



JOINT STOCK COMPANY ECO BALTIA

**UNAUDITED CONSOLIDATED
ANNUAL REPORT FOR THE
PERIOD ENDED 31 DECEMBER
2024**

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

RIGA, 2025



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GENERAL INFORMATION

GENERAL INFORMATION



Name of the Parent Company	Eco Baltia JSC
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 2024 - 31 December 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 31 December 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 2 650 people in Latvia, Lithuania, Poland and the Czech Republic. The main subsidiaries managed by the Group in Latvia are ITERUM AS (until 6 June - PET Baltija AS), Nordic Plast SIA, Eco Baltia vide SIA, Latvijas Zaļais punkts SIA, JUMIS in Sigulda, and from October 2024 - Eko Osta SIA, which was merged into Oil Recovery SIA on 28 December and continues to operate under that name. The Company also manages 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 SIA. 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 SIA into the Group. With the closing of the transaction

in November 2024, Eko Osta SIA became one of Eco Baltia Group's environmental management companies specialising in hazardous and environmentally hazardous waste management. The transaction was carried out through Oil Recovery Ltd (SIA), a subsidiary of Eco Baltia group company Latvijas Zaļais punkts SIA. As a result of the reorganisation, Eko Osta SIA was merged into Oil Recovery SIA on 28 December and continues to operate under the new name.

During the reporting period, the Group company Eco Baltia vide SIA 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 Daugavpils specializētais autotransporta uzņēmums AS, where Eco Baltia vide SIA won with bids of EUR 1 220 175.26. According to the terms of the auction, Eco Baltia vide SIA 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 SIA intends to acquire a further 56.2% of the shares in Daugavpils specializētais autotransporta uzņēmums AS in 2025, about which a report was submitted to the Competition Council during the reporting period.

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 AS 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 AS was listed on the Nasdaq Baltic alternative market First North. In addition to the EUR 8 million of unsecured Eco Baltia AS 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-

MANAGEMENT REPORT

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 AS (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.

During the reporting period, Eco Baltia has reorganised by separating its subsidiary SIA Vaania and its rights and liabilities from its parent company Eco Baltia AS and transferring them to the Group's environmental sector company Eco Baltia vide SIA. 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 SIA** and **Ecoservice UAB**, 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 Ecoservice UAB 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 SIA, 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 SIA 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, but the total capacity of the plant can technically reach up to 150 000 tonnes per year over time, depending on the type of waste. The total investment in the project is expected to reach amount to around €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 SIA 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 SIA 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

MANAGEMENT REPORT

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 SIA was found to be the most appropriate and financially advantageous in one of the two zones. During the reporting period, Eco Baltia vide SIA 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.

In October 2024, the Group's Lithuanian environmental services company Ecoservice UAB 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 UAB in August of the previous year. In the court application, Ecoservice UAB indicated that the Latvian branch of Compensa has been unjustifiably delaying the decision regarding the insurance claim. Following additional calculations and evidence of the business interruption losses, the total claim amounts to €13.6 million.

During 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 DAUGAVPILS SPECIALIZĒTAIS AUTOTRANSPORTA UZŅĒMUMS AS ("Daugavpils Spec. ATU"). After the completion of the transaction, which is planned to be executed through Eco Baltia's subsidiary, Eco Baltia vide SIA, the group will hold 96.6% of the shares. However, group is interested to increase this stake up to 100%.

In year 2024, the Group's producer responsibility system operator **Latvijas Zaļais punkts SIA**, 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 SIA were organised in accordance with the management programmes for 2023-2025 approved by the State Environmental Service.

During the reporting period, Latvijas Zaļais punkts SIA 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 SIA 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 SIA, together with the plastic packaging recycling company Nordic Plast SIA, is working on the establishment of a packaging testing laboratory in Latvia, accredited and operational during the reporting period.

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 SIA 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 SIA 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. In third quarter of 2024 the relocation of the company from its existing production premises in Olaine to new premises and premises in Jelgava was initiated. It was completed at the end of the year.

During the reporting period, the Group's PET bottle recycler **ITERUM AS** (PET Baltija AS 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

MANAGEMENT REPORT

investment of more than EUR 35 million, including more than EUR 10 million from ITERUM AS. 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 AS 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 AS 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 AS, joined the Board of Directors at the beginning of October.

In the second half of 2024, the Group classified loans of EUR 28 million as the current portion of long-term loans. During the period, the Group entered into an agreement with the lender to extend the maturity of these loans. As a result, EUR 22 million of these loans will have a maturity of more than 12 months from the reporting date.

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 Year 2024 with a net turnover of EUR 262,11 million, an increase of 20% 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 2023.

The Group's profit before tax at the end of the reporting period was EUR 9,67 million, compared to EUR 0.99 million for the same period last year.

Consolidated EBITDA at the end of the Year 2024 amounted to EUR 42,5 million, up 49,76% compared to EUR 28,4 million in the same period last year.

Future development of the Group

In 2025, 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 2025 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 Group's Lithuanian company Ecoservice officially opened the most modern and largest sorting centre for separately collected packaging in the Baltic region. With an investment of around EUR 18 million, the new facility features cutting-edge artificial intelligence solutions that can identify and sort 13 types of packaging, nearly doubling operational efficiency.

Eco Baltia vide SIA, an environmental management company operating in Latvia, will continue providing waste management services in both zones of Mārupe Municipality following the results of an open tender announced by the local government. The contract term is seven years, with a total contract value of €19 million (excluding VAT).

After the reporting period, the Competition Council (CC) decided to allow Eco Baltia vide SIA to acquire sole decisive influence over DAUGAVPILS SPECIALIZĒTAIS AUTOTRANSPORTA UZŅĒMUMS AS (DSATU AS). Other acquisition-related processes are underway and the transaction is expected to be completed in 2025. The company was awarded by Nasdaq with the "Nasdaq Baltic Awards 2025" (3rd place) for outstanding performance of a listed company in the field of investor relations in the category "Best Investor Relations in the First North Bond Market".

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After the reporting period, four Group companies were rated Platinum and Gold in the Sustainability Index 2024 organised by the Institute for Corporate Sustainability and Responsibility. Eco Baltia vide SIA and ITERUM AS received platinum ratings, while Nordic Plast SIA and JUMIS SIA received gold ratings. The Sustainability Index is a valuable monitoring mechanism that helps companies in Latvia to assess the sustainability of their operations and their level of corporate responsibility.

In 2025, a number of changes to the Natural Resources Tax Law came into force in Latvia, including the management of wet wipes and balloons from 1 January 2025. On this basis, at the end of 2024, the Group Company Latvijas Zaļais punkts SIA started concluding contracts with manufacturers and traders of wet wipes and balloons for the management of the respective waste in accordance with the requirements set by the State and for the customers to receive 100% exemption from the payment of the natural resources tax.

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 31 December 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- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
Net turnover	1	262 108 795	218 398 130
Production cost of goods sold	2	(214 846 844)	(183 111 033)
Gross profit		47 261 951	35 287 097
Selling and distribution expenses		(8 105 961)	(7 200 643)
Allowances for impairment of loans and receivables			
Administrative expenses		(27 097 259)	(20 143 930)
Other operating income		13 426 826	1 521 333
Other operating expenses		(5 122 920)	(1 827 333)
Finance income		9 441	1 972
Finance costs		(10 700 667)	(6 643 658)
Profit before tax		9 671 411	994 838
Corporate income tax		(131 717)	124 348
Deferred corporate income tax		749 759	418 928
PROFIT FOR THE REPORTING PERIOD		10 289 453	1 538 114
Total comprehensive income for the period after tax		10 289 453	1 538 114
Total comprehensive income attributable to:			
Majority interests		11 377 828	24 712 842
Non-controlling interests		(1 088 375)	(23 174 728)
Profit attributable to:			
Majority interests		11 377 828	24 712 842
Non-controlling interests		(1 088 375)	(23 174 728)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	31.12.2024 (Unaudited)	31.12.2023 (Audited)
ASSETS		
Non-current investments		
Intangible investments		
Licences, trade marks and other intangible investments	3 250 729	2 215 478
Development costs	2 068 610	1 555 692
Goodwill	63 342 318	63 347 671
Total intangible investments	68 661 657	67 118 841
Property, plant and equipment		
Land, buildings and constructions	20 125 766	10 178 165
Right-of-use assets	58 208 681	42 263 786
Non-current investments in leased property, plant and equipment	4 606 594	70 867
Equipment and machinery	46 790 077	43 634 974
Other property, plant and equipment, and inventories	15 439 985	10 884 498
Construction in progress	8 639 715	5 379 496
Prepayments for property, plant and equipment	3 379 824	4 167 150
Total property, plant and equipment	157 190 642	116 578 936
Non-current financial investments		
Investments in associated companies	1 220 175	-
Other securities and investments	21 200	21 200
Prepaid expenses	395 627	278 943
Other non-current receivables	10 005 509	364 315
Total non-current financial assets	11 642 511	664 458
Total non-current investments	237 494 810	184 362 235
Current assets		
Inventories	16 503 898	15 729 028
Receivables		
Trade receivables	22 517 185	23 049 297
Corporate income tax	-	5 158
Other receivables	3 050 689	2 415 778
Prepaid expenses	1 115 582	967 432
Accrued income	10 289 792	6 922 137
Total receivables	36 973 248	33 359 802
Current investments	-	725 834
Cash and cash equivalents	6 537 309	10 165 938
Total current assets	60 014 455	59 980 602
TOTAL ASSETS	297 509 265	244 342 837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	Note	31.12.2024 (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		(72 316)	346 037
Retained earnings brought forward		11 889 313	19 317 887
Profit for the reporting period		11 377 828	2 571 426
Equity attributable to the shareholders of the Parent Company		73 779 849	62 820 375
Non-controlling interests		12 093 086	12 884 516
Total equity		85 872 935	75 704 890
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	5	17 862 577	17 780 020
Loans from credit institutions	3	57 300 054	50 029 714
Lease liabilities	4	48 607 712	32 066 697
Deferred income		1 540 545	1 634 388
Other payables		199 817	330 905
Deferred income tax liability		1 226 119	2 253 521
Total non-current liabilities		126 736 824	104 095 245
Current liabilities			
Loans from credit institutions	3	21 836 811	16 582 676
Lease liabilities	4	7 995 658	6 576 506
Loans from related companies	3	563 015	614 393
Prepayments received from customers		882 419	522 742
Trade payables		35 734 294	24 155 953
Corporate income tax		67 407	56 350
Taxes payable		3 656 851	3 675 675
Other payables		5 081 999	3 946 658
Deferred income		472 400	432 374
Accrued liabilities		8 588 692	7 959 415
Unpaid dividends		19 960	19 960
Total current liabilities		84 899 506	64 542 703
Total liabilities		211 636 330	168 637 947
TOTAL EQUITY AND LIABILITIES		297 509 265	244 342 837

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR	01.01.2024- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9 671 411	994 838
Adjustments for:		
Depreciation and amortization	24 404 105	20 781 629
Interest payments and similar expense	9 751 516	6 551 616
Interest (income) and similar (income)	(9 441)	(1 973)
(Gain)/loss on disposal of property, plant and equipment	254 756	(94 868)
(Profit)/loss from fluctuations of foreign currency rates	92 213	(226 231)
(Income) from external co-financing	(669 793)	(548 843)
Changes in provisions and allowances	(8 643 395)	1 007 586
Revenue from participation in fixed capital of related, associated or other companies	(1 137 782)	-
Goodwill impairment	-	270 000
Revenue from other securities and loans which formed long-term financial investments	731 515	63 071
Profit before adjustments for the effect of changes in current assets and current liabilities	34 445 105	28 796 825
Adjustments for:		
(Increase)/decrease in receivables	(2 704 166)	(1 002 042)
Increase/(decrease) in payables	11 099 267	(1 113 734)
(Increase)/decrease in inventories	(153 188)	7 427 124
CASH FLOWS FROM OPERATING ACTIVITIES	42 687 018	34 108 173
Interest paid	(8 140 380)	(5 572 098)
Corporate income tax paid	(453 562)	(128 534)
Net cash flows from operating activities	34 093 076	28 407 541
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible investments	(32 575 127)	(22 895 455)
Proceeds from sale of property, plant and equipment	310 042	2 118 798
Acquisition of subsidiaries, net of cash acquired	(8 741 826)	(38 109 796)
Received interest from other companies	-	1 868
Revenue from alienation of stocks or shares of related, associated or other companies	1 010 201	2 000
Net cash flows used in the investing activities	(39 996 710)	(58 882 585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revenue from investment sold	-	6 750 200
Proceeds from borrowings	23 270 861	24 667 382
Repayment of borrowings	(10 672 080)	(9 420 392)
Repayment of the lease liabilities	(6 020 705)	(4 542 904)
Payments of obligations under finance leases	(4 909 087)	(4 861 529)
Subsidies, grants, gifts or donations	637 976	498 369
Issued debt securities (bonds)	-	18 000 000
Net cash flows used in the financing activities	2 306 965	31 091 126
Result of fluctuations of foreign currency exchange rates	(31 960)	(84 323)
Net cash flow for the reporting period	(3 628 629)	531 759
Cash and cash equivalents at the beginning of the period	10 165 938	8 063 376
Cash from acquisition of company	-	1 570 803
Cash and cash equivalents on the reporting date	6 537 309	10 165 938

CONSOLIDATED STATEMENT OF CASH FLOWS

continued



EUR	01.01.2024- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revenue from investment sold	-	6 750 200
Proceeds from borrowings	23 270 861	24 667 382
Repayment of borrowings	(10 672 080)	(9 420 392)
Repayment of the lease liabilities	(6 020 705)	(4 542 904)
Payments of obligations under finance leases	(4 909 087)	(4 861 529)
Subsidies, grants, gifts or donations	637 976	498 369
Issued debt securities (bonds)	-	18 000 000
Net cash flows used in the financing activities	2 306 965	31 091 126
Result of fluctuations of foreign currency exchange rates	(31 960)	(84 323)
Net cash flow for the reporting period	(3 628 629)	531 759
Cash and cash equivalents at the beginning of the period	10 165 938	8 063 376
Cash from acquisition of company	-	1 570 803
Cash and cash equivalents on the reporting date	6 537 309	10 165 938

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	-	-	-	-	-	11 377 828	11 377 828	(1 088 375)	10 289 453
Change of non-controlling interest	-	-	-	-	-	-	-	296 944	296 944
Reserves for own stocks or shares	-	-	-	10 000 000	-	(10 000 000)	-	-	-
Translation reserve	-	-	-	-	(418 354)	-	(418 354)	-	(418 354)
Balance as at 31 December 2024									
(Unaudited)	35 005	19 926 630	20 623 389	10 000 000	(72 316)	23 267 141	73 779 849	12 093 086	85 872 935

Notes

1. Net turnover

EUR	01.01.2024- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
Income from processing of recyclable materials	102 909 596	83 562 088
Income from waste management	126 956 833	112 023 270
Income from organisation of packaging management system	18 580 161	12 645 370
Income from sorting and sale of recyclables	12 663 269	9 310 242
Other income	998 936	857 161
Total	262 108 795	218 398 130

Income by geographical markets are distributed as follows:

EUR	01.01.2024- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
Other Member States of the European Union	45 887 027	53 022 042
Republic of Latvia	82 272 433	67 426 359
Republic of Lithuania	90 852 335	70 638 566
Republic of Czechia	9 869 592	11 727 742
Republic of Poland	29 306 051	12 108 435
Outside the Member States of the European Union	3 921 357	3 474 986
Total	262 108 795	218 398 130

2. Production cost of goods sold

EUR	01.01.2024- 31.12.2024 (Unaudited)	01.01.2023- 31.12.2023 (Audited)
Raw materials and other material costs	66 552 047	60 457 907
Remuneration for work	39 048 515	37 780 606
Waste utilization costs	27 462 916	23 441 633
Depreciation of property, plant and equipment and intangible investments	19 848 450	18 917 744
Costs of outsourced services	21 359 581	14 649 078
Cost of production energy and other resources	8 834 845	9 511 083
Transport costs	11 697 552	8 569 587
State mandatory social insurance contributions	5 052 307	4 278 815
Professional services costs	2 721 293	1 689 925
Lease of industrial premises and related costs	3 018 867	590 962
Insurance costs	1 392 002	928 231
Other production costs	7 858 469	2 295 462
Total	214 846 844	183 111 033

Notes

3. Loans

EUR	31.12.2024 (Unaudited)	31.12.2023 (Audited)
Non-current loans		
Bank (non-current part, repayable within 2-5 years)	57 300 054	50 029 714
Total	57 300 054	50 029 714
Non-current loan current part		
Bank (non-current part, repayable within 1 year)	14 148 295	11 082 195
Bank (credit line)	7 606 230	5 248 471
Other loans	563 014	613 636
Total	22 317 539	16 944 302
Loan interest		
Bank	82 287	252 010
Other	-	757
Total	82 287	252 767
Total current	22 399 826	17 197 069
Total loans	79 699 880	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 31.12.2024 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 31.12.2024. Covenant was met at 31.12.2023, but exceeded 4,00 at 31.12.2024, however the agreement was concluded between Metal-Plast and mBank S.A. to waive this obligation as at 31.12.2024.

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	31.12.2024 (Unaudited)		31.12.2023 (Audited)	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	10 757 882	7 995 660	7 186 096	6 576 506
In a year, but not longer than five years	33 739 763	25 503 873	32 702 523	32 066 697
Total minimum lease payments	44 497 645	33 499 532	39 888 619	38 643 203
Financial costs	(10 998 113)	-	(1 245 416)	-
Current value of minimum lease payments	33 499 532	33 499 532	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	31.12.2024 (Unaudited)	31.12.2023 (Audited)
Debt securities - bonds	18 000 000	18 000 000
Costs for attracting bonds	(137 423)	(219 980)
Total	17 862 577	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 31st of December 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 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	31.12.2024 (Unaudited)	31.12.2023 (Audited)
Financial assets		
Cash at bank and on hand at amortised cost	6 537 309	10 165 938
Other investments and securities at fair value	21 200	747 034
Loans and receivables carried at amortized cost value	45 511 012	32 578 782
Total financial assets	52 069 521	43 491 754
Financial liabilities		
Financial liabilities carried at amortized cost value	205 803 534	161 515 266
Total financial liabilities	205 803 534	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	31.12.2024 (Unaudited)	31.12.2023 (Audited)
Current assets less current liabilities, EUR	(24 885 051)	(4 562 101)
Current ratio	0,71	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
31.12.2024					
EUR					
Non-derivative financial liabilities					
Trade and other payables	52 519 872	52 519 872	47 490 112	3 276 865	1 752 895
Long-term debt securities - bonds	18 000 000	20 760 000	320 000	1 220 000	19 220 000
Lease liabilities	56 603 370	44 497 644	2 681 759	8 076 122	33 739 764
Borrowings	79 136 866	87 101 607	5 425 983	15 566 999	66 108 626
Total non-derivative financial liabilities (Unaudited)	206 260 108	204 879 124	55 917 853	28 139 986	120 821 285
Total financial liabilities (Unaudited)	206 260 108	204 879 124	55 917 853	28 139 986	120 821 285

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 31 December 2024 and 31 December 2023.

7. Business combinations

In March 2024, an agreement was signed to acquire 100% of Eko Osta SIA. 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 SIA into the Group. With the closing of the transaction in November 2024, Eko Osta SIA became one of Eco Baltia Group's environmental management companies specialising in hazardous and environmentally hazardous waste management. The transaction was carried out through Oil Recovery SIA, a subsidiary of Eco Baltia group company Latvijas Zaļais punkts SIA. As a result of the reorganisation, Eko Osta SIA was merged into Oil Recovery SIA on 28 December and continues to operate under the new name.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Fair value recognised on acquisition EUR'000	EKO OSTA SIA	Acquired subsidiaries (Unaudited)
Assets		
Intangible investments	511 375	511 375
Property, plant and equipment	8 173 547	8 173 547
Non-current financial investments	42 329	42 329
Current assets	854 059	854 059
Cash	226 707	226 707
Liabilities		
Trade payables and other liabilities	(636 743)	(636 743)
Total net assets	9 171 274	9 171 274
Gain from Bargain Purchase	1 132 274	1 132 274
Purchase consideration transferred	8 039 000	8 039 000

As of the date of issuance of these unaudited financial statements, the initial accounting for the acquisition is incomplete, as the fair value assessments of the acquired assets have not yet been finalized. Accordingly, the outcome of the fair values recognized at the acquisition date may be subject to change

8. 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 31.12.2024
Equity ratio	36,4%
Net debt to Adjusted EBITDA ratio	2,76

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



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