JOINT STOCK COMPANY
ECO BALTIA

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2024

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

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 Parent Company	Eco Baltia AS
Legal status of the Parent Company	Joint stock company
Registration number, place and date of registration of the Parent Company	40103435432 Riga, 8 July 2011
Registered office of the Parent Company	240-3 Latgales Street, Riga, LV-1063, Latvia
Shareholders of the Parent Company	BSGF Salvus UAB, Gyneju g.14, Vilnius, Lithuania (52.81%) European Bank for Reconstruction and Development, Five Bank Street, London E14 4BG (United Kingdom) (30.51%) Enrial Holdings SIA, 5 Baltā Street, Bukulti, Garkalnes novads, LV-1024 (15.93%) PENVI INVESTMENT LTD, Spyrou Kyprianou, 82, Euro House, 1 st floor, 4043, Limassol, Kipra (0.75%)
Supervisory Board Members of the Parent Company	Vytautas Plunksnis — Chairman of the Supervisory Board Deimante Korsakaite — Deputy Chairperson of the Supervisory Board Jurgita Petrauskiene – Supervisory Board Member Gints Pucēns – Supervisory Board Member Atienza Guell Alberto – Supervisory Board Member Algimantas Markauskas - Supervisory Board Member from 03.04.2024
Management Board Members of the Parent Company	Māris Simanovičs - Chairman of the Management Board Santa Spūle – Management Board Member Sigita Namatēva – Management Board Member Saulius Budrevičius – Management Board Member
Financial year	1 January 2024 – 31 December 2024
Independent auditors and their address	SIA “Deloitte Audits Latvia” Republikas laukums 2A Riga, Latvia, LV-1010 License No 43 Inguna Staša Latvian Certified Auditor Certificate No 145

Management Report

The management of AS “Eco Baltia” (hereinafter referred to as the Group or the Parent Company) submits the management report on the consolidated financial statements of AS “Eco Baltia” Group (hereinafter referred to as the Group or the Group) for the period from 1 January 2024 to 31 December 2024.

Group business profile

Eco Baltia is the largest environmental resource management and recycling group in the Baltics, providing a full waste management cycle, starting with waste collection and sorting, continuing with the logistics and wholesale of secondary raw materials and ending with the recycling of secondary raw materials, including PET and PE/PP plastics, as well as the production of PET fibre. Eco Baltia's business is strategically divided into two business segments - polyethylene terephthalate (PET) and plastics recycling and environmental management services.

The Group currently employs more than 2 650 people in Latvia, Lithuania, Poland and the Czech Republic. The main subsidiaries managed by the Group in Latvia are AS “ITERUM” (until 6 June - AS “PET Baltija”), SIA “Nordic Plast”, SIA “Eco Baltia vide”, SIA “Latvijas Zaļais punkts”, Siguldas city 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 Group during the reporting period

In addition to the acquisitions completed in the previous year the Group continued to evaluate new business areas and acquisitions during the reporting period to further strengthen the Group's position and market share both in Latvia and internationally, as well as to develop and expand the full waste cycle chain in the Group's overall service portfolio.

In March an agreement was signed to acquire 100% of SIA “Eko Osta”. The merger has been cleared by the Competition Council. During the third quarter of 2024 work continued in accordance with the contractual arrangements until the final integration of SIA “Eko Osta” into the Group. 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 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. 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%.

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 Group's subsidiary Homecourt Sp.z.o.o. and its subsidiary Metal-Plast Sp. z.o.o. merger procedure was finished, after which Metal-Plast Sp. z.o.o. continues to exist. Final structure after merger procedure - Eco Recycling UAB owns 70% of Metal-Plast Sp.z.o.o. and 30% owned by SIDN Family Foundation. Eco Recycling UAB is a Lithuanian holding company, the shareholders are AS “Eco Baltia” (55 %) and INVL Baltic Sea Growth Fund (45 %).

Management Report (continued)

On 18 June 2024 the Ordinary General Meeting of Shareholders of the Group's parent company, 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 Eco Baltia is considering various possible alternatives for the further development of its environmental management business, which may create added value for the Company's shareholders, customers and employees. As part of this process, the Parent Company's Management Board may consider potential transactions such as sales, mergers or other transactions involving Eco Baltia's businesses.

During the reporting period AS “Eco Baltia” has initiated reorganisation by separating its subsidiary SIA “Vaania” and its rights and liabilities from its parent company AS “Eco Baltia” and transferring them to the Group's environmental sector company SIA “Eco Baltia vide”. The reorganisation is being carried out with the aim of organising and simplifying the structural management of the Group, thereby streamlining the day-to-day processes of the companies. After the planned reorganisation SIA “Vaania” will continue to exist and carry out its economic activities to the current extent, as well as in accordance with the procedure specified in the existing agreements. The reorganization was completed in November 2024.

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

The Group's Lithuanian subsidiary Ecoservice UAB approved an investment of €18 million in early 2024 to rebuild the waste sorting centre in Vilnius which was damaged by fire last year. The investment will also go towards improving the sorting centre's infrastructure as well as modernising it, thus contributing more to the circular economy. After the reporting period Ecoservice UAB officially opened the most modern and largest waste sorting centre in the Baltic region.

Eco Baltia's environmental management company in Latvia, SIA “Eco Baltia vide”, approved investments of EUR 2.3 million for the construction of two construction waste sorting and recycling sites during the reporting period. The sites opened in May this year and are located in Rumbula (Pierīga) and Liepāja. The investment is aimed at reinforcing the company's commitment to the circular economy by reducing and reusing construction waste.

During the reporting period, SIA “Eco Baltia vide” continued work on the waste sorting plant in Pierīga, which was launched last year and officially opened in October. The new facility features state-of-the-art sorting equipment that will significantly enhance recycling performance in line with European Union targets. It is capable of sorting 20 000 tonnes of municipal waste and 25 000 tonnes of pre-sorted waste annually, with a total technical capacity of up to 150 000 tonnes per year depending on the waste type. The total investment in the project amounted to approximately EUR 11.7 million.

During the period the Group's environmental management companies also submitted bids for a number of public tenders for the provision of waste management, road maintenance and other services. SIA “Eco Baltia vide” submitted a tender for the open tender for street maintenance in the capital announced by the Riga Municipality for a period of five years. During the reporting period SIA “Eco Baltia vide” received the Riga City Council's decision on the results where it was awarded the right to perform the services in Riga, Centra district and Latgale suburbs for the next five years. The amount of the tender for the five-year period is EUR 77.4 million, excluding VAT. The term of the tender has come into force in October 2024..

In the open tender for municipal waste management in the administrative territories of the municipalities of the Southern Kurzeme Waste Management Region, carried out by the Liepaja State City Municipality, the offer of the environmental management company SIA “Eco Baltia vide” was found to be the most appropriate and financially advantageous in one of the two zones. During the reporting period SIA “Eco Baltia vide” won the right to provide waste management services in the town of Skrunda and in Skrunda, Nīkrāce, Rudbāržu and Raņķu parishes for the next seven years in a tender announced by Kuldīga Municipality Council.

In October 2024 the Group’s Lithuanian environmental services company Ecoservice UAB filed a claim with the Riga City Court against the insurance company Compensa Vienna Insurance Group ADB Latvian branch, demanding fulfillment of obligations and payment of insurance compensation for losses exceeding EUR 7.4 million, incurred due to a fire at Ecoservice UAB in August of the previous year. In the court application Ecoservice UAB indicated that the Latvian branch

Management Report (continued)

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 EUR 13.6 million.

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

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

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

In the Group's PET bottles and plastic packaging recycling business, recycling capacity expansion projects and work on developing and improving brand identity continued during the reporting period and have continued beyond the reporting period. The Group company SIA "Nordic Plast" has approved an investment of EUR 1.7 million to increase the production capacity of recycled pellets and to provide the necessary conditions for the company's future growth. In addition, as part of the overall investment and development plan, the company introduced a new visual identity. In third quarter of 2024 the relocation of the company from its existing production premises in Olaine to new premises in Jelgava was initiated. It was completed at the end of the year.

During the reporting period the Group's PET bottle recycler AS "ITERUM" (AS "PET Baltija" until 6 June) continues to develop its new production facility in Olaine, gradually moving equipment from the existing plant in Jelgava to the new one. The project is being carried out in cooperation with PICHE Ltd, the leading industrial park developer in Latvia, with a total investment of more than EUR 35 million, including more than EUR 10 million from AS "ITERUM". The project has been implemented in several phases and the new plant opened on 23 October 2024. The building has a total floor area of approximately 26 250 m2 and is one of the largest industrial buildings in Latvia and one of the largest PET recycling plants in Northern Europe.

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

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.

Information about the Group's financial risk management can be found in Note 40.

The Group closed Year 2024 with a net turnover of EUR 261.54 million, an increase of 20% compared to the same period last year. The turnover was mainly driven by a solid and convincing performance in the environmental management sector and a focus on productivity, efficiency and automation, as well as the acquisition of Metal Plast in November last year 2023.

The Group's profit before tax at the end of the reporting period was EUR 9.39 million, compared to EUR 0.99 million for the same period last year.

Management Report (continued)

Consolidated EBITDA at the end of the Year 2024 amounted to EUR 44.4 million. Adjusted consolidated EBITDA, adjusted by insurance damage compensation, compensation for fire damage to the environment and restoration of the building, write-off of equipment (see Note 7 and Note 8), at the end of the Year 2024 amounted to EUR 38.1 million, up 34.15% compared to EUR 28.4 million in the same period last year.

Future development of the Group

In 2025 Eco Baltia will continue its development in the following business segments: recycling of polyethylene terephthalate (PET) and plastics, environmental management services and PVC window and door profile recycling segment in Poland.

In line with the Group's strategic objectives, the main goals in 2025 and beyond will be to improve working conditions, support employees, ensure the highest level of occupational safety and improve ESG and sustainability.

Investments in recycling and waste and environmental management will continue in 2025 to support the continued growth, efficiency and competitiveness of the Group's businesses.

Events after the reporting date

After the reporting period, the Group's financing bank its extended the availability of financing arrangements maturing in May 2025 for one year and granted additional availability of financing in the amount of EUR 6 million in form of the creditline and the loan which is planned to use for refinancing purposes.

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

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

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.

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".

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

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

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

This management report was signed for the Group on 20 June 2025 by:

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

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Statement of management responsibilities

The management of AS "Eco Baltia" confirms that the consolidated annual report has been prepared in accordance with the requirements of applicable law and gives a true and fair view of the financial position of the Group as of 31 December 2024, and of the results of its operations and its cash flows for the period then ended.

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

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

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

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

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Consolidated statement of comprehensive income for 2024

	Notes	2024 EUR	2023 EUR
Net turnover	3	261 540 729	218 398 130
Production cost of goods sold	4	(217 186 901)	(183 111 033)
Gross profit		**44 353 828**	**35 287 097**
Selling and distribution expenses	5	(7 904 479)	(7 267 196)
Allowances for impairment of loans and receivables	20, 21	(354 162)	66 552
Administrative expenses	6	(24 478 919)	(20 143 930)
Other operating income	7	14 164 059	1 521 333
Other operating expenses	8	(5 696 314)	(1 827 333)
Finance income	9	9 441	1 972
Finance costs	10	(10 701 017)	(6 643 658)
Profit before tax		**9 392 437**	**994 837**
Corporate income tax	11	(138 103)	124 348
Deferred corporate income tax	11	1 537 967	418 928
PROFIT FOR THE REPORTING YEAR		**10 792 301**	**1 538 113**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(61 850)	214 329
Total comprehensive income for the year after tax		**10 730 451**	**1 752 442**
Comprehensive income attributable to:			
Majority interests		**11 833 535**	**2 785 755**
Non-controlling interests		**(1 103 084)**	**(1 033 313)**
Profit attributable to:			
Majority interests		**11 895 385**	**2 571 426**
Non-controlling interests		**(1 103 084)**	**(1 033 313)**

The accompanying notes on pages 14 to 59 form an integral part of these consolidated financial statements.
These consolidated financial statements were signed on behalf of the Group on 20 June 2025 by:

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

Kristīne Rudziša*,
Chief Accountant

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Consolidated statement of financial position for the year ended at 31 December 2024

	Notes	31.12.2024 EUR	31.12.2023 EUR
ASSETS			
Non-current investments			
Intagible investments			
Licences, trade marks and other intangible investments	13	2 257 355	799 107
Contracts with customers	13	845 749	1 416 371
Development costs	13	2 068 610	1 555 692
Goodwill	14	63 347 671	63 347 671
Total intagible investments		**68 519 385**	**67 118 841**
Property, plant and equipment			
Land, buildings and constructions		19 919 800	10 178 165
Right-of-use assets		59 813 613	42 263 786
Non-current investments in leased property, plant and equipment		4 606 594	70 867
Equipment and machinery		46 690 508	43 634 974
Other property, plant and equipment, and inventories		15 325 772	10 884 498
Construction in progress		8 707 785	5 379 496
Prepayments for property, plant and equipment		3 379 824	4 167 150
Total property, plant and equipment	15	**158 443 896**	**116 578 936**
Non-current financial investments			
Investment in associates	17	1 292 186	-
Other securities and investments	16	21 200	21 200
Prepaid expenses	23	408 508	278 943
Other non-current receivables	18	10 331 548	191 570
Deferred income tax assets	11	428 662	172 745
Total non-current financial assets		**12 482 104**	**664 458**
Total non-current investments		**239 445 385**	**184 362 235**
Current assets			
Inventories	19	**16 114 033**	**15 729 028**
Receivables			
Trade receivables	20	22 468 267	23 049 297
Corporate income tax	11	-	5 158
Other loans	21	-	-
Other receivables	22	2 971 957	2 415 778
Prepaid expenses	23	997 898	967 432
Accrued income	24	10 318 097	6 922 137
Total receivables		**36 756 219**	**33 359 802**
Current investments			
Derivative financial investments	25	-	725 834
Cash and cash equivalents	26	**6 463 788**	**10 165 938**
Total current assets		**59 334 040**	**59 980 602**
TOTAL ASSETS		**298 779 425**	**244 342 837**

The accompanying notes on pages 14 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of financial position for the year ended at 31 December 2024

	Notes	31.12.2024 EUR	31.12.2023 EUR
LIABILITIES			
Equity			
Share capital	27	35 005	35 005
Share premium		20 623 389	20 623 389
Reserves for shares		10 000 000	-
Translation reserves		284 188	346 038
Consolidated reserves	28	19 926 630	19 926 630
Retained earnings brought forward		11 889 313	19 317 887
Profit for the reporting year		11 895 385	2 571 426
Equity attributable to the shareholders of the Parent Company		**74 653 910**	**62 820 375**
Non-controlling interests	28	11 581 412	12 884 516
Total equity		**86 235 322**	**75 704 891**
			-
Liabilities			
Non-current liabilities			
Loans from credit institutions	29	57 190 418	50 029 714
Long-term debt securities - bonds	30	17 862 577	17 780 020
Lease liabilities	31	48 506 368	32 066 697
Deferred income	37	1 809 265	1 634 388
Other payables	36	199 544	330 905
Deferred income tax liabilitiy	11	660 172	2 253 521
Total non-current liabilities		**126 228 344**	**104 095 245**
Current liabilities			
Loans from credit institutions	29	22 178 791	16 582 676
Lease liabilities	31	7 965 757	6 576 506
Contract liabilities	32	882 419	522 742
Trade payables	33	35 725 040	24 155 953
Loans from related companies	34	568 480	614 393
Corporate income tax	11	52 201	56 350
Taxes payable	35	3 697 318	3 675 675
Other payables	36	4 747 167	3 946 657
Provisions	38	1 715 947	-
Deferred income	37	484 382	432 374
Accrued liabilities	36	8 278 297	7 959 415
Unpaid dividends		19 960	19 960
Total current liabilities		**86 315 759**	**64 542 701**
Total liabilities		**212 544 103**	**168 637 946**
TOTAL EQUITY AND LIABILITIES		**298 779 425**	**244 342 837**

The accompanying notes on pages 14 to 59 form an integral part of these consolidated financial statements.
These consolidated financial statements were signed on behalf of the Group on 20 June 2025 by:

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

Kristīne Rudziša*,
Chief Accountant

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Consolidated statement of changes in equity for the year 2024

	Share capital	Consolidated reserve	Share premium	Reserves for own stocks or shares	Translation reserves	Retained earnings	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2022	**35 005**	**19 926 630**	**20 623 389**	**-**	**131 709**	**19 317 887**	**60 034 620**	**714 055**	**60 748 675**
Profit for the reporting year	-	-	-	-	-	2 571 426	2 571 426	(1 033 313)	**1 538 113**
Translation reserve	-	-	-	-	214 329	-	214 329	-	**214 329**
Total comprehensive income for 2023	**-**	**-**	**-**	**-**	**214 329**	**2 571 426**	**2 785 755**	**(1 033 313)**	**1 752 442**
Acquisition of a subsidiary	-	-	-	-	-	-	-	13 203 774	**13 203 774**
Balance as at 31 December 2023	**35 005**	**19 926 630**	**20 623 389**	**-**	**346 038**	**21 889 313**	**62 820 375**	**12 884 516**	**75 704 891**
Profit for the reporting year	-	-	-	-	-	11 895 385	11 895 385	(1 103 084)	**10 792 301**
Translation reserve	-	-	-	-	(61 850)	-	(61 850)	-	**(61 850)**
Reserves for own stocks or shares	-	-	-	10 000 000*	-	(10 000 000)	-	-	**-**
Total comprehensive income for 2024	-	-	-	**10 000 000**	**(61 850)**	**1 895 385**	**11 833 535**	**(1 103 084)**	**10 730 451**
Non-controling interest change for 2024	-	-	-	-	-	-	-	(200 020)	**(200 020)**
Balance as at 31 December 2024	**35 005**	**19 926 630**	**20 623 389**	**10 000 000**	**284 188**	**23 784 698**	**74 653 910**	**11 581 412**	**86 235 322**

* According to AS “Eco Baltia” shareholders’ ordinary general meeting’s minutes of June 19, 2024, reserves for shares in the amount of EUR 10 million were recognised by reducing retained earnings of previous years.

The accompanying notes on pages 14 to 59 form an integral part of these consolidated financial statements.
These consolidated financial statements were signed on behalf of the Group on 20 June 2025 by:

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

Kristīne Rudziša*,
Chief Accountant

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Consolidated statement of cash flows for the year 2024

	Notes	2024 EUR	2023 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9 392 437	994 837
Adjustments for:			
Depreciation and amortization	13, 15	24 399 655	20 738 945
Interest payments and similar expense		9 750 523	6 614 687
Interest (income) and similar (income)	9	(9 441)	(1 973)
(Gain)/loss from participation in fixed capital of related, associated or other companies	44, 17	(1 111 011)	-
(Gain)/loss on disposal of property, plant and equipment		244 337	(94 868)
Income from grants		(716 473)	(548 843)
Insurance accrued income		(10 253 339)	-
Changes in provisions and allowances		1 494 970	1 007 586
Impairment of fixed assets		731 515	312 684
Net foreign exchange differences		(145 133)	(226 231)
Profit before adjustments for the effect of changes in current assets and current liabilities		**33 778 040**	**28 796 824**
Adjustments for:			
Decrease/(increase) in receivables		(2 643 135)	(1 002 042)
Increase/(decrease) in payables		11 962 810	(1 113 733)
Decrease/(increase in inventories		41 649	7 427 124
CASH FLOWS FROM OPERATING ACTIVITIES		**43 139 364**	**34 108 173**
Interest paid		(8 145 249)	(5 572 098)
Interest received		-	1 868
Corporate income tax paid		(848 773)	(128 534)
Net cash flows from operating activities		**34 145 342**	**28 409 409**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible investments		(33 028 658)	(22 895 455)
Proceeds from sale of property, plant and equipment		316 326	2 118 798
Acquisition of subsidiaries, net of cash acquired		(7 431 408)	(36 538 993)
Acquisition of associates		(1 220 175)	-
Revenue from alienation of stocks or shares of related, associated or other companies		1 010 158	2 000
Net cash flows used in the investing activities		**(40 353 757)**	**(57 313 650)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	29	24 677 806	24 667 382
Issued debt securities (bonds)	30	-	18 000 000
Repayment of borrowings	29	(11 907 734)	(9 420 392)
Repayment of lease liabilities		(11 187 372)	(9 404 432)
Investments of capital participatory shares		-	6 750 200
Subsidies, grants, gifts or donations received		992 337	498 369
Net cash flows from financing activities		**2 575 037**	**31 091 127**
Net cash flow for the reporting year		**(3 633 378)**	**2 186 886**
Result of fluctuations of foreign currency exchange rates		**(68 772)**	**(84 323)**
Cash and cash equivalents at the beginning of the year		**10 165 938**	**8 063 375**
Cash and cash equivalents on the reporting date	26	**6 463 788**	**10 165 938**

The accompanying notes on pages 14 to 59 form an integral part of these consolidated financial statements.
These consolidated financial statements were signed on behalf of the Group on 20 June 2025 by:

Māris Simanovičs*, Chairman of the Board	Santa Spūle*, Board Member	Sigita Namatēva*, Board Member	Saulius Budrevičius*, Board Member
Kristīne Rudziša*, Chief Accountant			

*THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

Notes to the consolidated financial statements

1. General information

The core business activity of AS "Eco Baltia" and its subsidiaries (hereinafter – the Group) is provision of waste management services. The Group is the largest environmental management group in the Baltics in terms of turnover. The Group consists of the companies that operate in four different waste management segments providing a wide variety of services ranging from (i) organization of the packaging management system to (ii) waste collection, to (iii) sorting and sale of recyclables, as well as (iv) recycling.

The Group Parent Company is AS "Eco Baltia" (hereafter – Eco Baltia).

The subsidiaries of the Group as at 31 December 2024 are as follows:

- 100% in SIA "Nordic Plast" (31.12.2023: 100%) (registered office: Aviācijas iela 18G, Jelgava; LV 3004). The core business activity of SIA "Nordic Plast" is the recycling of secondary raw materials (various polyprophylen materials) and wholesale of recycled plastic products.
- 94.9% (31.12.2023: 94.9%) in AS "ITERUM" (AS "PET Baltija" until 6 June; registered office: Elejas iela 1, Grēnes, Olaines pag., Olaines nov., LV-2127). The company's business is the recycling of PET bottles and wholesale of recycled products.
  AS "ITERUM" owns 100% (31.12.2023:100%) in Tesil Fibres s.r.o. (registered office: Průmyslová 451, Planá nad Lužnicí 391 02, Czech Republic).
- 100% in SIA "Polimēru parks" till 16 December 2024 (31.12.2023: 100%). On this date the company had been liquidated and excluded from Comercial register of Republic of Latvia.
- 100% in SIA "Eco Baltia vide" (31.12.2023: 100%) (registered office: Getliņu iela 5, Stopiņi municipality, Rumbula, LV 2121, Latvia). The company's core business activities include environmental management, collection of household and sorted waste, management of used packaging, construction and bulky waste, rental services of toilet cubicles, sale of environmental management transport and equipment, road cleaning and different seasonal services, such as snow removal, leaf removal in autumn and assistance in cleaning up in the spring. SIA "Eco Baltia vide" owns following companies:
  a) 100% in SIA "Latvijas Zaļais punkts" (31.12.2023: 100%) (registered office: Latgales iela 240-3, Riga, LV 1063, Latvia). In accordance with the cooperation agreements entered into with the State Environmental Service of the Republic of Latvia SIA "Latvijas Zaļais punkts" is introducing and implementing the producer responsibility systems in the field of packaging waste management, the management of waste electric and electronic equipment (WEEE) and wastes of goods harmful to the environment (WGHE) in Latvia.
     SIA "Latvijas Zaļais Punkts" owns 100% in SIA "Oil Recovery" (since 21.10.2024; 31.12.2023: none). The transaction of acquiring SIA "Eko Osta", a company that specialises in hazardous and environmentally hazardous waste management, was carried out through SIA "Oil Recovery in November 2024. 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. SIA "Oil Recovery" owns 100% in SIA "GeoLab" (31.12.2023: none) (registered office: Braslas iela 19, Rīga, LV-1084). SIA "GeoLab" is not currently engaged in active economic activity. On 1 April 2025 liquidation process of SIA "GeoLab" has been started and completed on 6 June 2025.
  b) 100% in Ecoservice UAB (31.12.2023: 100%) (registered office: Gariūnų str. 71, Vilnius, Lithuania). The company is engaged in household waste management, debris and bulky waste management, sorted waste management, textile waste management, sorting and sale of recyclables, recycled material purchasing, road and street cleaning and watering, snow removal, rental services of toilet cubicles, sale of environmental management transport and equipment, territory cleaning services. Ecoservice UAB owns following companies:
     (i) 100% in Ecoplasta UAB (31.12.2023: 100%) (registered office: Smiltinės g. 32, Smiltinė, Akmenės r., LT-85365, Lithuania). The company's core business activities include sorting and recycling of polyethylene material.
     (ii) 98,97% (31.12.2023: 99.03%) in Ecoservice Projektai UAB (registered office: Pramonės str. 8, Šiauliai, LT-78149, Lithuania). The company's core business activities include waste collection and recycling, territory maintenance, sanitation services.
     (iii) Ecoservice Projektai UAB owns following company - 65.38% (31.12.2023: 65.38%) in Biržų komunalinis ūkis UAB (registered office: Tiekimo str. 10, Biržai, LT-41128, Lithuania) which core business activities include waste collection and disposal, sanitary services, street cleaning.
  c) 100% in SIA "Vaania" (since 12.11.2024; 31.12.2023: 100% owned by AS "Eco Baltia") (registered office: Latgales iela 240-3, Riga, LV 1063, Latvia). On 12 November 2024 AS "Eco Baltia" made an investment in SIA "Eco Baltia vide" by transferring all of its shares of SIA "Vaania" to SIA "Eco Baltia vide". SIA "Vaania" is not currently engaged in active economic activity. The company is possessor of capital shares of Sigulda city SIA "Jumis" on the basis of a concession agreement.
     SIA "Vaania" owns 100% in Sigulda city SIA "Jumis" (31.12.2023: 100%) (registered office: Blaumaņa iela 10, Sigulda, LV 2150, Latvia). The core business activity of Sigulda city SIA "Jumis" is household waste management,

1. General information (continued)

debris and bulky waste management, sorted waste management, as well as sanitation services and various seasonal services such as snow removal and salt - sand mix in winter, leaf removal in autumn and assistance in cleaning up in the spring. The company is managed by SIA "Vaania" on the basis of a concession agreement with Sigulda Municipality.

- 55% Eco Recycling UAB (31.12.2023: 55%) (registered office: Gynėjų g. 14, Vilnius, LT-01109, Lithuania).
  Eco Recycling UAB owned 100% in Homecourt Sp.z.o.o. (31.12.2023: 100%). On 11 April 2024 the merger procedure between Homecourt Sp.z.o.o. and its subsidiary Metal-Plast Sp. z .o.o was finished, after which Metal-Plast Sp. z o.o. continues to exist.
  Eco Recycling UAB owns 70% in Metal-Plast Sp. z o.o. (31.12.2023: 82,42% owned by Homecourt Sp.z.o.o.) (registered office: ul. Ciernie 157B, 58-160 Świebodzice, Poland). The company's core business activities include PVC window and door profile recycling.

2. Group's Significant Accounting Policies

2.1. Summary of Group's Significant Accounting Policies

(a) Basis of preparation

These are the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU.

The accounting policies set out in notes (b) to (v) have been applied in preparing the consolidated financial statements for the year ended 31 December 2024; the presented comparative information covers the year ended 31 December 2023.

The Group has adopted the following amended standards, including any amendments to other standards arising therefrom, for which the initial application date was 1 January 2024. The guidelines that took effect on 1 January 2024 and their impact on the Group's financial statements is described below:

New and amended IFRS Standards that are effective for the current year

In the current year the Group has applied a number of amendments to IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Accounting standard	Title
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

Accounting standard	Title	Effective date
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

New and revised IFRS accounting standards in issue but not adopted by the EU

At present IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) except for the following new accounting standards and amendments to the existing accounting standards, which were not adopted by the EU as at 31.12.2024.:

Accounting standard	Title	EU adoption status
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026)	Not yet adopted by EU

Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (IASB effective date: 1 January 2026)	Not yet adopted by EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB effective date: 1 January 2026)	Not yet adopted by EU
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 19	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Group in future periods.
Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement would not significantly impact the financial statements, if applied as at the balance sheet date.

(a) Principles of consolidation

Consolidated financial statements incorporate financial statements of the Parent company and entities, controlled by the Group, that are prepared as of 31 December, every year.

Control over entities is achieved when the Group:

- has existing rights that give it the current ability to direct the revelant activities of the investee;
- is exposed or, has rights, to variable returns from its involvement with the investee (such as dividends, changes in the value of the investment, or synergies);
- has the ability to use its power to influence the variable returns from its investment with the investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it power, including:

- the size of the Group's holding of voting rights related to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the group, other vote holders or other parties;
- rights arising from other contractual agreements;
- any additional facts and circumstances that indicate that the group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Group's Significant Accounting Policies (continued)

(a) Principles of consolidation (continued)

Amounts presented in these consolidated financial statements have been acquired from the accounting records of the Group's subsidiaries prepared in accordance with the accounting requirements of Latvia, Lithuania, Czech Republic and Poland, by making according adjustments for the presentation, measurement and presentation thereof according to the requirements of the International Financial Reporting Standards approved by the EU. The consolidated financial statements have been prepared on the historical cost basis except positions which are stated at their fair values. Positions stated at their fair value other equity investments and derivative financial instruments. Income statement classified by expense type. Cash flow statement is prepared using the indirect method.

In the consolidated financial statements functional and presentation currency of the AS "Eco Baltia", as well as all subsidiaries except for the subsidiaries registered in Czech Republic and Poland, is the monetary unit of the European Union euro (hereinafter referred to as – EUR). The functional currency of the subsidiaries registered in Czech Republic is CZK and in Poland is PLN. All the amounts presented in the consolidated financial statements are presented in EUR, unless specified otherwise.

Account balances on 31 December 2024 reflect the financial situation of the Group at the end of the relevant day.

(b) Estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying consolidated financial statements relate to revenue recognition, useful lives of property, plant and equipment, estimated credit losses for financial assets, obsolete inventories, recognition of deferred tax as well as impairment evaluation. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. Key estimates and assumptions used in the preparation of these consolidated financial statements are described below:

(i) Useful lives of property, plant and equipment

Useful lives of property, plant and equipment are assessed annually and changed, if necessary, to reflect the management's current view in the light of technological changes, the remaining prospective economic useful life of assets and their physical condition. Information on the useful lives of property, plant and equipment has been reflected in Note 2 section (f) to the accounting policy. If the estimated useful lives differ by 10% from the management's estimates, the impact on depreciation for the year ended 31 December 2024 would have to increase by aprrox. EUR 2,5 million, (31 December 2023: EUR 2,0 million) or decrease by approx. EUR 2,5 million (31 December 2023: EUR 2,0 million).

(ii) Carrying amounts of a property, plant and equipment

The Group's management reviews the carrying amounts of intangible assets and property, plant and equipment, and assesses whenever indications exist that the assets' (including goodwill) recoverable amounts are lower than their carrying amounts. Taking into consideration the Group's planned level of activities and the possible market value of the assets, the Group's management considers that no additional significant adjustments to the carrying values of property, plant and equipment are necessary as at 31 December 2024.

(iii) Inventories

The Group estimates the net realizable value to determine an impairment loss incurred on inventories. Typically, the net realizable value is determined for each item separately; if it is not possible, historical experience is used to estimate the possible impairment loss. The Group's management has evaluated the net realizable value of inventories and considers that it is not necessary to make any additional significant allowance as of 31 December 2024.

(iv) Impairment of financial assets

The Group assess on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. Principles of impairment calculations are described in the accounting policies No.(h).

(v) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions recognized in the consolidated financial statements are the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are used only for expenditures for which the provisions were originally recognized and are reversed if an outflow of resources is no longer probable.

Provisions for restructuring costs include employee termination benefits and are recognized in the period when the Group takes on legal or logical obligations to pay out such expenses, i.e., when the Group has developed a detailed formal plan

2. Group's Significant Accounting Policies (continued)

(b) Estimates and assumptions (continued)

for the restructuring and notified the persons who will be affected thereby of commitment to implement this plan. A restructuring provision includes only the direct expenditures arising from the restructuring.
The Group has assessed its present obligations (legal or constructive) arising from past events and has determined that no additional provisions should be recognized as at 31 December 2024.

(vi) Assessment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see Note 14).

(viii) The recognition of deferred tax liabilities – tax liability in relation to subsidiary profits
As of 31 December 2024 deferred tax assets and liabilities arising from the Latvian, Lithuanian, Poland, and Czech Republic subsidiaries calculations are recognized in the Group's financial statements. Deferred tax assets in the amount of EUR 601 244 and deferred tax liabilities in the amount of EUR 832 755. Deferred tax assets and liabilities are recognised for the subsidiaries based in Lithuania, Poland and the Czech Republic according to domestic tax calculation rules in full amount. For the Latvia based companies, considering domestic tax application rules, estimates are made for each entity for deferred tax recognistion purposes.

As a Parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries in Latvia using tax rate applicable to distributed profits. In cases the parent company has determined that subsidiary's profits will not be distributed in the foreseeable future the Parent does not recognize deferred tax assets and liabilities. The Group management has assessed every Latvia based company financial performance, accumulated retained earnings or accumulated loss, debt service cash outflows and future expansion plans with estimated investment requirements, thus only realistic dividend payments are considered as basis for deferred tax calculation.

(c) Consolidation

(i) Business combinations
Business combinations are accounted for using the acquisition method other than those acquired from parties under common control. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree and previously interest held in acquiree. For each business combination the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining

2. Group's Significant Accounting Policies (continued)

(c) Consolidation (continued)

the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Investments in associates

Associates are entities over which the Group has significant influence, but neither controls nor jointly controls the financial and operating policy decisions of those entities. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20 % or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist. Conversely, significant influence may be achieved with a lower ownership percentage through contractual arrangements or board representation.

Investments in associates are initially recognised at cost, being the fair value of the consideration transferred plus transaction costs directly attributable to the acquisition. The cost includes any purchase-price adjustments that are probable and can be reliably measured, as well as any contingent consideration classified as equity.

After initial recognition the investment is accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures:

- Carrying amount – The carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate after the acquisition date and its share of other comprehensive income. Dividends received reduce the carrying amount of the investment.
- Uniform accounting policies – Where necessary, adjustments are made to the associate's financial statements to align its accounting policies with those of the Group.
- Reporting dates – The associate's financial statements used in applying the equity method are prepared as of the same reporting date as the Group's financial statements or, when impracticable, no more than three months earlier, with adjustments for the effects of significant transactions and events occurring between those dates.
- Unrealised gains and losses – Unrealised gains and losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred.
- Share of losses – When the Group's share of losses equals or exceeds the carrying amount of the investment (including any long-term interests that, in substance, form part of the net investment), the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

At each reporting date the Group assesses whether there is objective evidence that the investment in an associate is impaired. An impairment loss is recognised for the amount by which the investment's recoverable amount (the higher of its value in use and fair value less costs of disposal) falls below its carrying amount. Impairment losses are recognised in profit or loss and may be reversed if the recoverable amount subsequently increases.

Upon disposal of an investment in an associate, or when the Group loses significant influence, the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest; and the carrying amount of the investment at the date significant influence is lost, is recognised in profit or loss. Any amounts previously recognised in other comprehensive income in relation to that associate are reclassified to profit or loss or transferred within equity in accordance with the applicable IFRS requirements.

When a portion of an investment in an associate is disposed of but significant influence is retained, the Group reclassifies to profit or loss the proportionate share of gains or losses previously recognised in other comprehensive income relating to the disposed portion.

The Group's share of an associate's profit or loss after tax is presented on the face of the consolidated statement of profit or loss. The Group's share of other comprehensive income of associates is presented separately in the consolidated statement of comprehensive income.

(iii) Subsidiaries

The consolidated financial statements include subsidiaries that are controlled by the Group Parent Company.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

2. Group's Significant Accounting Policies (continued)

(c) Consolidation (continued)

The Group Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group Parent Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Periods for the preparation of financial statements of the Group Parent Company and subsidiaries are equal. Consolidated financial statements are prepared using uniform accounting policies.

Financial statements of the Group Parent Company and subsidiaries thereof have been consolidated in the Group's financial statement by consolidating the respective assets, liabilities, revenue and expense items.

Non-controlling shareholding in the performance indicators of the subsidiaries and equity has been reflected separately in the accordingly consolidated income statement, change of equity statement and statement of financial position.

(iv) Elimination of mutual transactions
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2024. During the consolidation process all mutual transactions between the Group's companies, balances, unrealised profit and losses from mutual transactions between the Group's companies have been fully excluded.

(d) Foreign currency translation
All transactions in foreign currencies are converted into EUR according to the currency exchange rate set by the European Central Bank on the day of the transaction. On the balance sheet date monetary assets and liabilities in foreign currency are revalued according to the currency exchange rate set by the European Central Bank.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

Transactions of the subsidiaries in registered in Czech Republic and Poland and performed in CZK and in PLN are translated to EUR at average EUR/CZK rate 25.120 and EUR/PLN rate 4.3058 for Income statement and Cash Flow purposes in 2024.

Currency exchange rates set by the European Central Bank:

	31.12.2024	**31.12.2023**
1 EUR / 1 USD	1.0389	1.0813
1 EUR / 1 GBP	1.2060	1.1507
1 EUR / 1 CZK	25.185	24.004
1 EUR/ 1 PLN	4.275	4.542

(e) Intangible investments
(i) Goodwill
The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is disclosed in intangible assets section.

2. Group's Significant Accounting Policies (continued)

(e) Intangible investments (continued)

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment test is performed annually or more frequently if events or changes in circumstances indicate that it might be impaired. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income.

Any negative amount of goodwill is recognized in profit or loss, after the management reassesses whether it has identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

Goodwill is not amortized; instead, it is tested for impairment at the end of each financial period. Following initial recognition, goodwill is measured at purchase cost less any accumulated impairment losses. An impairment loss in respect of goodwill is not reversed. See details in Note 14.

(ii) Other intangible investments

Other intangible investments mainly comprise costs of software and licences, and identifiable value of contracts with customers. Where computer software is an integral part of the related hardware that cannot operate without that specific software, it is treated as property, plant and equipment. Other intangible assets are stated at acquisition cost less accumulated amortisation and any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and, where the carrying amount of the intangible investment is greater than its estimated recoverable amount which is the highest of an asset's fair value less costs of disposal and use value of the intangible investment, the carrying amounts thereof are reduced immediately to the recoverable value by including the difference in profit or losses. Review for indications of impairment is carried out at each reporting date.

Recoverable value of intangible assets, which are not yet ready to be used, is determined annually, irrespective of whether there is any indication that it may be impaired. For the purposes of assessing impairment, intangible investments are grouped at the lowest level, for which there are separately identifiable cash flows.

Intangible assets are amortized using the straight-line method over their useful lives. Useful life of other intangible investments is as follows:

	Useful lives, years
Software and licences	2–10
Contracts with customers	5-10

(iii) Internally-generated intangible assets– research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(f) Property, plant and equipment

Property, plant and equipment are stated at their initial value less accumulated depreciation and any accumulated impairment. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset:

	Useful life, years
Buildings and structures	20–50
Equipment and machinery	4–15
Other property, plant and equipment	2–12

Land is not depreciated, as its useful life is assumed to be infinite.

2. Group's Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

The useful life and residual value of an asset is reviewed at least at each financial year-end. The effect from a change in the estimated useful life of an asset is recognized in profit or loss in the current period and future periods.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to the recoverable amount, which is the higher of an asset's fair value less costs of disposal and it's value in use, recognizing the difference in profit or loss. Review for impairment is carried out at each reporting date. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows.

Any profit or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss statement in the year the item is derecognised.

Investments in leased assets are capitalised and amortised within the shortest period between the lease period or useful life of the completed improvements.

Purchase costs of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Interest costs on borrowings to finance the construction of property, plant and equipment and other operating costs directly attributable to the construction of property, plant and equipment (costs of own labour, materials and other costs) are capitalized as part of the cost of the asset during the period that is required to complete and prepare the property for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Trade receivables without significant financing component are recognized at transaction price.Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(h) Financial assets

Group's assets include trade receivables, loans, investments, other receivables and cash and cash equivalents. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Purchase or selling of financial assets, the assets of which in accordance with the regulations or market conventions should be transferred in due course (regular transactions) are recognised on the date of transaction, i.e., on the date, when the Group undertakes to purchase or sell the asset.

2. Group's Significant Accounting Policies (continued)

(h) Financial assets (continued)

(ii) Subsequent measurement
After the initial measurement, financial assets, except for financial assets measured at fair value, are measured at the amortised cost by applying effective interest rate method less impairment. Amortised cost is calculated taking into account the purchase discount or bonus, as well as fees or costs, which form integral part of the effective interest rate.

(iii) Derecognition
A financial asset is derecognized if:
- the contractual rights to the cash flows from the financial asset expire;
- the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows without material delay to a third party based on and earlier arrangement without any profit arising
- the Group transfers the contractual rights to receive the cash flows of the and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset to a third party, or (b) it neither transfers no retains substantially all the risks and rewards of ownership of these assets but has transferred control over the item of financial asset.

If the Group transfers the contractual rights to receive cash flows from the respective financial assets but does not transfer nor retains the risks and rewards, nor transfers control over the respective financial asset, the asset continues to be recognized to the extent of the Group's continuing involvement. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continued involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group may be required to repay.

(iv) Impairment of financial assets
The Group assess on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:
- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each

reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables and accrued income (contract assets) without a significant financing component, the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables.

The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

As individual assessment is not possible due to the large number of individual balances, only the significant debtors are assessed individually. Receivables that are not individually assessed for impairment are classified into groups of receivables based on days overdue and are collectively assessed for impairment.

(i) Financial liabilities
(i) Initial recognition and measurement
The Group's financial liabilities consist of accounts payable to suppliers and contractors, loans with interest rate and other liabilities.

Financial liabilities have been presented as financial liabilities assessed in amortised cost within the framework of IFRS. Group determines classification of financial liabilities at the moment of initial recognition thereof. All the financial liabilities are initially presented in the fair value, plus directly attributable transaction costs.

(ii) Subsequent measurement
After the initial recognition, accounts payable to suppliers and contractors, loans with interest rate and other liabilities are assessed accordingly in the amortised cost by applying effective interest rate method. Profit or losses are recognised in the profit or loss statement at the moment, when financial liabilities are derecognised, as well as by applying effective interest rate amortisation process.

Amortised cost is calculated taking into account the purchase discount or bonus, as well as fees or costs, which form integral part of the effective interest rate. Effective interest rate amortisation has been included in the profit or loss item "financing costs".

2. Group's Significant Accounting Policies (continued)

(i) Financial liabilities (continued)

(iii) Derecognition
A financial liability is derecognized if the obligation specified in the contract is discharged or cancelled or expired.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognized in consolidated statement of comprehensive income.

(iv) Mutual offsetting of financial instruments
Financial assets and liabilities are offset and net amount is presented in the statement on financial position only in case of valid legal rights to perform mutual offsetting and recognise the amounts, and there is intent to perform net settlements or sell the asset and settle the liabilities at the same time.

(j) Leases
The Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is

2. Group's Significant Accounting Policies (continued)

(j) Leases (continued)

recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(k) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing the inventories to their present location and condition is measured for as follows:

- consumables and finished goods are measured at cost of purchase applying "first in first out" (FIFO) method;
- net realizable value is the estimated selling price in the ordinary course of business, less less all estimated costs of completion and costs necessary to make the sale. Net realizable value is stated as cost less allowances.

(l) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements.
Contingent liabilities are disclosed in Note 43. Contingent liabilities are not recognised as liabilities unless the possibility of an outflow of resources is sufficiently reasoned. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits related to the transaction will reach the Group, is probable.

(m) Employees' benefits

Short-term employee benefits are recognized as a current expense in the period when employees render services. These include salaries and wages, social security contributions, bonuses and other benefits.

(n) Corporate income tax and deferred corporate income tax

The corporate income tax consists of the income tax calculated for the reporting year and deferred income tax.

Current tax

Based on the new Corporate Income tax law of the Republic of Latvia announced in 2017, starting from 1 January 2018 corporate income tax is applicable to distributed profits and several expenses that would be treated as profit distribution. In case of reinvestment of profit, corporate income tax shall not be applied. The applicable corporate income tax rate has increased from the 15% to 20%, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

Income tax rate for the companies in Lithuania for the years 2024 and 2023 was 15%. As of 1 January 2014, the amount of carried forward tax losses may not exceed 70 percent of the taxable profit of the reporting year. Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the company does not continue its activities due to reasons which do not depend on the company itself. The losses from disposal of securities and (or) derivative financial instruments can be carried forward for 5 consecutive years and only be reduced by taxable income earned from the transactions of the same nature.

In Czech Republic taxable income is calculated according to Czech accounting rules, with adjustments for tax purposes. In general, all expenses incurred to generate, ensure, and maintain taxable income are deductible if documented by the

2. Group's Significant Accounting Policies (continued)

(n) Corporate income tax and deferred corporate income tax (continued)

taxpayer, subject to limits specified in the corporate income tax law and in specific legislation. The standard corporate income tax rate for the year 2024 was 21% (2023: 19%).

In Poland the taxable income is generally determined on the basis of a tax calculation which in turn is based on the statutory books according to accepted accounting principles. In practice, taxable income is calculated by adjusting the accounting profit. The tax base for corporate income tax purposes include all sources of income, established individually for each source of income as the difference between taxable revenues and tax-deductible costs within a given source. The corporate income tax rates for the years 2023 and 2024 are 19% standard rate and 9% reduced rate.

Deferred tax
Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

In accordance with International Accounting Standard No 12 "Income Taxes" requirements, in cases where income tax is payable at a higher or lower rate, depending on whether the profit is distributed, the current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Latvia the applicable rate for undistributed profits is 0%.

As a Parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the Parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities.

(o) Revenue recognition
Revenues are rocgnised according 15 IFRS and relates to the revenue recognition and determine principles of reporting useful information to the users of financial system on the nature, amount, time and uncertainty of revenue and cash flow, which originates from a contract with customer. In order to determine, when and in what amount revenue should be recognised, the companies apply five-step model. Model provides for that revenue is recognised when the Group transfers control over the goods or services to a customer and in the amount that the Group expects to receive in exchange of the goods or services. Depending on compliance with particular criteria, revenue is recognized:

- Over time by reflecting the Company's performance indicators; or
- Upon the transfer of the control over the goods or services to the customer.

15 IFRS stipulates principles the Group should comply with to present qualitative and quantitative information, which would provide the users of the financial statements with useful information on the nature, amount, time and uncertainty of revenue and cash flow, which originates from a contract with customer.

15 IFRS provides for that the asset should be recognised as additional costs, which have arisen by acquiring the following contracts with customers and in relation to which recovery of such costs is foreseeable. The currently applied practice of the Group means that there are no contractual costs to be capitalised.

Revenue gained from contracts with customers is recognised on the basis of compliance with the liabilities of customers. Revenue reflect transfer of goods or services to the customers at the amount, which reflects remuneration, which the Group expects to receive in exchange of such goods or services. On the basis of this recognition model, sale is recognised, when services are provided to a customer and if customer has accepted them even if no invoice has been issued therefor, and if there is a possibility that the economic benefits related to the transaction will be directed in the Group. Accounting policies of the main types of income of the Group are described below.

Type of revenue	Nature of contracts and period of implementation of duties	Revenue recognition
Revenue from waste management (Provision of services)	Revenue from waste management represents household waste management and waste sorting, construction debris and bulky waste management, clean-up of premises and territories, packaging waste management, environmentally hazardous waste management, seasonal environmental services, organisation of packaging management system etc. services. The Group also provide container site equipping and secondary raw materials recycling/handling services. Using the Executor's waste bins, the Client accumulates dry household waste, as well as removal of sorted recyclable materials. The invoices to customers issued on monthly basis based on contract agreed terms which are payable within 20 to 30 days depending on the contract.	Revenue generated from the waste management services is recognised over time of provision of these services according to the requirements and conditions of the contract based on output method using actual units (collection times) serviced in a given period as per pre- agreed contract price. Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, therefore the Group recognise revenue in the amount to which the entity has a right to invoice on a monthly basis. Approximately 65% of waste management annual revenues are underpinned by contracts (average term of 5 –7 years) with municipalities in Latvia and Lithuania. Further, the contracting structure with municipalities enables pass-through of key cost components to the end customers on an immediate / annual basis, thus revenue streams may increase during the contract period. Services included in the contract may be separated, and they are priced separately. Revenue from these services is recognised separately over time, when service is provided.
Revenue from recycling of raw materials (Sale of goods)	This segment of revenue is generated by providing comprehensive services for the establishment and administration of packaging management systems. This revenue category encompasses activities from organising recycling of packaging waste of electrical goods and environmentally harmful products. It reflects the financial returns from facilitating efficient and compliant packaging practices for businesses, ensuring regulatory adherence and environmental responsibility in packaging operations. The invoices to customers which are importers and producers in Latvia are issued on a quarterly basis based on reported volumes of respective materials and are usually payable within 15 to 60 days depending on the contract terms and conditions.	Revenue generated from the services is recognised over time of reported volumes of materials on quarterly basis according to the requirements and conditions of the contract based on output method using actual units (volumes/tons reported) as per the agreed contract price. The usual terms of the contracts for the regeneration of the specific type of material for are from 1 to 2 years. Negotiations with the customers on next year contracts are performed on annual basis on timely manner taking in to considerations upcoming changes in legislation related to Nature Resource tax and other regulations. Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, therefore the Group recognise revenue in the amount to which the entity has a right to invoice on a monthly or quarterly basis.
Revenue from recycling of raw materials (Sale of goods)	The Group companies which activities are recycling, sells the respective product, the client undertakes to purchase and pay for the produced goods in accordance with the order. Risk of destruction, damage or other kind of loss of the products transfers to the client as per agreed incoterms. Invoices with defined incoterm are generated and CMR is prepared at the time, when goods are dispatched from the warehouse. Invoices are usually payable within 30 days depending of the contract.	Revenue from the selling of goods are recognised at a point in time of transfer of control over the goods concerned based on agreed incoterms between both parties.. Revenue is recognised based on the actual volumes sold to the costumers. As of the end of the reporting period companies acting in segment of recycling of raw materials does not have significant remaining performance obligations under long-term contracts. The majority of sales of produced materials are conducted on a spot basis, meaning that performance obligations are satisfied and revenue is recognized at the point in time when control of the goods is transferred to the customer.

Type of revenue	Nature of contracts and period of implementation of duties	Revenue recognition
Other revenue	The invoices to customers or clients of other revenues are usually payable within 30 to 45 days depending on the contract and type of revenue.	Other revenue from provision of services is recognised over time of provision thereof according to the requirements and conditions of the contract based on output method using actual units serviced as per agreed contract price. Other revenue from selling of materials is recognised, at a point in time as per agreed incoterm when the goods are dispatched from the warehouse. In this segment Group's companies does not have significant remaining performance obligations under long-term contracts. The majority of sales of materials are conducted on a spot basis. Revenue is recognised using output method based on the actual voluemes sold to the costumers.
Sales warranties	The Group companies usually provide warranties for the remedy of defects that existed on the moment of sale, as required by laws.	This warranty is of assurance type and it is not provided as a separate service; the guarantee is accounted for under IAS 37.

(p) Dividends

Dividends are recognised in the consolidated financial statements of the Group in the period in which they are approved by the Group's shareholders and the shareholder's right to receive payment has been established.

(q) Subsequent events

Post-year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes only when material.

(r) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for respective assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Group's Significant Accounting Policies (continued)

(r) Determination of fair value (continued)

When applicable, further information about the assumptions made in determining fair values is disclosed in the consolidated financial statements specific to that asset or liability.

The carrying value of the Group's current financial assets and liabilities is assumed to approximate to their fair value. The Group's interest-bearing liabilities are subject to the combination of fixed and variable interest rates, therefore, carrying amounts are considered as the fair value thereof.

(s) Government grants

Grants are recognised at the moment, when the Group has sufficient assurance that the Group will be able to comply with the conditions related to them and the grants will be received.

Grants are disclosed in the profit or loss in the period, when the Group recognises in expenses the costs, which are compensated from the received grants. Thus, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire long-term assets are recognized as deferred income in the consolidated statement of financial position and recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets.

(t) Factoring

Factoring is the crediting of current assets against receivables. Proceeds received in accordance with factoring agreements are recognized as prepayments from customers when the Group or Parent Company remains exposed to credit risk associated with the respective receivable. The Group derecognises financial asset if it transfers substantially all of the risks and rewards of ownership, the balance of the related debtor is reduced accordingly.

(u) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

(v) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from top management as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an employee benefits expense. The total amount to be expensed as equity component of share based payments is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Grant date is the date at which the Group/Company and the employee agree to a share-based payment arrangement, and requires that the entity and the employee to have a shared understanding of the terms and conditions of the arrangement. If the agreement is subject to an approval process, then grant date is the date on which that approval is obtained.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised into profit or loss over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares.

3. Net turnover

	2024	2023 (Adjusted)*
Income from waste management	115 407 842	110 792 037
Income from processing of recyclable raw materials	102 809 301	83 562 088
Income from organisation of packaging management system	18 580 161	12 645 370
Income from sorting and sale of recyclables	12 663 269	9 310 242
Other income	12 080 156	2 088 393
Total	**261 540 729**	**218 398 130**

* Adjustments were made to income from waste management and other income for year 2023 in order to disclose more correctly income from street and road maintenance services.

Income by geographical markets are distributed as follows:

	2024	2023
Republic of Lithuania	90 858 413	70 638 566
Republic of Latvia	81 803 493	67 426 360
Republic of Poland	29 301 143	12 108 434
Republic of Czechia	9 869 592	11 727 742
Other Member States of the European Union	45 786 731	53 022 042
Outside the Member States of the European Union	3 921 357	3 474 986
	261 540 729	**218 398 130**

Accounting policies of the main types of income related to performance obligations and revenue recognition of the Group are in Note 2.1.o.

The Group does not have any customer that contributed 10 per cent or more to the Group's revenue in either 2024 or 2023.

In 2023 the Group acquired 82,42% of shares of a leading Polish PVC recycler Metal-Plast. Revenues recognized in 2023 consolidated financial statements represented for two months since acquisition – EUR 4,37 million.

In 2024 the Group acquired 100% of shares of SIA "Eko Osta" that specializes in hazardous and environmentally hazardous waste management. Revenues recognized in 2024 consolidated financial statements represented for two months since acquisition – EUR 1,10 million.

Rest of the strong growth was due to successful performance in the environmental management segment in Latvia and Lithuania.

Income by business segments identified based on individual subsidiaries commercial activities included in the Group consolidation. This includes the brief description of the operating segments aggregated in the following way:

(i) Revenue from recycling of raw materials – comprises revenue generated from the processing and sale of materials such as PET, textile, and PVC window granulates and flakes, obtained through recycling processes. This line item reflects the financial benefits derived from environmentally sustainable practices, where waste materials are transformed into valuable resources.

(ii) Revenue from waste management – comprises revenue derived from various waste management services and solutions, including collection, sorting, treatment, and disposal of waste materials. This revenue stream reflects the financial gains from offering efficient and sustainable waste management practices, addressing environmental concerns while providing essential services to industries, municipalities, and communities.

(iii) Revenue from organisation of packaging management system – comprises revenue generated by providing comprehensive services for the establishment and administration of packaging management systems. This revenue category encompasses activities from organising recycling of packaging waste of electrical goods and environmentally harmful products. Involves in designing, implementing, and overseeing packaging strategies, compliance monitoring, and reporting. It reflects the financial returns from facilitating efficient and compliant packaging practices for businesses, ensuring regulatory adherence and environmental responsibility in packaging operations.

(v) Revenue from other – comprises other revenue, which does not classify for any of previously mentioned operating segments and majority relates to inter segment activities which are eliminated for the purposes of consolidation. Income by business segments are distributed as follows:

3. Net turnover (continued)

Revenue and results for 2024:

	Revenue from recycling of raw materials EUR	Revenue from waste management EUR	Revenue from organisation of packaging management system EUR	Other revenue EUR	Inter-segment EUR	Total EUR
Net turnover	103 925 594	149 139 831	18 610 754	4 367 368	(14 502 818)	261 540 729
Production cost of goods sold	(102 300 208)	(114 008 410)	(12 283 901)	(275 493)	11 681 111	(217 186 901)
Gross profit	**1 625 386**	**35 131 421**	**6 326 853**	**4 091 875**	**(2 821 707)**	**44 353 828**
Selling and distribution expenses						(7 904 479)
Allowances for impairment of loans and receivables						(354 162)
Administrative expenses						(24 478 919)
Other operating income						14 164 059
Other operating expenses						(5 696 314)
Finance income						9 441
Finance costs						(10 701 017)
Profit before tax						**9 392 437**
Corporate income tax						(138 103)
Deferred corporate income tax						1 537 967
PROFIT FOR THE REPORTING YEAR						**10 792 301**
Assets*	**131 250 191**	**180 871 329**	**20 721 725**	**77 852 545**	**(111 916 366)**	**298 779 424**
Liabilities	**116 962 159**	**101 773 931**	**10 125 769**	**21 828 230**	**(40 071 598)**	**210 618 491**

*All non-current assets are located in the Group subsidiaries' country of domicile.

Revenue and results for 2023:

	Revenue from recycling of raw materials EUR	Revenue from waste management EUR	Revenue from organisation of packaging management system EUR	Other revenue EUR	Inter-segment EUR	Total EUR
Net turnover	85 961 236	128 680 090	12 663 782	4 141 404	(13 048 382)	218 398 130
Production cost of goods sold	(85 447 032)	(98 709 794)	(8 759 821)	(750 242)	10 555 856	(183 111 033)
Gross profit	**514 204**	**29 970 296**	**3 903 961**	**3 391 162**	**(2 492 526)**	**35 287 097**
Selling and distribution expenses						(7 267 196)
Allowances for impairment of loans and receivables						66 552
Administrative expenses						(20 143 930)
Other operating income						1 521 333
Other operating expenses						(1 827 333)
Finance income						1 972
Finance costs						(6 643 658)
Profit before tax						**994 837**
Corporate income tax						124 348
Deferred corporate income tax						418 928
PROFIT FOR THE REPORTING YEAR						**1 538 113**
Assets*	**95 893 415**	**135 871 678**	**7 263 805**	**24 162 635**	**(18 848 694)**	**244 342 837**
Liabilities	**68 515 523**	**76 085 719**	**2 184 186**	**50 159 686**	**(18 848 694)**	**168 096 420**

*All non-current assets are located in the Group subsidiaries' country of domicile.

3. Net turnover (continued)

Other segment information 2024:

	Revenue from recycling of raw materials	Revenue from waste management	Revenue from organisation of packaging management system	Other revenue	Inter-segment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Depreciation and amortization	11 027 635	13 691 768	51 673	130 884	-	24 901 960
Additions to non-current assets*	30 548 725	23 995 600	24 565	372 953	-	54 941 843

*The amounts exclude additions to financial instruments, deferred tax assets and net defined benefit assets.

Other segment information 2023:

	Revenue from recycling of raw materials	Revenue from waste management	Revenue from organisation of packaging management system	Other revenue	Inter-segment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Depreciation and amortization	8 295 755	12 986 160	43 630	107 994	-	21 433 539
Additions to non-current assets*	19 424 180	18 344 071	155 552	433 677	-	38 357 480

*The amounts exclude additions to financial instruments, deferred tax assets and net defined benefit assets.

4. Production cost of goods sold

	2024	2023
Raw materials and other material costs	66 743 669	60 457 907
Remuneration for work*	42 111 942	37 780 606
Waste utilization costs	27 462 916	23 441 633
Depreciation of property, plant and equipment and intangible investments	22 045 710	18 917 744
Costs of outsourced services	21 344 998	14 649 078
Transport costs	11 680 556	8 569 587
Cost of production energy and other resources	8 834 845	9 511 083
Lease of industrial premises and related costs	3 018 867	928 231
Professional services costs	2 690 790	1 689 925
State mandatory social insurance contributions*	5 787 912	4 278 815
Insurance costs	1 390 269	590 962
Other production costs	4 074 427	2 295 462
Total	**217 186 901**	**183 111 033**

*See Note 12

5. Selling and distribution expenses

	2024	2023
Transport costs	4 271 507	3 228 862
Remuneration for work*	1 168 541	1 605 972
Advertising, marketing and public relations costs	908 759	738 717
Factoring commission expenses	372 205	348 837
State mandatory social insurance contributions*	260 705	373 429
Write-off of bad debts	59 099	84 360
Postal services expenses	26 887	51 277
Depreciation of property, plant and equipment and intangible investments	20 624	13 511
Intermediary services costs	139 856	111 400
Other sales costs	676 296	710 831
Total	**7 904 479**	**7 267 196**

*See Note 12

6. Administrative expenses

	2024	2023
Remuneration for work*	10 688 868	9 273 577
Professional services costs**	3 065 100	1 592 021
Depreciation of property, plant and equipment and intangible investments	2 212 089	1 788 801
State mandatory social insurance contributions*	1 454 143	1 225 279
Communications services expenses	976 118	569 227
Insurance costs	851 018	249 805
Lease of premises and office maintenance expenses	846 472	537 639
Costs of legal services	832 868	845 140
Annual report audit costs***	468 386	433 740
Transport costs	463 242	409 007
Business trip expenses	218 221	191 476
Employee training costs	202 750	200 979
Representation costs	185 188	158 252
Bank commission fee	158 941	165 600
Monitoring fee of financial resources	20 197	201
Other administrative expenses	1 835 318	2 503 186
Total	**24 478 919**	**20 143 930**

*See Note 12
** The increase in professional services costs in 2024 is mainly related to the accumulation of costs for the work of external consultants and in-depth research related to assessment of the strategic opportunities of the Group's environmental business.
*** Including mandatory audit of annual reports in the amount of EUR 348 729 received in 2024 from Deloitte and other audit tasks performed in 2024 by Deloitte in the amount of EUR 15 thousand.

7. Other operating income

	2024	2023
Insurance Damage Compensation*	9 579 339	-
Gain from bargain purchase**	1 039 000	-
Net profit from fluctuations of foreign currency rates	938 643	64 920
Revenue from external co-financing	724 461	548 843
Compensation for fire damage to the environment*	674 000	-
Net profit from selling property, plant and equipment	284 078	-
Income from participation in the capital of associated companies***	72 011	-
Revenue from lease of real estate	13 390	26 129
Other revenue	839 137	881 441
Total	**14 164 059**	**1 521 333**

* On 5 August 2023, a fire broke out in the sorting centre on the Ecoservice UAB premises, causing significant damage to the Company's and third parties' assets.

As of the date of issuing these financial statements, several investigations are ongoing, carried out by state authorities and independent experts on the cause of the fire. Although the pre-trial investigation is ongoing, no proceedings have been concluded and no suspicions or accusations have been made against Ecoservice UAB, its employees or third parties.

Ecoservice UAB has made the claims to insurance company Compensa Vienna Insurance Group, ADB Latvijas filiāle for damages in accordance with the All Risks Property Insurance Policy which include: damage to the immovable property; damage to a tent-like hangar and other movable property; business interruption losses. In addition, the Company has ceded the possible claim from the Department of Environmental Protection under the Ministry of the Environment in the amount of EUR 674 thousand under its Third party liability insurance.

Despite the repeated detailed documentation and damage calculations, the insurance company postponed its decision, citing the need for further investigations. On 20 December 2024, after unsuccessful attempts to resolve the dispute out of court, the Company filed a renewed claim with the Riga City Court under the All Risks Property Insurance Policy for EUR 13,603,248.

At the moment, there are no possible grounds based on which insurance company could lawfully refuse to pay compensation. Based on a thorough evaluation by management, incorporating the best available information, expert opinions, and all known facts as at the reporting date, the Ecoservice UAB management is virtually certain that insurance compensation will be received.

Therefore, additionally to previously mentioned EUR 674 thousand, Group has recognized in the statement of the financial position insurance receivable in the amount of EUR 9 579 thousand related to fire accident which happened on 5 August 2023 at the sorting centre causing significant damage to the property and causing losses due to business interruption.

** See Note 44

*** See Note 17

8. Other operating expenses

	2024	2023
Restoration of the building, write-off of equipment*	3 157 000	-
Compensation for fire damage to the environment**	674 000	-
Non-business expenses	606 374	477 565
Net losses from selling property, plant and equipment	325 410	410 700
Fines	168 781	141 525
Costs of staff sustainability measures	127 853	116 590
Impairment of fixed assets	108 640	100 000
Donations	93 000	33 500
Real estate tax	15 083	15 652
Depreciation of property, plant and equipment and intangible investments	12 593	18 889
Other costs	407 580	512 912
	5 696 314	**1 827 333**

*In 2024 Ecoservice UAB incurred additional costs related to the reconstruction of a building that had previously been leased and was destroyed by fire. Following the completion of the rebuild the property was handed over to the previous owner as compensation and subsequently reacquired. The total recognized compensation related to this transaction amounts to EUR 3,16 million.

**Refers to air pollution caused by the combination of plastic waste and plastic waste components during the fire that occurred at the Ecoservice UAB site in 2024. (See Note 7).

9. Finance income

	2024	2023
Interest income from bank account balances and deposits	9 441	1 578
Interest income from loans	-	394
Total	**9 441**	**1 972**

10. Finance costs

	2024	2023
Interest payments for loans from credit institutions	4 893 798	3 951 902
Interest on lease liabilities	2 954 039	1 593 874
Interest payments on debt securities - bonds	1 568 611	706 297
Loses from changes in fair value of the derivative financial instruments	731 515	62 628
Commissions for entry into contracts	501 318	327 476
Interest payments for loans from related parties	51 736	1 481
Total	**10 701 017**	**6 643 658**

11. Deferred corporate income tax/Corporate income tax

	2024	2023
Current corporate income tax charge	138 103	(124 348)
Deferred tax charge/(credit)	(1 537 967)	(418 928)
Total	**(1 399 864)**	**(543 276)**

Composition of deferred tax:	**31.12.2024**	**31.12.2023**
Deferred tax assets arising from assets depreciation and other corrections for tax	(2 772 141)	123 076
Deferral of bad debts	175 370	10 770
Pension accumulation	29 985	-
Holiday reserve and employee accruals	280 676	-
Social insurance contributions	-	22 218
Accumulation of tax losses	1 801 165	-
Accrued interest on the loan obtgained	-	16 227
Other	913 607	454
Total deferred corporate income tax assets	**428 662**	**172 745**

Composition of deferred tax:	**31.12.2024**	**31.12.2023**
Deferral of bad debts	-	(184 146)
Pension accumulation	-	(27 626)
Holiday reserve and employee accruals	-	(255 258)
Income tax relief for the investment project	-	(256 601)
Accumulation of tax losses	-	(602 965)
Deferred tax liabilities related to planned profit distribution*	214 120	214 120
Deferred tax liabilities arising from assets depreciation and other corrections for taxes	420 918	3 365 997
Other	25 140	-
Deferred corporate income tax liabilities	**660 178**	**2 253 521**

*In previous years the provisions recognised for the deferred corporate income tax in the amount of EUR 978 355 in accordance with IAS 12 Income taxes, applying the rate of 20% laid down in the tax regulations of the Republic of Latvia in respect of the profit generated by Latvian subsidiaries. During 2022 based on the expected flow of use of taxable net profits the Group has decreased provisions for deferred corporate income tax in the amount of EUR 764 235 – total provisions as at 31.12.2024 are EUR 214 120 (31.12.2023: EUR 214 120).

Corporate income tax is reflected in the following items of consolidated financial statements:

Assets:	**2024**	**2023**
Corporate income tax	-	5 158
Deferred tax assets	428 662	172 745
Total	**428 662**	**177 903**

Liabilities:	**2024**	**2023**
Corporate income tax	52 201	56 350
Deferred tax liabilities	660 178	2 253 521
Total	**712 379**	**2 309 871**

12. Remuneration for work and number of employees

	2024	2023
Remuneration for work*	53 969 351	48 660 155
State mandatory social insurance contributions	7 502 760	5 877 523
Total	**61 472 111**	**54 537 678**

*Remuneration for work costs have grown by 12,7% in 2024, which is mainly related to increase in the number of employees due to additional production capacities, increase of the average wage, as well as acquisition of the subsidiary company Eko Osta SIA in November 2024.

Including remuneration for work paid to the top management, board and council officials:

	2024	2023
Remuneration for work	2 782 489	2 585 685
State mandatory social insurance contributions	627 689	490 205
Total	**3 410 178**	**3 075 890**

	2024	2023
Average number of employees in the reporting year	2 685	2 547

In 2021 the Group has implemented Stock Option Policy for the senior managerial positions of the Group with the aim to promote involvement, ensure achievement of the Group’s long-term goals, implementing strategy and supporting growth of the Group’s value and profit. Personnel options can be exercised only upon the exit of the Shareholders from the Company. If this event does not occur, all vested personnel options are cancelled and the option agreements automatically expire without the need for any additional actions. Due to the fact that no signs of possible event exists as of the date of signing Consolidated financial statements, no values of the options are estimated or recognized either in Consolidated statement of comprehensive income or in Equity.

13. Intangible investments

	Licences, trade marks and other intangible investments*	Contracts with customers	Intangible assets under development**	Total
Acquisition value				
31.12.2022	**700 194**	**4 304 000**	**822 654**	**5 826 848**
Acquired	635 127	-	839 593	1 474 720
Addition as a result of the reorganisation	508	1 178 075	-	1 178 583
Disposals	(660 024)	(250 000)	-	(910 024)
Reclassified	143 661	-	(106 555)	37 106
31.12.2023	**819 466**	**5 232 075**	**1 555 692**	**7 607 233**
Acquired	497 630	-	1 397 869	1 895 499
Disposals	(136 849)	(2 302 000)	(2 778)	(2 441 627)
Reclassified	1 215 149	-	(882 173)	332 976
Acquisition of a subsidiary	62	363 749	-	363 811
31.12.2024	**2 395 458**	**3 293 824**	**2 068 610**	**7 757 892**
Accumulated depreciation				
31.12.2022	**385 823**	**2 547 000**	**-**	**2 932 823**
Calculated	127 892	1 474 704	-	1 602 596
Amortisation of disposed assets	(287 437)	(206 000)	-	(493 437)
Reclassified	(205 919)	-	-	(205 919)
31.12.2023	**20 359**	**3 815 704**	**-**	**3 836 063**
Calculated	243 584	934 371	-	1 177 955
Amortisation of disposed assets	(125 840)	(2 302 000)	-	(2 427 840)
31.12.2024	**138 103**	**2 448 075**	**-**	**2 586 178**
Balance sheet value				
31.12.2023	**799 107**	**1 416 371**	**1 555 692**	**3 771 170**
31.12.2024	**2 257 355**	**845 749**	**2 068 610**	**5 171 714**

13. Intangible investments (continued)

*Including internally generated assets with balance sheet value per 31.12.2024 – EUR 917 960 (31.12.2023: EUR 316 714).

**Intangible assets under development includes capitalized expenses of personnel involved in to the development process. Capitalized expenses in 2024 is EUR 494 007 (2023: EUR 413 511).

14. Goodwill

	2024	2023
Balance at the beginning of the reporting year	**63 347 671**	**40 155 615**
Acquisition of a subsidiary in Czechia (TESIL Fibres S.r.o.)	-	(1 345 763)
Acquisition of a subsidiary in Latvia (SIA „Pilsētas Eko Serviss")	-	2 242 480
Acquisition of a subsidiary in Latvia (SIA "PES Serviss")	-	1 020 571
Acquisition of a subsidiary in Latvia (SIA "B124")	-	914 016
Acquisition of a subsidiary in Poland (Metal-Plast Sp.z o.o.)	-	20 360 752
Balance on the reporting date	**63 347 671**	**63 347 671**

Goodwill of the Group is determined as difference between the purchase consideration of the companies and value of net identifiable assets acquired, and the amount of any non-controlling interests in the acquiree and previously interest held in acquiree. At the end of each financial period possible impairment in the asset value is assessed, and the Group determines the recoverable amount of the relevant cash-generating unit (CGU) to which goodwill has been allocated. The Group considers as CGU the business segments to which goodwill has been allocated (Organisation of packaging management system, Collection, sorting & trading and street cleaning and Recycling) and geographical location.

Goodwill is accounted by the acquisition costs thereof minus the accumulated losses due to impairment in value.

Goodwill generated by the purchased companies is reflected by segments of the economic activity:

- Waste management (SIA "Eco Baltia vide", Ecoservice UAB and its subsidiaries, Siguldas city SIA "Jumis", SIA "Eko Osta", SIA "GeoLab");
- Recycling of raw materials (SIA "Nordic Plast", AS "ITERUM", TESIL Fibres s.r.o and Metal-Plast sp.z o.o.).
- Organisation of packaging management system (SIA "Latvijas Zaļais punkts").

Assessment of recoverable value

The Group management verified recoverability of intangible values, as well as value of property, plant and equipment and intangible investments. Recoverable value was determined by applying the income approach, which is based on the assumption that the company's current value is closely related to the future income to be generated by the Group's companies.

Calculation of value is based on several assumptions:

- Cash flow forecast is prepared on the basis of the management forecasts for a period not exceeding nine years, with a terminal value estimate at the end of 2033.
- Income and expenses are forecast on the basis of actual performance indicators for the last three years, taking into account changes in the service contract pipeline, operational volume, prices, and planned development trends in the relevant sectors.
- In order to calculate current value of the company, the Group's management applied discount rates (weighed average cost of capital) of 11,4% to all Latvian Environment segment companies including SIA "Eco Baltia vide", SIA "Latvijas Zaļais punkts" and Siguldas city SIA "Jumis" (2023: 8,4%), 11,4% for Ecoservice UAB group (2023: 8,8%), 13,5% for SIA "Nordic Plast" (2023: 12,3%), 11,0% for AS "ITERUM" (2023: 7,8%), 12,0% for Tesil Fibres s.r.o. (2023: 7,7%), and 11,0% for Metal-Plast sp.z o.o.
- Terminal value is estimated based on Gordon growth model in perpetuity with 2% (2023: 2%) perpetual growth rate of cash flows (European central bank long term inflation rate target).

Results of sensitivity analysis:

Waste management segment:

An increase in discount rate by 13,45 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 312,7% or deviation from baseline operating expenses (CoGs) by 7,5% will result in an impairment of SIA "Eco Baltia vide" goodwill.

An increase in discount rate by 7,1 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 146,2% or deviation from baseline operating expenses (CoGs) by 9,4% will result in an impairment of Ecoservice UAB group's goodwill.

14. Goodwill (continued)

An increase in discount rate by 14,4 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 182,1% or deviation from baseline operating expenses (CoGs) by 12,2% will result in an impairment of Sigulda city SIA “Jumis” goodwill.

An increase in discount rate by 61,4 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 17709,4% or deviation from baseline operating expenses (CoGs) by 15,3% will result in an impairment of SIA “Latvijas Zaļais punkts” goodwill.

Recycling segment:

An increase in discount rate by 7,0 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 359,9% or deviation from baseline operating expenses (CoGs) by 6,3% will result in an impairment of SIA “Nordic Plast” goodwill.

An increase in discount rate by 0,5 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 25,0% or deviation from baseline operating expenses (CoGs) by 0,5% will result in an impairment of AS “ITERUM” goodwill.

An increase in discount rate by 1,3 percentage points or deviation from the baseline in Terminal period D&A to EBITDA by 93,6% or deviation from baseline operating expenses (CoGs) by 2,2% will result in an impairment of Metal-Plast sp.z o.o. goodwill.

15. Property, plant and equipment

	Land, buildings and constructions	Non-current investments in leased property, plant and equipment	Equipment and machinery	Other property, plant and equipment, and inventory	Construction in progress	Payments on account for property, plant and equipment	Total
Acquisition value							
31.12.2022	**6 026 346**	**2 742 385**	**44 631 844**	**19 122 870**	**11 610 991**	**1 270 228**	**85 404 664**
Acquired	2 764 014	51 196	4 538 827	4 890 517	4 704 718	3 317 575	**20 266 847**
Reclassified	1 947 275	-	18 173 211	1 186 798	(12 201 679)	(637 736)	**8 467 869**
Disposals	(75 433)	(83 246)	(6 174 132)	(775 603)	(271 729)	-	**(7 380 143)**
Acquired at acquisition of a subsidiary	572 707	-	8 746 862	1 988 391	1 537 195	217 083	**13 062 238**
31.12.2023	**11 234 909**	**2 710 335**	**69 916 612**	**26 412 973**	**5 379 496**	**4 167 150**	**119 821 475**
Acquired	6 436 498	4 173 911	9 150 965	4 233 854	10 053 828	2 809 722	**36 858 778**
Reclassified	2 552 034	397 288	5 492 472	923 914	(5 736 745)	(3 570 503)	**58 460**
Disposals	(7 287)	(2 540 504)	(4 779 193)	(2 379 966)	(3 266 270)	(32 628)	**(13 005 848)**
Impairment	-	(8 081)	-	4 003	-	-	**(4 078)**
Acquired at acquisition of a subsidiary	1 151 855	45 072	705 047	3 874 303	2 273 289	60	**8 049 626**
Exchange rate fluctuations	-	-	-	-	4 187	6 023	**10 210**
31.12.2024	**21 368 009**	**4 778 021**	**80 485 903**	**33 069 081**	**8 707 785**	**3 379 824**	**151 788 623**
Accumulated depreciation							
31.12.2022	**809 926**	**2 527 449**	**21 830 043**	**11 204 322**	**-**	**-**	**36 371 740**
Calculated	315 025	191 732	8 774 227	4 789 970	-	-	**14 070 954**
Impairment	-	-	100 000	-	-	-	**100 000**
Depreciation of disposed assets	(68 207)	(79 713)	(4 660 352)	(489 760)	-	-	**(5 298 032)**
Reclassified	-	-	105 254	23 943	-	-	**129 197**
Exchange rate fluctuations	-	-	132 466	-	-	-	**132 466**
31.12.2023	**1 056 744**	**2 639 468**	**26 281 638**	**15 528 475**	**-**	**-**	**45 506 325**
Calculated	468 382	77 207	10 385 518	4 069 254	-	-	**15 000 361**
Impairment	-	-	-	-	-	-	**-**
Depreciation of disposed assets	(7 287)	(2 545 248)	(2 746 761)	(2 175 118)	-	-	**(7 474 414)**
Reclassified	-	-	-	330 698	-	-	**330 698**
Exchange rate fluctuations	(69 630)	-	(125 000)	(10 000)	-	-	**(204 630)**
31.12.2024	**1 448 209**	**171 427**	**33 795 395**	**17 743 309**	**-**	**-**	**53 158 340**
Balance sheet value							
31.12.2023	**10 178 165**	**70 867**	**43 634 974**	**10 884 498**	**5 379 496**	**4 167 150**	**74 315 150**
31.12.2024	**19 919 800**	**4 606 594**	**46 690 508**	**15 325 772**	**8 707 785**	**3 379 824**	**98 630 283**

Fully depreciated property, plant and equipment

On 31 December 2024 composition of the Group's property, plant and equipment included assets of the purchase value of EUR 38 954 353 (on 31.12.2023: EUR 31 554 654) which were fully written off in depreciation costs and which are still in active use in the economic activity.

15. Property, plant and equipment (continued)

Right-of-use assets*

	Land, buildings and constructions	Equipment and machinery	Other property, plant and equipment, and inventory	Total
Cost				
31.12.2022	**22 302 304**	**17 816 654**	**10 991 417**	**51 110 375**
Additions	12 586 438	352 974	3 676 496	**16 615 908**
Reclassified	-	(7 982 805)	(522 171)	**(8 504 976)**
Disposals	(159 802)	(128 934)	(220 101)	**(508 837)**
Acquired at acquisition of a subsidiary	-	-	1 059 433	**1 059 433**
31.12.2023	**34 728 940**	**10 057 889**	**14 985 074**	**59 771 903**
Additions	23 927 079	845 444	4 278 593	**29 051 116**
Value increase	-	-	3 412	**3 412**
Reclassified	-		(391 437)	**(391 437)**
Disposals	(3 247 725)	-	(67 087)	**(3 314 812)**
Acquired at acquisition of a subsidiary	-	-	181 799	**181 799**
31.12.2024	**55 408 294**	**10 903 333**	**18 990 354**	**85 301 981**
Accumulated depreciation				
31.12.2022	**6 155 889**	**1 918 959**	**5 598 747**	**13 673 595**
Charge for the year	3 813 136	1 271 163	675 688	**5 759 987**
Reclassified	-	(1 603 191)	(343 703)	**(1 946 894)**
Depreciation of disposed assets	-	(62 563)	(75 745)	**(138 308)**
Exchange rate fluctuations	182 160	(22 735)	312	**159 737**
31.12.2023	**10 151 185**	**1 501 633**	**5 855 299**	**17 508 117**
Charge for the year	4 671 949	1 389 684	2 662 011	**8 723 644**
Reclassified	-	-	(330 698)	**(330 698)**
Depreciation of disposed assets	(204 840)	(134 579)	(59 992)	**(399 411)**
Exchange rate fluctuations	(3 639)	8 500	(18 145)	**(13 284)**
31.12.2024	**14 614 655**	**2 765 238**	**8 108 476**	**25 488 369**
Balance sheet value				
31.12.2023	**24 577 755**	**8 556 256**	**9 129 775**	**42 263 786**
31.12.2024	**40 793 639**	**8 138 095**	**10 881 880**	**59 813 613**

*The Group leases several assets including manufacturing technique, machines, equipment and premises. The average lease term is 5 years (2023: 5 years). The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term.

AS “Eco Baltia”'s subsidiary AS “ITERUM” has signed a lease agreement for the premises in December 2021 and has simultaneously signed a Development Management Agreement for the construction of this future Plastic Waste Recycling and Storage Centre. In accordance with the Agreement on the Settlement of Claims and certain new terms signed in April 2024, the parties extend the minimum lease term to 19 years from the date of signing the Premises Acceptance and Handover Act. The Premises Acceptance and Handover Act was signed in November 2024. Accordingly, the Company recognizes right of use assets for the period until October 2043.

The Group’s obligations are secured by the lessors’ title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in Note 31.

Amounts recognized in Statement of comprehensive income:

	31.12.2024	31.12.2023
Depreciation expense on right-of-use assets	8 723 644	5 759 987
Interest expense on lease liabilities	2 954 039	1 593 874
Expense relating to short-term leases	42 341	43 606
Expense relating to leases of low value assets	32 782	35 334
Total	**11 752 806**	**7 432 801**

During 2024 the Group has made a total payments of EUR 11 160 680 (2023: EUR 9 404 433) for leases.

15. Property, plant and equipment (continued)

Depreciation of property, plant and equipment and amortisation of intangible investments

Total depreciation of property, plant and equipment and amortisation of intangible investments calculated within the Group have been included in the following items of profit or loss calculation:

	2024	2023
Production cost of goods sold (Note 4)	22 045 710	18 917 744
Administrative expenses (Note 6)	2 212 089	1 788 801
Selling and distribution expenses (Note 5)	20 624	13 511
Other operating expenses (Note 8)	12 593	18 889
Total	**24 291 016**	**20 738 945**

Pledged property, plant and equipment

See Note 29

16. Other securities and investments

	31.12.2024	31.12.2023
Investment in “Depozīta Iepakojuma Operators” (12.05%)*	15 000	15 000
Investment in Pro Europe s.p.r.l**	6 200	6 200
Total	**21 200**	**21 200**

Other securities and investments are measured at fair value.

*AS “ITERUM” shareholding shareholding in SIA “Depozīta Iepakojuma Operators” is 12.05%. On 14 January 2021 the State Environmental Service has entered into a contract with SIA “Depozīta Iepakojuma Operators” for introduction of packaging deposit system in Latvia.

**In 2005 5% of the acquired capital shares in Pro Europe s.p.r.l were registered in the name of the Group company SIA “Latvijas Zaļais punkts”. Equity of Pro Europe s.p.r.l”, based on latest available data, is EUR 157 717, which includes organisations of the movement “Zaļais punkts” (“Green Dot”) of other countries.

17. Investment in associates

Public	%	Initial investment	Write off	31.12.2023	31.12.2024
AS Daugavpils specializētais autotransporta uzņēmums, Slāvu iela 6, Daugavpils	40,4	1 220 175	-	-	1 292 186
Total		**1 220 175**	**-**	**-**	**1 292 186**

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.

After initial recognition the investment is accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

During the period between acquisition date and reporting date, associate’s net profit attributable to the Group is 72 011 EUR.

18. Other non-current receivables

	31.12.2024	31.12.2023
Insurance Damage Compensation*	9 579 339	-
Insurance receivable*	674 000	-
Other non-current debtors	78 209	191 570
Total	**10 331 548**	**191 570**

*See Note 7

19. Inventories

	31.12.2024	31.12.2023
Raw materials, basic materials and consumables	8 688 755	8 369 798
Finished products and goods for sale	7 267 559	7 275 200
Advance payments for goods	157 719	84 030
Total	**16 114 033**	**15 729 028**

All inventories are pledged and used as security of the Group's liabilities (see Note 29).

20. Trade receivables

	31.12.2024	31.12.2023
Carrying amounts of trade receivables	23 580 417	24 217 593
Allowances for doubtful receivables	(1 112 150)	(1 168 296)
Total	**22 468 267**	**23 049 297**

Trade receivables are not secured by pledges or other credit enhancements, which reduce credit risk.

Changes in allowance for doubtful and bad trade receivables:

	2024	2023
At the beginning of the reporting year	**1 168 296**	**1 381 752**
Increase of allowances	360 937	49 414
Decrease of allowances	(6 775)	(88 957)
Acquired at acquisition of a subsidiary	5 062	-
Irrecoverable debtor's debts written-off during the year	(415 370)	(173 913)
On the reporting date	**1 112 150**	**1 168 296**

Estimated credit loss during the reporting period has been accounted in the profit and loss in separate row "Allowances for impairment of loans and receivables".

Analysis of trade receivables on 31 December 2024 and on 31 December 2023:

			Late payment delay in days				
	Total EUR	Not overdue EUR	1-30 days EUR	31-90 days EUR	91-180 days EUR	181-365 days EUR	Exceeding 365 days EUR
As at 31 December 2024							
Trade receivables (gross)	**23 580 417**	18 985 184	2 302 993	865 022	247 776	346 866	832 576
Allowance (calculated collective)	**(908 316)**	(13 696)	(1 872)	(14 369)	(39 900)	(148 974)	(689 505)
Allowance (calculated on individual basis)	**(203 836)**	-	(47 387)	(37 612)	(1 014)	(3 039)	(114 784)
Expected credit loss rate, %		0,07%	2,14%	6,01%	16,51%	43,82%	96,60%
Total (net)	22 468 265	**18 971 488**	**2 253 734**	**813 041**	**206 862**	**194 853**	**28 287**
As at 31 December 2023							
Trade receivables (gross)	**24 217 593**	18 395 470	2 936 175	1 034 037	426 195	273 299	1 152 417
Allowance (calculated collective)	**(1 080 989)**	(9 645)	(917)	(10 199)	(24 759)	(31 350)	(1 004 119)
Allowance (calculated on individual basis)	**(87 307)**	(777)	(305)	(883)	(1 883)	(4 513)	(78 946)
Expected credit loss rate, %		0,06%	0,04%	1,07%	6,25%	13,12%	93,98%
Total (net)	23 049 297	**18 385 048**	**2 934 953**	**1 022 955**	**399 553**	**237 436**	**69 352**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

21. Other loans

Current loans	Currency	Repayment term:	31.12.2024	31.12.2023
Other loan No. TIR 12-07-19/01	EUR	31.12.2022	71 450	142 900
Other loan No. 3614/CR	EUR	31.12.2022	7 300	7 300
Total current loans			78 750	150 200
Allowances for doubtful loans and receivables	EUR		(78 750)	(150 200)
Total current loans			-	-
Accrued interest	EUR		19 866	19 866
Allowances for doubtful loans and receivables	EUR		(19 866)	(19 866)
Total accrued interest			-	-
Total other loans			-	-

Changes in allowance for doubtful loans and receivables:

	2024	2023
At the beginning of the reporting year	**170 066**	**169 758**
Increase of allowance	-	308
Write-off of bad debts	(71 450)	-
On the reporting date	**98 616**	**170 066**

22. Other receivables

	31.12.2024	31.12.2023
Value-added tax overpayment	1 677 133	1 253 478
Advance payments for suppliers	589 597	159 020
Current guarantee deposits	380 444	409 486
Other tax overpayment	202 156	191 533
Security	79 822	21 731
Settlement person debts	9 915	8 826
Other debtors	32 890	371 704
	2 971 957	**2 415 778**

23. Prepaid expenses

Non-current part:	31.12.2024	31.12.2023
Rent for premises	297 427	272 280
Insurance	47 394	6
Subscription fee	642	1 668
Other	63 045	4 989
Total	**408 508**	**278 943**
Current part:		
Insurance	433 304	273 869
Subscription fee	24 766	169 945
Rent for premises	11 561	12 210
Other	528 267	511 408
Total	**997 898**	**967 432**
Total deferred costs	**1 406 406**	**1 246 375**

24. Accrued income

	31.12.2024	31.12.2023
Accrued income from contractual assets*	10 318 097	6 922 137
Total	**10 318 097**	**6 922 137**

* Major increase in accrued income is related to AS “Eco Baltia”'s subsidiary SIA “Latvijas Zaļais punkts” payment of the Natural Resource Tax for non-recycled plastic packaging which is included in the plastic packaging management fee starting from 1 July 2024, as specified in Section 24.8 of Natural Resources Tax Law.

Contractual assets mainly include rights to receive remuneration for the provided organisation of packaging management system services for which invoices have not yet been issued. These rights are recognised in the composition of the current assets by coordinating exact volume of the service with customers and issuing respective invoices. Estimated credit losses on contract assets have not been recognised as estimated amounts are immaterial.

25. Derivative financial instruments

	31.12.2024	31.12.2023
Foreign exchange forward contracts	-	725 834
Total	**-**	**725 834**

*Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in euro (EUR). At the end of 2024 the Group had no active contracts.

26. Cash and cash equivalents

	31.12.2024	31.12.2023
Cash at bank	6 456 721	9 316 977
Cash in hand	7 067	8 311
Cash to be received	-	840 650
Total	**6 463 788**	**10 165 938**

Cash and cash equivalents by currency profile:	**31.12.2024**	**31.12.2023**
EUR	6 102 107	8 949 018
PLN	267 195	1 163 576
CZK	93 281	13 577
GBP	693	-
USD	512	39 767
Total	**6 463 788**	**10 165 938**

Cash in current accounts of the banks is mostly kept in the bank, which has increase from A3 to A2 in autumn 2024 with the stable outlook stable from the international rating agency Moody’s (including non-current and current foreign and local currency deposit ratings), thus demonstrating that majority of the Group's funds are held with a bank, which has received good credit rating, and it is expected that the credit institution will be able to comply with all of its financial liabilities on timely basis. Information has been provided in accordance with Moody’s rating information, which was publicly available in up to the date of signing of these financial statements.
Estimated credit losses on cash and cash equivalents have not been recognised as estimated amounts are immaterial.

27. Share capital

Paid share capital of the Group as at 31.12.2024. is EUR 35 005 and it consists of 35 005 shares. Nominal value of each share is EUR 1.

	31.12.2024	31.12.2023
Share capital, EUR	35 005	35 005
Number of shares	35 005	35 005
Per value of each share	1	1

All of the shares have equal voting and dividend rights.

28. Consolidated reserves and non-controlling interests

Consolidated reserves represent value in the amount of EUR 19 926 630 where:

- EUR 311 179 - resulting from the acquisition of 13.35% shares in the subsidiary AS “Latvijas Zaļais punkts” in April 2012.
- EUR (1 308 107) - the result of the acquisition of 52.52% shares in the Group’s subsidiary SIA “Eko PET” in February 2013 which resulted in recognition of negative adjustment in the equity.
- EUR 21 049 506 - resulting from the merger of AS “Eco Baltia” through reorganisation in to SIA “Eco Baltia grupa” in May 2021.
- EUR (125 948) - resulting from the acquisition of 100% shares in the subsidiary Ecoservice UAB in 2021.

The aforementioned transactions involved entities under common control, therefore, the net result of the transactions was reflected in the Group's equity.

Non-controlling interest represents minority shareholding in JSC “ITERUM” (5.1%) and it's subsidiary "Tesil Fibres" s.r.o (5.1%), following UAB “Ecoservice” subsidiaries - UAB “Ecoservice Projektai” (0,97%), UAB “Biržų komunalinis ūkis” (35.25%), UAB “Eco Recycling” (45%), and Sp.z o.o. "Metal-Plast" (61,5%). For details of the Group structure, see Note 1. Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter- company eliminations.

Summarised balance sheet at 31.12.2024:

	AS “ITERUM”	Tesil Fibres s.r.o	Ecoservice Projektai UAB	Biržų komunalinis ūkis UAB	Eco Recycling UAB	Homecourt Sp. z .o.o.	Metal-Plast Sp. z o.o.
Current assets	11 761 990	4 375 581	10 548 380	308 102	19 125	-	8 225 104
Current liabilities	(27 608 743)	(6 452 456)	(4 479 533)	(187 115)	(1 263 391)	-	(7 863 481)
Current net assets	**(15 846 753)**	**(2 076 875)**	**6 068 847**	**120 987**	**(1 244 266)**	**-**	**361 623**
Non-current assets	26 354 272	2 598 611	8 196 917	145 330	16 111 689	-	32 463 645
Non-current liabilities	(6 983 633)	(4 000 000)	(2 449 411)	(10 734)	-	-	(15 950 220)
Non-current net assets	**19 370 639**	**(1 401 389)**	**5 747 506**	**134 596**	**16 111 689**	**-**	**16 513 425**
Net assets	**3 523 886**	**(3 478 264)**	**11 816 353**	**255 583**	**14 867 423**	**-**	**16 875 048**
Accumulated NCI	47 480	(329 425)	76 026	88 391	6 690 574	-	5 008 367

Summarised balance sheet at 31.12.2023:

	AS “ITERUM”	Tesil Fibres s.r.o	Ecoservice Projektai UAB	Biržų komunalinis ūkis UAB	Eco Recycling UAB	Homecourt Sp. z .o.o.	Metal-Plast Sp. z o.o.
Current assets	8 708 438	5 916 672	7 398 254	348 178	244 674	2 287 287	9 082 332
Current liabilities	(14 976 536)	(6 178 227)	(3 917 567)	(169 975)	(1 371 356)	(2 657 383)	(6 981 923)
Current net assets	**(6 268 098)**	**(261 555)**	**3 480 687**	**178 203**	**(1 126 682)**	**(370 096)**	**2 100 409**
Non-current assets	23 814 865	13 360 377	11 172 761	177 226	16 111 660	30 602 195	12 262 924
Non-current liabilities	(17 952 630)	(10 509 009)	(2 946 517)	(13 087)	-	(15 759 449)	(929 109)
Non-current net assets	**5 862 235**	**2 851 368**	**8 226 244**	**164 139**	**16 111 660**	**14 842 746**	**11 333 815**
Net assets	**(405 863)**	**2 589 813**	**11 706 931**	**342 342**	**14 984 978**	**14 472 650**	**13 434 224**
Accumulated NCI	331 266	(158 815)	113 922	118 520	6 743 485	(333 482)	6 069 621

28. Consolidated reserves and non-controlling interests (continued)

Summarised statement of comprehensive income 2024:

	AS "ITERUM"	Tesil Fibres s.r.o	Ecoservice Projektai UAB	Biržų komunalinis ūkis UAB	Eco Recycling UAB	Homecourt Sp. z .o.o.	Metal-Plast Sp. z o.o.
Revenue	47 259 070	22 224 791	17 208 127	441 585	-	-	30 288 382
Profit for the period	(3 877 657)	(3 503 533)	109 431	(87 028)	(117 580)	-	(917 547)
Profit allocated to NCI	(283 786)	(170 610)	(1 356)	(30 129)	(52 911)	-	(564 291)
Dividends paid to NCI	-	-	-	-	-	-	-

Summarised statement of comprehensive income 2023:

	AS "ITERUM"	Tesil Fibres s.r.o	Ecoservice Projektai UAB	Biržų komunalinis ūkis UAB	Eco Recycling UAB	Homecourt Sp. z .o.o.	Metal-Plast Sp. z o.o.
Revenue	43 822 579	29 779 111	14 829 668	468 186	-	-	4 370 010
Profit for the period	**(2 823 973)**	**(2 739 700)**	**(146 130)**	**(82 517)**	**(14 996)**	**(741 072)**	**(702 689)**
Profit allocated to NCI	(144 023)	(130 387)	(6 185)	(28 567)	(6 515)	(333 482)	(384 153)
Dividends paid to NCI	-	-	-	-	-	-	-

29. Loans from credit institutions

	Currency	31.12.2024	31.12.2023
Non-current loans			
Bank (non-current part, repayable within 2-5 years)	EUR	57 190 418	50 029 714
Total		**57 190 418**	**50 029 714**
Non-current loan current part			
Bank (non-current part, repayable within 1 year)	EUR	14 337 060	11 082 195
Bank (credit line)	EUR	7 582 151	5 248 471
Total		**21 919 211**	**16 330 666**
Loan interest			
Bank	EUR	259 580	252 010
Total		**259 580**	**252 010**
Total current loans		**22 178 791**	**16 582 676**
Total loans from credit institutions		**79 369 209**	**66 612 390**

Loans repayment terms and interest rates
Within the Group of Eco Baltia bank loans have been granted to 5 companies by the end of the year – SIA "Eco Baltia vide", SIA "Nordic Plast", AS "ITERUM", Ecoservice UAB an Metal-Plast Sp. z o.o.

29. Loans from credit institutions (continued)

Company	Currency	Total amount	Repayment term	Interest rate	31.12.2024	31.12.2023
SIA "Eco Baltia vide"	EUR	12 927 000	04.08.2028	3 month EURIBOR + interest rate	5 835 585	9 417 117
SIA "Eco Baltia vide"	EUR	8 700 000	31.08.2028	3 month EURIBOR + interest rate	3 617 349	6 091 603
SIA "Eco Baltia vide"	EUR	631 896	30.06.2026	3 month EURIBOR + interest rate	1 010 711	564 685
SIA "Eco Baltia vide"	EUR	5 200 000	31.01.2027	3 month EURIBOR + interest rate	5 707 952	3 913 642
SIA "Eco Baltia vide"	EUR	5 225 350	17.10.2028	3 month EURIBOR + interest rate	4 531 493	-
SIA "Eco Baltia vide"	EUR		17.10.2028	3 month EURIBOR + interest rate	7 163 449	-
Ecoservice UAB	EUR	12 923 541	30.09.2027	3 month EURIBOR + interest rate	6 496 342	8 885 118
Ecoservice UAB	EUR	3 866 250	28.11.2028	3 month EURIBOR + interest rate	2 756 507	2 790 070
Ecoservice UAB	EUR	12 600 000	31.07.2028	3 month EURIBOR + interest rate	8 695 320	-
Ecoservice UAB	EUR	500 000	31.05.2026	3 month EURIBOR + interest rate	379 050	-
AS "ITERUM"	EUR	6 000 000	30.09.2028	3 month EURIBOR + interest rate	4 862 621	5 260 247
AS "ITERUM"	EUR	7 500 000	06.09.2027	3 month EURIBOR + interest rate	4 406 191	5 965 613
AS "ITERUM"	EUR	5 900 000	30.09.2028	3 month EURIBOR + interest rate	5 132 466	-
AS "ITERUM"	EUR	760 000	31.05.2025	3 month EURIBOR + interest rate	-	4 587 736
SIA "Nordic Plast"	EUR	1 700 000	17.02.2026	3 month EURIBOR + interest rate	983 300	1 311 108
Homecourt Sp. z .o.o.	EUR	28 150 000	29.09.2028	3 month EURIBOR + interest rate	-	17 150 241
Metal-Plast Sp. z o.o.	EUR	8 466 000	29.09.2028	3 month EURIBOR + interest rate	7 359 636	-
Metal-Plast Sp. z o.o.	EUR	11 000 000	29.09.2028	3 month EURIBOR + interest rate	8 343 269	-
Metal-Plast Sp. z o.o.	PLN	15 000 000	29.09.2026	WIBOR ON + 2,55%	2 087 968	653 360
Total					**79 369 209**	**66 590 540**

Credit line
On 31 December 2024 the Group's companies had credit line in the amount of EUR 6 400 000 and PLN 15 000 000 (on 31.12.2023: EUR 6 400 000 and PLN 15 000 000). All conditions set for the receipt of these credit resources were complied with. Available as at 31.12.2024. EUR 905 815 and PLN 2 629 457 (2023: EUR 1 804 889 and PLN 12 164 743. Credit lines in EUR have been prolonged after the reporting period and have to be repaid until 31.05.2026. Credil line in PLN has to be repaid until 29.09.2026.

Factoring
The Group companies AS "ITERUM" and SIA "Nordic Plast" have entered into factoring agreements with SIA "Luminor Līzings". TESIL Fibres s.r.o. has entered into factoring agreement with Factoring České spořitelny. Ecoservice UAB has entered into factoring agreement with Luminor Lizingas UAB. The management of the Group believes that according to factoring arrangement the Group substantially transfers risks and rewards related to the factored receivables, therefore it partially derecognises receivaibles at the moment cash is received from the factor.
Amount of the receivables subject to the factoring arrangement amounts to EUR 6 243 097 (31.12.2023: EUR 6 243 097). The maturity of the factoring contracts have been prolonged after reporting period and is 31.05.2026, TESIL Fibres s.r.o. agreement is concluded for indefinite period.

Collaterals
The financing provided to the Group's companies, as well as agreements on issuance of guarantees and letters of credit is secured by mortgages on real estates owned by the Group's companies, commercial pledges on the assets of the companies, commercial pledges on shares of the companies, as well as suretyships from the companies, and assignment agreements of the transfer of claims on debtors (for payment of outstanding amounts) to credit institutions. The subject matter of the commercial pledges on shares are the shares which the pledgor currently owns and which the pledgor will acquire during the term of the loan agreements. The subject matter of the commercial pledges on assets are the assets as an aggregation of property as at the moment when pledge is given and future parts of such aggregation of property.

Additionally, the Group's companies use the leasing services.

Covenants
See Note 41.

29. Loans from credit institutions (continued)

Loans movement

Changes arising from the obligations of financing activity

Changes in the obligations arising from financing activity may be reflected as follows:

In 2024

	Loans from credit institutions	Lease obligations	Debt securities - Bonds*	Loans from related parties
Liabilities from financing activity on 01.01.2024	**66 612 389**	**38 643 203**	**17 780 020**	**614 393**
Proceeds from debt securities	24 677 806	-	-	-
Repayment of loans	(11 835 352)	-	-	(72 382)
Payment of lease liabilities	-	(11 187 372)	-	-
Capitalised borrowing costs	-	-	-	-
Interest paid	(5 436 662)	(1 229 724)	(1 540 000)*	(25 268)
Total changes from financing cash flows	**7 405 792**	**(12 417 096)**	**(1 540 000)**	**(97 650)**
Other changes				
Liability related				
New leases	-	30 130 750	-	-
Acquisition of a subsidiary	-	181 799	-	-
Costs for attracting financing	418 761	-	82 557	-
Interest expenses	4 922 409	2 954 039	1 540 000	51 737
Cancellation of leases	-	(3 035 702)	-	-
Exchange rate fluctuations	9 858	15 132	-	-
Total liability-related other changes	**5 351 028**	**30 246 018**	**1 622 557**	**51 737**
As at 31 December 2024	**79 369 209**	**56 472 125**	**17 862 577**	**568 480**

* In 2024 interest payments to bondholders were made in the total amount of EUR 1 453 593 EUR while EUR 86 407 was withheld as Personal Income Tax.

In 2023

	Loans from credit institutions	Lease obligations	Debt securities - Bonds*	Loans from related parties
Liabilities from financing activity on 01.01.2023	**52 091 998**	**29 639 113**	**-**	**-**
Proceeds from debt securities	23 913 746	-	18 000 000	753 637
Repayment of loans	(9 280 392)	-	-	(140 000)
Payment of lease liabilities	-	(9 404 433)	-	-
Capitalised borrowing costs	-	-	-	-
Interest paid	(3 868 805)	(1 316 750)	(294 392)	(725)
Total changes from financing cash flows	**10 764 549**	**(10 721 183)**	**17 705 608**	**612 912**
Other changes				
Liability related				
New leases	-	18 104 962	-	-
Costs for attracting financing	(196 059)	26 438	(219 980)	-
Interest expenses	3 951 902	1 593 874	680 114	1 481
Total liability-related other changes	**3 755 843**	**19 725 273**	**460 134**	**1 481**
As at 31 December 2023	**66 612 390**	**38 643 203**	**18 165 742**	**614 393**

30. Long-term debt securities – bonds

	31.12.2024.	31.12.2023.
Bonds	18 000 000	18 000 000
Costs for raising bonds	(137 423)	(219 980)
KOPĀ:	**17 862 577**	**17 780 020**

On 17 February 2023 during public offering process AS “Eco Baltia” issued 8 million euro of its in augural 3-year bonds with annual coupon rate 8%. The bonds mature on 17 February 2026, with an option for the issuer to redeem them after two years. On 2 November 2023 during public offering process AS “Eco Baltia” issued 10 million euro of its in augural 3-year bonds with annual coupon rate 9%. The bonds mature on 2 November 2026, with an option for the issuer to redeem them after two years.

Accrued interest for issued bonds as at 31.12.2024 is EUR 385 722 (31.12.2023: EUR 385 722) and is classified as "Accrued liabilities".

Covenants
See Note 41.

31. Lease obligations

Lease liabilities applies to the vehicles, special machinery, containers, production equipment, ventilation systems and other property, plants and equipment purchased by the Group with the initial lease period of 5–7 years. The Group’s companies have possibility to purchase majority of the aforementioned assets at the par value thereof at the end of the lease term. On 31 December 2024 effective interest rate applied to lease agreement was 3-month EURIBOR and added interest rate (31.12.2023: 3- month EURIBOR + added interest rate). Maturity terms of leasing liabilities are during the period from 2025 to 2030.

Minimum future lease payments within the framework of the lease together with the current value of net minimum lease payments have been reflected as follows:

	31.12.2024		31.12.2023	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	8 560 209	7 965 757	7 186 096	6 576 506
In a year, but not longer than five years	23 811 113	23 212 369	32 702 523	32 066 697
More than five years	25 293 999	25 293 999	-	-
Total minimum lease payments	57 665 321	56 472 125	39 888 619	38 643 203
Financial costs	(1 193 196)	-	(1 245 416)	-
Current value of minimum lease payments	**56 472 125**	**56 472 125**	**38 643 203**	**38 643 203**

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

32. Contract liabilities

	31.12.2024	31.12.2023
Short-term advances received for services and goods	882 419	522 742
Total	**882 419**	**522 742**

Group companies business practice is to settle contract liabilities during 12 month period. Revenue from contract liabilities is recognized when service is provided and goods are sold. In 2024 the Group has recognized EUR 523 thousand revenue from contract liabilities at 31.12.2023.

33. Trade payables

	31.12.2024	31.12.2023
Trade payables	35 725 040	24 155 593
Total	**35 725 040**	**24 155 593**

Average repayment term of accounts payable is 45 days for foreign companies and 30 days for other suppliers.

34. Loans from related companies

Current loans from related companies	Currency	Repayment term:	31.12.2024	31.12.2023
Loan with the term of up to one year	EUR	31.12.2025	568 480	613 636
Total current loans from related companies			**568 480**	**613 636**
Loan interest				
Related companies	EUR		-	757
Total			**-**	**757**
Total current loans from related companies			**568 480**	**614 393**

During 2023 Eco Recycling UAB has received unsecured short-term loan from related company which is not part of the consolidation. Loan is interest bearing and repayable until end of 2025.

35. Taxes payable

	31.12.2024	31.12.2023
State mandatory social insurance contributions	1 682 066	1 382 096
Value added tax	1 092 056	1 451 158
Personal income tax	844 343	716 758
Natural resource tax	75 028	44 942
Real estate tax	2 125	11 990
Light-duty vehicle tax	1 246	516
State business risk duty	454	379
Other payroll taxes	-	67 836
Total	**3 697 318**	**3 675 675**

36. Other payables

Non-current part:	31.12.2024	31.12.2023
Accruals for employees bonuses and for vacation pay reserve	184 009	312 325
Security deposit amount	15 535	18 580
Total non-current part	**199 544**	**330 905**
Current part:		
Accrued liabilities for services and goods received	5 009 794	5 127 619
Accruals for employees bonuses and for vacation pay reserve	3 990 111	3 884 604
Remuneration for work	3 278 659	2 745 578
Security deposit amount	26 910	-
Estimated payables	135 148	-
Other	584 842	148 271
Total current part	**13 025 464**	**11 906 072**
Total other payables	**13 225 008**	**12 236 977**

37. Deferred income

	31.12.2024	31.12.2023
Non-current deferred income		
Investment project financing from the Investment and Development Agency of Latvia and other bodies	1 809 265	1 569 527
Investment project grants in Lithuania	-	64 861
Total	**1 809 265**	**1 634 388**
Current deferred income		
Investment project financing from the Investment and Development Agency of Latvia and other bodies	484 382	420 969
Investment project grants in Lithuania	-	11 405
Total	**484 382**	**432 374**
Total deferred income	**2 293 647**	**2 066 762**

38. Provisions

	31.12.2024	31.12.2023
Provisions for waste disposal expenses*	1 041 947	-
Provision for environmental damage**	674 000	-
Total	**1 715 947**	**-**

* As a result of the economic activities of the reporting period and previous periods, there is waste in the territory managed by SIA "Oil Recovery", the quantities of which are recorded in off-balance sheet accounting. The physical volumes of waste, which residues in tons, have been verified using stocktaking methods as waste is stored in storage and transport containers on the territory of the company. Based on price surveys and in accordance with estimates approved by management, the potential costs of waste disposal have been determined in the amount of EUR 1 041 947 as at 31.12.2024.

** See Note 8.

39. Transactions with related parties

In accordance with the definition included in IAS 24 "Related Party Disclosures" related parties are both legal entities and natural persons related to the Company as follows:

a) A person or a close member of that person's family is related to a reporting entity if that person:
   i) has control or joint control over the reporting entity;
   ii) has significant influence over the reporting entity; or
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
   i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii) both entities are joint ventures of the same third party;
   iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi) the entity is controlled or jointly controlled by a person identified in (a);
   vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Mutual balances and transactions between the Group Parent Company AS "Eco Baltia" and its subsidiaries, which are related companies, are eliminated for consolidation purposes and are not disclosed in this note. In the reporting year, the Group companies were involved in the following transactions with the top management officers and shareholders.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

39. Transactions with related parties (continued)

	Year	Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Shareholders related parties:	2024	-	289 669	68 785	171 853
	2023	750 000	480 819	-	85 586
Supervisory Board and Management Boards related parties	2024	-	286 046	-	94 883
	2023	237 698	6 483 197	4 335	1 059 206
Other related parties:	2024	-	2 022 469	-	1 034 534
	2023	335 064	2 250 646	41 388	425 832

*The amounts are classified as trade receivables and trade payables, respectively see Notes 20 and 33.

Loans from/to related parties:

	Year	Interest received	Interest paid	Amounts owed by related parties*	Amounts owed to related parties*
Other related parties:	2024	-	25 268	-	568 480
	2023	-	-	-	613 636

*The amounts are classified as other loans, see Note 21, and loans from related companies, see Note 34.

40. Financial risk management

In the ordinary course of business the Group is exposed to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management activities are undertaken to support the underlying operating transactions of the Group. The Group companies do not undertake any high risk transactions that would increase exposure to currency or interest rate risks.

Foreign currency risk
Foreign currency risk is a risk of financial loss incurred by the Group companies due to adverse currency fluctuations. This risk arises when financial assets denominated in a foreign currency do not match with financial liabilities in the same currency, thereby leading to open currency positions. The Group has subsidiaries Tesil Fibres s.r.o., registered and operating in the Czech Republic, and Metal-Plast Sp. z o.o., registered and operating in Poland, accordingly Assets and Liabilities are included in Groups consolidation amounts to EUR 57 million equivalent on stand alone basis.

For cash exposure in other currencies than functional currency, see Note 26.

For policy and currency exchange rates applied for foreign currency translation, see Note 2(d).

Interest rate risk
The Group is primarily financed from shareholder’s equity, operating cash flows and, to a limited extent, from borrowings and bonds. Interest rate risk is a risk of financial loss due to adverse interest rate fluctuations. The Group is exposed to interest rate risk mainly through its non-current and current loans from credit institutions and lease liabilities (see Notes 29 and 31) bearing interest at floating rates. As a result the Group is exposed to a risk of higher interest expense which may be caused by growing interest rates. The Company holds bonds with fixed coupon rates, thereby minimizing exposure to interest rate fluctuations and maintaining a low level of interest rate risk (see Note 30).

Assuming that in 2025 non-current and current loans from credit institutions and lease liabilities would remain approximately at the same level as on 31 December 2024, an increase/decrease in interest rates by 1 percentage point would result in additional interest expense/decrease in interest expense by approximately EUR 1 356 thousand (2023: EUR 1 044 thousand).

The Group companies SIA “Eco Baltia vide”, Ecoservice UAB, SIA “Nordic Plast”, AS “ITERUM” and Metal-Plast Sp.z o.o. have non-current loans from credit institutions bearing interest at a floating EURIBOR or WIBOR rates, therefore these companies are exposed to interest rate risk which are not hedged by means of interest rate swap contracts (see Note 29).

40. Financial risk management (continued)

Credit risk

Credit risk is a risk of financial loss in the event of a counterparty's default on their obligations to the Group companies. Credit risk is mainly caused by cash at bank (see Note 26), trade receivables (see Note 20) and issued non-current and current other loans (see Note 21). For the accounting policy on impairment of financial assets, see Note 2.1.h.

Cash at bank

Credit risk related to cash at bank is managed by balancing the placement of financial assets in order to maintain the possibility of choosing the best offers and reduce the probability of financial losses. The Group companies evaluate credit ratings assigned to banks by international credit rating agencies and financial performance of banks on a regular basis.

Trade receivables

The Group companies have no significant concentration of credit risk with any single customer or group of customers having similar characteristics.

The Group mitigates its credit risk by continuously assessing the credit history of customers and setting permissible credit limits. The Group maximum permissible exposure to credit risk is defined to the extent of the balance sheet value of each debtor. The Group companies monitor overdue trade receivables on a regular basis. Balance sheet value of trade receivables is reduced by allowances made for doubtful and bad trade receivables. In addition Group uses factoring services.

In cases when the Group identifies that a debtor has completed the insolvency or bankruptcy process, debtor has died or the Group has received a decision from the court about unrecoverability of debt, then the receivables are written off. In other cases the Group regularly re-evaluates the bad debt and, if based on proffessional judgment, the debt is considered as unrecoverable or recoverability wouldn't be economically beneficial, then it's written off.

Issued non-current and current loans

The Group controls its credit risk by continuously assessing the financial performance, sufficiency and quality of collateral and credit histories of borrowers. Balance sheet value of granted loans is reduced by allowance made for doubtful and bad loans and receivables.

Categories of financial instruments	**31.12.2024 EUR**	**31.12.2023 EUR**
Financial assets		
Cash at bank and on hand at amortised cost	6 463 787	10 165 938
Other investments and securities at fair value	21 200	21 200
Derivative financial instruments at fair value	-	725 834
Loans and receivables carried at amortized cost value	46 089 870	32 578 782
Total financial assets	**52 574 857**	**43 491 754**
Financial liabilities		
Financial liabilities carried at amortized cost value	206 683 507	161 515 266
Total financial liabilities	**206 683 507**	**161 515 266**

For the changes in the loss allowance for financial assets, please see Note 20 Trade receivables. No other credit losses have been identified for financial assets in 2024, nor in 2023.

Liquidity Risk

Liquidity risk is a risk that the Group companies will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises if the maturities of financial assets and liabilities do not match. The goal of liquidity risk management by the Group is to maintain an adequate amount of cash and cash equivalents and arrange an adequate sufficiency of financing by operational and investing activities and using the financing granted by banks (see Note 29), thereby enabling the Group companies to meet their obligations as they fall due. The Group companies assess whether the maturities of financial assets and liabilities match on a regular basis and the stability of financing for non-current assets. For the purposes of liquidity management, operational cash flow forecasts are made after the actual results for the prior month.

Liquidity metrics	**31.12.2024**	**31.12.2023**
Current assets less current liabilities, EUR	(26 981 719)	(4 562 100)
Current ratio	0,69	0,93

40. Financial risk management (continued)

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

After the reporting period, the Group's financing bank approved the extension of its existing and new financing arrangements which matured in 2025 (See Note 45).

Taking into account the Group’s budget for 2025, which reflects growth compared to 2024, and forecasted cash-flow, the Group’s management believes that the Group companies will have sufficient funds available so that their liquidity position might not be negatively jeopardized. In addition, the Group’s management demonstrates its ability to leverage accumulated knowledge and previous experience in financial planning and debt structuring, which has ensured continued access to capital markets and financing institutions. In 2025, the Group is working on a plan to implement an optimal funding structure, and this plan, among other things, includes attracting additional financing and the possibility of refinancing part of the current liabilities to ensure the adequacy of funding.

Given the above, if the Group's management were to approach various financial institutions and is confident that it would receive significant interest in the process of refinancing or restructuring in future. Therefore, the Group does not anticipate any difficulties in meeting its financial commitments for at least twelve months from the date of approval of these financial statements.

The following table demonstrates undiscounted contractual maturities of financial liabilities:

31 December 2023	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years
	EUR	EUR	EUR	EUR	EUR
Non-derivative financial liabilities					
Trade and other payables	38 982 435	38 982 435	32 938 194	3 982 891	2 061 350
Long-term debt securities - bonds	18 000 000	22 300 000	320 000	1 220 000	20 760 000
Lease liabilities	38 520 581	39 806 151	1 997 476	5 240 556	32 568 119
Borrowings	66 612 390	74 780 846	4 302 950	12 796 124	57 681 772
Total non-derivative financial liabilities	**162 115 406**	**175 869 432**	**39 558 620**	**23 239 571**	**113 071 241**
Total financial liabilities	**162 115 406**	**175 869 432**	**39 558 620**	**23 239 571**	**113 071 241**

31 December 2024	Carrying amount	Total contractual cash flows	3 months or less	From 3 to 12 months	From 1 to 5 years	More than 5 years
	EUR	EUR	EUR	EUR	EUR	EUR
Non-derivative financial liabilities						
Trade and other payables	52 797 043	52 797 043	44 742 300	6 048 775	2 005 969	-
Long-term debt securities - bonds	18 000 000	20 760 000	320 000	1 220 000	19 220 000	-
Lease liabilities	56 472 124	57 805 255	2 128 066	6 453 635	23 929 556	25 293 999
Borrowings	79 369 209	86 708 071	5 404 973	15 393 125	65 909 973	-
Total non-derivative financial liabilities	**206 638 376**	**218 070 370**	**52 595 338**	**29 115 535**	**111 065 498**	**25 293 999**
Total financial liabilities	**206 638 376**	**218 070 370**	**52 595 338**	**29 115 535**	**111 065 498**	**25 293 999**

Fair value

Based on the Group’s management’s assessment, the carrying amounts of financial assets and liabilities approximated to their fair value as at 31 December 2024 and 31 December 2023.

The group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Fair value for issued bonds as on 31 December 2024 is as follows:

40. Financial risk management (continued)

	Carrying amount (including accrued interest and costs for rising bonds) EUR	Fair value, EUR
Debt securities – bonds (1st issuance)	8 197 825	8 357 244 (Level 1)
Debt securities – bonds (2nd issuance) trading started on 25 April 2024	10 050 474	10 145 000 (Level 1)

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

41. Capital management

The Group manages its capital to ensure that the Group companies will be able to continue as a going concern, meanwhile maximizing the return to shareholders through the optimization of debt and equity balance.

The Group's capital structure consists of net debt (borrowings as detailed in Notes 29 and 31 offset by cash on hand and at bank) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

Group's management reviews the capital structure of the Group on an quarterly basis. Under these consolidated financial statements, the Group's management considers the capital structure and the risks associated with each class of capital.

In accordance with bank loans, leasing and factoring contracts, and issued bonds, financial covenants at the end of 2024 and 2023 are set on the Group Consolidated level.

(a) Bank financing covenants

Under the terms of major bank financing contracts, which have a carrying amount of 116 120 217 EUR at 31.12.2024 (31.12.2023: 87 214 113 EUR), the Group is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- Equity Ratio – 34 per cent or greater at 31.12.2024 (31.12.2023: 35 per cent or greater);
- Net Debt to Adjusted EBITDA Ratio – 3.5 times at 31.12.2024 (31.12.2023: 3.5 times).

In accordance with bank loans, leasing and factoring contracts, financial covenants at the end of 2024 and 2023 are set on the Group Consolidated level, excluding Eco Recycling UAB and its subsidiaries.

The Group has complied with these covenants throughout the reporting period. As at 31.12.2024 the ratio of Equity was 34.37% (31.12.2023: 35.06%) and at 31.03.2025 it was 35.05%. As at 31.12.2024 the ratio of net debt to adjusted EBITDA was 2.92 (31.12.2023: 2.86) and at 31.03.2025 it was 3.16.

Taking in to consideration the event which forms the basis of qualified opinion the Group and the bank agreed after balance sheet date 2025 that the mentioned limitation in the scope if adjusted in Equity Ratio calculation in such manner and leading to the breach of the Equity ratio - will not be considered as event of default in accordance with the General Financing Terms.

There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the 30.06.2025, 30.09.2025 and 31.12.2025.

Management assessment made as comply with Group bank covenants as on 31.12.2024., but considering scope limitation in auditors report - waiver received on 17.06.2025. for possible breach, if any.

(b) Bond covenants

Under the terms of Bond contracts, which have a carrying amount of 18 000 000 EUR at 31.12.2024 (31.12.2023: 18 000 000 EUR), the Group is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- Equity Ratio – 30 per cent or greater at 31.12.2024 (31.12.2023: 30 per cent or greater);
- Net Debt to Adjusted EBITDA Ratio – 4.0 times at 31.12.2024 (31.12.2023: 4.0 times).

The Group has complied with these covenants throughout the reporting period. As at 31.12.2024 the ratio of Equity was 36.44% (31.12.2023: 35.2%) and at 31.03.2025 it was 36.07%. As at 31.12.2024 the ratio of net debt to adjusted EBITDA was 2.76 (31.12.2023: 2.9) and at 31.03.2025 it was 2.78.

41. Capital management (continued)

There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the 30.06.2025, 30.09.2025 and 31.12.2025.

42. Going concern

As at the end of the reporting year, the Group's current liabilities exceeded current assets by EUR 25,06 million. The Group's management is confident that the Group companies will be able to meet their obligations and continue as a going concern considering operational commercial activities budgets and forecasted cash flows (See Note 40 Liquidity risk).

Subsequent to the reporting date, the Group's financing bank extended the availability of financing arrangements maturing in May 2025 for one year and granted additional availability of financing in the amount of EUR 6 million in form of the creditline and the loan which is planned to use for refinancing purposes.

Subsequent to the reporting date, the Group received a formal support letter from one of its shareholders(see Note 40).Considering above mentioned, the financial statements have been prepared on the basis that the Group will continue to be a going concern.

The main risks of the Group's operations are related to external factors: the general geopolitical situation; rising fuel and utility costs; changes in the demand for and prices of secondary raw materials on the world market; natural conditions that determine the amount of work (e.g. heavy snow in winter / snowless winters); the likelihood of accidents; fulfilment of contractual obligations of business partners (suppliers, subcontractors, customers). To reduce these risks, the company diversifies its operations, increases the variety of services provided, invests in the qualifications of employees, complies with labor, fire safety and civil safety requirements.

43. Contingent liabilities

	31.12.2024 EUR	31.12.2023 EUR
Liabilities arising from trade financing products:		
Trade financing products	4 304 671	5 425 223
Total	**4 304 671**	**5 425 223**

The Group's company AS "ITERUM" has entered into an agreement with Luminor Bank AS on the issuance of guarantees subject to the total limit of EUR 750 000 (31 December 2023: EUR 1 000 000). The total limit expires on 31 May 2026.

The Group's company SIA "Eco Baltia vide" and its subsidiaries has entered into an agreement with Luminor Bank AS on the issuance of guarantees subject to the total limit of EUR 2 740 000. The total limit expires on 31 May 2026.

The Group's company Ecoservice UAB and its subsidiaries has entered into an agreement with Luminor Bank AS on the issuance of guarantees subject to the total limit of EUR 5 760 000 (31 December 2023: EUR 7 000 000). The total limit expires on 31 May 2026. .

The Group's company AS "ITERUM" has issued a guarantee against Leasing Ceske Sporitelny A.S. for its subsidiary Tesil Fibres S.R.O. outstanding lease liabilities which as of 31.12.2024 are EUR 55 895 (31 December 2023: EUR 160 715). The leasing maturity date is October 2025.

The Group's company SIA "Oil Recovery" has concluded a long-term lease agreement with the Freeport of Riga Authority for the lease of a complex of oil-containing water treatment facilities, land lease and a joint cooperation agreement for the acceptance and management of a ship-generated waste and polluted water in the territory of the Freeport of Riga and the elimination of pollution consequences arising in the territory of port. The term of the lease agreement is until 03.10.2032.

According to AS "Eco Baltia" shareholders' ordinary general meeting's minutes of June 19, 2024, it was decided to pay dividends in the amount of EUR 1 milj. from the company's retained earnings if approval had been received from AS "Luminor Bank". Due to the fact that such approval has not been received, the dividends were not recognised in the reporting period.

The Group's company AS "Eco "Baltia" has issued a guarantee for its subsidiary AS "ITERUM" against "P140" SIA for rent obligations in new premises for total up to 36 month rent payment.

44. Business combinations and acquisition of non-controlling interests

Assets acquired and liabilities assumed in 2024

In March 2024, an agreement was signed to acquire 100% of SIA “Eko Osta”. The merger has been cleared by the Competition Council. During the third quarter of 2024 work continued in accordance with the contractual arrangements until the final integration of SIA “Eko Osta” into the Group. 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 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.

The fair values of the identifiable assets and liabilities as at the date of acquisitions in 2024 were:

	Fair value recognised on acquisition, EUR’000
Assets	SIA "Eko Osta"
Intangible assets (long-term agreements)	364
Property, plant and equipment	8 250
Financial invetments	1 161
Cash and cash equivalents	227
Current assets	755
Liabilities	-
Loans from credit institutions	-
Leases	-
Other liabilities	637
Other accruals	1 042
Non-controlling interest	-
Total	**9 078**
Gain from Bargain Purchase	1 039
Purchase consideration transferred	**8 039**

Assets acquired and liabilities assumed in 2023

Acquisition of Pilsētas Eko Serviss, SIA, B124, SIA and PES serviss, SIA

In January 2023 the Group’s subsidiary SIA “Latvijas Zaļais Punkts” acquired 100% of road maintenance company Pilsētas Eko Serviss, SIA. The transaction resulted in the acquisition of 100% of the shares in Pilsētas Eko Serviss, PES serviss, and B 124. A reorganisation process was initiated in 2023 and finished on 1 December 2023. All rights and obligations of the companies were transferred to Eco Baltia vide. Before the reorganisation process, initial accounting for the acquisition was completed.

Acquisition of Metal-Plast Sp.z o.o.

In November 2023 the Group’s subsidiary Homecourt So.z o.o. acquired 82,42% of the largest recycler of PVC window and door profiles in Poland - Metal-Plast Sp.z o.o.. At the date of issuing these Financial statements initial accounting for the acquisition is complete as certain fair value measurments for Property, plant and equipment acquired is finalised. These assets are reported as a part of buildings and constructions, equipment at the amount of 11,1 million.

The acquired business contributed revenues of EUR 13.99 million and net profit of EUR 2.21 million to the Group for the period from 1 January 2023 to 31 December 2023.

The fair values of the identifiable assets and liabilities as at the date of acquisitions in 2023 were:

44. Business combinations and acquisition of non-controlling interests (continued)

	Fair value recognised on acquisition, EUR'000 SIA "Pilsētas Eko Serviss"	Fair value recognised on acquisition, EUR'000 SIA "B124"	Fair value recognised on acquisition, EUR'000 PES serviss, SIA	Fair value recognised on acquisition, EUR'000 Metal-Plast Sp.z o.o.
Assets				
Intangible assets	1 178	-	-	-
Property, plant and equipment	1 350	515	-	11 076
Inventories	126	-	-	3 883
Receivables	2 236	3	202	3 565
Current investments	-	-	-	767
Cash	47	4	130	1 269
Liabilities				
Leases	-	-	-	(621)
Trade payables and other liabilities	(2 011)	(8)	(104)	(3 581)
Non-controlling interest*	-	-	-	(6 454)
Total	**2 926**	**514**	**228**	**9 904**
Goodwill arising on acquisition	2 242	914	1 021	20 361
Purchase consideration transferred	**5 168**	**1 428**	**1 249**	**30 265**

*The Group has elected option to recognize Non-Controlling interest at fair value.

45. Events after the reporting date

After the reporting period, the Group's financing bank its extended the availability of financing arrangements maturing in May 2025 for one year and granted additional availability of financing in the amount of EUR 6 million in form of the creditline and the loan which is planned to use for refinancing purposes.

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

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

AS "Eco Baltia" had initiated and completed reorganisation by separating its subsidiary SIA "Vaania" and its rights and liabilities from AS "Eco Baltia". According to the Concession Agreement, AS "Eco Baltia" was the Concessionaire until 7 January 2025. SIA "Eco Baltia vide" became the Concessionaire from 8 January 2025.

SIA "GeoLab" was liquidated on 6 June, 2025.

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.

On 4 February, 2025, the Board adopted a decision to approve the signing by Ecoservice UAB and Ecoservice projektai UAB, as guarantor and collateral provider, of the agreements amending the loan agreements between SIA "Eco Baltia vide" and AS "Luminor Bank" and between AS "ITERUM" and AS "Luminor Bank", and, subject to the requirements of these agreements, of the suretyship/collateralization amendement agreements.

45. Events after the reporting date (continued)

On 28 May, 2025, a support letter from AS “Eco Baltia” shareholder BSGF Salvus UAB was received confirming its co-investments and legal ability to provide AS “Eco Baltia” with financial support if this is needed in order to protect value of its investment in AS “Eco Baltia”.

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

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

Kristīne Rudziša*,
Chief Accountant

*THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

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Translation from Latvian

Independent Auditors' Report
To the shareholders of Eco Baltia AS

Our qualified Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eco Baltia AS and its subsidiaries ("the Group") set out on pages 9 to 59 of the accompanying consolidated annual report, which comprise:

- The consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with the IFRS Accounting Standards as adopted by the EU.

Basis for Qualified Opinion

As described in Notes 7 and 18 to the consolidated financial statements, as of 31 December 2024 the Group have recognized in the statement of the financial position insurance receivable in the amount of EUR 10,254 thousand related to fire accident at component Ecoservice UAB which happened on 5 August 2023 at the sorting centre causing significant damage to the property and causing losses due to business interruption. In 2024 after unsuccessful attempts to agree an out-of-court resolution with insurance company, the Group filed claim to the court for EUR 13,603 thousand. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", contingent assets should be disclosed where an inflow of economic benefits is probable, unless realization of income related to them is virtually certain, in which case they should be recognized in the statement of the financial position. According to the management assessment, considering all available information at it's disposal, the asset recognition criteria are met. Nevertheless, the insurance company has not confirmed the insurance claim as payable and certain reports of state institutions were not yet received as of the date of issuing these consolidated financial statements, therefore, our ability to obtain sufficient and appropriate audit evidence regarding virtual certainty of the recoverability of the mentioned asset were limited. In addition, in case certain part or all of the insurance receivable is not recognized, this would potentially impact the Group's compliance with the financial covenants under Luminor General Financing terms and consequently might require reclassification of non-current portion of bank borrowings in the amount of EUR 43,152 thousand to current borrowings in the consolidated financial statements. As disclosed in the note 41 (a) to the financial statements subsequent to the year-end general financing terms have been amended to state that modification of auditors report related to insurance receivable will not be considered as event of default. Nevertheless, according to IAS 1 "Presentation of financial statements" subsequently reached agreement does not affect classification as of 31 December 2024. Therefore, we were unable to obtain sufficient and appropriate evidence regarding the appropriateness of recognition of the abovementioned asset as well as classification of the long-term part of the bank loans.

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) (IESBA Code), 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but 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 matters

Valuation of goodwill *Note 14*	**How the matter was addressed in the audit**
The Group has recorded a significant amount of goodwill that is subject to an annual impairment test. As at 31 December 2024, the goodwill amounts to 63.3 m EUR which represents 21% of total assets. The Group performs an annual impairment test of non-current assets including goodwill to identify impairment losses, arising when the recoverable amount of cash generating unit is lower than the carrying amount recorded. Based on the impairment test, no impairment losses for goodwill have been identified during year 2024. The 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, gross margin, discount rates as well as the Group management's ability to realize those assumptions and overall development of the economy. Adverse changes to these assumptions caused by volatility of the markets the Group operates in may negatively influence the carrying value of non-current assets presented in the Group's consolidated statements of financial position as of 31 December 2024. Accordingly, the impairment test of goodwill 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 evaluation, 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 those to both internal sources of information available within the Group as well as externally available industry, economic and financial data. Our assessment included sensitivity analysis. Furthermore, we evaluated management's budgeting process by comparing actual results to previously forecasted results. We assessed the completeness and accuracy of the disclosures relating to goodwill.

Deloitte.

Key audit matters

Going concern and liquidity position *Notes 40 and 42*	**How the matter was addressed in the audit**
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 Group 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 cash flow forecasts prepared by the Group's management. We gained an understanding of the cash flow forecast preparation process. We assessed the significant assumptions made by the Group's 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 Group's management with actual results and trends. We evaluated subsequent events, especially concerning the renegotiations with the financial institution regarding 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 management is responsible for the other information. The other information comprises:

- General Information about the Group, as set out on page 3 of the accompanying Consolidated Annual Report,
- the Management Report, as set out on pages 4 to 7 of the accompanying Consolidated Annual Report,
- Statement of management responsibilities, as set out on page 8 of the accompanying Consolidated Annual Report.

Our qualified opinion on the consolidated financial statements does not cover the other information included in the Consolidated 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 related to Other information* section of our report.

In connection with our audit of the consolidated 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 Group 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 except for the possible effect of the matter described in the *Basis of qualified opinion* section.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia related to other information

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 consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- Except for the possible effect of the matter referred to in the *Basis for Qualified Opinion*, 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 Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

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Inguna Staša
Member of the Board
Certified Auditor of Latvia
Certificate No.145

Riga, Latvia

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