eco baltia

JOINT STOCK COMPANY ECO BALTIA

UNAUDITED CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2024

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

RIGA, 2024

TABLE OF CONTENTS

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 - Superviosry Board Member Algimantas Markauskas - Superviosry 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 - 30 June 2024

MISSION

Findvalue 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 30 June 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 ITERUM (until 6 June - PET Baltija), 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 nearest foreseeable future.

During the reporting period, the Extraordinary General Meeting of Shareholders of the Group held on 3 April re-elected the existing Supervisory Board of Eco Baltia and decided to increase the number of members of the existing Supervisory Board 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 during 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 %).

MANAGEMENT REPORT

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.

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.

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 during Q1 2025.

Eco Baltia's environmental management company in Latvia, Eco Baltia vide, executed investments of EUR 2.3 million for the construction of two construction waste sorting and recycling sites during the reporting period. The sites opened in May this year and are located in the Baltic Sea region, in Rumbula and Liepaja. 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. Eco Baltia vide submitted a tender for the open tender for street maintenance in the capital announced by the Riga Municipality for a period of five years. The total value of the tender 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 term of the tender will come into force in October this year. In August Eco Baltia vide received a decision of the Riga City Council on the results of the open tender "Routine maintenance of transport structures in Riga from 2024 to 2029", where it has been awarded the right to perform the services in Riga, the Centre district and Latgale suburb for the next five years in accordance with the procedure set out in the tender. The amount of the tender for the five-year period is EUR 77,4 million, excluding VAT.

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. During the reporting period, Eco Baltia vide won the right to provide waste management services in the town of Skrunda and in Skrunda, Nīkrāce, Rudbāržu and Raņķu parishes for the next seven years in a tender announced by Kuldīga Municipality Council.

MANAGEMENT REPORT

First half 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 regulatoryenactments 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 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. The Group company Nordic Plast invested about EUR 1.7 million to increase the production capacity of recycled pellets and to provide the necessary conditions for the company's future growth. In addition, as part of the overall investment and development plan, the company introduced a new visual identity. During the reporting period, the relocation of the company from its existing production premises in Olaine to new premises and premises in Jelgava was initiated. It 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.

ITERUM also introduced a new visual brand identity as part of a broader business strategy. These strategic changes have been implemented to strengthen the company's market position in the polymer recycling sector and to contribute to its international growth.

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.

At the beginning of the year, ITERUM underwent a change in management. Kaspars Ezernieks, Member of the Board and CEO, resigned for personal reasons. Later in the reporting period, Dagnija Ļevčenka resigned from the Board. The functions of the Board are currently performed by the remaining Board members, while responsibilities are 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 6 months of 2024 with a net turnover of EUR 124,13 million, an increase of 10,8% 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.

MANAGEMENT REPORT

The Group's profit before tax at the end of the reporting period was EUR 4,66 million, compared to EUR 2,29 million for the same period last year. Consolidated EBITDA for the 6 months of 2024 amounted to EUR 22,1 million, up by 47,7% compared to EUR 14,9 million in the 6 months 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 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

After the reporting period, a producer responsibility system for textiles came into force in Latvia, aimed at promoting the separate collection, reuse, recycling or recovery of textiles, thereby reducing the amount of waste sent to landfill. Since 1 July, when the system came into force, Latvijas Zaļais punkts has continued to manage textiles in line with the country's legislation, alongside other waste streams that have been managed so far.

After the reporting period, the group company Eco Baltia vide received a decision of the Riga City Council on the results of the open tender "Routine maintenance of transport structures in Riga from 2024 to 2029", where it has been awarded the right to perform the services in Riga, the Centre district and Latgale suburb for the next five years in accordance with the procedure set out in the tender. The amount of the tender for the five-year period is EUR 77,4 million, excluding VAT.

Eco Baltia Group received merger clearance from the Competition Council following the agreement signed in March this year to acquire 100% of Eko Osta's shares after the reporting period. The transaction is proceeding in accordance with the contractual procedures until the date of the closing and final integration of Eko Osta into the Group.

Subsequent to the reporting period, Eco Baltia has started a reorganization by separating its subsidiary SIA Vaania and its rights and liabilities from its parent company AS Eco Baltia and transferring them to the Group's environmental sector company SIA Eco Baltia vide. The reorganisation is being carried out with the aim of organising and simplifying the structural management of the Group, thereby streamlining the day-to-day processes of the companies. The reorganisation will take effect upon the entry of the completion of the reorganisation in the Commercial Register of the Republic of Latvia. Prior to that, its implementation will also be approved by the Extraordinary Shareholders' Meeting.

The Group's Lithuanian subsidiary UAB Ecoservice approved an investment of €18 million in early 2024 to rebuild the waste sorting center in Vilnius, project is planned to finance partially from own funds and loan from financial institution in amount of 12,6mio EUR (contract signed in September 2024). The project is expected to be completed during Q1 2025.

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 30 June 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
Net turnover	1	124 132 511	112 041 267
Production cost of goods sold	2	(104 543 545)	(93 370 472)
Gross profit		**19 588 966**	**18 670 795**
Selling and distribution expenses		(3 334 728)	(3 452 450)
Administrative expenses		(11 811 201)	(8 465 336)
Other operating income		5 886 369	481 489
Other operating expenses		(385 823)	(1 922 813)
Finance income		4 706	1 770
Finance costs		(5 289 913)	(3 026 209)
Profit before tax		**4 658 376**	**2 287 246**
Corporate income tax		(896 474)	(150 848)
Deferred corporate income tax		(37 249)	(58 424)
PROFIT FOR THE REPORTING PERIOD		**3 724 653**	**2 077 974**
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		-	-
Total comprehensive income for the period after tax		**3 724 653**	**2 077 974**
Total comprehensive income attributable to:			
Majority interests		**3 439 739**	**2 076 979**
Non-controlling interests		**284 914**	**995**
Profit attributable to:			
Majority interests		**3 439 739**	**2 076 979**
Non-controlling interests		**284 914**	**995**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	30.06.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS		
Non-current investments		
Intangible investments		
Licences, trade marks and other intangible investments	1 866 785	2 215 478
Development costs	1 879 789	1 555 692
Goodwill	63 196 052	63 347 671
Total intangible investments	**66 942 626**	**67 118 841**
Property, plant and equipment		
Land, buildings and constructions	10 502 139	10 178 165
Right-of-use assets	58 736 766	42 263 786
Non-current investments in leased property, plant and equipment	46 352	70 867
Equipment and machinery	39 911 419	43 634 974
Other property, plant and equipment, and inventories	12 488 780	10 884 498
Construction in progress	12 089 589	5 379 496
Prepayments for property, plant and equipment	8 877 685	4 167 150
Total property, plant and equipment	**142 652 730**	**116 578 936**
Non-current financial investments		
Investments in associated companies	1 220 175	-
Other securities and investments	21 200	21 200
Prepaid expenses	598 732	278 943
Other non-current receivables	189 571	364 315
Total non-current financial assets	**2 029 678**	**664 458**
Total non-current investments	**211 625 034**	**184 362 235**
Current assets		
Inventories	**14 788 362**	**15 729 028**
Receivables		
Trade receivables	25 739 155	23 049 297
Corporate income tax	-	5 158
Other loans	-	-
Other receivables	2 013 780	2 415 778
Prepaid expenses	1 552 136	967 432
Accrued income	12 012 669	6 922 137
Total receivables	**41 317 740**	**33 359 802**
Current investments	**425 203**	**725 834**
Non-current assets held for sale	**-**	**-**
Cash and cash equivalents	**5 114 723**	**10 165 938**
Total current assets	**61 646 028**	**59 980 602**
TOTAL ASSETS	**273 271 062**	**244 342 837**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	30.06.2024 (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
Reserves for own stocks or shares		10 000 000	-
Translation reserves		173 038	346 037
Retained earnings brought forward		11 889 313	19 317 887
Profit for the reporting period		3 439 739	2 571 426
Equity attributable to the shareholders of the Parent Company		**66 087 114**	**62 820 375**
Non-controlling interests		13 169 430	12 884 516
Total equity		**79 256 544**	**75 704 891**
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	5	17 824 829	17 780 020
Loans from credit institutions	3	48 731 369	50 029 714
Lease liabilities	4	48 328 919	32 066 697
Deferred income		1 656 486	1 634 388
Other payables		488 644	330 905
Deferred income tax liability		1 904 617	2 253 521
Total non-current liabilities		**118 934 864**	**104 095 245**
Current liabilities			
Loans from credit institutions	3	19 478 038	16 582 676
Lease liabilities	4	7 931 412	6 576 506
Loans from related companies	3	543 924	614 393
Prepayments received from customers		1 031 104	522 742
Trade payables		29 378 720	24 155 953
Corporate income tax		701 414	56 350
Taxes payable		3 550 979	3 675 675
Other payables		4 274 612	3 946 657
Deferred income		462 731	432 374
Accrued liabilities		7 706 760	7 959 415
Unpaid dividends		19 960	19 960
Total current liabilities		**75 079 654**	**64 542 702**
Total liabilities		**194 014 518**	**168 637 946**
TOTAL EQUITY AND LIABILITIES		**273 271 062**	**244 342 837**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4 658 376	2 287 246
Adjustments for:		
Depreciation and amortization	12 081 171	9 635 131
Interest payments and similar expense	4 425 497	2 996 447
Interest (income) and similar (income)	(4 706)	(1 770)
(Gain)/loss on disposal of property, plant and equipment	(118 328)	(71 352)
(Profit)/loss from fluctuations of foreign currency rates	105 906	-
(Income) from external co-financing	(376 859)	(295 049)
Changes in provisions and allowances	(5 436 760)	(176 102)
Goodwill impairment	-	1 345 764
Revenue from other securities and loans which formed long-term financial investments	305 209	-
Profit before adjustments for the effect of changes in current assets and current liabilities	**15 639 506**	**15 720 315**
Adjustments for:		
(Increase)/decrease in receivables	(2 081 897)	(2 795 320)
Increase/(decrease) in payables	4 817 288	(3 260 730)
(Increase)/decrease in inventories	930 690	4 606 139
CASH FLOWS FROM OPERATING ACTIVITIES	**19 305 587**	**14 270 404**
Interest paid	(3 684 313)	(2 550 921)
Corporate income tax paid	570 009	19 823
Net cash flows from operating activities	**16 191 283**	**11 739 306**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible investments	(18 803 313)	(6 572 667)
Proceeds from sale of property, plant and equipment	400 229	322 312
Acquisition of subsidiaries, net of cash acquired	290 117	(7 663 487)
Received interest from other companies	-	1 752
Revenue from alienation of stocks or shares of related, associated or other companies	-	2 000
Net cash flows used in the investing activities	**(18 112 967)**	**(13 910 090)**

CONSOLIDATED STATEMENT OF CASH FLOWS *continued*

EUR	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6 729 623	8 410 345
Repayment of borrowings	(5 178 617)	(9 647 022)
Repayment of the lease liabilities	(2 373 181)	(1 963 743)
Payments of obligations under finance leases	(2 213 291)	(2 339 408)
Subsidies, grants, gifts or donations	432 596	-
Issued debt securities (bonds)	-	8 000 000
Net cash flows used in the financing activities	**(2 602 870)**	**2 460 172**
Result of fluctuations of foreign currency exchange rates	(526 661)	(64 059)
Net cash flow for the reporting period	**(5 051 215)**	**225 329**
Cash and cash equivalents at the beginning of the period	10 165 938	8 063 376
Cash and cash equivalents on the reporting date	**5 114 723**	**8 288 705**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Consolidated reserves	Share premium	Reserves for own stocks or shares	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	-	-	-	-	-	3 439 739	**3 439 739**	284 914	**3 724 653**
Reserves for own stocks or shares	-	-	-	10 000 000	-	(10 000 000)	**-**	-	**-**
Translation reserve	-	-	-		(173 000)	-	**(173 000)**	-	**(173 000)**
Balance as at 30 June 2024 (Unaudited)	**35 005**	**19 926 630**	**20 623 389**	**10 000 000**	**173 038**	**15 329 052**	**66 087 114**	**13 169 430**	**79 256 544**

Notes

1. Net turnover

EUR	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
Income from processing of recyclable materials	51 591 517	49 271 590
Income from waste management	59 786 907	52 221 823
Income from organisation of packaging management system	6 044 353	5 823 123
Income from sorting and sale of recyclables	6 188 693	4 292 343
Other income	521 041	432 388
Total	**124 132 511**	**112 041 267**

Income by geographical markets are distributed as follows:

EUR	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
Other Member States of the European Union	24 048 356	34 500 125
Republic of Latvia	35 534 058	31 757 525
Republic of Lithuania	42 287 585	33 041 855
Republic of Czechia	5 257 157	6 886 468
Republic of Poland	15 036 473	4 675 186
Outside the Member States of the European	1 968 882	1 180 108
Total	**124 132 511**	**112 041 267**

2. Production cost of goods sold

EUR	01.01.2024-30.06.2024 (Unaudited)	01.01.2023-30.06.2023 (Reviewed)
Raw materials and other material costs	34 836 573	35 642 224
Remuneration for work	20 386 435	16 615 480
Waste utilization costs	12 757 033	11 372 832
Depreciation of property, plant and equipment and intangible investments	10 992 677	9 205 702
Costs of outsourced services	7 726 344	7 645 773
Cost of production energy and other resources	4 879 875	4 781 950
Transport costs	5 815 304	3 264 134
State mandatory social insurance contributions	2 660 559	2 162 548
Professional services costs	1 203 704	832 868
Lease of industrial premises and related costs	721 920	310 708
Insurance costs	510 727	495 396
Other production costs	2 052 394	1 040 857
Total	**104 543 545**	**93 370 472**

Notes

3. Loans

EUR	30.06.2024 (Unaudited)	31.12.2023 (Audited)
Non-current loans		
Bank (non-current part, repayable within 2-5 years)	48 731 369	50 029 714
Total	**48 731 369**	**50 029 714**
Non-current loan current part		
Bank (non-current part, repayable within 1 year)	12 262 070	11 082 195
Bank (credit line)	7 092 689	5 248 471
Other loans	541 254	613 636
Total	**19 896 013**	**16 944 302**
Loan interest		
Bank	123 279	252 010
Other	2 670	757
Total	**125 949**	**252 767**
Total current	**20 021 962**	**17 197 069**
Total loans	**68 753 331**	**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 30.06.2024 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 are calculated based on consolidated Homecourt and Metal-Plast financials and after 11 April 2024, when both companies merged, covenants are calculated based on 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 30 June 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	30.06.2024 (Unaudited) Minimum payments	30.06.2024 (Unaudited) Current value of payments	31.12.2023 (Audited) Minimum payments	31.12.2023 (Audited) Current value of payments
Within a year	8 468 291	7 931 412	7 186 096	6 576 506
In a year, but not longer than five years	49 029 108	48 328 919	32 702 523	32 066 697
Total minimum lease payments	**57 497 399**	**56 260 331**	**39 888 619**	**38 643 203**
Financial costs	(1 237 068)	-	(1 245 416)	-
Current value of minimum lease payments	**56 260 331**	**56 260 331**	**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.

5. Long-term debt securities - bonds

EUR	30.06.2024 (Unaudited)	31.12.2023 (Audited)
Debt securities - bonds	18 000 000	18 000 000
Costs for attracting bonds	(175 171)	(219 980)
Total	**17 824 829**	**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 30 June 2024 amounts to EUR 385 722 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	30.06.2024 (Unaudited)	31.12.2023 (Audited)
Financial assets		
Cash at bank and on hand at amortised cost	5 114 723	10 165 938
Other investments and securities at fair value	446 403	747 034
Loans and receivables carried at amortized cost value	39 955 175	32 578 782
Total financial assets	**45 516 301**	**43 491 754**
Financial liabilities		
Financial liabilities carried at amortized cost value	186 826 404	161 515 266
Total financial liabilities	**186 826 404**	**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	30.06.2024 (Unaudited)	31.12.2023 (Audited)
Current assets less current liabilities, EUR	(13 433 626)	(4 562 100)
Current ratio	0,82	0,93

Notes

6. Financial risk management - *continued*

The following table demonstrates undiscounted contractual maturities of financial liabilities:

31.12.2023 EUR	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
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**

30.06.2024 EUR	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
Non-derivative financial liabilities					
Trade and other payables	44 999 057	44 999 057	39 478 229	3 375 697	2 145 130
Long-term debt securities - bonds	18 000 000	21 530 000	320 000	1 220 000	19 990 000
Lease liabilities	56 260 331	57 497 399	2 230 869	6 237 422	49 029 108
Borrowings	68 753 331	69 975 568	4 803 764	12 787 883	52 383 921
Total non-derivative financial liabilities (Unaudited)	**188 012 719**	**194 002 024**	**46 832 862**	**23 621 003**	**123 548 159**
Total financial liabilities (Unaudited)	**188 012 719**	**194 002 024**	**46 832 862**	**23 621 003**	**123 548 159**

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 30 June 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 30.06.2024
Equity ratio	37,4%
Net debt to Adjusted EBITDA ratio	3,50

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

eco baltia

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