



JOINT STOCK COMPANY ECO BALTIA

UNAUDITED INTERIM REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

RIGA, 2023



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

A hand is shown holding a clump of shredded white paper and plastic waste, with small pieces of colored paper (pink, green, blue) visible. Below the hand is a large pile of the same shredded material. The background is a blurred industrial setting with metal structures. A green curved line is positioned to the left of the text.

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	Maskavas 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
Subsidiaries	AS „PET Baltija” Aviācijas iela 18, Jelgava, Latvia (94,9%) SIA „Eco Baltia vide” Getliņu iela 5, Stopiņu novads, Rumbula, Latvia (100%) SIA „Nordic Plast” Rūpnīcu iela 4, Olaine, Latvia (100%) SIA „Polimēru parks” Maskavas iela 240-3, Riga, Latvia (100%) SIA „Vaania” Maskavas 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)
Reporting period	1 January 2023 – 30 June 2023



MANAGEMENT REPORT

Type of Company business

Eco Baltia JSC (AS) (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. Eco Baltia provides financial, legal, and executive services to its subsidiary companies. The main subsidiary companies managed by the Company are PET Baltija, Nordic Plast, Eco Baltia vide, 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 Pilsētas Eko Serviss was also concluded within the group.

Development and financial performance of the Company during the reporting year

First half of 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 acquisitions made last year and in the first quarter of this year, 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 Latvijas Zaļais punkts concluded a transaction for the acquisition of the street and road maintenance company Pilsētas Eko Serviss. As a result of the transaction, 100% of the share capital in the companies Pilsētas Eko Serviss, PES Serviss, and 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 Eco Baltia vide.

During the reporting period, the parent company 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 six months of 2023 with a loss of 175 500 EUR (compared to a profit of 177 637 EUR in the first six months of 2022). The half-year results were mainly influenced by interest expenses on the bonds issued and administrative expenses related to ongoing development projects. The parent Company's turnover in the first six months of 2023 amounted to 891 201 EUR, which is a 31% decrease compared to the achieved turnover of 1 296 455 EUR in the first six 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 PET Baltija, PET Baltija and the parent Company have reached an agreement with Luminor Bank Latvian branch for a subordinated short-term loan in the amount of 1.5 million EUR for 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.

MANAGEMENT REPORT



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

After the reporting period, Eco Baltia's shareholder, INVL Baltic Sea Growth Fund, a private equity fund in the Baltic States, agreed with Eco Baltia to acquire 70% of Metal-Plast, the largest PVC window recycler in Poland, in order to assess the Group's future development opportunities. The transaction is expected to close in the fourth quarter of 2023, subject to clearance by the Polish Competition and Consumer Office and other conditions.

After the reporting period, Saulius Budrevičius, Supervisory Board member of the environmental management company Eco Baltia vide, joined the board of Eco Baltia's parent company and is now responsible for research and development, as well as the implementation and execution of various investment projects.

In order to facilitate the implementation of new business development projects, Eco Baltia is evaluating capital market funding opportunities with the potential to issue up to EUR 10 million of new bonds with a maturity of up to three years in a private placement.

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

STATEMENT OF MANAGEMENT RESPONSIBILITIES



The management of Eco Baltia 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 30 September 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. 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

eco baltia | WIDE

☎ 67798717

INCOME STATEMENT



EUR	01.01.2023- 30.06.2023 (Unaudited)	01.01.2022- 30.06.2022 (Unaudited)
Net turnover	891 201	1 296 455
Production cost of goods sold	(176 778)	(325 281)
Gross profit	714 423	971 174
Selling and distribution expenses	(35 545)	(10 890)
Administrative expenses	(839 844)	(762 650)
Other operating income	97 570	21 843
Other operating expenses	(33 215)	(22 528)
Revenue from other securities and loans which formed long-term financial investments	145 435	20 124
• <i>from related companies</i>	145 435	20 124
Other revenue from interest and similar revenue	47 511	11
• <i>from related companies</i>	47 511	11
Interest payments and similar costs	(268 745)	(31 368)
• <i>from related companies</i>	(17 545)	(30 421)
• <i>other persons</i>	(251 200)	(947)
Profit or loss before tax	(172 410)	185 716
Corporate income tax	(3 090)	(8 079)
Profit or loss after calculation of corporate income tax	(175 500)	177 637
PROFIT OR LOSS FOR THE REPORTING PERIOD	(175 500)	177 637

STATEMENT OF FINANCIAL POSITION



EUR	Notes	30.06.2023 (Unaudited)	31.12.2022 (Audited)
ASSETS			
Non-current investments			
Intangible investments			
Licences, trade marks and other intangible investments		43 015	216 125
Prepayments for intangible investments		495 972	320 950
Total intangible investments		538 987	537 075
Property, plant and equipment			
Other property, plant and equipment, and inventories		66 931	88 195
Total property, plant and equipment		66 931	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		60 033	1 030
Total non-current financial assets		45 859 159	41 800 156
Total non-current investments		46 465 077	42 425 426
Current assets			
Receivables			
Trade receivables		7	-
Trade receivables to related companies		805 572	295 563
Loans to related companies	2	1 500 500	500
Other receivables		15 985	25 928
Prepaid expenses		83 318	30 050
Accrued income		27 960	28 054
Total receivables		2 433 342	380 095
Cash		2 622 140	872 439
Total current assets		5 055 482	1 252 534
TOTAL ASSETS		51 520 559	43 677 960

STATEMENT OF FINANCIAL POSITION



EUR	Notes	30.06.2023 (Unaudited)	31.12.2022 (Audited)
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		(175 500)	4 781 963
Total equity		41 879 016	42 054 516
Accruals			
Other accruals		28 987	48 709
Total accruals		28 987	48 709
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	3	8 000 000	-
Obligations under finance leases		2 660	10 413
Loans from related companies		997 028	997 028
Total non-current liabilities		8 999 688	1 007 441
Current liabilities			
Obligations under finance leases		15 337	18 718
Accounts payable to suppliers		51 988	62 479
Payables to related companies		8 308	83 372
Taxes payable		48 853	59 353
Other payables		43 979	34 014
Accrued liabilities		402 962	309 358
Accrued liabilities to related companies		41 441	-
Total current liabilities		612 868	567 294
Total liabilities		9 612 556	1 574 735
TOTAL EQUITY AND LIABILITIES		51 520 559	43 677 960

STATEMENT OF CASH FLOWS



EUR	01.01.2023- 30.06.2023 (Unaudited)	01.01.2022- 30.06.2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss before tax	(172 410)	185 716
Adjustments for:		
Corrections of decrease in value of fixed assets	24 966	35 210
Corrections of decrease in value of intangible assets	8 883	28 964
Accruals (except of accruals for doubtful debts)	(19 722)	(58 171)
Profit or loss from fluctuations of foreign currency rates	-	230
Revenue from other securities and loans which formed long-term financial investments; from related companies	(145 435)	(20 124)
Interest income or similar income	(47 511)	(11)
Interest payments and similar costs	268 745	31 368
Profit or loss before adjustments for the effect of changes in current assets and current liabilities	(82 484)	203 182
Changes in trade receivables	(384 055)	276 929
Changes in trade payables	(86 005)	(104 086)
CASH FLOWS FROM OPERATING ACTIVITIES	(552 544)	376 025
Interest paid	(118 318)	(18 458)
Corporate income tax paid	(2 875)	(11 443)
Net cash flows from operating activities	(673 737)	346 124
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets and intangible assets	(207 504)	(138 531)
Revenue from sale of fixed assets and intangible investments	62 191	25 729
Issued loans	(5 500 000)	-
Received interest	79 885	18 971
Net cash flows used in the investing activities	(5 565 428)	(93 831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	-	7 800 000
Issued debt securities (bonds)	8 000 000	-
Subsidies, grants, gifts or donations received	-	816
Payments of obligations under finance leases	(11 134)	(15 943)
Disbursed dividends	-	(8 000 000)
Net cash flows used in the financing activities	7 988 866	(215 127)
Net cash flow for the reporting period	1 749 701	37 166
Cash and cash equivalents at the beginning of the period	872 439	648 413
Cash and cash equivalents on the reporting date	2 622 140	685 579

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	-	-	177 637	177 637
Dividend payout	-	-	(8 000 000)	(8 000 000)
Balance as at 30 June 2022 (Unaudited)	35 005	20 623 389	16 791 796	37 450 190
Profit for the reporting period	-	-	4 604 326	4 604 326
Balance as at 31 December 2022	35 005	20 623 389	21 396 122	42 054 516
Loss for the reporting period	-	-	(175 500)	(175 500)
Balance as at 30 June 2023 (Unaudited)	35 005	20 623 389	21 220 622	41 879 016

Notes



1. Investments in related companies

EUR				
Company	%	Initial investment	31.12.2022. (Audited)	30.06.2023. (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
SIA „Vaania”, Maskavas iela 240-3, Rīga, Latvia (Sigulda municipality LLC "Jumis" concessionaire)	100	77 590	11 000	11 000
SIA „Polimēru parks”, Maskavas 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
TOTAL:		22 446 543	41 127 126	41 127 126

2. Loans to related companies

EUR	30.06.2023 (Unaudited)	31.12.2022 (Audited)
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. The loans are with fixed interest rate and not secured.

**Loans are repayable on 31 December 2023. 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	30.06.2023 (Unaudited)	31.12.2022 (Audited)
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 30 June 2023 amounts to EUR 238 222 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 30.06.2023
Equity Ratio	37.7%
Net Debt to Adjusted EBITDA Ratio	2.5

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



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