



**JOINT STOCK COMPANY ECO BALTIA**

**UNAUDITED REPORT FOR  
THE PERIOD ENDED 31  
DECEMBER 2022**

PREPARED IN ACCORDANCE WITH LAW  
ON ANNUAL STATEMENTS AND  
CONSOLIDATED ANNUAL STATEMENTS

RIGA, 2023

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<b>Name of the Parent Company</b>	Eco Baltia AS
<b>Legal status of the Parent Company</b>	Joint stock company
<b>Registration number, place and date of of the Parent Company</b>	40103435432 Riga, 08 July 2011
<b>Registered office of the Parent Company</b>	Maskavas iela 240-3, Riga, LV-1063, Latvia
<b>Board Members of the Parent Company</b>	Māris Simanovičs – Chairman of the Board Santa Spūle – Board Member Sigita Namatēva – Board Member Anīta Saulīte – Board Member until 10.11.2022
<b>Council Members of the Parent Company</b>	Vytautas Plunksnis — Chairman of the Council Deimante Korsakaite — Deputy Chairperson of the Council Jurgita Petrauskiene – Council Member Gints Pucēns – Council Member Atienza Guell Alberto – Council Member from 03.10.2022 Peter Niklas Hjelt – Council Member until 03.10.2022
<b>Subsidiaries</b>	AS „PET Baltija” Aviācijas iela 18, Jelgava, Latvia (94,9%)  SIA „Eco Baltia vide” Getliņu iela 5, Stopiņu novads, Rumbula, Latvia (100%)  SIA „Nordic Plast” Rūpnīcu iela 4, Olaine, Latvia (100%)  SIA „Polimēru parks” Maskavas iela 240-3, Riga, Latvia (100%)  SIA „Vaania” Maskavas iela 240-3, Riga, Latvia (100%, Siguldas municipality LLC „Jumis” concessionaire)  Siguldas PSIA „Jumis” R. Blaumaņa iela 10, Sigulda, Latvia (100% - Siguldas regional municipality, JSC "Eco Baltia" concession winner)
<b>Reporting period</b>	1 January – 31 December 2022

## Type of Company business

AS "Eco Baltia" (hereinafter - the Company) is the parent company (holding company) of subsidiaries operating in the recycling and waste management sector in Latvia, the Czech Republic and Lithuania. The Company actively monitors its investments by participating in the management of its subsidiaries and in the development and implementation of their strategies. AS "Eco Baltia" provides financial, legal, information technology, human resources and management services to its subsidiaries. The main subsidiaries managed by the Company are AS "PET Baltija", SIA "Nordic Plast", SIA "Eco Baltia vide", AS "Latvijas Zaļais punkts", Sigulda city SIA "JUMIS", Lithuanian "Ecoservice" group of companies and "TESIL Fibres S.r.o." of Czech Republic. Subsequent to the reporting period, the acquisition of the street and road maintenance company SIA "Pilsētas Eko Serviss" was also concluded within the group.

## Development and financial performance of the Company during the reporting year

In 2022, the Company actively managed the Group companies and contributed to the expansion of both business segments - PET and plastics recycling and environmental management - both through organic growth and by participating in the monitoring of acquisitions. In September 2022, AS "PET Baltija" acquired "TESIL Fibres S.r.o.", a leading Czech producer of polyester fibres, but UAB "Ecoservice" acquired UAB "Mano Aplinka Plius", a liquid waste management company in Lithuania.

In the PET and plastics recycling segment, several capacity expansion projects were implemented and launched in the reporting period, for example, modernisation of the sorting line of SIA "Nordic Plast" with an investment of EUR 2.8 million, and work continued on the new project AS "PET Baltija" in Olaine. In the environmental management services segment, in 2022 further increase in recycling sorting capacity continued, as well as the development of other environmental management services - site cleaning, construction debris removal, management of electrical and other environmentally hazardous waste, as well as transport services. Also, the two largest subsidiaries of the environmental segment, SIA "Eco Baltia vide" and UAB "Ecoservice" group of companies in 2022 launched projects to create and expand specialised sites for sorting construction waste.

In 2022, the Parent company also focused on further improvements in the governance structure and efficiency, ensuring governance in accordance with good corporate governance practices. The process started already in 2021 by merging and reorganizing several companies to ensure a more efficient structure and to implement common legal and financial governance principles across all Group companies.

Given that the business model and operations of the Company's enterprises are geared towards embedding circular economy principles through the implementation of various sustainable business practices on a daily basis, the development of a consolidated ESG (environmental, social and governance) strategy for the Company and its material subsidiaries commenced in 2022. One of the goals is to implement a single ESG indicator and strategy monitoring and reporting system at all business levels.

In 2022, the Company closed the year with a profit of EUR 4,781,963, which was a decrease of 79% compared to EUR 23,261,560 for 2021. The main reason for the decrease is that the most of the 2021 profit was related to the disposal and reorganisation of shares amounting to EUR 19,165,205. Accordingly, taking this exception into account, the Company's profit increased by EUR 685,608 compared to the previous year. The turnover of the Parent Company in 2022 is EUR 2,472,367, a decrease of 16% compared EUR 2,939,611 in 2021, due to the transfer of previously performed support functions to Group companies.

## Further development of the Company

The main objectives of the Company for 2023 are, in line with the strategic objectives and shareholders' targets, to continue to manage the subsidiaries by improving the quality of customer service, strengthening and expanding the market shares of the Group companies in the waste management sector and in the markets for the treatment and recycling of secondary raw materials, as well as by improving technological processes and diversifying the range of recyclable materials. Constantly significant attention will be devoted to efficiency and digitization processes.

**Events after the last day of the reporting year**

At the beginning of 2023, by expanding its business portfolio in the environmental management segment, the Group company concluded a transaction for acquisition of the street and road maintenance company SIA "Pilsētas Eko Serviss" within the framework of the transaction, capital shares of SIA "PES serviss" and SIA "B 124" were also acquired.

Also, on 17 February 2023, with considerable investor interest, AS "Eco Baltia" issued its first bond in the amount of EUR 8 million, which will be used for further development projects of group companies. The bonds mature on 17 February 2026, with an option for the issuer to redeem the bonds after two years. Since 2 March 2023, the bonds are included on the Nasdaq Baltic Alternative Market "First North".

Due to the market situation in the last quarter of 2022 and the corresponding revaluation of raw material inventories of PET Baltija, Eco Baltia's subsidiary PET Baltija after the reporting period received the permission from its credit institution, Luminor Bank AS Latvian branch, not to comply with the covenants on 31.12.2022. as set out in the General Financing Terms. Luminor Bank AS Latvian branch has approved that Eco Baltia provides subordinated short-term loan of 1.5 million euro to the PET Baltija and long term loan of 4 million euro to the PET Baltija's subsidiary TESIL Fibres. The purpose of the loan is to expand production capacity and further business development, including in new market segments.

During the period from the last day of the reporting year to the date of signature of this financial statement, there have been no other events, which would require adjustments to be made to this financial statement or which should be explained in this financial statement.



**MĀRIS SIMANOVIČS**  
ECO BALTIA  
CHAIRMAN OF  
THE MANAGEMENT BOARD.



**SANTA SPŪLE**  
ECO BALTIA  
MEMBER  
OF MANAGEMENT BOARD,  
CFO



**SIGITA NAMATĒVA**  
ECO BALTIA  
MEMBER OF  
MANAGEMENT BOARD,  
CLO

## Statement of comprehensive income

EUR	Notes	2022 (Unaudited)	2021 (Audited)
Net turnover		2 472 367	2 939 611
Production cost of goods sold		(478 941)	(890 329)
<b>Gross profit</b>		<b>1 993 426</b>	<b>2 049 282</b>
Selling and distribution expenses		(29 346)	(46 585)
Administrative expenses	1	(1 673 764)	(2 426 959)
Other operating income	2	102 819	19 336 854
Other operating expenses	3	(48 793)	(46 116)
Income/(Loss) from participation:	4	4 519 420	4 465 159
<i>In the capital of related companies</i>		<i>4 519 420</i>	<i>4 465 159</i>
Revenue from other securities and loans which formed long-term financial investments		40 125	104 983
<i>From related companies</i>		<i>40 125</i>	<i>104 983</i>
Other revenue from interest and similar revenue		3 162	9 835
<i>Interest income from other loans</i>		<i>3 162</i>	<i>2 829</i>
<i>Interest income from loans to related companies</i>		<i>-</i>	<i>7 006</i>
Interest payments and similar costs	5	(113 689)	(174 607)
<i>Interest paid on loans from related companies</i>		<i>(112 011)</i>	<i>(50 921)</i>
<i>Interest paid on finance leases</i>		<i>(1 678)</i>	<i>(123 686)</i>
<b>Profit before tax</b>		<b>4 793 360</b>	<b>23 271 846</b>
Corporate income tax		(11 397)	(10 286)
Profit or loss after calculation of corporate income tax		4 781 963	23 261 560
<b>PROFIT FOR THE REPORTING YEAR</b>		<b>4 781 963</b>	<b>23 261 560</b>

## Statement of financial position

EUR	Notes	31.12.2022 (Unaudited)	31.12.2021 (Audited)
<b>ASSETS</b>			
Non-current investments			
Intangible investments	7		
Licences, trade marks and other intangible investments		216 125	204 667
Prepayments for intangible investments		320 950	107 971
<b>Total intangible investments</b>		<b>537 075</b>	<b>312 638</b>
Property, plant and equipment			
Other property, plant and equipment, and inventories		88 195	215 379
<b>Total property, plant and equipment</b>		<b>88 195</b>	<b>215 379</b>
Non-current financial investments			
Investments in related companies	8	41 127 126	44 407 126
Loans to related companies		672 000	672 000
Prepaid expense		1 030	702
<b>Total non-current financial assets</b>		<b>41 800 156</b>	<b>45 079 828</b>
<b>Total non-current investments</b>		<b>42 425 426</b>	<b>45 607 845</b>
Current assets			
Receivables			
Trade receivables		-	40
Trade receivables to related companies		296 063	594 567
Other receivables		25 928	7 737
Prepaid expenses		30 050	16 629
Accrued income		28 054	28 000
<b>Total receivables</b>		<b>380 095</b>	<b>646 973</b>
Cash and cash equivalents		872 439	648 413
<b>Total current assets</b>		<b>1 252 534</b>	<b>1 295 386</b>
<b>TOTAL ASSETS</b>		<b>43 677 960</b>	<b>46 903 231</b>

EUR	31.12.2022 (Unaudited)	31.12.2021 (Audited)
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	35 005	35 005
Share premium	20 623 389	20 623 389
Retained earnings	16 614 159	1 352 599
Profit for the reporting year	4 781 963	23 261 560
<b>Total equity</b>	<b>42 054 516</b>	<b>45 272 553</b>
<b>Accruals</b>		
Other accruals	48 709	98 295
<b>Total accruals</b>	<b>48 709</b>	<b>98 295</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Obligations under finance leases	10 413	37 727
Loans from related companies	997 028	997 028
<b>Total non-current liabilities</b>	<b>1 007 441</b>	<b>1 034 755</b>
<b>Current liabilities</b>		
Obligations under finance leases	18 718	47 599
Accounts payable to suppliers	62 479	45 438
Payables to related companies	83 372	107 177
Taxes payable	59 353	101 161
Other payables	34 014	38 794
Accrued liabilities	309 358	157 459
<b>Total current liabilities</b>	<b>567 294</b>	<b>497 628</b>
<b>Total liabilities</b>	<b>1 574 735</b>	<b>1 532 383</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43 677 960</b>	<b>46 903 231</b>

## Statement of cash flows

EUR	2022 (Unaudited)	2021 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	4 793 360	23 271 846
Adjustments for:		
Corrections of decrease in value of fixed assets	45 378	92 656
Corrections of decrease in value of intangible assets	61 000	97 798
Accruals (except of accruals for doubtful debts)	(49 586)	98 295
Profit or loss from fluctuations of foreign currency rates	284	283
Revenue from participation in fixed capital of related, associated or other companies	(4 519 420)	(23 630 364)
Revenue from other securities and loans which formed long-term financial investments; from related companies	(40 125)	(104 983)
Interest income or similar income	(3 162)	(9 835)
Interest payments and similar costs	113 689	174 607
Profit before adjustments for the effect of changes in current assets and current liabilities	401 418	(9 697)
Changes in trade receivables	8 118 667	1 261 137
Changes in inventories	-	5 465
Changes in trade payables	(7 741 429)	2 633 705
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>778 656</b>	<b>3 890 610</b>
Interest paid	(113 689)	(194 776)
Corporate income tax paid	(15 200)	(6 413)
<b>Net cash flows from operating activities</b>	<b>649 767</b>	<b>3 689 421</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of stocks or shares of related, associated or other companies	-	(5 056 400)
Revenue from alienation of stocks or shares of related, associated or other companies	-	12 500
Acquisition of fixed assets and intangible assets	(254 622)	(145 937)
Revenue from sale of fixed assets and intangible investments	25 729	8 697
Issued loans	(400 000)	(728 431)
Revenue from repayment of loans	400 000	2 998 970
Received interest	39 862	98 814
Received dividends	-	843 000
<b>Net cash flows used in the investing activities</b>	<b>(189 031)</b>	<b>(1 968 787)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received	7 800 000	54 865
EU co-financing	1 118	555
Expenses for repayment of loans	(580)	(535 806)
Payments of obligations under finance leases	(37 248)	(53 866)
Dividends paid	(8 000 000)	(1 000 000)
<b>Net cash flows used in the financing activities</b>	<b>(236 710)</b>	<b>(1 534 252)</b>
Net cash flow for the reporting year	224 026	186 382
Cash and cash equivalents at the beginning of the year	648 413	462 031
<b>Cash and cash equivalents on the reporting date</b>	<b>872 439</b>	<b>648 413</b>

## Statement of changes in equity

EUR				
	Share capital	Share premium	Retained earnings	Total equity
<b>Balance as at 31 December 2020</b>	<b>35 005</b>	<b>20 623 389</b>	<b>2 352 599</b>	<b>23 010 993</b>
Dividend payout	-	-	(1 000 000)	(1 000 000)
Profit for the reporting year	-	-	23 261 560	23 261 560
<b>Balance as at 31 December 2021</b>	<b>35 005</b>		<b>24 614 159</b>	<b>45 272 553</b>
Dividend payout	-	-	(8 000 000)	(8 000 000)
Profit for the reporting year	-	-	4 781 963	4 781 963
<b>Balance as at 31 December 2022</b>	<b>35 005</b>	<b>-</b>	<b>24 614 159</b>	<b>45 272 553</b>

## 1. Administrative expenses

EUR	2022 (Unaudited)	2021 (Audited)
Remuneration for work	777 934	1 208 531
Communications services expenses	175 646	159 849
State mandatory social insurance contributions	161 830	271 713
Depreciation of property, plant and equipment and intangible investments	110 631	180 314
Costs of legal services	86 645	264 905
Lease of premises and office maintenance expenses	54 392	52 610
Transport costs	53 977	67 800
Annual report audit costs	53 079	20 604
Insurance costs	26 211	30 135
Employee training costs	25 238	20 298
Business trip expenses	13 310	2 687
Representation costs	6 646	2 984
Professional services costs	5 500	60 310
Bank commission fee	946	1 441
Other administrative expenses	121 779	82 778
<b>TOTAL:</b>	<b>1 673 764</b>	<b>2 426 959</b>

## 2. Other operating income

EUR	2022 (Unaudited)	2021 (Audited)
Net profit from sale of assets	24 035	8 707
Revenue from external co-financing	1 118	555
Net profit from the sale of shares	-	11 967 803
Net profit from reorganization	-	7 197 402
Other revenue	77 666	162 387
<b>TOTAL:</b>	<b>102 819</b>	<b>19 336 854</b>

## 3. Other operating expense

EUR	2022 (Unaudited)	2021 (Audited)
Non-business expenses	29 589	19 528
Depreciation of property, plant and equipment and intangible investments	18 889	18 755
Net losses from fluctuations of foreign currency rates	284	283
Fines	31	544
Allowances for doubtful receivables	-	7 006
<b>TOTAL:</b>	<b>48 793</b>	<b>46 116</b>

## 4. Income from participation

EUR	2022 (Unaudited)	2021 (Audited)
Received dividends from the subsidiary SIA „Eco Baltia vide”	4 519 420	1 365 528
Received dividends from the subsidiary SIA „Eko Kurzeme”	-	2 606 631
Received dividends from the subsidiary AS „Latvijas Zaļais punkts”	-	493 000
<b>TOTAL:</b>	<b>4 519 420</b>	<b>4 465 159</b>

## 5. Interest payments and similar costs

EUR	2022 (Unaudited)	2021 (Audited)
Interest paid on loans from related companies	112 011	50 921
Interest paid on finance leases	1 678	3 420
Interest paid on loans from credit institutions	-	95 589
Fees for the conclusion of bank loans agreements	-	24 677
<b>TOTAL:</b>	<b>113 689</b>	<b>174 607</b>

## 6. Number of employees

	2022 (Unaudited)	2021 (Audited)
Average number of board members in the reporting year	4	5
Average number of employees in the reporting year	16	23
<b>TOTAL:</b>	<b>20</b>	<b>28</b>

## 7. Intangible investments

EUR			
	Licences, trade marks and other intangible investments	Prepayments for intangible investments	Total
<b>On December 31, 2020</b>			
Acquisition value	402 667	5 753	<b>408 420</b>
Accumulated depreciation	(148 658)	-	<b>(148 658)</b>
<b>Balance sheet value 31.12.2020</b>	<b>254 009</b>	<b>5 753</b>	<b>259 762</b>
<b>Year 2021</b>			
Balance sheet value 01.01.2021	254 009	5 753	<b>259 762</b>
Acquired	47 255	102 218	<b>149 473</b>
Disposals	(26 476)	-	<b>(26 476)</b>
Amortisation of disposed assets	25 896	-	<b>25 896</b>
Acquisition	138 695	-	<b>138 695</b>
Accumulated amortization of acquired assets	(136 789)	-	<b>(136 789)</b>
Amortisation	(97 923)	-	<b>(97 923)</b>
<b>Balance sheet value 31.12.2021</b>	<b>204 667</b>	<b>107 971</b>	<b>312 638</b>
<b>On December 31, 2021</b>			
Acquisition value	562 141	107 971	<b>670 112</b>
Accumulated depreciation	(357 474)	-	<b>(357 474)</b>
<b>Balance sheet value 31.12.2021</b>	<b>204 667</b>	<b>107 971</b>	<b>312 638</b>
<b>Year 2022</b>			
Balance sheet value 01.01.2022	204 667	107 971	<b>312 638</b>
Acquired	34 572	223 859	<b>258 431</b>
Movement of asset	10 880	(10 880)	-
Amortisation	(61 000)	-	<b>(61 000)</b>
Increase in value	27 006	-	<b>27 006</b>
<b>Balance sheet value 31.12.2022</b>	<b>216 125</b>	<b>320 950</b>	<b>537 075</b>
<b>On December 31, 2022</b>			
Acquisition value	634 599	320 950	<b>955 549</b>
Accumulated depreciation	(418 474)	-	<b>(418 474)</b>
<b>Balance sheet value 31.12.2022</b>	<b>216 125</b>	<b>320 950</b>	<b>537 075</b>

## 8. Investments in related companies

EUR					
Company	%	Initial investment	31.12.2021.	Decrease	31.12.2022.
AS „PET Baltija”, Aviācijas iela 18, Jelgava, Latvia	94.09	9 116 698	12 920 471	-	12 920 471
SIA „Eco Baltia vide”, Getliņu iela 5, Stopiņu novads, Rumbula, Latvia*	100	7 835 884	26 059 284	(3 280 000)	22 779 284
SIA „Nordic Plast”, Rūpnīcu iela 4, Olaine, Latvia	100	5 169 908	5 169 908	-	5 169 908
Siguldas PSIA „Jumis”, R. Blaumaņa iela 10, Sigulda, Latvia (JSC "Eco Baltia" concession holder)	100	241 463	241 463	-	241 463
SIA „Polimēru parks”, Maskavas iela 240-3, Rīga, Latvia	100	5 000	5 000	-	5 000
SIA „Vaania”, Maskavas iela 240-3, Rīga, Latvia (Sigulda municipality LLC "Jumis" concessionaire)	100	77 590	11 000	-	11 000
<b>TOTAL:</b>		<b>22 446 543</b>	<b>44 407 126</b>	<b>(3 280 000)</b>	<b>41 127 126</b>

\* On November 15, 2022, the subsidiary company SIA "Eco Baltia vide", reg. No. 40003309841 in the commercial register registered amendments to the articles of association for the reduction of the share capital by 3.28 million. EUR worth.

## 9. Financial indicators

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

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	Result as at 31.12.2022
Equity Ratio	37%
Net Debt to Adjusted EBITDA Ratio	2.4