



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED CONSOLIDATED
INTERIM REPORT FOR THE
PERIOD ENDED 30
SEPTEMBER 2024**

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

RIGA, 2024



TABLE OF CONTENTS

GENERAL INFORMATION	3
MANAGEMENT REPORT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
CONSOLIDATED STATEMENT OF CASH FLOWS	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
NOTES	19



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, 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, 1st floor, 4043, Limassol, Cyprus (0.75%)
Supervisory Board Members of the Parent Company	Vytautas Plunksnis – Chairman of the Supervisory Board Deimante Korsakaite – Deputy Chairperson of the Supervisory Board Jurgita Petrauskiene - Supervisory Board Member Gints Pucēns - Supervisory Board Member Atienza Guell Alberto - Supervisory Board Member Algimantas Markauskas - Supervisory Board Member since 03.04.2024
Management Board Members of the Parent Company	Māris Šimanovičs - 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 September 2024



MISSION

Find value in each
and every thing



Provides **full cycle**
of waste
management



>2600 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 September 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 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

MANAGEMENT REPORT

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, Eco Baltia has reorganised 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.

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

The Group's Lithuanian subsidiary UAB Ecoservice approved an investment of €18 million in early 2024 to rebuild the waste sorting centre in Vilnius, which was damaged by fire last year. The investment will also go towards improving the sorting centre's infrastructure as well as modernising it, thus contributing more to the circular economy. The project is expected to be completed by the first quarter of 2025.

Eco Baltia's environmental management company in Latvia, Eco Baltia vide, approved investments of EUR 2.3 million for the construction of two construction waste sorting and recycling sites during the reporting period. The sites opened in May this year and are located in Rumbula (Pierīga) and Liepāja. 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. During the reporting period, Eco Baltia vide received the Riga City Council's decision on the results, where it was awarded the right to perform the services in Riga, Centra district and Latgale suburbs, for the next five years. The amount of the tender for the five-year period is EUR 77,4 million, excluding VAT. The term of the tender will come into force in October this year. 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 Liepāja 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,

MANAGEMENT REPORT

Nīkrāce, Rudbāržu and Raņķu parishes for the next seven years in a tender announced by Kuldīga Municipality Council.

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

During the reporting period, Latvijas Zaļais punkts continued to work on the implementation of the plan developed under the producer responsibility system for filtered tobacco products and filters for tobacco products in Latvia. At the same time, within the EU LIFE20 IPE/LV/000014 - LIFE Waste To Resources IP project, Latvijas Zaļais punkts is implementing activities to promote the recyclability of plastic packaging in Latvia. In order to create synergies between packaging producers and recyclers, Latvijas Zaļais punkts, together with the plastic packaging recycling company Nordic Plast Ltd, is working on the establishment of a packaging testing laboratory in Latvia, which is expected to open this year.

During 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.

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** has approved an investment of 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 has been implemented in several phases and the new plant opened on 23 October 2024. The building have a total floor area of approximately 26 250 m² and is 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.

At the beginning of the year, **ITERUM** underwent a change in management. **Kaspars Ezernieks**, Member of the Board and CEO, and **Dagnija Ļevčenoka**, Member of the Board, left the Board. In order to strengthen the governance of the company, **Andris Abele**, the current Plant Director of **ITERUM**, joined the Board of Directors at the beginning of October.

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 first 9 months of 2024 with a net turnover of EUR 192,12million, an increase of 19,2% compared to the same period last year. The turnover was mainly driven by a solid and convincing performance in the environmental

MANAGEMENT REPORT

management sector and a focus on productivity, efficiency and automation, as well as the acquisition of Metal Plast in November last year. The Group's profit before tax at the end of the reporting period was EUR 9,6 million, compared to EUR 0.24 million for the same period last year. Consolidated EBITDA for the 9 months of 2024 amounted to EUR 36,1 million, up 87.6% compared to EUR 19.23 million in the 9 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 and beyond 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 2025 to support the continued growth, efficiency and competitiveness of the Group's businesses.

Events after the reporting date

After the reporting period, Eco Baltia completed the acquisition of 100% of the shares in SIA «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 SIA «Oil Recovery», a subsidiary of Eco Baltia group company SIA «Latvijas Zaļais punkts». Following the transaction, SIA «Eko Osta» 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 13,6 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.

On October 3 of this year, changes were made to the current board of ITERUM, Eco Baltia's PET bottle recycling company. Andris Ābele, the company's current factory director, joined and assumed the duties of a board member. These changes aim to strengthen the company's governance and foster ITERUM's faster growth in the international market.

After the reporting period, the Group's company SIA Eco Baltia vide opened a new waste sorting plant or Resource Management Center in the Riga region, with approximately 11.7 million euros invested in its development. Initially, the plant is expected to sort 20,000 tons of unsorted household waste and 25,000 tons of sorted waste annually, though its total capacity may reach up to 150,000 tons per year over time, depending on the type of waste.

On October 23, the Group's company ITERUM (formerly PET Baltija) opened a new PET bottle recycling plant in Olaine. It is one of the largest in Northern Europe, with a planned recycling capacity of 80,000 tons per year, approximately 30% more than the capacity of the previous plant in Jelgava. Over 10 million euros were invested in establishing the new plant, with total investments exceeding 35 million euros.

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%.

As of the reporting date, the Group has classified loans amounting to EUR 28 million under the current portion of non-current loans. However, subsequent to the reporting date, the Group has entered into an agreement with the lender of extending the repayment terms of these loans. As a result, EUR 22 million of these loans will have a repayment maturity exceeding 12 months from the reporting date.

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 September 2024, and of the results of its operations and its cash flows for the period then ended.

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

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

The management board is also responsible for maintaining appropriate accounting records that would provide a true and fair presentation of the financial position at a particular date and financial performance and cash flows and enable the management to prepare the financial statements according to the International Financial Standards as adopted by the European Union.



**CONSOLIDATED
FINANCIAL STATEMENTS**

eco baltia
677

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
Net turnover	1	192 122 127	161 141 542
Production cost of goods sold	2	(159 990 001)	(136 299 586)
Gross profit		32 132 126	24 841 956
Selling and distribution expenses		(5 047 952)	(5 006 330)
Administrative expenses		(17 388 561)	(13 082 738)
Other operating income		9 189 787	823 974
Other operating expenses		(1 233 455)	(2 908 275)
Finance income		7 096	1 884
Finance costs		(7 989 164)	(4 433 478)
Income/(Loss) from participation		(45 864)	-
Profit before tax		9 624 013	236 993
Corporate income tax		(402 530)	(119 410)
Deferred corporate income tax		(750 838)	(84 845)
PROFIT FOR THE REPORTING PERIOD		8 470 645	32 738
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		-	-
Total comprehensive income for the period after tax		8 470 645	32 738
Total comprehensive income attributable to:			
Majority interests		8 368 454	137 266
Non-controlling interests		102 191	(104 528)
Profit attributable to:			
Majority interests		8 368 454	137 266
Non-controlling interests		102 191	(104 528)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	30.09.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS		
Non-current investments		
Intangible investments		
Licences, trade marks and other intangible investments	2 556 684	2 215 478
Development costs	1 279 610	1 555 692
Goodwill	63 347 670	63 347 671
Total intangible investments	67 183 964	67 118 841
Property, plant and equipment		
Land, buildings and constructions	10 524 583	10 178 165
Right-of-use assets	55 262 824	42 263 786
Non-current investments in leased property, plant and equipment	42 060	70 867
Equipment and machinery	42 469 267	43 634 974
Other property, plant and equipment, and inventories	11 666 688	10 884 498
Construction in progress	19 401 494	5 379 496
Prepayments for property, plant and equipment	9 974 937	4 167 150
Total property, plant and equipment	149 341 853	116 578 936
Non-current financial investments		
Investments in associated companies	1 220 175	-
Other securities and investments	21 200	21 200
Prepaid expenses	498 697	278 943
Other non-current receivables	7 636 062	364 315
Total non-current financial assets	9 376 134	664 458
Total non-current investments	225 901 951	184 362 235
Current assets		
Inventories	16 411 606	15 729 028
Receivables		
Trade receivables	27 821 207	23 049 297
Corporate income tax	-	5 158
Other loans	-	-
Other receivables	2 018 424	2 415 778
Prepaid expenses	1 384 581	967 432
Accrued income	10 793 706	6 922 137
Total receivables	42 017 918	33 359 802
Current investments	103 564	725 834
Non-current assets held for sale	-	-
Cash and cash equivalents	3 373 414	10 165 938
Total current assets	61 906 502	59 980 602
TOTAL ASSETS	287 808 453	244 342 837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	Note	30.09.2024 (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		420 708	346 037
Retained earnings brought forward		11 889 314	19 317 887
Profit for the reporting period		8 368 454	2 571 426
Equity attributable to the shareholders of the Parent Company		71 263 500	62 820 375
Non-controlling interests		12 950 174	12 884 516
Total equity		84 213 674	75 704 890
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	5	17 840 211	17 780 020
Loans from credit institutions	3	29 144 777	50 029 714
Lease liabilities	4	48 285 481	32 066 697
Deferred income		1 612 377	1 634 388
Other payables		20 395	330 905
Deferred income tax liability		2 767 220	2 253 521
Total non-current liabilities		99 670 461	104 095 245
Current liabilities			
Loans from credit institutions	3	40 687 266	16 582 676
Lease liabilities	4	8 098 619	6 576 506
Loans from related companies	3	556 202	614 393
Prepayments received from customers		987 956	522 742
Trade payables		34 533 171	24 155 953
Corporate income tax		98 257	56 350
Taxes payable		4 147 872	3 675 675
Other payables		5 301 769	3 946 658
Deferred income		470 487	432 374
Accrued liabilities		9 022 759	7 959 415
Unpaid dividends		19 960	19 960
Total current liabilities		103 924 318	64 542 703
Total liabilities		203 594 779	168 637 947
TOTAL EQUITY AND LIABILITIES		287 808 453	244 342 837

CONSOLIDATED 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 before tax	9 624 013	236 993
Adjustments for:		
Depreciation and amortization	18 414 911	14 560 589
Interest payments and similar expense	7 229 947	4 433 479
Interest (income) and similar (income)	(52 960)	(308)
(Gain)/loss on disposal of property, plant and equipment	34 316	567 632
(Profit)/loss from fluctuations of foreign currency rates	264 021	-
(Income) from external co-financing	(494 071)	(412 692)
Changes in provisions and allowances	(7 229 423)	(24 867)
Goodwill impairment	-	1 345 764
Revenue from other securities and loans which formed long-term financial investments	628 673	(1 576)
Profit before adjustments for the effect of changes in current assets and current liabilities	28 419 427	20 705 014
Adjustments for:		
(Increase)/decrease in receivables	(7 547 338)	(1 317 922)
Increase/(decrease) in payables	12 998 795	(4 277 202)
(Increase)/decrease in inventories	(684 168)	7 883 740
CASH FLOWS FROM OPERATING ACTIVITIES	33 186 716	22 993 630
Interest paid	(6 402 626)	(3 888 225)
Corporate income tax paid	(315 613)	(36 527)
Net cash flows from operating activities	26 468 477	19 068 878
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible investments	(28 734 881)	(13 312 304)
Proceeds from sale of property, plant and equipment	240 775	218 319
Acquisition of subsidiaries, net of cash acquired	(930 058)	(7 661 400)
Received interest from other companies	-	1 866
Revenue from alienation of stocks or shares of related, associated or other companies	-	2 000
Net cash flows used in the investing activities	(29 424 164)	(20 751 519)

CONSOLIDATED STATEMENT OF CASH FLOWS

continued



EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	12 227 459	6 421 242
Repayment of borrowings	(8 587 705)	(7 498 926)
Repayment of the lease liabilities	(4 476 187)	(3 073 937)
Payments of obligations under finance leases	(3 353 880)	(3 538 508)
Subsidies, grants, gifts or donations	518 497	310 195
Issued debt securities (bonds)	-	8 000 000
Net cash flows used in the financing activities	(3 671 816)	620 066
Result of fluctuations of foreign currency exchange rates	(165 021)	35 692
Net cash flow for the reporting period	(6 792 524)	(1 026 883)
Cash and cash equivalents at the beginning of the period	10 165 938	8 063 375
Cash and cash equivalents on the reporting date	3 373 414	7 036 492

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 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	-	-	-	-	-	8 368 454	8 368 454	102 191	8 470 645
Change of non-controlling interest	-	-	-	-	-	-	-	(36 533)	(36 533)
Reserves for own stocks or shares	-	-	-	10 000 000	-	(10 000 000)	-	-	-
Translation reserve	-	-	-	-	74 670	-	74 670	-	74 670
Balance as at 30 September 2024									
(Unaudited)	35 005	19 926 630	20 623 389	10 000 000	420 708	20 257 768	71 263 500	12 950 174	84 213 674

Notes

1. Net turnover

EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
Income from processing of recyclable materials	76 774 886	64 682 125
Income from waste management	104 785 764	80 088 350
Income from organisation of packaging management system	-	8 959 188
Income from sorting and sale of recyclables	9 795 225	6 853 311
Other income	766 252	558 569
Total	192 122 127	161 141 542

Income by geographical markets are distributed as follows:

EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
Other Member States of the European Union	35 105 861	43 539 166
Republic of Latvia	58 264 593	48 758 037
Republic of Lithuania	65 054 245	49 820 502
Republic of Czechia	7 836 777	9 562 637
Republic of Poland	22 986 219	7 349 140
Outside the Member States of the European	2 874 432	2 112 060
Total	192 122 127	161 141 542

2. Production cost of goods sold

EUR	01.01.2024- 30.09.2024 (Unaudited)	01.01.2023- 30.09.2023 (Unaudited)
Raw materials and other material costs	51 900 039	48 270 643
Remuneration for work	31 114 870	25 573 366
Waste utilization costs	19 956 894	17 675 133
Depreciation of property, plant and equipment and intangible investments	16 670 058	13 896 285
Costs of outsourced services	14 602 546	12 466 745
Cost of production energy and other resources	6 871 207	6 501 278
Transport costs	8 139 250	5 309 977
State mandatory social insurance contributions	4 145 821	3 223 173
Professional services costs	1 663 907	1 207 821
Lease of industrial premises and related costs	1 063 319	355 733
Insurance costs	791 801	746 111
Other production costs	3 070 289	1 073 321
Total	159 990 001	136 299 586

Notes

3. Loans

EUR	30.09.2024 (Unaudited)	31.12.2023 (Audited)
Non-current loans		
Bank (non-current part, repayable within 2-5 years)	29 144 777	50 029 714
Total	29 144 777	50 029 714
Non-current loan current part		
Bank (non-current part, repayable within 1 year)	33 125 758	11 082 195
Bank (credit line)	7 561 508	5 248 471
Other loans	541 254	613 636
Total	41 228 520	16 944 302
Loan interest		
Bank	-	252 010
Other	14 948	757
Total	14 948	252 767
Total current	41 243 468	17 197 069
Total loans	70 388 245	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 of the reporting date, the Group has classified loans amounting to EUR 28 million under the current portion of non-current loans. However, subsequent to the reporting date, the Group has entered into an agreement with the lender of extending the repayment terms of these loans. As a result, EUR 22 million of these loans will have a repayment maturity exceeding 12 months from the reporting date.

As at 31.12.2023 and 30.09.2024 covenants set at Group Consolidated level were met; Adjusted Equity ratio covenant is set for and can not be lower than 35% and 34% accordingly 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 11.04.2024, 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 31.12.2023 and 4,00 as at 30.09.2024. Covenant was met at 31.12.2023, but exceeded 4,00 at 30.09.2024, however the agreement was concluded between Metal-Plast and mBank S.A. to waive this obligation as at 30.09.2024.

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	30.09.2024 (Unaudited)		31.12.2023 (Audited)	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	9 304 617	8 098 619	7 186 096	6 576 506
In a year, but not longer than five years	50 898 122	48 285 481	32 702 523	32 066 697
Total minimum lease payments	60 202 739	56 384 100	39 888 619	38 643 203
Financial costs	(3 818 639)	-	(1 245 416)	-
Current value of minimum lease payments	56 384 100	56 384 100	38 643 203	38 643 203

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

Notes

5. Long-term debt securities - bonds

EUR	30.09.2024 (Unaudited)	31.12.2023 (Audited)
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'.

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 Eco Baltia vide SIA, Ecoservice UAB, Nordic Plast SIA and ITERUM AS 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	30.09.2024 (Unaudited)	31.12.2023 (Audited)
Financial assets		
Cash at bank and on hand at amortised cost	3 373 414	10 165 938
Other investments and securities at fair value	124 764	747 034
Loans and receivables carried at amortized cost value	48 260 380	32 578 782
Total financial assets	51 758 559	43 491 754
Financial liabilities		
Financial liabilities carried at amortized cost value	195 593 474	161 515 266
Total financial liabilities	195 593 474	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	30.09.2024 (Unaudited)	31.12.2023 (Audited)
Current assets less current liabilities, EUR	(42 017 816)	(4 562 101)
Current ratio	0,60	0,93

Notes

6. Financial risk management - *continued*

The following table demonstrates undiscounted contractual maturities of financial liabilities:

31.12.2023	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
EUR					
Non-derivative financial liabilities					
Trade and other payables	38 982 435	38 982 435	32 938 194	3 982 891	2 061 350
Long-term debt securities - bonds	18 000 000	22 300 000	320 000	1 220 000	20 760 000
Lease liabilities	38 520 581	39 806 151	1 997 476	5 240 556	32 568 119
Borrowings	66 612 390	74 780 846	4 302 950	12 796 124	57 681 772
Total non-derivative financial liabilities	162 115 406	175 869 432	39 558 620	23 239 571	113 071 241
Total financial liabilities	162 115 406	175 869 432	39 558 620	23 239 571	113 071 241
30.09.2024	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
EUR					
Non-derivative financial liabilities					
Trade and other payables	51 948 662	51 948 662	45 780 244	4 535 646	1 632 772
Long-term debt securities - bonds	18 000 000	21 210 000	450 000	1 090 000	19 670 000
Lease liabilities	56 384 101	60 202 740	2 856 355	6 448 261	50 898 123
Borrowings	69 846 990	81 497 590	4 918 480	32 913 991	43 665 118
Total non-derivative financial liabilities (Unaudited)	196 179 753	214 858 992	54 005 079	44 987 899	115 866 014
Total financial liabilities (Unaudited)	196 179 753	214 858 992	54 005 079	44 987 899	115 866 014

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 September 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 30.09.2024
Equity ratio	36,7%
Net debt to Adjusted EBITDA ratio	2,97

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



eco

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