



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED CONSOLIDATED
INTERIM REPORT FOR THE
PERIOD ENDED 31 MARCH
2024**

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

RIGA, 2024



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GENERAL INFORMATION

GENERAL INFORMATION



Name of the Parent Company	Eco Baltia AS
Legal status of the Parent Company	Joint stock company
Registration number, place and date of the Parent Company	40103435432 Riga, 08 July 2011
Registered office of the Parent Company	Latgales iela 240-3, Riga, LV-1063, Latvia
Shareholders of the Parent 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%)
Supervisory Board Members of the Parent 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 since 03.04.2024
Management Board Members of the Parent Company	Māris Simanovičs - Chairman of the Management Board Santa Spūle - Management Board Member Sigita Namatēva - Management Board Member Saulius Budrevičius - Management Board Member
Reporting period	1 January - 31 March 2024



MISSION

Find value in each
and every thing



Provides **full cycle**
of waste
management



>2500 employees



40 000 clients in Latvia
and abroad



25+ operational facilities
across Latvia, Lithuania,
Czech Republic and
Poland



MANAGEMENT REPORT

MANAGEMENT REPORT

The management of Eco Baltia AS (hereinafter referred to as the Group or the Parent Company) submits the management report on the consolidated unaudited financial statements of Eco Baltia AS Group (hereinafter referred to as the Group or the Group) for the period from 1 January 2024 to 31 March 2024.

Group business profile

Eco Baltia is the largest environmental resource management and recycling group in the Baltics, providing a full waste management cycle, starting with waste collection and sorting, continuing with the logistics and wholesale of secondary raw materials, and ending with the recycling of secondary raw materials, including PET and PE/PP plastics, as well as the production of PET fibre. Eco Baltia's business is strategically divided into two business segments - polyethylene terephthalate (PET) and plastics recycling and environmental management services.

The Group currently employs more than 2 500 people in Latvia, Lithuania, Poland and the Czech Republic. 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 Group during the reporting period

In addition to the acquisitions completed in the previous year, the Group continued to evaluate new business areas and acquisitions during the reporting period to further strengthen the Group's position and market share both in Latvia and internationally, as well as to develop and expand the full waste cycle chain in the Group'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.

During the reporting period, the two largest environmental companies of the Parent Company, **Eco Baltia vide** and **Ecoservice**, continued to develop a number of projects, including the establishment and expansion of specialised construction waste sorting yards and the promotion of the sorting of household waste, textiles and other materials. During this period, the Tocha brand and service continued to be promoted on the market, strengthening its market position in Latvia. Work on the service is ongoing to ensure a consistently high level of quality.

The Group's Lithuanian subsidiary UAB Ecoservice approved an investment of €18 million in early 2024 to rebuild the waste sorting centre in Vilnius, which was damaged by fire last year. The investment will also go towards improving the sorting centre's infrastructure as well as modernising it, thus contributing more to the circular economy. The project is expected to be completed by the end of this year.

MANAGEMENT REPORT

Eco Baltia's environmental management company in Latvia, Eco Baltia vide, approved investments of EUR 2.3 million for the construction of two construction waste sorting and recycling sites during the reporting period. They will be located in the Baltic Sea region (Rumbula) and in Liepaja. The sites are gradually starting operations in early summer. The investment is aimed at reinforcing the company's commitment to the circular economy by reducing and reusing construction waste.

During the reporting period, Eco Baltia vide also continued work on the waste sorting plant in Pierīga, which started last year. The new plant, due to open in autumn this year, will feature state-of-the-art sorting equipment, which will significantly improve the recycling results set by the European Union. It will be able to sort 20 000 tonnes of municipal waste and 25 000 tonnes of sorted waste annually. The total investment in the project is expected to reach €11.7 million.

During the period, the Group's environmental management companies also submitted bids for a number of public tenders for the provision of waste management, road maintenance and other services. In the open tender for municipal waste management in the administrative territories of the municipalities of the Southern Kurzeme Waste Management Region, carried out by the Liepaja State City Municipality, the offer of the environmental management company Eco Baltia vide Ltd. was found to be the most appropriate and financially advantageous in one of the two zones.

In the first quarter of 2024, the Group's producer responsibility system operator **Latvijas Zaļais punkts**, which operates waste management systems for packaging waste, electrical and electronic equipment and environmentally hazardous goods, continued to provide services in accordance with the requirements of regulatory enactments and the agreements concluded with the State Environmental Service (SES). The activities of Latvijas Zaļais punkts were organised in accordance with the management programmes for 2023-2025 approved by the State Environmental Service.

During the reporting period, Latvijas Zaļais punkts continued to work on the implementation of the plan developed under the producer responsibility system for filtered tobacco products and filters for tobacco products in Latvia.

At the same time, within the EU LIFE20 IPE/LV/000014 - LIFE Waste To Resources IP project, Latvijas Zaļais punkts is implementing activities to promote the recyclability of plastic packaging in Latvia. In order to create synergies between packaging producers and recyclers, Latvijas Zaļais punkts, together with the plastic packaging recycling company Nordic Plast Ltd, is working on the establishment of a packaging testing laboratory in Latvia, which is expected to open this year.

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.

In the Group's PET bottles and plastic packaging recycling business, recycling capacity expansion projects and work on developing and improving brand identity continued during the reporting period and have continued beyond the reporting period. **Nordic Plast** started the relocation from the existing production premises in Olaine to new premises and territory in Jelgava. The relocation was completed in April this year.

During the reporting period, the Group's PET bottle recycler **ITERUM (PET Baltija until 6 June)** continues to develop its new production facility in Olaine, gradually moving equipment from the existing plant in Jelgava to the new one. The project is being carried out in cooperation with PICHE Ltd, the leading industrial park developer in Latvia, with a total investment of more than EUR 35 million, including more than EUR 10 million from ITERUM. The project is being implemented in several phases. The building will have a total floor area of approximately 26 250 m² and will be one of the largest industrial buildings in Latvia and one of the largest PET recycling plants in Northern Europe.

During the reporting period, ITERUM continued to promote sales and production in cooperation with its Czech subsidiary Tesil Fibres, a leading supplier of fibres to the European market for the automotive, hygiene, textile and furniture segments.

MANAGEMENT REPORT

ITERUM also underwent a change in management. Kaspars Ezernieks, Member of the Board of Directors and CEO, resigned for personal reasons. The functions of the Board were then performed by the remaining Board members, while responsibilities were reallocated internally within the company.

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 Group closed the first quarter of 2024 with a net turnover of EUR 61.9 million, up 10% compared to the same period last year. The turnover was mainly driven by a solid and convincing performance in the environmental management sector and a focus on productivity, efficiency and automation, as well as the acquisition of Metal Plast in November last year.

The Group's pre-tax profit at the end of the reporting period was EUR 670.9 thousand, compared to EUR 2.7 million for the same period last year. Consolidated EBITDA in the first quarter of 2024 amounted to 9.1 million euro, an increase of 10.4% compared to the first quarter of last year.

Future development of the Group

In 2024, Eco Baltia will continue its development in the following business segments: recycling of polyethylene terephthalate (PET) and plastics, environmental management services and the recently acquired PVC window and door profile recycling segment in Poland.

In line with the Group's strategic objectives, the main goals in 2024 will be to improve working conditions, support employees, ensure the highest level of occupational safety and improve ESG and sustainability. Investments in recycling and waste and environmental

Management will continue in 2024 to support the continued growth, efficiency and competitiveness of the Group's businesses.

Events after the reporting date

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. Later in the reporting period, there were also changes in the management of the Group company ITERUM, where Dagnija Ļučenka resigned from the Board. The functions of the Management Board are currently performed by the remaining members, while responsibilities are reallocated internally within the company.

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 %).

As part of Eco Baltia's continued development in the recycling sector, the Group company PET Baltija AS changed its name to ITERUM after the reporting period and introduced a new visual brand identity as part of its broader business strategy. This strategic change is aimed at strengthening the company's market position in the polymer recycling sector and contributing to its international growth.

MANAGEMENT REPORT

After the reporting period, the Group company Nordic Plast completed the relocation of its production facility from its current premises in Olaine to the new building in Jelgava.

After the end of the reporting period, the Group's company Eco Baltia vide submitted a bid in response to the open tender announced by the City of Riga for the maintenance of the capital's roads for a period of five years. The total value of the contract for all four procurement areas is more than EUR 200 million. "Eco Baltia vide has applied for services in one of the areas - Latgale suburb. The tender period will start in October this year, but the results could be announced later this summer.

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 year and the date of signing these consolidated financial statements that require adjustment or explanation in these consolidated financial statements.

STATEMENT OF MANAGEMENT RESPONSIBILITIES



The management of Eco Baltia AS confirms that the unaudited consolidated interim 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 of the results of its operations and its cash flows for the period then ended.

The management report provides a clear summary of the business development and financial performance of Eco Baltia group. The unaudited consolidated interim financial statements have been prepared in accordance with the International Financial Standards as adopted by the European Union. At the time of preparation of the unaudited consolidated 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 International Financial Standards as adopted by the European Union.



**CONSOLIDATED
FINANCIAL STATEMENTS**

eco baltia
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
Net turnover	1	61 942 072	56 356 044
Production cost of goods sold	2	(51 254 414)	(45 867 732)
Gross profit		10 687 658	10 488 311
Selling and distribution expenses		(1 545 656)	(1 961 803)
Administrative expenses		(5 583 285)	(4 509 518)
Other operating income		368 318	257 552
Other operating expenses		(497 065)	(277 458)
Finance income		2 326	1 728
Finance costs		(2 761 385)	(1 258 988)
Profit before tax		670 911	2 739 825
Corporate income tax		(185 102)	-
Deferred corporate income tax		(20 048)	25 868
PROFIT FOR THE REPORTING PERIOD		465 761	2 765 693
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations			-
Total comprehensive income for the period after tax		465 761	2 765 693
Total comprehensive income attributable to:			
Majority interests		304 225	2 714 469
Non-controlling interests		161 536	51 224
Profit attributable to:			
Majority interests		304 225	2 714 469
Non-controlling interests		161 536	51 224

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	31.03.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS		
Non-current investments		
Intangible investments		
Licences, trade marks and other intangible investments	2 015 304	2 215 478
Development costs	1 701 479	1 555 692
Goodwill	63 347 671	63 347 671
Total intangible investments	67 064 454	67 118 841
Property, plant and equipment		
Land, buildings and constructions	10 136 171	10 178 165
Right-of-use assets	44 689 210	42 263 786
Non-current investments in leased property, plant and equipment	56 408	70 867
Equipment and machinery	41 912 449	43 634 974
Other property, plant and equipment, and inventories	11 949 991	10 884 498
Construction in progress	7 768 292	5 379 496
Prepayments for property, plant and equipment	7 361 891	4 167 150
Total property, plant and equipment	123 874 411	116 578 936
Non-current financial investments		
Other securities and investments	21 200	21 200
Prepaid expenses	276 275	278 943
Other non-current receivables	193 088	364 315
Total non-current financial assets	490 563	664 458
Total non-current investments	191 429 428	184 362 235
Current assets		
Inventories	13 387 828	15 729 028
Receivables		
Trade receivables	25 056 384	23 049 297
Corporate income tax	3 647	5 158
Other loans	-	-
Other receivables	2 086 912	2 415 778
Prepaid expenses	1 466 206	967 432
Accrued income	8 248 701	6 922 137
Total receivables	36 861 850	33 359 802
Current investments	485 361	725 834
Non-current assets held for sale	-	-
Cash and cash equivalents	8 271 234	10 165 938
Total current assets	59 006 273	59 980 602
TOTAL ASSETS	250 435 701	244 342 837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	Note	31.03.2024 (Unaudited)	31.12.2023 (Audited)
LIABILITIES			
Equity			
Share capital		35 005	35 005
Share premium		20 623 389	20 623 389
Consolidated reserves		19 926 630	19 926 630
Translation reserves		(42 730)	346 037
Retained earnings brought forward		21 889 313	19 317 887
Profit for the reporting period		304 225	2 571 426
Equity attributable to the shareholders of the Parent Company		62 735 832	62 820 375
Non-controlling interests		13 046 052	12 884 516
Total equity		75 781 884	75 704 891
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	5	17 797 964	17 780 020
Loans from credit institutions	3	51 028 616	50 029 714
Lease liabilities	4	35 958 102	32 066 697
Deferred income		1 718 970	1 634 388
Other payables		16 765	330 905
Deferred income tax liability		2 017 803	2 253 521
Total non-current liabilities		108 538 220	104 095 245
Current liabilities			
Loans from credit institutions	3	18 014 306	16 582 676
Lease liabilities	4	6 922 110	6 576 506
Loans from related companies	3	628 162	614 393
Prepayments received from customers		889 831	522 742
Trade payables		21 686 570	24 155 953
Corporate income tax		59 592	56 350
Taxes payable		3 479 769	3 675 675
Other payables		3 689 001	3 946 657
Deferred income		544 382	432 374
Accrued liabilities		10 181 914	7 959 415
Unpaid dividends		19 960	19 960
Total current liabilities		66 115 597	64 542 702
Total liabilities		174 653 817	168 637 946
TOTAL EQUITY AND LIABILITIES		250 435 701	244 342 837

CONSOLIDATED 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 before tax	670 911	2 739 825
Adjustments for:		
Depreciation and amortization	5 670 103	4 261 471
Interest payments and similar expense	2 361 543	1 258 988
Interest (income) and similar (income)	(2 326)	(1 728)
(Gain)/loss on disposal of property, plant and equipment	30 228	(23 858)
(Profit)/loss from fluctuations of foreign currency rates	5 982	281
(Income) from external co-financing	(130 594)	(106 141)
Changes in provisions and allowances	(1 599 924)	(607 670)
Revenue from other securities and loans which formed long-term financial investments	243 864	-
Profit before adjustments for the effect of changes in current assets and current liabilities	7 249 787	7 521 169
Adjustments for:		
(Increase)/decrease in receivables	(1 677 539)	(2 424 883)
Increase/(decrease) in payables	(439 114)	(347 030)
(Increase)/decrease in inventories	2 297 413	3 244 447
CASH FLOWS FROM OPERATING ACTIVITIES	7 430 547	7 993 703
Interest paid	(1 913 669)	(1 396 674)
Corporate income tax paid	(32 269)	(7 328)
Net cash flows from operating activities	5 484 609	6 589 700
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible investments	(7 722 500)	(3 383 339)
Proceeds from sale of property, plant and equipment	(18 122)	18 289
Acquisition of subsidiaries, net of cash acquired	-	(7 663 487)
Received interest from other companies	-	1 709
Net cash flows used in the investing activities	(7 740 622)	(11 026 828)

CONSOLIDATED STATEMENT OF CASH FLOWS

continued



EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revenue from investment sold	-	2 000
Proceeds from borrowings	4 938 579	7 810 145
Repayment of borrowings	(2 516 007)	(7 847 768)
Repayment of the lease liabilities	(1 287 541)	(1 005 199)
Payments of obligations under finance leases	(1 175 275)	(643 865)
Subsidies, grants, gifts or donations	324 957	(100 000)
Issued debt securities (bonds)	-	8 000 000
Net cash flows used in the financing activities	284 713	6 215 314
Result of fluctuations of foreign currency exchange rates	76 597	7 019
Net cash flow for the reporting period	(1 894 703)	1 785 205
Cash and cash equivalents at the beginning of the period	10 165 938	8 063 376
Cash and cash equivalents on the reporting date	8 271 235	9 848 581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



EUR	Share capital	Consolidated reserves	Share premium	Translation reserves	Retained earnings	Equity distributed to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance as at 31 December 2022								
(Audited)	35 005	19 926 630	20 623 389	131 709	19 317 887	60 034 620	714 055	60 748 675
Profit for the reporting period	-	-	-	-	2 571 426	2 571 426	(1 033 313)	1 538 113
Acquisition of a subsidiaries	-	-	-	-	-	-	13 203 774	13 203 774
Translation reserve	-	-	-	214 329	-	214 329	-	214 329
Balance as at 31 December 2023								
(Audited)	35 005	19 926 630	20 623 389	346 038	21 889 313	62 820 375	12 884 516	75 704 891
Profit for the reporting period	-	-	-	-	304 225	304 225	161 536	465 761
Translation reserve	-	-	-	(388 768)	-	(388 768)	-	(388 768)
Balance as at 31 March 2024								
(Unaudited)	35 005	19 926 630	20 623 389	(42 730)	22 193 538	62 735 832	13 046 052	75 781 884

Notes

1. Net turnover

EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
Income from processing of recyclable materials	26 151 766	26 919 012
Income from waste management	29 923 744	22 904 285
Income from organisation of packaging management system	2 902 106	2 625 585
Income from sorting and sale of recyclables	2 745 539	2 018 601
Other income	218 917	1 888 561
Total	61 942 072	56 356 044

Income by geographical markets are distributed as follows:

EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
Other Member States of the European Union	11 871 244	19 433 241
Republic of Latvia	17 807 153	14 747 061
Republic of Lithuania	20 994 665	16 063 510
Republic of Czechia	2 815 361	3 141 736
Republic of Poland	7 728 468	2 004 961
Outside the Member States of the European	725 181	965 535
Total	61 942 072	56 356 044

2. Production cost of goods sold

EUR	01.01.2024- 31.03.2024 (Unaudited)	01.01.2023- 31.03.2023 (Unaudited)
Raw materials and other material costs	17 034 102	18 898 377
Remuneration for work	9 895 148	7 881 594
Waste utilization costs	6 067 360	5 397 779
Depreciation of property, plant and equipment and intangible investments	5 133 008	3 784 657
Costs of outsourced services	3 969 499	2 309 192
Cost of production energy and other resources	2 607 006	2 449 266
Transport costs	2 591 494	1 619 829
State mandatory social insurance contributions	1 303 574	1 045 979
Professional services costs	1 134 004	625 362
Lease of industrial premises and related costs	453 652	508 922
Insurance costs	271 474	261 578
Other production costs	794 093	1 085 197
Total	51 254 414	45 867 732

Notes

3. Loans

EUR	31/03/2024 (Unaudited)	31/12/2023 (Audited)
Non-current loans		
Bank (non-current part, repayable within 2-5 years)	50 942 706	50 029 714
Total	50 942 706	50 029 714
Non-current loan current part		
Bank (non-current part, repayable within 1 year)	11 427 252	11 082 195
Bank (credit line)	6 405 831	5 248 471
Other loans	613 636	613 636
Total	18 446 719	16 944 302
Loan interest		
Bank	267 133	252 010
Other	14 526	757
Total	281 659	252 767
Total current	18 728 378	17 197 069
Total loans	69 671 084	67 226 783

In accordance with bank loans, leasing and factoring contracts, financial covenants are set on the Group Consolidated level excluding newly established and acquired companies - Eco Recycling, Homecourt and Metal-Plast.

As at 31.12.2023 and 31.03.2024 covenants set at Group Consolidated level were met; Adjusted Equity ratio covenant is set for and can not be lower than 35% and Net Financial Debt to EBITDA not higher than 3.5.

As at 16.11.2023 Homecourt Sp.z o.o. received a loan from mBank S.A. In accordance with a facility agreement, covenants for the received loan is calculated based on consolidated Homecourt and Metal-Plast financials. Financial Leverage ratio (Net debt / Adjusted EBITDA) covenant is set for and can not be higher than 4,25. As at 31 December 2023 and 31 March 2024 covenants were met.

Eco Recycling UAB has received an unsecured loan from related party INVL Baltic Sea Growth Fund with fixed interest rate.

4. Lease obligations

Minimum future lease payments within the framework of the lease together with the current value of net minimum lease payments have been reflected as follows:

EUR	31.03.2024 (Unaudited)		31.12.2023 (Audited)	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	7 824 336	7 325 111	7 186 096	6 576 506
In a year, but not longer than five years	35 879 099	35 168 102	32 702 523	32 066 697
Total minimum lease payments	43 703 435	42 493 213	39 888 619	38 643 203
Financial costs	(1 210 222)	-	(1 245 416)	-
Current value of minimum lease payments	42 493 213	42 493 213	38 643 203	38 643 203

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's Treasury function.

Notes

5. Long-term debt securities - bonds

EUR	31.03.2024 (Unaudited)	31.12.2023 (Audited)
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'.

6. Financial risk management

In the ordinary course of business, the Group is exposed to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management activities are undertaken to support the underlying operating transactions of the Group. The Group companies do not undertake any high risk transactions that would increase exposure to currency or interest rate risks.

Foreign currency risk

Foreign currency risk is a risk of financial loss incurred by the Group companies due to adverse currency fluctuations. This risk arises when financial assets denominated in a foreign currency do not match with financial liabilities in the same currency, thereby leading to open currency positions. The Group has subsidiaries TESIL Fibres registered and operating in the Czech Republic and Metal-Plast registered and operating in the Poland, accordingly Assets and Liabilities included in Groups consolidation amounts to around 40 million EUR equivalent on stand alone basis.

Interest rate risk

The Group is primarily financed from shareholder's equity, operating cash flows and, to a limited extent, from borrowings. Interest rate risk is a risk of financial loss due to adverse interest rate fluctuations. The Group is exposed to interest rate risk mainly through its non-current and current loans from credit institutions and others and lease liabilities (see Notes 3 and 4) bearing interest at floating rates. As a result, the Group is exposed to a risk of higher interest expense, which may be caused by growing interest rates.

The Group companies SIA "Eco Baltia vide", UAB "Ecoservice", SIA "Nordic Plast" and AS "ITERUM" and "Metal-Plast" Sp.z o.o. have non-current loans from credit institutions bearing interest at a floating EURIBOR rate; therefore, these companies are exposed to interest rate risk, which are not hedged by means of interest rate swap contracts.

Credit risk

Credit risk is a risk of financial loss in the event of a counterparty's default on their obligations to the Group companies. Credit risk is mainly caused by cash at bank, trade receivables and issued non-current and current other loans.

Cash at bank

Credit risk related to cash at bank is managed by balancing the placement of financial assets in order to maintain the possibility of choosing the best offers and reduce the probability of financial losses. The Group companies evaluate credit ratings assigned to banks by international credit rating agencies and financial performance of banks on a regular basis.

Notes

6. Financial risk management - *continued*

Trade receivables

The Group companies have no significant concentration of credit risk with any single customer or group of customers having similar characteristics.

The Group controls its credit risk by continuously assessing the credit history of customers and setting permissible credit limits. The Group maximum permissible exposure to credit risk is defined to the extent of the balance sheet value of each debtor. The Group companies monitor overdue trade receivables on a regular basis. Balance sheet value of trade receivables is reduced by allowances made for doubtful and bad trade receivables. In addition Group uses factoring services.

Issued non-current and current loans

The Group controls its credit risk by continuously assessing the financial performance, sufficiency and quality of collateral and credit histories of borrowers. Balance sheet value of granted loans is reduced by allowance made for doubtful and bad loans and receivables.

Categories of financial instruments EUR	31.03.2024 (Unaudited)	31.12.2023 (Audited)
Financial assets		
Cash at bank and on hand at amortised cost	8 271 234	10 165 938
Other investments and securities at fair value	506 561	747 034
Loans and receivables carried at amortized cost value	35 583 569	32 578 782
Total financial assets	44 361 363	43 491 754
Financial liabilities		
Financial liabilities carried at amortized cost value	166 044 962	161 515 266
Total financial liabilities	166 044 962	161 515 266

Liquidity Risk

Liquidity risk is a risk that the Group companies will default on their full obligations. Liquidity risk arises if the maturities of financial assets and liabilities do not match. The goal of liquidity risk management by the Group is to maintain an adequate amount of cash and cash equivalents and arrange an adequate sufficiency of financing by using the financing granted by banks and others (see Note 3), thereby enabling the Group companies to meet their obligations as they fall due. The Group companies assess whether the maturities of financial assets and liabilities match on a regular basis and the stability of financing for non-current assets. For the purposes of liquidity management, operational cash flow forecasts are made after the actual results for the prior month. The Group's management believes that the Group companies will have sufficient funds available so that their liquidity position might not be negatively jeopardized.

Liquidity metrics	31.03.2024 (Unaudited)	31.12.2023 (Audited)
Current assets less current liabilities, EUR	(7 109 324)	(4 562 100)
Current ratio	0,89	0,93

Notes

6. Financial risk management - *continued*

The following table demonstrates undiscounted contractual maturities of financial liabilities:

31/12/2023	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
EUR					
Non-derivative financial liabilities					
Trade and other payables	38 982 435	38 982 435	32 938 194	3 982 891	2 061 350
Long-term debt securities - bonds	18 000 000	22 300 000	320 000	1 220 000	20 760 000
Lease liabilities	38 520 581	39 806 151	1 997 476	5 240 556	32 568 119
Borrowings	66 612 390	74 780 846	4 302 950	12 796 124	57 681 772
Total non-derivative financial liabilities	162 115 406	175 869 432	39 558 620	23 239 571	113 071 241
Total financial liabilities	162 115 406	175 869 432	39 558 620	23 239 571	113 071 241
31/03/2024	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
EUR					
Non-derivative financial liabilities					
Trade and other payables	37 503 551	37 503 551	30 778 443	4 989 373	1 735 735
Long-term debt securities - bonds	18 000 000	21 980 000	450 000	1 090 000	20 440 000
Lease liabilities	42 493 213	43 077 377	2 160 144	5 425 355	35 491 878
Borrowings	69 671 083	72 728 514	4 144 438	12 918 844	55 665 231
Total non-derivative financial liabilities (Unaudited)	167 667 846	175 289 441	37 533 024	24 423 574	113 332 844
Total financial liabilities (Unaudited)	167 667 846	175 289 441	37 533 024	24 423 574	113 332 844

Fair value

Based on the Group's management's assessment, the carrying amounts of financial assets and liabilities approximated to their fair value as at 31 March 2024 and 31 December 2023.

Notes

7. Financial indicators

There are restrictions in the "**Terms and Conditions**" for the Unsecured Fixed Rate bonds issued (ISIN LV0000860120 and 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	As at 31.03.2024
Equity ratio	37,2%
Net debt to Adjusted EBITDA ratio	3,35

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

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FIND VALUE IN EACH AND EVERY THING



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BOARD MEMBER,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MANAGEMENT
BOARD MEMBER,
CLO



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BUDREVIČIUS**
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