



JOINT STOCK COMPANY ECO BALTIA

UNAUDITED CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2025

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

RIGA, 2025



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A hand is shown holding a clump of shredded white paper and plastic waste, with small bits of colored paper (pink, blue, green) visible. Below the hand is a large, overflowing pile of the same shredded material. The background is a blurred industrial or recycling facility with metal structures. A green curved line is positioned to the left of the text.

GENERAL INFORMATION

GENERAL INFORMATION



Name of the Parent Company	Eco Baltia
Legal status of the Parent Company	Joint stock company
Registration number, place and date of the Parent Company	40103435432 Riga, 08 July 2011
Registered office of the Parent Company	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, Balta street 5, Bukulti, Garkalnes novads, LV-1024 (15.93%) PENVI INVESTMENT LTD, Spyrou Kyprianou, 82, Euro House, 1st floor, 4043, Limassol, Cyprus (0.75%)
Supervisory Board Members of the Parent Company	Vytautas Plunksnis – Chairman of the Supervisory Board Deimante Korsakaite – Deputy Chairperson of the Supervisory Board Jurgita Petrauskiene - Supervisory Board Member Gints Pucēns - Supervisory Board Member Atienza Guell Alberto - Supervisory Board Member Algimantas Markauskas - Supervisory Board Member
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
Reporting period	1 January 2025 - 30 June 2025



MISSION

Find value in each
and everything



Provides **full cycle**
of waste
management



>2600 employees



40 000 clients in Latvia
and abroad



25+ operational facilities
across Latvia, Lithuania,
Czech Republic and
Poland



MANAGEMENT REPORT

MANAGEMENT REPORT

The management of Eco Baltia AS (hereinafter referred to as the Group or the Parent Company) submits the management report on the consolidated unaudited financial statements of Eco Baltia Group (hereinafter referred to as the Group or the Group) for the period from 1 January 2025 to 30 June 2025.

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 2 600 people in Latvia, Lithuania, Poland and the Czech Republic. The main subsidiaries managed by the Group in Latvia are ITERUM AS, Nordic Plast SIA, Eco Baltia vide SIA, Latvijas Zaļais punkts SIA, JUMIS SIA, Sigulda, and Oil Recovery SIA. The Company also manages the Ecoservice Group in Lithuania, TESIL Fibres S.r.o. 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 this context, during the reporting period, the Competition Council (CC) adopted a decision to allow Eco Baltia vide SIA to acquire sole decisive influence over DAUGAVPILS SPECIALIZĒTAIS AUTOTRANSPORTA UZŅĒMUMS AS (DSATU AS). Further acquisition-related processes are currently underway and the transaction is expected to close in 2025.

At the same time, the Group's two largest environmental management companies, Eco Baltia vide SIA and Ecoservice UAB, continued to develop a number of strategic projects. Their aim is to promote the growth of services in specialised areas such as the management of construction waste, textiles, PVC window and door frames and other types of waste. In the first half of the year also saw the continued active promotion of the Tocha brand service, strengthening its visibility and market position in Latvia.

In February, the Lithuanian company Ecoservice UAB officially opened the most modern and largest sorting centre for separately collected packaging in the Baltic region. The new plant, which has an investment of around €18 million, is equipped with state-of-the-art artificial intelligence solutions that can identify and sort 13 types of packaging, almost doubling sorting efficiency. The plant was built on the site of a previous factory which was destroyed by fire in August 2023.

During the reporting period, the Group's environmental management companies submitted bids in several public tenders for the provision of waste management services. Following the results of the open tender for municipal waste management in Mārupe Municipality, Eco Baltia vide SIA will continue to provide services in both management zones. The procurement period is seven years and the total contract amount is EUR 19 million (excluding VAT).

Eco Baltia vide SIA also continued to expand its operations in the Kurzeme region - following the results of an open tender announced by the Ventspils County Municipality, the company won the right to provide household waste management services in the Ventspils County for the next five years. The contract has come into force on 1 August 2025 and is worth a total of EUR 1.3 million (excluding VAT).

This year, Eco Baltia vide SIA continues its work on the promotion of textile sorting in Latvia within the framework of the LIFE integrated project "Waste to Resources in Latvia - Promoting Regional Sustainability and Circulation through the Implementation of the Waste to Resources Concept" (LIFE Waste To Resources IP, LIFE20 IPE/LV/000014). The LIFE project is also working to promote the re-cycling of electrical

MANAGEMENT REPORT

appliances by encouraging people to buy second-hand, refurbished appliances. In order to do this, during the reporting period the Company opened a specialised shop called "Lab!shop", where everyone can buy refurbished electrical appliances 30-50% cheaper than new ones.

During the reporting period, the Group's company Oil Recovery SIA won a public tender announced by the Riga Freeport Authority for the provision of ship-generated waste and contaminated water reception and disposal services in the Riga Freeport. The contract entered into force on 1 July 2025. In accordance with the procurement regulations, the total amount of the contract is EUR 4 451 778, and the term of the contract is three years.

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

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

In 2025, a number of changes to the Natural Resources Tax Law came into force in Latvia, including the management of wet tissue, balloons and fishing nets from 1 January 2025. On this basis, at the end of 2024, the Group Company Latvijas Zaļais punkts SIA started concluding contracts with manufacturers and

traders of wet wipes and balloons for the management of the respective waste in accordance with the requirements set by the country and for the customers to receive 100% exemption from the payment of the natural resources tax.

Changes in national legislation and related preparatory measures had a positive impact on the results of the Group's Environmental Management segment. This was mainly due to the changes introduced last year in the country regarding the recyclability of polymer materials.

Similar trends were also observed in the manufacturing sector. During the period under review, sales growth was positively influenced by the opening of the new PET bottle recycling plant ITERUM AS in October 2024. At the same time, the Group's recycling companies - ITERUM AS and Nordic Plast SIA - continued their efforts to increase recycling capacity and expand sales on international markets.

During the reporting period, changes were made to the composition of the Management Board of the Group company ITERUM AS. Liene Upeniece, an experienced financial and strategic management professional, joined the Management Board, taking over the responsibilities of the previous Management Board member and Chief Financial Officer Matīss Leitīš. The changes took effect on May 6, 2025. Jūlija Zandersone, Chair of the Board, Jekaterina Vasiļjeva, Andris Ābele, and new board member Liene Upeniece continue their work on the ITERUM AS Board.

Continuing to develop responsible business principles, during the reporting period four Group companies received high scores in the Sustainability Index 2024 organised by the Institute for Corporate Sustainability and Responsibility. Eco Baltia vide SIA and ITERUM AS were awarded platinum status, while Nordic Plast SIA and JUMIS SIA, Sigulda, were awarded gold status. The Sustainability Index serves as an important monitoring mechanism that helps companies in Latvia to objectively assess their sustainability and corporate responsibility performance.

In addition, the Parent Company was also awarded in the field of stock exchange investor relations in the reporting period - it received the "Nasdaq Baltic Awards 2025" award (3rd place) in the Best Investor Relations in the First North Bond Market nomination, highlighting the Group's professional approach and openness in communication with investors.

MANAGEMENT REPORT

Taking into account that the Group's companies operate according to circular economy principles and implement sustainable business practices in their daily operations, intensive work continued during the reporting period on the development and implementation of a unified ESG (Environmental, Social Responsibility and Governance) strategy both for the Company and its main subsidiaries.

At the same time, measures were taken to improve the internal working environment and occupational safety, reinforcing the LEAN approach in the corporate culture. Initiatives were also implemented to promote employee well-being, personal development and the development of new skills.

The Group closed the first six months of 2025 with a net turnover of EUR 142,08 million, up 14,5% compared to the same period last year. The turnover was mainly driven by a solid and convincing performance in both the environmental management sector and recycling sector with a focus on productivity, efficiency and automation.

The Group's pre-tax profit for the reporting period was EUR 3,6 million, compared to EUR 4,7 million profit for the same period last year. Consolidated EBITDA in the first six months of 2025 amounted to 21,5 million euro, a decrease of 2,9% compared to the first half of 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 the recently acquired PVC window and door profile recycling segment in Poland.

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

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

Events after the reporting date

After the reporting period, Eco Baltia's company Eco Baltia vide SIA won a tender announced by Ādaži Municipality for the provi-

sion of household waste management services. The total estimated contract amount for the seven-year period specified in the tender is EUR 22 million excluding VAT. The tender stipulates that the company will start household waste management in Carnikava on 1 September, while from 2 June next year it will continue to provide services in the rest of the Ādaži municipality, where services are currently still being provided in accordance with the previous procurement.

This year, the Group published its first Annual Sustainability Report in line with the EU's Corporate Sustainability Reporting Directive (CSRD) requirements, confirming its strong commitment to implementing ESG principles. Key sustainability achievements include expanding the use of low-emission vehicles to handle 63% of collected waste in Latvia, increasing the share of renewable energy to 15% of total consumption, promoting household and textile waste sorting, and investing in advanced waste-sorting and recycling facilities, including one of the largest PET recycling plants in Northern Europe. The report also highlights Eco Baltia's non-financial achievements, such as strengthening occupational safety, improving employee well-being, introducing a producer responsibility system for textile products, and promoting recyclability initiatives in partnership with Nordic Plast SIA.

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

STATEMENT OF MANAGEMENT RESPONSIBILITIES



The management of Eco Baltia AS confirms that the unaudited consolidated interim report has been prepared in accordance with the requirements of applicable law and gives a true and fair view of the financial position of the company as of 30 June 2025, and of the results of its operations and its cash flows for the period then ended.

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

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

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



CONSOLIDATED FINANCIAL STATEMENTS

eco baltia

677 60 000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
Net turnover	1	142 080 060	124 132 511
Production cost of goods sold	2	(116 700 988)	(104 543 545)
Gross profit		25 379 072	19 588 966
Selling and distribution expenses		(4 035 583)	(3 334 728)
Administrative expenses		(12 603 718)	(11 811 201)
Other operating income		821 505	5 918 877
Other operating expenses		(850 932)	(385 823)
Finance income		4 172	4 706
Finance costs		(5 078 293)	(5 289 913)
Income/(Loss) from participation		(23 953)	(32 511)
Profit before tax		3 612 270	4 658 373
Corporate income tax		(118 241)	(896 474)
Deferred corporate income tax		689 882	(37 249)
PROFIT FOR THE REPORTING PERIOD		4 183 911	3 724 650
Total comprehensive income for the period after tax		4 183 911	3 724 650
Total comprehensive income attributable to:			
Majority interests		4 934 040	3 439 739
Non-controlling interests		(750 129)	284 911
Profit attributable to:			
Majority interests		4 934 040	3 439 739
Non-controlling interests		(750 129)	284 911

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	30.06.2025 (Unaudited)	31.12.2024 (Audited)
ASSETS		
Non-current investments		
Intangible investments		
Licences, trade marks and other intangible investments	4 025 864	3 103 103
Development costs	1 811 664	2 068 610
Goodwill	63 347 671	63 347 671
Total intangible investments	69 185 199	68 519 384
Property, plant and equipment		
Land, buildings and constructions	21 430 927	19 919 800
Right-of-use assets	60 033 435	59 813 613
Non-current investments in leased property, plant and equipment	4 469 500	4 606 594
Equipment and machinery	51 118 298	46 690 508
Other property, plant and equipment, and inventories	16 158 334	15 325 772
Construction in progress	3 504 631	8 707 785
Prepayments for property, plant and equipment	2 028 689	3 379 824
Total property, plant and equipment	158 743 814	158 443 896
Non-current financial investments		
Investments in associated companies	1 215 490	1 292 186
Other securities and investments	21 200	21 200
Prepaid expenses	429 819	408 508
Other non-current receivables	11 476 440	10 760 210
Total non-current financial assets	13 142 949	12 482 104
Total non-current investments	241 071 962	239 445 384
Current assets		
Inventories	13 013 926	16 114 033
Receivables		
Trade receivables	21 978 504	22 468 267
Other receivables	2 569 764	2 971 957
Prepaid expenses	1 509 464	997 898
Accrued income	13 916 344	10 318 097
Total receivables	39 974 076	36 756 219
Cash and cash equivalents	7 632 030	6 463 788
Total current assets	60 620 032	59 334 040
TOTAL ASSETS	301 691 994	298 779 424

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR	Note	30.06.2025 (Unaudited)	31.12.2024 (Audited)
LIABILITIES			
Equity			
Share capital		35 005	35 005
Share premium		20 623 389	20 623 389
Consolidated reserves		19 926 630	19 926 630
Reserves for own stocks or shares		10 000 000	10 000 000
Translation reserves		279 078	284 188
Retained earnings brought forward		23 784 698	11 889 313
Profit for the reporting period		4 934 040	11 895 385
Equity attributable to the shareholders of the Parent Company		79 582 840	74 653 910
Non-controlling interests		10 948 831	11 581 412
Total equity		90 531 671	86 235 322
Liabilities			
Non-current liabilities			
Long-term debt securities - bonds	5	9 925 369	17 862 577
Loans from credit institutions	3	55 282 760	57 190 418
Lease liabilities	4	49 785 190	48 506 368
Deferred income		1 772 265	1 809 265
Other payables		10 329	199 544
Deferred income tax liability		663 617	660 177
Total non-current liabilities		117 439 530	126 228 349
Current liabilities			
Short-term debt securities - bonds	5	7 977 436	-
Loans from credit institutions	3	25 637 941	22 178 791
Lease liabilities	4	8 202 161	7 965 757
Loans from related companies	3	593 852	568 480
Prepayments received from customers		688 234	882 419
Trade payables		29 989 936	35 725 037
Corporate income tax		85 246	52 201
Taxes payable		4 198 825	3 697 317
Other payables		6 111 435	5 789 112
Deferred income		384 436	484 382
Accrued liabilities		9 832 760	8 952 297
Unpaid dividends		18 531	19 960
Total current liabilities		93 720 793	86 315 753
Total liabilities		211 160 323	212 544 102
TOTAL EQUITY AND LIABILITIES		301 691 994	298 779 424

CONSOLIDATED STATEMENT OF CASH FLOWS



EUR	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3 612 270	4 658 376
Adjustments for:		
Depreciation and amortization	12 756 189	12 081 171
Interest payments and similar expense	4 960 076	4 425 497
Interest (income) and similar (income)	(20)	(4 706)
(Gain)/loss on disposal of property, plant and equipment	(92 201)	(118 328)
(Profit)/loss from fluctuations of foreign currency rates	(70 285)	105 906
(Income) from external co-financing	(275 282)	(376 859)
Changes in provisions and allowances	(3 120 662)	(5 436 760)
Revenue from participation in fixed capital of related, associated or other companies	23 953	-
Revenue from other securities and loans which formed long-term financial investments	-	305 209
Profit before adjustments for the effect of changes in current assets and current liabilities	17 794 038	15 639 506
Adjustments for:		
(Increase)/decrease in receivables	350 373	(2 081 897)
Increase/(decrease) in payables	(1 594 912)	4 817 286
(Increase)/decrease in inventories	3 138 863	930 690
CASH FLOWS FROM OPERATING ACTIVITIES	19 688 362	19 305 585
Interest paid	(3 875 755)	(3 684 313)
Corporate income tax paid	(140 953)	570 009
Net cash flows from operating activities	15 671 654	16 191 281
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible investments	(11 275 106)	(18 803 313)
Proceeds from sale of property, plant and equipment	201 087	400 229
Acquisition of subsidiaries, net of cash acquired	-	290 117
Received dividends	52 743	-
Net cash flows used in the investing activities	(11 021 276)	(18 112 967)

CONSOLIDATED STATEMENT OF CASH FLOWS

continued

EUR	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	8 793 815	6 729 623
Repayment of borrowings	(7 025 813)	(5 178 617)
Repayment of the lease liabilities	(2 863 044)	(2 373 181)
Payments of obligations under finance leases	(2 394 750)	(2 213 291)
Subsidies, grants, gifts or donations	-	432 597
Net cash flows used in the financing activities	(3 489 792)	(2 602 869)
Result of fluctuations of foreign currency exchange rates	7 657	(526 660)
Net cash flow for the reporting period	1 168 243	(5 051 215)
Cash and cash equivalents at the beginning of the period	6 463 787	10 165 938
Cash and cash equivalents on the reporting date	7 632 030	5 114 723

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



EUR	Share capital	Consolidated reserves	Share premium	Reserves for own stocks or shares	Translation reserves	Retained earnings	Equity distributed to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance as at 31 December 2023									
(Audited)	35 005	19 926 630	20 623 389	-	346 039	21 889 313	62 820 376	12 884 516	75 704 892
Profit for the reporting period	-	-	-	-	-	11 895 385	11 895 385	(1 103 084)	10 792 301
Change of non-controlling interest	-	-	-	-	-	-	-	(200 020)	(200 020)
Reserves for own stocks or shares	-	-	-	10 000 000	-	(10 000 000)	-	-	-
Translation reserve	-	-	-	-	(61 851)	-	(61 851)	-	(61 851)
Balance as at 31 December 2024									
(Audited)	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
Profit for the reporting period	-	-	-	-	-	4 934 040	4 934 040	(750 129)	4 183 911
Change of non-controlling interest	-	-	-	-	-	-	-	117 548	117 548
Translation reserve	-	-	-	-	(5 110)	-	(5 110)	-	(5 110)
Balance as at 30 June 2025 (Unaudited)									
	35 005	19 926 630	20 623 389	10 000 000	279 078	28 718 738	79 582 840	10 948 831	90 531 671

Notes

1. Net turnover

EUR	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
Income from processing of recyclable materials	57 053 822	51 591 517
Income from waste management	66 378 475	59 786 907
Income from organisation of packaging management system	11 549 291	6 044 353
Income from sorting and sale of recyclables	6 855 810	6 188 693
Other income	242 662	521 041
Total	142 080 060	124 132 511

Income by geographical markets are distributed as follows:

EUR	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
Other Member States of the European Union	21 881 936	24 048 356
Republic of Latvia	45 619 512	35 534 059
Republic of Lithuania	49 203 648	42 287 584
Republic of Czechia	6 378 199	5 257 157
Republic of Poland	16 398 075	15 036 473
Outside the Member States of the European Union	2 598 690	1 968 882
Total	142 080 060	124 132 511

2. Production cost of goods sold

EUR	01.01.2025- 30.06.2025 (Unaudited)	01.01.2024- 30.06.2024 (Unaudited)
Raw materials and other material costs	39 903 704	34 836 573
Remuneration for work	22 824 187	20 386 435
Waste utilization costs	14 437 534	12 757 033
Depreciation of property, plant and equipment and intangible investments	11 751 901	10 992 677
Costs of outsourced services	8 947 729	7 726 344
Cost of production energy and other resources	5 101 110	4 879 875
Transport costs	5 326 657	5 815 304
State mandatory social insurance contributions	3 220 163	2 660 559
Insurance costs	1 057 626	510 727
Professional services costs	578 197	1 203 704
Lease of industrial premises and related costs	721 484	721 920
Other production costs	2 830 696	2 052 394
Total	116 700 988	104 543 545

Notes

3. Loans

EUR	30.06.2025 (Unaudited)	31.12.2024 (Audited)
Non-current loans		
Bank (non-current part, repayable within 2-5 years)	55 282 760	57 190 418
Total	55 282 760	57 190 418
Non-current loan current part		
Bank (non-current part, repayable within 1 year)	14 753 897	14 337 060
Bank (credit line)	10 780 132	7 582 151
Other loans	593 852	568 480
Total	26 127 881	22 487 691
Loan interest		
Bank	103 912	259 580
Total	103 912	259 580
Total current	26 231 793	22 747 271
Total loans	81 514 553	79 937 689

In accordance with bank loans, leasing and factoring contracts, financial covenants are set on the Group Consolidated level excluding newly established and acquired companies - Eco Recycling and it's subsidiaries.

As at 31.12.2024 and 30.06.2025 covenants set at Group Consolidated level were met; Adjusted Equity ratio covenant is set for and can not be lower than 34% and Net Financial Debt to EBITDA not higher than 3.5.

In accordance with facility agreement between Metal-Plast sp.z o.o. and mBank S.A. financial covenants are set and calculated based on Metal-Plast sp.z o.o. financials.

Financial Leverage ratio (Net debt / Adjusted EBITDA) covenant is set for and can not be higher than 4,00 as at 31.12.2024 and 4,25 as at 30.06.2025. Debt Service Cover ratio (DSCR) covenant is set for and can not be higher than 1,05 as at 30.06.2025. Interest cover covenant is set for and can not be higher than 2,50 as at 30.06.2025. Financial covenants as at 31.12.2024 were met. As at 30.06.2025 financial leverage ratio and DSCR covenants were not achieved, and the Company is in a process of documentation with a bank.

Eco Recycling UAB an unsecured loan balance from the related party INVL Baltic Sea Growth Fund with fixed interest rate represents the loan received in 2023.

4. Lease obligations

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

EUR	30.06.2025 (Unaudited)		31.12.2024 (Audited)	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within a year	8 706 764	8 202 161	8 560 209	7 965 757
In a year, but not longer than five years	22 399 748	22 189 301	23 811 113	23 212 369
Longer than 5 years	27 857 612	27 595 889	25 293 999	25 293 999
Total minimum lease payments within five years	58 964 124	57 987 350	57 665 321	56 472 125
Financial costs	(976 775)	-	(1 193 196)	-
Current value of minimum lease payments within five years	57 987 350	57 987 350	56 472 125	56 472 125

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

Notes

5. Debt securities - bonds

EUR	30.06.2025 (Unaudited)	31.12.2024 (Audited)
Long-term debt securities - bonds	10 000 000	18 000 000
Short-term debt securities - bonds	8 000 000	-
Costs for attracting bonds	(97 195)	(137 423)
Total	17 902 805	17 862 577

Eco Baltia AS issued bonds in the amount of EUR 8 million on 17 February 2023. The bonds mature on 17 February 2026, with an option for the issuer to redeem them after two years. Eco Baltia AS issued bonds in the amount of EUR 10 million on 2 November 2023. The bonds mature on 2 November 2026, with an option for the issuer to redeem them after two years. The accrued interest on the issued bonds as of 30th of June 2025 amounts to EUR 385 722 and is included under 'Accrued liabilities'.

6. Financial risk management

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

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

Foreign currency risk

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

Interest rate risk

The Group is primarily financed from shareholder's equity, operating cash flows and, to a limited extent, from borrowings. Interest rate risk is a risk of financial loss due to adverse interest rate fluctuations. The Group is exposed to interest rate risk mainly through its non-current and current loans from credit institutions and others and lease liabilities (see Notes 3 and 4) bearing interest at floating rates. As a result, the Group is exposed to a risk of higher interest expense, which may be caused by growing interest rates.

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

Credit risk

Credit risk is a risk of financial loss in the event of a counterparty's default on their obligations to the Group companies. Credit risk is mainly caused by cash at bank, trade receivables and issued non-current and current other loans.

Cash at bank

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

Notes

6. Financial risk management - *continued*

Trade receivables

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

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

Issued non-current and current loans

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

Categories of financial instruments	30.06.2025	31.12.2024
EUR	(Unaudited)	(Audited)

Financial assets

Cash at bank and on hand at amortised cost	7 632 030	6 463 788
Other investments and securities at fair value	21 200	21 200
Loans and receivables carried at amortized cost value	48 803 866	46 089 870
Total financial assets	56 457 096	52 574 858

Financial liabilities

Financial liabilities carried at amortized cost value	197 546 965	206 683 507
Total financial liabilities	197 546 965	206 683 507

Liquidity Risk

Liquidity risk is a risk that the Group companies will default on their full obligations. Liquidity risk arises if the maturities of financial assets and liabilities do not match. The goal of liquidity risk management by the Group is to maintain an adequate amount of cash and cash equivalents and arrange an adequate sufficiency of financing by using the financing granted by banks and others (see Note 3), thereby enabling the Group companies to meet their obligations as they fall due. The Group companies assess whether the maturities of financial assets and liabilities match on a regular basis and the stability of financing for non-current assets. For the purposes of liquidity management, operational cash flow forecasts are made after the actual results for the prior month. Taking into account the Group's financial results and forecasted cash-flow in combination with continuous work on the implementation of an optimal funding structure, including the possibility of attracting new financing and the refinancing part of the current liabilities, the Group's management does not anticipate any difficulties in meeting its financial commitments for at least twelve months from the date of approval of these financial statements.

Liquidity metrics	30.06.2025	31.12.2024
	(Unaudited)	(Audited)
Current assets less current liabilities, EUR	(33 100 760)	(26 981 713)
Current ratio	0,65	0,69

*Current liabilities as of 30 June 2025 includes 8 000 000 EUR bonds maturing in February 2026.

Notes

6. Financial risk management - *continued*

The following table demonstrates undiscounted contractual maturities of financial liabilities:

31.12.2024 (Audited)	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						
Non-derivative financial liabilities						
Trade and other payables	52 797 043	52 797 043	44 742 300	6 048 774	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	6 453 634	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	29 115 533	111 065 498	25 293 999
Total financial liabilities	206 638 376	218 070 370	52 595 338	29 115 533	111 065 498	25 293 999

30.06.2025 (Unaudited)	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						
Non-derivative financial liabilities						
Trade and other payables	48 807 926	48 807 926	37 643 725	9 227 275	1 936 926	-
Long-term debt securities - bonds	18 000 000	19 990 000	320 000	9 220 000	10 450 000	-
Lease liabilities	57 987 351	58 964 128	2 065 662	6 641 104	20 643 858	29 613 505
Borrowings	81 514 553	77 589 599	4 991 300	16 114 084	56 484 215	-
Total non-derivative financial liabilities	206 309 830	205 351 653	45 020 687	41 202 463	89 515 001	29 613 505
Total financial liabilities	206 309 830	205 351 653	45 020 687	41 202 463	89 515 001	29 613 505

Fair value

Based on the Group's management's assessment, the carrying amounts of financial assets and liabilities approximated to their fair value as at 30 June 2025 and 31 December 2024.

Notes

7. Financial indicators

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

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

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

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

Financial indicator	As at 30.06.2025
Equity ratio	38,19%
Net debt to Adjusted EBITDA ratio	3,01

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



eco baltia

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BOARD MEMBER,
CFO



SIGITA NAMATĒVA
ECO BALTIA
MANAGEMENT
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CLO



**SAULIUS
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