



**AS LATVIJAS BALZAMS**

(Registration number 40003031873)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS**

for year 2020

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

AS Latvijas balzams  
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for the year 2020

**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 – Vice Chairman of the Council Velga Celmiņa – Member of the Council Jānis Buks – Member of the Council (from 07.07.2020) Aleksandrs Maslo - Member of the Council (until 07.07.2020)
Names and positions of the Board Members	Intars Geidāns – Chairman of the Board Guntars Betlers – Member of the Board (from 12.06.2020) Jekaterina Stūge – Member of the Board (until 27.05.2020) Sergejs Ļimarenko - Member of the Board (from 06.04.2020 until 07.07.2020) Ronalds Žarinovs – Member of the Board (until 06.04.2020)

## REPORT OF THE MANAGEMENT

### Type of operations

AS Latvijas balzams (hereinafter also - the Company) is a leading producer of alcoholic 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. The major shareholder of the Company is Amber Beverage Group Holding S.à r.l., which owns 89.99% of the Company's share capital.

Nowadays AS Latvijas balzams operates two alcohol production facilities in Riga: a factory for the production of strong alcoholic beverages and a factory for the production of sparkling wines and light alcoholic beverages. These factories produce most types of alcoholic beverages, such as sparkling wines, fortified wines, ciders, RTDs (ready to drink), vodka, liqueurs, brandy, gin and other strong alcoholic beverages. The recipes for some of AS Latvijas balzams products date back hundreds of years; for example, the formula of Riga Black Balsam® was officially written down in 1752. The mission of AS Latvijas balzams is "Excellence in everything we do".

Overall AS Latvijas balzams produces more than 100 different brands. Products produced by the Company are exported to more than 175 export markets mediated by SPI Group and to more than 42 markets via the Company's direct export route.

Key suppliers of raw materials and consumables for AS Latvijas balzams represent Latvia, Russia, Lithuania, Estonia, Poland, Germany and Slovakia. Key resources are water and alcoholic raw 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 part of the Company's business. This competence has been increasingly developing over the last years. For the most part, services are rendered to related companies, but the volume of services, such as transit assurance services, bonded warehouse services, value-added services, picking and other logistic services provided to other enterprises of the alcohol industry is growing. The utilization of available resources has become effective owing to our targeted efforts.

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

For compliance with these basic guidelines, the Company has drafted and adheres several procedures and/or policies, e.g., 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, the Risk Management Policy and other internal documents. These documents, policies and procedures contained therein are reviewed regularly by internal auditors in accordance with the Quality Management System and by external auditors.

### Performance of the Company during the reporting period

#### Financial performance

Unaudited net revenue of the Company for the year 2020 reached EUR 68.6 million, a decrease by 12.4% against the year 2019, mainly affected by the Covid-19 pandemic situation in many parts of the world and the restrictions implemented by national governments.

The net profit for the reporting period is EUR 9.3 million, which is 7.6% less as in the respective period in the year 2019 due to a decrease in sales volumes.

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**REPORT OF THE MANAGEMENT (continued)**

The operating profit for the year 2020 amounts to EUR 7.4 million, which is less than as in respective period on the year 2019 (EUR 8.00 million). The operating profit/turnover for the year 2020 is 10.8 % (2019: 7.9%).

The Company's alternative performance indicators for past reporting periods are disclosed below.

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

	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
ROA*	5.7%	6.5%	6.4%
ROE**	7.2%	8.4%	8.6%

\* ROA = Net profit / average asset value x 100%

\*\* ROE = Net profit / average total equity x 100%

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

	<b>01.01.2020- 31.12.2020</b>	<b>01.01.2019- 31.12.2019</b>	<b>01.01.2018- 31.12.2018</b>
	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>
EBITDA*	9 977	10 645	9 443
EBIT **	7 388	7 995	7 595

\* 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.

AS Latvijas balzams is one of the largest local taxpayers. During the reporting period, the Company paid taxes of EUR 70.3 million to the state budget, including excise tax amounting to EUR 55.6 million.

Non-financial performance and activities for the reporting year

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 2020, RFT reached 98.6 %, which is an improvement compared to 2019. The OTIF result for 2020 is 94.4%, which is an improvement in comparison to the year 2019.

## **REPORT OF THE MANAGEMENT (continued)**

The Covid-19 pandemic has led to major changes in the daily operations of Latvijas balzams:

- orders from European countries that are most hit by the spread of the virus and have the strictest restrictions introduced, such as Spain, Italy, the UK, etc., have plunged;
- orders from Stoli Group, which is the major customer of Latvijas balzams, have decreased;
- a large number of customers have frozen or deferred their orders;
- customers are delaying their payments or requesting extensions of payment deadlines.

With a view to minimizing the impact of the pandemic, the management team of Latvijas balzams has rapidly curtailed costs, reviewed projects in progress and decided on their cancellation or suspension, revised the terms of cooperation with suppliers and adapted the supply chain to the new situation, a part of Company's employees was on furlough during the reporting period as well.

To secure additional workload for the employees of AS Latvijas balzams and to reduce the deficit in the market during the Covid-19 pandemic, the Company started production of new products - hand and surface disinfectants VIRUDES. At a time when disinfectants had become a deficit commodity, the Company considered as its duty to respond to the call of the Ministry of Health to ensure the availability of these commodities.

AS Latvijas balzams gives high prominence to employee safety. Most restrictions and recommendations had been implemented in the office and production facilities before they were officially announced in the country.

During the reporting period, the Company has used several support measures granted by the state and lenders to reduce the impact of the pandemic. The most important are:

- In April 2020, taking into account the conditions created by Covid-19 and their impact on the Latvian economy, the AS Luminor Bank Latvian branch granted the Company a grace period of six months for the repayment of long-term loans granted to the Company;
- On 23 October 2020, the Investment and Development Agency of Latvia granted support to the Company in the amount of 750 thousand euros within the support program "Covid-19 for exporters of goods and services affected by the crisis to overcome the consequences of the crisis";
- For the period when the Company's employees were on furlough, the Company has applied for receiving furlough benefits, which have been approved in time by the responsible institutions.

## **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.

## REPORT OF THE MANAGEMENT (continued)

### Stock and fund market

In the year 2020, the Company's share price fluctuated from EUR 7.05 to EUR 11.30 per share. The fall in stock prices in March 2020 was linked to the general fall in stock prices and it was short-term, i.e., the stock price recovered quickly.



### Financial risk management

In the ordinary course of business, AS Latvijas balzams is exposed to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. The Company's management handles 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. The Company also complies with sanctions regimes based on the information published on the website of the Ministry of Foreign Affairs of the Republic of Latvia for international transactions.

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 handles 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.

At 31 December 2020, the Company's current assets exceeded its current liabilities by EUR 80.1 million (31.12.2020: EUR 72.1 million). The Company has a strong ability to meet its current liabilities as they fall due. The Company's liquidity ratio (*current ratio*) and short-term liquidity ratio (*quick ratio*) for last three years are as follows:

	2020	2019	2018
Current ratio*	3.30	3.45	2.54
Quick ratio**	2.55	2.77	1.92

\* Current ratio = current assets / current liabilities

\*\* Quick ratio = (trade receivables + receivables from related parties + cash and cash equivalents) / current liabilities

## **REPORT OF THE MANAGEMENT (continued)**

### **Events after the reporting date**

Company has extended collateral to Company's parent company Amber Beverage Group Holding S.à.r.l group account credit line agreement with the Latvian branch of AS Luminor Bank until 31 January 2022.

Since the last day of signing of these interim financial statements, there have been no subsequent events that would have a significant effect on the financial position of the Company as of 31 December 2020.

### **Future prospects of Company**

The Company will continue improving the efficiency of production, with a focus on purchase, planning and infrastructure improvements to support its goal: to deliver quality products with a competitive cost advantage.

During the year 2020 the following projects were finalized:

- the installation of semi-automated depalletizing equipment;
- the installation of a new washer for the plant in Briana Street;
- the launch of the production of carbonated soft drinks.

Taking into account the impact of the Covid-19 pandemic on order volumes, these are expected to be lower also in upcoming periods. The Company's operations will continue to be promptly adapted to the market situation in order to minimize the impact of Covid-19.



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Intars Geidāns  
Chairman of the Board  
Riga, 26 February 2021

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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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Intars Geidāns  
Chairman of the Board  
Riga, 26 February 2021

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**INCOME STATEMENT**

	Notes	01.01.2020- 31.12.2020 EUR	01.01.2019- 31.12.2019 EUR
Revenue	2	68 620 861	78 373 070
Cost of sales	3	(52 671 549)	(59 841 158)
<b>Gross profit</b>		<u>15 949 312</u>	<u>18 531 912</u>
Distribution expenses	4	(5 981 472)	(6 460 978)
Administrative expenses	5	(4 390 910)	(5 021 229)
Other operating income		2 396 877	1 963 432
Other operating expenses		(585 412)	(1 017 661)
Finance income		2 029 581	2 334 128
Finance expenses		(93 201)	(238 366)
<b>Profit before tax</b>		<u>9 324 775</u>	<u>10 091 238</u>
Corporate income tax		-	(45 175)
<b>Net profit</b>		<u>9 324 775</u>	<u>10 046 063</u>

**STATEMENT OF COMPREHENSIVE INCOME**

	01.01.2020- 31.12.2020 EUR	01.01.2019- 31.12.2019 EUR
<b>Net profit</b>	<u>9 324 775</u>	<u>10 046 063</u>
<b>Total comprehensive income for the period</b>	<u>9 324 775</u>	<u>10 046 063</u>

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**STATEMENT OF FINANCIAL POSITION**

	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Intangible assets	87 191	196 907
Property, plant and equipment	12 559 124	12 366 139
Right-of-use assets	2 620 852	3 098 195
Investment property	1 712 785	1 808 421
Loans to group companies	37 778 791	36 660 642
Other non current assets	281 745	374 930
<b>Total non-current assets:</b>	<b><u>55 040 488</u></b>	<b><u>54 505 233</u></b>
<b>Current assets</b>		
Inventories	25 415 486	19 622 090
Trade receivables	976 628	1 687 932
Receivables from group companies	52 789 430	47 455 117
Loans to group companies within the Group account	34 645 647	31 603 077
Other current assets	835 634	298 982
Corporate income tax	-	12 590
Cash and cash equivalents	279 563	833 329
<b>Total current assets:</b>	<b><u>114 942 388</u></b>	<b><u>101 513 117</u></b>
<b><u>Total assets</u></b>	<b><u>169 982 876</u></b>	<b><u>156 018 350</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity</b>		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Reserves	2 318 823	2 318 823
Retained earnings	120 592 702	111 267 928
<b>Total equity:</b>	<b><u>133 495 072</u></b>	<b><u>124 170 298</u></b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	1 662 635	2 443 536
<b>Total non-current liabilities:</b>	<b><u>1 662 635</u></b>	<b><u>2 443 536</u></b>
<b>Current liabilities</b>		
Borrowings	1 246 452	1 177 402
Trade payables	5 478 413	5 976 204
Payables to group companies	1 482 774	1 163 338
Taxes payable	24 746 368	18 882 314
Other liabilities	1 871 162	2 205 258
<b>Total current liabilities:</b>	<b><u>34 825 169</u></b>	<b><u>29 404 516</u></b>
<b>Total liabilities:</b>	<b><u>36 487 804</u></b>	<b><u>31 848 052</u></b>
<b><u>Total equity and liabilities</u></b>	<b><u>169 982 876</u></b>	<b><u>156 018 350</u></b>

Intars Geidāns  
Chairman of the Board  
Riga, 26 February 2021

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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
<b>31.12.2018.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	<b>(2 353)</b>	<b>101 221 866</b>	<b>114 121 883</b>
Net profit	-	-	-	-	10 091 238	10 091 238
<b>Total comprehensive income</b>	-	-	-	-	<b>10 091 238</b>	<b>10 091 238</b>
<b>31.12.2019.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	-	<b>111 267 928</b>	<b>124 170 298</b>
Net profit	-	-	-	-	9 324 775	9 324 775
<b>Total comprehensive income</b>	-	-	-	-	<b>9 324 775</b>	<b>9 324 775</b>
<b>31.12.2020.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	-	<b>120 592 702</b>	<b>133 495 072</b>

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**CASH FLOW STATEMENT**

	<b>01.01.2020- 31.12.2020</b>	<b>01.01.2019- 31.12.2019</b>
	EUR	EUR
<b>Cash flow from operating activities</b>		
Profit for the period before taxation	9 324 775	10 091 238
<u>Adjustments for:</u>		
Depreciation and amortisation	2 588 131	2 649 326
Net (profit) / loss on sales and disposal of property, plant and equipment and intangibles	(353)	(32 315)
Accruals	(26 938)	96 116
Impairment of long-term investments	-	339 225
Interest income	(2 029 581)	(2 334 128)
Interest expense	93 201	238 366
<u>Changes in working capital:</u>		
Increase in inventories	(5 766 458)	1 667 582
Increase in trade and other receivables	(2 551 656)	26 652 021
Increase in trade and other payables	5 546 738	(5 479 186)
<b>Cash generated from operations</b>	<u><b>7 177 859</b></u>	<u><b>33 888 245</b></u>
Interest paid	(93 201)	(202 834)
Corporate income tax paid		(55 000)
<b>Net cash generated from operating activities</b>	<u><b>7 084 658</b></u>	<u><b>33 630 411</b></u>
 <b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(2 106 632)	(3 111 331)
Proceeds from sales of property, plant and equipment	8 564	53 590
Received incomes from borrowings		1 666 700
Interest received	(692 040)	1 457 093
Changes in credit lines (net)	(3 941 328)	(28 466 785)
<b>Net cash flow (used in) / generated from investing activities</b>	<u><b>(6 731 436)</b></u>	<u><b>(28 400 733)</b></u>
 <b>Cash flow from financing activities</b>		
Borrowings repaid	(144 955)	(3 480 836)
Lease payments	(762 033)	(928 335)
<b>Net cash flow used in financing activities</b>	<u><b>(906 988)</b></u>	<u><b>(4 409 171)</b></u>
 <b>Net increase in cash and cash equivalents</b>	<u><b>(553 766)</b></u>	<u><b>820 507</b></u>
 <b>Cash and cash equivalents at the beginning of the period</b>	<b>833 329</b>	<b>12 822</b>
 <b>Cash and cash equivalents at the end of the period</b>	<u><b>279 563</b></u>	<u><b>833 329</b></u>

## NOTES

### (1) GENERAL INFORMATION

AS 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 AS Latvijas balzams are listed on the Baltic Secondary List of the Nasdaq Riga AS.

The Company is the largest producer of alcohol beverages in the Baltic States. AS 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 31 December 2020, is Amber Beverage Group Holding S.à r.l.

### (2) ACCOUNTING POLICIES

#### ***Basis for preparation***

The interim condensed financial statements for of the year 2020 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 of year 2019.

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

#### ***Changes in accounting policy and disclosures***

*Amendments to the Conceptual Framework for Financial Reporting* (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular, the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

*Definition of a business - Amendments to IFRS 3* (effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020). The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organized workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

*Definition of materiality – Amendments to IAS 1 and IAS 8* (effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

*Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7* (effective for annual periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

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

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

**(3) REVENUE**

**a) Operation and reportable segment**

The core activity of the Company is production of alcoholic beverages. AS Latvijas balzams 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**

	01.01.2020- 31.12.2020 EUR	01.01.2019- 31.12.2019 EUR
Production of alcoholic beverages	63 376 273	73 511 636
Sales of other goods and materials	569 289	665 376
Other services	4 675 299	4 196 058
	<u>68 620 861</u>	<u>78 373 070</u>

**c) Geographical segmentation**

	01.01.2020- 31.12.2020 EUR	01.01.2019- 31.12.2019 EUR
Cyprus	37 503 300	41 469 186
Latvia	24 855 724	30 017 155
Lithuania	3 546 371	3 537 669
Estonia	639 128	828 527
Romania	270 751	427 913
Other	1 805 587	2 092 620
	<u>68 620 861</u>	<u>78 373 070</u>

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**(4) COST OF SALES**

	<b>01.01.2020- 31.12.2020</b>	<b>01.01.2019- 31.12.2019</b>
	EUR	EUR
Raw materials and consumables	40 552 395	46 523 624
Salary expense	5 446 094	5 904 084
The state compulsory social insurance contributions	1 303 935	1 412 049
Depreciation of non-current assets	1 271 431	1 166 469
Energy resources	756 204	939 489
Repair and maintenance expenses	620 598	681 663
Management of packaging	554 399	601 138
Goods purchased	563 706	637 604
Insurance payments	36 330	39 666
Laboratory expenses	22 244	35 270
Accrued expenses on unused annual leave	(48 358)	21 991
Other costs	1 592 571	1 878 111
	<u><b>52 671 549</b></u>	<u><b>59 841 158</b></u>

**(5) DISTRIBUTION EXPENSES**

	<b>01.01.2020- 31.12.2020</b>	<b>01.01.2019- 31.12.2019</b>
	EUR	EUR
Salary expenses	1 780 278	1 856 451
Advertising and sales promotion expenses	1 324 463	1 715 134
Depreciation of non-current assets	1 000 756	910 015
Transportation expenses	601 736	625 060
Warehouse maintenance expenses	381 625	420 319
The state compulsory social insurance contributions	427 556	445 970
Other expenses	465 058	488 029
	<u><b>5 981 472</b></u>	<u><b>6 460 978</b></u>

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**(6) ADMINISTRATIVE EXPENSES**

	<b>01.01.2020- 31.12.2020</b>	<b>01.01.2019- 31.12.2019</b>
	<b>EUR</b>	<b>EUR</b>
Management services and expenses	2 074 977	2 119 820
Salary expenses	686 820	697 276
Depreciation of non-current assets	315 944	572 841
Computer maintenance	234 731	222 372
Financial support, sponsorship	116 492	258 006
The state compulsory social insurance contributions	162 085	165 963
Real estate tax	161 355	161 162
Professional service costs	120 589	133 713
Transport costs	33 001	38 006
Office expenses	34 323	17 974
Communication and postal expenses	15 553	21 134
Representation expenses	12 995	26 316
Bank commissions	10 891	12 164
Business trip expenses	1 494	13 485
Other expenses	409 660	560 997
	<b><u>4 390 910</u></b>	<b><u>5 021 229</u></b>

**(7) SUBSEQUENT EVENTS**

Company has extended collateral to Company's parent company Amber Beverage Group Holding S.à.r.l group account credit line agreement with the Latvian branch of AS Luminor Bank until 31 January 2022.

Since the date of signing of these condensed financial statements, there have been no subsequent events that would have a significant effect on the financial position of the Company as of 31 December 2020.