



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED INTERIM REPORT
FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH
2024**

PREPARED IN ACCORDANCE WITH LAW ON ANNUAL STATEMENTS AND
CONSOLIDATED ANNUAL STATEMENTS

RIGA, 2024



TABLE OF CONTENTS

GENERAL INFORMATION	3
MANAGEMENT REPORT	5
INCOME STATEMENT	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CASH FLOWS	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES	15



GENERAL INFORMATION

GENERAL INFORMATION



Name of the Company	Eco Baltia AS
Legal status of the Company	Joint stock company
Registration number, place and date of the Company	40103435432 Riga, 08 July 2011
Registered office of Company	Latgales iela 240-3, Riga, LV-1063, Latvia
Shareholders of the Company	BSGF Salvus UAB, Gyneju g.14, Vilnius, Lithuania (52.81%) European Bank for Reconstruction and Development, Broadgate City of London One Exchange Square, London EC2A 2JN (United Kingdom) (30.51%) Enrial Holdings SIA, Baltā iela 5, Bukulti, Garkalnes novads, LV-1024 (15.93%) PENVI INVESTMENT LTD, Spyrou Kyprianou, 82, Euro House, 1 st floor, 4043, Limassol, Kipra (0.75%)
Management Board Members of the Company	Māris Simanovičs – Chairman of the Management Board Santa Spūle – Management Board Member Sigita Namatēva – Management Board Member Saulius Budrevičius - Management Board Member from 21.07.2023
Supervisory Board Members of the Company	Vytautas Plunksnis — Chairman of the Supervisory Board Deimante Korsakaite — Deputy Chairperson of the Supervisory Board Jurgita Petrauskiene – Supervisory Board Member Gints Pucēns – Supervisory Board Member Atienza Guell Alberto – Supervisory Board Member Algimantas Markauskas - Supervisory Board Member from 03.04.2024
Subsidiaries	AS „ITERUM” Aviācijas iela 18, Jelgava, Latvia (94,9%) SIA „Eco Baltia vide” Getliņu iela 5, Stopiņu novads, Rumbula, Latvia (100%) SIA „Nordic Plast” Aviācijas iela 18G, Jelgava, Latvia (100%) SIA „Polimēru parks” Latgales iela 240-3, Riga, Latvia (100%) SIA „Vaania” Latgales iela 240-3, Riga, Latvia (100%, Siguldas municipality LLC „Jumis” concessionaire) Siguldas PSIA „Jumis” R. Blaumaņa iela 10, Sigulda, Latvia (100% - Siguldas regional municipality, JSC "Eco Baltia" concession holder) UAB Eco Recycling, Gyneju g. 14, Vilnius, Lithuania (55%) from 29.09.2023
Reporting period	1 January 2024 – 31 March 2024



MANAGEMENT REPORT

Business profile

Eco Baltia AS (the Company) is the parent company (holding company) of subsidiaries operating in the recycling and waste management sector in Latvia, the Czech Republic, Poland and Lithuania. The Company actively monitors its investments by participating in the management of the subsidiaries and in the development and implementation of their strategies. Eco Baltia provides financial, legal, human resources and management services to its subsidiaries. The main subsidiaries managed by the Group are PET Baltija (from 6 June - ITERUM), Nordic Plast, Eco Baltia vide, Latvijas Zaļais punkts, JUMIS in Sigulda, Ecoservice Group in Lithuania, TESIL Fibres S.r.o. in the Czech Republic and Metal-Plast Sp.z.o.o in Poland.

Development and financial performance of the Company during the reporting period

In the first quarter of 2024, the Company actively continued its work on the management of the Group companies and contributed to the expansion of both business segments - PET and plastics recycling and environmental management - both through organic growth and by participating in the monitoring of acquisitions. Alongside the acquisitions completed last year, work is continuing on the evaluation of new business lines and acquisitions, with the aim of further strengthening the Company's position and market share both in Latvia and internationally, while developing and expanding the full-cycle waste stream in the Company's overall service portfolio.

In March, an agreement was signed to acquire 100% of Eko Osta. The transaction will continue after the merger has been approved by the Competition Council. With the closing of the transaction, Eko Osta will become one of Eco Baltia Group's environmental management companies specialising in hazardous and environmentally hazardous waste management. During the reporting period, the Group company Eco Baltia vide participated in the auction organised by the Public Asset Manager Possessor on 4 March for the sale of 40.4% of the shares of the State and Daugavpils City in JSC (AS) Daugavpils specializētais autotransporta uzņēmums, where the winning bid was EUR 1,220,175.26. In accordance with the terms and conditions of the auction, the contract for the purchase of the shares is

concluded within 25 days from the invitation of the auctioneer. According to the terms of the auction, the share purchase agreement must be concluded and the difference between the auctioned share price and the auction security fee must be paid within 25 working days of receipt of the auctioneer's invitation. Payment for the allotted shares was made on 16 April 2024. Eco Baltia vide intends to acquire a further 56.2% of the shares in Daugavpils specializētais autotransporta uzņēmums in 2024.

In February 2024, the Group's subsidiary Homecourt Sp. z o.o. and its subsidiary Metal-Plast Sp. z o.o. started the merger process, after which Metal-Plast Sp. z o.o. will continue to exist.

In the first quarter of 2024, Eco Baltia approved a plan to assess the Group's strategic environmental business opportunities. Eco Baltia is considering various possible alternatives that can create added value for its shareholders, customers and employees. Together with external consultants, Eco Baltia is reviewing its business portfolio. As part of this process, the company's Board may consider a sale, merger or other transaction involving Eco Baltia's businesses. However, there can be no assurance that the assessment will result in any transactions. The market will be updated accordingly on progress.

As the Group's business model and operations are focused on embedding circular economy principles in the daily implementation of various sustainable business practices, active work on the development and implementation of a consolidated ESG (environmental, social and governance) strategy for the Company and its key subsidiaries continued during the reporting period. Work has also been carried out to improve the internal working environment and safety, strengthening the LEAN culture within the Company. Activities were also carried out to promote the well-being and self-development of employees and to develop new competences.

The Company closed the first quarter of 2024 with a loss of EUR 1 054 194 (first three months of 2023: loss of EUR 172 598). The result for the three months of 2024 was mainly affected by the accrual of costs for external consultants and due diligence related to the above mentioned assessment of Eco Baltia's strategic environmental business opportunities. The Parent Company's turnover for the first quarter

of 2024 is EUR 533 488, an increase of 19.8% compared to EUR 445 466 in the first three months of 2023, due to the review of management services provided in relation to the transfer pricing policy developed within the Group.

Further development of the Company

The Company's main objectives in 2024, in line with the strategic objectives and shareholders' targets, are to continue to manage the subsidiaries, improving the quality of customer service, strengthening and expanding the market shares of the Group companies in the waste management sector and in the markets for the treatment and recycling of secondary raw materials, as well as by improving technological processes and diversifying the range of recyclable materials. Efficiency and digitalisation will continue to be a key focus. Work will also continue on acquisitions and mergers of new businesses, further strengthening the market position in the Baltics and Northern Europe as the largest full-cycle environmental resource manager.

Events after the reporting period

Subsequent to the reporting period, the Group's General Meeting of Shareholders re-elected the existing Supervisory Board of Eco Baltia and resolved to increase the number of Supervisory Board members from five to six. Algimantas Markauskas was elected as a new member of the Supervisory Board. The changes are aimed at strengthening the governance of the Eco Baltia Group and its future development in the international market.

Also after the reporting period, the second bond issued by Eco Baltia was listed on the Nasdaq Baltic alternative market First North. In addition to the EUR 8 million of unsecured Eco Baltia bonds already listed on First North, a further EUR 10 million of unsecured bonds with a nominal value of EUR 1,000 per bond, a fixed annual interest rate of 9% and a coupon payable twice a year were listed. The bonds mature on 2 November 2026.

On 11 April 2024, the completion of the acquisition of the Group's subsidiary Homecourt Sp.z.o.o. and its subsidiary Metal-Plast Sp. z.o.o. the merger procedure, after which Metal-Plast Sp. z.o.o. continues to exist. Final structure after acquisition - UAB Eco Recycling owns 70% of Homecourt Sp.z.o.o. and 30% owned by SIDN Family Foundation. UAB Eco Recycling is a Lithuanian holding company, the shareholders are Eco Baltia

(55 %) and INVL Baltic Sea Growth Fund (45%). On 18 June 2024, the Ordinary General Meeting of Shareholders of the Group's parent company, Eco Baltia AS, resolved to establish an equity reserve of EUR 10 million so that the previously undistributed profit could be used to repurchase the Company's shares under the Company's share option policy in the future. The reserve was established as Eco Baltia is considering various possible alternatives for the further development of its environmental management business, which may create added value for the Company's shareholders, customers and employees. As part of this process, the Parent Company's Management Board may consider potential transactions such as sales, mergers or other transactions involving Eco Baltia's businesses.

There have been no other events between the last day of the reporting period and the date of signing these financial statements that require adjustment or explanation in these financial statements.

STATEMENT OF MANAGEMENT RESPONSIBILITIES



The management of Eco Baltia confirms that the unaudited report has been prepared in accordance with the requirements of applicable law and gives a true and fair view of the financial position of the company as of 31 March 2024 and its financial performance and cash flows for the period.

The management report provides a clear summary of the business development and financial performance of Eco Baltia. The unaudited interim financial statements have been prepared in accordance with the Law of Annual Statements and Consolidated Annual Statements of the Republic of Latvia. At the time of preparation of the unaudited interim report, management:

- used and applied appropriate accounting policies;
- made reasonable and prudent judgements and estimates;
- applied the going concern basis except where the application of that basis would not be reasonable.

The management board is also responsible for maintaining appropriate accounting records that would provide a true and fair presentation of the financial position at a particular date and financial performance and cash flows and enable the management to prepare the financial statements according to the Law of Annual Statements and Consolidated Annual Statements of the Republic of Latvia.



MĀRIS SIMANOVIČS
ECO BALTIA
CHAIRMAN OF
THE MANAGEMENT BOARD



SANTA SPŪLE
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CLO



SAULIUS BUDREVIČIUS
ECO BALTIA
MANAGEMENT BOARD MEMBER



FINANCIAL STATEMENTS

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INCOME STATEMENT



EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
Net turnover	533 488	445 466
Production cost of goods sold	(1 000 831)	(129 283)
Gross profit	(467 343)	316 183
Selling and distribution expenses	(8 441)	(21 955)
Administrative expenses	(382 302)	(438 803)
Other operating income	22 253	65 397
Other operating expenses	(19 632)	(18 820)
Income from participation	-	-
• <i>in the capital of related companies</i>	-	-
Revenue from other securities and loans which formed long-term financial investments	197 825	14 666
• <i>from related companies</i>	197 825	14 666
Other revenue from interest and similar revenue	20 228	2 005
• <i>from related companies</i>	20 228	2 005
Interest payments and similar costs	(416 782)	(91 271)
• <i>from related companies</i>	(10 785)	(8 724)
• <i>other persons</i>	(405 997)	(82 547)
Profit or loss before tax	(1 054 194)	(172 598)
Corporate income tax	-	-
Profit or loss after calculation of corporate income tax	-	-
PROFIT OR LOSS FOR THE REPORTING PERIOD	(1 054 194)	(172 598)

STATEMENT OF FINANCIAL POSITION



EUR	Notes	31.03.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS			
Non-current investments			
Intangible investments			
Licences, trade marks and other intangible investments		111 701	98 077
Prepayments for intangible investments		745 652	672 741
Total intangible investments		857 353	770 818
Property, plant and equipment			
Other property, plant and equipment, and inventories		35 745	45 426
Total property, plant and equipment		35 745	45 426
Non-current financial investments			
Investments in related companies	1	49 377 126	49 377 126
Loans to related companies	2	7 044 000	6 544 000
Prepaid expense		-	3 168
Total non-current financial assets		56 421 126	55 924 294
Total non-current investments		57 314 224	56 740 538
Current assets			
Receivables			
Trade receivables to related companies		1 202 635	1 144 736
Loans to related companies	2	1 351 637	1 214 916
Other receivables		8 217	70 928
Prepaid expenses		47 884	15 112
Accrued income		36 497	34 317
Total receivables		2 646 870	2 480 009
Cash		1 823 168	2 641 004
Total current assets		4 470 038	5 121 013
TOTAL ASSETS		61 784 262	61 861 551

STATEMENT OF FINANCIAL POSITION



EUR	Notes	31.03.2024 (Unaudited)	31.12.2023 (Audited)
LIABILITIES			
Equity			
Share capital		35 005	35 005
Share premium		20 623 389	20 623 389
Retained earnings		21 067 882	21 396 122
Profit or loss for the reporting period		(1 054 194)	(328 240)
Total equity		40 672 082	41 726 276
Accruals			
Other accruals		45 704	34 105
Total accruals		45 704	34 105
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	3	17 797 964	17 780 020
Obligations under finance leases		-	-
Loans from related companies		-	-
Total non-current liabilities		17 797 964	17 780 020
Current liabilities			
Obligations under finance leases		6 598	10 464
Accounts payable to suppliers		49 259	260 184
Payables to related companies		191 993	91 696
Taxes payable		55 643	36 273
Loans from related companies		1 177 634	1 166 849
Other payables		45 953	41 000
Accrued liabilities		1 741 432	714 684
Total current liabilities		3 268 512	2 321 150
Total liabilities		21 066 476	20 101 170
TOTAL EQUITY AND LIABILITIES		61 784 262	61 861 551

STATEMENT OF CASH FLOWS



	EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss before tax		(1 054 194)	(172 598)
Adjustments for:			
Corrections of decrease in value of fixed assets		10 549	12 497
Corrections of decrease in value of intangible assets		5 219	3 410
Accruals (except of accruals for doubtful debts)		11 599	(32 200)
Profit or loss from fluctuations of foreign currency rates		5 982	281
Revenue from other securities and loans which formed long-term financial investments; from related companies		(197 825)	(14 666)
Interest income or similar income		(20 228)	(2 005)
Interest payments and similar costs		416 781	91 271
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		(822 117)	(114 010)
Changes in trade receivables		(8 988)	(586 915)
Changes in trade payables		792 938	7 090
CASH FLOWS FROM OPERATING ACTIVITIES		(38 167)	(693 835)
Interest paid		(301 548)	(81 367)
Corporate income tax paid		(1 267)	(1 512)
Net cash flows from operating activities		(340 982)	(776 714)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets and intangible assets		(54 321)	(106 708)
Revenue from sale of fixed assets and intangible investments		-	62 191
Issued loans		(500 000)	(5 500 000)
Received interest		81 333	7 098
Net cash flows used in the investing activities		(472 988)	(5 537 419)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issued debt securities (bonds)		-	8 000 000
Payments of obligations under finance leases		(3 866)	(7 445)
Disbursed dividends		-	-
Net cash flows used in the financing activities		(3 866)	7 992 555
Net cash flow for the reporting period		(817 836)	1 678 422
Cash and cash equivalents at the beginning of the period		2 641 004	872 439
Cash and cash equivalents on the reporting date		1 823 168	2 550 861

STATEMENT OF CHANGES IN EQUITY



EUR				
	Share capital	Share premium	Retained earnings	Total equity
Balance as at 31 December 2022 (audited)	35 005	20 623 389	21 396 122	42 054 516
Loss for the reporting period	-	-	(172 598)	(172 598)
Balance as at 31 March 2023 (unaudited)	35 005	20 623 389	21 223 524	41 881 918
Loss for the reporting period	-	-	(155 642)	(155 642)
Balance as at 31 December 2023 (audited)	35 005	20 623 389	21 067 882	41 726 276
Loss for the reporting period	-	-	(1 054 194)	(1 054 194)
Balance as at 31 March 2024 (unaudited)	35 005	20 623 389	20 013 688	40 672 082

Notes

1. Investments in related companies

EUR				
Company	%	Initial investment	31.12.2023. (Audited)	31.03.2024. (Unaudited)
AS „ITERUM”, Aviācijas iela 18, Jelgava, Latvia	94.09	9 116 698	12 920 471	12 920 471
SIA „Eco Baltia vide”, Getliņu iela 5, Stopiņu novads, Rumbula, Latvia	100	7 835 884	22 779 284	22 779 284
SIA „Nordic Plast”, Aviācijas iela 18G, Jelgava,, Latvia	100	5 169 908	5 169 908	5 169 908
SIA „Vaania”, Latgales iela 240-3, Rīga, Latvia (Sigulda municipality LLC "Jumis" concessionaire)	100	77 590	11 000	11 000
SIA „Polimēru parks”, Latgales iela 240-3, Rīga, Latvia	100	5 000	5 000	5 000
Siguldas PSIA „Jumis”, R. Blaumaņa iela 10, Sigulda, Latvia (JSC "Eco Baltia" concession holder)	100	241 463	241 463	241 463
UAB Eco Recycling, Gyneju g. 14, Vilnius, Lithuania*	55	9 000 000	8 250 000	8 250 000
TOTAL:		31 446 543	49 377 126	49 377 126

2. Loans to related companies

EUR	31.03.2024 (Unaudited)	31.12.2023 (Audited)
Loans issued with a maturity of more than one year*	7 044 000	6 544 000
Loans issued with a maturity of one year**	1 351 637	1 214 916
TOTAL:	8 395 637	7 758 916

* Loans are repayable on 31 December 2025 and 31 January 2026. The currency of the loans is EUR. The loans are with fixed interest rate and not secured.

**Loans are repayable on 31 December 2024. The currency of the loans is EUR. The loans are with fixed interest rate and not secured.

Notes

3. Long-term debt securities - bonds

EUR	31.03.2024 (Unaudited)	31.12.2023 (Audited)
Long-term debt securities – bonds	18 000 000	18 000 000
Costs for attracting bonds	(202 036)	(219 980)
TOTAL:	17 797 964	17 780 020

Eco Baltia AS issued bonds in the amount of EUR 8 million on 17 February 2023. The bonds mature on 17 February 2026, with an option for the issuer to redeem them after two years. Eco Baltia AS issued bonds in the amount of EUR 10 million on 2 November 2023. The bonds mature on 2 November 2026, with an option for the issuer to redeem them after two years. The accrued interest on the issued bonds as of 31 December 2023 amounts to EUR 450 722 and is included under 'Accrued liabilities'.

4. Financial indicators

There are restrictions in the "Terms and Conditions" for the Unsecured Fixed Rate bonds issued (ISIN LV0000860120 and ISIN LV0000860138).

The Issuer undertakes to comply with the following financial covenants from the issue Date and for as long as any Notes are outstanding:

Equity Ratio - the Issuer ensures that Equity Ratio of the Issuer at all times is 30 (thirty) per cent or greater. Equity Ratio is tested each quarter.

Net Debt to Adjusted EBITDA Ratio - the Issuer ensures that Net Debt to Adjusted EBITDA Ratio at all times is 4 (four) or lower.

Financial indicator	Result as at 31.03.2024
Equity Ratio	37,2%
Net Debt to Adjusted EBITDA Ratio	3,35

Financial indicators calculated based on consolidated AS Eco Baltia financial results.

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FIND VALUE IN EACH AND EVERY THING



**MĀRIS
SIMANOVIČS**
ECO BALTIA
CHAIRMAN OF
THE MANAGEMENT
BOARD



SANTA SPŪLE
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CLO



**SAULIUS
BUDREVIČIUS**
ECO BALTIA
MANAGEMENT BOARD
MEMBER