SIA "Alūksnes putnu ferma"

ANNUAL REPORT

for the 12 months period ended 31 December 2024

CONTENTS

INFORMATION ON THE COMPANY

Name of the company	Alūksnes putnu ferma
Legal status of the company	Limited liability company
Number, place and date of registration	Commercial register No 43203003333 Riga, 6 November 2003
Address	"Putni" Ziemeri Parish, Alūksne Municipality, LV-4334 Latvia
Type of operations	Poultry farming and egg production
General partnership's members	AS "APF Holdings" – 100%
Members of the Board	Hermanis Dovgijs – Chairman of the Management Board Ivans Maksimovs – Board member
Financial year	1 January, 2024 - 31 December, 2024
Auditor's name and address:	Baker Tilly Baltics SIA License No. 80 Kronvalda boulevard 10 Riga, LV-1010 Latvia Certified auditor in charge Eriks Bahirs Certificate No.136

REPORT OF THE MANAGEMENT

Type of operations

The principal activity of the limited liability company “Alūksnes putnu ferma” (hereinafter – the Company) is poultry farming and egg production.

Performance of the Company during the financial year

The year 2024 marked a significant stage in the development of SIA “Alūksnes putnu ferma”, both in terms of strategic production specialisation and sustainability. It was the Company’s third full year of operations with three laying hen facilities, during which more than 99 million eggs were produced. The majority of this volume consisted of cage-free eggs, in line with market demand and animal welfare standards. Balanced production across the facilities ensured stable cash flow throughout the year.

Market conditions during the reporting period were notably affected by increasing imports of low-quality eggs into the European Union, which significantly suppressed prices between 2022 and 2024. Only in mid-2024, following initiatives by EU egg producers, were import duties introduced, leading to a gradual price recovery. At the same time, several large producers were forced to reduce output, and an unusually warm winter contributed to the spread of avian diseases across the region. This combination of factors led to a significant supply decline, allowing prices to rebound to historically high levels in the second half of the year.

In the Baltic market, 2024 saw a pronounced shift in consumer behaviour. The cage-free egg segment grew by 42.5% in Lithuania and by 80.8% in Latvia, while cage egg volumes declined across all three countries. Latvia demonstrated the fastest transition, confirming that local consumers are increasingly choosing products aligned with higher animal welfare standards. Estonia continues to have the highest share of cage eggs, although a gradual segmentation trend is also observable.

In 2024, the Company commissioned a new egg processing facility in Alūksne, representing an investment of over EUR 2.9 million. As of January 2025, the facility began producing liquid egg products for the HoReCa segment, with the introduction of high-efficiency lines ensuring a fully integrated cycle from raw material to packaging. This strategic step enables SIA “Alūksnes putnu ferma” to evolve from primary egg production to value-added food processing.

In parallel, a new warehouse complex with 13,000 m³ of storage capacity was constructed, providing greater flexibility in product storage and delivery. During the reporting year, construction also began on two new laying hen facilities covering 4,700 m², incorporating modern “Big Dutchman” systems. Upon their commissioning by May 2025, the Group’s total production capacity is expected to reach 180 million eggs per year.

In 2024, the Company significantly strengthened its sustainability practices. A 250 kWp solar park with 384 panels was installed in the spring, covering up to 25% of electricity consumption. Since July 2024, 100% of the Company’s electricity consumption has come from renewable sources, as certified by a Green Energy Certificate.

In the areas of sustainability and quality, SIA “Alūksnes putnu ferma” retained its FSSC 22000 food safety certification and successfully renewed its ISO 50001 certification for energy management. An environmental impact assessment was completed, and approval was received from the Alūksne Municipality for a significant production expansion, including an increase in the number of laying hens to 1.674 million. This expansion is expected to contribute to new jobs and increased tax revenues in the region.

Research and development

As the Company’s production capacity and product range expand, it is actively involved in research activities. These include collaboration with scientists and laboratories to analyse products in order to assess opportunities for further processing and reuse. The Company also conducts emissions analysis to explore reduction options, as well as research aimed at improving animal welfare and minimising environmental impact.

During the reporting year, the Company invested in research and development 53503 EUR.

Financial risk management

The policy of financial risk management of the Company is described in the financial report's Notes 29

Management Report – continued

Subsequent events

In February 2025, the Company's parent, AS "APF Holdings", raised EUR 5 million through a private bond issuance subscribed by the Polish investment fund CVI. The bonds have a maturity of three years. The entire amount of the financing was transferred to the Company on identical terms. A portion of the funds was used to partially repay the Company's outstanding loans to its parent company.

In addition, in May 2025, the Company completed the investment programme launched in the previous year by commissioning two additional poultry houses (production method – barn-laid eggs) and a warehouse building with an integrated egg processing facility.

Between the reporting date and the date of approval of these financial statements, no other significant or extraordinary events have occurred that would materially affect the results of the year or the financial position of the Company.

Future prospects

During the next reporting period, the Company plans to launch egg production in its 4th and 5th poultry houses (production method – barn-laid eggs), as well as to invest additional funds in egg processing equipment and warehouse expansion. All of the above-mentioned investments will be carried out with the support already approved by the Rural Support Service.

Hermanis Dovgijs
chairman of the board

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INCOME STATEMENT

	Notes	2024 EUR	2023 EUR
Revenue	(2)	10 928 590	11 360 081
Costs of goods sold or services provided	(3)	(9 082 988)	(9 826 042)
Gross profit or losses		**1 845 602**	**1 534 039**
Distribution expenses		(16 048)	(15 605)
Administrative expenses	(4)	(1 573 560)	(1 521 627)
Other operating income	(5)	591 217	699 280
Other operating expenses	(6)	(308 529)	(55 518)
Interest and similar income		15 943	-
incl.			
a) from other parties		*15 943*	-
Interest and similar expenses	(7)	(890 171)	(572 792)
Profit or losses before corporate income tax		**(335 546)**	**67 777**
Corporate income tax for the financial year		(72)	(60)
Profit or losses for the financial year		**(335 618)**	**67 717**

Notes on pages 11 to 25 are an integral part of these financial statements.

Hermanis Dovgijs
chairman of the board

Mihails Keziks
Person responsible for the preparation of the financial statements

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BALANCE SHEET

	Notes	31.12.2024. EUR	31.12.2023. EUR
ASSETS			
Non-current assets			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights	(8)	2 320 000	2 465 000
Other intangible assets	(8)	11 355	19 825
Total intangible assets:		**2 331 355**	**2 484 825**
Fixed assets:			
Immovable properties			
a) land plots, buildings and engineering structures	(9)	3 950 756	4 075 436
Technological equipment and machinery	(9)	5 005 081	5 546 201
Other fixed assets	(9)	185 001	185 994
Fixed assets under development and construction in progress	(9)	5 824 372	175 845
Advances for fixed assets	(9)	4 039 588	333 640
Total fixed assets:		**19 004 798**	**10 317 116**
Total non-current assets:		**21 336 153**	**12 801 941**
Current assets			
Inventories:			
Raw materials and consumables	(10)	298 839	373 995
Finished goods and goods for sale		132	96
Advances for inventories	(11)	472 394	400 000
Fauna and flora			
a) animals and annual plantings	*(12)*	*1 184 556*	*997 424*
Total inventories:		**1 955 921**	**1 771 515**
Account receivable:			
Trade receivables	(13)	23 756	30 718
Receivables from group companies	(14)	470 952	-
Other receivables	(15)	28 040	301 458
Deferred expenses		21 897	15 568
Accrued income	(16)	412 166	252 825
Total receivables:		**956 811**	**600 569**
Cash and bank:	(17)	**1 482 549**	**59 672**
Total current assets:		**4 395 281**	**2 431 756**
Total assets		**25 731 434**	**15 233 697**

Notes on pages 11 to 25 are an integral part of these financial statements.

BALANCE SHEET

	Notes	31.12.2024. EUR	31.12.2023. EUR
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Share capital	(18)	6 499 875	3 000 000
Reserves:			
f) other reserves	(19)	775	775
Retained earnings or uncovered losses brought forward from previous years		129 799	62 082
Current year profit or losses		(335 618)	67 717
Total equity:		**6 294 831**	**3 130 574**
Liabilities:			
Non-current liabilities:			
Loans from banks	(20)	-	3 167 477
Trade payables		-	423 826
Payables to group companies	(21)	11 032 547	3 677 294
Deferred income	(24)	4 704 305	2 408 798
Total non-current liabilities:		**15 736 852**	**9 677 395**
Current liabilities:			
Loans from banks	(20)	-	1 189 683
Advances from customers		69 650	99 650
Trade payables		857 489	868 514
Payables to group companies	(21)	606 990	-
Taxes and state social insurance payments	(22)	11 689	10 306
Other creditors	(23)	11 711	9 465
Deferred income	(24)	164 263	92 184
Accrued liabilities	(25)	1 977 959	155 926
Total current liabilities:		**3 699 751**	**2 425 728**
Total liabilities:		**19 436 603**	**12 103 123**
Total equity, provisions and liabilities		**25 731 434**	**15 233 697**

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Hermanis Dovgijs
chairman of the board

Mihails Keziks
Person responsible for the preparation of the financial statements

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CASH FLOW STATEMENT

	Notes	2017 EUR	2016 EUR
Cash flow from operating activities			
Profit or losses before corporate income tax		**(335 546)**	**67 777**
Adjustments for:			
depreciation and impairment of fixed assets	(9)	372 827	353 217
depreciation and impairment of intangible assets	(8)	153 470	150 584
interest and similar revenue		(15 943)	-
interest and similar expenses	(7)	890 171	572 792
Profit or loss prior to changes in current assets and current liabilities		**1 064 979**	**1 144 370**
Increase or decrease of account receivable		(356 242)	(174 011)
Increase or decrease of inventory		(184 406)	(86 916)
Increase or decrease of account payables and other liabilities		(591 844)	920 856
Gross cash flow generated from operating activities		**(67 513)**	**1 804 299**
Interest payments		(398 696)	(453 350)
Corporate income tax payments		(111)	(21)
Net cash flow generated from operating activities		**(466 320)**	**1 350 928**
Cash flow from investing activities			
Acquisition of fixed and intangible assets		(7 496 395)	(559 850)
Proceeds from sale of fixed and intangible assets		53 437	3 471
Loans issued		(100)	(50)
Interest received		13 757	-
Net cash flow generated from investing activities		**(7 429 301)**	**(556 429)**
Cash flow from financing activities			
Loans received		11 215 890	532 511
Subsidies, grants, gifts or donations received		2 459 769	18 067
Repayment of loans		(4 357 161)	(1 303 533)
Net cash flow generated from financing activities		**9 318 498**	**(752 955)**
Net cash flow in the financial year		**1 422 877**	**41 544**
Cash and cash equivalents at the beginning of the financial year	(17)	**59 672**	**18 128**
Cash and cash equivalents at the end of the financial year	(17)	**1 482 549**	**59 672**

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Hermanis Dovgijs
board member

Mihails Keziks
Person responsible for the preparation of the financial statements

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Long-term investments revaluation	Reserves	Retained earnings	Total
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
31.12.2022.	**3 000 000**	**-**	**775**	**62 082**	**3 062 857**
Profit for the year	-	-	-	67 717	67 717
31.12.2023.	**3 000 000**	**-**	**775**	**129 799**	**3 130 574**
Increase of share capital	3 499 875	-	-	-	3 499 875
Profit for the year	-	-	-	(335 618)	(335 618)
31.12.2024.	**6 499 875**	**-**	**775**	**(205 819)**	**6 294 831**

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Hermanis Dovgijs
chairman of the board

Mihails Keziks
Person responsible for the preparation of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of accounting policies

General principles

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 indicators of the last two years, the Company is classified as a medium-sized entity. The financial statements disclose all information required by law, as well as any additional information necessary to provide a true and fair view.

The financial statements have been prepared in accordance with the historical cost principle. The statement of profit or loss has been prepared using the function of expense method.

General accounting principles

Financial statement items are valuated according to the following accounting principles:
a) it is assumed that the Company will continue its activities;
b) unless specified separately, the same valuation methods are used as in the previous year;
c) valuation 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, including when 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 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 offsetted.
f) Transactions are reflected with account of their economic intention and matter and not with account of their legal form.

Foreign currency conversion in euro

This financial statement is prepared in euro (EUR), which is the functional currency of the Company 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;
Dividends - at the moment of acquiring legal rights to receive them.

Management has assessed whether the Company acts as an agent in relation to the construction security services. (see Note. 28.). Accordingly, the related revenue and directly attributable costs have been presented on a net basis.4

Intangible investments and fixed assets

Intangible investments and fixed assets are initially recognized at the purchase cost. Purchase cost includes costs, directly related to the acquisition of intangible and fixed assets. In financial statements the intangible and fixed assets are recognized at purchase cost or revalued amount 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 % per annum
Intangible assets	20
Intangible assets	3-5
Buildings	50
Buildings	20-30
Technological equipment	20-30
Other machinery and equipment, transport vehicles	3-10

The Company capitalizes its fixed assets valued over 100 EUR with useful life exceeding 1 year. Depreciation for improvements and other low costs items with the value less than 100 EURis 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.

Inventories

Inventories are recognized at the lower of purchase or production cost and net realizable value. Purchase costs consist 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 based on the normal capacity of production facilities 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 (weighted average) method. When the net realizable value of inventories is lower than its costs, the difference is recognized as provisions for the decrease of value.

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.

Borrowings

Loans are recognized at the amount of funds received, net of transaction costs directly attributable to the borrowing. The transaction costs related to obtaining the borrowings are amortized over the term of the loan and are presented net within the carrying amount of the borrowings.

Provisions, contingent liabilities and assets

Provisions are liabilities related to current or previous years events and at the preparation of financial statements it is probable that an outflow of resources will be required to settle the obligation and its amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Contingent liabilities are not recognized. These could be classified as liabilities only when a probability of outflow of resources become probable (more likely than not). Similarly, contingent assets are not recognized, but classified as an assets only when the probability that the Company will gain economic benefits related to a transaction becomes virtually certain.

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

Grants received for the acquisition of fixed assets or other non-current assets are recorded as deferred income and recognized as an income in the income statement on straight-line basis over the useful life of the assets acquired. Other grants and financial support to cover the expenses are recognized as an income in the period when the respective funding has been received and all material conditions in respect of the grants received has been fulfilled (when the grants are received).

Corporate income tax

Starting from 2018, corporate income tax is not calculated on the profit earned during the reporting year, but only at the moment of dividend distribution or deemed profit distribution. The tax rate is 20% of the gross distribution, which is equivalent to 20/80 of the net amount paid. The Corporate Income Tax Law provides for transitional provisions, including:

Profit earned up to 31 December 2017 is not subject to the additional 20% tax upon dividend distribution;

Accumulated tax losses may be utilized over a period of five years, but not exceeding 50% of the annually calculated tax amount on dividend distributions.

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 with maturities up to 90 days.

Group companies

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

Group companies

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

Related parties

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

(2) Revenue

	2024	2023
	EUR	EUR
a) By operating activities		
Revenue from egg sales	10 639 374	11 014 896
Revenue from the sale of by-products	171 007	187 187
Revenue from live poultry sales	90 546	137 193
Other income	27 663	20 805
	10 928 590	**11 360 081**
b) By location		
Income from sales of goods/services in Latvia*	10 928 590	11 329 698
Revenue from sales of goods in the European Union	-	30 383
	10 928 590	**11 360 081**

* The Company has entered into product sales agreements with its related party, SIA "APF Trading". The majority of the produced goods are subsequently sold in the Latvian market and to export customers within the European Union member states.

(3) Costs of goods sold or services provided

	2024	2023
	EUR	EUR
Purchase costs of goods sold	5 419 841	6 313 958
Depreciation of birds	1 624 251	1 633 850
Subcontractors' services, outsourced works and services	1 034 873	838 595
Depreciation of intangible and fixed assets	345 942	349 228
Cost of purchased materials and goods	242 449	217 878
Utility expenses	100 484	87 037
Cost of poultry purchases	85 931	134 906
Road transport services	62 214	69 231
Salary expenses	10 785	9 483
State mandatory social insurance contributions	2 544	2 237
Other production costs	153 674	169 639
	9 082 988	**9 826 042**

(4) Administrative expenses

	2024	2023
	EUR	EUR
Professional services costs	1 013 850	1 037 910
Depreciation of fixed assets and intangible assets	180 356	154 574
Salary expenses	133 904	101 338
Research and development expenses	53 503	50 144
Transport costs	45 368	40 812
Insurance payments	36 425	29 361
State mandatory social insurance contributions	31 305	23 666
Office maintenance costs	15 995	21 427
Security services	1 200	1 200
Other administration costs	61 654	61 195
	559 710	**483 717**

(5) Other operating income

	2024	2023
	EUR	EUR
Revenue from the licensing of trademarks (see also Note 28.)	410 643	575 733
Depreciation of deferred income (see also Note 24)	92 184	92 184
Other income	88 390	31 363
	591 217	**699 280**

(6) Other operating expenses

	2024	2023
	EUR	EUR
Net gain from disposal of fixed and intangible assets	284 728	-
Provisions for doubtful and bad receivables	-	17 838
Penalties paid	545	13 780
Property tax	942	933
Other costs	22 314	22 967
	308 529	**55 518**

(7) Interest and similar expenses

	2024	2023
	EUR	EUR
a) from group companies		
Interest charge	745 783	76 118
Costs directly attributable to obtaining borrowings	57 120	-
	802 903	**76 118**
b) from other parties		
Interest charge	87 268	487 662
Other expenses	-	9 012
	87 268	**496 674**
Total interest and similar expenses	**890 171**	**572 792**

A portion of interest expenses incurred during the reporting period, in the amount of EUR 283,091, was capitalized as part of the cost of the respective newly constructed assets.

(8) Intangible assets

	Concessions, patents, licenses, trade marks and similar rights	Concessions, patents, licenses, trade marks and similar rights	Other intangible assets	Total
	EUR	EUR	EUR	EUR
Initial cost				
31.12.2023.	1 874	2 908 500	27 458	2 935 958
Purchase	-	-	-	-
31.12.2024.	1 874	2 908 500	27 458	**2 935 958**
Depreciation				
31.12.2023.	(1 874)	(443 500)	(7 633)	(451 133)
Calculated	-	(145 000)	(8 470)	(153 470)
31.12.2024.	(1 874)	(588 500)	(16 103)	**(604 603)**
Net carrying amount 31.12.20	**-**	**2 465 000**	**19 825**	**2 484 825**
Net carrying amount 31.12.20	**-**	**2 320 000**	**11 355**	**2 331 355**

Information on pledged intangible assets is disclosed in the Note 20 and 24 to the financial statements.

(9) Fixed assets

	Land plots, buildings and engineering structures	Technological equipment and machinery	Other fixed assets	Fixed assets under development and construction in progress	Advances for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation						
31.12.2023.	4 750 837	6 600 316	367 561	175 845	333 640	12 228 199
Purchase	-	-	7 592	3 734 303	5 657 571	9 399 466
Disposals	(7 422)	(457 783)	(1 055)	-	-	(466 260)
Reclassification between fixed assets	-	-	37 399	1 914 224	(1 951 623)	-
31.12.2024.	4 743 415	6 142 533	411 497	5 824 372	4 039 588	**21 161 405**
Depreciation						
31.12.2023.	(675 401)	(1 054 115)	(181 567)	-	-	(1 911 083)
Calculated	(117 258)	(210 392)	(45 177)	-	-	(372 827)
Disposals	0	127 055	248	-	-	127 303
31.12.2024.	(792 659)	(1 137 452)	(226 496)	-	-	**(2 156 607)**
Net carrying amount 31.12.2023.	**4 075 436**	**5 546 201**	**185 994**	**175 845**	**333 640**	**10 317 116**
Net carrying amount 31.12.2024.	**3 950 756**	**5 005 081**	**185 001**	**5 824 372**	**4 039 588**	**19 004 798**

Fixed assets – continued

(a) Establishment of fixed assets

c) As at 31.12.2024, the Group's property, plant and equipment includes Construction in progress (construction costs of barns 4 and 5 and other facilities) which will be completed in 2025. Also included in these costs are costs of EUR 1,9 million for works that were completed during 2024 but will be paid for in early 2025.

(b) Testing property, plant and equipment and intangible assets for impairment

In view of the significant investments made in buildings, plant and equipment and the cost of construction of property, plant and equipment, the Company has carried out an impairment test.

All fixed assets of the Company, its working capital and current liabilities (working capital) as well as the assets/liabilities (all cash flows) of the Company's sole distributor APF Trading SIA are treated as a single cash generating unit (production and sales of poultry eggs). For the purpose of the impairment test, the Company's property, plant and equipment and intangible assets were impaired by the unamortised value of grants received of EUR 4.9 million. The amount of the unremitted grants was EUR 4.8 million, which is recorded under "Deferred income". The recoverable amount of the assets was determined on the basis of the value in use method by discounting the future cash flows of the Company. The discounted cash flow is estimated to exceed the value of property, plant and equipment (net of the value of the grant received for its creation and not yet depreciated) and working capital by EUR 13,1 million. Therefore, there is no impairment of the assets.

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

	Budgeted 2025	Budgeted 2026	Projected 2027	Projected 2028	Projected 2029 - 2050
Egg price dynamics	11,7%	-0,7%	3,5%	2,2%	2,0%
Volume of eggs released	53,1%	10,4%	11,3%	-6,2%	0,0%
Feed price changes	1,7%	1,9%	2,0%	2,0%	2,0%
EBITDA / Turnover indicator *	31,4%	30,4%	35,2%	32,1%	23,3%
Discount rate (after tax)			13,7%		

* EBITDA - earnings before depreciation of assets (including depreciation of the initial value of the laying hen over its productive life), interest costs and corporation tax.

Egg and feed price dynamics

At the end of 2023, the market saw an increase in the supply of caged eggs, including imports from third countries of eggs of sub-European quality, resulting in increased pressure on the price of caged eggs, which also affected the prices of other types of eggs produced. The downward trend in prices continued in early 2024. The situation changed significantly in July 2024 when the European Commission introduced customs duties on imported eggs, which contributed to stabilising the market. The increasing number of cases of poultry diseases on the European and world markets had an additional impact on the reduction in supply.

Accordingly, 2024 ended with a slightly higher average egg price for the Company and this trend is expected to continue in early 2025. At the same time, the Company's management expects an improvement in the average selling price due to the announced withdrawal of retail chains from the sale of caged eggs, which is expected to be implemented during 2025.

From the end of 2023, a gradual decrease in the prices of feed ingredients can be observed. The management of the Company considers that the increase in both egg and feed prices from 2026 onwards could be reflected in the level of changes in the consumer price index.

Dynamics of the quantity of eggs marketed

In the financial year 2024, the Company launched the next phase of investments, which included the commissioning of two additional barns (barn egg production method). This extension will allow the Company to increase egg production by approximately 60%. The increase in production will be achieved partly in 2025 and partly in subsequent reporting periods as the investment phase was completed in May 2025.

In addition to the above-mentioned sheds, an egg processing plant for the production of egg products was also put into operation during this investment phase. At this stage, it was assumed that egg processing would not exceed 5% of total egg production over the whole forecast period.

Fixed assets - continued

EBITDA / Turnover ratio
The actual figure in 2024 was 23%. The value of the indicator is influenced by the price of eggs sold, the cost of eggs (mainly feed costs), as well as changes in the share of fixed costs, which depend on the laying cycle of the laying hens.
The Company expects this indicator to improve in the coming years, given the stabilisation of the market situation observed since July 2024, as described above. In addition, there is an increasing trend for retail chains to change the structure of eggs sold with the aim of completely phasing out the sale of caged eggs by the end of 2025.

The rate is expected to reach 31% in 2025, a significant improvement compared to the previous year. This increase is due to the favourable dynamics of egg prices at the beginning of 2025 as well as to the reduction in cost of production that will result from the expansion of production capacity.

Discount rate
The discount rate (after tax) calculated using the WACC method reflects the average cost of funding based on the actual borrowing costs of the financing from the three parties and an estimated return on capital of 18.8% per annum. The discount rate calculation uses the actual external and equity funding ratios at the end of 2024.

The sensitivity analysis of the Company's discounted cash flows to changes in key assumptions is presented below.

	Influencing factors	31.12.2015 Increase EUR	31.12..2015. Decrease EUR
Volume of eggs released	fluctuations of 1% points	1 394 100	(1 394 500)
Egg price changes	fluctuations of 1% points	1 578 300	(1 578 900)
Changes in feed prices	fluctuations of 1% points	(512 600)	512 600
EBITDA / Turnover ratio changes	fluctuations of 1% points	2 509 300	(2 431 800)
Discount rate (after tax)	fluctuations of 1% points	(1 544 700)	1 703 500

c) Encumbered Property, Plant and Equipment

Information on encumbered intangible assets has been disclosed in the relevant notes to the financial statements 20. un 24. notes .

(10) Raw materials and consumables	**31.12.2024. EUR**	**31.12.2023. EUR**
Feed, feed components and vitamins	154 762	229 750
Packaging and packing materials	114 268	120 360
Other	29 809	23 885
	298 839	**373 995**

(11) Advance payments for goods	**31.12.2024. EUR**	**31.12.2023. EUR**
Advance payments for poultry	427 500	400 000
Advance payments for other goods	44 894	-
	472 394	**400 000**

(12) Biological assets	**31.12.2024. EUR**	**31.12.2023. EUR**
Laying hens	1 184 556	997 424
	1 184 556	**997 424**

The Company measures laying hens at cost, which is reduced (depreciated) over their productive lifespan.

(13) Trade receivables

	31.12.2024. EUR	31.12.2023. EUR
Book value of trade receivables	46 819	53 781
(Provisions for bad and doubtful debts)	(23 063)	(23 063)
	23 756	**30 718**

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

(14) Receivables from group companies

	31.12.2024. EUR	31.12.2023. EUR
Current		
Receivables from the group companies for the goods delivered and services provided	470 952	-
	470 952	**-**

(15) Other receivables

	31.12.2024. EUR	31.12.2023. EUR
Receivables for provided construction support services (see Note 28.)	339	269 969
Other receivables	27 701	31 489
	28 040	**301 458**

(16) Accrued income

	31.12.2024. EUR	31.12.2023. EUR
Accrued income from construction support services (see Note a28.)	409 980	252 825
Accrued interest income	2 186	-
	412 166	**252 825**

(17) Cash and bank

	31.12.2024. EUR	31.12.2023. EUR
Cash at bank on current accounts	1 462 723	56 889
Cash on hand	19 826	2 783
	1 482 549	**59 672**

Information on restricted cash and cash equivalents has been disclosed (see Note a 20.)

(18) Share capital

As at 31 December 2024, the registered and fully paid share capital amounted to EUR 6,499,875, consisting of 17,333 ordinary shares with a nominal value of EUR 375 each.

During the reporting year, the Company's parent undertook a partial capitalisation of the principal amount of a previously issued loan into the Company’s share capital – accordingly increasing the share capital by EUR 3,499,875.

(19) Reserves

The reserves were created as a result of the redenomination of the share capital from lats to euros.

(20) Loans from banks	Notes	31.12.2024. EUR	31.12.2023. EUR
Non-current			
Loan from AS "Development Finance Institution Altum"	a)	-	821 428
Loan from AS "Baltic International Bank"	b)	-	2 346 049
		-	**3 167 477**
Current			
Loan from AS "Development Finance Institution Altum"	a)	-	670 451
Loan from AS "Baltic International Bank"	b)	-	87 972
Loan from AS "Signet Bank"	d)	-	431 249
Credit facility from AS "Citadele Bank"	c)	-	11
		-	**1 189 672**

a) Loans from AS “Development Finance Institution Altum”

In 2021, the Company refinanced all its previous loans from AS “Baltic International Bank” and received two new loans from AS “Development Finance Institution Altum” in the amounts of EUR 1,500,000 and EUR 302,350, bearing variable and fixed interest rates, respectively.
The repayment terms for these loans were initially set until the end of 2025 and May 2023. The maturity of the loan due in May 2023 was extended until August 2024. Both loans were fully refinanced in February 2024.

b) Loan from AS “Baltic International Bank”

In 2021, the Company 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 initially repayable by the end of 2025. It was fully refinanced in February 2024.

c) Credit Line from AS “Citadele Bank”

In 2018, the Company was granted a credit line / overdraft facility from AS “Citadele Bank” in the amount of EUR 20,000. The facility does not have a fixed maturity date and may be automatically renewed annually at the discretion of the bank.

d) Loans from AS “Signet Bank”

In 2020, the Company received the remaining portion of a loan issued by AS “Signet Bank”, with an outstanding balance of EUR 500,000. The loan carried a fixed interest rate and had its maturity extended until July 2023. The repayment term was further extended until September 2024; however, the loan was fully refinanced in February 2024.

Also in 2020, the Company assumed a loan from AS “Signet Bank” in the amount of EUR 500,000, which had been issued for the acquisition of equipment for the new poultry house. This loan also carried a fixed interest rate and had its maturity extended until July 2023, and later until September 2024. It was fully refinanced in February 2024.

r) Collateral

As collateral for potential claims arising under loan agreements concluded with credit institutions, the Company pledged all of its assets (both registrable and non-registrable) as a single pool of assets existing at the time of the pledge, including any future components of such asset pool.
All loans were fully refinanced in February 2024, and the related collateral arrangements have been released.

(21) Payables to group companies	Notes	31.12.2024. EUR	31.12.2023. EUR
Non-current			
Liability to SIA "Oluksne" for services received	b)	-	241 018
Liability to AS "APF Holdings" for services received	b)	-	181 904
Advances received from SIA "APF Trading"		-	509 272
Loan from AS "APF Holdings"	a)	11 387 507	2 745 100
Costs related to loan acquisition	a)	(354 960)	-
		11 032 547	**3 677 294**
Current			
Liability to SIA "Oluksne" for services received	b)	345 190	-
Accrued interest payable to AS "APF Holdings"	a)	261 800	-
		606 990	**-**

a) Loans from AS APF Holdings

During the reporting year, the Company’s parent undertook a partial capitalisation of the principal amount of a previously issued loan into the Company’s share capital, thereby increasing the share capital by EUR 3,499,875.

In February 2024, the Company’s parent raised EUR 7.0 million through a private bond issue from the Polish investment fund CVI. This funding, along with the parent company’s other financing, was transferred to the Company as a new loan from AS "APF Holdings". The loan carries a variable interest rate and is repayable by January 2028.

In accordance with the financing terms, a portion of the interest on the funding received from AS "APF Holdings" is not paid during the construction period but is capitalised and added to the principal amount of the loan. Transaction costs related to the loan are amortised over the loan term and are recognised at net value together with the loan liability.

During the reporting year, the Company pledged all of its property, plant and equipment, all of its assets as a single pool, its equity interests, and loans received from its parent company in favour of the Polish investment funds CVI as collateral for the parent company’s bond financing agreement, totalling EUR 7,000,000. The term of the financing agreement extends until 2028. The collateral remains in effect until full settlement of the parent company’s obligations.

b) Payables for Services Received

At the end of 2023, the Company entered into an agreement with related parties to extend the repayment term of the outstanding payables until 30 December 2025.

(22) Taxes and social insurance payments	**31.12.2024. EUR**	**31.12.2023. EUR**
Current		
State mandatory social insurance contributions	5 545	4 428
Natural resources tax	3 023	3 152
Personal income tax	3 118	2 685
Other taxes	3	41
	11 689	**10 306**

(23) Other creditors	**31.12.2024.**	**31.12.2023.**
Current		
Salaries	11 612	9 247
Other liabilities	99	218
	11 711	**9 465**

(24) Deferred income	31.12.2024. EUR	31.12.2023. EUR
Non-current		
EU co-financing for the acquisition of assets - non-current portion	4 704 305	2 408 798
	4 704 305	**2 408 798**
Current		
EU co-financing for the acquisition of assets - current portion	164 263	92 184
	164 263	**92 184**

Deferred Income – Rural Support Service (LAD) Grants

Deferred income includes grants received from the Rural Support Service (LAD) under support programmes amounting to EUR 2,324,431 during the period 2012–2015 for the acquisition and reconstruction of property, plant and equipment, as well as EUR 778,716 received in 2019 and 2020 for the acquisition of fixed assets aimed at business expansion.

During the reporting period, the Company received an additional EUR 2,459,769 in LAD funding for the acquisition of property, plant and equipment to support expansion activities, which are being implemented during 2024–2025.

Deferred income from LAD grants is recognised in the statement of profit or loss over the useful life of the related assets, i.e. over a period of 20 to 50 years. A portion of the LAD funding, amounting to EUR 4,047,253, is to be amortised over a period exceeding 5 years.

The Company is obliged, within five years from the date of receipt of the grant, to comply with the terms of the grant agreement regarding the use of the assets at the project implementation site and for the intended purpose. The assets may not be disposed of or transferred for use to third parties, must be insured, and other obligations must be fulfilled. In the event of non-compliance with these conditions, the Company may be required to repay the funds. Based on management's assessment, the likelihood of such an obligation is considered to be very low.

(25) Accrued liabilities	31.12.2024. EUR	31.12.2023. EUR
Accrued trade payables *	1 963 510	142 056
Accrued unused annual leave expenses	14 449	13 870
	1 977 959	**155 926**

*The increase in accrued liabilities to suppliers at the end of 2024 is related to significant investments in the construction of property, plant and equipment.

(26) Average number of employees	2024	2023
Average number of employees during the financial year	**7**	**6**

(27) Remuneration to the management	2024 EUR	2023 EUR
Members of the Board	10 541	10 646
	10 541	**10 646**

(28) Transactions with related parties

The sole shareholder of the Company is AS “APF Holdings” (Latvia), which holds 100% of the shares.

During the reporting year, the Company engaged in transactions of an economic nature with its parent company, AS “APF Holdings”, as well as with the following entities that are directly or indirectly subsidiaries of AS “APF Holdings”: SIA “APF Trading” and SIA “Oluksne”. The Company also engaged in transactions with its Management Board member and other related parties.
Remuneration of the Management Board members is disclosed in Note 26.

a) claims and liabilities

	Notes	31.12.2024. Receivables EUR	31.12.2024. Payables EUR	31.12.2023. Receivables EUR	31.12.2023. Payables EUR
Group companies					
SIA "APF Trading"	1)	470 952	-	-	509 272
SIA "Oluksne"	2)	-	345 190	-	241 018
AS "APF Holdings"	3)	-	11 649 308	-	2 927 004
		470 952	**11 994 499**	**-**	**3 677 294**
Other related parties					
Related parties	5), 6)	409 980	-	522 794	-
		409 980	**-**	**522 794**	**-**
		880 931	**11 994 499**	**522 794**	**3 677 294**

b) transactions

	Notes	Sales to related parties 2024 EUR	Sales to related parties 2023 EUR	Purchases from related parties 2024 EUR	Purchases from related parties 2023 EUR
Group companies					
Sale and purchase of goods	1)	10 365 830	10 792 154	65 702	233 868
Payments for the use of trademark	1)	410 643	575 733	-	-
Services received	2)	-	-	900 130	709 800
Management and consultancy services	3)	-	-	1 000 890	1 028 890
Loan interests	4)	-	-	1 028 874	76 118
		10 776 473	**11 367 887**	**2 995 596**	**2 048 676**
Other related parties					
Goods for sale	5)	157 155	252 825	-	-
Loan interests	6)	-	-	6 743	6 403
Interest expense and commission fees	7)	14 185	-	382	26 246
		171 340	**252 825**	**7 125**	**32 649**
		10 947 813	**11 620 712**	**3 002 721**	**2 081 325**

1) The Company has entered into agreements with its related party, SIA "APF Trading", for product sales, trademark licence, and warehouse lease. In addition, the Company has purchased certain goods from this entity.

2) During the reporting year, the related company SIA "Oluksne" provided the Company with production process organisation and labour supply services. These costs are presented under the item “Cost of goods sold – Subcontractor services, outsourced works and services.”

3) AS "APF Holdings" has provided the Company with consulting and other services related to corporate governance, marketing, strategic development, and financing activities, in accordance with the approved transfer pricing policy. These costs are included under “Administrative expenses” as part of professional services.

Related Party Transactions – continued

4) During the reporting year, the Company received new loans from AS "APF Holdings" and accrued interest on these loans (see also Note 21).

5) In the prior and current reporting years, the Company provided construction support services to a related party. In these transactions, the Company acts as an intermediary, and the related income is presented under "Other operating income" at net value, while the corresponding receivables are recognised under "Other receivables" and "Accrued income" in the assets.

6) During the reporting year, the Company also leased a vehicle from its Management Board member.

7) The Company received interest from an entity related to its ultimate beneficial owner and, in the prior reporting year, paid interest to that entity on loans received, as well as commission fees for services provided.

(29) Financial risk management

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

Market risk - Interest rate risks

The Company is exposed to interest rate risk primarily in relation to its borrowings with variable interest rates (see Notes No.20 un No.21).

Credit risk

The Company is subject to the credit risk with respect to the trade receivables, issued short-term loans, cash and cash equivalents. The Company manages its credit risk constantly reviewing the repayment history of the client debts and stating the credit conditions for each client separately. The Company also is constantly monitoring the balances of trade receivables to decrease the risk of non-recoverability of debts.

The Company has no significant concentration of credit risk on any separate business partner or group of partners corresponding to the similar description / The largest concentration of credit risk arises from the Group company's debts. Taking into account the Group's financial position the Company's management believes that the credit risk of transactions with the Group companies is considered as low.

Liquidity risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents, and by utilising available bank credit facilities. See Note 30. Use of the Going Concern Assumption

(30) Use of going concern assumption

For the year ended 31 December 2024, the Company incurred a net loss; however, its equity amounted to EUR 6.3 million, representing 24.5% of the total assets. As at the reporting date, current assets exceeded current liabilities by EUR 696 thousand.

In February 2025, the Company's parent, AS "APF Holdings", raised EUR 5 million through a private bond issuance subscribed by the Polish investment fund CVI. The entire amount was transferred to the Company. The maturity of the bonds is three years. A portion of the funds was used to partially repay existing loans previously received from the parent company.

In the next reporting period, the Company plans to increase its production capacity by 60% by completing the construction of two additional poultry houses that were started during the reporting year. These new facilities will support the implementation of the "barn-laid egg" production method. The related investments are expected to improve the Company's operational efficiency and profitability.

The Company's ability to continue as a going concern depends on its future cash flows. Management believes that the Company will return to profitability in the coming years and that the cash flows generated will be sufficient to support ongoing operations. Accordingly, these financial statements have been prepared on a going concern basis.

(31) Events After the Reporting Period

In February 2025, the Company's parent, AS "APF Holdings", raised EUR 5 million through a private bond issuance subscribed by the Polish investment fund CVI. The bonds have a maturity of three years. The entire amount of the financing was transferred to the Company on identical terms. A portion of the funds was used to partially repay the Company's outstanding loans to its parent company.

In addition, in May 2025, the Company completed the investment programme launched in the previous year by commissioning two additional poultry houses (production method – barn-laid eggs) and a warehouse building with an integrated egg processing facility.

Between the reporting date and the date of approval of these financial statements, no other significant or extraordinary events have occurred that would materially affect the results of the year or the financial position of the Company.

Hermanis Dovgijs

chairman of the board

Mihails Keziks
Person responsible for the preparation of the financial statements

The document has been signed with a secure electronic signature and contains a timestamp.