

APF Holdings

2023 CONSOLIDATED AND STANDALONE ANNUAL REPORT PREPARED IN ACCORDANCE WITH LATVIAN STATUTORY REQUIREMENTS, AND INDEPENDENT AUDITORS' REPORT



CONTENTS

Information about APF Group and Company	5-6
Report of the Management	7-40
Income Statement	43-44
Balance Sheet	45-48
Cash Flow Statement	49-50
Statement of Changes in Equity	51-52
Notes to the Consolidated Financial Statement	53-94
Independent Auditor's Report	95-98



INFORMATION ABOUT THE APF GROUP



Name of the Group's parent company

APF Holdings

Legal status of the Group's Parent company

Joint stock company (AS)

Number, place and date of registration Group's Parent company

No. 50203047991
Riga, 3 February 2017

Address of the Group's Parent company

Malduguņu Street 4, Mārupes Municipality, Mārupe, LV-2167, Latvia

Group's type of operations

Operation of holding companies, poultry farming, and the production and trade of chicken eggs, as well as the production of biogas and organic fertilizer related to poultry farming processes, renewable electricity production.

Shareholders

SIA J.A. Investment Holdings 69.14%
Minority shareholders 15.09%
Juris Adamovičs 8.92%
Omni Industries B.V. 6.85%

Members of the Board of the Group's Parent Company

Juris Adamovičs – Chairman of the Board
Hermanis Dovgijs – Member of the Board
Mihails Keziks – Member of the Board

Members of the Supervisory Council of the of the Group's Parent company

From 17.08.2023:
Uldis Iltners – Chairman of the Supervisory Council
Eva Berlaus – Deputy Chairman of the Supervisory Council
Aleksandrs Adamovičs – Member of the Supervisory Council
Miguel Franco De Portugal Trigos Jordao – Member of the Supervisory Council
From 29.12.2021 until 17.08.2023:
Aleksandrs Adamovičs – Chairman of the Council
Dmitrijs Adamovičs – Deputy Chairman of the Council
Olga Adamoviča – Member of the Council

Reporting Period

From 01.01.2023 until 31.12.2023

Previous Reporting Period

From 01.01.2022 until 31.12.2022

Subsidiaries of the Group

Alūksnes putnu ferma SIA, reg. No. 43203003333, 100%
APF Trading SIA, reg. No. 50203051041, 100%
Oluksne SIA, reg. No.50203050741, 100%
Preiļu putni SIA, reg. No.40203289853, 100%
APF Energy SIA, reg. No.40203352847, 100%

REPORT OF THE MANAGEMENT

Type of operations

The parent company of the APF Group, public limited company APF Holdings, is active in the operation of holding companies and in the management of poultry and chicken egg production companies.

The main activities of subsidiaries are:
SIA "Alūksnes putnu ferma" – poultry farming and egg production;
SIA "APF Trading" – wholesale of chicken eggs;
SIA "Oluksne" – provision of poultry farming and egg production services;
SIA "APF Energy" – production of gas and organic fertilisers;
SIA "Preiļu putni" – poultry farming, rearing of young birds.

Performance of the APF Group during the financial year

AS APF Holdings (hereinafter – APF Group) companies aim to develop sustainable circulation production in the poultry sector by offering premium eggs and other food products for Latvian and European consumers.



FUTURE PROSPECTS

In the next reporting period, the APF Group plans to implement important strategic development projects that will contribute to the increase of existing production capacity and the acquisition of new lines of activity. Intensive work will be continued on the development of egg products production, breeding of young birds and biomass processing projects. Work on the implementation of a systemic sustainability

strategy has also been started, as the first step in this direction, the subsidiary company of the concern SIA "Alūksnes putnu ferma" received the ISO500001 certificate in February 2023, which is a confirmation of the implementation of the energy efficiency management system, as the next step is planned emissions from the production process calculation (CO2 footprint) and development of solutions for their reduction.



RESEARCH AND DEVELOPMENT

As the APF Group's production capacity and product range increase, the APF Group's companies are intensively engaging in research activities, incl. in collaboration with scientists and laboratories. It performs product analysis, assessing its deeper processing and reuse possibilities, deals with emissions analysis, looking for ways

to reduce them, improve animal welfare and reduce the impact on the surrounding environment.

In the reporting year, the APF Group has invested EUR 50 438 in research and development.

FINANCIAL RISK MANAGEMENT

The policy of financial risk management the APF Group and the Company is described in the financial report's Note 41.



SUBSEQUENT EVENTS

In February 2024, the APF Group has secured EUR 7 million from a private bond placement. Polish Investment Fund CVI acquired the entire volume of the bond issue. The maturity for the bonds is set at four years. Part of the attracted financing was used to fully refinance all of the Group's loans from banks.

There are no other subsequent events from the last date of the financial year until the date of publishing of financial statements, which would have a significant effect on the financial position of the APF Group and the Company.



APF HOLDINGS ACHIEVED HISTORICALLY BEST RESULTS LAST YEAR

In 2023, the turnover of APF Group reached another historical record, amounting to EUR 13.3 million, which is EUR 2.0 million more than the previous year, resulting in a 19% increase.

The company's production capacities were increased to the current level at the end of 2021, making the production capacities of the group in 2022 and 2023 equal. However, due to the production cycle of laying hens, the quantity of eggs produced slightly decreased from 113 million in 2022 to 105 million in 2023. Despite the lower quantity of eggs sold, the group's core market – the production of fresh eggs – saw a turnover increase of 17%, while revenues from Cage egg sales remained at the 2022 level, but revenues from Barn egg sales increased by 27%.



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Despite the sharp increase in raw material prices starting in the second quarter of 2022, the group's production costs only increased by 7%, which in turn allowed achieving a huge 69% increase in Gross profit. The group has very ambitious growth plans for 2024 and 2025 and beyond. To realize them, in the reporting year, it was necessary to attract new employees to strengthen the team and expand the development of new business directions, conducting research work, and executing an IPO during the reporting year. These actions aimed at development for the next periods resulted in an increase of administrative costs in 2023, resulting in a more moderate increase in EBIT and adjusted EBITDA indicators comparing to the Gross profit, i.e. those increased by 19% and 33% respectively, which is a significant achievement anyway considering the reduced quantity of eggs sold, which also led to adjusted EBITDA profitability improvement by 2 percentage points. In 2023 Group net profit increased by nearly EUR 200 000 and comprises EUR 527 059, which constitutes 59% improvement compared to the previous year. It is noteworthy that in 2022 the group received one-time state supports amounting to nearly EUR 600 000, thus the financial result and its increase in the reporting year were achieved through the group's own efforts, without external support, which is additionally commendable.

After the completion of the IPO, the group's equity capital has increased almost eight-fold, from EUR 0.76 million in 2022 to EUR 6.1 million in 2023, which inevitably led to a decrease in the ROE indicator to 10%, compared to 17% in the previous year despite a much better financial result in 2023.

Thanks to the financing received during the IPO, the amount and proportion of the Group's current assets in the balance sheet also increased, and the balance of existing net liabilities decreased, allowing the Group to improve liquidity and financing indicators, i.e. the liquidity ratio has reached a level of 1.8x, while the Debt/Ebitda ratio has dropped to 0.6x.

2024 will be a development year for the Group, during which the company's management plans to complete the construction of two hen houses, as well as a warehouse and an egg processing workshop. Funding for these investments has been secured from the Polish Investment Fund CVI, the Rural Support Service, and the funds received from the IPO. Given the size of the project and the expected implementation time, the largest impact on turnover and financial results is expected in 2025.

THE MOST SIGNIFICANT EVENTS IN 2023

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EXPANSION WITH THREE NEW PRODUCTS

Fiteg2 – tasty and healthy egg white protein smoothies

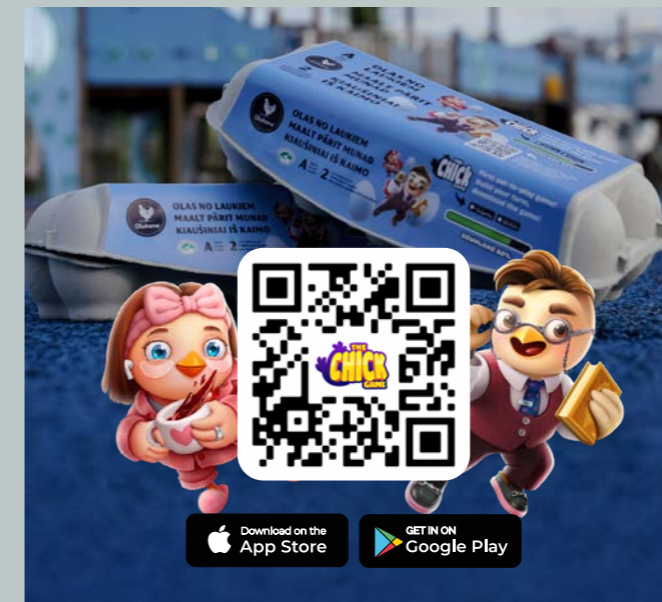


Following healthy lifestyle and nutrition trends, APF Group introduced a new line of egg white protein smoothies called “Fiteg2” in 2023.

The innovative “Fiteg2” brand recipes are based on high-quality egg whites. This is a valuable source of protein, amino acids, and other micronutrients, such as vitamin B3, magnesium, potassium, and sodium, suitable for a wide range of consumers – including active lifestyle individuals, children and athletes with high physical loads, young mothers, seniors, and people with special diets.

The new “Fiteg2” egg protein smoothies are available in 300 ml packages with three natural fruit flavours – mango, orange, and apple-vanilla. Each flavour also differs in egg white or protein nutritional value. Mango egg protein smoothie contains 64% egg white – 21 g of protein, orange smoothie contains 60% egg white – 20 g of protein, while apple-vanilla smoothie contains 79% egg white – 25 g of protein. Importantly, “Fiteg2” smoothies do not contain added sugar, are lactose-free, fat-free, and gluten-free. The drinks should be stored in the refrigerator and have a shelf life of 140 days. “Fiteg2” is available at Rimi, Stockmann, Bolt Food, Wolt and Narvesen stores in Latvia. In 2024, it is planned that “Fiteg2” will become more widely available in Estonia and Lithuania.

The Chick Game – a combination of quick consumption product, eggs, with a mobile game



APF Group innovatively combined the egg industry with digital technology, creating “The Chick Game”. This project combines a mobile gaming application with a new egg product packaged in a modern, environmentally friendly way. “The Chick Game” eggs allow consumers to engage in virtual chicken farming, providing an entertaining and educational insight into modern poultry farming practices, as well as attracting a technology-savvy, younger audience.

Available on Google Play and AppStore, “The Chick Game” application educates players about chicken farming and egg-based recipes, and additional game bonuses are unlocked by scanning special QR codes on the egg packaging. These eggs, sold in 10-pack cardboard boxes, are available in Rimi stores in Latvia (since June 2023), Estonia (since August 2023), and Lithuania (since September 2023). “The Chick Game” product is an example of APF Group innovative approach to creating added value for everyday FMCG products, such as eggs.

Liquid egg mass – the new opportunities for cooperation with B2B customers

In 2023, APF Group introduced a new liquid egg mass product suitable for B2B or business customers. Initially, it was

produced in collaboration with partners, and it is planned that production will be transferred to APF Group facilities by the autumn of 2024. The product is offered in sustainable 10 kg Bag-in-Box packaging. APF Group plans to start production of liquid egg mass in Alūksne, in its egg processing line, with a processing capacity of 7500 eggs per hour by the autumn of 2024. This demonstrates the company’s efforts to meet the growing demand for sustainable egg products.

UTILIZING EXPORT POTENTIAL

APF Group's successes in the Baltic market

APF Group already successfully cooperates with the Rimi store network, providing eggs under the Rimi private label in the Baltic States. In 2023, APF Group expanded its assortment in Rimi store shelves in the Baltics, offering Estonian and Lithuanian consumers eggs laid outside the cage under its own brand "The Chick Game". This has resulted increase of eggs sale by 3.4 million eggs and EUR 515 thousand in revenue. Successful campaigns with IKI in Lithuania and Grossi stores in Estonia have paved the way for negotiations with other retail chains and smaller partners, opening a new chapter in our company's growth and presence in the market.



QUALITY ACHIEVEMENTS

Quality and Efficiency Approval Certificates

In 2023, the APF Group's commitment to ensuring operational excellence and sustainability was confirmed by the ISO 50001 energy management system certificate awarded in February 2023. The receipt of the certificate demonstrates our proactive approach to energy conservation and efficiency. Furthermore, our strict adherence to food safety standards was confirmed by the successful results of the annual audit of the FSSC 22000 food safety management system. These achievements demonstrate our commitment to ensuring quality, safety, and environmental responsibility, fostering trust and providing customers with the highest level of products and services.



Implementation of Lean Programmes for Continuous Improvement

In 2023, APF Group successfully began implementing LEAN programmes, focusing on the Kaizen philosophy and practicing the 5S principle, which has already brought significant efficiency improvements.

Kaizen, meaning “change for the better” in Japanese, symbolizes a continuous improvement process where waste is identified and eliminated, while improving processes. APF Group is particularly proud that 70% of the company's employees have been trained in Kaizen principles, promoting collective involvement and improvement initiatives – a total of 22 improvement initiatives have been submitted, of which 80% have already been implemented or are in the process of being implemented.

The APF Group has also introduced the 5S system – a strong visual management method that promotes an efficient and organized work environment, allowing for quick identification and elimination of process deficiencies. This system is based on five steps: sort, set in order, shine, standardize, and sustain self-discipline, ensuring that the workplace is optimally organized and only necessary



tools are available for work. 60% of the company's employees have received training in this system. These changes have promoted deeper integration of knowledge and understanding into daily processes, also improving internal communication processes, laying the groundwork for further company growth and increased efficiency. APF Group is confident that these measures will continue to promote the company's sustainable development and competitiveness.

APF Group has identified seven key goals out of the 17 sustainable development goals to integrate into its ESG (environmental, social, and governance) strategy for 2030. This approach includes reducing resource consumption, increasing efficiency, investing in green energy production, and utilizing a circular economy approach in egg production.



A NEW PAGE IN THE HISTORY

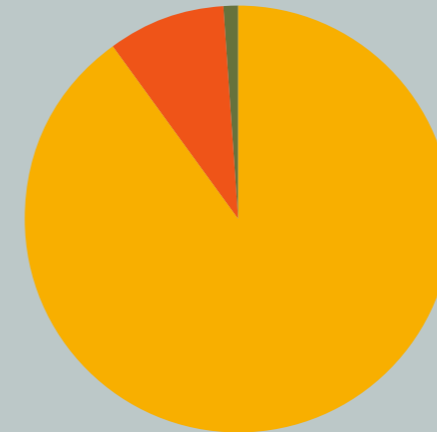
Debut on the Nasdaq First North Alternative Market



The most significant event for APF Group in 2023 was the successful initiation of stock trading on Nasdaq Riga. This significant moment occurred on 9 November at 10:00 with a stock price of EUR 5.11. The shares are listed on the First North list under the symbol EGG, and the stock listing marks a new phase of the company's development for our shareholders, ensuring additional transparency and liquidity for the company.

The conclusion of our initial public offering (IPO) on 3 November was a testament to investors' confidence in APF Group's growth story throughout Latvia and the Baltics, as the company exceeded its investment target by 7%, attracting more than EUR 5.6 million from 2128 investors, including two significant Latvian pension funds. This strong investor support clearly demonstrates the company's potential and strategic direction.

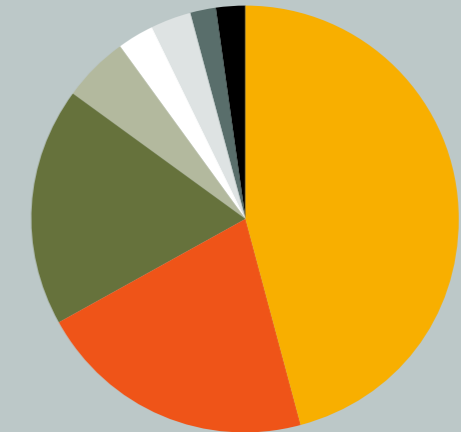
Distribution of subscription amounts by countries



- Latvia 90%
- Estonia 9%
- Lithuania 1%

The goal of the company's IPO was to raise funding to significantly expand operations, increasing egg production by 60% and achieving a doubling of revenue by 2025. The capital raised is intended for the construction of two additional poultry sites, complementing the existing three, as well as for the modernization of production infrastructure. It is expected that this expansion will increase annual egg production up to 180 million and increase the number of laying hens to 665 000.

Distribution of subscription amounts among banks



- Signet Bank 46%
- Citadele 21%
- Swedbank LV 18%
- LHV 5%
- Swedbank EE 3%
- SEB LV 3%
- Luminor 2%
- Other banks 2%

Additionally, APF Group plans to move towards egg processing by integrating new production facilities to offer modern and healthy egg products. This step towards value-added production is in line with the company's commitment to ensuring the highest quality and continuous innovation.



Essential Support Received from Rural Support Services

On 23 October, 2023, APF Group received a decision from the Rural Support Service (LAD) to allocate EUR 2 million for development plan financing. This funding signifies a significant support for the company's future development, demonstrating a successful long-term partnership with LAD. This marks the third LAD support for the company, indicating confidence in the APF Group development strategy at this crucial stage.

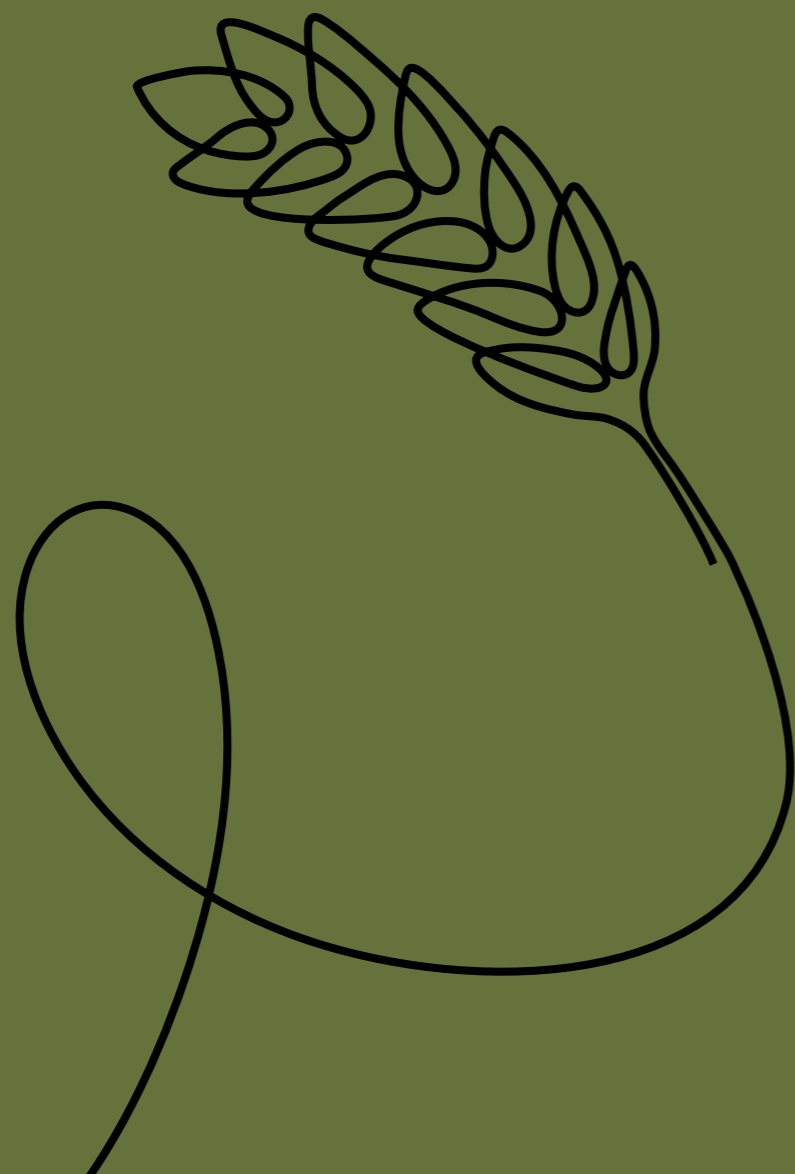
LAD support strengthens the company's financial position and provides additional assurance to shareholders, banks, employees, and partners regarding the company's ability to meet the highest governance standards. With this funding, significant expansion of the company's operations is planned, increasing the quantity and revenue of egg production, as well as introducing new production technologies and products.

Start of Construction in Alūksne

In 2023, APF Group began the construction of a modern egg sorting, processing, and storage facility in Alūksne, following the IPO strategic plan. With an investment of EUR 3.2 million, the company is on track to complete this significant project by mid-2024, demonstrating APF Group commitment to operational excellence and a leading position in the market. This development not only aligns with the company's strategic goals in innovation and sustainability, but also strengthens the supply chain and product range, especially in the liquid egg product category. It is planned that this activity will commence in the autumn of 2024. The APF Group's efforts to improve existing infrastructure and optimize operations demonstrate APF Group's commitment to meeting market needs, promoting business sustainability, while fostering open communication with all stakeholders involved in our operations.



SUSTAINABILITY



APF Group's Sustainability Development and Launch of the ESG Strategy

In 2023, APF Group embarked on a new phase of development, significantly advancing towards a sustainable and innovative future. This year was pivotal as the company, with its new motto "We Provide the Most Sustainable Proteins in Every Egg Shell", developed and began implementing a Sustainability and ESG (Environmental, Social, and Governance) strategy to ensure the highest value of egg protein using minimal resources and making it accessible to all.

Our commitment to adhering to ESG principles influences everything we do. These principles include ethical treatment of animals, responsible management of natural resources, waste reduction through reuse, sustainable supply chain provision, as well as the evaluation of our employees and stakeholders' work.

The key event in this area this year was the opening of the company's solar park. The first phase of the project was completed, installing 384 solar panels with a capacity of 250 kWp. This solar park will provide



energy to all of the company's poultry farm locations during the summer and cover 25% of the total annual energy needs in 2024. The use of renewable energy is important not only for reducing operating costs, but also because APF Holdings is becoming a circular economy company. This means using self-generated energy, recycling production process waste, and ensuring animal welfare. Sustainability is becoming increasingly important to egg buyers not only in Latvia, but also in Europe. Self-generated energy is a vital part of our ESG strategy, helping to reduce carbon emissions. The solar energy park is a significant step towards our goal of becoming energy self-sufficient.

In 2023, the company also made significant changes in packaging, commencing cooperation with the producers of the RPET (recycled polyethylene terephthalate) packaging for eggs. This decision to use sustainable packaging is a significant step towards waste reduction and a circular economy direction. It is the beginning of changing perceptions about PET packaging and educating all involved about the importance of 'greener thinking.' This step also opens up the opportunity to contribute to the development of an egg packaging deposit system in Latvia and the Baltic States, not only reducing the company's environmental impact, but also setting new standards for responsible practices in the egg industry.



Commitment to Social Responsibility

The APF Group has effectively invested in social responsibility by collaborating with various initiatives, such as "Feed Latvia", providing free eggs to this organization. We also actively participate in the "Angels over Latvia" social project run by Rimi, supporting families and seniors with free egg deliveries, positively impacting life in various communities, not just in the neighbourhoods of Alūksne but also in other municipalities of Latvia. For the third consecutive year, the company's employees have prepared Christmas gifts for children without parents, who grow up in foster families. The company's Easter gift campaigns have brought smiles to many young faces.



In the future, APF Group is committed to engaging in supporting the development of its community.

SALES AND PERFORMANCE



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The APF Group's development is largely tied to the increasing demand for cage-free eggs. Moreover, this new trend is observed not only from supermarket chains, which have announced decisions to gradually phase out cage-laid eggs, but also from schools, restaurants, food producers, and other market participants. This trend reflects a shift in societal habits and values, with increased attention on animal welfare and ethical food production practices.

The number of eggs sold by APF Group last year was 105 million, which is 7% less than the previous year. This slight decrease can be attributed to the cyclic replacement of the laying hen flock, which occurs regularly and consequently affects egg production volumes during specific periods.

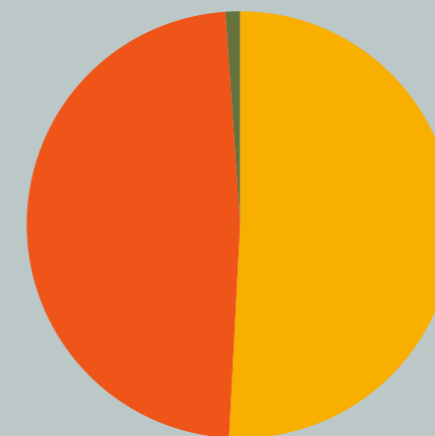
APF Group continues to develop sustainable egg production methods. In 2023, 57% of all produced eggs were cage-free eggs, the company increased the share of cage-free eggs by 6 percentage points, demonstrating the company's commitment to promoting animal welfare and responsible production practices. The Group aims to increase the share of cage-free eggs to 90% by the end of 2030, aligning with the company's long-term strategy and market trends.

Furthermore, the amount of sold free-range eggs has grown insignificantly, but APF Group sees potential in this segment and plans to develop it by attracting new collaboration partners.

This approach aligns with supermarket plans to phase out or significantly reduce demand for enriched cage eggs (small groups) by 2025, indicating a shift in market demand towards more ethical egg production.

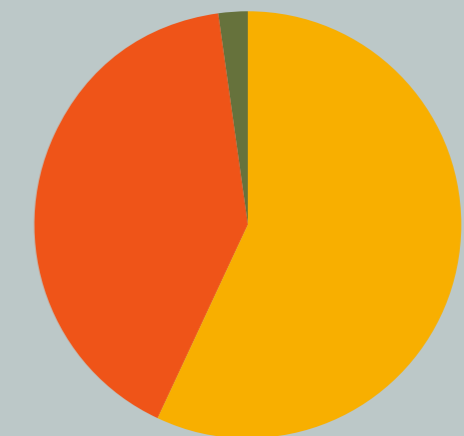
APF Group believes that this direction not only promotes animal welfare, but also opens up opportunities for new product development and new market expansion, ensuring sustainable growth and competitiveness for the company in the future.

Egg sales by method of hen keeping (2022)



- Cage-free barn 51%
- Enriched cage (small groups) 48%
- Free range 1%

Egg sales by method of hen keeping (2023)



- Cage-free barn 57%
- Enriched cage (small groups) 41%
- Free range 2%



In 2023, APF Group achieved a 6% increase in egg sales in retail compared to the previous year, indicating the growing attractiveness of the company's products and rising consumer demand.

The growth is closely related to several new contracts with collaboration partners. For example, in 2023, the company started selling eggs under "The Chick Game" brand in Rimi stores in Estonia and Lithuania, as well as organized other egg sales campaigns in IKI (in Lithuania) and Grossi (in Estonia) store chains. These new collaboration agreements contributed to expanding the recognition and availability of APF Group products throughout the Baltics.

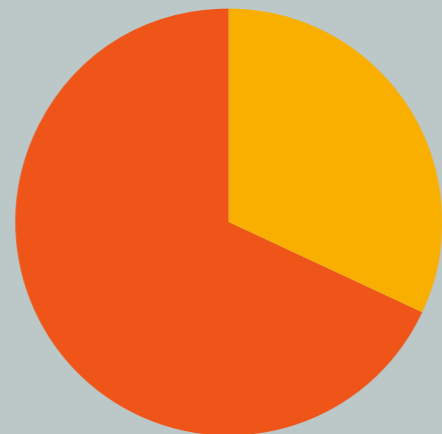
This successful development motivates the company to continue offering new and innovative APF Group egg brand products in 2024. The growth in the retail sector is also financially advantageous due to higher profit margins in this segment. As a result, the company earns more income per unit sold, promoting financial stability and growth for the APF Group.

Egg sales by sales segments (2022)



- Industrial 38%
- Retail 62%

Egg sales by sales segments (2023)

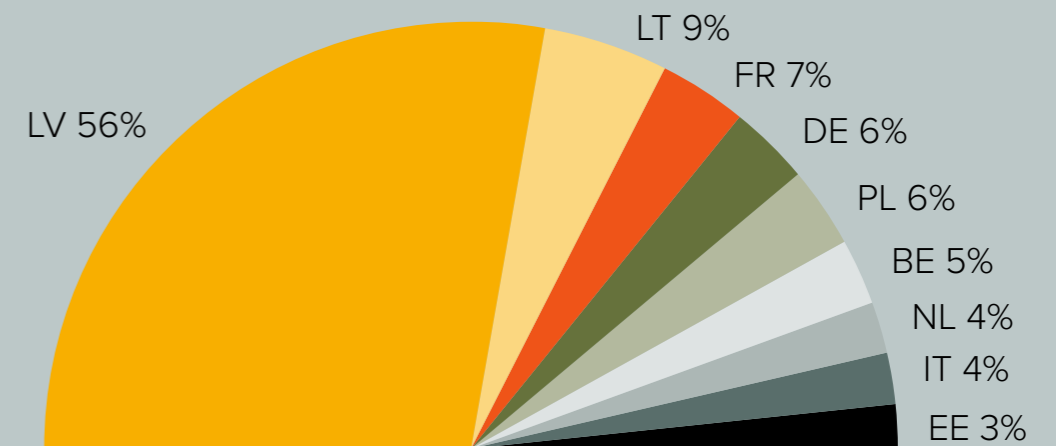


- Industrial 32%
- Retail 68%

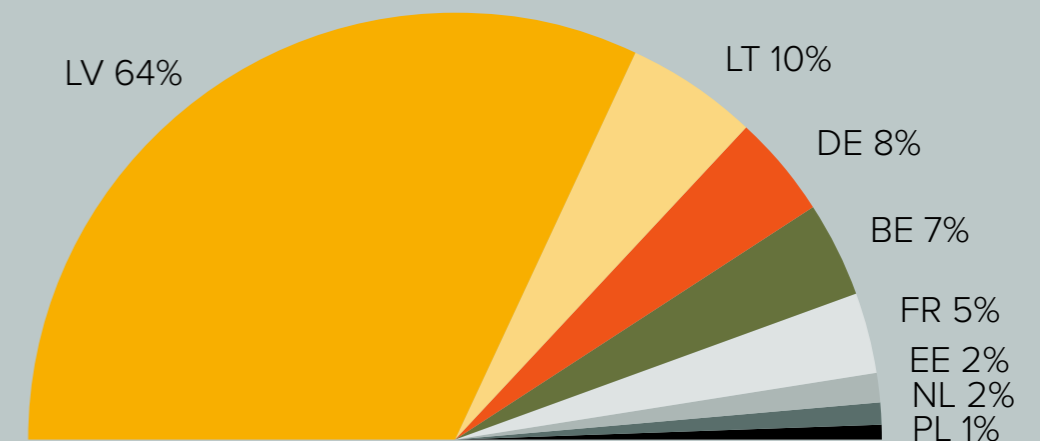
In 2023, 64% of all produced eggs were sold in Latvia, showing increased by 8 percentage points comparing to the previous year, demonstrating the company's ability to meet the growing consumer demand and strengthening its position at the local level. In addition to its successful operations in Latvia, APF Group also actively promoted the availability of its products beyond the country's borders, successfully collaborating with partners in Estonia

and Lithuania. This strategy not only expanded the company's operational geography but also unveiled new opportunities for increasing market share in Europe, especially highlighting potential in the markets of Poland, Germany, France, and the Scandinavian countries. These achievements testify to APF Group's commitment to promoting the availability of high-quality products both locally and internationally, ensuring sustainable growth and development.

Egg sales by countries (2022)



Egg sales by countries (2023)



In 2023, the sales proportion of private label (PL) eggs remained at 15% of the total market sales of eggs. This indicator reflects the strong position of our brand eggs and the high demand for them in the market, indicating good brand recognition.

The project “The Chick Game”, introducing new cage-free barn eggs, has facilitated our ability to enter the regular assortment of Rimi stores in Estonia and Lithuania, demonstrating the attractiveness of our brand and the expansion of market availability.

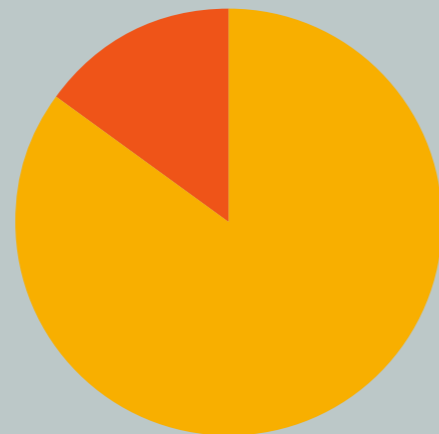
These successes encourage us to plan the introduction of new product units (SKU) in the retail segment in 2024, offering an even wider and more diverse selection of our brand eggs. We also see great opportunities for the development of private labels not only in Latvia and the Baltics, but also in European Union markets in 2024 and 2025. Therefore, we will continue to invest in the development of our products and increase our market share, taking advantage of these market growth opportunities.

Egg sales distribution: branded eggs vs private labels (2022)



● Branded 85%
● PL 15%

Egg sales distribution: branded eggs vs private labels (2023)



● Branded 85%
● PL 15%

In 2023, APF Group underwent significant changes in its product range, symbolizing the company’s transition from primary agricultural operations to a processing enterprise.

Our latest product, “Fiteg2”, was introduced to the Latvian market, becoming available in Rimi and Stockmann stores in Latvia from May 2023. This is just the beginning, as we plan to expand our presence to the Estonian and Lithuanian markets in 2024. The product’s popularity and demand were tested through active tastings both in the aforementioned stores and at sports events, where we received positive feedback and confirmation of the high potential of our products.

In addition to the retail sector, we have also focused on supplying egg mass to industrial clients and the HoReCa sector, expanding our sales markets. This strategic move not only relates to the supply of egg mass, but also to a broader range of egg products, demonstrating our ability to respond to market needs and strategically expand our operations.

At the beginning of 2023, sales prices, compared to 2022, experienced a decline, but over the course of the year 2023 a trend towards price stabilization and growth of up to 30% relative to 2022 prices was observed. The adjustments made to pricing policies reflected a response to the specifics of storage methods and competitors’ low-price offerings, especially highlighting exceptionally low prices for caged egg products.

An interesting observation was the increasing share of small-sized eggs, which were successfully sold through retail networks, considering the growing demand for such size eggs from supermarkets.

This market dynamic and change in consumer preferences has led to price stabilization and increases, reflecting the market’s ability to adapt to changing economic and social trends.



CORPORATE GOVERNANCE

APF Holdings became a publicly traded company on 9 November, 2023.

This represents a significant step in the company's development and the implementation of higher corporate governance standards. Before the initial public offering, a new professional Supervisory Council was elected, combining a wide range of expertise and experience to represent shareholder interests and ensure the sustainable development of the company.

The names and pictures of Council members are published on the company's website, ensuring transparency and easy access to information for all stakeholders. Transparency in decision-making is one of the key principles underlying our corporate governance. It helps build trust and accountability, promoting better corporate management and sustainable development.

The Council is the responsible body of the company, representing shareholder interests between shareholder meetings and overseeing the activities of the Management Board in accordance with the Commercial Law and the company's Articles of Association. The main functions of the Council include overseeing the operational strategy, electing and dismissing board members, monitoring the company's operations within the framework established by law and the statutes, reviewing the annual report, as well as examining the board's proposals for profit allocation. According to the Articles of Association, the Council consists of four members elected by the shareholders' meeting for five years. The Chairman and Deputy Chairman of the Council are elected by the members themselves. The Council may make decisions if more than half of its members are present at the meeting. Decisions are made by a simple majority of the members present. A council member may be removed from office at any time by a decision of the shareholders' meeting. Council meetings are convened as necessary, but at least once a quarter.



Uldis Iltners
Chairman of the Supervisory Council



Miguel Franco De Portugal Trigosso Jordao
Member of the Supervisory Council



Eva Berlaus
Deputy Chairman of the Supervisory Council



Aleksandrs Adamovičs
Member of the Supervisory Council

Jurijs Adamovičs
Chairman of the Board

Mihails Keziks
Member of the Board, responsible for the preparation of Annual Report

Hermanis Dovgijs
Member of the Board

Translated from Latvian origin. The original report has been signed on June 14, 2024 with a secure electronic signature and a timestamp.

CONSOLIDATED AND STANDALONE FINANCIAL STATEMENTS



INCOME STATEMENT

	Notes	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Revenue	(4)	13 318 886	11 229 814	1 108 400	650 160
Costs of goods sold or services provided	(5)	(9 774 777)	(9 113 262)	-	-
Gross profit or losses		3 544 109	2 116 552	1 108 400	650 160
Distribution expenses	(6)	(922 617)	(906 937)	(61 835)	(34 026)
Administrative expenses	(7)	(1 545 005)	(888 898)	(1 064 250)	(595 107)
Other operating income	(8)	187 761	710 345	615 205	704 447
Other operating expenses	(9)	(129 085)	(78 911)	(23 813)	(6 320)
Interest and similar income incl.	(10)	6 175	-	84 477	56 781
a) from related companies		-	-	78 302	56 781
b) from other parties		6 175	-	6 175	-
Interest and similar expenses incl.	(11)	(575 407)	(620 813)	(87 936)	(184 007)
a) from related companies		(59 930)	(8 559)	(59 930)	(8 559)
b) from other parties		(515 447)	(612 254)	(28 006)	(175 448)
Profit or losses before corporate income tax		565 931	331 338	570 248	591 928
Corporate income tax for the financial year	(12)	(38 872)	(291)	(4 265)	(130)
Profit or losses for the financial year		527 059	331 047	565 983	591 798

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Member of the Board, responsible for
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BALANCE SHEET

	Notes	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
ASSETS					
Non-current assets					
Intangible assets					
Concessions, patents, licenses, trademarks and similar rights	(13)	568	388	710	598
Other intangible assets	(13)	27 564	19 915	7 739	9 479
Creation of intangible investments	(13)	22 004	12 627	22 004	12 627
Total intangible assets:		50 136	32 930	30 453	22 704
Fixed assets, investment properties and biological assets					
Immovable properties					
a) land plots, buildings and engineering structures	(14)	4 093 435	4 186 264	-	-
Leasehold improvements	(14)	49 392	16 092	49 392	16 092
Technological equipment and machinery	(14)	5 546 201	5 766 802	-	-
Other fixed assets	(14)	301 472	188 628	113 100	79 394
Fixed assets under development and construction in progress	(14)	185 644	160 922	-	20 802
Advances for fixed assets	(14)	333 640	-	-	-
Total fixed assets:		10 509 784	10 318 708	162 492	116 288

	Notes	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
Non-current financial investments					
Participation in capital of associates	(15)	-	-	6 111 200	5 551 200
Receivables from group companies	(16)	-	-	3 017 505	2 159 013
Participation in capital of associates	(15)	105	105	105	105
Other loans and non-current receivables	(17)	90 606	-	-	-
Total non-current financial investments:		90 711	105	9 128 810	7 710 318
Total non-current assets:		10 650 631	10 351 743	9 321 755	7 849 310
Current assets					
Inventories					
Raw materials and consumables	(17)	375 454	338 381	83	972
Finished goods and goods for sale	(18)	39 141	33 802	-	-
Fauna and Flora					
a) animals and annual plantings	(19)	997 424	1 062 554	-	-
Advances for inventories		400 000	285 000		
Total inventories:		1 812 019	1 719 737	83	972
Account receivable					
Trade receivables	(20)	701 115	940 286	11 718	27
Payables to group companies	(16)	-	-	92 233	31 177
Receivables from associates		100	-	100	-
Other receivables	(21)	497 437	60 094	181 827	51 609
Deferred expenses	(22)	75 419	66 476	19 867	34 571
Accrued income	(23)	334 923	-	82 098	-
Total receivables:		1 608 994	1 066 856	387 843	117 384
Cash and bank	(24)	3 315 668	64 397	3 250 028	3 657
Total current assets:		6 736 681	2 850 990	3 637 954	122 013
Total assets		17 387 312	13 202 733	12 959 709	7 971 323



BALANCE SHEET

	Notes	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
EQUITY, PROVISIONS AND LIABILITIES					
Equity					
Share capital	(25)	5 727 930	4 700 000	5 727 930	4 700 000
Share premium	(25)	3 761 390	-	3 761 390	-
Reserves:					
f) other reserves	(26)	775	775	-	-
Retained earnings or uncovered losses brought forward from previous years	(27)	(3 937 606)	(4 268 653)	538 970	(52 828)
Current year profit or losses	(27)	527 059	331 047	565 983	591 798
Total equity:		6 079 548	763 169	10 594 273	5 238 970

Liabilities

Non-current liabilities

Loans from banks	(28)	3 167 477	3 684 015	-	-
Other borrowings	(29)	1 572 763	1 879 772	1 557 763	1 828 092
Trade payables		423 826	-	-	-
Deferred income	(33)	2 408 798	2 500 982	-	-
Total non-current liabilities:		7 572 864	8 064 769	1 557 763	1 828 092

	Notes	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
Current liabilities					
Loans from banks	(28)	1 189 683	1 976 668	-	-
Other borrowings	(29)	516 030	574 517	516 030	564 215
Advances from customers	(30)	99 650	100 234	-	-
Trade payables		1 170 827	1 172 461	148 837	62 849
Payables to group companies	(32)	-	-	-	204 881
Taxes and state social insurance payments	(31)	317 492	228 089	48 699	8 256
Other creditors	(32)	87 275	49 928	36 559	12 088
Deferred income	(33)	92 184	92 184	-	-
Accrued liabilities	(34)	261 759	180 714	57 548	51 972
Total current liabilities:		3 734 900	4 374 795	807 673	904 261
Total liabilities:		11 307 764	12 439 564	2 365 436	2 732 353
Total equity, provisions and liabilities		17 387 312	13 202 733	12 959 709	7 971 323

Notes on pages 53 to 94 are an integral part of these financial statements.

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CASH FLOW STATEMENT

	Notes	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Cash flow from operating activities					
Profit or losses before corporate income tax		565 931	331 338	570 248	591 928
Adjustments for:					
depreciation and impairment of fixed assets	(14)	384 992	387 657	27 336	15 379
depreciation and impairment of intangible assets	(13)	9 829	4 113	4 313	1 464
interest and similar revenue	(10)	(6 175)	-	(84 477)	(56 781)
impairment of non-current and current financial investments	(15)	-	-	(560 000)	(680 000)
interest and similar expenses	(11)	575 407	620 813	87 936	184 007
Profit or loss prior to changes in current assets and current liabilities		1 529 984	1 343 921	45 356	55 997
Increase or decrease of account receivable		(542 138)	(659 618)	(270 459)	286 709
Increase or decrease of inventory		(92 282)	112 373	889	976
Increase or decrease of account payables and other liabilities		395 255	(103 010)	(216 063)	91 921
Gross cash flow generated from operating activities		1 290 819	693 666	(440 277)	435 603
Interest payments		(539 025)	(586 075)	(83 806)	(125 089)
Corporate income tax payments		(32 823)	(1 053)	(2 041)	(278)
Net cash flow generated from operating activities		718 971	106 538	(526 124)	310 236

	Notes	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Cash flow from investing activities					
Acquisition of shares of group companies, associates or other entities		-	-	-	(105)
Acquisition of fixed and intangible assets		(653 964)	(263 279)	(88 779)	(68 478)
Proceeds from sale of fixed and intangible assets		59 256	32 727	-	32 727
Loans issued		(44 434)	(448 100)	(642 669)	(584 500)
Repayment of loans		44 284	-	44 284	114 250
Interest received		6 175	-	6 239	443
Net cash flow generated from investing activities		(588 683)	(678 652)	(680 925)	(505 603)
Cash flow generated from financing activities					
Proceeds from issue of stocks and debentures or investments in share capital	(25)	5 252 722	-	5 252 722	-
Expenses directly associated with issue of stocks and debentures	(25)	(519 602)	-	(519 602)	-
Loans received		1 336 511	1 251 367	1 336 500	1 225 200
Subsidies, grants, gifts or donations received		74 267	593 351	56 200	-
Repayment of loans		(2 975 933)	(1 210 920)	(1 672 400)	(1 029 253)
Finance lease payments		(46 982)	(12 618)	-	-
Net cash flow generated from financing activities		3 120 983	621 180	4 453 420	195 947
Net cash flow in the financial year		3 251 271	49 066	3 246 371	520
Cash and cash equivalents at the beginning of the financial year		64 397	15 331	3 657	3 137
Cash and cash equivalents at the end of the financial year	(24)	3 315 668	64 397	3 250 028	3 657

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Notes on pages 53 to 94 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital EUR	Share premium EUR	Other reserves EUR	Profit for the year EUR	Total EUR
STATEMENT OF CHANGES IN APF GROUP EQUITY					
31.12.2021.	1 700 000	-	775	(4 268 653)	(2 567 878)
Increase of share capital	3 000 000	-	-	-	3 000 000
Profit for the year	-	-	-	331 047	331 047
31.12.2022.	4 700 000	-	775	(3 937 606)	763 169
Increase of share capital	1 027 930	3 761 390	-	-	4 789 320
Profit for the year	-	-	-	527 059	527 059
31.12.2023.	5 727 930	3 761 390	775	(3 410 547)	6 079 548

Notes on pages 53 to 94 are an integral part of these financial statements.

STATEMENT OF CHANGES IN COMPANY EQUITY

	Share capital EUR	Share premium EUR	Profit for the year EUR	Total EUR
31.12.2021.	1 700 000	-	(52 828)	1 647 172
Increase of share capital	3 000 000	-	-	3 000 000
Profit for the year	-	-	591 798	591 798
31.12.2022.	4 700 000	-	538 970	5 238 970
Increase of share capital	1 027 930	3 761 390	-	4 789 320
Profit for the year	-	-	565 983	565 983
31.12.2023.	5 727 930	3 761 390	1 104 953	10 594 273

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NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of accounting policies

General principles

The consolidated and standalone financial statements are prepared in accordance with the Laws of the Republic of Latvia “On Accounting” and “On the Annual Report and Consolidated Annual Report” (the Law).

Based on the financial data for the full two recent years, the Group is classified as an average size Group. Financial statements disclose all information as defined by the Law, as well as additional information to provide fair and clear presentation.

The financial statements have been prepared according to the historical cost accounting principle. The income statement is prepared in accordance with the function of expense method. The cash flow statement has been prepared under indirect cash flow method.

Compared to the previous reporting year, the accounting and valuation methods used by the APF Group and Company have not changed.

General accounting principles

Financial statement items are recognized according to the following accounting principles:

- a) it is assumed that the APF Group/ Company will continue its activities;
- b) unless specified separately, the same recognition methods are used as in the previous year;
- c) recognition is made with sufficient care, including:
 - profit is recognized only if earned before the end of financial year;
 - all known and foreseeable liabilities and losses occurred before the end of the financial year shall be considered, even if they were revealed during the period between the end of the financial year and the day of preparation of the financial statement;
 - all asset impairment losses and depreciation are considered, regardless of whether the financial year is closed with profit or loss.
- d) unless specified separately, revenues and expenses are recognized according to accruals method, that is, considering the moment of their occurrence regardless of the day of payment and day of invoice issue or receipt. Expenses are reconciled with the revenues in the financial year.

- e) The sections of the items of Assets and Equity, Provisions and Liabilities are measured and classified separately. Income and expenses are classified and disclosed separately except the gains or losses from sale of non-current assets and from similar transactions (e.g., the result of currency exchange rate fluctuation or the result of sale or purchase of foreign currency), which are offset.
- f) Transactions are reflected with account of their economic intention and matter and not with account of their legal form.

Consolidation methods

The APF Group’s parent company and all of its subsidiaries are consolidated using the acquisition or purchase method. Subsidiaries are consolidated from the time

of its incorporation till their disposal when the parent’s control over the subsidiary ceases. In preparation of the consolidated financial statements, all Group intercompany transactions, balances and unrealized profits and losses from transaction with Group companies are excluded.

Changes in items classifications and information disclosure in balance sheet

To enhance the accuracy and clarity of the financial report, the APF Group has reclassified certain assets. Comparative figures for the previous period in the financial statements have been reclassified according to the principles of the reporting year and are thus comparable. The reclassification has no impact on the financial results.

Name of items reclassified	2022 Adjusted Name of item	2022 Prior adjustments Name of item	Amount EUR
Payroll expenses	Distribution expenses	Costs of goods sold or services provided	12 121
State mandatory social insurance contributions	Distribution expenses	Costs of goods sold or services provided	2 859
Other expenses	Distribution expenses	Costs of goods sold or services provided	136
Rental of storage space	Distribution expenses	Costs of goods sold or services provided	128

The accounting policies and valuation methods used by the APF Group are consistent with those used in the previous reporting year.



Foreign currency conversion in euro

This financial statement is prepared in the euro (EUR), which is the functional currency of the APF Group and the official currency of the Republic of Latvia.

All transactions denominated in foreign currencies are converted into euro at the exchange rate set by the European Central Bank on the day of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro in accordance with the official exchange rate set by European Central Bank for the last day of the financial year. The profit or loss resulting from the exchange rate fluctuations of the foreign currency are recognized in the income statements in the respective period on net amount.

Income recognition and revenue

Revenue contains the total value of goods and services sold during the year excluding discounts and value added tax.

Income is recognized according to the following principles:

Sales of goods - after significant ownership risk and rewards have been passed to the buyer;

Rendering of services - under the percentage of completion method;

Income from fines and penalties - at the moment of receiving the payments;

Interest income - on an accrual basis.

The management has assessed whether the APF Group acts as an agent for the provision of construction insurance services (see Note 39). Accordingly, revenue and the related direct costs are presented at net value.

Intangible and fixed assets

Intangible and fixed assets are initially recognized at the purchase cost. Purchase cost includes costs directly related to the

acquisition of an intangible or fixed asset. In financial statements, the intangible and fixed assets are recognized at purchase cost less depreciation.

Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

	Depreciation period in years
Intangible assets	20
Other intangible investments	3-10
Buildings (except engineering networks)	50
Buildings (external and internal engineering networks)	20-30
Technological equipment	20-30
Other machinery and equipment, transport vehicles	3-10

The APF Group capitalizes its fixed assets valued over EUR 100 with useful life exceeding 1 year. Depreciation for improvements and other low-cost items with the value less than EUR 100 is recognized by 100 % after commissioning.

If sufficient evidence is acquired that the future economic benefit associated with subsequent repair or reconstruction costs will flow to the Company, which exceeds the return set previously, costs are capitalized as additional costs to the fixed asset. Capitalizing the cost of replaced parts, the carrying amount of the part replaced is derecognized and charged to the income statement. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Net gains or losses from disposal of fixed assets is calculated as the difference between the carrying amount of the fixed asset, write-off of related assets revaluation reserve (if any) and proceeds from sale, and recognized in the income statements during the period when disposal are incurred.

If it is possible to conclude due to any kind of occurrence or circumstances that residual value of fixed or intangible assets could exceed its recoverable value, appropriate value of fixed or intangible asset is to be decreased until recoverable value. Recoverable value is calculated as the highest of fair value less costs to sell or value in use.

Capitalization of borrowing and other costs

The cost of asset under development is increased by borrowing costs and other direct costs during the period of time that is required to complete and prepare the asset for its intended use. The cost of asset is not increased by borrowing costs during the period with no active development of asset.

Research and development costs

Research costs are recognized in the income statement when incurred. Development costs that relate to development of asset intended for sale or own use, are capitalized and recognized as intangible assets and amortized on a straight-line basis starting from the beginning of commercial production of the respective product over the period when the return on this asset is expected.

Investments in APF Group subsidiaries and associates, and in the capital of other companies

In the individual financial statements of the Company, investments in APF Group subsidiaries and associates, as well as in the capital of other companies, are recorded at acquisition cost, less impairment losses..

Inventories

Inventories are recognized at the lower of purchase or production cost and net realizable value. Purchase costs consists of purchase value and overheads, which have been acquired, by delivering inventories at their current position and value.

The costs of materials and other expenses that are directly connected with the production of the appropriate item as well as a respective part of overhead expenses are included in the production cost of inventories. Selling expenses are not included in cost. The balance value of the inventories is calculated by using the FIFO method. When the net realizable value of inventories is lower than its costs, the difference is recognized as provisions for the decrease of value.

Labour and productive animals (laying hens) are accounted for at their cost, which is reduced during the productive time of laying hens.

Account receivable

Trade receivables are recognized at invoiced amounts. After the initial recognition account receivables are measured at net amount less provisions for doubtful debts. Provisions for doubtful receivables are recognized when the management of the Company considers that it is probable that the total amount of receivables will not be collected in full.

Initial share public offering (IPO) costs

Latvian laws and regulations do not stipulate the accounting policy for costs related to the initial placement of shares of the company (IPO costs). The APF Group / Company applies the provisions of International Accounting Standard No 32 Financial instruments to account for these transactions.

The Company incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, IPO information and marketing campaign costs. The incremental costs of an equity transaction that otherwise would have been avoided, are accounted for directly to equity as a deduction from Share premium. Other indirect costs are recognized in the income statement.

Borrowings

Borrowings are recognized at the proceeds, net of transaction costs incurred.

Accrued liabilities for unused annual leave

Amount of accumulated unused annual leave is determined by multiplying the average day rate of employees for the last six months of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

Grants and government assistance

Financial support received for the formation of fixed assets and other long-term assets is accounted for as income from subsequent periods, which are gradually included in revenue during the useful life period of assets received or acquired with financial

support. Other financial support and the payment of grant expenditure shall be allocated to revenue during the same period as the financing.

Corporate income tax

Starting from the year 2018 there are no payable income tax on earned profit. Income tax is payable only on dividends distributed and deemed profit distribution. The tax rate is 20% on gross amount or 20/80 of the net amount paid. The new tax law include some transitional provisions:

- retained earnings as at 31 December 2017 will not be taxed in addition by 20% tax when dividends will be distributed;
- accrued tax losses could be utilized within a 5 year period, but with the annual limit of 50% on income tax calculated for dividends distributed.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, the balances of the current bank account and other current liquid financial assets.

Current and non-current items

Assets and liabilities classified as non-current if it receivable or payable later than one year after the end of the financial year. Amounts to be received or paid within one year classified as short-term items. In the event that payment terms of receivables or payables are extended after the end of the financial year, but before the financial statements are signed, they are classified under new payment terms.

Group companies

Subsidiaries of the APF Group or the parent company of the APF Group, or other subsidiaries of the APF Group, or subsidiaries of the subsidiaries of the APF Group are regarded as the APF Group companies.

Associates

An associated company is an entity within a significant influence of other company, which is provided by holding no less than 20% and no more than 50% of the voting rights.

Related parties

Related parties are considered Group companies, ultimate beneficial owners, Board and Council members, their close family members and entities, in which the previously mentioned persons or companies have significant influence or control.

(2) The Group's parent company

AS APF Holdings (hereinafter - the Company) is an entity registered in the Register of Enterprises of the Republic of Latvia. As at 31.12.2023, these consolidated financial

statements contain information on the Company and its subsidiaries as a whole (hereinafter - the APF Group).

(3) The Group's subsidiaries

A subsidiary is a company under significant influence of the parent company, when the parent company directly or indirectly influences the financial and operating policies of the subsidiary with the purpose to gain from its operations. The subsidiary's financial information is included in the consolidation starting from the date when the significant influence starts until the loss of the significant influence.

a) Subsidiaries included in the consolidation:

- subsidiary of the Group, Alūksnes Putnu Ferma SIA, which was acquired by the Company in August 2017 for a total value of EUR 3 000 000. As of 31.12.2023, registered and fully paid-up share capital amounts to EUR 3 000 000.
- the subsidiary of the Group, APF trading, SIA, which the Company has established on 16.02.2017 for a total value of

EUR 2 800. As of 31.12.2023, registered and fully paid-up share capital amounts to EUR 2 800.

- subsidiary of the Group, Oluksne SIA, which the Company has established on 15.02.2017 for a total value of EUR 2 800. As of 31.12.2023, registered and fully paid-up share capital amounts to EUR 2 800.
- subsidiary of the Group, Preiļu putni SIA, which the Company has established on 02.02.2021 for a total value of EUR 2 800. As of 31.12.2023, registered and fully paid-up share capital amounts to EUR 2 800.
- the subsidiary of the Group, APF Energy SIA, which the Company has established on 12.10.2021 for a total value of EUR 2 800. As of 31.12.2023, registered and fully paid-up share capital amounts to EUR 2 800.

Name	Address	Type of operations	Participating interest 31.12.2023.	Participating interest 31.12.2022.
SIA Alūksnes Putnu Ferma	"Putni", Ziemeņa Parish, Alūksnes Municipality, LV-4301	poultry farming	100	100
SIA APF Trading	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	wholesaling of milk, milk products and eggs and edible fats and oils	100	100
SIA Oluksne	"Putni", Ziemeņa Parish, Alūksnes Municipality, LV-4301	personnel placement services	100	100
SIA Preiļu putni	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	poultry farming, active activity not yet started	100	100
SIA APF Energy	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	gas production, active activity not yet started	100	100

(4) Revenue

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
a) By operating activities				
Income from egg sales	12 950 717	11 039 411	-	-
Proceeds from the disposal of by-products	187 187	124 225	-	-
Income from the sale of live birds	137 193	46 297	-	-
Proceeds from the sale of egg products	31 200	218	-	-
Revenue from the provision of professional services	-	-	1 108 400	650 160
Other revenue	12 589	19 663	-	-
	13 318 886	11 229 814	1 108 400	650 160
b) By location				
Income from sales of goods/services in Latvia	9 197 121	6 734 877	1 108 400	650 160
Income from sales of goods in EU	4 097 797	4 491 169	-	-
Income from sales of goods in other countries	23 968	3 768	-	-
	13 318 886	11 229 814	1 108 400	650 160



(5) Costs of goods sold or services provided

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Costs of raw materials and materials	6 313 958	6 247 389	-	-
Depreciation of laying hens	1 633 850	1 445 195	-	-
Payroll expenses	497 196	371 000	-	-
Depreciation of fixed assets and intangible assets	349 228	362 265	-	-
Cost of value of materials and goods purchased	217 878	94 319	-	-
Costs of buying-in of laying hens	134 906	95 260	-	-
Subcontracting and outsourcing services	132 035	98 858	-	-
State mandatory social insurance contributions	116 378	86 614	-	-
Utility costs	89 404	83 721	-	-
Transport services	70 738	59 112	-	-
Cost of purchasing goods sold	25 111	22 236	-	-
Provisions for changes in value of finished products	(2 366)	2 366	-	-
Other production costs	196 461	144 927	-	-
	9 774 777	9 113 262	-	-

(6) Distribution expenses

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Transport costs	642 768	697 294	-	-
Advertising expenses	31 337	10 983	24 587	8 233
Consultancy costs	10 520	29 880	-	-
Participating in associations	10 996	6 570	10 996	6 570
Payroll expenses	14 515	12 121	-	-
State mandatory social insurance contributions	3 434	2 859	-	-
Rental of storage space	1 670	128	-	-
Other sales costs	207 380	147 102	26 252	19 223
	922 617	906 937	61 835	34 026



(7) Administrative expenses

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Salary expenses	611 868	282 159	466 643	170 013
State mandatory social insurance contributions	142 792	64 950	109 115	38 789
Transport costs	137 277	61 644	37 640	29 954
Rent expenses	105 853	72 590	105 853	72 590
Professional services costs	87 638	133 038	74 598	121 547
Office maintenance costs	54 321	46 748	32 894	24 214
Research and development expenses	50 438	19 741	294	-
Depreciation of fixed assets and intangible assets	37 054	22 056	27 336	15 379
Insurance payments	29 361	24 476	-	-
Business valuation	21 630	6 500	21 630	6 500
Cost of brand development	14 298	-	14 298	-
Communication services	6 171	4 450	6 171	4 450
Cost of business trips	5 811	607	-	-
Unused leave reserve	2 715	-	2 715	-
Ancillary cost of cash turnover	2 163	1 388	1 885	1 149
Security services	1 200	1 157	-	-
Other administration costs	234 415	147 394	163 178	110 522
	1 545 005	888 898	1 064 250	595 107

(8) Other operating income

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Income from disposal of fixed assets	55 785	-	-	-
Net carrying value of fixed assets at the moment of disposal	(47 625)	-	-	-
Net gain from disposal of fixed assets	8 160	-	-	-
Government grants (including COVID-19 grants)	-	593 351	-	-
Net income from changes in the value of investments in a subsidiary (see Note 15)	-	-	560 000	680 000
Depreciation of deferred income (see also Note 35)	92 184	92 184	-	-
Revenues from the creditor's waiver of claims against the Group	44 284	-	44 284	-
Income from the sublease of premises	9 664	-	9 664	21 506
Other income	33 469	24 810	1 257	2 941
	187 761	710 345	615 205	704 447



(9) Other operating expenses

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Income from disposal of fixed assets	-	32 727	-	32 727
Net carrying value of fixed assets at the moment of disposal	(77)	(32 876)	(77)	(32 876)
Net loss from disposal of fixed assets	77	149	77	149
Fines paid	32 385	28 259	-	-
Provisions for doubtful and hopeless receivables	20 898	5 225	-	-
Unused leave reserve	9 051	2 448	-	-
Property tax	1 213	1 211	-	-
Subcontracting, outsourcing and outsourcing services	-	1 489	-	-
Other costs	65 461	40 130	23 736	6 171
	129 085	78 911	23 813	6 320

(10) Interest and similar income

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
a) from related companies				
Other interest income	-	-	78 302	56 781
	-	-	78 302	56 781
b) from other parties				
Other interest income	6 175	-	6 175	-
	6 175	-	6 175	-
Total:	6 175	-	84 477	56 781



(11) Interest and similar expenses

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
a) from related companies				
Interest charge	59 930	8 559	59 930	8 559
	59 930	8 559	59 930	8 559
b) from other parties				
Interest charge	506 465	612 254	28 006	175 448
Other expenses	9 012	-	-	-
	515 477	612 254	28 006	175 448
Total interest and similar expenses	575 407	620 813	87 936	184 007

(12) Corporate income tax

	APF Group 2023 EUR	APF Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Corporate income tax for the current year	38 872	291	4 265	130
	38 872	291	4 265	130

(13) Intangible assets of APF Group

	Concessions, patents, licenses, trade marks and similar rights EUR	Other intangible assets EUR	Creation of intangible investments EUR	Total EUR
Initial cost				
31.12.2022.	8 940	30 678	12 627	52 245
Purchase	-	17 383	12 752	30 135
Disposals	-	-	(3 100)	(3 100)
Reclassification between intangible assets	275	-	(275)	-
31.12.2023.	9 215	48 061	22 004	79 280
Depreciation				
31.12.2022.	(8 552)	(10 763)	-	(19 315)
Calculated	(95)	(9 734)	-	(9 829)
31.12.2023.	(8 647)	(20 497)	-	(29 144)
Net carrying amount 31.12.2022.	388	19 915	12 627	32 930
Net carrying amount 31.12.2023.	568	27 564	22 004	50 136



(13) Intangible assets of Company

	Concessions, patents, licenses, trade marks and similar rights	Other intangible assets	Creation of intangible investments	Total
	EUR	EUR	EUR	EUR
Initial cost				
31.12.2022.	773	12 319	12 627	25 719
Purchase	-	2 410	12 752	15 162
Disposals	-	-	(3 100)	(3 100)
Reclassification between intangible assets	275	-	(275)	-
31.12.2023.	1 048	14 729	22 004	37 781
Depreciation				
31.12.2022.	(175)	(2 840)	-	(3 015)
Calculated	(163)	(4 150)	-	(4 313)
31.12.2023.	(338)	(6 990)	-	(7 328)
Net carrying amount 31.12.2022.	598	9 479	12 627	22 704
Net carrying amount 31.12.2023.	710	7 739	22 004	30 453

(14) Fixed assets of APF Group

	Land and buildings	Long-term investments in leased fixed assets	Techno- logical equipment and machinery	Other fixed assets	Costs of fixed asset under de- velopment, construc- tion work in progress	Advance payments for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Initial cost							
31.12.2022.	4 746 121	16 092	6 600 316	406 758	160 922	-	11 930 209
Purchase	-	963	-	15 972	273 254	333 640	623 829
Disposals	-	-	-	(82 815)	-	-	(82 815)
Reclassification between fixed assets	22 716	39 877	-	185 939	(248 532)	-	-
31.12.2023.	4 768 837	56 932	6 600 316	525 854	185 644	333 640	12 471 223
Depreciation							
31.12.2022.	(559 857)	-	(833 514)	(218 130)	-	-	(1 611 501)
Calculated	(115 545)	(7 540)	(220 601)	(41 306)	-	-	(384 992)
Disposals	-	-	-	35 054	-	-	35 054
31.12.2023.	(675 402)	(7 540)	(1 054 115)	(224 382)	-	-	(1 961 439)
Net carrying amount 31.12.2022.	4 186 264	16 092	5 766 802	188 628	160 922	-	10 318 708
Net carrying amount 31.12.2023.	4 093 435	49 392	5 546 201	301 472	185 644	333 640	10 509 784

a) Encumbered fixed assets

Information on encumbered intangible investments is given in Notes 29. and 30.



(14) Fixed assets of the Company

	Long-term investments in leased fixed assets	Other fixed assets	Costs of fixed asset under development, construction work in progress	Total
	EUR	EUR	EUR	EUR
Initial cost				
31.12.2022.	16 092	105 176	20 802	142 070
Purchase	963	14 476	58 178	73 617
Disposals	-	(7 996)	-	(7 996)
Reclassification between fixed assets	39 877	39 103	(78 980)	-
31.12.2023.	56 932	150 759	-	207 691
Depreciation				
31.12.2022.	-	(25 782)	-	(25 782)
Calculated	(7 540)	(19 796)	-	(27 336)
Disposals	-	7 919	-	7 919
31.12.2023.	(7 540)	(37 659)	-	(45 199)
Net carrying amount 31.12.2022.	16 092	79 394	20 802	116 288
Net carrying amount 31.12.2023.	49 392	113 100	-	162 492

(15) Participation in the capital of APF Group

a) participation movement

	Participation in the capital of associated companies	Total
	EUR	EUR
Initial cost		
31.12.2022.	105	105
31.12.2023.	105	105
Net carrying amount 31.12.2022.	105	105
Net carrying amount 31.12.2023.	105	105

In the 2022 reporting year the Group acquired a 40% stake in the “Chick game company”, registered with USA, for which in turn, it holds 50% of the shares in “THE CHICK GAME STUDIOS LTD”, which is established in Great Britain. Companies will deal with upcoming virtual entertainment projects.



(15) Participation in APF Group's

a) participation movement

	Participation in the capital of group companies	Participation in the capital of associated companies	Total
	EUR	EUR	EUR
Initial cost			
31.12.2022.	8 011 200	105	8 011 305
31.12.2023.	8 011 200	105	8 011 305
Changes of value of investments			
31/12/2022/	(2 460 000)	-	(2 460 000)
Revaluation	560 000	-	560 000
31.12.2023.	(1 900 000)	-	(1 900 000)
Net carrying amount 31.12.2022.	5 551 200	105	5 551 305
Net carrying amount 31.12.2023.	6 111 200	105	6 111 305

(b) participation in the equity of APF Group's subsidiaries

Name	Address	Partici- pation interest 31.12. 2023.	Partici- pation interest 31.12. 2022.	Equity 31.12. 2023.	Equity 31.12. 2022.	Profit 2023	Profit 2022
		%	%	EUR	EUR	EUR	EUR
SIA Alūksnes putnu ferma	"Putni", Ziemera Parish, Aluksnes Municipality, LV-4301	100	100	3 130 574	3 062 857	67 717	48 026
SIA APF Trading	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	100	100	859 975	563 788	296 187	225 491
SIA Oluksne	"Putni", Ziemera Parish, Aluksnes Municipality, LV-4301	100	100	135 007	89 478	45 529	29 535
Preiļu putni, SIA	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	100	100	(51 297)	(24 731)	(26 566)	(20 557)
APF Energy, SIA	Marupes Municipality, Marupe, 4 Maldugunu Street, LV-2167	100	100	(12 623)	(5 774)	(6 849)	(8 316)

SIA Alūksnes putnu ferma main activity is poultry farming. As of December 31, 2023, the Company owns 8 000 shares of SIA Alūksnes putnu ferma, which constitutes 100% of the subscribed share capital of SIA Alūksnes putnu ferma.

The main activity of SIA APF Trading is the wholesale of milk, milk products and eggs and edible fats and oils. As of December 31, 2023, the Company owns 28 capital shares of SIA APF Trading, which make up 100% of the subscribed and paid-up share capital of SIA APF Trading.

The main activity of SIA Oluksne is poultry farming. As of December 31, 2023, the Company owns 28 capital shares of SIA Oluksne, which make up 100% of the subscribed and paid-up share capital of SIA Oluksne.

The main activity of SIA Preiļu putni is poultry farming. As of December 31, 2023, the Company owns 2800 capital shares of SIA Preiļu putni, which make up 100% of the subscribed and paid-up share capital of SIA Preiļu putni.

The main activity of SIA APF Energy is the production of gas. As of December 31, 2023, the Company owns 2800 capital shares of SIA APF Energy, which make up 100% of the subscribed and paid-up share capital of SIA APF Energy.



c) Impairment testing of investments

Taking into account the negative results of the reporting years of the subsidiary company SIA Alūksnes Putnu Ferma, the Company has carried out an impairment test for investments in the capital of SIA Alūksnes Putnu Ferma.

The recoverable amount of the participation was determined based on the value in use method, discounting the future cash flow of the subsidiary. The future cash flow was discounted with the discount rate calculated for the Company's valuation needs and the Company's Enterprise Value was obtained. Loans and other interest bearing liabilities are subtracted from the Enterprise Value, thus obtaining the Company's Equity Value. According to the calculations, the value of the subsidiary's equity is higher than its carrying amount by EUR 564 thousand, as a result the Company has recognized a reversal of the impairment of investment of EUR 2.46 million, which was created on 31.12.2021. for EUR 560 thousand.

Significant assumptions in calculating the value of use are: egg prices dynamics, changes in feed prices, EBITDA/turnover ratio and discount rate. Management based its assumptions on historical experience, available industry data and now anticipated market developments. The main assumptions in the impairment calculation are as follows:

	Budgeted 2024. gads	Budgeted 2025. gads	Projected 2026. gads	Projected 2027. gads	Projected 2028- 2048. gads
Egg price dynamics	-2,3%	6,0%	0,3%	2,5%	1,7%
Changes in feed prices	-15,2%	1,9%	1,8%	1,7%	1,7%
EBITDA/Revenue ratio*	28,2%	30,4%	29,7%	29,5%	28,9%
Discount rate (after-tax)			11,4%		

* EBITDA - Profit before depreciation of assets (including depreciation of the initial value of laying hens during its productive life), interest costs and corporate income tax.

Egg and feed prices dynamics

After Russia's attack on Ukraine, egg prices increased by approximately 50% not only in Latvia but throughout Europe (similarly, the prices of feed ingredients also rose). As the situation stabilized in 2023, egg prices slightly decreased and remained stable until the end of the year. However, due to market changes (increased sales of barn eggs), the supply increased at the end of 2023, resulting in pressure on the price of cage eggs, which continued into early 2024. Despite this, the prices of eggs sold by the Company in 2023 increased by approximately 30% compared to the previous year (when egg prices only rose mid-financial year). In 2024, retailers continued to increase the sales volumes of barn eggs in the Company's target markets, but without completely abandoning the sales

of cage eggs. These trends also caused undue pressure on the prices of barn eggs. The Company's management expects that the average price of eggs sold will improve in 2025, when supermarkets plan to stop selling cage eggs.

Since the end of 2023, there has also been a gradual decrease in feed ingredient prices. The Company's management believes that the egg and feed price levels achieved at the beginning of 2024 can be used as a basis for making forecasts. Egg and feed prices for 2024 are estimated based on the actual prices at the beginning of 2024. The increase in egg prices starting in 2025 is estimated in line with changes in the average consumer price index.

EBITDA / Revenue ratio

The actual indicator in 2023 was 21%. The value of the indicator depends on the price of eggs sold and the cost of eggs, primarily feed costs, as well as changes in the proportion of fixed costs depending on the laying cycle of hens. In the coming years, the Company expects the indicator to improve, as there are increasing changes in the egg baskets sold by supermarkets, with the goal of completely discontinuing the sale of cage eggs by 2025. The planned improvement in the indicator for 2024, compared to the previous year, will reach 34%, which can be explained by the higher quantity of cage and industrial eggs in 2023 compared to the budget, and the lower feed costs achieved at the beginning of 2024.

Discount rate

The discount rate (WACC method) reflects the average cost of financing based on actual borrowing costs from banks and the estimated cost of capital of 18.8% per annum. The actual proportion of external and equity financing at the end of 2023 is used to calculate the discount rate.

Below is an analysis of the sensitivity of the Company's Enterprise Value from changes in key assumptions.

Impairment sensitivity analysis

	Factors	Effect on increase EUR	Effect on decrease EUR
Dynamics of the amount of eggs produced	changes by 1%	1 830 300	(1 819 700)
Changes in the price of eggs	changes by 1%	1 173 400	(1 174 600)
Changes in feed prices	changes by 1%	(433 000)	(433 000)
Changes in EBITDA/Revenue ratio	changes by 1%	1 677 600	(1 633 100)
Discount rate	changes by 1%	(740 000)	808 900



(16) Receivables from group companies

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Non-current				
SIA Alūksnes putnu ferma - long-term debt for services **	-	-	181 904	-
SIA Alūksnes putnu ferma - loan and interest *	-	-	2 745 100	2 136 482
SIA Preiļu putni - loan and interest *	-	-	66 083	7 855
SIA APF Energy - loan and interest *	-	-	24 418	14 676
	-	-	3 017 505	2 159 013
Current				
Debts of subsidiaries for services	-	-	92 233	31 177
	-	-	92 233	31 177

* At the end of 2020, the Company has concluded a Loan Agreement with the group company SIA Alūksnes putnu ferma for granting a loan, but the loan funds were issued in the prior and reporting year. The loan repayment term is set until 2025. In addition, the Company has concluded Loan Agreements with the group companies SIA APF Energy and SIA Preiļu Putni. Additional loan amounts were granted during the reporting period. The maturities of the loans have been set by January 2026.

** At the end of 2023, the Company has entered into an agreement with the subsidiary SIA Alūksnes putnu Ferma regarding the extension of the repayment term of the debt for services until 30 December 2025.

(17) Other loans and non-current receivables

	APF Group 2023	APF Group 2022	Company 2023	Company 2022
	EUR	EUR	EUR	EUR
Operational lease agreement first draw-down non-current part (up to 5 years)	90 606	-	-	-
	90 606	-	-	-

(18) Raw materials and consumables

	APF Group 2023	APF Group 2022	Company 2023	Company 2022
	EUR	EUR	EUR	EUR
Feed, feed components and vitamins	229 750	241 805	-	-
Packaging	120 442	80 796	-	-
Other	25 262	15 780	83	927
	375 454	338 381	83	927

(19) Finished goods and goods for sale

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Chicken eggs	34 663	33 629	-	-
Other finished products	96	143	-	-
Egg products	4 382	2 396	-	-
(Accruals for damaged and obsolete stock)	-	(2 366)	-	-
	39 141	33 802	-	-

(20) Biological assets

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Laying hens	997 424	1 062 554	-	-
	997 424	1 062 554	-	-

The Group recognize laying hens value at cost, which is reduced (depreciated) during the productive time of the laying hens.



(21) Trade receivables

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Book value of trade receivables	727 238	945 511	11 718	27
(Provisions for bad and doubtful debts)	(26 123)	(5 225)	-	-
	701 115	940 286	11 718	27

Provisions for bad and doubtful debts have been made 100 % of their book value.

(22) Other receivables

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Receivables for construction support services (See also Note 39)	413 357	-	143 388	-
Guarantee instalment	21 719	21 892	21 192	21 192
Overpayment of other taxes	-	150	-	150
Overpayments to suppliers	-	1 511	-	1 511
Other debtors	62 361	36 541	17 247	28 756
	497 437	60 094	181 827	51 609

(23) Deferred expenses

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Operational lease agreement first draw-down current part	27 064	-	-	-
Insurance payments	1 977	1 706	1 977	1 706
Other expenses	46 378	64 770	17 890	32 865
	75 419	66 476	19 867	34 571

(24) Accrued income

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Accrued income for construction support services (See also Note 39)	334 923	-	82 098	-
	334 923	-	82 098	-

(25) Cash and bank

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Cash at bank on current accounts	3 312 885	63 902	3 250 028	3 657
Cash on hand	2 783	495	-	-
	3 315 668	64 397	3 250 028	3 657

Information on encumbered APF Group assets disclosed in Note 29.



(26) Share capital

On 31 December 2023, the registered and fully paid-up share capital of the parent company of the Group amounts to EUR 5 727 930, consisting of 5 727 930 ordinary shares with a nominal value of EUR 1 each.

During the 2022 accounting year, part of the loans received were capitalised and the share capital of the parent company of the Group was increased by EUR 3 000 000. The increase in share capital was recorded in the Enterprise Register in March 2023.

In November 2023, the initial placement/ issue of the shares of the Company was completed, attracting additional capital in the amount of EUR 5 252 722, of which EUR 1 027 930 was recognized as an increase in the share capital and EUR 4 224 792 was recognized as a share issue premium. The share issue premium was further reduced by costs directly related to the initial placement of shares and state grant for such costs in the net amount of EUR 463 402.

(27) Reserves

According to the Latvian statutory requirements the Company created reserves in the previous periods. This legal requirements are no more effective in the financial year. These reserves are expected to be reclassified to retained earnings.

(28) Distribution of the Company's profit

At the end of December 2023, the retained profits of the APF Group and the Company amounts to EUR 527 059 and EUR 565 983. The Board suggests not to distribute this profit.

(29) Loans from banks

	Note	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
Non-current					
AS Attīstības finanšu institūciju Altum - loan	a)	821 428	1 250 000	-	-
AS Baltic International Bank - loan	b)	2 346 049	2 434 015	-	-
		3 167 477	3 684 015	-	-
Current					
AS Attīstības finanšu institūciju Altum - loan	a)	670 451	552 350	-	-
AS Baltic International Bank - loan	b)	87 972	65 985	-	-
AS Citadele banka overdrafts	c)	11	-	-	-
AS Industra Bank - loan	d)	-	358 333	-	-
AS Signet banka - loan	e)	431 249	1 000 000	-	-
		1 189 683	1 976 668	-	-

a) AS Development Financial institutions Altum - loans

In 2021, the subsidiary of the Group Alūksnes putnu ferma, SIA has refinanced all previous loans from AS "Baltic International Bank" and received two new loans from AS "Altum" of EUR 1 500 000 and EUR 302 350 with variable and fixed interest rates. The repayment term of the loans are set until the end of 2025 and May 2023, which were prolonged till August 2024, but both loans were fully refinanced in February 2024.

b) AS Baltic International Bank - loan

In 2021, the subsidiary of the Group Alūksnes putnu ferma, SIA received a new loan from AS "Baltic International Bank" in the amount of EUR 2 500 000 with a variable interest rate. The loan was fully refinanced in February 2024.

c) AS Citadele Bank - credit line

In 2018, the subsidiaries of the Group APF Trading, SIA and Alūksnes putnu ferma, SIA received credit lines/overdrafts from AS Citadele Bank in the amount of EUR 20 000 each. The loan does not have a set repayment period, it can be automatically extended and/or reduce annually at the discretion of the bank.



d) AS Industra Bank - loan

In 2021, the subsidiary of the Group Alūksnes putnu ferma, SIA received a new loan from AS Industra Bank in the amount of EUR 500 000. The loan repayment term has been extended until December 2023, but the loan was repaid early of schedule, in June 2023.

e) AS Signet Bank - loans

In 2020, the subsidiary of the Group Alūksnes putnu ferma, SIA received the remaining part of the loan issued by AS Signet Bank and its unpaid part amounted to EUR 500 000. The loan repayment term was extended until July 2023 and then until September 2024 and the fixed interest rate is applied to it. The loan was fully refinanced in February 2024.

Also, in 2020, Alūksnes putnu ferma, SIA took over the Signet Bank loan in the amount of EUR 500 000, which was issued for the purchase of equipment in the new chicken coop. The loan repayment term was extended until July 2023 and then until September 2024 and the fixed interest rate is applied to it. The loan was fully refinanced in February 2024.

f) Collaterals

As collateral for claims which may arise in accordance with the entered into loan agreements with credit institutions, the subsidiary of the Group Alūksnes putnu ferma, SIA has pledged all the property owned by (both registrable and non-registrable) as a joint property at the time of pledging, as well as the next components of the joint property. All loans were fully refinanced in February 2024.

The subsidiary of the Group, APF Trading SIA, has pledged all of its property, as a collection of things in favour of Baltic International Bank AS, as collateral for the loan agreement of the Bank of the Group company Alūksnes putnu ferma SIA with a total amount of EUR 2 500 000. Loan agreements expire in 2025. The commercial pledge shall be in effect until full fulfilment of the liabilities of the subsidiary of the Group Aluksnes putnu ferma' SIA

The loan was fully refinanced in February 2024.

The parent company of the Group APF Holdings AS has pledged all of its property, as a collection of assets in favour of AS "Development Finance institution Altum", as collateral for the loan agreement of the subsidiary of the Group Alūksnes putnu ferma SIA with a total amount of EUR 1 802 350. The terms of the loan agreements until the end of 2025 and August 2024. The commercial pledge shall be in effect until full fulfilment of the liabilities of the subsidiary of the Group Alūksnes putnu ferma SIA. The loans were fully refinanced in February 2024.



(30) Other borrowings

	APF Group 31.12.2023. EUR	APF Group 31.12.2022. EUR	Company 31.12.2023. EUR	Company 31.12.2022. EUR
Non-current				
Loans from individuals ¹	237 416	179 822	222 416	164 822
Borrowing from legal entities ²	1 307 867	1 587 905	1 307 867	1 587 905
Borrowing from legal entities ³	27 480	75 365	27 480	75 365
Obligations under the financial lease agreement SIA Citadele lizings	-	36 680	-	-
	1 572 764	1 879 772	1 557 763	1 828 092
Current				
Borrowing from legal entities ³	516 030	564 215	516 030	564 215
Obligations under the financial lease agreement SIA Citadele lizings	-	10 302	-	-
	516 030	574 517	516 030	564 215

¹ During previous reporting years and in 2023 the APF Group companies received and partially repaid loans from the beneficial owner of the APF Group. As of the end of 2023 the outstanding amount of the loans amounted to EUR 237 416, those loans are not secured, and no interest rate has been applied to it.

² In 2022, the main shareholder of APF Group had acquired claim rights from outstanding loans from unrelated legal entity, as well as issued a new loans to the APF Group's parent company. Part of the loans in the amount of EUR 3 000 000 was capitalized in the APF Group's parent company's share capital. An interest rates of 3.5% and 4% are set for mentioned loans. A part of the loans in the amount of EUR 1 275 119 have to be repaid until February 2028, but the rest until February 2025. These loans are not secured.

³ In 2021-2023, the APF Group's parent company received a loans from a non-related legal entity with an interest rate of 5%. Repayment deadline for these loans is set until December 2023. As of the end of 2023 the outstanding amount of the loans was EUR 500 000. In January 2024 the loans were fully repaid.

Another loan received from non-related legal entity repayment terms is set to January 2027 and interest rate of 4.5%.

In 2022, the APF Groups Subsidiary APF Trading, SIA acquired a fixed asset under a finance lease, with interest payable at a rate of 2.99% plus the 3-month Euribor rate, and a repayment term until April 30, 2027. The liabilities were fully repaid in July 2023

(31) Advances from customers

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Advances received on goods and services	99 650	100 234	-	-
	99 650	100 234	-	-

(32) Payables to group companies

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Debt for services APF Trading, SIA	-	-	-	13 343
Debt for services Alūksnes putnu Ferma, SIA	-	-	-	191 538
	-	-	-	204 881

(33) Taxes and social insurance payments

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Value added tax	226 961	178 716	-	-
State mandatory social insurance contributions	51 123	29 415	30 013	5 569
Personal income tax	26 223	14 716	16 296	2 554
Corporate income tax	2 382	130	2 382	130
Natural resources tax	3 152	2 792	-	-
Other taxes	7 651	2 320	8	3
	317 492	228 089	48 699	8 256

(34) Other creditors

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Employee wages	78 631	49 603	29 350	11 854
Other creditors	8 644	325	7 209	234
	87 275	49 928	36 559	12 088

(35) Deferred income

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Non-current				
EU co-financing for the acquisition of assets - non-current part	2 408 798	2 500 982	-	-
	2 408 798	2 500 982	-	-
Current				
EU co-financing for the acquisition of assets - current part	92 184	92 184	-	-
	92 184	92 184	-	-

The Deferred income item has recognizes the financing received from Lauku Atbalsta Dienests (LAD) programme from 2012 to 2015 in the amount of EUR 2 324 431 for the acquisition and reconstruction of fixed assets, as well received EUR 778 716 from 2019 and 2020 for the acquisition of fixed assets - for the expansion of activities.

Deferred income from LAD financing has recognised as income in the profit loss statement during the useful life of the fixed assets acquired, within 20-50 years respectively. Part of LAD financing in the amount of EUR 2 040 062 shall be depreciated over a 5 year period.

The APF Group is liable within 5 years from the moment of receiving the funding to comply with the terms of the contract regarding the use of the purchased assets at the place of implementation of the Project and for the intended purposes, not disposing and not transferring the assets for use to third parties, insuring the property and fulfilling other obligations. In case of non-compliance with the specified conditions, the APF Group could be obliged to repay the received financing. According to management's assessment, this possibility is very remote.



(36) Accrued liabilities

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Accrued trade payables	174 665	110 223	32 296	29 435
Accrued unused annual leave expenses	80 387	59 488	25 252	22 537
Other accrued liabilities	6 706	11 003	-	-
	261 759	180 714	57 548	51 972

(37) Average number of employees

	APF Group 2023	APF Group 2022	Company 2023	Company 2022.
Average number of employees during the reporting period	57	48	13	9

(38) Remuneration to the management

	APF Group 2023	APF Group 2022	Company 2023	Company 2022
	EUR	EUR	EUR	EUR
Remuneration of a Members of the Management Board	267 456	44 553	267 456	44 553
	267 456	44 553	267 456	44 553

The remuneration shown includes only remuneration of the management of the parent company of the APF Group. Till the end of 2022, remuneration for the work of the Board has been calculated for the Chairman of the Board, but no remuneration has been calculated for the other members of the Board. Starting from 2023, remuneration for the work of the Board has been calculated for the all Board members.



(39) Transactions with related parties

Transactions with related parties of APF Group

The APF Group parent and subsidiary companies have engaged in transactions with its ultimate beneficial owner and entities under its control.

The remuneration of the Company's Board Members in the reporting period is presented in Note 38.

The most significant transactions are:

	Notes	Receivables 31.12.2023.	Payables 31.12.2023.	Receivables 31.12.2022.	Payables 31.12.2022.
		EUR	EUR	EUR	EUR
a) claims and liabilities					
Shareholders of the APF Group and entities under their control	1), 2), 3)	748 280	1 530 284	-	1 792 303
		748 280	1 530 284	-	1 792 303
b) transactions					
Car rental, other	1)	45 072	-	-	3 600
Construction support services	2)	334 923	-	-	-
Loan interest	3)	-	-	59 929	8 559
		379 995	-	59 929	12 159

1) In the reporting year, APF Group's ultimate beneficial owner has issued loans to the parent company of the APF Group and those were partially repaid. In previous years the parent company of the APF Group rented a car from its shareholder, but the shareholder has withdrawn his claim rights for this rent (see also Note 8).

2) In the reporting year, the APF Group's parent company and subsidiary provided construction support services to a related company. In the aforementioned transactions, the APF Group's companies acted as an intermediaries and these transactions are disclosed in the item "Other operating income" in net amount and in assets as Other receivables and Accrued income.

3) The APF Group's parent company received loans from main shareholder and its related companies, has partially repaid them, as well as the Interest for mentioned loans was accrued (see also Note 11).

Transactions with related parties of the Company

During the reporting year, the Company had business transactions with subsidiaries - SIA APF Trading, SIA Alūksnes putnu ferma, SIA Oluksne, SIA Preiļu putni and SIA APF Energy, which are disclosed as “Subsidiaries”. The Company has also engaged in transactions with its Beneficial Owner and its controlled entities, which are disclosed as “Other related parties”.

The remuneration of the Board member for his work in the Company in the reporting year is presented in Note 38.

	Notes	Receivables 31.12.2023. EUR	Payables 31.12.2023. EUR	Receivables 31.12.2022. EUR	Payables 31.12.2022. EUR
a) claims and liabilities					
Subsidiaries					
Alūksnes putnu ferma, SIA	1)	2 927 004	-	2 136 546	191 538
APF Trading, SIA	2)	77 823	-	-	13 343
Oluksne, SIA	3)	12 610	-	30 743	-
Preiļu putni, SIA	4)	66 503	-	8 065	-
APF Energy, SIA	5)	25 798	-	14 836	-
		3 109 738	-	2 190 190	204 881
Other related parties					
Beneficial owner and its controlled entities	6), 7), 8)	225 486	1 530 284	-	1 792 303
		225 486	1 530 284	-	1 792 303
		3 335 224	1 530 284	2 190 190	1 997 184

	Notes	Sales to related parties 2023 EUR	Sales to related parties 2022 EUR	Purchases from related parties 2023 EUR	Purchases from related parties 2022 EUR
b) transactions					
Subsidiaries					
Management consultancy services, sub-rental of offices	1)	1 028 890	618 159	-	-
Interest on loan	1)	76 118	56 501	-	-
Management consultancy services	2)	64 670	38 699	-	-
Car rental	2)	-	-	16 419	8 000
Management consultancy services, sub-rental of offices	3)	13 410	14 559	-	-
Management consultancy services	4)	210	120	-	-
Interest on loan	4)	1 492	55	-	-
Management consultancy services	5)	1 220	130	-	-
Interest on loan	5)	693	226	-	-
		1 186 703	728 447	16 419	8 000
Other related parties					
Car rental, other	6)	45 072	-	-	3 600
Construction support services	7)	82 098	-	-	-
Interest on loans	8)	-	-	59 929	8 559
		127 170	-	59 929	12 159
		1 313 873	728 447	76 348	20 159



1) The company has provided consultancy and other services to SIA Alūksnes putnu ferma, as well as issued loans and calculated interest on their use during the reporting year. Until December of the previous reporting year, the Company has leased office space to the Company.

2) The Company has provided SIA APF Trading with consulting and other services. In the reporting year, the Company has leased a cars from APF Trading SIA. Until December of the previous reporting year, the Company has leased office space.

3) The Company has provided consulting services to its subsidiary SIA Oluksne. Until December of the previous reporting year the Company has leased office space to the company.

4) The Company has provided consulting services to its subsidiary SIA Preiļu putni, as well as issued loans and calculated interest on their use.

5) The Company has provided consulting services to its subsidiary SIA APF Energy, as well as issued loans and calculated interest on their use.

6) In the reporting year, Company's beneficial owner has issued a loan to the Company and interest was calculated thereon. During the previous reporting year, part of the loan of EUR 3 000 000 was capitalised;" on the share capital of the Company (see also Note 29).

7) In the reporting year, the Company provided construction support services to a related company. In the aforementioned transactions, the Company acts as an intermediary and these transactions are disclosed in the item "Other operating income" in net value and in assets as Other receivables and Accrued income.

8) The Company received loans from ultimate beneficial owner and its controlled entities, has partially repaid them, as well as the Interest for mentioned loans was accrued (see also Note 30).

(41) Guaranties issued

As of 30 June 2023, guarantees issued by the subsidiary of the APF Group to the AS "Development Finance institution Altum" were in force, which served as collateral for Altum loans of EUR 1.8 million to the APF Group's subsidiary SIA Aluksnes putnu ferma. Loan agreements expire in 2024 for August and 2025 for the end. The guarantees shall be valid until full fulfilment of the liabilities of the APF Group's subsidiary Aluksnes putnu ferma SIA.

As of 31 December 2023, three guarantees issued by the APF Group's subsidiary APF Trading, SIA to the AS Development

Financial institution Altum and the AS Baltic International Bank were in effect, which serve as collateral for the bank credit line to the APF Group's subsidiary Aluksnes putnu ferma SIA and loan agreements with a total amount of EUR 3 925 901. The credit line expires by August 2024 and the loan agreements expire by end of 2025. The guarantees shall be valid until the full fulfilment of the liabilities of the SIA "Aluksnes putnu ferma". All mentioned loans were refinanced in February 2024, respectively no provisions for guarantees issued shall be recognized.

(42) Assets pledges

As of December 31, 2023, the APF Group's parent company pledged to the Joint Stock Company "Attīstības finanšu institūcija Altum" all its shares in APF Group's subsidiary Aluksnes putnu ferma, SIA, which served as collateral for the loan of SIA Alūksnes putnu ferma, amounted to EUR 1.5 million. The expiration date of the loan agreements is end of the 2025. The pledge was valid until the full fulfilment of the obligations of SIA Alūksnes putnu ferma. In

February, 2024, the mentioned loan was fully repaid from the proceeds of €7 million financing received in way of a private bond placement acquired by Polish Investment Fund CVI. The maturity for the bonds is set at four years. Mentioned bond placement was secured also by the APF Group's parent company shares in APF Group's subsidiaries: Aluksnes putnu ferma, SIA; APF Trading, SIA; Oluksne, SIA; Preiļu putni, SIA and claim rights against them.



(43) Operating lease commitments

APF Group's subsidiary APF Trading, SIA uses cars obtained under operating lease agreements. The lease expenses recognized in the income statement for the reporting year amount to EUR 30 700 (2022: EUR 5 666). The lease agreements are valid until 2028.

Non-cancellable lease liabilities:

	APF Group 31.12.2023.	APF Group 31.12.2022.	Company 31.12.2023.	Company 31.12.2022.
	EUR	EUR	EUR	EUR
Payable within 1 year	47 339	6 003	-	-
Payable in 2-5 years	149 029	2 975	-	-
	196 368	8 978	-	-

(44) Financial risk management

Financial risks related to the financial instruments of the APF Group and Company are mainly the interest rate risk, the liquidity risk and the credit risk. The Management of the APF Group and Company seeks to minimize potential adverse effects of the financial risks on the APF Group and Company financial position. The APF Group and Company does not use derivative financial instruments to hedge certain risk exposures.

Market risk - Interest rate risks

The Group accepts the interest risk it derives from loans with variable interest rates. Derivatives are not used.

Credit risk

The APF Group is exposed to credit risk related to the debts of its buyers and principals. The Group shall control its credit risk by constantly assessing the history of repayment of customer debts and determining the credit conditions for each customer separately. In addition, the APF Group and the Company continuously monitors the balances of receivables in order to reduce the possibility of irrecoverable debts arising.

Liquidity risk

The APF Group and the Company controls its liquidity risk by maintaining an appropriate amount of cash and cash equivalents.

Capital Management

In order to ensure the sustainable development of the APF Group and the sufficiency of capital, the Management of the APF Group regularly monitors the compliance of financial data of the APF Group with market benchmarks, including regular monitoring of liquidity ratios (short-

term liabilities to current assets), adequacy of the equity (equity to total assets) and adjusted EBITDA (earnings before interest payments, taxes, depreciation and amortisation, as well as other irregular income and expenses, changes of the carrying amount of laying hens, donations and state aid received, etc.).

(45) Subsequent events

In February 2024, the APF Group has secured EUR 7 million from a private bond placement. Polish Investment Fund CVI acquired the entire volume of the bond issue. The maturity for the bonds is set at four years. Part of the attracted financing was used to fully refinance all of the APF Group loans from banks.

There are no other subsequent events from the last date of the financial year until the date of publishing of financial statements, which would have a significant effect on the financial position of the APF Group and the Company

Jurijs Adamovičs

Chairman of the Board

Mihails Keziks

Member of the Board, responsible for the preparation of Annual Report

Hermanis Dovgijs

Member of the Board

Translated from Latvian origin. The original report has been signed on June 14, 2024 with a secure electronic signature and a timestamp.



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITORS' REPORT

to the Shareholders of APF Holdings AS

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of APF Holdings AS (the Company) and its subsidiaries (together "the Group") set out on pages 43 to 94 of the accompanying separate and consolidated annual report, which comprise:

- the separate and consolidated balance sheet as at 31 December, 2023,
- the separate and consolidated profit and loss statement for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended,
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements of the Company and consolidated financial statements of the Group give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 December 2023, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia (the Law On the Annual Reports and Consolidated Annual Reports).

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia (the Law on Audit Services) 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 Consolidated Financial Statements* section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code) and independence requirements included in the Law on Audit Services that are relevant to our audit of the separate and consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code, including International Independence Standards, and Law on Audit Services.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

The Company and the Group management is responsible for the other information. The other information is the Management Report, as set out on pages 7 to 40 of the accompanying separate and consolidated Annual Report and Information about the Company and the Group, as set out on pages 5 to 6 of the Annual Report.

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Our opinion on the separate and consolidated financial statements does not cover the other information included in the Annual Report, 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.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated 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 the Group and its 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. We have nothing to report in this regard.

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

In addition, in accordance with the Law on Audit Services with respect to the Management Report, 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.

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

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

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with the Law On the Annual Reports and Consolidated Annual Reports and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's separate and consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated 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 and the Group'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 and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding of the Company and the Group, 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.

Baker Tilly Baltics AS
Licence No. 80

Ēriks Bahirs
Certified Auditor
Certificate No.136
Member of the Board

Riga,

The report is signed with a secure electronic signature and contains a timestamp.

This is a translation of the Latvian origin.

