the company's assets, equity, liabilities, financial situation and profits or losses.

The Management Report contains truthful information.



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INCOME STATEMENT

	Notes	01.01.2019- 30.09.2019 EUR	01.01.2018- 30.09.2018 EUR
Revenue	3	53 056 239	50 451 692
Cost of sales	4	(41 070 233)	(39 060 553)
Gross profit		11 986 006	11 391 139
Distribution expenses	5	(4 558 896)	(4 504 426)
Administrative expenses	6	(3 629 410)	(3 169 791)
Other operating income		803 442	710 603
Other operating expenses		(426 459)	(349 192)
Finance income		1 653 104	1 335 131
Finance expenses		(154 186)	(166 390)
Net profit		5 673 601	5 247 074

STATEMENT OF COMPREHENSIVE INCOME

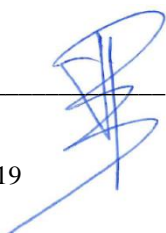
	01.01.2019- 30.09.2019 EUR	01.01.2018- 30.09.2018 EUR
Net profit	5 673 601	5 247 074
Total comprehensive income for the period	5 673 601	5 247 074

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STATEMENT OF FINANCIAL POSITION

	30.09.2019	31.12.2018
	EUR	EUR
<u>ASSETS</u>		
Non-current assets		
Intangible assets	264 577	401 388
Property, plant and equipment	11 750 841	12 987 295
Right-of use assets	2 897 948	-
Investment property	1 834 350	1 912 137
Loans to group companies	38 231 771	38 231 771
Receivables from group companies	9 870 000	9 870 000
Other non current assets	1 161 516	258 339
Total non-current assets:	66 011 003	63 660 930
Current assets		
Inventories	23 673 445	21 385 788
Trade receivables	1 192 522	1 578 736
Receivables from group companies	61 955 272	66 435 043
Other current assets	643 512	681 693
Corporate income tax	5 000	5 000
Cash and cash equivalents	12 941	12 822
Total current assets:	87 482 692	90 099 082
<u>Total assets</u>	<u>153 493 695</u>	<u>153 760 012</u>
<u>EQUITY AND LIABILITIES</u>		
Equity		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Revaluation reserves of derivative financial instruments	(2 353)	(2 353)
Reserves	2 318 823	2 318 823
Retained earnings	106 895 467	101 221 866
Total equity:	119 795 484	114 121 883
Liabilities		
Non-current liabilities		
Borrowings	5 206 280	4 184 617
Derivative financial instruments	2 353	2 353
Total non-current liabilities:	5 208 633	4 186 970
Current liabilities		
Borrowings	570 947	1 778 863
Trade payables	5 733 708	6 402 576
Payables to group companies	4 539 614	2 040 007
Taxes payable	15 126 532	22 508 103
Other liabilities	2 518 777	2 721 610
Total current liabilities:	28 489 578	35 451 159
Total liabilities:	33 698 211	39 638 129
<u>Total equity and liabilities</u>	<u>153 493 695</u>	<u>153 760 012</u>

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Revaluation reserves of derivative financial instruments	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017.	10 495 660	87 887	2 318 823	(18 570)	91 834 566	104 718 366
Net profit	-	-	-	-	5 247 074	5 247 074
Total comprehensive income	-	-	-	-	5 247 074	5 247 074
30.09.2018.	10 495 660	87 887	2 318 823	(18 570)	97 081 640	109 965 440
31.12.2018.	10 495 660	87 887	2 318 823	(2 353)	101 221 866	114 121 883
Net profit	-	-	-	-	5 673 601	5 673 601
Total comprehensive income	-	-	-	-	5 673 601	5 673 601
30.09.2019.	10 495 660	87 887	2 318 823	(2 353)	106 895 467	119 795 484

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CASH FLOW STATEMENT

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Cash flow from operating activities		
Profit for the period before taxation	5 673 601	5 247 074
<u>Adjustments for:</u>		
Depreciation and amortisation	2 004 475	1 303 898
Net (profit) / loss on sales and disposal of property, plant and equipment and intangibles	(31 839)	948
Accruals	(139 050)	(96 425)
Interest income	(1 653 104)	(1 335 131)
Interest expense	154 186	166 390
<u>Changes in working capital:</u>		
Increase in inventories	(2 148 607)	(1 910 149)
Decrease / (increase) in trade and other receivables	5 654 093	(706 401)
(Decrease) / increase in trade and other payables	(4 210 657)	3 050 506
Cash generated from operations	5 303 098	5 720 710
Interest paid	(91 613)	(163 838)
Corporate income tax paid	-	(1 349 543)
Net cash generated from operating activities	5 211 485	4 207 329
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(3 470 002)	(1 763 441)
Proceeds from sales of property, plant and equipment	50 470	8 910
Received repayment of loans	-	130 000
Net cash flow (used in) / generated from investing activities	(3 419 532)	(1 624 531)
Cash flow from financing activities		
Borrowings repaid	(1 044 251)	(2 325 367)
Lease payments	(747 583)	(343 259)
Net cash flow used in financing activities	(1 791 834)	(2 668 626)
Net increase / (decrease) in cash and cash equivalents	119	(85 828)
Cash and cash equivalents at the beginning of the period	12 822	132 970
Cash and cash equivalents at the end of the period	12 941	47 142

NOTES

(1) GENERAL INFORMATION

JSC Latvijas balzams (the Company) is a joint-stock company, which is incorporated and has its registered office in Latvia. The Company was founded in 1900 but acquired its current name in 1970. The registered address of the Company is at 160 A. Caka Street, Riga, LV-1012, Republic of Latvia. Shares of JSC Latvijas balzams are listed on the Baltic Secondary List the Nasdaq Riga AS.

The Company is the largest producer of alcohol beverages in the Baltic States. In total, JSC Latvijas balzams produces more than 100 different alcohol beverages. The major shareholder of the Company, which owns 89.99% of the Company's share capital as of 30 September 2019, is Amber Beverage Group Holding S.à r.l.

(2) ACCOUNTING POLICIES

Basis for preparation

The interim condensed financial statements for the first nine months of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of 31 December 2018.

The interim financial statements are presented in euro (EUR), the monetary unit of the Republic of Latvia.

Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Company's annual financial statement for the previous periods. The Company has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019. No material impact on the interim financial statements of the Company was identified, except as for IFRS 16 Leases as discussed further.

Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether and Arrangement contains a Lease, SIC-15 Operating Leases-incentives and SIC-27 Evaluating the Substance of Transaction Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accountant under IFRS 16 is substantially unchanged under IAS 17.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRS 4 at the date of initial application.

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(2) ACCOUNTING POLICIES (continued)

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	01.01.2019. EUR
Assets	
Right-of-use assets	3 692 472
Property, plant and equipment	(2 087 001)
Total assets	<u>1 605 471</u>
Liabilities	
Borrowings	1 605 471
Total liabilities	<u>1 605 471</u>

Summary of new accounting policies

Right-of-use assets

The Company recognizes the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of the lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease liabilities
	Machinery		Total	
	Buildings	and Equipment		
	EUR	EUR	EUR	EUR
As at 1 January 2019	1 605 471	2 087 001	3 692 472	2 741 663
Additions	-	7 834	7 834	-
Reclassification	-	(139 187)	(139 187)	-
Depreciation expense	(437 856)	(225 315)	(663 171)	-
Payment	-	-	-	(747 583)
As at 30 September 2019	<u>1 167 615</u>	<u>1 730 333</u>	<u>2 897 948</u>	<u>1 994 080</u>

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(2) ACCOUNTING POLICIES (continued)

The Company has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Company plans to adopt these standards and interpretations on their effectiveness dates if they are endorsed by the EU.

(3) REVENUE

a) Operation and reportable segment

The core activity of the Company is production of alcoholic beverages. JSC Latvijas balsams produces over 100 different brands of beverages. Since the Company's core activity is mainly the production of alcoholic beverages, the Company has only one operation and reportable segment.

b) Revenue by type

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Production of alcoholic beverages	49 381 321	46 781 036
Sales of other goods and materials	565 427	512 766
Other services	3 109 491	3 157 890
	<u>53 056 239</u>	<u>50 451 692</u>

c) Geographical segmentation

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Cyprus	28 887 974	27 889 339
Latvia	19 884 564	17 555 485
Lithuania	2 453 147	2 178 459
Estonia	591 083	625 407
Romania	222 034	88 615
Russia	382 316	599 532
Other	635 121	1 514 855
	<u>53 056 239</u>	<u>50 451 692</u>

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(4) COST OF SALES

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Raw materials and consumables	33 235 246	29 115 547
Salary expense	4 351 150	4 276 672
The state compulsory social insurance contributions	1 040 139	1 021 890
Depreciation of non-current assets	863 261	717 663
Energy resources	678 831	611 417
Goods purchased	550 844	508 220
Repair and maintenance expenses	516 298	492 361
Management of packaging	374 910	274 882
Insurance payments	30 720	35 593
Laboratory expenses	27 177	21 121
Accrued expenses on unused annual leave	(65 977)	(72 017)
Changes of inventory value of finished goods	(1 712 184)	1 398 322
Other costs	1 179 818	658 882
	<u>41 070 233</u>	<u>39 060 553</u>

(5) DISTRIBUTION EXPENSES

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Salary expenses	1 389 005	1 332 132
Advertising and sales promotion expenses	1 069 158	1 017 629
Depreciation of non-current assets	701 896	300 491
Transportation expenses	440 604	421 829
The state compulsory social insurance contributions	333 734	320 344
Warehouse maintenance expenses	296 686	764 471
Other expenses	327 813	347 530
	<u>4 558 896</u>	<u>4 504 426</u>

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(6) ADMINISTRATIVE EXPENSES

	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018
	EUR	EUR
Management services and expenses	1 518 892	1 541 792
Salary expenses	524 755	432 332
Depreciation of non-current assets	439 318	285 744
Financial support, sponsorship	203 006	9 453
Computer maintenance	168 728	147 650
The state compulsory social insurance contributions	124 903	102 722
Real estate tax	120 540	118 936
Professional service costs	109 596	70 516
Transport costs	26 923	33 911
Representation expenses	19 427	13 397
Communication and postal expenses	16 796	10 699
Office expenses	11 704	19 530
Bank commissions	9 050	6 970
Business trip expenses	8 681	5 492
Other expenses	327 091	370 647
	<u>3 629 410</u>	<u>3 169 791</u>

(7) SUBSEQUENT EVENTS

Since the last day of the first nine months of 2019 until the date of signing of these condensed financial statements, there have been no subsequent events which would have a significant effect on the financial position of the Company as at 30 September 2019.