



**Shape the future
with confidence**

SIA „Ernst & Young Baltic”
Muitas iela 1a
Rīga, LV-1010
Latvija
Tālr.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reģ.Nr. 40003593454
PVN maksātāja Nr. LV40003593454

Ernst & Young Baltic SIA
Muitas iela 1a
Rīga, LV-1010
Latvija
Tel.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reg. No: 40003593454
VAT payer code: LV40003593454

Translation from Latvian

INDEPENDENT AUDITORS' REPORT

DOCUMENT DATE IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the Shareholders of Amber Latvijas balzams AS

Report on the audit of the financial statements

Qualified opinion

We have audited the accompanying financial statements of Amber Latvijas balzams AS (the Company) set out on pages 15 to 56 of the accompanying Annual Report, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of matter described in Basis for qualified opinion section paragraph 1 and for the possible effects of the matters described in Basis for qualified opinion section paragraphs 2, 3 and 4, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as adopted by the European Union.

Basis for qualified opinion

As disclosed in Note 23 (a) to accompanying financial statements, the Company's carrying value of trade receivables from related parties amounted to EUR 49,3 million as at 31 December 2024. There are serious indications of Significant Increase in Credit Risk (SICR), including substantial overdue receivables, liquidity issues and going concern risk with several related parties. The management has carried out a high-level recoverability analysis of the Company's trade receivables from related parties as of 31 December 2024 and concluded that no additional Expected Credit Risk (ECL) allowances are required in this respect. In our opinion, a significant part of the trade receivables from related parties are not recoverable and respective ECL allowances must be recognised. Had the Company recognized additional ECL allowance as of 31 December 2024, trade receivables from related parties, retained earnings and equity would be decreased by respective ECL amount. We, however, cannot determine the amount of the ECL allowance to be recognised as at 31 December 2024.

As disclosed in Note 30 to accompanying financial statements, during 2024 the Company's management identified an error in previous periods amounting to EUR 16 million in the calculation and recognition of ECL allowance related to receivable from one related counterparty and made a retrospective correction of the error. The management of the company has recognised an additional ECL allowance and decreased related party receivables by EUR 16 million as at 31 December 2023, decreased 2023 profit by EUR 4,8 million and decreased retained earnings by EUR 11,2 million as at 31 December 2023. The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed unmodified opinion on 30 April 2024. We could not obtain sufficient appropriate audit evidence regarding the periodization of the recognition of ECL allowance related to receivables from related party recognized during 2024 and corrected retrospectively. As a result, we were unable to determine



**Shape the future
with confidence**

whether and to what extent the adjustments might have been necessary in respect of the periodization of the ECL allowance recognized.

As disclosed in Note 26 to accompanying financial statements, the Company has issued guarantees in respect of the parent entity's financial liabilities. The management has carried out a high-level recoverability analysis and concluded that no ECL allowances are required in this respect. During our audit we were unable to obtain sufficient and appropriate audit evidence regarding the assumptions used in assessing the ECL allowances. As a result, we are unable to determine whether and to what extent adjustments may have been necessary in respect of the ECL allowance for the guarantees issued.

As disclosed in Note 23 to accompanying financial statements, as of 31 December 2024, the Company's carrying value of non-current loan issued to the parent company EUR 35,3 million, advances paid to the parent company EUR 6,3 million, current loans issued to the parent company through group's cash pool EUR 38,9 million and other current related parties receivables EUR 3,2 million. The management has carried out a high-level recoverability analysis of the of the Company's loans and other receivables from related parties as of 31 December 2024 and concluded that intercompany loans and other receivables are fully recoverable, and no ECL allowance has been made in this respect. During our audit we were unable to obtain sufficient and appropriate audit evidence regarding the assumptions used in assessing the recoverability and classification of the current loans and other receivables from related parties to determine whether current loans from related parties will be settled within the next 12 months and whether and to what extent the parent company will be able to repay the non-current loan by December 31, 2026. As a result, we are unable to determine whether and to what extent adjustments may have been necessary in respect of the ECL allowance and the classification of the loans and other receivables from related parties between current and non-current assets.

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company continues to provide guarantees and has pledged its tangible and intangible assets to guarantee the loans received by the parent entity. The parent entity as of 31 December 2024 has breached certain loan covenants. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matters described in the Basis for qualified opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Reporting on other information

Management is responsible for the other information. The other information comprises:

- Company information as set out on pages 3 to 4 of the accompanying annual report;
- Management Report, as set out on pages 5 to 12 of the accompanying annual report;
- the Statement on Management Responsibilities, as set out on page 14 of the accompanying annual report;
- the Statement of Corporate Governance, as set out in a separate statement provided by the Company's management and available on the Company's website [http:// amberlb.lv/en/corporate-governance/](http://amberlb.lv/en/corporate-governance/) section *Corporate Governance*,
- the Remuneration Report, as set out in a separate statement provided by the Company's management and available on the Company's website [http:// amberlb.lv/en/](http://amberlb.lv/en/) section *For Investors*,

Other information does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.



**Shape the future
with confidence**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. Except for the effects of matter described in Basis for qualified opinion section paragraph 1 and for the possible effects of the matters described in Basis for qualified opinion section paragraphs 2, 3 and 4, we have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, the Statement of Corporate Governance and the Remuneration Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in Article 56¹, paragraph one, clauses 3, 4, 6, 8 and 9 and Article 56², paragraph two, clause 5 and paragraph three of the Financial Instruments Market Law and if it includes the information stipulated in Article 56², paragraph two, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In our opinion, the Statement of Corporate Governance includes the information required in Article 56¹, paragraph one, clauses 3, 4, 6, 8 and 9 and Article 56², paragraph two, clause 5 and paragraph three of the Financial Instruments Market Law and it includes the information stipulated in Article 56², paragraph two, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Remuneration Report our responsibility is to consider whether the Remuneration Report includes the information required in Article 59⁴ of the Financial Instruments Market Law.

In our opinion, the Remuneration Report includes the information required in Article 59⁴ of the Financial Instruments Market Law.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**Shape the future
with confidence**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and European Union when providing audit services to public interest entities

We were first appointed as auditors of the Company on 19th July 2024 by shareholders decision. This is first year when we have been appointed as auditors for the Company.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as stipulated in paragraph 37⁶ of the Law on Audit Services of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to in EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Report on the compliance of the presentation of financial statements with the requirements of the European Single Electronic Format ("ESEF")

The electronic reporting format of the financial statements has been applied by the management of the Company to comply with the requirements of art. 3 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). Based on these requirements the financial statements have to be presented in XHTML format. We confirm that the electronic reporting format of the financial statements for the year ended 31 December 2023 complies with the ESEF Regulation in this respect.



**Shape the future
with confidence**

The responsible certified auditor on the audit resulting in this independent auditors' report is Diāna Krišjāne.

ERNST & YOUNG BALTIC SIA
License No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga,

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP