

Joint Stock Company Latvijas balzams SUPERVISORY BOARD REPORT to the general meeting of shareholders

Riga, September 16, 2021

Dear shareholders,

In the period between the previous shareholders' meeting and this day, the Supervisory Board elected by you as the Company's supervisory institution performed constant supervision of the activities of the Management Board of JSC Latvijas balzams. The exercise of the rights granted to the Supervisory Board was performed in accordance with the Commercial Law of the Republic of Latvia and the Articles of Association of the JSC Latvijas balzams.

During the reporting period, 11 meetings of the Supervisory Board took place. They addressed important matters on which the Management Board sought consent from the Supervisory Board.

Regarding the work of the Supervisory Board within last year, it complied with the current Commercial Law and the Articles of Association of the JSC Latvijas balzams. All members of the Supervisory Board performed their duties conscientiously, made proposals for the improvement of the work of the Supervisory Board and the Company in general.

Despite all challenges, the year of 2020 has been successful for the Company: profit and turnover have grown. The Supervisory Board supports the plans for 2021 set out in the Management Board's report.

The Supervisory Board of JSC Latvijas balzams has reviewed the Annual report of JSC Latvijas balzams for 2020, the dependency report, prepared by the Management Board and audited by a sworn auditor, and the report of the Audit Committee. The financial statements have been prepared in accordance with the laws of the Republic of Latvia and International Financial Reporting Standards. The Supervisory Board has no objections to the auditor's opinion and to the report of the Management Board included in the accounts. The Supervisory Board has reviewed the proposal of the Management Board on the prepared draft resolutions regarding the items included in the agenda of the General shareholders meeting of JSC Latvijas balzams.

The Supervisory Board supports the proposal of the Management Board and recommends the shareholders to vote "in favour" in accordance with the draft resolutions prepared by the Management Board on the items of the agenda of the General shareholders meeting.

The Company's operations in the reporting period can be assessed positively. The Management Board has performed its duties in accordance with the requirements of regulatory enactments. The Company's financial position is stable.

Kind regards,

Rolands Gulbis
Chairman of the Supervisory Board
JSC Latvijas balzams