JOINT STOCK COMPANY "ECO BALTIA"

(UNIFIED REGISTRATION NUMBER 40103435432)

2024 ANNUAL REPORT

(14th reporting year)

PREPARED IN ACCORDANCE WITH
LAW ON THE ANNUAL FINANCIAL STATEMENTS OF THE REPUBLIC OF LATVIA
AND THE LAW ON CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITORS' REPORT*

Riga, 2025

** This version of annual report is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of annual report takes precedence over this translation.*

TABLE OF CONTENTS

General information

Name of the Company	AS "Eco Baltia"
Legal statuss	Joint stock Company
Registration number, place and date of registration	40103435432, Riga, 8 July 2011
Registered office address	240-3 Latgales Street Riga, Latvia, LV-1063
NACE code	7022 - Business and management consulting
Shareholders	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%) SIA "Enrial Holdings", Balta street 5, Bukulti, Garkalnes region, LV-1024 (15.93%) PENVI INVESTMENT LTD, Spyrou Kyprianou, 82, Euro House, Ground Floor, 4043, Limassol, Cyprus (0,75%)
Members of the Board	Māris Simanovičs, Chairman of the Management Board Santa Spūle, Member of the Management Board Sigita Namatēva, Member of the Management Board Saulius Budrevičius, Member of the Management Board
Members of the Supervisory Board	Vytautas Plunksnis, Chairman and Member of the Supervisory Board Deimante Korsakaite, Vice-Chairwoman and Member of the Supervisory Board Jurgita Petrauskiene, Member of the Supervisory Board Gints Pucēns, Member of the Supervisory Board Atienza Guell Alberto, Member of the Supervisory Board Algimantas Markauskas, Member of the Supervisory Board from 03.04.2024.
Subsidiaries	AS "ITERUM" 1 Elejas Street, Grēnes, Olaine municipality, Olaine region, Latvia (94,9%) SIA "Eco Baltia vide" 5 Getliņu Street, Rumbula, Stopiņu municipality, Ropazu region, Latvia (100%) SIA “Nordic Plast” 18G Aviācijas Street, Jelgava, Latvia (100%) SIA "Polimēru parks" 240-3 Latgales Street, Rīga, Latvia (100%) until 16.12.2024. SIA "Vaania" 240-3 Latgales Street, Riga, Latvia (100%, Sigulda PSIA "Jumis" concessionaire) until 12.11.2024. Sigulda PSIA "Jumis" 10 R. Blaumaņa Street, Sigulda, Latvia (100% - Sigulda Municipality, concession holder of AS "Eco Baltia") until 12.11.2024. UAB “Eco Recycling” Gyneju g. 14, Vilnius, Lithuania (55%) from 29.09.2023.

General information (continued)

Reporting period	1 January 2024 - 31 December 2024
Previous reporting period	1 January 2023 - 31 December 2023
Annual report prepared by	Kristīne Rudziša, Chief Accountant
Independent auditors and their address	SIA Deloitte Audits Latvia Republikas laukums 2A, Riga, LV-1010 License No 43 Latvian Certified auditor Inguna Staša Certificate No 145

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 in Latvia are AS "ITERUM" (until 6 June – AS "PET Baltija"), SIA "Nordic Plast", SIA "Eco Baltia vide", SIA "Latvijas Zaļais punkts", Siguldas pilsētas SIA "JUMIS", and from October 2024 – SIA "Eko Osta", which was merged into SIA "Oil Recovery" 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 Company during the reporting period

In 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, Group's company signed an agreement to acquire 100% of SIA "Eko Osta". The merger has been approved by the Competition Council. During the third quarter of 2024 work continued in accordance with the contractual arrangements until the finalization of SIA "Eko Osta" acquisition. With the closing of the transaction in November 2024, SIA "Eko Osta" became one of Eco Baltia Group's environmental management companies specialising in hazardous and environmentally hazardous waste management. The transaction was carried out through SIA "Oil Recovery", a subsidiary of AS "Eco Baltia" group company SIA "Latvijas Zaļais punkts". As a result of the reorganisation, SIA "Eko Osta" was merged into SIA "Oil Recovery" on 28 December and continues to operate under the new name.

During the reporting period, the Group company SIA "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 AS "Daugavpils specializētais autotransporta uzņēmums" where SIA "Eco Baltia vide" won with bids of EUR 1 220 175.26. According to the terms of the auction, SIA. "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. SIA "Eco Baltia vide" intends to acquire a further 56.2% of the shares in AS "Daugavpils specializētais autotransporta uzņēmums" 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 AS "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 AS"Eco Baltia" was listed on the Nasdaq Baltic alternative market First North. In addition to the EUR 8 million of unsecured AS "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 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. (Poland) 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 AS "Eco Baltia" (55 %) and INVL Baltic Sea Growth Fund (45 %).

On 18 June 2024 the Ordinary General Meeting of Shareholders of the AS "Eco Baltia", 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 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.

In the first quarter of 2024, AS "Eco Baltia" approved a plan to assess the Group's strategic environmental business opportunities and together with external consultants, AS "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.

In October 2024, the Group's Lithuanian environmental services company UAB. "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 UAB "Ecoservice" in August of the previous year. In the court application, UAB "Ecoservice" 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.

Management report (continued)

During the reporting period, AS “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 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, SIA“Eco Baltia vide”, the group will hold 96.6% of the shares. However, group is interested to increase this stake up to 100%.

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.

In 2024, AS “Eco Baltia” initiated a reorganization by separating its subsidiary, SIA “Vaania”, from AS “Eco Baltia” and transferring the relevant rights and obligations to the subsidiary SIA “Eco Baltia vide”. The reorganization was carried out with the aim of streamlining and simplifying the group’s structural management, thereby improving the efficiency of the companies’ daily operations. After the planned reorganization, SIA. “Vaania” will continue to exist and conduct its economic activities to the same extent as before, including in accordance with the terms set out in existing contracts. The reorganization was completed in November 2024.

The Company's turnover in 2024 is 2 126 201 EUR (2023: 1 790 374 EUR), which, compared to 2023, has increased by 18.76%, what is due to the review of the management services provided in relation to the transfer pricing policy developed within the Group. The Company closed the year 2024 with a loss of EUR 741 455 (year 2023: loss of EUR 328 240). The result 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 management of the Company proposes covering the 2024 losses with future profits.

Further development of the Company

The Company's main objectives in 2025 and further, 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.

Company’s exposure to risks

Financial instruments and financial risks

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The most significant financial instruments of the Company are its financial assets: trade and other receivables loans, and financial liabilities: finance leases, trade and other payables, arising directly from the Company’s business activity.

Financial risks associated with the financial instruments of the Company, financial risk management

The main financial risks associated with the Company’s financial instruments are:

- Credit risk is a risk of the Company incurring in financial loss, if the other transaction party fails to fulfil its obligations towards the Company. Credit risk is mainly caused by cash and trade receivables, issued loans.

  Cash and short-term bank deposits

  Credit risk related to cash 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 loss.

  Trade receivables

  The Company has significant credit risk concentration for any single transaction partner or similarly defined group of transaction partners – related companies.
  The Company manages its credit risk by continuously assessing the credit history of its clients and setting acceptable credit limits. The Company’s maximum exposure to credit risk is set at the balance value of each debtor. The Company continuously monitors its trade receivables. The balance amount of trade receivables is reduced by accruals for doubtful and bad trade receivables.

Management report (continued)

Loans

The company monitors the credit risk related to the issued long-term and short-term loans, continuously assessing the borrowers' financial indicators, the adequacy and quality of the collateral, as well as the credit history.

- Foreign currency risk is a risk of financial loss due to adverse currency fluctuations. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in the same currency, thereby leading to open currency positions. The Company has no significant financial assets and liabilities denominated in any currencies other than the euro. Thus, the Company’s exposure to foreign currency risk was not significant during the reporting year.

- Interest rate risk is a risk of financial loss due to adverse interest rate fluctuations. The largest part of the Company's financing consists of issued debt securities - bonds with a fixed interest rate. The Company is exposed to interest rate risk mainly through its non-current and current borrowings, which are finance leases bearing interest at floating rates.

- Liquidity risk is a risk that the Company will default on its obligations. Liquidity risk arises if the maturities of financial assets and liabilities do not match. The goal of liquidity risk management by the Company is to maintain an adequate amount of cash and cash equivalents and ensure sufficient financing, thereby enabling the Company to meet its obligations as they fall due. The Company checks whether the maturities of financial assets and liabilities match on a regular basis and controls the stability of financing for non-current assets. For the purposes of liquidity management, current cash flow forecasts are made each month after the actual results for the prior month have been received. The Company’s management believes that the Company will have sufficient funds available so that its liquidity position is not jeopardized. As of 31 December 2024, the Company’s liquidity ratio was 2.74 (on 31.12.2023: 2.21).

- Cash flow risk is closely linked to the interest rate and liquidity risks. Cash flow risk is the risk arising primarily from the Company’s borrowings at variable interest rates, which creates a risk of the finance costs of the Company increasing significantly whenever the interest rate increases. The Company’s borrowings at fixed interest rates do not generate cash flow risk or fair value interest rate risk. The Company controls its cash flow risk by maintaining sufficient reserves of cash and cash equivalents, by continuously monitoring its payments related to business contracts, and through careful and prudent cash flow planning, coordinating repayment schedules with expected cash flows.

Events after the reporting date

After the reporting period the Competition Council (CC) decided to allow SIA “Eco Baltia vide” to acquire sole decisive influence over AS “Daugavpils specializētais autotransporta uzņēmums” (DSATU AS). Other acquisition-related processes are underway and the transaction is expected to be completed in 2025.

After the reporting period 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".

There have been no events between the last day of the reporting year and the date of signature of this financial statement, other than as described in Note 37, that would result in adjustments to be made to that financial statement or should be explained in that financial statement.

Māris Simanovičs, Chairman of the Board	Sigita Namatēva, Board Member	Santa Spūle, Board Member

Saulius Budrevičius,
Board Member

This document is signed with a secure electronic signature and contains a time stamp.

Profit or loss statement

	Notes	2024 EUR	2023 EUR
Net turnover	3	2 126 201	1 790 374
Cost of production of products sold, purchase costs of goods sold or services provided	4	(275 493)	(331 503)
Gross profit or loss		**1 850 708**	**1 458 871**
Selling expenses	5	(47 778)	(70 420)
Administration expenses	6	(2 776 484)	(1 718 625)
Other operating income	7	78 093	598 638
Other operating expenses	8	(278 794)	(368 325)
Income from participating interests:	9	1 155 720	-
● in the capital of related companies		1 155 720	-
Income from other securities and loans constituting financial long-term investments:	10	870 801	435 648
● from related companies		870 801	435 648
Other interest income and similar income:	11	76 903	126 034
● from related companies		76 903	126 034
Interest expenses and similar charges:	12	(1 663 955)	(782 786)
● from related companies		(39 470)	(38 704)
● other persons		(1 624 485)	(744 082)
Profit or loss before corporate income tax		**(734 786)**	**(320 965)**
Corporate income tax for the reporting year	13	(6 669)	(7 275)
Profit or loss after calculation of corporate income tax		**(741 455)**	**(328 240)**
Profit or (loss) for the reporting year		**(741 455)**	**(328 240)**

The accompanying notes on pages 13 to 32 form an integral part of these financial statements.

Māris Simanovičs,
Chairman of the Board

Sigita Namatēva,
Board Member

Santa Spūle,
Board Member

Saulius Budrevičius,
Board Member

Kristīne Rudziša,
AS "Eco Baltia"
Chief Accountant

This document is signed with a secure electronic signature and contains a time stamp.

Balance sheet

Assets

	Notes	31.12.2024. EUR	31.12.2023. EUR
Non-current assets			
Intangible assets			
Licences, trade marks and other intangibles		1 047 711	98 077
Development costs		-	672 741
Total	15	**1 047 711**	**770 818**
Property, plant and equipment			
Other fixed assets		35 956	45 426
Total	16	**35 956**	**45 426**
Non-current financial investments			
Investments in subsidiaries	17	49 193 643	49 377 126
Loans to related companies	32	4 000 000	6 544 000
Other loans and other non - current receivables	18, 20	1 555	3 168
Total		**53 195 198**	**55 924 294**
Total non-current assets		**54 278 865**	**56 740 538**
Current assets			
Receivables			
Trade receivables		12 147	-
Due from related companies	33	6 857 310	2 359 652
Other receivables	19	40 520	70 928
Deferred expenses	20	27 309	15 112
Accrued revenue	21	-	34 317
Total		**6 937 286**	**2 480 009**
Cash	22	380 812	2 641 004
Total current assets		**7 318 098**	**5 121 013**
TOTAL ASSETS		**61 596 963**	**61 861 551**

The accompanying notes on pages 13 to 32 form an integral part of these financial statements.

Māris Simanovičs, Chairman of the Board	Sigita Namatēva, Board Member	Santa Spūle, Board Member
Saulius Budrevičius, Board Member	Kristīne Rudziša, AS "Eco Baltia" Chief Accountant	

This document is signed with a secure electronic signature and contains a time stamp.

Balance sheet

EQUITY AND LIABILITIES

EQUITY	Notes	**31.12.2024. EUR**	**31.12.2023. EUR**
Share capital	23	35 005	35 005
Share premium		20 623 389	20 623 389
Rezerves:	24	10 000 000	-
● Reserves for own shares		10 000 000	-
Retained earnings brought forward		11 067 882	21 396 122
Profit for the reporting year		(741 455)	(328 240)
TOTAL EQUITY		**40 984 821**	**41 726 276**
PROVISIONS			
Other provisions	25	58 424	34 105
TOTAL PROVISIONS		**58 424**	**34 105**
LIABILITIES			
Non-current liabilities			
Long-term debt securities - bonds	27	17 862 577	17 780 020
Other borrowings	28	18 166	-
Total		**17 880 743**	**17 780 020**
Current liabilities			
Other borrowings	28	4 711	10 464
Trade payables		258 614	260 184
Due to related companies	34	1 570 994	1 258 545
Taxes and state mandatory social insurance contributions	29	66 357	36 273
Other payables	30	21 006	41 000
Accrued liabilities	31	751 293	714 684
Total		**2 672 975**	**2 321 150**
TOTAL LIABILITIES		**20 553 718**	**20 101 170**
TOTAL EQUITY AND LIABILITIES		**61 596 963**	**61 861 551**

The accompanying notes on pages 13 to 32 form an integral part of these financial statements.

Māris Simanovičs,
Chairman of the Board

Sigita Namatēva,
Board Member

Santa Spūle,
Board Member

Saulius Budrevičius,
Board Member

Kristīne Rudziša,
AS "Eco Baltia"
Chief Accountant

This document is signed with a secure electronic signature and contains a time stamp.

Statement of cash flows

	Notes	2024 EUR	2023 EUR
Cash flows from operating activities			
Profit or loss before corporate income tax		(734,786)	(320,965)
Adjustments:			
● Depreciation adjustments for property, plant and equipment	5,6,8	34,443	47,451
● Amortisation adjustments for intangible assets	5,6,8	64,255	25,844
● (Gain) or loss from the sale of long-term investments	7	(2,906)	(10,749)
● Provision (reduction)/ formation (excluding provisions for unsecured debts)		24,319	(14,604)
● (Gain) or loss on fluctuations in foreign exchange rates	8	15,490	383
● Income from participating interests in the share capital of related companies, associated companies or other companies	7,8,9	(938,816)	-
● Income from other securities and loans constituting long-term financial investments	10	(870,801)	(435,648)
● Interest income and similar income	11	(76,903)	(126,034)
● interest expenses and similar charges	12	1,663,952	782,786
Profit before adjustments for the effect of changes in current assets and current liabilities		**(821,753)**	**(51,536)**
● Balance (increase) or decrease in receivables		(295,316)	(1,167,572)
● Increase/(decrease) in balances of payables		165,064	383,629
CASH FLOWS FROM OPERATING ACTIVITIES		**(952,005)**	**(835,479)**
Interest paid		(1,455,003)	(570,477)
Corporate income tax paid		(7,591)	(7,085)
Net cash flows from operating activities		**(2,414,599)**	**(1,413,041)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares or shares in related companies, associated companies or other companies	17	(35,000)	(9,000,000)
Proceeds from the disposal of shares or shares in affiliated companies, associated companies or other companies	17	1,579	750,000
Acquisition of fixed assets and intangible assets		(134,610)	(416,181)
Proceeds from the sale of fixed assets and intangible		-	230,964
Loans issued		(1,050,000)	(7,110,000)
Income from loan repayments		113,966	210,000
Interest received		274,350	382,990
Dividends received		1,000,000	-
Net cash flows used in the investing activities		**170,285**	**(14,952,227)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received		-	150,000
Subsidies, grants, gifts or donations received	27	-	18,000,000
Expenditure on the repayment of loans		-	2,500
Expenses for the redemption of a leased fixed asset		(15,878)	(18,667)
Net cash flows used in the financing activities		**(15,878)**	**18,133,833**
Net cash flow for the reporting year		(2,260,192)	1,768,565
Cash and cash equivalents at the beginning of the year		2,641,004	872,439
Cash and cash equivalents on the reporting date	22	**380,812**	**2,641,004**

The accompanying notes on pages 13 to 32 form an integral part of these financial statements

Māris Simanovičs,
Chairman of the Board

Sigita Namatēva,
Board Member

Santa Spūle,
Board Member

Saulius Budrevičius,
Board Member

Kristīne Rudziša ,
AS "Eco Baltia"
Chief Accountant

This document is signed with a secure electronic signature and contains a time stamp.

Statement of changes in equity

	Share capital	Share premium	Reserves	Retained earnings	Total equity
Balance as at 31 December 2022	**35,005**	**20,623,389**	**-**	**21,396,122**	**42,054,516**
Loss for the reporting year	-	-	-	(328,240)	(328,240)
Balance as at 31 December 2023	**35,005**	**20,623,389**	**-**	**21,067,882**	**41,726,276**
Creation of reserve using retained earnings	-	-	10,000,000	(10,000,000)	-
Loss for the reporting year	-	-	-	(741,455)	(741,455)
Balance as at 31 December 2024	**35,005**	**20,623,389**	**10,000,000**	**10,326,427**	**40,984,821**

The accompanying notes on pages 13 to 32 form an integral part of these financial statements

Māris Simanovičs,
Chairman of the Board

Sigita Namatēva,
Board Member

Santa Spūle,
Board Member

Saulius Budrevičius,
Board Member

Kristīne Rudziša,
AS "Eco Baltia"
Chief Accountant

This document is signed with a secure electronic signature and contains a time stamp.

Notes to the financial statements

1. General information

AS " Eco Baltia" (hereinafter referred to as the Company) was registered in the Register of Enterprises of the Republic of Latvia on July 8, 2011. The registered office of the Company is 240-3 Latgales Street, Riga. The Company deals mainly with business and management consulting.

The Company prepares a consolidated annual statement. Copies of the consolidated annual report are available at: www.nasdaqbaltic.com, www.lursoft.lv, www.ecobaltia.lv on the website in the section "For investors".

2. Summary of significant accounting policies

Guidelines for the preparation of the financial statement

AS " Eco Baltia" the financial statement has been prepared in accordance with the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

The financial statement has been prepared in accordance with the historical value accounting principle. The euro (EUR) shall be used as a monetary unit in the financial statement. The financial statement covers the period from 1 January 2024 to 31 December 2024.

The profit or loss statement is formed according to the scheme of turnover costs. The cash flow statement is formed according to the indirect method.

The law provides for additional reliefs for small and medium-sized companies in the preparation of a financial statement, but at the same time stipulates that the financial statement must give a true and fair view of the financial condition and profit or loss of the company, and the annual report of a medium and large company - also of cash flow. According to Article 5 of the "Law on Annual Reports and Consolidated Annual Reports", the Company can be classified as a small company in 2024.

A single accounting policy has been developed for the company and other companies of the Eco Baltia Group, the main principles of which are described in this Note.

The report is prepared in Latvian and English. In case of any contradictions or inconsistencies, the Latvian language version of the report takes precedence over this translation.

Accounting principles applied

The items in the financial statement are valued according to the following accounting principles:

a) It is assumed that the Company will continue to operate.
b) The same valuation methods have been used as in the previous year.
c) The assessment has been carried out with due care:
    - only profits made up to the balance sheet date are included in the accounts;
    - account has been taken of all foreseeable amounts of risk and losses incurred in the reporting year or previous years, even if they become known between the balance sheet date and the date of preparation of the financial statements;
    - calculated and taken into account all amounts of depreciation and depreciation, regardless of whether the reporting year is concluded with profit or loss.
d) Revenues and costs related to the reporting year are taken into account, regardless of the date of payment and the date of receipt or issue of the invoice. Costs are aligned with revenues in the reporting period.
e) The components of the asset and liability items are valued separately.
f) All items that have a material impact on the assessment or decision-making of the users of the financial statement are indicated, the minor items are combined and their details are given in the notes on the accounts.
g) Operating transactions are presented in the financial statement on the basis of their economic content and nature, and not only on their legal form.

Related parties

Related parties are legal and natural persons related to the Company, in accordance with the following provisions.

a) A person or a close family member of that person shall be associated with the reporting company if:
    i. that person has control or joint control over the reporting company;
    ii. that person has significant influence over the reporting company; or
    iii. that person is a senior management representative of the reporting company or of its parent company.
b) A company is related party with a reporting company if it meets the following conditions:

2. Summary of significant accounting policies (continued)

i. the company and the reporting company belong to the same group of companies (which means that the parent company, subsidiary and nursing companies are related parties to each other);
ii. one company is an associate or joint venture of the other (or associate or joint venture to a company of the group to which the other company belongs);
iii. both companies are joint ventures to the same third party;
iv. one company is a joint venture of a third party and the other company is an associate of the same third party;
v. company means a post-employment benefit plan for employees of the reporting company or employees of a related company with the reporting company; If the reporting company itself has this type of plan, the related parties are also their sponsoring employers.
vi. the company is controlled or jointly controlled by a person identified in point (a);
vii. the person identified in point (a)(i) has a significant influence over the company or is a representative of the senior management of the company (or its parent company);
viii. a company, or any member of a group of which the company belongs, provides management staff services to the company or to the company's parent company.

Transactions with related parties – the transfer of resources, services or liabilities between the reporting company and its related party, regardless of whether there is a remuneration for it.

Use of estimates

In preparing the financial statement, management is required to rely on certain estimates and assumptions that affect the balances of the balance sheet and profit or loss statement items reflected in individual statements and the amount of contingent liabilities. Future events may affect the assumptions on the basis of which the relevant estimates are made. Any effects of changes in estimates are reflected in the financial statement at the time of their determination.

The following lists the key assumptions and the most significant estimates for the future, as well as the main causes of estimation uncertainty at the balance sheet date, which entail a significant risk of material adjustments to the carrying amounts of net balance sheet assets or liabilities in the following reporting period:

Investment in subsidiaries and book value of loans granted

The management of the Company evaluates the carrying amount of the investments in subsidiaries and assess whether there is any indication that the recoverable amount of those assets is lower than their book value. For the purposes of impairment testing, the Company classifies investments in equity of subsidiaries as cash-generating units (CGUs) - each subsidiary is considered a separate CGU. To determine whether there are signs of impairment, the company's management examines the results presented by each NIV: a) profit/(loss) of the reporting period; b) the ratio of current assets and short-term liabilities; c) net asset value (equity). The investment amount is then compared to net asset value, a key factor that could indicate impairment. Next, an assessment is made at the level of each NIV to determine how much impairment should be recognized The Company's management calculates and recognises a loss on impairment of investments in subsidiaries based on estimates of their future returns. The management of the Company considers that significant adjustments to the value of investments in subsidiaries as of December 31, 2024 are not necessary. For more information, see Notes 17, 32, 33.

Carrying amount of intangible investments and fixed assets

The company's management evaluates the carrying amount of intangible investments and fixed assets and assesses whether there are any indications that the recoverable amount of assets is lower than the carrying amount. The company's management calculates and recognises a loss on impairment of intangible assets and property, plant and equipment based on estimates of their future use, disposal or sale. Taking into account the planned amounts of economic activity of the Company and the possible market value of the assets, the management of the Company considers that significant adjustments to the value of intangible investments and fixed assets as of December 31, 2024 are not necessary.

Allowances for doubtful and bad debtors

The Company's management evaluates the carrying amount of receivables and assesses their recoverability, creating, if necessary, allowances for doubtful and bad receivables. The company's management has assessed the receivables and believes that significant additional allowances as of December 31, 2024 are not necessary.

Translation of foreign currencies

The accompanying financial statements are presented in the currency of the European Union, the Euro (hereinafter – EUR), which is the Company's functional and presentation currency. All transactions in foreign currencies are denominated in EUR at the euro reference rate published by the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into euro at the euro reference rate published by the European Central Bank on the last day of the reporting year. Exchange

2. Summary of significant accounting principles (continued)

differences arising from settlements in currencies or from the presentation of asset and liability items using exchange rates different from those originally used to account for transactions are recognized in the profit or loss statement at net value. Non-monetary items carried at historical cost in a foreign currency are stated using the exchange rate at the date of the original transaction. Non-monetary items are presented at their original cost and no subsequent currency revaluations are made.

Intangible assets

Intangible assets are accounted for at their initial value, which is amortised over the useful life of the assets using the straight-line method. If any events or changes in circumstances indicate that the book value of intangible assets is likely to be irrecoverable, the value of the related intangible assets is revised to determine their impairment. Impairment losses are recognised when the book value of intangible assets exceeds their recoverable amount. Gains or losses on derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are accounted for at their initial value less accumulated depreciation and impairment. For land, depreciation is not calculated. Depreciation is calculated over the following useful life of the asset using the linear method:

Vehicles	3 – 12 years
Other fixed assets	2 – 10 years

Inventory with a value above EUR 300 and a period of use of more than one year shall be accounted for in the composition of fixed assets. An exception may be a large quantity with the same fixed assets, where the value of one piece is less than EUR 300, but the period of use is more than one year, for example, containers. To facilitate the accounting of such fixed assets, they are combined into groups according to the purchase documents.

Depreciation is calculated starting from the next month after the commissioning of fixed assets or involvement in economic activity. For each part of the fixed asset, the cost of which is significant in relation to the total cost of this fixed asset, depreciation must be calculated separately. If the Company depreciates separately some parts of a fixed asset, it shall also depreciate separately the remaining parts of the same asset. The balance consists of those parts of the fixed asset that are not separately important. Depreciation of the remaining parts is calculated using approximation methods in order to truly reflect their useful life.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Repair and maintenance costs incurred after the assets have been put into operation are normally charged to the profit or loss statement in the period when incurred.

If any events or changes in circumstances indicate that the book value of property, plant and equipment is likely to be irrecoverable, the value of the asset in question is revised to determine its impairment. If there are signs of irrecoverability of value and if the asset's book value exceeds the estimated recoverable amount, the asset or money-generating unit is written off to its recoverable amount. The recoverable amount of a fixed asset is the higher of net realisable value and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market projections regarding changes in the asset's value and the risks associated with it. For an asset that does not generate significant cash flows on its own, the recoverable amount is determined according to the cash flow-generating asset to which it belongs. Impairment losses are recognised in the profit or loss statement as a cost.

Properties such as land and buildings that are held for the purpose of increasing the value of rental income or investment, rather than for use for production, delivery of goods or services, administration purposes or sale as part of day-to-day business, are valued by the Company at the cost of acquisition. The cost of the acquisition includes all costs associated with the purchase of the corresponding object.

The recognition of such property ceases when it is disposed of or permanently removed from use and no economic benefit is expected from its disposal in the future. Profit or loss arising from the write-down or disposal of investment property is recognised in the profit or loss statement during the period of disposal or liquidation.

The recognition of the carrying amount of items of property, plant and equipment is discontinued if it is disposed of or if no economic benefits are expected from future use of the asset. Any profit or loss arising from the derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the book value of the property, plant and equipment) is recognised in the profit or loss statement in the period in which the derecognition of the property, plant and equipment occurs.

2. Summary of significant accounting principles (continued)

Costs associated with improvements to leased property are capitalized and reflected as fixed assets. Depreciation of these assets is calculated over the entire lease period using the linear method.

The cost of creating fixed assets and unfinished construction objects is accounted for at the initial value. The initial value includes construction costs and other direct costs. For work in progress, depreciation is not calculated until the corresponding assets are completed and put into operation.

If investments have been made in the leased asset (for example, reconstruction, improvement or renewal), then such costs are recognized in the balance sheet item "Long-term investments in leased fixed assets" and depreciation is calculated over the lease term.

Investments in subsidiaries and associates of the group

Investments in subsidiaries (i.e. companies in which the Company owns more than 50% of the share capital or which it controls in some other way) and associates (i.e. companies in which the Company has significant influence but does not own a controlling stake in shares / shares in which it owns 20-50% of the share capital) are accounted for using the cost method. After initial recognition, investments in subsidiaries and associates are accounted for at their original value less impairment losses. Where events or changes in circumstances indicate that the book value of investments in subsidiaries and associates is likely to be irrecoverable, the value of the related investments in subsidiaries and associates shall be revised to determine their impairment. The Company recognises income from participating interests only to the extent that the Company receives a portion of the accumulated profits of its subsidiary or associate earned after the date of acquisition of the shares. The share of profit received that exceeds such profit is considered to be the recovery of investments and is accounted for as a decrease in the initial value of investments. At the end of each reporting year, it is assessed whether there is indication that the investment may be impaired. If any such indication exists, the impairment test is performed. The Company calculates the impairment as the difference between the recoverable amount of the subsidiary and the carrying amount of the investment, recognizing the loss in the profit or loss statement.

Dividends received from subsidiaries are recognized in the profit or loss statement in the period in which the right to receive the payment is established.

Other financial assets

Financial assets are classified as investments that are initially recognized by the Company at fair value through revaluation recognition in the profit or loss statement, investments that are by definition loans and receivables, held-to-maturity investments and available-for-sale investments as required. On initial recognition, financial assets are carried at fair value plus directly attributable transaction costs to the extent that the related investments in profit or loss are not carried at fair value. After initial recognition Company determine the classification of its financial assets and, if permissible and appropriate, revise that classification at the end of each reporting year.

Ordinary acquisitions or sales of financial assets are recognised and their recognition ceases on the date of the transaction, i.e. the date on which Company undertakes to acquire the asset in question. An ordinary acquisition or sale of financial assets is the acquisition or sale of financial assets that requires the delivery of assets within a period of time specified in the regulations or conventions in force on the market.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment schedule that are not listed on the active market. Such assets are accounted for at amortised cost using the effective interest rate method. Profit and loss are recognised in the profit or loss statement at the time of derecognition or impairment of these assets, as well as in the amortisation process.

Trade receivables and other receivables

Trade receivables are initially recognised at fair value. They are subsequently stated at amortised cost using the effective interest method. Provisions for impairment are made when there is objective evidence that the Company will not be able to receive receivables in full in accordance with the original terms of repayment. The impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is included in "Other operating expenses" in the profit or statement. The receivables of buyers and customers are reflected in the short-term part with a maturity within a year, in the long-term part with a payment term after one year, but not more than five years.

Deferred expenses

Payments made before the balance sheet date but relating to subsequent reporting years are shown in the balance sheet item "Deferred expenses".

2. Summary of significant accounting principles (continued)

Accrued revenue

The balance sheet item "Accrued revenue" indicates the clearly known amounts of settlements with buyers and customers for the supply of goods or services in the reporting year, in respect of which, according to the terms of the contract, the deadline for submitting the supporting document (invoice) for payment has not yet arrived at the balance sheet date. These settlement amounts shall be calculated on the basis of the price fixed in the contract in question and the documents certifying the actual delivery of the goods or provision of services.

Cash

Cash consists of cash in the bank and in cash and short-term deposits with an initial maturity of not more than three months.

Loans and borrowings

Loans and borrowings are initially reflected at their initial value, which is determined by adding or subtracting the costs associated with obtaining the loan to the fair value of the loan or borrowing amount.

After initial recognition, loans and borrowings are accounted for at their amortised value using the effective interest rate method. The amortised value is calculated taking into account the cost of issuing a loan or receiving a loan, as well as any discounts or premiums associated with the loan or borrowing.

Loans and borrowings shall be reflected in the short-term part with a maturity of one year, in the long-term part with a maturity of one year, but not more than five years.

The profit or loss arising from amortization is reflected in the profit or loss statement as interest income and costs.

Provisions

Provisions are recognized when the Company has a present obligation (legal or temporary) caused by a past event and there is a likelihood that the fulfilment of that obligation will require an outflow of resources embodying economic benefits from the Company and the amount of the commitment can be measured with sufficient reliability. If Company provides that the expenses necessary for the creation of provisions will be partially or fully reimbursed, for example under an insurance contract, the reimbursement of these expenses being recognized as a separate asset only when it is practically clear that these expenses will actually be reimbursed. The costs associated with any provision are reflected in the profit or loss statement net of amounts recovered. In the event that the time value of money has a significant impact, the provision is calculated by discounting the expected future cash flow using a pre-tax rate that reflects the current assessment of the time value of money in the market and the risks pertaining to the specific liability, if any. If discounting is carried out, an increase in provisions over time is recognized as a borrowing cost.

Contingent liabilities and assets

Contingent liabilities has not recognized per these financial statements but are disclosed. As contingent liabilities has been recognized only when an outflow of resources embodying economic benefits becomes probable. Contingent assets has not recognized per these financial statements, as they are recognized if the possibility of an inflow of resources embodying economic benefits becomes probable.

Accrued liabilities

The balance sheet item "Accrued liabilities" indicates the clearly known amounts of liabilities to suppliers of goods and services for goods or services received during the reporting year, for which, due to the conditions of delivery, purchase or contract or for other reasons, the relevant supporting document (invoice) intended for payment has not yet been received at the balance sheet date. These amounts of obligations shall be calculated on the basis of the price fixed in the relevant contract and the documents confirming the actual receipt of the goods or services.

Accrued liabilities for unused employee vacations

The amount of the accrued liability is determined by multiplying the average daily earnings of employees for the last 6 months by the number of unused vacation days accumulated at the end of the reporting year, additionally calculating the employer's state mandatory social insurance contributions.

2. Summary of significant accounting principles (continued)

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Accordingly, grants whose primary condition is that the Company should purchase or construct non-current assets are recognized as deferred revenue in the balance sheet and transferred to the statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the statement of profit or loss in the period in which they become receivable

Trade payables

Trade payables are liabilities related to operational expenses. Trade payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are classified as non-current liabilities.

Financial lease

Financial leasing transactions in the framework of which: Company all risks and rewards arising from ownership of the leasehold are transferred, are recognised in the balance sheet as property, plant and equipment for an amount which, at the commencement of the lease, corresponds to the fair value of the leased property or, if less, to the present value of the minimum lease payments. Financial lease payments are divided between financial costs and a reduction in liabilities in order to ensure a constant interest rate on the balance of liabilities in each period. Financial costs are included in the profit or loss statement as interest costs.

If there are reasonable grounds for believing that, at the end of the lease period, the relevant lease object will become the property of the lessee, the expected useful life of the asset is taken as the expected useful life of that asset. In all other cases, depreciation of capitalised leased assets is calculated using the straight-line method, over the estimated useful life of assets or lease period, whichever is shorter.

An asset lease, in which virtually all the risks arising from ownership are borne and remunerated by the lessor, is classified as an operating lease. Lease payments within the framework of an operating lease are accounted for as costs throughout the lease period using the linear method. Operating leases Company’s liabilities are reflected as off-balance-sheet liabilities.

Recognition of revenue

Revenues are recognised when it is probable that the Company will obtain economic benefits and to the extent that it can be reasonably determined, net of value added tax and sales rebates. The following conditions are also taken into account when recognizing revenue:

Sale of goods

Revenue is recognised when: Company has transferred to the buyer the most significant risks and rewards associated with ownership of the goods.

Services

Company provides mainly financial, legal, information technology, marketing and management services. Revenue from services is recognised in the period in which the services were provided.

If the outcome of a service-related transaction cannot be reasonably measured, revenue is recognized only to the extent that the recognized costs are recoverable.

Dividends

Dividend income is recognized when the right to receive the payment is established.

Recognition of expenses

Expenses are a decrease in resources of economic benefit in the reporting period in the form of return or use of assets, or an increase in liabilities, resulting in a decrease in equity, except for the decrease caused by distribution among participants. Expenses can be as follows: expenses incurred in the course of normal operations, for example, production costs of sold products, wages and depreciation; losses are expenses that show a decrease in resources of economic benefit, such as losses from the disposal of long-term investments.

Under the accrual basis, transactions and events are recognized in the period in which they occur, regardless of when they are settled. Expenses are recognized in the profit or loss statement based on the direct relationship between the occurrence of the expense and the earning of a specific item of income.

2. Summary of significant accounting principles (continued)

Corporate income tax

(a) Tax payable

As of 1 January 2018, a new Corporate Income Tax Law has been in force in the Republic of Latvia, which was adopted on 28 July 2017 and provides for a conceptually new tax payment regime. The tax rate is 20% (until January 1, 2018 - 15%), the tax period is a month, not a year, and the taxable base includes:

- distributed profits (imputed dividends, distributions equivalent to dividends, notional dividends), and
- deemed distribution of profit (expenses not related to economic activity, doubtful receivables, increased interest payments, loans to a related person, reduction of income or excess of expenses arising from carrying out transactions at prices different from market prices, the calculation methods of which are determined by the Cabinet, benefits granted by a non-resident to his employees or members of the board (council), regardless of whether the recipient is a resident or a non-resident, if they are attributed to the activities of a permanent establishment in Latvia, the liquidation quota).

Events after the reporting date

Post-year-end events that provide additional information about the Company’s position at the balance sheet date (adjusting events) are reflected in the balance sheet. Post-year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Net turnover

From operating activities	2024	2023
Revenue from services provided	2 126 201	1 790 374
TOTAL:	**2 126 201**	**1 790 374**

4. Cost of production of products sold, purchase costs of goods sold or services provided

	2024	2023
Professional services costs	275 493	331 503
TOTAL:	**275 493**	**331 503**

5. Selling expenses

	2024	2023
Marketing and advertising costs	45 108	51 231
Depreciation and amortization	2 661	2 014
Remuneration for work	-	13 208
State mandatory social insurance contributions	-	3 116
Other	9	851
TOTAL:	**47 778**	**70 420**

6. Administration expenses

	2024	2023
Cost of professional services*	1 181 393	28 208
Remuneration for work	798 547	684 358
State mandatory social insurance contributions	173 715	147 365
Cost of communication services	103 656	60 860
Annual audit costs**	100 004	118 957
Depreciation and amortization	83 444	52 392
Lease of premises and office maintenance expenses	52 262	57 352
Cost of legal services	45 679	260 221
Transport costs	44 697	41 746
Insurance costs	25 509	23 957
Employee training costs	24 998	68 775
Business trip expenses	11 301	11 655
Recruitment costs	4 498	52 453
Representation costs	3 838	4 526
Bank commissions	984	791
Other	121 959	105 009
TOTAL:	**2 776 484**	**1 718 625**

* The increase in costs of professional services is due to the accumulation of costs for external consultancy and due diligence work related to the previously mentioned assessment of Eco Baltia's strategic environmental business opportunities.
**Including annual audit services received in 2024 of EUR 58 230 (2023: EUR 64 000) from Deloitte Audits Latvia SIA.

7. Other operating income

	2024	2023
Net profit from sale of property, plant and equipment	2 906	10 749
Restatement of acquisition costs of related party	-	300 538
Restatement of personnel training costs	-	108 251
Revenue from external co-financing	-	2 500
Other	75 187	176 600
TOTAL:	**78 093**	**598 638**

8. Other operating expenses

	2024	2023
Loss from reorganization of SIA Vaania and Siguldas pilsētas SIA Jumis*	178 483	-
Loss on write-off of investment in SIA Polimēru parks**	38 422	-
Non-operating costs	30 652	48 464
Net loss on foreign currency exchange rate fluctuations	15 490	383
Depreciation	12 593	18 889
Donations	2 600	-
Penalty charges	554	51
Cost of professional and legal services	-	300 538
TOTAL:	**278 794**	**368 325**

* On 12 November 2024 the Company made a property contribution of EUR 73 980 to SIA “Eco Baltia vide” by transferring all shares of SIA “Vaania” held by the Company to SIA “Eco Baltia vide” Pursuant to the agreement on the amendment of the concession agreement dated 16 July 2003, concluded on 29 July 2014, the Company acted as the concessionaire of Siguldas pilsētas SIA "Jumis", while SIA"Vaania" - as the concessionaire of Siguldas pilsētas SIA "Jumis". As a result, the Company's recognised investment in Siguldas pilsētas SIA “Jumis” of EUR 241 463 was removed, as was the residual value of the Company's investment in SIA “Vaania” of EUR 11 000.
** In 2024, SIA ”Polymēru Parks” was dissolved. As a result, part of the Company's investment in SIA Polimēru parks of EUR 38 422 was written off.

9. Income from participating interests

	2024	2023
Dividends received from the subsidiary SIA “Eco Baltia vide”	1 000 000	-
Dividends received from subsidiary SIA “Vaania”	155 720	-
TOTAL:	**1 155 720**	**-**

10. Income from other securities and loans constituting financial long-term investments

	2024	2023
Interest income on long-term loans from related parties	870 801	435 648
TOTAL:	**870 801**	**435 648**

11. Other interest and similar income

	2024	2023
Interest income on short-term loans to related parties	76 903	126 034
TOTAL:	**76 903**	**126 034**

12. Interest expenses and similar charges

	2024	2023
Interest payments on debt securities - bonds*	1 540 000	705 722
Bank fees for credit agreements	83 334	37 163
Interest on borrowings from related parties	39 470	38 704
Interest on finance leases	1 151	1 197
TOTAL:	**1 663 955**	**782 786**

*The Company issued bonds in the amount of EUR 8 million on 17 February 2023. The bonds mature on 17 February 2026 (ISIN code: LV0000860120), bonds have a fixed interest rate (coupon) of 8% per year. The Company issued bonds in the amount of EUR 10 million on 2 November 2023. The bonds mature on 2 November 2026 (ISIN code: LV0000860138), bonds have a fixed interest rate (coupon) of 9% per year.

13. Corporate income tax for the reporting year

	2024	2023
Corporate income tax calculated for the reporting year	6 669	7 275
Corporate income tax reflected in the profit or loss statement:	**6 669**	**7 275**

14. Remuneration for work and number of employees

	2024	2023
Remuneration for work	798 547	697 566
State mandatory social insurance contributions	173 715	150 481
TOTAL:	**972 262**	**848 047**

Including key management personnel compensation:

	2024	2023
Board Members		
Remuneration for work	249 648	233 924
State mandatory social insurance contributions	58 892	55 078
TOTAL:	**308 540**	**289 002**

	2024	2023
Average number of board members in the reporting year	4	4
Average number of other employees in the reporting year	14	15
TOTAL:	**18**	**19**

15. Intangible assets

	Licences, trade marks and other intangibles	Intangible asset development costs	TOTAL
December 31st, 2022			
Cost	634,599	320,950	**955,549**
Accumulated amortisation and impairment	(418,474)	-	**(418,474)**
Book value at 31 December	216,125	320,950	**537,075**
Year 2023			
Book value at 1 January	216,125	320,950	**537,075**
Additions	-	426,043	**426,043**
Disposals	(597,762)	-	**(597,762)**
Disposed accumulated amortisation	431,305	-	**431,305**
Reclassified	475	(475)	**-**
Amortisation	(25,843)	-	**(25,843)**
Transfer	73,777	(73,777)	**-**
Book value at 31 December	98,077	672,741	**770,818**
December 31st, 2023			
Cost	111,089	672,741	**783,830**
Accumulated amortisation and impairment	(13,012)	-	**(13,012)**
Book value at 31 December	98,077	672,741	**770,818**
Year 2024			
Book value at 1 January	98,077	672,741	**770,818**
Additions	-	344,493	**344,493**
Disposals	(1,818)	(2,778)	**(4,596)**
Disposed accumulated amortisation	1,251	-	**1,251**
Amortisation	(64,255)	-	**(64,255)**
Transfer	1,014,456	(1,014,456)	**-**
Book value at 31 December	1,047,711	-	**1,047,711**
December 31st, 2024			
Cost	1,123,727	-	**1,123,727**
Accumulated amortisation and impairment	(76,016)	-	**(76,016)**
Book value at 31 December	1,047,711	-	**1,047,711**

16. Property, plant and equipment

	Other fixed assets	**TOTAL**
December 31st, 2022		
Cost	241 412	**241 412**
Accumulated depreciation and impairment	(153 217)	**(153 217)**
Book value at 31 December	88 195	**88 195**
Year 2023		
Book value at 1 January	88 195	**88 195**
Additions	6 209	**6 209**
Historical cost of disposed fixed assets	(3 643)	**(3 643)**
Accumulated depreciation of disposed fixed assets	2 116	**2 116**
Depreciation	(47 452)	**(47 452)**
Book value at 31 December	45 425	**45 425**
December 31st, 2023		
Cost	243 978	**243 978**
Accumulated depreciation and impairment	(198 553)	**(198 553)**
Book value at 31 December	45 425	**45 425**
Year 2024		
Book value at 1 January	45 425	**45 425**
Additions	28 460	**28 460**
Historical cost of disposed fixed assets	(13 620)	**(13 620)**
Accumulated depreciation of disposed fixed assets	10 134	**10 134**
Depreciation	(34 443)	**(34 443)**
Book value at 31 December	35 956	**35 956**
December 31st, 2024		
Cost	258 818	**258 818**
Accumulated depreciation and impairment	(222 862)	**(222 862)**
Book value at 31 December	35 956	**35 956**

17. Investments in subsidiaries

Company	%	Initial investment	31.12.2023.	Increase/ (Decrease)	31.12.2024.
AS "ITERUM", 1Elejas Street, Grēnes, Olaines pag., Olaines nov., Latvia	94.90	9 116 698	12 920 471	-	12 920 471
SIA "Eco Baltia vide", 5 Getliņu Street, Stopiņi district, Rumbula, Latvia*	100	7 835 884	22 779 284	73 980	22 853 264
SIA "Nordic Plast", Aviācijas 18G Street, Jelgava, Latvia	100	5 169 908	5 169 908	-	5 169 908
Siguldas PSIA "Jumis", 10 R. Blaumaņa Street, Sigulda, Latvia (concession winner of AS"Eco Baltia")*	-	241 463	241 463	(241 463)	-
SIA " Polimēru Parks", 240-3 Latgales Street, Riga, Latvia**	-	5 000	5 000	(5 000)	-
SIA "Vaania", 240-3, Latgales Street Riga, Latvia (Siguldas PSIA "Jumis" concessionaire)*	-	77 590	11 000	(11 000)	-
UAB “Eco Recycling”, Gynėjų g. 14, Vilnius, Lietuva*	55	9 000 000	8 250 000	-	8 250 000
	TOTAL:	**31 446 543**	**49 377 126**	**(183 483)**	**49 193 643**

* On 12 November 2024 the Company made a property contribution of EUR 73 980 to SIA “Eco Baltia vide” by transferring all shares of SIA “Vaania” held by the Company to SIA “Eco Baltia vide” Pursuant to the agreement on the amendment of the concession agreement dated 16 July 2003, concluded on 29 July 2014, the Company acted as the concessionaire of Siguldas pilsētas SIA "Jumis", while SIA"Vaania" - as the concessionaire of Siguldas pilsētas SIA"Jumis". As a result, the Company's recognised investment in Siguldas pilsētas SIA “Jumis” of EUR 241 463 was removed, as was the residual value of the Company's investment in SIA “Vaania” of EUR 11 000.

** In 2024, SIA Polimēru parks was liquidated. As a result, the Company's investment in SIA Polimēru parks was written off.

Financial information on Company’s subsidiaries:

Company	Equity		Profit/(loss) for the reporting year	
	31.12.2024.	31.12.2023.	2024	2023
AS "ITERUM"	1 724 175	7 288 608	(5 564 433)	(2 823 973)
SIA "Eco Baltia vide"	54 316 491	44 862 898	10 379 613	12 178 559
SIA "Nordic Plast"	(2 885 335)	350 424	(3 235 759)	(1 953 768)
Siguldas PSIA "Jumis"*	-	528 719	-	183 292
SIA "Polimēru Parks"**	-	(31 383)	-	(2 792)
SIA "Vaania"*	-	244 531	-	173 600
UAB “Eco Recycling”*	10 994 335	14 985 004	(3 990 669)	(14 996)

17. Investments in subsidiaries (continued)

Financial information on subsidiaries of Company’s subsidiaries:

Company	Equity		Profit/(loss) for the reporting year	
	31.12.2024.	31.12.2023.	2024	2023
SIA "Latvijas Zaļais punkts", Latvia (100% SIA “Eco Baltia vide”)	10 457 541	4 986 852	5 470 689	2 843 098
SIA “Oil Recovery”, Latvia (100% SIA “Latvijas Zaļais punkts”)**	482 851	-	(467 949)	-
Siguldas PSIA "Jumis", Latvia (100% - Sigulda Municipality, SIA "Eco Baltia vide" - concession holder)*	725 682	-	196 963	-
SIA "Vaania", Latvia (100% of Eco Baltia vide SIA)*	114 345**	-	25 534**	-
UAB “Ecoservice”, Lithuania (100% SIA "Eco Baltia vide")	22 165 295	14 169 999	8 032 316	774 165
“Tesil Fibres s.r.o”, Czech Republic (100% AS “PET Baltija”)**	(628 502)	(8 330)	(3 345 153)	(2 542 257)
Metal-Plast sp.z.o.o., Poland (70% Eco Recycling UAB)**	16 694 557	-	(917 547)	-
“Homecourt sp.z.o.o.”, Poland (100% UAB “Eco Recycling”)**	-	528 719	-	183 292

*See information below the Investments in subsidiaries’ table

**Unaudited financial report data for 2024

At the end of 2024, the Company made a calculation of the recoverable value of investments in subsidiaries. It was assessed whether there had been a participatory subsidiaries impairment in the capital of companies. In order to carry out the impairment test for interests in the capital of subsidiaries, the recoverable amount – value in use – is determined by discounting the future cash flow of each company. The calculation of the value of subsidiary was based on discounted cash flow method, applying the following discount rates. In 2024 discount rate applied – 11,4% for SIA “Eco Baltia vide”, 11,0% for AS „PET Baltija”, 13,5 % for SIA „Nordic Plast”. Cash flow estimates have been made for the next nine years using 2025 budget data and further growth based on companies' operational plans. Taking into account the performance results of the subsidiaries, the recycling segment was identified, which has an increased risk of a decrease in the value of investments. The future growth of AS "ITERUM" is planned with a significant 60% increase in turnover in 2025 and a 10% increase in turnover in 2026, 2027 and 2028 compared to the previous financial year, based on the completion of the relocation to the new plant in autumn 2024. The future growth of SIA "Nordic Plast" is planned with a 154% increase in turnover in 2025 and a 3% increase in turnover in 2026 compared to the previous financial year, based on the completion of the relocation to the new plant at the end of 2024. According to the value recoverability calculations referred to in this paragraph, no impairment allowances should be recognized for investments in subsidiaries as of 31 December 2024.

The recoverable value of long-term investments depends to a significant extent on the assumptions used in the valuation in relation to the growth and timing of net turnover, as well as on the ability of the Company's management to implement these assumptions. Any adverse changes in these assumptions that may be caused by the volatility of the market in which the subsidiaries operate may adversely affect the book value of the Company's participation, as reflected in the balance sheet as at 31 December 2024.

18. Other loans and other non-current receivables

			31.12.2024.	31.12.2023.
Deferred expenses*	EUR		1 555	3 168
		TOTAL:	**1 555**	**3 168**

*See note 20

19. Other receivables

	31.12.2024.	31.12.2023.
Advance payments for suppliers	32 638	12 769
Security deposit	7 742	7 742
Tax overpayment (see note 28 "Taxes and state mandatory social insurance contributions")	140	50 417
TOTAL:	**40 520**	**70 928**

20. Deferred expenses

Non - current portion	31.12.2024.	31.12.2023.
Subscription fee	642	1 668
Insurance	-	6
Other expenses	913	1 494
TOTAL non – current deferred expenses (see Note 18):	**1 555**	**3 168**

Current portion	31.12.2024.	31.12.2023.
Subscription fee	13 774	8 291
Insurance	1 516	1 426
Other expenses	12 019	5 395
TOTAL current deferred expenses:	**27 309**	**15 112**
Total	**28 864**	**18 280**

21. Accrued revenue

	31.12.2024.	31.12.2023.
Accrued revenue from related companies	-	34 317
TOTAL:	**-**	**34 317**

22. Cash

	31.12.2024.	31.12.2023.
Cash at Bank accounts	380 812	2 641 004
TOTAL:	**380 812**	**2 641 004**

23. Share capital

As of 31 December 2024 and 2023, the paid-in share capital of the Company amounts to 35 005 EUR and consists of 35 005 shares with a nominal value of 1 EUR per share. All shares of the capital are fully paid up. All shares have equal voting and dividend rights.

As of 31 December 2024 the shareholders of the Company are as follows:

UAB "BSGF SALVUS"	52,81%	18 487
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	30,51%	10 680
SIA "ENRIAL HOLDINGS"	15,93%	5 575
"PENVI INVESTMENT LTD"	0,75%	263
TOTAL:	**100%**	**35 005**

24. Reserves

	31.12.2024.	31.12.2023.
Reserves for own shares *	10 000 000	-
TOTAL:	**10 000 000**	**-**

* In accordance with the Minutes of the Company's General Meeting No 02/2024 of 19 June 2024, reserves for own shares of EUR 10 000 000 were recognised as a reduction of retained earnings of previous years.

25. Other provisions

	31.12.2024.	31.12.2023.
Provision for bonuses	58 424	34 105
TOTAL:	**58 424**	**34 105**

26. Bank Borrowings

Pledges
Eco Baltia Group companies have received borrowings from Luminor Bank AS (Latvian and Lithuanian branches). Commercial pledges, capital shares or shares of the assets of the group companies, as well as guarantees of group companies and assignment agreements on the transfer of claims against debtors to the bank for the payment of outstanding money serve as collateral for the financing granted to Luminor Bank AS to Eco Baltia group companies. The subject of a commercial pledge of shares is shares which the commercial pledger owns at this moment and which the commercial pledger will acquire during the period of validity of the loan agreements. The object of the commercial pledge of assets is the property of the group companies as a community of things at the time of the pledge, as well as the next components of this community of things. All unsecured and unsubordinated payment obligations in relation to the obligations specified in the loan agreements of Luminor Bank AS are and will always be at least equivalent to the unsecured and unsubordinated payment claims of all other creditors of the respective company, except for those creditors whose claims take precedence in accordance with the generally applicable laws and regulations (Pari passu).

27. Long – term debt securities – bonds

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. There are restrictions in the "Terms and Conditions" for the Unsecured Fixed Rate bonds issued (ISIN LV0000860120 and ISIN LV0000860138). 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 and as of 31.12.2024 Eco Baltia Group’s equity ratio was over 30 percent. Net Debt to Adjusted EBITDA Ratio – the Issuer ensures that Net Debt to Adjusted EBITDA Ratio at all times is 4 (four) or lower. The financial conditions mentioned above refer to the consolidated financial indicators of AS "Eco Baltia". The accrued interest on the issued bonds as of 31 December 2024 amounts to EUR 385 722 and is included under “Accrued liabilities”.

	31.12.2024.	31.12.2023.
Long-term debt securities - bonds	18 000 000	18 000 000
Costs for attracting bonds	(137 423)	(219 980)
TOTAL:	**17 862 577**	**17 780 020**

28. Other borrowings

Financial lease liabilities

Finance leases apply to other fixed assets. At the end of the financial lease term, the asset shall become the property of the Company. The company's financial lease obligations are secured by the lessor's ownership of the leased assets. As at 31 December 2024, the effective interest rate applied to finance leases was the 3-month EURIBOR + added rate (31.12.2023: 3-month EURIBOR + added interest rate).

	31.12.2024. EUR		**31.12.2023. EUR**	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	5 838	4 711	10 744	10 464
In a year, but not longer than five years	19 947	18 166	-	-
Total minimum rental payments	25 785	22 877	10 744	10 464
Financial costs	(2 908)	-	(280)	-
Current value of minimum lease payments	**22 877**	**22 877**	**10 464**	**10 464**

29. Taxes and state mandatory social insurance contributions

	31.12.2024.	31.12.2023.
State mandatory social insurance contributions	30 511	22 757
Personal income tax	18 120	12 969
Corporate income tax	270	541
State business risk duty	5	6
Value added tax	17 451	(50 417)
Other taxes	(140)	-
TOTAL:	**66 217**	**(14 144)**
Total claims (included under "Other receivables")	**(140)**	**(50 417)**
Total commitments	**66 357**	**36 273**

30. Other payables

	31.12.2024.	31.12.2023.
Remuneration for work	20 588	40 828
Advances for employees	418	172
TOTAL:	**21 006**	**41 000**

31. Accrued liabilities

	31.12.2024.	31.12.2023.
Accrued liabilities for issued securities – bonds	385 722	385 722
Accrued liabilities for services received	359 240	305 675
Accrual for vacation pay reserve	6 331	23 287
TOTAL:	**751 293**	**714 684**

32. Loans to related companies

	31.12.2024.	31.12.2023.
Loans issued with a maturity of more than one year*	4 000 000	6 544 000
TOTAL:	**4 000 000**	**6 544 000**

*Loan is repayable on 31 January 2026. The currency of the loan is EUR, loan is not secured.

33. Due from related companies

	31.12.2024.	31.12.2023.
Receivables from related companies	1 489 006	1 144 736
Loan issued with a maturity of one year*	4 541 810	1 028 500
Loan interest to related companies	826 494	186 416
TOTAL:	**6 857 310**	**2 359 652**

*The loan is repayable on 31 December 2025. The currency of the loan is EUR, the loan is not secured.

34. Due to related companies

	31.12.2024.	31.12.2023.
Borrowings with a maturity of one year *	997 028	1 147 028
Payables to related companies	520 653	91 696
Interest on borrowings	53 313	19 821
TOTAL:	**1 570 994**	**1 258 545**

*Borrowing is repayable on 31 December 2025. The currency of borrowing is EUR, borrowing is not secured.

35. Contingent liabilities

35. (a) Issued guarantees

On December 17, 2021, the Company has issued a guarantee as from the Parent company in the amount of EUR 6 555 292 for the outstanding obligations of AS "ITERUM" on the basis of the terms of the lease agreement concluded between the subsidiary AS "ITERUM" (lessee) and the developer and lessor of its new plant. In case of termination of the lease agreement before the end of the minimum lease period (Minimum term – 21.11.2039.).
The Company has issued its guarantees for all loans of daughter companies from Luminor Bank Latvia and Lithuania branches.

35. (b) Real estate lease agreements

In accordance with the concluded real estate lease agreements, the Company has the following future lease payment obligations at the end of the reporting year:

	31.12.2024.	31.12.2023.
With a maturity of one year to other companies	-	28 232
With a term of more than one year but less than five years to other companies	-	37 642
TOTAL:	**-**	**65 874**

35. (c) Operating lease agreements

In accordance with concluded transport lease agreements. The total minimum lease payments under the irrevocable operating leases may be reflected as follows:

	31.12.2024.	31.12.2023.
With a maturity of one year to other companies	10 448	10 141
With a term of more than one year but less than five years to other companies	1 996	11 632
TOTAL:	**12 444**	**21 773**

35. Contingent liabilities (continued)

35. (d) Dividends

In accordance with the Minutes of the Shareholders' Meeting of the Company No 02/2024 dated 19 June 2024, it was resolved to pay a dividend of EUR 1 000 000 from the accumulated profit of the Company for the previous years, subject to the prior approval of AS Luminor Bank. As such approval was not sought, no dividend was recognised in the period.

35 (e) Liquidity risk monitoring

Liquidity risk is the risk that the Group companies or the Company will face difficulties in fulfilling obligations related to financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises when the maturities of financial assets and liabilities do not match. The objective of liquidity risk management is to maintain an adequate amount of cash and cash equivalents and to ensure sufficient funding availability through bank-provided financing, thereby enabling the Group companies to meet their obligations as they fall due. Management regularly assesses the matching of maturities of financial assets and liabilities and the stability of long-term asset financing. To manage liquidity, operational cash flow forecasts are prepared based on the actual results of the previous month.

Liquidity Indicators	**31.12.2024 Group**	**31.12.2024 Company**
Current assets minus short-term liabilities, EUR	(26 981 719)	4 645 123
Liquidity ratio	0.69	2.74

After the end of the reporting year, the Group’s main financing credit institution approved the extension of existing financing agreements, which were due to expire in 2025, and granted additional financing in the amount of EUR 6 million. Considering the Group’s 2025 budget, which reflects growth compared to 2024, and the projected cash flow, the Group’s management believes that the Group companies will have sufficient funds available so that their liquidity position will not be negatively impacted.

On May 28, 2025, a support letter was received from AS “Eco Baltia” shareholder BSGF Salvus UAB, confirming its commitment and legal ability to provide financial support to AS “Eco Baltia” if necessary, in order to protect the value of its investment in AS “Eco Baltia”.

Furthermore, management demonstrates its ability to leverage accumulated knowledge and prior experience in financial planning and debt structuring, which has ensured continued access to capital markets and credit institutions. The Group is working on implementing an optimal financing structure, and this plan includes, among other measures, attracting additional financing and the possibility of refinancing part of the current liabilities to ensure funding sufficiency. Considering the aforementioned, the Company’s management has approached various credit institutions and is confident that there will be significant interest in any future refinancing or restructuring process. The Company does not foresee any difficulties in fulfilling its financial obligations for at least twelve months from the date of approval of these financial statements.

36. Going concern

The Company is the parent company of the Eco Baltia Group and oversees the financial management of the entire group. As described in Note 26 *Bank Borrowings*, the liabilities of Eco Baltia Group companies are secured by commercial pledges on the Group companies’ assets, commercial pledges of capital shares or stock, as well as guarantees from Group companies and assignment agreements transferring claims against debtors to the bank for payment of outstanding amounts. Thus, the Company’s ability to continue as a going concern depends on the Group’s overall liquidity position.

At the end of the reporting year, the Group’s short-term liabilities exceeded current assets by EUR 26.98 million. The Group’s management is confident that the Group companies will be able to meet their obligations and continue their operations, taking into account the operational business budgets and projected cash flows (see Note 35 (e) *Liquidity Risk Monitoring*). After the reporting date, the Group extended the financing agreements, which had a repayment date in May 2025, by one year, and the credit institution provided additional financing availability of EUR 6 million in the form of a credit line and a loan, planned to be used for refinancing purposes. After the reporting date, the Group received an official support letter from one of its shareholders. Considering the above, the financial statements have been prepared based on the assumption that the Company will continue its operations in the foreseeable future.

37. Events after the reporting date

In 2024, AS “Eco Baltia” initiated and completed a reorganisation by separating its subsidiary SIA “Vaania” from AS “Eco Baltia” and the rights and liabilities attributable to it. According to the Concession Agreement, Eco Baltia AS was the Concession Holder until 7 January 2025, and from 8 January 2025, SIA “Eco Baltia vide” became the Concession Holder.

On 7 January 2025, AS “Eco Baltia” increased its investment in AS “ITERUM” by EUR 2 200 000 by acquiring 2 200 000 AS “ITERUM“ shares with a nominal value of EUR 1 per share.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

Māris Simanovičs, Chairman of the Board	Sigita Namatēva, Board Member	Santa Spūle, Board Member
Saulius Budrevičius, Board member	Kristīne Rudziša, AS "Eco Baltia" Chief Accountant	

This document is signed with a secure electronic signature and contains a time stamp

Deloitte.

SIA Deloitte Audits Latvia
Republikas laukums 2a
Riga
LV-1010
Latvia

Latvia@deloittece.com
www2.deloitte.com/lv/en.html

Translation from Latvian

Independent Auditor's Report
To the shareholders of AS Eco Baltia

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of AS Eco Baltia ("the Company") set out on pages 8 to 32 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2024,
- the profit and loss statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of *AS Eco Baltia* as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of investments in subsidiaries and loans issued to related parties	
Notes 17, 32, 33 The Company has made significant investments in subsidiaries. As at 31 December 2024 investments in subsidiaries and loans issued to related parties amount to 60.1 mil. EUR which represents 97% of total assets and 146.5 % of equity. The Company performs an annual impairment test of investments in subsidiaries and loans issued to related parties to identify impairment losses arising when the recoverable amount of investment is lower than the carrying amount recorded. Based on the impairment test performed, no impairment losses have been identified as at 31 December 2024. Cash flow projections and discount rates applied to the projected future cash flows involve significant management judgement. The recoverable value significantly depends on the assumptions used with respect to sales growth, timing of this growth, profitability targets, discount rates as well as the management's ability to realize those assumptions and overall development of the economics. Adverse changes to these assumptions caused by volatility of the market where the subsidiaries of the Company operate may negatively influence the carrying value of investments in subsidiaries and loans issued to related parties presented in the Company's balance sheet as of 31 December 2024. Accordingly, the impairment test of investments in subsidiaries and loans issued to related parties is considered to be a key audit matter.	Our audit procedures were focused on the assessment of key assumptions used by the management in calculations, including the cash flow projections and discount rates. In our assessment, we have involved internal valuation specialists. We assessed assumptions used in cash flow projections which the outcome of impairment test is most sensitive to and evaluated the reasonableness of assumptions made by management by comparing them to internal sources of information available within the Company and also to externally available industry, economic and financial data. Furthermore, we evaluated management's budgeting process by comparing actual results to previously forecasted results.

Key Audit Matter	How our audit addressed the key audit matter
Going concern and liquidity position	
Notes 35 (e), 36 The ability of the Company to continue as going concern depends on the performance and liquidity position of the group consisting of AS ECO Baltia and it's subsidiaries (the "Group") as significant borrowings of the Group are secured by commercial pledges of the assets, capital shares or stocks, as well as guarantees and assignment agreements of the group companies. As at 31 December 2024, the Group's current liabilities exceeded current assets by 26.98 m EUR. The Group manages liquidity risk by maintaining sufficient working capital. The management on regular basis assesses whether the Group companies will have sufficient funds available to meet the obligations as they fall due. Management's ability to ensure appropriate funding for liquidity is based on several management assumptions, including the ability to generate cash flows from operations and availability of additional financing, if necessary. Considering the above-mentioned facts and circumstances, evaluation of the appropriateness of the going concern assumption and/or potential existence of the material uncertainty is considered to be a key audit matter.	We received Group's cash flow forecasts prepared by the Company's management. We gained an understanding of the cash flow forecast preparation process. We assessed the significant assumptions made by the management in the context of the cash flow forecast preparation. We conducted this assessment based on the approved budgets, analysis of maturities of liabilities, and supporting documents, if necessary. We compared the estimates made in forecasts by the management with actual results and trends. We evaluated subsequent events, especially regarding the negotiations with the financial institution related to continuous financing and covenant compliance matters. We evaluated the completeness and accuracy of disclosed information regarding the liquidity status and ability to continue operations as going concern.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- General information about the Company, as set out on pages from 3 to 4 of the accompanying Annual Report,
- the Management Report, as set out on pages 5 to 7 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Audits Latvia SIA
License No. 43

Inguna Staša
Board member
Certified auditor
Certificate No. 145

Riga, Latvia

THE INDEPENDENT AUDITORS' REPORT IS SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP.