



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED INTERIM REPORT
FOR THE NINE MONTHS
PERIOD ENDED 30
SEPTEMBER 2024**

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

RIGA, 2024



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GENERAL INFORMATION

GENERAL INFORMATION



Name of the Company	Eco Baltia AS
Legal status of the Company	Joint stock company
Registration number, place and date of the Company	40103435432 Riga, 08 July 2011
Registered office of Company	Latgales iela 240-3, Riga, LV-1063, Latvia
Shareholders of the Company	BSGF Salvus UAB, Gyneju g.14, Vilnius, Lithuania (52.81%) European Bank for Reconstruction and Development, Five Bank Street, London, E14 4BG (United Kingdom) (30.51%) Enrial Holdings SIA, Baltā iela 5, Bukulti, Garkalnes novads, LV-1024 (15.93%) PENVI INVESTMENT LTD, Spyrou Kyprianou, 82, Euro House, 1 st floor, 4043, Limassol, Kipra (0.75%)
Management Board Members of the Company	Māris Simanovičs – Chairman of the Management Board Santa Spūle – Management Board Member Sigita Namatēva – Management Board Member Saulius Budrevičius - Management Board Member from 21.07.2023
Supervisory Board Members of the Company	Vytautas Plunksnis — Chairman of the Supervisory Board Deimante Korsakaite — Deputy Chairperson of the Supervisory Board Jurgita Petrauskiene – Supervisory Board Member Gints Pucēns – Supervisory Board Member Atienza Guell Alberto – Supervisory Board Member Algimantas Markauskas - Supervisory Board Member from 03.04.2024
Subsidiaries	AS „ITERUM” Elejas iela 1, Grēnes, Olaines pagasts, Olaines novads, Latvija (94,9%) SIA „Eco Baltia vide” Getliņu iela 5, Rumbula, Stopiņu pagasts, Ropažu novads, Latvija (100%) SIA „Nordic Plast” Aviācijas iela 18G, Jelgava, Latvija (100%) SIA „Polimēru parks” Latgales iela 240-3, Rīga, Latvija (100%) SIA „Vaania” Latgales iela 240-3, Rīga, Latvija (100%, Siguldas PSIA „Jumis” koncesionārs) Siguldas PSIA „Jumis” R. Blaumaņa iela 10, Sigulda, Latvija (100% - Siguldas novada pašvaldība, AS “Eco Baltia” koncesijas ieguvējs) UAB Eco Recycling, Gyneju g. 14, Viļņa, Lietuva (55%) no 29.09.2023
Reporting period	1 January 2024 – 30 September 2024



MANAGEMENT REPORT

Business profile

Eco Baltia AS (the Company) is the parent company (holding company) of subsidiaries operating in the recycling and waste management sector in Latvia, the Czech Republic, Poland and Lithuania. The Company actively monitors its investments by participating in the management of the subsidiaries and in the development and implementation of their strategies. Eco Baltia provides financial, legal, human resources and management services to its subsidiaries. The main subsidiaries managed by the Group are 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 Company during the reporting period

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

In March, an agreement was signed to acquire 100% of Eko Osta. The merger has been cleared by the Competition Council. During the third quarter of 2024 work continued in accordance with the contractual arrangements until the final integration of Eko Osta into the Group. With the closing of the transaction in November 2024, Eko Osta became 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 Eco Baltia vide

won with bids of EUR 1 220 175.26. According to the terms of the auction, Eco Baltia vide must conclude the share purchase agreement 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 2025.

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 merger procedure - UAB Eco Recycling owns 70% of Metal-Plast Sp.z.o.o. and 30% owned by SIDN Family Foundation. UAB Eco Recycling is a Lithuanian holding company, the shareholders are Eco Baltia (55 %) and INVL Baltic Sea Growth Fund (45 %).

On 18 June 2024 the Ordinary General Meeting of Shareholders of the Group's parent company, Eco Baltia AS, resolved to establish an equity reserve of EUR 10 million so that the previously undistributed profit could be used to repurchase the Company's shares under the Company's share option policy in the future. The reserve was established as Eco Baltia is considering various possible alternatives for the further development of its environmental management

business, which may create added value for the Company's shareholders, customers and employees. As part of this process, the Parent Company's Management Board may consider potential transactions such as sales, mergers or other transactions involving Eco Baltia's businesses.

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

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

The Company closed the nine months of 2024 with a loss of EUR 152 k (nine months of 2023: loss of EUR 184 k). The result for the nine months of 2024 was mainly affected by the accrual of costs for external consultants and due diligence related to the above mentioned assessment of Eco Baltia's strategic environmental business opportunities. The Parent Company's turnover for the third quarter of 2024 is EUR 1,6 million (EUR 1,3 million in the same period last year). The increase is due to a review of the management services provided in the context of the transfer pricing policy developed within the Group.

Further development of the Company

The Company's main objectives in 2024 and beyond, in line with the strategic objectives and shareholders' targets, are to continue to manage

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

Events after the end of the reporting period

After the reporting period, Eco Baltia Groups Environmental Services company completed the acquisition of 100% of the shares in Eko Osta SIA, Latvia's leading hazardous and environmentally harmful waste collection and processing company. This acquisition expands Eco Baltia's range of environmental services. The transaction was carried out through Oil Recovery SIA, a subsidiary of Eco Baltia group company Latvijas Zaļais punkts. Following the transaction, Eko Osta SIA has become one of the environmental management companies within the Eco Baltia group, specializing in the management of hazardous and environmentally harmful waste.

After the reporting period, the Group's Lithuanian environmental services company Ecoservice filed a claim with the Riga City Court against the insurance company Compensa Vienna Insurance Group ADB Latvian branch, demanding fulfillment of obligations and payment of insurance compensation for losses exceeding 7.4 million euros, incurred due to a fire at Ecoservice in August of the previous year. In the court application, Ecoservice indicated that the Latvian branch of Compensa has been unjustifiably delaying the decision regarding the insurance claim.

After the reporting period, Eco Baltia has submitted a merger notification to the Competition Council of the Republic of Latvia (the "CC") in order to obtain permission to acquire 56,2% of the shares of the Latvian road maintenance company JSC (AS) DAUGAVPILS SPECIALIZĒTAIS AUTOTRANSPORTA UZŅĒMUMS ("Daugavpils Spec. ATU"). After

the completion of the transaction, which is planned to be executed through Eco Baltia's subsidiary, Eco Baltia vide, the group will hold 96.6% of the shares. However, group is interested to increase this stake up to 100%.

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

STATEMENT OF MANAGEMENT RESPONSIBILITIES



The management of Eco Baltia confirms that the unaudited report has been prepared in accordance with the requirements of applicable law and gives a true and fair view of the financial position of the company as of 30 September 2024 and its financial performance and cash flows for the period.

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

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

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



MĀRIS SIMANOVIČS
ECO BALTIA
CHAIRMAN OF
THE MANAGEMENT BOARD



SANTA SPŪLE
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MANAGEMENT BOARD MEMBER,
CLO



SAULIUS BUDREVIČIUS
ECO BALTIA
MANAGEMENT BOARD MEMBER



FINANCIAL STATEMENTS

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INCOME STATEMENT



EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
Net turnover	1 605 108	1 343 099
Production cost of goods sold	(1 091 296)	(273 952)
Gross profit	513 812	1 069 147
Selling and distribution expenses	(39 583)	(51 524)
Administrative expenses	(1 266 557)	(1 307 397)
Other operating income	87 583	237 912
Other operating expenses	(57 161)	(56 458)
Income from participation	1 155 720	-
• <i>in the capital of related companies</i>	1 155 720	-
Revenue from other securities and loans which formed long-term financial investments	644 532	277 641
• <i>from related companies</i>	644 532	277 641
Other revenue from interest and similar revenue	58 464	93 517
• <i>from related companies</i>	58 464	93 517
Interest payments and similar costs	(1 248 855)	(447 621)
• <i>from related companies</i>	(30 553)	(27 801)
• <i>other persons</i>	(1 218 302)	(419 820)
Profit or loss before tax	(152 045)	(184 783)
Corporate income tax	-	-
Profit or loss after calculation of corporate income tax	-	-
PROFIT OR LOSS FOR THE REPORTING PERIOD	(152 045)	(184 783)

STATEMENT OF FINANCIAL POSITION



EUR	Notes	30.09.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS			
Non-current investments			
Intangible investments			
Licences, trade marks and other intangible investments		993 776	98 077
Prepayments for intangible investments		-	672 741
Total intangible investments		993 776	770 818
Property, plant and equipment			
Other property, plant and equipment, and inventories		44 561	45 426
Total property, plant and equipment		44 561	45 426
Non-current financial investments			
Investments in related companies	1	49 412 126	49 377 126
Loans to related companies	2	7 569 000	6 544 000
Prepaid expense		-	3 168
Total non-current financial assets		56 981 126	55 924 294
Total non-current investments		58 019 463	56 740 538
Current assets			
Receivables			
Trade receivables to related companies		2 436 482	1 144 736
Loans to related companies	2	1 571 872	1 214 916
Other receivables		24 071	70 928
Prepaid expenses		23 031	15 112
Accrued income		-	34 317
Total receivables		4 055 456	2 480 009
Cash		53 521	2 641 004
Total current assets		4 108 977	5 121 013
TOTAL ASSETS		62 128 440	61 861 551

STATEMENT OF FINANCIAL POSITION

EUR	Notes	30.09.2024 (Unaudited)	31.12.2023 (Audited)
LIABILITIES			
Equity			
Share capital		35 005	35 005
Share premium		20 623 389	20 623 389
Reserves for shares		10 000 000	-
Retained earnings		11 067 882	21 396 122
Profit or loss for the reporting period		(152 045)	(328 240)
Total equity		41 574 231	41 726 276
Accruals			
Other accruals		41 025	34 105
Total accruals		41 025	34 105
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	3	17 840 211	17 780 020
Obligations under finance leases		17 088	-
Loans from related companies		-	-
Total non-current liabilities		17 857 299	17 780 020
Current liabilities			
Obligations under finance leases		6 915	10 464
Accounts payable to suppliers		262 395	260 184
Payables to related companies		427 716	91 696
Taxes payable		51 492	36 273
Loans from related companies		1 041 423	1 166 849
Other payables		47 857	41 000
Accrued liabilities		818 087	714 684
Total current liabilities		2 655 885	2 321 150
Total liabilities		20 513 184	20 101 170
TOTAL EQUITY AND LIABILITIES		62 128 440	61 861 551

STATEMENT OF CASH FLOWS

EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss before tax	(152 045)	(184 783)
Adjustments for:		
Corrections of decrease in value of fixed assets	29 326	36 884
Corrections of decrease in value of intangible assets	32 817	11 329
Accruals (except of accruals for doubtful debts)	6 920	(18 283)
Profit or loss from fluctuations of foreign currency rates	12 161	-
Revenue from participation in fixed capital of related, associated or other companies	(1 155 720)	-
Revenue from other securities and loans which formed long-term financial investments; from related companies	(644 532)	(277 641)
Interest income or similar income	(58 464)	(96 017)
Interest payments and similar costs	1 248 855	447 620
Profit or loss before adjustments for the effect of changes in current assets and current liabilities	(680 682)	(80 891)
Changes in trade receivables	(240 132)	(713 672)
Changes in trade payables	163 328	78 313
CASH FLOWS FROM OPERATING ACTIVITIES	(757 486)	(716 250)
Interest paid	(1 031 132)	(415 905)
Corporate income tax paid	(6 032)	(5 276)
Net cash flows from operating activities	(1 794 650)	(1 137 431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of stocks or shares of related, associated or other companies	(35 000)	(7 500)
Acquisition of fixed assets and intangible assets	(149 118)	(316 491)
Revenue from sale of fixed assets and intangible investments	-	230 944
Issued loans	(1 050 000)	(5 500 000)
Loan repayments	113 966	-
Received interest	257 074	235 327
Received dividends	85 000	-
Net cash flows used in the investing activities	(778 078)	(5 357 720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	-	150 000
Issued debt securities (bonds)	-	8 000 000
Subsidies, grants, gifts or donations received	-	2 500
Payments of obligations under finance leases	(14 755)	(14 870)
Disbursed dividends	-	-
Net cash flows used in the financing activities	(14 755)	8 137 630
Net cash flow for the reporting period	(2 587 483)	1 642 479
Cash and cash equivalents at the beginning of the period	2 641 004	872 439
Cash and cash equivalents on the reporting date	53 521	2 514 918

STATEMENT OF CHANGES IN EQUITY

EUR					
	Share capital	Share premium	Reserves for shares	Retained earnings	Total equity
Balance as at 31 December 2022 (audited)	35 005	20 623 389	-	21 396 122	42 054 516
Loss for the reporting period	-	-	-	(184 783)	(184 783)
Balance as at 30 September 2023 (unaudited)	35 005	20 623 389	-	21 211 339	41 869 733
Loss for the reporting period	-	-	-	(143 457)	(143 457)
Balance as at 31 December 2023 (audited)	35 005	20 623 389	-	21 067 882	41 726 276
Establishment of a reserve using retained earnings	-	-	10 000 000	(10 000 000)	-
Profit for the reporting period	-	-	-	(152 045)	(152 045)
Balance as at 30 September 2024 (unaudited)	35 005	20 623 389	10 000 000	10 915 837	41 574 231

Notes

1. Investments in related companies

EUR				
Company	%	Initial investment	31.12.2023. (Audited)	30.09.2024. (Unaudited)
AS „ITERUM”, Aviācijas iela 18, Jelgava, Latvia	94.09	9 116 698	12 920 471	12 920 471
SIA „Eco Baltia vide”, Getliņu iela 5, Stopiņu novads, Rumbula, Latvia	100	7 835 884	22 779 284	22 779 284
SIA „Nordic Plast”, Aviācijas iela 18G, Jelgava,, Latvia	100	5 169 908	5 169 908	5 169 908
SIA „Vaania”, Latgales iela 240-3, Rīga, Latvia (Sigulda municipality LLC "Jumis" concessionaire)	100	77 590	11 000	11 000
SIA „Polimēru parks”, Latgales iela 240-3, Rīga, Latvia	100	5 000	5 000	40 000
Siguldas PSIA „Jumis”, R. Blaumaņa iela 10, Sigulda, Latvia (JSC "Eco Baltia" concession holder)	100	241 463	241 463	241 463
UAB Eco Recycling, Gyneju g. 14, Vilnius, Lithuania*	55	9 000 000	8 250 000	8 250 000
TOTAL:		31 446 543	49 377 126	49 412 126

2. Loans to related companies

EUR	30.09.2024 (Unaudited)	31.12.2023 (Audited)
Loans issued with a maturity of more than one year*	7 569 000	6 544 000
Loans issued with a maturity of one year**	1 571 872	1 214 916
TOTAL:	9 140 872	7 758 916

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

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

Notes

3. Long-term debt securities - bonds

EUR	30.09.2024 (Unaudited)	31.12.2023 (Audited)
Long-term debt securities – bonds	18 000 000	18 000 000
Costs for attracting bonds	(159 789)	(219 980)
TOTAL:	17 840 211	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 September 2024 amounts to EUR 450 722 and is included under 'Accrued liabilities'.

4. Financial indicators

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

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

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

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

Financial indicator	Result as at 30.09.2024
Equity Ratio	36,7%
Net Debt to Adjusted EBITDA Ratio	2,97

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

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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