



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED INTERIM REPORT FOR THE
THREE MONTHS PERIOD ENDED 31
MARCH 2023**

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

RIGA, 2023

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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	Maskavas iela 240-3, Riga, LV-1063, Latvia
Management Board Members of the Parent Company	Māris Simanovičs – Chairman of the Management Board Santa Spūle – Management Board Member Sigita Namatēva – Management Board Member
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
Subsidiaries	<p>AS „PET Baltija” Aviācijas iela 18, Jelgava, Latvia (94,9%)</p> <p>SIA „Eco Baltia vide” Getliņu iela 5, Stopiņu novads, Rumbula, Latvia (100%)</p> <p>SIA „Nordic Plast” Rūpnīcu iela 4, Olaine, Latvia (100%)</p> <p>SIA „Polimēru parks” Maskavas iela 240-3, Riga, Latvia (100%)</p> <p>SIA „Vaania” Maskavas iela 240-3, Riga, Latvia (100%, Siguldas municipality LLC „Jumis” concessionaire)</p> <p>Siguldas PSIA „Jumis” R. Blaumaņa iela 10, Sigulda, Latvia (100% - Siguldas regional municipality, JSC "Eco Baltia" concession winner)</p>
Reporting period	1 January 2023 – 31 March 2023

Type of Company business

AS "Eco Baltia" (hereinafter referred to as the Company) is the parent company (holding company) of subsidiary companies operating in the field of secondary raw material processing and waste management in Latvia, Czech Republic, and Lithuania. The Company actively monitors its investments by participating in the management of subsidiary companies, as well as in the development and implementation of their strategies. AS "Eco Baltia" provides financial, legal, information technology, personnel management, and executive services to its subsidiary companies. The main subsidiary companies managed by the Company are AS "PET Baltija", SIA "Nordic Plast", SIA "Eco Baltia vide", SIA "Latvijas Zaļais punkts", Sigulda city's SIA "JUMIS", Lithuania's "Ecoservice" enterprise group, and Czech Republic's "TESIL Fibres S.r.o.". During the reporting period, a transaction for the acquisition of the street and road maintenance company SIA "Pilsētas Eko Serviss" was also concluded within the group.

Development and financial performance of the Company during the reporting year

In 2023, the Company continued actively working on the management of the subsidiary companies within the group and promoted the expansion of both business segments - PET and plastic recycling, as well as environmental management - through organic growth and participation in monitoring acquisition deals. With the completion of last year's acquisition transactions, efforts are being made to evaluate new business directions and companies, aiming to further strengthen the Company's position and market share both in Latvia and internationally, while developing and expanding the full-cycle waste management in the Company's overall service portfolio.

At the beginning of 2023, the group company SIA "Latvijas Zaļais punkts" concluded a transaction for the acquisition of the street and road maintenance company SIA "Pilsētas Eko Serviss". As a result of the transaction, 100% of the share capital in the companies SIA "Pilsētas Eko Serviss", SIA "PES Serviss", and SIA "B 124" were acquired. In 2023, a reorganization process has been initiated, following the requirements of regulatory acts and the processes envisaged therein, whereby all three companies will be gradually integrated into the subsidiary company SIA "Eco Baltia vide".

During the reporting period, the parent company AS "Eco Baltia" issued its first bonds with a value of 8 million EUR, generating significant investor interest and demand exceeding the maximum offering volume by 3.5 times. The bond redemption deadline is February 17, 2026, with the issuer having the option to redeem the bonds after two years. Since March 2, 2023, the bonds have been included in the Nasdaq Baltic alternative market "First North".

Considering that the Company's business model and operations are focused on implementing the principles of the circular economy and incorporating various sustainable business practices on a daily basis, active work continues during this reporting period on the development and implementation of a consolidated ESG (environmental, social, and governance) strategy in the Company and its most significant subsidiary companies. One of the goals is to introduce a unified system for monitoring and reporting ESG indicators and strategies at all business levels.

The Company ended the first three months of 2023 with a loss of 172,598 EUR (compared to a profit of 104,273 EUR in the first three months of 2022). The results of 2023 were mainly influenced by interest expenses on the issued bonds, as well as administrative expenses related to ongoing development projects. The parent Company's turnover in the first three months of 2023 amounted to 445,466 EUR, which is a 31% decrease compared to the achieved turnover of 648,870 EUR in the first three months of 2022. This decrease is due to the transfer of previously performed support functions in the administrative management field to group companies.

Considering the situation in the secondary raw material market, which deteriorated significantly in the fourth quarter of 2022, leading to a decrease in the net realization value of inventories for the subsidiary company AS "PET Baltija", AS "PET Baltija" and the parent Company have reached an agreement with AS "Luminor Bank" Latvian branch for a subordinated short-term loan in the amount of 1.5 million EUR for AS "PET Baltija" and a long-term loan of 4 million EUR for "TESIL Fibres S.r.o.". The purpose of the loans is to expand production capacity, ensuring maximum utilization and further business development, including in new market segments.

Further development of the Company

The main objectives of the Company in 2023, in accordance with strategic goals and shareholder directives, are to continue managing subsidiary companies, improving the quality of customer service, strengthening and expanding the group's market share in the waste management and secondary raw material processing markets, as well as enhancing technological processes and diversifying the range of processed materials. Unwavering attention will be given to efficiency and digitalization processes. Furthermore, work will continue on acquiring and merging new businesses, further solidifying market positions in the Baltics and Northern Europe as the largest full-cycle environmental resources manager.

Events after the last day of the reporting year

During the period from the last day of the reporting year to the date of signing this financial report, there have been no events that would require adjustments or explanations in this financial report.

The management of Eco Baltia AS confirms that the unaudited 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 2023 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 AS. 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
MEMBER
OF MANAGEMENT BOARD,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MEMBER OF
MANAGEMENT BOARD,
CLO

EUR	01.01.2023- 31.03.2023 (Unaudited)	01.01.2022- 31.03.2022 (Unaudited)
Net turnover	445 466	648 870
Production cost of goods sold	(129 283)	(162 548)
Gross profit	316 183	486 322
Selling and distribution expenses	(21 955)	(6 684)
Administrative expenses	(438 803)	(372 361)
Other operating income	65 397	12 046
Other operating expenses	(17 132)	(9 505)
Revenue from other securities and loans which formed long-term financial investments	14 666	10 007
• <i>from related companies</i>	14 666	10 007
Other revenue from interest and similar revenue	2 005	5
• <i>from related companies</i>	2 005	5
Interest payments and similar costs	(91 271)	(9 255)
• <i>from related companies</i>	(8 724)	(8 724)
• <i>other persons</i>	(82 547)	(531)
Profit or loss before tax	(170 910)	110 575
Corporate income tax	(1 688)	(6 302)
Profit or loss after calculation of corporate income tax	(172 598)	104 273
PROFIT OR LOSS FOR THE REPORTING PERIOD	(172 598)	104 273

Statement of financial position

EUR	Notes	31.03.2023 (Unaudited)	31.12.2022
ASSETS			
Non-current investments			
Intangible investments			
Licences, trade marks and other intangible investments		103 963	216 125
Prepayments for intangible investments		365 152	320 950
Total intangible investments		469 115	537 075
Property, plant and equipment			
Other property, plant and equipment, and inventories		76 902	88 195
Total property, plant and equipment		76 902	88 195
Non-current financial investments			
Investments in related companies	1	41 127 126	41 127 126
Loans to related companies	2	4 672 000	672 000
Prepaid expense		-	1 030
Total non-current financial assets		45 799 126	41 800 156
Total non-current investments		46 345 143	42 425 426
Current assets			
Receivables			
Trade receivables to related companies		828 445	295 563
Loans to related companies	2	1 500 500	500
Other receivables		9 827	25 928
Prepaid expenses		159 591	30 050
Accrued income		27 960	28 054
Total receivables		2 526 323	380 095
Cash		2 550 861	872 439
Total current assets		5 077 184	1 252 534
TOTAL ASSETS		51 422 327	43 677 960

Statement of financial position

EUR	Notes	31.03.2023 (Unaudited)	31.12.2022
LIABILITIES			
Equity			
Share capital		35 005	35 005
Share premium		20 623 389	20 623 389
Retained earnings		21 396 122	16 614 159
Profit or loss for the reporting period		(172 598)	4 781 963
Total equity		41 881 918	42 054 516
Accruals			
Other accruals		16 509	48 709
Total accruals		16 509	48 709
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	3	8 000 000	-
Obligations under finance leases		6 757	10 413
Loans from related companies		997 028	997 028
Total non-current liabilities		9 003 785	1 007 441
Current liabilities			
Obligations under finance leases		14 929	18 718
Accounts payable to suppliers		208 184	62 479
Payables to related companies		26 305	83 372
Taxes payable		52 697	59 353
Other payables		40 539	34 014
Accrued liabilities		177 461	309 358
Total current liabilities		520 115	567 294
Total liabilities		9 523 900	1 574 735
TOTAL EQUITY AND LIABILITIES		51 422 327	43 677 960

Statement of cash flows

EUR	01.01.2023- 31.03.2023 (Unaudited)	01.01.2022- 31.03.2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss before tax	(170 910)	110 575
Adjustments for:		
Corrections of decrease in value of fixed assets	12 497	18 200
Corrections of decrease in value of intangible assets	3 410	13 776
Accruals (except of accruals for doubtful debts)	(32 200)	(77 185)
Profit or loss from fluctuations of foreign currency rates	281	214
Revenue from other securities and loans which formed long-term financial investments; from related companies	(14 666)	(10 007)
Interest income or similar income	(2 005)	(5)
Interest payments and similar costs	91 271	9 255
Profit or loss before adjustments for the effect of changes in current assets and current liabilities	(112 322)	64 823
Changes in trade receivables	(586 915)	(299 064)
Changes in trade payables	5 402	(112 599)
CASH FLOWS FROM OPERATING ACTIVITIES	(693 835)	(346 840)
Interest paid	(81 367)	(6 387)
Corporate income tax paid	(1 512)	(2 921)
Net cash flows from operating activities	(776 714)	(356 148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets and intangible assets	(106 708)	(108 038)
Revenue from sale of fixed assets and intangible investments	62 191	13 987
Issued loans	(5 500 000)	-
Received interest	7 098	6 462
Net cash flows used in the investing activities	(5 537 419)	(87 589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued debt securities (bonds)	8 000 000	-
Payments of obligations under finance leases	(7 445)	(6 909)
Net cash flows used in the financing activities	7 992 555	(6 909)
Net cash flow for the reporting period	1 678 422	(450 646)
Cash and cash equivalents at the beginning of the period	872 439	648 413
Cash and cash equivalents on the reporting date	2 550 861	197 767

Statement of changes in equity

EUR				
	Share capital	Share premium	Retained earnings	Total equity
Balance as at 31 December 2021	35 005	20 623 389	24 614 159	45 272 553
Profit for the reporting period	-	-	104 273	104 273
Balance as at 31 March 2022 (Unaudited)	35 005	20 623 389	24 718 432	45 376 826
Dividend payout	-	-	(8 000 000)	(8 000 000)
Profit for the reporting period	-	-	4 677 690	4 677 690
Balance as at 31 December 2022	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

1. Investments in related companies

EUR				
Company	%	Initial investment	31.12.2022.	31.03.2023. (Unaudited)
AS „PET Baltija”, 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”, Rūpnīcu iela 4, Olaine, Latvia	100	5 169 908	5 169 908	5 169 908
Siguldas PSIA „Jumis”, R. Blaumaņa iela 10, Sigulda, Latvia (JSC "Eco Baltia" concession holder)	100	241 463	241 463	241 463
SIA „Polimēru parks”, Maskavas iela 240-3, Rīga, Latvia	100	5 000	5 000	5 000
SIA „Vaania”, Maskavas iela 240-3, Rīga, Latvia (Sigulda municipality LLC "Jumis" concessionaire)	100	77 590	11 000	11 000
TOTAL:		22 446 543	41 127 126	41 127 126

2. Loans to related companies

EUR	31.03.2023 (Unaudited)	31.12.2022
Loans issued with a maturity of more than one year*	4 672 000	672 000
Loans issued with a maturity of one year**	1 500 500	500
TOTAL:	6 172 500	672 500

* Loans are repayable on 31 December 2024, 31 December 2025 and 31 January 2026. The currency of the loans is EUR, fixed interest rate, loans are not secured.

**Loans are repayable on 31 December 2023. The currency of the loans is EUR, fixed interest rate, loans are not secured.

3. Long-term debt securities - bonds

EUR	31.03.2023 (Unaudited)	31.12.2022
Long-term debt securities – bonds	8 000 000	-
TOTAL:	8 000 000	-

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. The accrued interest on the issued bonds as of 31 March 2023 amounts to EUR 78 222 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).

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 31.03.2023
Equity Ratio	36.5%
Net Debt to Adjusted EBITDA Ratio	2.6