

Amber Beverage Group bond issue



Opportunity to invest in senior secured EUR 30m bonds with 7.5% + 3M EURIBOR coupon

About Amber Beverage Group

- With its origins dating back to 1900, Amber Beverage Group (ABG) is a vertically integrated and rapidly growing global spirits company with presence in the Baltics, EMEA, North-America and Asia-Pacific regions, with more than 2,000 employees.
- ABG operates its own spirit production facilities, as well as provides third-party brand distribution and management – the Group represents a wide range of beverages, including more than 100 own and 1,300 third-party brands.
- The most popular ABG own brands are Moskovskaya Vodka, Riga Black Balsam, whiskey Irishman and Writer's Tears and tequila KAH and Rooster Rojo, sparkling wine Cosmopolitan and others.
- ABG is owned by SPI Group, which is ultimately owned by Israeli businessman Yuri Scheffler, who was born in the former USSR. SPI Group is an owner of popular Stoli vodka brands and has business interest in agricultural and real estate industries.
- The goal of ABG is to make a transformation from a regional leader to one of the top 10 spirits industry players globally through organic growth and future M&A within growing categories, with majority of the revenue generated by a global footprint.

Business overview

- ABG owns several production facilities of strong spirits (vodka, bitters, tequila, etc.) and light spirits (sparkling wine, cocktails) in Latvia, Estonia and Mexico. The production segment comprised 26% of total revenue for the Group and the production in Baltics make up the half of the total production revenue.
- ABG is the brand owner and the producer of traditional Latvian alcoholic beverage «Riga Black Balsam», popular among tourists and locals.
- Distribution is the largest business segment of the Group, which constituted 74% of revenue. The Group provides distribution and brand management to established alcoholic beverage brands and has its own route-to-market access in the Baltics, Australia, the UK, Austria and Germany.
- 48% of the Group's revenue was generated in the Baltics, while EMEA region (Europe, the Middle East and Africa) comprised 36%, North-America 10% and Asia-Pacific 6%.
- The Group operates through 2 own warehouses in Riga, Latvia and 1 own warehouse in Lithuania. The total warehouse capability of the Group currently stands at 24,500 m².
- ABG operates the largest network of specialized beverage retail stores in Latvia and Lithuania with more than 60 stores.

Financial highlights

- ABG has shown a solid track record of revenue growth over the years, which has been fueled by both organic growth and acquisitions, with revenue reaching EUR 365.8m (+19% Y/Y) in 2022. The Group is continuously looking to expand its business volume through new product categories and sales channels.
- The Group generated EBITDA of EUR 42.3m (+17% Y/Y) during 2022, showing a solid growth in profitability, while the net profit in 2022 reached EUR 22.9m (+1% Y/Y).
- The total borrowings of the Group stood at EUR 106.9m (-2% Y/Y) at the end of 2022, which mainly consist of bank loans and overdrafts from international banks. The leverage of the Group is at a moderate level with Net Debt / EBITDA of 2.4x at the end of 2022.
- ABG has a strong own capital base with Equity ratio of 42% at the end of 2022.

Leading international ABG brands

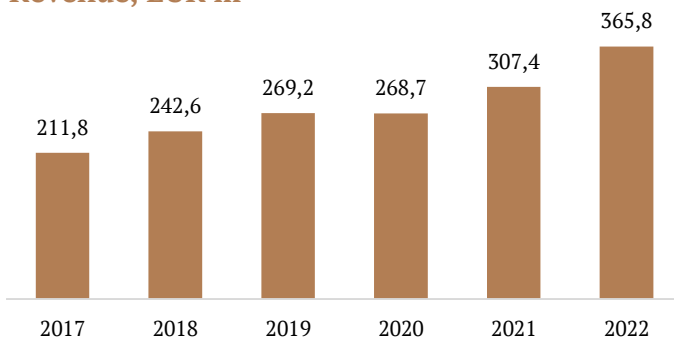


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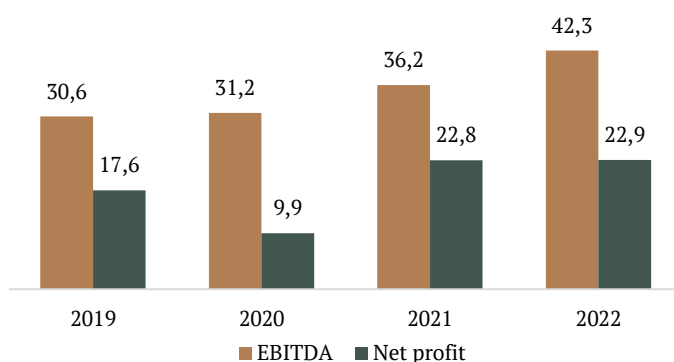
Financial highlights, EUR m

	FY 2020	FY 2021	FY 2022
Revenue	268.7	307.4	365.8
Gross profit	79.8	84.4	109.5
EBITDA	31.2	36.2	42.3
Net profit	9.9	22.8	22.9
Total assets	361.5	420.9	450.4
Cash	8.4	7.4	7.0
Equity	164.1	178.0	189.3
Total borrowings	74.3	109.1	106.9
Equity ratio	45%	42%	42%
Net Debt / EBITDA	2.1x	2.8x	2.4x
EBITDA / Interest expense	11.4x	10.8x	8.4x

Revenue, EUR m



EBITDA and Net profit, EUR m



■ EBITDA ■ Net profit

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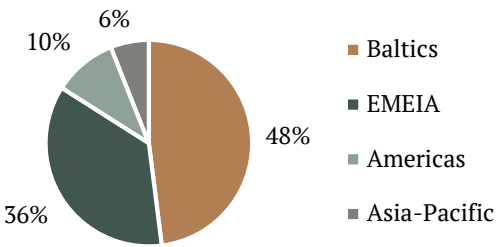
Term Sheet

Issuer	Amber Beverage Group Holding S.à r.l. (Luxembourg)
Security type	Senior secured bonds
Use of proceeds	Warehouse development in Free port of Riga
Collateral	<ul style="list-style-type: none">1st rank mortgage on the land plot in Free port of RigaCommercial pledge on assets of ABG Real Estate SIACommercial pledge on shares of ABG Real Estate SIAAssignment of claims against SPI Group Holding Limited (EUR 23m loan)
Corporate guarantee	<ul style="list-style-type: none">Amber Latvijas balzams ASAmber Distribution Latvia SIAAmber Distribution Lithuania UABABG Real Estate SIA
Current account	Proceeds to be lent from Issuer to ABG Real Estate SIA (via intra-group loan) and used to finance construction, equipment and other expenses related to the warehouse project
Issue size	EUR 30 000 000
Coupon rate	7.5% + 3M EURIBOR
Coupon frequency	Quarterly
Maturity	4 years
Principal repayment	Maturity date, bullet
Call Option	@103% after 2 nd year, @102% after 3 rd year, @101% 3 months before maturity
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	<ul style="list-style-type: none">Nasdaq Baltic Regulated Market within 6 months after the Issue DateFrankfurt Open Market (Alternative Market)
Covenants ¹	<ul style="list-style-type: none">Interest coverage ratio of min 2xEquity ratio of min 35%Debt / EBITDA of max 4.0x
Arranger	Signet Bank AS
Legal Advisor	COBALT
Collateral agent	Ellex Kļaviņš

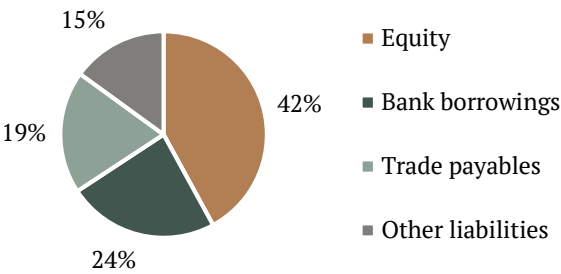
Warehouse construction

- Proceeds from the bond issue will be used to finance the construction of a modern, fully automated A-class logistics centre with a strategic location in Free port of Riga, total area of 24,400 m² and Amber Latvijas balzams as the anchor tenant. Warehouse equipment will be produced by Jungheinrich.
- The warehouse will be built specifically for the need of ABG to consolidate its logistics and storage facilities in Latvia, take over excise product flow to CIS countries (third-party logistics) and increase Amber Latvijas balzams storage capacity by 30%. With the land plot already acquired, the estimated completion of the project is in March 2025. The land plot includes an additional area, which could serve as a space for future development of ABG – expansion of the warehouse and new manufacturing facilities.
- The bonds are secured by the 1st rank mortgage on the land plot in Free port of Riga with total area of 9.8ha and commercial pledge on assets and shares of ABG Real Estate SIA, which includes the Jungheinrich equipment and warehouse construction in progress. The estimated total value of the project is EUR 45 million and the remaining amount will be financed through ABG own funds, which puts bond financing at approximately 66% of the total project costs.

Amber Beverage Group Revenue split by markets



Amber Beverage Group liabilities' structure



¹Full list of covenants can be found in the Offering Memorandum

Amber Beverage Group production & distribution facilities, retail stores



Leading ABG category brands



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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence Amber Beverage Group Holding S.à r.l. are macro-economical and geopolitical risk, global pandemic risk, regulatory risk, sanctions risk, changes in customs regulations risk, taxation risk, relations with key vendors and supply chain risk, client credit risk, currency risk, liquidity risk and interest rate risk, exposure to Russia risk, financial leverage risk, operational risks, competition risk, corporate governance and policy-related risk, IT system and process risk, risk on natural disasters and other business disruption, privacy and data protection breach risk, major litigations and fraud, brand protection and IP, real estate market risk, anchor tenant risk, real estate development risk, reliance on third-party building contractors, project management risk, property damage risk, environmental liabilities, real estate investments are relatively illiquid.

When investing funds in bonds, investors undertake the following risks related to debt securities: Notes repayment risk, no limitation on issuing additional debt, liquidity risk, delisting risk, price risk, early redemption risk, tax risk, resolutions of Investors risk, risk that some Noteholders might have more preferential terms than others, risks associated with the collateral agent agreement, risks associated with the value of the collateral, Risk that the Guarantees will be subject to certain limitation on enforcement and may be limited by the applicable law or subject to certain defenses that may limit its validity and enforceability, risks associated with parallel debt, The enforcement of the Guarantees and the Collaterals will be subject to the procedures and limitations set out in the Collateral Agent Agreement and the Terms and Conditions, Risks related to the assignment of claims, Risks related to amendments to laws and regulations, The rights of the Noteholders depend on the Collateral Agent's actions and financial standing.

The risks indicated in this section may reduce Amber Beverage Group Holding S.à r.l. ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect Amber Beverage Group Holding S.à r.l..