

# UNAUDITED FINANCIAL REPORT

APF Holdings



**APF  
Holdings**

2023



# **MANAGEMENT REPORT OF APF HOLDINGS ON THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF 2023**

Reported period  
01.01.2023–31.12.2023

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2023





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# INFORMATION ABOUT THE GROUP

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| <b>Name of the company</b>                                | APF Holdings   |
| <b>Legal status of the company</b>                        | Joint stock company (AS) until 22.01.2021 –<br>Limited liability company (SIA)   |
| <b>Number, place and date of registration</b>             | No. 50203047991<br>Riga, 3 February 2017   |
| <b>Address</b>  | Malduguņu Street 4, Mārupes Municipality,<br>Mārupe, LV-2167, Latvia   |
| <b>Group's type of operations</b>                         | Operation of holding companies, poultry farming,<br>and the production and trade of chicken eggs, as well<br>as the production of biogas and organic fertilizer<br>related to poultry farming processes, renewable<br>electricity production.  |
| <b>Shareholders</b>                                       | SIA J.A. Investment Holdings 69.14%<br>Minority shareholders 15.09%<br>Juris Adamovičs 8.92%<br>Omni Industries B.V. 6.85%   |
| <b>Members of the Board of the Group's Parent Company</b> | From 03.02.2021:<br>Juris Adamovičs – Chairman of the Board<br>Hermanis Dovijs – Member of the Board<br>Mihails Keziks – Member of the Board<br>Until 03.02.2021:<br>Juris Adamovičs – Member of the Board   |
| <b>Members of the Supervisory Council of the Group</b>    | From 17.08.2023:<br>Uldis Iltners – Chairman of the Supervisory Council<br>Eva Berlaus – Deputy Chairman<br>of the Supervisory Council<br>Aleksandrs Adamovičs –<br>Member of the Supervisory Council<br>Miguel Franco De Portugal Trigoso Jordao –<br>Member of the Supervisory Council<br>From 29.12.2021 until 17.08.2023:<br>Aleksandrs Adamovičs – Chairman of the Council<br>Dmitrijs Adamovičs – Deputy Chairman of the Council<br>Olga Adamoviča – Member of the Council |
| <b>Reporting Period</b>                                   | From 01.01.2023 until 31.12.2023   |
| <b>Previous Reporting Period</b>                          | From 01.01.2022 until 31.12.2022   |
| <b>Subsidiaries of the Group</b>                          | Alūksnes putnu ferma SIA, reg. No. 43203003333, 100%<br>APF Trading SIA, reg. No. 50203051041, 100%<br>Oluksne SIA, reg. No.50203050741, 100%<br>Preiļu putni SIA, reg. No.40203289853, 100%<br>APF Energy SIA, reg. No.40203352847, 100%  |



# DEAR

*Shareholders,*

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If last year was a year of decision-making, then the coming years will be years of growth.



**Jurij Adamovič**  
Chairman of the Board  
AS APF Holdings

The company Alūksnes putnu ferma was founded back in 1961. But I dare say that the past year was the most crucial in the company's development, because we took decisive steps for the growth of APF Holdings, aiming to establish it as one of the leading and most modern poultry farming businesses across the entire Baltic region.

Last year, we made decisions regarding our future development path and investments. And to finance this growth, we successfully executed the Initial Public Offering (IPO) of APF Holdings on the Nasdaq Riga First North Alternative Market, raising 107% of the IPO target, which amounted to EUR 5.624 million. Additionally, this year we secured an additional EUR 7 million through a private bond issue. This funding is sufficient for us to execute all of our investment programs, including the construction of two new hen houses, the implementation of new egg product processing production lines, and warehouse construction.



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# I would like to thank all APF Holdings employees, our product consumers, all our investors and partners for their trust.

Why are we investing? Because APF Holdings has a unique market opportunity that we aim to capitalize on. Namely, in Latvia and Europe, societal values are rapidly changing, with people increasingly considering animal welfare and sustainability, resulting in a reluctance to purchase and consume eggs from caged hens. Instead, throughout Europe – from supermarkets to schools, daycare centers, and everyday consumers – there is a shift towards using barn-laid or cage-free eggs.

According to our estimates, next year there will be a deficit of approximately 360 million cage-free eggs in the Baltic States.

Currently, APF Holdings produces around 115 million eggs annually, but after the implementation of our investment program, we will be able to produce around 180 million eggs per year, and achieve the goal that 90% of them being cage-free eggs. In essence, our growth is targeted towards capitalizing on very specific market opportunities. And even with our new capacities in the market, there will still be a deficit of cage-free eggs.

Furthermore, there is significant potential in egg export markets – 21 out of 36 European countries are egg importers, including Germany, the United Kingdom, Belgium, Italy, and Estonia. Currently, in Europe, on average, 55% of all eggs are from caged hens, and in the case of major exporters such as Spain and Poland, this proportion exceeds even 70%. Therefore, APF Holdings will also have significant new opportunities in export markets.

Additionally, we are transforming APF Holdings into a true example of a circular economy – we have a multifaceted sustainability strategy, which includes our own energy production and waste recycling. We want APF Holdings to be a sustainability leader not only in Latvia, but throughout Europe.

# CORPORATE GOVERNANCE

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## 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 Vice-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 Trigo Jordao**  
Member of the Supervisory Council



**Eva Berlaus**  
Deputy Chairman  
of the Supervisory Council



**Aleksandrs Adamovičs**  
Member of the Supervisory Council

# 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 Holdings 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 flavors – mango, orange, and apple-vanilla. Each flavor 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.

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



APF Holdings 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 Holdings’ innovative approach to creating added value for everyday FMCG products, such as eggs.

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

In 2023, APF Holdings 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 Holdings facilities by the autumn of 2024. The product is offered in sustainable 10 kg Bag-in-Box packaging. APF Holdings 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.



# NEW MARKETS

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## APF Group's successes in the Baltic market

APF Holdings already successfully cooperates with the Rimi store network, providing eggs under the Rimi private label in the Baltic States. In 2023, APF Holdings 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

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## Quality and Efficiency Approval Certificates

In 2023, the APF Holdings 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.



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# Implementation of Lean Programs for Continuous Improvement

In 2023, APF Holdings successfully began implementing LEAN programs, 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 Holdings 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 company 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 Holdings 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

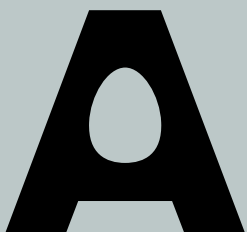
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## Debut on the Nasdaq First North Alternative Market



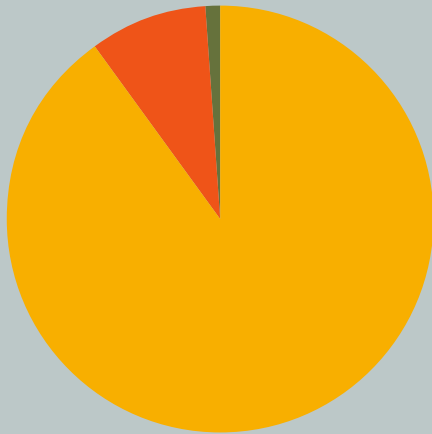
The most significant event for APF Holdings in 2023 was the successful initiation of stock trading on Nasdaq Riga. This significant moment occurred on 9 November at 10:00 with a stock price of EUR 5.11. The shares are listed on the First North list under the symbol EGG, and the stock listing marks a 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'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 2,128 investors, including two significant Latvian pension funds. This strong investor support clearly demonstrates the company's potential and strategic direction.



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## Distribution of subscription amounts by countries

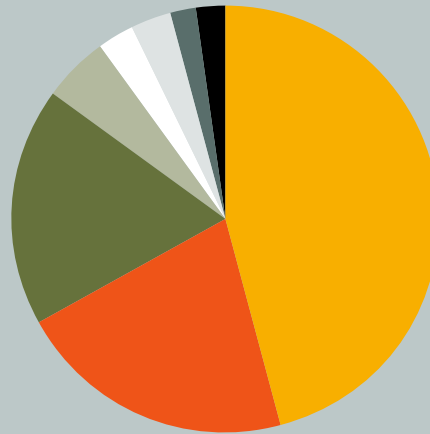


- Latvia 90%
- Estonia 9%
- Lithuania 1%

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.

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## 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 Holdings 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.

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## Essential Support Received from Rural Support Services

On 23 October, 2023, APF Holdings 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 APF Holdings' 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.

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## Start of Construction in Alūksne

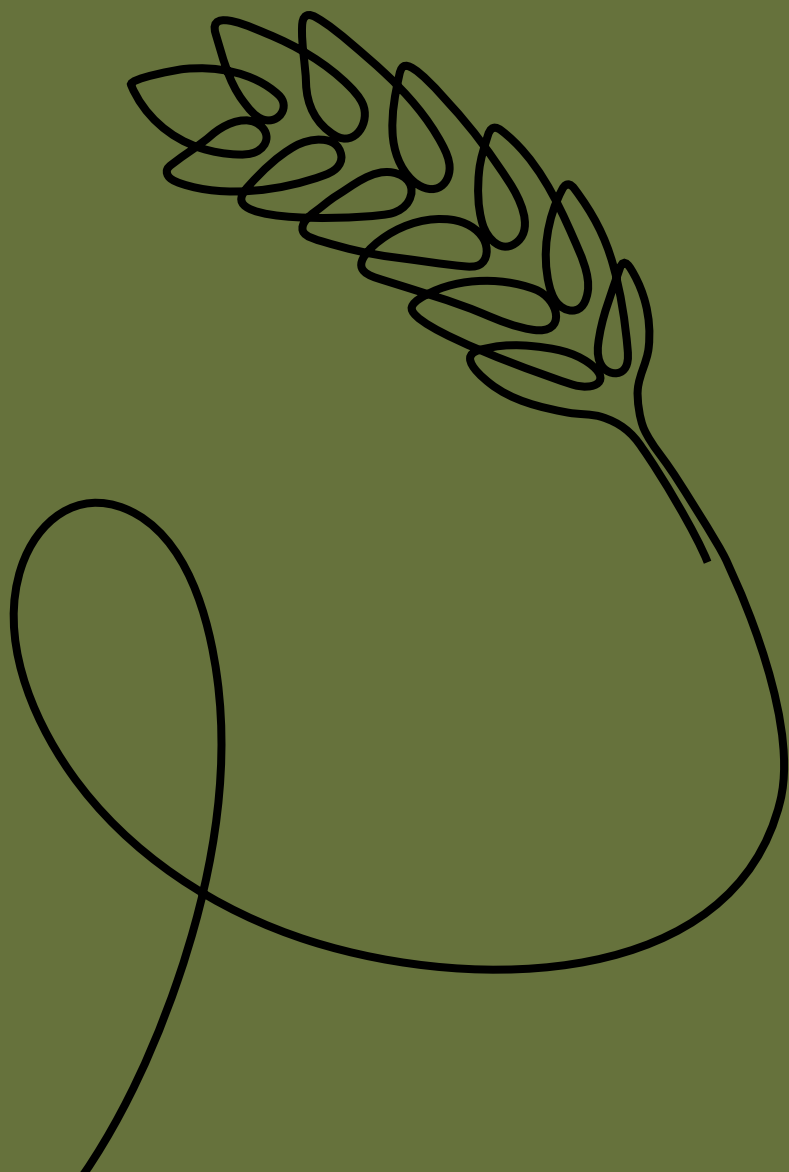
In 2023, APF Holdings began the construction of a modern egg sorting, processing, and storage facility in Alūksne, following the IPO strategic plan. With an investment of EUR 3.2 million, the company is on track to complete this significant project by mid-2024, demonstrating APF Holding's commitment 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 autumn of 2024. The company's efforts to improve existing infrastructure and optimize operations demonstrate APF Holding's commitment to meeting market needs, promoting business sustainability, while fostering open communication with all stakeholders involved in our operations.







# SUSTAINABILITY





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# APF Holdings Sustainability Development and Launch of the ESG Strategy

In 2023, APF Holdings 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.



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## Commitment to Social Responsibility

The company 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 Holdings is committed to engaging in supporting the development of its community.

# SALES AND PERFORMANCE



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APF Holding'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 Holdings 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 Holdings 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. APF Holdings 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.

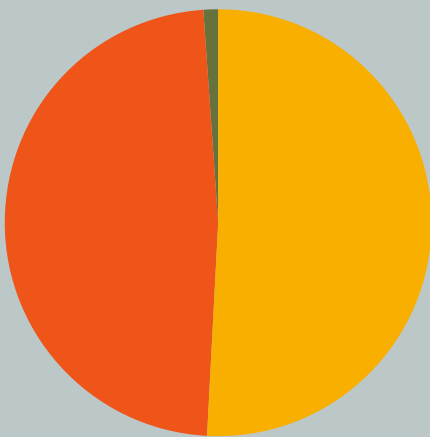
Furthermore, the amount of sold free-range eggs was growing insignificantly, APF Holdings sees potential in this segment and plans to develop it by attracting new collaboration partners.

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 Holdings 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.

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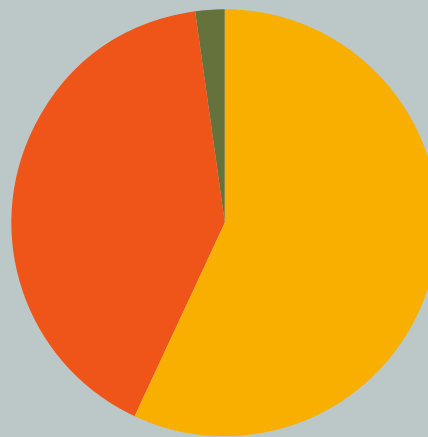
## Egg sales by method of hen keeping (2022)



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

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## Egg sales by method of hen keeping (2023)



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



In 2023, APF Holdings 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.

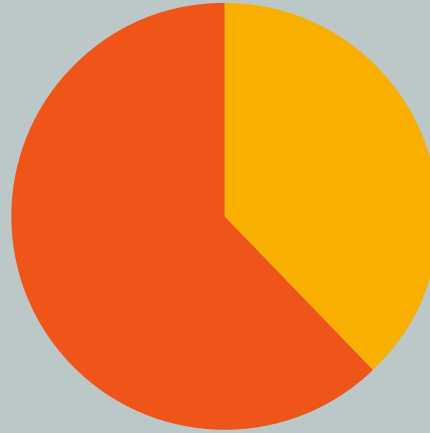
The growth is closely related to several new contracts with collaboration partners. For example, in 2023, the company started selling eggs under "The Chick Game" brand in Rimi stores in Estonia and Lithuania, as well as organized other egg sales campaigns in IKI (in Lithuania) and Grossi (in Estonia)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

This successful development motivates the company to continue offering new and innovative APF Holdings 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 company.



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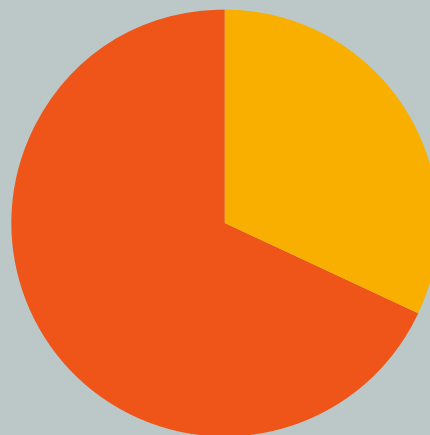
## Egg sales by sales segments (2022)



- Industrial 38%
- Retail 62%

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## Egg sales by sales segments (2023)

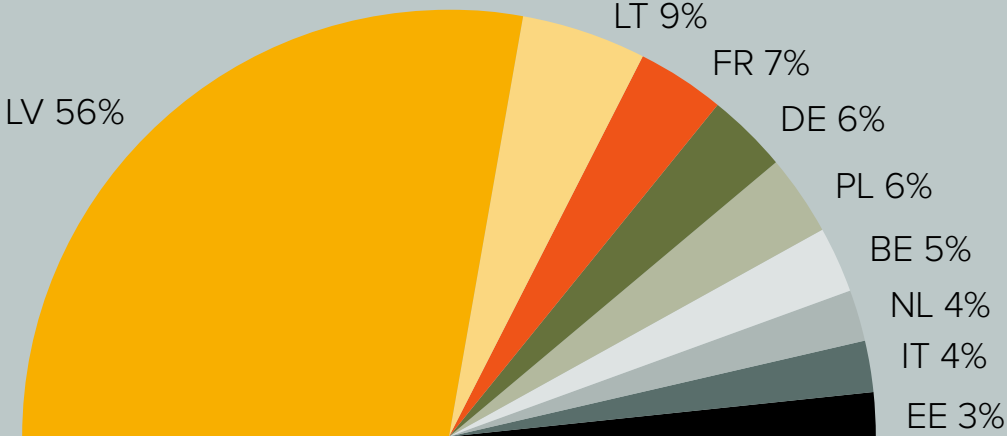


- Industrial 32%
- Retail 68%

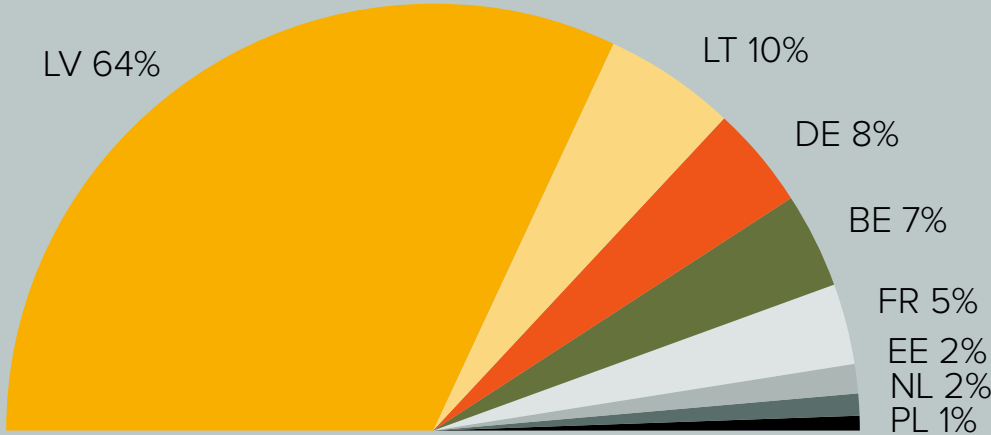
In 2023, 64% of all produced eggs were sold in Latvia, showing increased by 8 percentage points comparing to the previous year, demonstrating the company's ability to meet the growing consumer demand and strengthening its position at the local level. In addition to its successful operations in Latvia, 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.

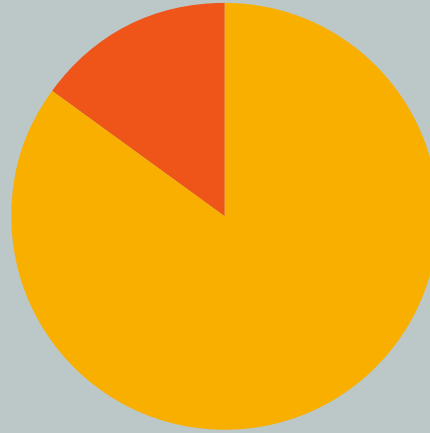
The project “The Chick Game”, introducing new cage-free barn eggs, has facilitated our ability to enter the regular assortment of Rimi stores in Estonia and Lithuania, demonstrating the attractiveness of our brand and the expansion of market availability.

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.



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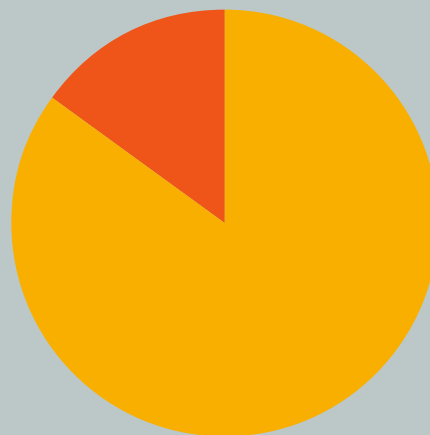
## Egg sales distribution: branded eggs vs private labels (2022)



- Branded 85%
- PL 15%

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



- Branded 85%
- PL 15%

In 2023, APF Holdings 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.

# FINANCIAL INDICATORS

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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 20% 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 8%, which in turn allowed achieving a huge 67% 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 18% and 31% 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 EUR and comprises EUR 527 108, which constitutes 60% 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 0.76 million in 2022 to 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. Meanwhile, proportionately, the total assets and short-term creditors of the group have increased less compared to the previous year, allowing the Group to achieve better ROA and ROCE indicators in 2023 (please refer to the data on page 40).

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.



| <b>Key ratios and indicators<br/>(management data)</b> | <b>2021</b>     | <b>2022</b>      | <b>2023</b>      |
|--|-----------------|------------------|------------------|
| Net turnover   | 3 938 527       | 11 229 814       | 13 318 885       |
| Cost of goods sold                                     | -4 546 961      | -9 128 506       | -9 817 763       |
| <b>Gross profit</b>                                    | <b>-608 434</b> | <b>2 101 308</b> | <b>3 501 122</b> |
| <b>EBIT</b>  | <b>678 980</b>  | <b>952 151</b>   | <b>1 122 450</b> |
| <b>Net profit for the period</b>                       | <b>135 271</b>  | <b>331 047</b>   | <b>527 108</b>   |
| EBITDA (adjusted)                                      | -702 136        | 2 100 736        | 2 761 068        |

### **Profitability and sustainability ratio**

|                                 |        |       |       |
|---------------------------------|--------|-------|-------|
| 1. Gross Margin (%)             | -15.4% | 18.7% | 26.3% |
| 2. EBIT Margin (%)              | 17.2%  | 8.5%  | 8.4%  |
| 3. Net Margin (%)               | 3.4%   | 2.9%  | 4.0%  |
| 4. EBITDA (adjusted) margin (%) | -17.8% | 18.7% | 20.7% |
| 5. ROE (%)                      | 8.5%   | 17.4% | 10.4% |
| 6. ROCE (%)                     | 7.3%   | 9.7%  | 10.0% |
| 7. ROA (%)                      | 1.2%   | 2.5%  | 3.4%  |

### **Liquidity ratios**

|                      |         |            |           |
|----------------------|---------|------------|-----------|
| 8. Current ratio (x) | 1.2     | 0.7        | 1.8       |
| 9. Quick ratio (x)   | 0.2     | 0.3        | 1.3       |
| 10. Working capital  | 382 119 | -1 523 805 | 3 092 437 |

### **Leverage ratios**

|  |     |     |     |
|--|-----|-----|-----|
| 11. External Debt/AVG adjusted Equity (x)                | 4.5 | 3.3 | 1.0 |
| 12. Net External Debt / annualized EBITDA (adjusted) (x) | n/a | 3.0 | 0.6 |

1. Gross Profit / Net Sales \* 100
2. EBIT / Net Sales \* 100
3. Profit for the Reporting Period / Net Sales \* 100
4. Adjusted EBITDA / Net Sales \* 100
5. Profit for the Reporting Period / (Average Equity Capital Increased by Shareholder Loans) \* 100
6. EBIT / (Average Assets – Average Short-Term Liabilities) \* 100
7. Profit for the Reporting Period / Average Total Assets \* 100

8. Current Assets / Short-Term Liabilities
9. (Current Assets – Inventory) / Short-Term Liabilities
10. Current Assets – Short-Term Liabilities
11. (Financial Liabilities – Shareholder Loans) / Average Equity Capital Increased by Shareholder Loans
12. (Financial Liabilities – Shareholder Loans – Cash) / Adjusted EBITDA



**UNAUDITED  
CONDENSED  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

**A**

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# INCOME STATEMENT

A

|   | <b>Notes</b> | <b>2023</b><br>EUR | <b>2022</b><br>EUR |
|---|--------------|--------------------|--------------------|
| Revenue   | (3)          | 13 318 885         | 11 229 814         |
| Costs of goods sold or services provided                | (4)          | (9 817 763)        | (9 128 506)        |
| <b>Gross profit or losses</b>                           |              | <b>3 501 122</b>   | <b>2 101 308</b>   |
| Distribution expenses                                   | (5)          | (902 777)          | (891 693)          |
| Administrative expenses                                 | (6)          | (1 502 312)        | (888 898)          |
| Other operating income                                  | (7)          | 200 411            | 710 345            |
| Other operating expenses                                | (8)          | (173 994)          | (78 911)           |
| Interest and similar income<br>incl.                    | (9)          | 6 175              | -                  |
| a) from other parties                                   |              | 6 175              | -                  |
| Interest and similar expenses<br>incl.                  | (10)         | (562 645)          | (620 813)          |
| a) from related companies                               |              | (59 929)           | (8 559)            |
| b) from other parties                                   |              | (502 716)          | (612 254)          |
| <b>Profit or losses before<br/>corporate income tax</b> |              | <b>565 980</b>     | <b>331 338</b>     |
| Corporate income tax for the financial year             | (11)         | (38 872)           | (291)              |
| <b>Profit or losses for the financial year</b>          |              | <b>527 108</b>     | <b>331 047</b>     |

Notes on pages 53 to 75 are an integral part of these financial statements.

# BALANCE SHEET

|  | Notes | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>  |       |                   |                   |
| <b>Non-current assets</b>  |       |                   |                   |
| <b>Intangible assets</b>   |       |                   |                   |
| Concessions, patents, licenses,<br>trademarks and similar rights     | (12)  | 568               | 388               |
| Other intangible assets  | (12)  | 27 564            | 19 915            |
| Creation of intangible investments                                   | (12)  | 22 004            | 12 627            |
| <b>Total intangible assets:</b>                                      |       | <b>50 136</b>     | <b>32 930</b>     |
| <b>Fixed assets, investment properties<br/>and biological assets</b> |       |                   |                   |
| Immovable properties   |       |                   |                   |
| a) land plots, buildings and<br>engineering structures               | (13)  | 4 093 435         | 4 186 264         |
| Leasehold improvements   | (13)  | 49 392            | 16 092            |
| Technological equipment and machinery                                | (13)  | 5 546 201         | 5 766 802         |
| Other fixed assets   | (13)  | 301 472           | 188 628           |
| Fixed assets under development<br>and construction in progress       | (13)  | 185 644           | 160 922           |
| Advances for fixed assets  | (13)  | 333 640           | -                 |
| <b>Total fixed assets:</b>   |       | <b>10 509 784</b> | <b>10 318 708</b> |
| <b>Non-current financial investments</b>                             |       |                   |                   |
| Participation in capital of associates                               | (14)  | 105               | 105               |
| <b>Total non-current financial investments:</b>                      |       | <b>105</b>        | <b>105</b>        |
| <b>Total non-current assets:</b>                                     |       | <b>10 560 025</b> | <b>10 351 743</b> |



|                                   | Notes       | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|-----------------------------------|-------------|-------------------|-------------------|
| <b>Current assets</b>             |             |                   |                   |
| <b>Inventories</b>                |             |                   |                   |
| Raw materials and consumables     | (15)        | 375 455           | 338 381           |
| Finished goods and goods for sale | (16)        | 39 141            | 33 802            |
| Biological assets                 |             |                   |                   |
| a) animals and annual plantings   | (17)        | 997 425           | 1 062 554         |
| Advances for inventories          |             | 400 000           | 285 000           |
| <b>Total inventories:</b>         |             | <b>1 812 021</b>  | <b>1 719 737</b>  |
| Account receivables               |             |                   |                   |
| Trade receivables                 | (18)        | 701 116           | 940 286           |
| Receivables from associates       |             | 100               | -                 |
| Other receivables                 | (19)        | 497 438           | 60 094            |
| Deferred expenses                 | (20)        | 166 042           | 66 476            |
| Accrued income                    |             | 322 070           | -                 |
| <b>Total receivables:</b>         |             | <b>1 686 766</b>  | <b>1 066 856</b>  |
| <b>Cash and bank</b>              | <b>(21)</b> | <b>3 315 667</b>  | <b>64 397</b>     |
| <b>Total current assets:</b>      |             | <b>6 814 454</b>  | <b>2 850 990</b>  |
| <b>Total assets</b>               |             | <b>17 374 479</b> | <b>13 202 733</b> |

|  | Notes | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|--|-------|-------------------|-------------------|
| <b>EQUITY, PROVISIONS AND LIABILITIES</b>                                    |       |                   |                   |
| <b>Equity</b>  |       |                   |                   |
| Share capital  | (22)  | 5 727 930         | 4 700 000         |
| Share premium  | (22)  | 3 761 390         | -                 |
| Reserves:  |       |                   |                   |
| f) other reserves  | (23)  | 775               | 775               |
| Retained earnings or uncovered losses<br>brought forward from previous years |       | (3 937 606)       | (4 268 653)       |
| Current year profit or losses  |       | 527 108           | 331 047           |
| <b>Total equity:</b>   |       | <b>6 079 597</b>  | <b>763 169</b>    |
| <b>Liabilities</b>   |       |                   |                   |
| <b>Non-current liabilities</b>   |       |                   |                   |
| Loans from banks   | (24)  | 3 167 477         | 3 684 015         |
| Other borrowings   | (25)  | 1 572 764         | 1 879 772         |
| Trade payables   |       | 423 826           | -                 |
| Deferred income  | (29)  | 2 408 798         | 2 500 982         |
| <b>Total non-current liabilities:</b>  |       | <b>7 572 865</b>  | <b>8 064 769</b>  |



|   | Notes | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|---|-------|-------------------|-------------------|
| <b>Current liabilities</b>                      |       |                   |                   |
| Loans from banks                                | (24)  | 1 189 683         | 1 976 668         |
| Other borrowings                                | (25)  | 516 030           | 574 517           |
| Advances from customers                         | (26)  | 99 650            | 100 234           |
| Trade payables                                  |       | 1 170 826         | 1 172 461         |
| Taxes and state social insurance payments       | (27)  | 317 490           | 228 089           |
| Other creditors                                 | (28)  | 87 277            | 49 928            |
| Deferred income                                 | (29)  | 92 184            | 92 184            |
| Accrued liabilities                             | (30)  | 248 877           | 180 714           |
| <b>Total current liabilities:</b>               |       | <b>3 722 017</b>  | <b>4 374 795</b>  |
| <b>Total liabilities:</b>                       |       | <b>11 294 882</b> | <b>12 439 564</b> |
| <b>Total equity, provisions and liabilities</b> |       | <b>17 374 479</b> | <b>13 202 733</b> |

Notes on pages 53 to 75 are an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY



|                                      | Notes | 2023<br>EUR        | 2022<br>EUR        |
|--------------------------------------|-------|--------------------|--------------------|
| <b>Share capital</b>                 |       |                    |                    |
| Opening balance                      | (22)  | 4 700 000          | 1 700 000          |
| Increase/decrease in share capital   | (22)  | 1 027 930          | 3 000 000          |
| Closing balance                      |       | <b>5 727 930</b>   | <b>4 700 000</b>   |
| <b>Stock (share) premium account</b> |       |                    |                    |
| Increase/decrease in share premium   | (22)  | 3 761 390          | -                  |
| Closing balance                      |       | <b>3 761 390</b>   | <b>0</b>           |
| <b>Reserves</b>                      |       |                    |                    |
| Opening balance                      |       | 775                | 775                |
| Closing balance                      |       | <b>775</b>         | <b>775</b>         |
| <b>Retained earnings</b>             |       |                    |                    |
| Opening balance                      |       | (3 937 606)        | (4 268 653)        |
| Current year profit or losses        |       | 527 108            | 331 047            |
| Closing balance                      |       | <b>(3 410 498)</b> | <b>(3 937 606)</b> |
| <b>Equity</b>                        |       |                    |                    |
| Opening balance                      |       | 763 169            | (2 567 878)        |
| Closing balance                      |       | <b>6 079 597</b>   | <b>763 169</b>     |

# CASH FLOW STATEMENT

|  | Notes | 2023<br>EUR      | 2022<br>EUR      |
|--|-------|------------------|------------------|
| <b>Cash flow from operating activities</b>                                       |       |                  |                  |
| Profit or losses before corporate income tax                                     |       | 565 980          | 331 338          |
| Adjustments for:   |       |                  |                  |
| depreciation and impairment of fixed assets                                      | (13)  | 384 992          | 387 657          |
| depreciation and impairment of intangible assets                                 | (12)  | 9 829            | 4 113            |
| interest and similar revenue   | (9)   | (6 175)          | -                |
| interest and similar expenses  | (10)  | 562 645          | 620 813          |
| <b>Profit or loss prior to changes in current assets and current liabilities</b> |       | <b>1 517 271</b> | <b>1 343 921</b> |
| Increase or decrease of account receivables                                      |       | (619 910)        | (659 618)        |
| Increase or decrease of inventory  |       | (92 284)         | 112 373          |
| Increase or decrease of account payables and other liabilities                   |       | 485 741          | (103 010)        |
| <b>Gross cash flow generated from operating activities</b>                       |       | <b>1 290 818</b> | <b>693 666</b>   |
| Interest payments  |       | (539 025)        | (586 075)        |
| Corporate income tax payments  |       | (32 823)         | (1 053)          |
| <b>Net cash flow generated from operating activities</b>                         |       | <b>718 970</b>   | <b>106 538</b>   |

|  | Notes       | 2023<br>EUR      | 2022<br>EUR      |
|--|-------------|------------------|------------------|
| <b>Cash flow from investing activities</b>                                   |             |                  |                  |
| Acquisition of fixed and intangible assets                                   |             | (653 964)        | (263 279)        |
| Proceeds from sale of fixed and intangible assets                            |             | 59 256           | 32 727           |
| Loans issued   |             | (44 434)         | (448 100)        |
| Repayment of loans   |             | 44 284           | -                |
| Interest received  |             | 6 175            | -                |
| <b>Net cash flow generated from investing activities</b>                     |             | <b>(588 683)</b> | <b>(678 652)</b> |
| <b>Cash flow from financing activities</b>                                   |             |                  |                  |
| Proceeds from issue of stocks and debentures or investments in share capital |             | 5 252 722        | -                |
| Expenses directly associated with issue of stocks and debentures             |             | (519 602)        | -                |
| Loans received   |             | 1 336 511        | 1 251 367        |
| Subsidies, grants, gifts or donations received                               |             | 74 267           | 593 351          |
| Repayment of loans   |             | (2 975 933)      | (1 210 920)      |
| Finance lease payments   |             | (46 982)         | (12 618)         |
| <b>Net cash flow generated from financing activities</b>                     |             | <b>3 120 983</b> | <b>621 180</b>   |
| <b>Net cash flow in the financial year</b>                                   |             | <b>3 251 270</b> | <b>49 066</b>    |
| <b>Cash and cash equivalents at the beginning of the financial year</b>      |             | <b>64 397</b>    | <b>15 331</b>    |
| <b>Cash and cash equivalents at the end of the financial year</b>            | <b>(21)</b> | <b>3 315 667</b> | <b>64 397</b>    |

Notes on pages 53 to 75 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## **(1) The Group's parent company**

AS APF Holdings (hereinafter – the Company) is a company registered in the Register of enterprises of the Republic of Latvia. As at 31.12.2023, these consolidated financial statements contain information on the entity and its subsidiaries as a whole (hereinafter – the Group).





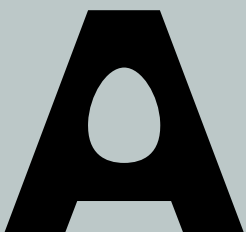
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## (2) The Group's subsidiaries

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. 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 SIA Alūksnes Putnu Ferma, 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 company of the Group SIA Oluksne, 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 SIA Preiļu putni, 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, SIA APF Energy, 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             | 31.12.2022 |
|                          |  |   | %                      | %          |
| SIA Alūksnes Putnu Ferma | Putni,<br>Ziemeņa Parish,<br>Alūksnes Municipality,<br>LV-4301     | poultry farming   | 100                    | 100        |
| SIA APF Trading          | Mārupes Municipality,<br>Mārupe,<br>4 Malduguņu Street,<br>LV-2167 | wholesaling of milk,<br>milk products and<br>eggs and edible<br>fats and oils | 100                    | 100        |
| SIA Oluksne              | Putni,<br>Ziemeņa Parish,<br>Alūksnes Municipality,<br>LV-4301     | personnel<br>placement services   | 100                    | 100        |
| SIA Preiļu putni         | Mārupes Municipality,<br>Mārupe,<br>4 Malduguņu Street,<br>LV-2167 | poultry farming,<br>active activity<br>not yet started                        | 100                    | 100        |
| SIA APF Energy           | Marupes Municipality,<br>Mārupe,<br>4 Malduguņu Street,<br>LV-2167 | gas production,<br>active activity<br>not yet started                         | 100                    | 100        |



---

## (3) Revenue

|   | <b>2023</b>       | <b>2022</b>       |
|---|-------------------|-------------------|
|   | <b>EUR</b>        | <b>EUR</b>        |
| <b>a) By operating activities</b>             |                   |                   |
| 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        | 31 199            | 218               |
| Other revenue                                 | 12 589            | 19 663            |
|   | <b>13 318 885</b> | <b>11 229 814</b> |
| <b>b) By location</b>                         |                   |                   |
| Income from sales of goods/services in Latvia | 9 197 120         | 6 734 877         |
| 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             |
|   | <b>13 318 885</b> | <b>11 229 814</b> |



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## (4) Costs of goods sold or services provided

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
|  | <b>EUR</b>       | <b>EUR</b>       |
| Costs of raw materials and materials                 | 6 339 347        | 6 247 389        |
| Depreciation of birds                                | 1 633 850        | 1 445 195        |
| Payroll expenses                                     | 509 916          | 383 121          |
| Depreciation of fixed assets and intangible assets   | 349 228          | 362 265          |
| Cost of value of materials and goods purchased       | 217 877          | 94 319           |
| Costs of buying-in of birds                          | 134 906          | 95 260           |
| Subcontracting and outsourcing services              | 132 036          | 98 858           |
| State mandatory social insurance contributions       | 119 379          | 89 473           |
| Utility costs  | 89 403           | 83 721           |
| Transport services                                   | 70 737           | 59 112           |
| Cost of purchasing goods sold                        | 25 111           | 22 236           |
| Provisions for changes in value of finished products | (2 366)          | 2 366            |
| Rental of storage space                              | 1 670            | 128              |
| Other production costs                               | 196 669          | 145 063          |
|  | <b>9 817 763</b> | <b>9 128 506</b> |

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## (5) Distribution expenses

|                            | 2023           | 2022           |
|----------------------------|----------------|----------------|
|                            | EUR            | EUR            |
| Transport costs            | 642 768        | 697 294        |
| Advertising expenses       | 31 338         | 10 983         |
| Consultancy costs          | 10 520         | 29 880         |
| Participating associations | 10 996         | 6 570          |
| Other sales costs          | 207 155        | 146 966        |
|                            | <b>902 777</b> | <b>891 693</b> |



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## (6) Administrative expenses

|  | <b>2023</b>      | <b>2022</b>    |
|--|------------------|----------------|
|  | <b>EUR</b>       | <b>EUR</b>     |
| Salary expenses                                    | 611 868          | 282 159        |
| State mandatory social insurance contributions     | 142 791          | 64 950         |
| Rent expenses                                      | 105 853          | 72 590         |
| Transport costs                                    | 94 587           | 61 644         |
| Professional services costs                        | 87 637           | 133 038        |
| Office maintenance costs                           | 54 321           | 46 748         |
| Research and development expenses                  | 50 438           | 19 741         |
| Depreciation of fixed assets and intangible assets | 37 054           | 22 056         |
| Insurance payments                                 | 29 361           | 24 476         |
| Business valuation                                 | 21 630           | 6 500          |
| Cost of brand development                          | 14 298           | -              |
| Communication services                             | 6 171            | 4 450          |
| Cost of business trips                             | 5 811            | 607            |
| Unused leave reserve                               | 2 715            | -              |
| Ancillary cost of cash turnover                    | 2 163            | 1 388          |
| Security services                                  | 1 200            | 1 157          |
| Representation costs                               | 439              | 72             |
| Other administration costs                         | 233 975          | 147 322        |
|  | <b>1 502 312</b> | <b>888 898</b> |

---

## (7) Other operating income

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | EUR            | EUR            |
| Government grants (including COVID-19 grants)                   | -              | 593 351        |
| Depreciation of deferred income (see also Appendix 31)          | 92 184         | 92 184         |
| Income from the sublease of premises                            | 9 664          | -              |
| Revenues from the creditor's waiver of claims against the Group | 44 284         | -              |
| Other income  | 54 279         | 24 810         |
|   | <b>200 411</b> | <b>710 345</b> |

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## (8) Other operating expenses

|  | 2023           | 2022          |
|--|----------------|---------------|
|  | EUR            | EUR           |
| Fines paid   | 32 385         | 28 259        |
| Provisions for doubtful and hopeless receivables     | 20 897         | 5 225         |
| Unused leave reserve                                 | 11 275         | 2 448         |
| Subcontracting, outsourcing and outsourcing services | -              | 1 489         |
| Property tax   | 1 214          | 1 211         |
| Net loss from disposal of fixed assets               | 77             | 149           |
| Representation costs                                 | 683            | 115           |
| Other costs  | 107 463        | 40 015        |
|  | <b>173 994</b> | <b>78 911</b> |



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## (9) Interest and similar income

|  | 2023         | 2022     |
|--|--------------|----------|
|  | EUR          | EUR      |
| <b>b) from other parties</b>             |              |          |
| Other interest income                    | 6 175        | -        |
| <b>Total interest and similar income</b> | <b>6 175</b> | <b>-</b> |

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## (10) Interest and similar expenses

|  | 2023           | 2022           |
|--|----------------|----------------|
|  | EUR            | EUR            |
| <b>a) from related companies</b>           |                |                |
| Interest charge                            | 59 929         | 8 559          |
|  | <b>59 929</b>  | <b>8 559</b>   |
| <b>b) from other parties</b>               |                |                |
| Interest charge                            | 493 704        | 612 254        |
| Other expenses                             | 9 012          | -              |
|  | <b>502 716</b> | <b>612 254</b> |
| <b>Total interest and similar expenses</b> | <b>562 645</b> | <b>620 813</b> |

## (11) Corporate income tax

|   | 2023          | 2022       |
|---|---------------|------------|
|   | EUR           | EUR        |
| Corporate income tax for the current year | 38 872        | 291        |
|   | <b>38 872</b> | <b>291</b> |

## (12) Intangible assets

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

## (13) Fixed assets

|   | Land and<br>buildings | Long-term<br>investments<br>in leased<br>fixed assets | Techno-<br>logical<br>equipment<br>and<br>machinery | Other fixed<br>assets | Costs of<br>fixed asset<br>creation<br>and<br>construction<br>work in<br>progress | Advance<br>payments<br>for fixed<br>assets | Total              |
|---|-----------------------|---|---|-----------------------|---|--|--------------------|
|   | EUR                   | EUR   | EUR   | EUR                   | EUR   | EUR  | EUR                |
| <b>Initial cost</b>                         |                       |   |   |                       |   |  |                    |
| 31.12.2022                                  | 4 746 121             | 16 092  | 6 600 316   | 406 758               | 160 922   |  | <b>11 930 209</b>  |
| Purchase                                    | -                     | 963   | -   | 15 972                | 273 254   | 333 640                                    | <b>623 829</b>     |
| Disposals                                   | -                     | -   | -   | (82 815)              | -   | -  | <b>(82 815)</b>    |
| Reclassification<br>between fixed<br>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                                    | <b>12 471 223</b>  |
| <b>Depreciation</b>                         |                       |   |   |                       |   |  |                    |
| 31.12.2022                                  | (559 857)             | -   | (833 514)   | (218 130)             | -   | -  | <b>(1 611 501)</b> |
| Calculated                                  | (115 545)             | (7 540)   | (220 601)   | (41 306)              | -   | -  | <b>(384 992)</b>   |
| Disposals                                   | -                     | -   | -   | 35 054                | -   | -  | <b>35 054</b>      |
| 31.12.2023                                  | (675 402)             | (7 540)   | (1 054 115)   | (224 382)             | -   | -  | <b>(1 961 439)</b> |
| <b>Net carrying<br/>amount 31.12.2022</b>   | <b>4 186 264</b>      | <b>16 092</b>   | <b>5 766 802</b>                                    | <b>188 628</b>        | <b>160 922</b>  | <b>0</b>                                   | <b>10 318 708</b>  |
| <b>Net carrying<br/>amount 31.12.2023</b>   | <b>4 093 435</b>      | <b>49 392</b>   | <b>5 546 201</b>                                    | <b>301 472</b>        | <b>185 644</b>  | <b>333 640</b>                             | <b>10 509 784</b>  |



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## (14) Participation in capital

### a) participation movement

|                                       | Participation in the capital<br>of associated companies | Total      |
|---------------------------------------|---|------------|
|                                       | EUR   | EUR        |
| <b>Initial cost</b>                   |   |            |
| 31.12.2022                            | 105   | 105        |
| 31.12.2023                            | <b>105</b>  | <b>105</b> |
| <b>Net carrying amount 31.12.2022</b> | <b>105</b>  | <b>105</b> |
| <b>Net carrying amount 31.12.2023</b> | <b>105</b>  | <b>105</b> |

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## (15) Raw materials and consumables

|                                    | 2023           | 2022           |
|------------------------------------|----------------|----------------|
|                                    | EUR            | EUR            |
| Feed, feed components and vitamins | 229 744        | 241 805        |
| Packaging                          | 120 448        | 80 796         |
| Other                              | 25 263         | 15 780         |
|                                    | <b>375 455</b> | <b>338 381</b> |



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## (16) Finished goods and goods for sale

|   | 31.12.2023    | 31.12.2022    |
|---|---------------|---------------|
|   | 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)       |
|   | <b>39 141</b> | <b>33 802</b> |

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## (17) Biological assets

|             | 31.12.2023     | 31.12.2022       |
|-------------|----------------|------------------|
|             | EUR            | EUR              |
| Laying hens | 997 425        | 1 062 554        |
|             | <b>997 425</b> | <b>1 062 554</b> |

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

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## (18) Trade receivables

|   | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|---|-------------------|-------------------|
| Book value of trade receivables         | 727 239           | 945 511           |
| (Provisions for bad and doubtful debts) | (26 123)          | (5 225)           |
|   | <b>701 116</b>    | <b>940 286</b>    |

Special provisions amounting to 100% of their principal amount are being created for doubtful receivables at the end of financial years.

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## (19) Other receivables

|                            | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|----------------------------|-------------------|-------------------|
| Guarantee instalment       | 21 719            | 21 892            |
| Overpayment of other taxes | -                 | 150               |
| Overpayments to suppliers  | -                 | 1 511             |
| Other debtors              | 475 719           | 36 541            |
|                            | <b>497 438</b>    | <b>60 094</b>     |



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## (20) Deferred expenses

|                    | 31.12.2023     | 31.12.2022    |
|--------------------|----------------|---------------|
|                    | EUR            | EUR           |
| Insurance payments | 1 977          | 1 706         |
| Other expenses     | 164 065        | 64 770        |
|                    | <b>166 042</b> | <b>66 476</b> |

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## (21) Cash and bank

|                                  | 31.12.2023       | 31.12.2022    |
|----------------------------------|------------------|---------------|
|                                  | EUR              | EUR           |
| Cash at bank on current accounts | 3 312 884        | 63 902        |
| Cash on hand                     | 2 783            | 495           |
|                                  | <b>3 315 667</b> | <b>64 397</b> |

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## **(22) Share capital**

On 31 December 2023, the registered and fully paid-up share capital of the parent company of the Group amounts to EUR 4 700 000, consisting of 4 700 000 ordinary shares with a nominal value of EUR 1 each.

In 2020, the legal type of the parent company of the Group has been changed from the limited liability company to the public limited company. Reorganization completed in 2021.

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 parent company of the Group 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.

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## **(23) Reserves**

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



## (24) Loans from banks

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

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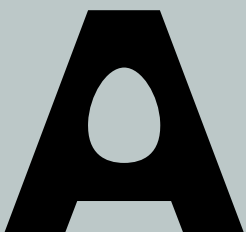
## (25) Other borrowings

|  | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|--|-------------------|-------------------|
| <b>Non-current</b>   |                   |                   |
| Loans from individuals   | 237 416           | 179 822           |
| Borrowing from legal entities  | 1 335 348         | 1 663 270         |
| Obligations under the financial lease agreement SIA Citadele līzings | -                 | 36 680            |
|  | <b>1 572 764</b>  | <b>1 879 772</b>  |
| <b>Current</b>   |                   |                   |
| Borrowing from legal entities  | 516 030           | 564 215           |
| Obligations under the financial lease agreement SIA Citadele līzings | -                 | 10 302            |
|  | <b>516 030</b>    | <b>574 517</b>    |

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## (26) Advance payments from customers

|   | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|---|-------------------|-------------------|
| Advance payments received on goods and services | 99 650            | 100 234           |
|   | <b>99 650</b>     | <b>100 234</b>    |



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## (27) Taxes and social insurance payments

|  | 31.12.2023     | 31.12.2022     |
|--|----------------|----------------|
|  | EUR            | EUR            |
| Value added tax                                | 226 961        | 178 716        |
| State mandatory social insurance contributions | 51 122         | 29 415         |
| Personal income tax                            | 26 222         | 14 716         |
| Natural resources tax                          | 3 152          | 2 792          |
| Business risk state duty                       | 27             | 130            |
| Other taxes                                    | 10 006         | 2 320          |
|  | <b>317 490</b> | <b>228 089</b> |

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## (28) Other creditors

|                 | 31.12.2023    | 31.12.2022    |
|-----------------|---------------|---------------|
|                 | EUR           | EUR           |
| Employee wages  | 83 984        | 49 603        |
| Other creditors | 3 293         | 325           |
|                 | <b>87 277</b> | <b>49 928</b> |



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## (29) Deferred income

|  | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|--|-------------------|-------------------|
| <b>Non-current</b>   |                   |                   |
| EU co-financing for the acquisition of assets – non-current part | 2 408 798         | 2 500 982         |
|  | <b>2 408 798</b>  | <b>2 500 982</b>  |
| <b>Current</b>   |                   |                   |
| EU co-financing for the acquisition of assets – current part     | 92 184            | 92 184            |
|  | <b>92 184</b>     | <b>92 184</b>     |

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## (30) Accrued liabilities

|                                      | 2023<br>EUR    | 2022<br>EUR    |
|--------------------------------------|----------------|----------------|
| Accrued unused annual leave expenses | 80 387         | 59 488         |
| Accrued trade payables               | 161 784        | 110 223        |
| Other accrued liabilities            | 6 706          | 11 003         |
|                                      | <b>248 877</b> | <b>180 714</b> |



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## (31) Average number of employees

|   | 2023 | 2022 |
|---|------|------|
|   | EUR  | EUR  |
| Average number of employees during the reporting period | 57   | 48   |

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## (32) Remuneration to the management

|   | 2023           | 2022          |
|---|----------------|---------------|
|   | EUR            | EUR           |
| Remuneration of a Members of the Management Board | 267 360        | 44 553        |
|   | <b>267 360</b> | <b>44 553</b> |

The remuneration shown includes only remuneration of the management of the parent company of the 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.

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## (33) Financial risk management

Financial risks related to the financial instruments of the Group are mainly the interest rate risk, the liquidity risk and the credit risk. The Management of the Group seeks to minimize potential adverse effects of the financial risks on the Group's financial position. The Group 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 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, Concern continuously monitors the balances of receivables in order to reduce the possibility of irrecoverable debts arising.

### **Liquidity risk**

The Group 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 Group and the sufficiency of capital, the Management of the Group regularly monitors the compliance of financial data of the 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.).

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## (34) Subsequent events

In February 2024, the Group has secured €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 Group.





2023