VILNIAUS BALDAI AB

INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE SIX MONTHS OF FY2024 ENDED FEBRUARY 29, 2024

CONTENTS

(all amounts are in EUR thousand unless otherwise stated)

COMPANIES COMPOSING THE GROUP

Vilniaus Baldai AB (hereinafter "the Company") prepares both separate Company's and consolidated financial statements. The Group (hereinafter "the Group") consists of Vilniaus Baldai AB and subsidiary ARI-LUX UAB in which the Company directly controls 100% of shares.

GENERAL INFORMATION ABOUT THE COMPANY:

Name	Vilniaus Baldai AB
Legal form	Joint stock company
Code	121922783
VAT payer's code	LT219227811
LEI code	529900MJDB8L13ZF6G26
Authorised capital	EUR 4,508,069.72, divided into 3,886,267 ordinary registered shares with the par value of EUR 1.16 each
Office address	Pramones str. 23, Guopstu k., LT-21148 Traku r.
Telephone	(+370~5) 252 57 00
E-mail	info@vilniausbaldai.lt
Internet website	www.vilniausbaldai.lt
Registration date and place	9 February 1993, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of Legal Entities
Main type of activity	Design, production and selling of furniture

GENERAL INFORMATION ABOUT THE SUBSIDIARY :

Name	ARI-LUX UAB
Legal form	Limited liability company
Code	120989619
VAT payer's code	LT209896113
Authorised capital	EUR 2,896
Office address	Pramones str. 23, Guopstu k., LT-21148 Traku r.
Telephone	(+370~5) 252 57 44
E-mail	info@ari-lux.lt
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of Legal Entities
Main type of the activity	Packaging

1. OBJECTIVE REVIEW OF THE COMPANIES GROUP'S POSITION, ACTIVITY AND DEVELOPMENT, CHARACTERISATION OF THE MAIN TYPES OF RISKS AND UNCERTAINTIES FACED BY THE COMPANY

Vilniaus Baldai AB is one of the leading manufacturers of flat-pack furniture in Lithuania. The joint stock company Vilniaus Baldai is a Company that cherishes time-honoured traditions, applies modern technologies and enjoys a stable and continuous business growth.

Vilniaus Baldai AB continued the successful period of growth during the first half of the 2024, which is focused to the implementation of long-term goals. The main goal is to improve the competitiveness of the company, which is associated with increase of operational efficiency, production flexibility, quality improvement as well as the efficient energy resource utilization.

Compared to the first half of financial year 2023, the Company's EBITDA indicator increased by more than 9 times (from 1,025 thousand EUR to 10,030 thousand EUR). This significant growth was largely contributed by successfully streamlined processes in the new factory, timely decision-making, attention to cost management, and successful instalation of new equipment. In addition, the Company's profitability was positively influenced by its ability to adapt to the changes of raw material prices, managing their fluctuations through the exploration implementation of new technological solutions.

The Company paid attention to the implementation of new LEAN methodologies and the improvement of existing ones, involving employees from various departments. This is aimed not only at gaining diverse expert insights but also at increasing employee engagement, empowering everyone to create and change the "status quo".

Going forward the Company will prioritize assurance of high quality of its products, efficiency and flexibility in new products launching.

Main risks faced by the Group:

Economic risk factors. The sales to the main customer Swedish IKEA constituted approximately 99,7% of total sales of Vilniaus baldai AB during the first half of financial year 2024 (the same period in 2023 – 99,3%). Furniture accounted for 99,8% of the Company's sales during the first half of financial year 2024 (the same period in 2023 – 99,4%), while the rest came from sales of raw materials and waste of raw materials.

Global economy development trends do have an impact on the Company's main customer development pace as well as demand fluctuation for products produced by the Company.

The Company competes with the world furniture producers.

Political risk factors. Changing geopolitical situation has an impact on the international trade flows and at the same time has an impact on the Company's costs and profitability. However, the current military conflicts taking place in the world do not have a significant impact on the Company's activities. There are no requirements and restrictions established by the State to the issuer's activity.

Social risk factors. The main issue currently faced by the Company is the shortage of professionals with engineering education, so the Company itself must take care of these employees trainings. Internal learning academy operate inside the Company, providing materials and a learning system prepared by the employees themselves. The Company also collaborates with vocational schools, inviting instructors to give lectures within the company.

In order to adapt to the changing personnel needs, the Company continually improves its organizational structure, seeks to increase productivity, pays attention to improving working conditions, and invests in employee training and skills development.

Supply. The Company currently does not face any disruptions in the supply and availability of raw materials, as raw material producers only partially utilize their production capacities. However, there remains the risk of an increase in the scale of ongoing military conflicts and the related negative effect on markets and the supply of raw materials.

Recently, there have been emerging trends of increasing raw material prices. Although increase is not significant yet, this may affect prices of the raw materials in the future.

From a long-term and strategic point of view, the Company aims to establish a long-term partnership with reliable suppliers, and at the same time secure alternatives for supply of the main raw materials.

Technical and technological risk factors. The Alldevice program is used for the planning of periodic and preventive works, with the help of which work for technicians and operators is planned for the regularly performed preventive maintenance of the equipment.

According to the IKEA IPS methodology, equipment maintenance is continuously and systematically improved, with the aim of reducing the number of failures and increasing the availability of equipment by involving both technicians and line operators in this process. Line failure analytics allows us to predict weak points in lines and proactively manage the risk of failure.

The Company pays a lot of attention to employee training and skill development. For this purpose, employees are sent for internships to manufacturers of equipment used in furniture production. Additionally, active collaboration and exchange of best practices are conducted with other furniture manufacturers both in Lithuania and Europe.

During the financial year 2024, the Company expects to implement a new ERP software tailored to manufacturing companies' profiles. The new ERP will not only provide enhanced functionalities but also feature good security practices to ensure that the Company's business operations are adequately protected from various cyber threats and breaches.

The physical and moral condition of the main production equipment is good and does not pose a risk to the Company's operations.

Ecological risk factors. An environment protection and FSC production management system is introduced in the Company in compliance with the requirements of ISO 9001 and ISO 14001. The purpose of this system is to ensure production of high-quality products consistent with customer needs, to protect environment, to decrease pollution and usage of resources and to sort waste. On 26 September 2023 ISO systems audit was performed. During the audit, no non-conformities were found or notices given. There was no production restriction due to environmental pollution.

An FSC® (FSC-C104209) Chain of Custody system is a product traceability system from a forest or (in case of secondary raw material) from a recycling moment to a place where it is sold under a FSC® mark and/or its production finished and it is labelled with the mark. The annual FSC® audit was carried out on the 13th of February 2024. During the audit, no non-conformities or notices were determined or given.

Repayment of loans. Interbank interest rates stabilized during the first half of financial year 2024, and the projected decrease in the future will have an impact on reducing the Company's financing costs. The repayment of loans is made according to the contractual schedules. Information on the terms and conditions of repayment of financial liabilities, credit and interest rate risks of the Group and the Company is provided in the notes to the Interim Condensed Consolidated Financial Statement For the Six Months of FY2024 Ended February 29, 2024 (Note 14).

Characteristics of internal control and risk management systems related to the preparation of consolidated financial statements of the Group and the Company. The compliance with the requirements for the preparation of the set of the consolidated financial statements, internal control and financial risk management systems, legal acts regulating the preparation of the set of the consolidated financial statements is supervised by the Audit Committee established on 22 December 2021.

The Company's Chief Financial Officer and Financial Controller regularly review the International Financial Reporting Standards (IFRS) adopted in the European Union to ensure timely implementation of all changes in the financial statements, analyze transactions material to the Group and the Company, ensure fair and timely collection of information and periodically inform senior management about the progress of the financial statements.

(all amounts are in EUR thousand unless otherwise stated)

The Audit Committee:

Tomas Bubinas	
Position Independent Member of the Audit Committee, elected to the Audit Committee 22/12/2021, end of the term – 2025	
Work experience Since 2013 Chief Operating Officer at Biotechpharma UAB 2010–2012 Senior Director at TEVA Biopharmaceuticals USA 2001–2010 Chief Financial Officer at SICOR Biotech / TEVA Baltic 1999–2001 Senior Manager at PricewaterhouseCoopers 1994–1999 Senior Auditor, Manager at Coopers & Lybrand	
Education Master's degree in economics at Vilnius University and Executive MBA of BMI (Baltic Management Institute), a fellow member of the Association of Chartered Certified Accountants (ACCA) and a registered Lithuanian Sworn Auditor	
Participation in Vilniaus baldai AB authorised capital	**Number of shares and of voting rights**
-	-

Vaidas Savukynas	
Position Member of the Audit Committee, elected to the Audit Committee on 22/12/2021, end of the term – 2025	
Work experience Since 2013 Chief Financial Officer at Invalda Privatus Kapitalas AB 2011–2013 Chief Financial Officer at food retail chain Narodnyi in Kyrgyz Republic 2010–2010 Director of Administration at Zemaitijos Pienas AB 1998–2009 Chief Financial Officer and Financial Analyst at concern MG Baltic and its companies (MG Baltic Trade, Apranga, Minvista) 1993–1995 Chief Executive Officer at brokerage company Bankoras 1990–1993 Marketing Manager at Lietuvos Birza AB	
Education Vilnius University diploma in economics, master's degree in social sciences at Stockholm University (Sweden), Financial sector schemes introductory courses in Leeds University (Great Britain)	
Participation in Vilniaus baldai AB authorised capital	**Number of shares and of voting rights**
-	-

Danutė Kadanaitė	
Position Member of the Audit Committee, elected to the Audit Committee on 22/12/2021, end of the term – 2025	
Work experience From 2014 Head of "Verus Sensus" UAB 2009 UAB "Legisperitus" – a lawyer 2008 – 2009 AB FMĮ "Finasta" – a lawyer 2008 AB "Invalda" – a lawyer 1999 – 2002 Attorney Artūras Šukevičius office – administrator 1994 – 1999 UAB FMĮ "Apyvarta" – a legal adviser	
Education Master of Finance Law at M. Romeris University, Bachelor of Law at Law University of Lithuania, Manager at International Business School.	
Participation in Vilniaus baldai AB authorised capital	**Number of shares and of voting rights**
-	-

The Company's Head of Finance department is responsible for the preparation of the consolidated financial statements, ensures the collection of information from Group companies, its' timely and fair processing and preparation for the financial statements.

2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS

The Group Revenue stood at 30,100 thousand EUR during September – November of 2023.Net profit of the Group during September – November of 2023 was 4,167 thousand EUR, while EBITDA was 5,927 thousand EUR.

The Group Revenue stood at 23,361 thousand EUR during December of 2023 – February of 2024. Net profit of the Group during December of 2023 – February of 2024 was 2,535 thousand EUR, while EBITDA was 4,103 thousand EUR.

The Group Revenue stood at 53,462 thousand EUR during September of 2023 – February of 2024. Net profit of the Group during September of 2023 – February of 2024 was 6,702 thousand EUR, while EBITDA was 10,030 thousand EUR.

The main financial position items of the Group, EUR thousand:

Item	29-02-2024	28-02-2023
Non - current assets	**61,446**	**65,955**
Current assets	**22,714**	**14,676**
Total assets	**84,160**	**80,631**
Capital and reserves	**34,824**	**24,464**
Total liabilities	**49,336**	**56,167**
Non - current liabilities	34,568	36,257
Financial debts	*33,151*	*34,894*
Lease (16 IFRS adaption)	*812*	*780*
Current liabilities	14,768	19,910
Financial debts	*3,657*	*4,258*
Lease (16 IFRS adaption)	*211*	*161*

The main comprehensive income items of the Group, EUR thousand:

Item	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Sales income, EUR thousand	**53,462**	**48,869**
- in Lithuania	*297*	*470*
- in EU countries	*37,909*	*31,715*
- other countries	*15,256*	*16,684*
Gross profit, EUR thousand	**10,956**	**1,959**
Gross profit margin, %	20.49	4.01
Operating profit, EUR thousand	**8,134**	**-902**
Operating profit margin, %	15.21	-1.85
Profit before taxes, EUR thousand	**6,702**	**-2,048**
Profit before taxes margin, %	12.54	-4.19
Net profit, EUR thousand	**6,702**	**-2,048**
Net profit margin, %	12.54	-4.19
EBITDA, EUR thousand	**10,030**	**1,025**

The Company’s sales in Lithuania mostly comprise sales of raw materials and waste of raw materials. In 2019 the company changed revenue recognition due to application of IFRS 15.

Indicators characterizing the operation of the Group in the period of 2021–2024 I half:

Indicators	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28	FY 2023	FY 2022	FY 2021
Net profitability = net profit / sales * 100	12.54%	-4.19%	1.62%	1.45%	0.17%
Average return on assets ROA = net profit / (assets at the beginning of the period + assets at the end of the period) / 2 *100	12.55%*	-8.20%*♦	1.91%♦	1.70%♦	0.20%♦
Return on equity ROE = net profit / equity*100	29.69%*	-30.23%*♦	5.65%	5.52%	0.69%
Net earnings per share EPS = net profit / number of shares	1.72	-0.53	0.41	0.38	0.04
Debt ratio = liabilities / assets	0.59	0.70	0.65	0.69	0.71
Debt to equity coefficient = liabilities / equity	1.42	2.30	1.90	2.20	2.47
Current ratio = current assets / current liabilities	1.46	0.73	0.77♦	0.74♦	0.63♦
Asset's turnover = sales / (assets at the beginning of the period + assets at the end of the period) / 2	1.24*	1.11*♦	1.18♦	1.17♦	1.17♦
Book value of share = equity / number of shares	8.96	6.29	7.24	6.82	6.43
Turnover (million EUR)	53.46	48.87	97.87	100.74	99.36
Gross profit (million EUR)	10.96	1.96	7.75	-0.18	7.35
Net profit (million EUR)	6.70	-2.05	1.59	1.46	0.17
EBITDA (million EUR)	10.30	1.03	8.77	8.51	5.52
EBITDA from main activity (million EUR)	9.73	0.69♦	8.54	-1.73	5.44
EBIT (million EUR)	8.32	-0.92♦	4.22♦	3.58♦	1.48
Dividends per share (for the prior accounting period)	0	0	0	0	0
Earnings per share P/E	2.89	-3.89♦	15.90	21.53	239.79
The lowest share price	6.00	7.20♦	6.15	7.00	8.05
The highest share price	7.90	8.40	8.4	10.80♦	11.20
Closing price	7.70	7.40	6.50	8.10	10.60
Capitalisation (million EUR)	29.92	28.76	25.26	31.48	41.19

* - indicated 6-month performance indicators which are annualized.
♦ - indicated corrections of indicators which were previously reported in VILNIAUS BALDAI AB result for activity and unaudited interim condensed consolidated financial statements for the six months of FY 2023 as well as the consolidated and company's financial statements for the FY 2023 ended 31 August 2023.

PRODUCTION AND SALES

The Company specializes in the production of light storage flat-pack furniture (from honeycomb panels), encompassing both simple and complex multifunctional furniture. The majority of the Company's products consist of children's furniture, which are subject to the strictest safety and quality requirements. Using innovative technologies, the Company manufactures furniture with natural wood, a wide range of colors, and 3D wood texture imitation furniture.

The Company is a participant in the global market, competing with factories in Poland, Germany, Portugal, and the United States. The company's products are sold in Europe, Asia, North America, South America, and Australia.

Modern equipment, purchased from such world-renowned manufacturers as Schelling, Burkle, Weeke, Wikoma, Biesse, Biele, Cefla, etc., enables to manufacture different types of the furniture, coated with plywood, pigment or foil.

The volumes of Company's production in terms of value in the period 2024 first half:

Production	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Furniture	57,497	48,628
Other production	-	-
Total	**57,497**	**48,628**

Production sales according to the markets in the period of 2024 first half:

Sales	FY 2024 I half, ended February 29		FY 2023 I half, ended February 28	
	EUR thousand	%	EUR thousand	%
Lithuania	297	0.56	470	0.96
Overseas	53,165	99.44	48,399	99.04
Total	**53,462**	**100.00**	**48,869**	**100.00**

SUPPLY

Vilniaus baldai AB has introduced an effective system of the purchase of raw materials and services. The Company maintains strategic relations with suppliers and constantly searches for new opportunities in the markets of raw materials and services. The purchase process is distinguished into strategic and operational purchases. The Company aims to manage the supply risk; therefore, main raw materials may be supplied by principal or alternative suppliers. Vilniaus baldai AB has implemented and continuously improves the assessment system of suppliers; audits of suppliers are carried out.

The Company establishes long-term contracts with its suppliers. The Company acquires the main raw materials from the local, Polish, Slovak and German suppliers. The main suppliers are IKEA Industry Lietuva UAB, IKEA Components S.R.O, IKEA Industry Polska Sp.zo.o, Homanit Krosno Odrzanskie SP, Rehau UAB, Remmers Baltica UAB. The local supply of the raw materials is pre-conditioned by the cheap transportation costs and good relations with the major suppliers.

EMPLOYEES

The Company pays great attention and allocates funds for the improvement of working conditions and trainings, qualification improvement of the personnel, implementation of LEAN principles and methods. Vilniaus baldai AB makes regular investments in production facilities, automation of technological processes in order to improve working conditions, reduce physical workload of employees. Investments in occupational safety and wellbeing of employees serve as a basis for establishing a different working environment, which encourages to aim for better performance and achieve higher competitiveness in the international markets.

(all amounts are in EUR thousand unless otherwise stated)

In order to become an attractive employer for new talents, the Company actively collaborates with various educational institutions and training centers, organizes excursions for students, supports various initiatives in the region, and also participates in a joint project with the Ministry of National Defense of the Republic of Lithuania aimed at helping soldiers reintegrate into the job market. The Company also has an active trade union representing the interests of employees.

There were 524 employees working in the Group and 459 employees at the Company at the end of the first half of 2024 (641 at the Group and 571 at the Company as of 28 February 2023). The average age of the employees is 42 years.

The average number of the employees in the Company during the first half of 2024:

Level	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Executive personnel	8	8
Specialists	44	55
Workers	428	535
Total	**480**	**598**

Remuneration comprises a basic and variable component. A variable component of remuneration depends on the Company's results of operations.

The average wages of the employees in the period of during the first half 2024, EUR:

Level	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Executive personnel	9,220	5,917
Specialists	3,466	2,925
Workers	2,581	2,153
Total	**2,772**	**2,275**

The collective agreement is concluded in the Company. The collective agreement was renewed on 5 December 2023. The agreement is mandatory for all the employees of the Company. The purpose of this agreement is to ensure the harmonious work of the staff, high level of working conditions of different categories of employees, salary and other working conditions to ensure additional social guarantees, which are not stated according to the regulations of Lithuanian legislation for the employees of the Company. The collective agreement includes the working contract formation, change, termination, work and rest time, payment for the work done, improvement of the qualification of the employees, safety at work and medical assistance, social care, trade union activity and guarantees of the elected employees. If the terms and conditions of the collective agreement are more favorable compared to the working contract, then the collective agreement is followed.

3. REFERENCES AND ADDITIONAL EXPLANATIONS ABOUT THE INFORMATION PRESENTED IN THE ANNUAL FINANCIAL STATEMENTS

The information presented in the Interim Condensed Consolidated Financial Statement For the Six Months of FY2024 Ended February 29, 2024 and the explanatory notes.

4. INFORMATION ABOUT OWN SHARES

The Company did not have any own shares, did not acquire or transfer any in the reporting period.

5. INFORMATION ABOUT THE BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY

The Company does not have any branches or representative offices.

6. IMPORTANT EVENTS, WHICH HAVE OCCURED SINCE THE END OF THE LAST FISCAL YEAR END

On the 28 of December 2023 the Annual General Shareholders Meeting of VILNIAUS BALDAI AB adopted the following resolutions:

1. Agenda item #1: Consolidated annual report. The Company‘s consolidated annual report for the FY 2023 ended 31 August 2023 was presented.
2. Agenda item #2: Company's auditor's report. The report of auditor Grant Thornton Baltic UAB for the FY 2023 ended 31 August 2023 was presented.
3. Agenda item #3: Approval of the Consolidated and Company's financial statements for the FY 2023 ended 31 August 2023. Resolution: to approve Consolidated and Company's financial statements for the FY 2023 ended 31 August 2023.
4. Agenda item #4: Approval of the Company‘s profit distribution. Resolution: to approve Company‘s profit distribution.

	(thousand EUR)
Undistributed retained earnings, brought forward	21,487
Net result for the current year	1,516
Profit (loss) not recognized in the income statement of the reporting financial year	21
Distributable result	23,024
Transfers to the obligatory reserves	-
Transfers to other reserves	-
To be paid as dividends	-
To be paid as annual payments (bonus) to the Board members	-
Undistributed retained earnings, carried forward	23,024

No dividend will be paid for fiscal year 2023.

No other significant events occurred in the Company.

(all amounts are in EUR thousand unless otherwise stated)

7. OPERATING PLANS AND FORECASTS OF THE GROUP'S ACTIVITY

In 2018, VILNIAUS BALDAI AB and IKEA AG signed a long-term contract stipulating minimum production and sales volumes necessary for the continuity of operations. The term of the contract is until the end of the 2025 financial year. In order to fulfill the obligations set out in the contract and prepare for sustainable further growth, in the financial year 2022, the Company completed the project of a new factory located in Guopstai village, Trakai district.

The new factory significantly increased production efficiency, reduced electricity consumption, and accordingly improved the Company's financial indicators. The best reflection of this is the EBITDA indicator for the first half of the 2024 financial year, which is more than 9 times higher than the first half of the previous year, despite the fact that the level of sales remained at a very similar level.

There are no significant changes expected in global demand in the near future, so the Company's main focus will be on internal processes. We will continue ongoing and initiate new projects to increase production efficiency and improve quality, with the aim of increasing the company's flexibility and competitiveness. Over the past years, it has been noticed that flexibility (the ability to react promptly to demand fluctuations) has become a significant competitive advantage, therefore, we have paid and will continue to pay a lot of attention to expanding channels for attracting new employees, improving employee experience, retention, internal training, and education (using training academies established within the company).

In order to improve not only production but also business management and accounting processes, we began to implement a new business management system in the second quarter of the 2024 financial year. With the implementation of this project, we expect to digitize processes, eliminate manual operations with no additional value, and increase the speed and accuracy of decision making.

8. INFORMATION ABOUT THE RESEARCH AND DEVELOPMENT ACTIVITY OF THE COMPANY

The Company did not carry out any research or development activity.

9. WHEN THE GROUP EMPLOYS FINANCIAL INSTRUMENTS AND WHEN IT IS IMPORTANT FOR THE VALUATION OF THE COMPANY'S ASSETS, EQUITY, LIABILITIES, FINANCIAL POSITION AND ACTIVITY RESULTS OF THE COMPANY, THE COMPANY DISCLOSES THE OBJECTIVES OF THE FINANCIAL RISK MANAGEMENT, ITS POLICY FOR HEDGING MAJOR TYPES OF FORECASTED TRANSACTIONS FOR WHICH HEDGE ACCOUNTING IS USED, AND COMPANY'S EXPOSURE TO PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

The Group did not use any financial instruments, which are important to the evaluation of the Group's assets, liabilities, financial position and operation results.

10. INFORMATION ON THE CONTRACTS WITH THE INTERMEDIARIES OF THE PUBLIC TURNOVER OF THE SECURITIES

All contractual obligations accounting and dividend pay-out to shareholders contracts were taken over by Siauliu bankas AB (Seimyniskiu str. 1A, Vilnius).

11. STRUCTURE OF THE ISSUER'S AUTHORISED CAPITAL

Structure of the authorised capital of Vilniaus baldai AB:

Type of shares	Number of shares, units	Nominal value, EUR	Total nominal value, EUR	Share in the authorised capital, %
Ordinary registered shares	3,886,267	1.16	4,508,069.72	100.00

The Company's authorised share capital is divided into 3,886,267 ordinary registered shares with the par value of EUR 1.16 each. The shares are uncertificated. They are recorded in personal securities accounts of shareholders. These accounts are managed following the procedure established by regulatory legislation on the securities market.

Rights and obligations carried by the shares

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

A shareholder shall repay to the Company any dividend paid out in violation of the mandatory norms of the Law on Companies of the Republic of Lithuania, if the Company proves that the shareholder knew or should have known thereof.

The shareholders have the following property and non-property rights:

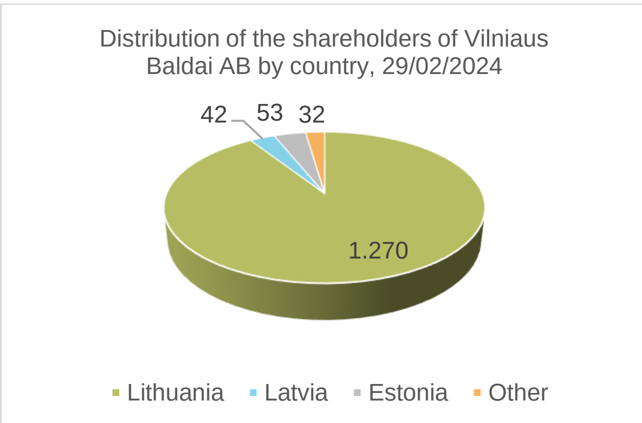
1. to receive a part of the Company's profit (dividend);
2. to receive Company's funds when the authorized capital of the Company is decreased in order to pay the Company's funds to the shareholders;
3. to receive shares without payment if the authorized capital is increased out of the Company's funds except in cases provided for by the Law on Companies of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
5. to lend the Company in the manner prescribed by laws, but the Company, borrowing from its shareholders has no right to mortgage its property to shareholders. The interest shall not exceed the average interest rate of commercial banks in the lender's place of residence or business in force at the time of the loan contract when the Company is borrowing from the shareholder. In this case it is prohibited to the Company and its shareholders to agree on a higher interest rate;
6. to receive a part of assets of the Company in liquidation;
7. other statutory property rights;
8. the rights, indicated in items 1–4, are granted to those persons who were the Company's shareholders at the tenth day after the decision that was accepted at the end of general shareholders' meeting (hereinafter – at the end of right record day);
9. to participate in general shareholders' meetings;
10. to submit the questions related to the agenda of general shareholders' meetings to the Company in advance;
11. to vote at general shareholders' meetings according to voting rights carried by their shares. Each registered ordinary share carries one vote at the general shareholders' meeting except the exceptions indicated in the Law on Companies of the Republic of Lithuania. The right to vote at the general shareholders' meetings may be prohibited or restricted by the Law on Companies of the Republic of Lithuania and other cases established by law, as well as, when the ownership of the share is being disputed;
12. to receive information on the Company as indicated in the Law on Companies of the Republic of Lithuania;
13. to file a claim with the court for reparation of the Company's damage resulting from nonfeasance or malfeasance by the Company's executive and board members of their obligations prescribed by the Law on Companies of the Republic of Lithuania and other laws as well as Company's regulations;
14. to authorize natural or legal person to represent him in relations with the Company and other persons;
15. other non-property rights established by the Law on Companies of the Republic of Lithuania, other laws or the Company's regulations.

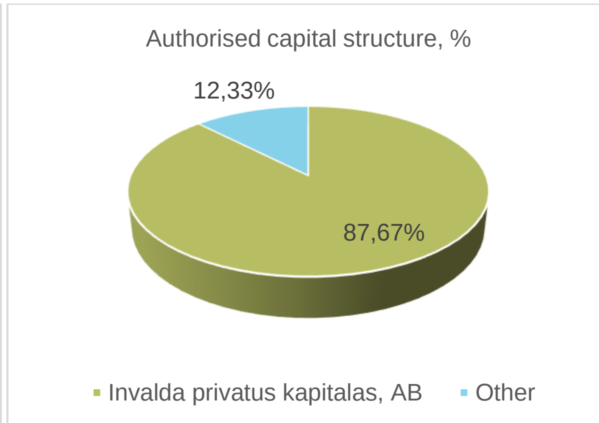
12. SHAREHOLDERS

Total number of the shareholders as of 29 February 2024 is 1,397.

The shareholders who had upon the property rights or possessed more than 5% of the issuer's authorised capital as of 29 February 2024:

Names of the companies, office addresses, codes	Number of shares owned under the property rights, units	Share of the authorised capital, %	Share of the votes, %
Invalda Privatus Kapitalas AB, company code 303075527, Seimyniskiu str. 1 A, Vilnius	3,407,135	87.67	87.67





There are no shareholders, having any special rights of control.

There are no voting rights restrictions.

The Company is not aware of any agreements between the shareholders, because of which the transfer of the securities and (or) the voting right could be limited.

(all amounts are in EUR thousand unless otherwise stated)

13. INFORMATION ABOUT THE ISSUER'S STOCK EXCHANGE TRADING ON THE REGULATED MARKETS

The Company's ordinary shares are registered on the Secondary list of Nasdaq Vilnius AB.

The main characteristics of shares:

Type of shares	VP ISIN code	Abbreviation	Number of shares, units.	Nominal value, EUR	Total nominal value, EUR
Ordinary registered shares	LT0000104267	VBL1L	3,886,267	1.16	4,508,069.72

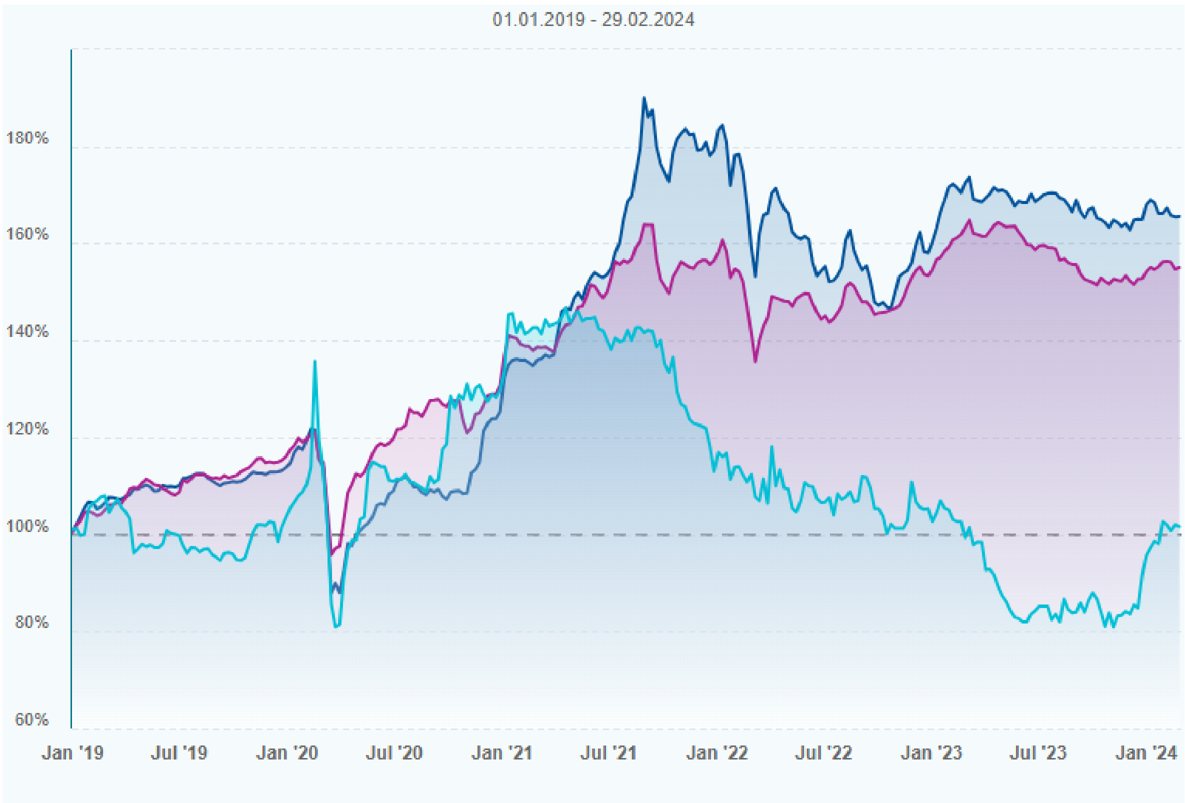
Trading statistics of the Company's shares:

Item	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Price of the shares, EUR:		
- opening	6.50	7.95
- highest	7.90	8.40
- lowest	6.00	7.20
- closing	7.70	7.40
Turnover of shares, units	15,523	3,999
Turnover of shares, EUR	106,586	30,752
Total number of transactions, units	388	220
Capitalization, million EUR	29.92	28.76

Shares turnover and price of Vilniaus baldai AB in the period of 01/09/2019–29/02/2024:

(all amounts are in EUR thousand unless otherwise stated)

Comparison of the price of shares of Vilniaus baldai AB with the OMXBB and OMXV index in the period of 01/09/2019–29/02/2024:



INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX_Baltic_Benchmark_GI	873.81	1,441.6	+64.98
OMX Vilnius_GI	616.9	957.7	+55.24
VBL1L - Vilniaus baldai	7.5	7.7	+2.67

14. ORDER OF CHANGING OF THE ISSUER'S ARTICLES OF ASSOCIATION

The Articles of Company are changed by the resolution of the General Meeting of shareholders, adopted by the majority of more than 2/3 of all the votes.

15. ISSUER'S BODIES

The Company has the General Meeting of shareholders, a one-man management body – chief executive officer (General Manager) and the collegial management body – the Board. The Company does not have Supervisory Board.

The Board of the Company consists of 3 members. It is elected for the period of four years by the General Meeting. The Board of the Company elects and withdraws and dismisses from the position the Chief Executive Officer, determines his salary, confirms the job descriptions, appoints him and imposes penalties.

(all amounts are in EUR thousand unless otherwise stated)

The competence of the General Manager and the Board of the Company, the procedure of their appointment and removal does not differ from what is specified in the Law on Companies. The Board is made up of people with different professional experiences and competencies. All Board members are closely acquainted. There are no requirements for the composition of the board that could discriminate in any way on the basis of sex.

The Board and Administration of the Company:

Vytautas Bucas

Position
Chairman of the Board, elected to the Board on 12/04/2007, re-elected on 27/04/2012, 05/07/2016 and 08/10/2020, end of the term – 2024.

Work experience
Since May 2013 Adviser, Chairman of the Board of Invalda Privatus Kapitalas AB
2006–May 2013 Adviser of Invalda LT AB, Board member (since May 2007 until May 2013 Chairman of the Board)
2006–2007 Director of Invaldos NekilnAojamojo Turto Fondas AB
2000–2006 SEB Bankas AB, Board member, Vice President, CFO, Head of IT Department
1992–2000 Senior Auditor, Senior Manager, Manager at Arthur Andersen

Participation in the activities of other companies	**Number of shares and of voting rights**
Chairman of the Board of Invalda Privatus Kapitalas AB	39.63%
Chairman of the Board of Bordena UAB	0.00%
Board Member of Švytėjimas UAB	0.00%

Dalius Kaziunas

Position
Board member, elected to the Board on 29/04/2010, re-elected on 27/04/2012, 05/07/2016 and 08/10/2020, end of the term – 2024.

Work experience
Since May 2013 CEO, Board member of Invalda Privatus Kapitalas AB
2012–May 2013 President of Invalda LT AB, Board member (until 30/04/2012)
2008–2011 Adviser and Board member of Invalda LT AB
2008–2009 Director of Bankas Finasta AB
1996–February 2008 assistant of financial broker of FMI Finasta AB, financial broker, Director

Participation in the activities of other companies	**Number of shares and of voting rights**
CEO and Board Member of Invalda Privatus Kapitalas AB	1.70%
Chairman of the Board of Lauko Gelininkystes Bandymu Stotis UAB	0.00%
Member of the Supervisory Board at Vernitas AB	0.00%
Chairman of the Board of Invetex UAB	0.00%
Member of the Board of Bordena UAB	0.00%
Chairman of the Board of Svytejimas UAB	0.00%

Andrius Anusauskas

Position
Chairman of the Board, elected to the Board on 08/10/2020, end of the term – 2024.

Work experience
Since May 2022 General manager at Inreal valdymas UAB
2018 – 2022 Finance director at Inreal valdymas UAB
2013 – 2018 Finance project manager at Invalda privatus kapitalas AB
2008 – 2013 Finance project manager at Invalda AB
2006 – 2008 CFO at SNORO fondų valdymas UAB
2004 – 2006 Accountant at Finasta AB FMĮ
2002 – 2004 Accountant at Labochema, UAB

Participation in the activities of other companies	Number of shares and voting rights
Member of the Board at Invetex UAB	0.00 %
Member of the Board at Lauko Gėlininkystės Bandymų Stotis UAB	0.00 %
Director at Kulpės slėnis UAB	0.00 %
Director at Invetex UAB	0.00 %
Director at Inreal UAB	0.00 %
Director at Deltuvis UAB	0.00 %
Director at POMUS UAB	100.00%

Jonas Krutinis

Position
Head of Finance Department since 23/02/2015, Head of Finance since 12/10/2015, General manager since 15/05/2018.

Work experience
2014–2015 Business Intelligence Manager at SEB Baltics
2006–2014 Deputy Chairman of the Management Board, Head of Business Support, CFO at SEB Bank, Russia
2002–2006 Head of Planning at SEB Vilniaus bankas AB
1999–2002 Business Consultant at Arthur Andersen UAB
1997–1999 Analyst at VB Vilfima UAB
1995–1997 Specialist at CSDL

Participation in the activities of other companies	Number of shares and of voting rights
Board member of Autoverslas UAB	0.00%
Chairman of the Board of Autoverslo terminalas UAB	0.00%

The Company's key management personnel include the Company's General Manager, Chief Financial Officer, Head of Technical Services, Chief Operating Officer, Head of HR, Head of Purchasing, Strategic Projects Manager and Head of Business Development. In the first half of 2024 the average monthly remuneration to the management of the Company amounted to EUR 78.2 thousand (in the first half of 2023 – EUR 47.7 thousand). The remuneration is not paid to the Board members of the Company.

Remuneration to the management members of the Company (thousand EUR):

Item	FY 2024 I half, ended February 29	FY 2023 I half, ended February 28
Wages, salaries	461	281
Social security contributions	8	5
Total	**469**	**286**

As a result of the tax reform on 01-01-2019, payroll calculations have changed. The distribution between wages (BRUTO) and social security contributions has the greatest impact.

During the first half of 2024 the Company did not transfer any assets to the Board members, the Company's General Director, Head of Finance department; it also did not provide any guarantees or warranties, by which the performance of their liabilities would be se cured.

16. SIGNIFICANT AGREEMENTS IN WHICH THE COMPANY IS INVOLVED AND WHICH WOULD BECOME EFFECTIVE, WOULD CHANGE OR WOULD BE TERMINATED IF THE CONTROL OF ISSUER CHANGED

During the first half of FY2024 no material agreements were signed which would become effective, would change or would be terminated if the control of the issuer changed. Furthermore, there were no agreements signed during the first half of FY2024 between the Company and its body, employees which allow compensations if they resign or are fired without the justified reason or their work finishes as a result of the change of the issuer's control.

17. RELATED PARTY TRANSACTIONS

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Company as of 29 February 2024 were: ARI-LUX UAB (the subsidiary) – reg.no 120989619, address Pramones str. 23, Guopstu k., LT-21148 Traku r., Invalda Privatus Kapitalas AB (ultimate shareholder) – reg.no 303075527, address Žalgirio g. 92-901, LT-09303 Vilnius and all companies controlled by Invalda Privatus Kapitalas AB (Bordena UAB – reg.no 304073881, address Žemaičių g. 49B, Ariogala, LT-60253 Raseinių r, Svytejimas UAB – reg.no 123017127, buveinės adresas Švenčionių g. 110A, Nemenčinė, Vilniaus r., Inreal valdymas UAB – reg.no 222894170, address Žalgirio g. 94, LT-09300 Vilnius, Inreal Geo UAB – reg.no 302604810, address Žalgirio g. 94, LT-09300 Vilnius , Geruvis UAB – reg.no 303569472, address Smiltynės g. 25, LT-93100 Klaipėda, Panerių konversija UAB – reg.no 305993224, address Žalgirio g. 94-1, LT-09300 Vilnius) (as of 28 February 2023: ARI-LUX UAB (the subsidiary), Invalda Privatus Kapitalas AB (shareholder) and all companies controlled by Invalda Privatus Kapitalas).

Transactions with the Group's related parties in the first half of 2024 and the balances in 29 February 2024 and 28 February 2023 are provided in the notes (Note 17) to the Interim Condensed Consolidated Financial Statement For the Six Months of FY2024 Ended February 29, 2024.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The information publicly disclosed by Vilniaus Baldai AB during the first half of FY2024 is presented on the Company's website www.vilniausbaldai.lt.

(all amounts are in EUR thousand unless otherwise stated)

Summary of publicly disclosed information since 1 September 2023:

Date of disclosure	Brief description of disclosed information
27/10/2023	AB "VILNIAUS BALDAI" interim condensed consolidated financial statement for the twelve months of FY2023 ended August 31
24/11/2023	VILNIAUS BALDAI AB annual audited information for the year 2023
28/11/2023	Vilniaus Baldai AB Responsible Persons Confirmation
07/12/2023	Convocation of the general shareholders meeting of VILNIAUS BALDAI AB and draft resolutions
22/12/2023-	VILNIAUS BALDAI AB investor's calendar for 2024FY
28/12/2023	Resolutions of the Annual General Shareholders Meeting of VILNIAUS BALDAI AB on 28/12/2023
29/12/2023	VILNIAUS BALDAI AB result for activity and non audited condensed interim consolidated financial statement for the three months of FY 2024

General Manager Jonas Krutinis

VILNIAUS BALDAI AB

INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE SIX MONTHS OF FY2024
ENDED FEBRUARY 29, 2024

CONTENTS

(all amounts are in EUR thousand unless otherwise stated)

GROUP INFORMATION

1. Reporting period covered by this Financial Statement

The Financial Statements for the six months of the financial year (FY) 2024 ended February 29, 2024.

MAIN DATA ABOUT THE ISSUER:

Name	Vilniaus Baldai AB
Legal form	Joint stock company
Code	121922783
VAT payer's code	LT219227811
LEI code	529900MJDB8L13ZF6G26
Authorised capital	EUR 4,508,069.72, divided into 3,886,267 ordinary registered shares with the par value of EUR 1.16 each
Office address	Pramones str. 23, Guopstu k., LT-21148 Traku r.
Telephone	(8~5) 252 57 00
E-mail	info@vilniausbaldai.lt
Internet website	www.vilniausbaldai.lt
Registration date and place	9 February 1993, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of Legal Entities
Main type of activity	Design, production and selling of furniture

INFORMATION ABOUT THE SUBSIDIARY COMPANY:

Name	ARI-LUX UAB
Legal form	Limited liability company
Code	120989619
VAT payer's code	LT209896113
Authorised capital	EUR 2,896
Office address	Pramones str. 23, Guopstu k., LT-21148 Traku r.
Telephone	(8~5) 252 57 44
E-mail	info@ari-lux.lt
Registration date and place	28 October 1991, Vilnius City Board
Register, where all the information about the Company is collected and stored	Register of Legal Entities
Main type of the activity	Packaging

3. Information about where to access the Financial Statement and the underlying documents, name of the designated mass media for announcements

The Financial Statement and underlying supporting documents can be accessed at the Company's headquarters at Pramonės str. 23, Guopstos village, Trakai region.

Designated mass media for Vilniaus Baldai AB announcements: NASDAQ OMX Vilnius AB, Central Storage Facility – information database.

4. Board

Chairman of the Board:	Vytautas Bučas
Members of the Board:	Dalius Kaziūnas
	Andrius Anusauskas

5. Persons responsible for the accuracy of the information in the Financial Statement

Members of the managing bodies, employees and the Head of the Administration of the issuer are responsible for the accuracy of the information:

Jonas Krutinis, General Manager, tel. (+370~5) 252 57 00,
Egidijus Zvaliauskas, Chief Financial Officer, tel. (+370~5) 252 57 00.

6. Declaration by the members of the issuer's managing bodies, employees, the Head of the Administration and the issuer's consultants that the information contained in the Financial Statement is in accordance with the facts and that the Financial Statement makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities

Vilniaus Baldai AB, represented by Jonas Krutinis, General Manager, and Egidijus Zvaliauskas, Chief Financial Officer, hereby confirm that the information contained in the Financial Statement is in accordance with the facts and that the Financial Statement makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.

Jonas Krutinis, General Manager of Vilniaus Baldai AB

Egidijus Zvaliauskas, Chief Financial Officer of Vilniaus Baldai AB

Date of signing the Report – March 28, 2024.

(all amounts are in EUR thousand unless otherwise stated)

INTERIM CONDENSED CONSOLIDTED FINANCIAL STATEMENT FOR THE SIX MONTHS OF FY2024 ENDED FEBRUARY 29, 2024

The auditors reviewed the Financial Statements of 31.08.2023, while the Financial Statements as of 29.02.2024 and 28.02.2023 are unaudited.

1. STATEMENT OF FINANCIAL POSITION

	29.02.2024	31.08.2023	28.02.2023
Assets			
Non - current assets			
Non - current tangible assets	59,495	61,252	62,297
Intangible assets	100	109	154
Lease (16 TFAS adaption)	974	990	917
Other non-current receivables	-	-	1,521
Deferred income tax asset	877	877	1,066
Total non - current assets	**61,446**	**63,228**	**65,955**
Current assets			
Inventories	10,742	6,351	11,678
Trade debtors	9,076	7,264	2,167
Prepayments	27	17	3
Current income tax prepayment	4	4	9
Other accounts receivable	736	1,106	762
Time deposits	1,000	-	-
Cash and cash equivalents	1,129	3,481	57
Total current assets	**22,714**	**18,223**	**14,676**
Total assets	**84,160**	**81,451**	**80,631**

(cont'd on the next page)

(all amounts are in EUR thousand unless otherwise stated)

1. STATEMENT OF FINANCIAL POSITION (CONT'D)

	2024 m. vasario 29 d.	2023 m. rugpjūčio 31 d.	2023 m. vasario 28 d.
Shareholders' equity and liabilities			
Capital and reserves			
Share capital	4,508	4,508	4,508
Legal reserve	451	451	451
Retained earnings	29,865	23,163	19,505
Total capital and reserves	**34,824**	**28,122**	**24,464**
Non - current liabilities			
Loans and other interest-bearing payables			
Provision for employee benefits	33,151	33,458	34,894
Lease (16 TFAS adaption)	605	605	583
Total non - current liabilities	812	618	780
Shareholders' equity and liabilities	**34,568**	**34,681**	**36,257**
Current liabilities			
Loans and other interest-bearing payables	3,657	6,275	4,258
Debts to suppliers	7,549	8,795	11,793
Payables for property, plant and equipment	121	49	197
Current income tax payable	-	-	-
Other liabilities	3,230	3,126	3,501
Lease (16 TFAS adaption)	211	403	161
Total current liabilities	**14,768**	**18,648**	**19,910**
Total liabilities	**49,336**	**53,329**	**56,167**
Total equity and liabilities	**84,160**	**81,451**	**80,631**

(all amounts are in EUR thousand unless otherwise stated)

2. STATEMENT OF COMPREHENSIVE INCOME

	FY2024 I half, ended February 29	FY2023 I half, ended February 28	FY2024 II quarter, ended February 29	FY2023 II quarter, ended February 28
Revenue	53,462	48,869	23,362	20,434
Cost of sales	(42,506)	(46,910)	(18,641)	(19,754)
Gross profit	**10,956**	**1,959**	**4,721**	**680**
Distribution costs	(922)	(468)	(456)	(243)
Administrative costs	(2,288)	(2,755)	(1,232)	(1,484)
Other operating income, net	388	362	199	204
Profit (loss) from operating activities	**8,134**	**(902)**	**3,232**	**(843)**
Financial income	14	-	13	-
Financial costs	(1,446)	(1,146)	(710)	(626)
Financial income, net	**(1,432)**	**(1,146)**	**(697)**	**(626)**
Profit (loss) before taxes	**6,702**	**(2,048)**	**2,535**	**(1,469)**
Income tax	-	-	-	-
Profit (loss) for the period	**6,702**	**(2,048)**	**2,535**	**(1,469)**
Other comprehensive income				
Total comprehensive income for the period	**6,702**	**(2,048)**	**2,535**	**(1,469)**
Attributable to Owners of the Company:				
Profit (loss)	6,702	(2,048)	2,535	(1,469)
Other comprehensive income			-	-
Total comprehensive income	6,702	(2,048)	2,535	(1,469)
Earnings per share (in EUR)	1,72	(0,53)	0,65	(0,38)

(all amounts are in EUR thousand unless otherwise stated)

3. STATEMENT OF CHANGES IN EQUITY

Item	Share capital	Legal reserve	Obligatory reserve	Accrued earnings	Total
Balance as of August 31,2022	**4,508**	**451**	**-**	**21,553**	**26,512**
Net profit (loss)	-	-	-	(2,048)	(2,048)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(2,048)**	**(2,048)**
Legal reserve accrual	-	-	-	-	-
Dividends	-	-	-	-	-
Balance as of February 28,2023	**4,508**	**451**	**-**	**19,505**	**24,464**
Balance as of August 31,2023	**4,508**	**451**	**-**	**23,163**	**28,122**
Net profit (loss)	-	-	-	6,702	6,702
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**6,702**	**6,702**
Legal reserve accrual	-	-	-	-	-
Dividends	-	-	-	-	-
Balance as of February 29, 2024	**4,508**	**451**	**-**	**29,865**	**34,824**

(all amounts are in EUR thousand unless otherwise stated)

4. STATEMENT OF CASH FLOWS

	29.02.2024	28.02.2023
Net profit (loss)	6,702	(2,048)
Adjustments:		
Depreciation and amortization	2,349	2,235
Result on disposal, writing off, etc. of non - current	57	8
Changes in provisions		
Interest (income) expenses	1,507	762
Deferred income tax (income) expenses	-	-
Income tax expenses	-	-
Other expenses (income)	109	66
Cash flows from ordinary activities before changes	**10,724**	**1,023**
Changes in trade receivables and other amounts	(1,452)	1,845
Changes in inventories	(4,392)	(80)
Changes in debts to suppliers and other liabilities	(1,274)	(1,462)
Income tax paid	-	(3)
Cash flows from operating activities	**3,606**	**1,323**
(Acquisition) of tangible non - current assets	(654)	(743)
Sale / writing of non - current tangible assets	14	10
Interest received	14	-
Transfer (to) from time deposits	(1,000)	-
Cash flows from investing activities	**(1,626)**	**(733)**
Loans (granted) / repaid	-	-
Loans received / (repaid)	(2,721)	(762)
Interest (paid) / received	(1,521)	(762)
Dividends (paid)	-	-
Other changes in financial activity	(90)	(57)
Cash flows from financing activities, net	**(4,332)**	**(1,581)**
Cash flows from operating, investing and financing	**(2,352)**	**(991)**
Cash and cash equivalents as of 1 September	**3,481**	**1,048**
Cash and cash equivalents as of 29 February	**1,129**	**57**

5. EXPLANATORY NOTES

1 SUMARY OF THE BASIC ACCOUNTING PRINCIPLES AND PRACTICES

Vilniaus Baldai AB (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is Pramonės str. 23, Guopstos village, Trakai region, LT-21148, Lithuania.

The Company is engaged in furniture production and trade. The Company was registered on 9 February 1993; its shares are traded in the Secondary List of the NASDAQ OMX Vilnius AB.

As of February 29, 2024 the Group employed 524 people, the Company employed 459 people (on August 31, 2023 the Group employed 522 employees, the Company – 459).

Main accounting policies
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU). The financial statements have been prepared based on acquisition cost principle.

Basis for drawing up of the interim condensed consolidated statements
The interim condensed consolidated financial statements for the six months of FY2024 ended February 29, 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s and the Company’s annual financial statements as for of FY2024.

In the financial statements all figures are provided in EUR thousand. The statements are drawn up applying the method of historical costs.

When drawing up the financial statements in accordance with the IFRS, the managers are required to make calculations and estimations to support the assumptions that have an impact on application of the accounting principles and on the amounts of assets and liabilities, income and costs. The calculations and related assumptions are based on historical experience and other factors that correspond to the present situation and on the basis of which conclusions concerning the carrying amount of assets and liabilities are made that cannot be decided on the basis of other sources. The actual amounts may differ from these assumptions.

The Group’s and the Company’s accounting policies are consistent with those used in the previous years.

Functional and presentation currency
Euro is the currency of Financial Statements of the Company as well as the Group. In the financial statements all figures are provided in EUR thousand.

Financial year
On October 8, 2014, the Extraordinary General Shareholders Meeting of Vilniaus Baldai AB has resolved to change the financial year, which earlier started 1 January and ended 31 December, to the financial year beginning on 1 September and ending on 31 August of the next year in order to coordinate the period of financial year of Vilniaus Baldai AB and its main customer. The change took effect on August 31, 2015.

Principles of consolidation
The consolidated financial statements of the Group include Vilniaus Baldai AB and it’s subsidiary. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 percent of the voting rights of a company’s share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies have been eliminated.

Consolidated financial statements are prepared on the basis of the same accounting principles applied to similar transactions and other events under similar circumstances. Financial statements of Subsidiary were prepared for the same period as that of the Company.

Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Software

The costs of acquisition of new software are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expects from the originally assessed standard of performance of existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	10 - 66 years
Machinery and equipment	6 - 20 years
Vehicles	5 - 10 years
Other property, plant and equipment	2 - 6 years.

The assets' residual values and useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and available for use.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalized as part of the costs of those assets.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalized are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalized.

Spare parts are classified as property, plant and equipment if they meet the definition, including the requirement to be used over more than one period. Otherwise, they are classified as inventory. For spare parts that are kept to ensure smooth operation of some machinery without interruptions, the depreciation period starts immediately when those spare parts are acquired.

Inventories

Inventories are initially recorded at acquisition cost. Subsequent to initial recognition, inventories are valued at the lower of cost or net realizable value, after impairment evaluation for obsolete and slow - moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion and applicable variable marketing and distribution costs. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

Financial instruments – financial assets

The financial assets of the Group and the Company include cash and cash equivalents, loans granted, trade receivables and other receivables.

Trade receivables are initially recognized when they arise. Upon initial recognition, all other financial assets are recognized when the Group and the Company become parties to the contractual provisions of the instrument. Financial assets (except for trade receivables without a significant financing component), if not measured at fair value through profit or loss, are initially measured at fair value plus transaction costs directly attributable with acquisition or issue. Trade receivables without a significant financing component are initially recognized at the transaction price.

Financial assets are classified in three groups according to their measurement:

i. financial assets that are subsequently measured at amortized cost;
ii. financial assets that are subsequently measured at fair value through other comprehensive income;
iii. financial assets that are subsequently measured at fair value through profit or loss.

The classification of a financial asset depends on the financial asset management business model (assessing how the entity manages the financial assets to generate cash flows) and the characteristics of the contractual cash flows of the financial asset (whether contractual cash flows include only principal and interest payments).

Financial asset is stated at amortized cost if both of the following conditions are satisfied:

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

Financial assets that do not meet the above conditions are measured at fair value through profit or loss and through other comprehensive income.

The Group and the Company have no financial assets, which, in subsequent periods, are measured at fair value through profit or loss and other comprehensive income.

Financial assets that are subsequently measured at amortized cost are measured using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over a period of time. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss are initially recognized at fair value through profit or loss. Subsequently, the fair value gain and loss, including any interest and dividends, is recognized in profit or loss and other comprehensive income.
Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised when:

- the right to receive cash flows from the financial asset expires;
- the Group and the Company retain the right to receive cash flows from the asset, but have agreed to pay in full without material delay to a third party under a ‘pass through’ arrangement;
- the Group and the Company transfer their right to receive cash flows from assets and/or:
  (a) have transferred substantially all the risks and rewards of the financial asset;
  (b) have neither transferred nor retained substantially all the risks and rewards of the financial assets but have transferred control of the assets.

When the Group and the Company transfer rights to receive cash flows from an asset but neither transfer nor retain substantially all the risks and rewards of the asset nor transfer control of the asset, the asset is recognized to the extent of the Group’s and the Company’s continuing involvement in the asset. The Company's and the Group’s assets that have been transferred as guarantee are measured at the lower of the carrying amount and the maximum amount of consideration that the Group and the Company could be required to repay.

The Group and the Company reduce the gross carrying amount of their financial asset if they cannot reasonably expect to recover all or part of the financial asset. A write-off is an event of derecognition.

Cash and cash equivalents consist of cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Such investments have a maturity of up to three months and the risk of changes in value is very insignificant. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits in current accounts, and other short-term highly liquid investments.

Trade and other receivables on initial recognition, trade and other receivables are recognized at the transaction price and subsequently measured at amortized cost.

Share capital
Ordinary shares are classified as equity. Ordinary shares are stated at their par value.

Dividends distribution
Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Dividends paid are classified as financing cash flows in the statement of cash flows.

Financial liabilities
The Group's and the Company's financial liabilities comprise borrowings, trade payables and other payables.

At the time of initial recognition, financial liabilities are recognised when the Group and the Company become parties to the contractual terms of the instrument.

Financial liabilities are divided into two groups according to their measurement:
a) financial liabilities that are subsequently measured at amortised cost;
b) financial liabilities that are subsequently measured at fair value through profit or loss.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group and the Company derecognise financial liabilities when their contractual obligations are discharged or cancelled or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, the new financial liability is recognized at fair value under the modified terms of the contract.

In the event of derecognition of a financial liability, the difference between the carrying amount written off and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss in the statement of profit or loss and other comprehensive income.

Trade and other payables. Upon initial recognition, trade and other payables are recognized when the Company becomes a party to the contractual provisions. Trade and other payables are initially measured at fair value plus directly attributable transaction costs.

Borrowed funds. Borrowings are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method.

Financial guarantees. A financial guarantee contract is a contract that obliges the Company to make specific payments to compensate the contract holder for the holder's default on timely payment of the original or modified terms of a debt instrument. Financial guarantees are initially recognized at fair value, which is usually the amount receivable.

Offsetting financial assets and financial liabilities
Financial assets and financial liabilities are offset when, and only when, the Group and the Company have a legally enforceable right to set off the amounts and they intend either to settle them on the net basis or to realise the asset and settle the liability simultaneously.

Leases
The Company and the Group are the lessees

(a) Finance lease
Leases of property, plant and equipment where the Company and the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for installments due within 12 months which are included in current liabilities.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(b) Operating lease
At the beginning of the contract, the Company and the Group assess whether the contract is a lease or includes a lease. This means assessing whether the contract confers a right to manage the use of the identified asset for a period of time in return for remuneration.

The Company and the Group apply a single recognition and measurement method to all leases, except for short-term and low-value leases. The Company and the Group recognize a lease obligation to pay lease payments and a right-of-use asset that entitles the holder to use the leased asset.

Assets managed under lease right

The Company and the Group recognize the right-of-use asset at the inception date (ie the date from which the underlying asset is available for use). Assets held under usable rights are carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an asset held for use includes the amount of the initial measurement of the lease liability, the initial direct costs, the lease payments at or before the inception date, less any lease incentives received. Depreciation is calculated on a straight-line basis over the lease term.

If the ownership of the leased property is transferred to the Company and the Group before the end of the lease term or if the price of the asset managed by the right of use indicates that the lessee will exercise the call option, depreciation is calculated based on the estimated useful life of the asset.

Assets held for use are also assessed for impairment.

Lease obligations

At the beginning date, the Company / Group recognizes lease liabilities at the present value of the lease payments due during the lease term. Lease payments include fixed payments (including equivalent payments) less any rental incentives receivable, variable rents that depend on an index or rate, and amounts that would be payable under residual value guarantees. Such lease payments also include the exercise price of the call option if it is reasonably known that the Company / Group will exercise that option, and penalties for terminating the lease if it is assumed that the Company / Group will exercise the option to terminate the lease during the lease term. Variable lease payments that are independent of an index or a rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which the event occurs or the condition that gives rise to the tax arises.

In calculating the present value of the lease payments, the Company / Group applies the borrowing rate accrued at the beginning of the lease, as the interest rate specified in the lease cannot be readily determined. After the commencement date, the amount of the lease liability is increased by the estimated interest and the amount of lease payments paid is reduced. In addition, the carrying amount of a lease is remeasured if certain adjustments are made, the lease term or lease payments change (for example, changes in future lease payments due to a change in the index or rate used to determine such lease payments) or a change in the option to purchase the lease. evaluation.

Short-term and low-value property lease

The Company and the Group apply the recognition exemption to their current assets (i.e. leases with a term of less than 12 months at the inception date that do not include an option to purchase the asset). It also observes this exception by recognizing the lease of low-value assets consisting of office inventory. Lease payments for short-term and low-value assets are recognized as an expense on a straight-line basis over the lease term.

The Company and the Group are the lessors

(a) Operating lease

As a lessor, the Company and the Group determine at the beginning of a lease whether the contract is a finance lease or an operating lease. If the Company and the Group determine that substantially all the risks and rewards of ownership of a leased asset are transferred under a lease, it classifies the lease as a finance lease. Leases under which the Company and the Group do not transfer substantially all the risks and rewards incidental to ownership of a leased asset are classified as operating leases. Lease income is recognized on a straight-line basis over the term of the lease and is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging a lease shall be included in the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent contributions are recognized as income in the period in which they are earned.

Employee benefits

(a) Social security contributions
The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution is a plan under which the Company/ Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognized as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or the Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

(c) Bonus plans
The Company recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Provisions for pensions and jubilee payments
According to the terms of the collective agreement effective at the Company, each employee is entitled to a jubilee payment and 2–3 months' salary payment when retiring after reaching the pension age. Actuarial calculations are made to determine liability for such payments. The liability is recognized at present value discounted using market interest rate.

The Company recognizes re-evaluations of the pension benefit obligation in 'Other comprehensive income that will not be reclassified to profit or losses, while service cost and net interest in recognized within profit or loss. The Company within profit or loss accounts for jubilee benefits and long-service benefits.

Provisions
Provisions are recognized when the Group and the Company has a present obligation (legal or constructive) as a result of 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. The provisions are reviewed at each statement of financial position date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Income tax
Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

The income tax rate in Lithuania was 15 % in 2024 (15 % in 2023).

Starting from 2014 tax losses, except for losses due to sale of securities and (or) derivatives (of nonfinancial institutions), may be carried forward for an unlimited period of time, however carrying forward is stopped, if the company stops its activities due to such losses, except when the company stops its activities due to reasons beyond its control. Deductible tax losses carried forward may not exceed 70 percent of the taxpayer's taxation period income, calculated as income net of tax-exempt income, regular deductions, deductions of limited amounts, with the exception of the previous year losses.

Losses due to sale of securities and (or) derivatives (of non-financial institutions) are carried forward no more than five consecutive tax periods starting from the tax period following the tax period during which the loss was incurred. While deducting previous years' sale of securities losses from current year's securities sales income restriction (of up to 70 percent sale of securities income) does not apply.

Deferred taxes are calculated using the statement of financial position 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 reverse based on tax rates enacted or substantially enacted at the statement of financial position date.

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

Investment tax credit, that arises from tax benefit amount carried forward, qualifies for the initial recognition exception. Therefore, no deferred tax asset is recognized at the time the tax credit arises, but recognition occurs as a reduction of current tax as the credit is realized.

Deferred tax assets and liabilities are offset when they are related to profit taxes levied by the same tax authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

<u>Income tax and deferred tax for the accounting period</u>
Income tax and deferred income tax are charged or credited to profit or loss, except when they relate to items included directly to equity, in which case the deferred income tax is also accounted for in equity.

Revenue recognition

Revenues of the Group and the Company are recognized in accordance with IFRS 15, that is, the Group and the Company recognize revenue at such time and to such an extent that the transfer of goods or services to customers represents the consideration that the Group and the Company expect to receive in exchange for those goods or services. In applying this Standard, the Company takes into account the terms of the contract and all relevant facts and circumstances.

The Company's revenue is recognized using the 5-step model:

Step 1 - Identify customer agreements.
A contract recognizes an agreement between two or more parties (subject to purchase / sale terms) that creates enforceable rights and enforceable obligations (not applicable if a joint venture agreement is signed). A contract is within the scope of IFRS 15 if all of the following criteria are met:

1 the parties have approved the contract (in writing, orally or in accordance with any other normal commercial practice) and are bound by their obligations under the contract,
2 it is possible to identify the rights of each party with regard to the goods and / or services to be transferred,
3 it is possible to identify the payment terms for the goods and / or services to be transferred,
4 the contract has commercial substance,
5 it is probable that the consideration to which the Group and the Company are entitled to in exchange for the goods or services will be collected.

Contracts with the customer may be aggregated or disaggregated into several contracts, while retaining the criteria of former contracts. Such aggregation or disaggregation is considered modification of the contract.

Step 2 - Identify performance obligations in the contract.
Contractual commitment to deliver goods and / or services to a customer. If separate goods and/or services are identifiable, the liabilities are recognized separately. Each liability is identified in one of two ways:

1. a good and / or service is distinct, or
2. a set of individual goods and / or services that are substantially the same and have the same pattern of transfer to the customer.

Step 3 - Determine the transaction price.

Under the new IFRS 15, the transaction price may be fixed, variable, or both.

The transactions concluded by the Company apply fixed prices for both continuous services and services performed at a certain point in time. The transaction price is also adjusted considering the time value of money, if the contract includes a significant financing arrangement, and considering any consideration payable to the customer and non-cash consideration received, if any. The Group and the Company apply the following sales price calculation methods: adjusted market assessment approach, expected cost plus margin approach and residual approach. Similar transactions are measured equally.

Step 4 - Allocate the transaction price to each performance obligation.
A performance obligation is a contractual promise to deliver to the customer a separate good or service, or a set of individual goods or services that are substantially the same and have the same pattern of transfer to the customer. The transaction price is apportioned between each performance obligation based on the relative separate selling prices of the good or service promised in the contract. If the contracts do not specify separately the price of the service or good (for example, one price for two products), the Company shall determine it. In measuring the transaction price, the Company estimates a discount or variable amount of consideration that relates only to a particular portion of the contract.

Step 5 - Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.
The Group and the Company recognize revenue when they satisfy a performance obligation by transferring promised goods or services to the customer (i.e. when the customer obtains control of the mentioned goods or services). The recognized amount of revenue is equal to the amount of satisfied performance obligation. Performance obligation may be satisfied at a point of time or over time. A period of time is recognised as a calendar month.

The recognition of revenue depends on whether the obligation is satisfied over a period of time (continuous) or at a point in time. In any event, the transfer of control shall be taken into account.

Revenue is recognized at the fair value of the consideration received or receivable. Revenue is reduced by the estimated amount of customer returns, discounts, and other similar provisions. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue from sales is recognized net of VAT and discounts, including any cumulative expected discounts for the current year.

The Group’s and the Company’s revenue types:

1. Revenue from sale of furniture
2. Revenue from sale of raw materials and waste

Revenue from sales of furniture and revenue from the sale of raw materials are recognized at a point of time in the statement of profit and loss and other comprehensive income.

Expense recognition
Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.
The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

Foreign currencies
Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognized in the statement of comprehensive income. Such balances are translated at period-end exchange rates.

Factoring
A factoring transaction is a financing transaction in which the factoring company finances the Company by purchasing debt obligations from it. By this transaction, the Company transfers to the Factor the right to its receivables under the invoices due, which are due in the future. Factoring can be with recourse (the factoring agent has the right to repay the debt obligations to the Company) and without the right of recourse (the factoring agent has no right to repay the debt obligations to the Company). Receivables transfer (factoring without recourse, it means, the buyer of the debt has no right to cancel the

transaction) is treated as a sale of debts and is written off immediately if the Company transfers all risks associated with the debt transfer and no debt repurchase is contemplated, there is no provision for a debt buyer to foreclose on this transaction.

In the statements of cash flows factoring is included in the cash flows from financing activities.

Impairment of assets

Non-financial assets

Non-financial assets, other than inventories and deferred tax are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in profit or loss.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. Reversal is accounted for in the same caption in profit or loss as impairment losses. For evaluation of impairment of assets, the entire Group is considered as one cash generating unit.

Impairment of financial assets

Impairment losses on financial assets measured at amortized cost are measured using the expected credit loss (ECL) model. Credit losses are measured at the present value of all cash losses (the difference between the cash flows that the Group and the Company hold under the contract and the cash flows the Group and the Company expect to receive). ECLs are discounted applying an effective interest rate.

At the end of each reporting period, the Company and the Group recalculate and record the allowance for expected credit losses, taking into account past events, current market conditions and future prospects. At the end of each financial period, the Group and the Company assess whether there has been a material change in the credit risk of the financial instrument since initial recognition.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortized cost are impaired. A financial asset is impaired when one or more events have occurred that have a negative impact on the estimated future cash flows of the financial asset. The following criteria are used by the Company to determine whether there is objective evidence that an impairment loss has been incurred:
- the counterparty experiences financial difficulties as evidenced by its financial information;
- in the event of a breach of contract, such as a default or payment delay more than 90 days;
- the counterparty is considering bankruptcy or financial reorganization;
- there is an adverse change in the payment status of the counterparty's as a result of changes in national or local economic conditions affecting the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

Losses on financial assets measured at amortized cost are deducted from the gross value of such assets.

The gross carrying amount of a financial asset is written off when the Group and the Company have no reasonable expectation of recovering all or part of the asset. Non-recoverable assets are written off against recognized related impairment loss allowance, provided that all necessary steps have been taken to recover the asset and the amount of the loss has been determined. The amounts previously written off and recovered in subsequent periods are credited to the impairment loss account within the statement of profit or loss and other comprehensive income.

Segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

Related parties
Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly (through the intermediary) control or are controlled by, or are under common control with, the Group and the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

Subsequent events
Post-statement of financial position events that provide additional information about the Group's and the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-statement of financial position events that are not adjusting events are disclosed in the notes when material.

Offsetting and comparative figures
When preparing the financial statements, revenue and expenses are not set off, except the cases when certain IFRS specifically require such set-off. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Use of estimates in the preparation of financial statements
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

<u>Estimates and assumptions</u>
The main areas where management is required to make significant and critical judgements and areas where estimates and assumptions might have significant impact for the preparation of financial statements are described below:

Property, plant and equipment – useful life
The key assumptions concerning determination the useful life of property, plant and equipment are as follows: expected usage term of the asset, expected technical or commercial obsolescence arising from changes or improvements in the production on legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Tax liabilities
The tax authorities have a right to examine the Company's books and accounting records at anytime during the 3 years' period after the current tax year and account for additional taxes and fines. In the opinion of the Company's management currently there are no circumstances which would raise substantial liability in this respect.

Related party transactions
In the normal course of business the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

Pension and jubilee benefits
Key assumptions used in determining the provision for pension and jubilee benefits are as follows: employee turnover rate by age group, discount rate, and wage and salary growth. The Company‘s management makes judgments in relation to these assumptions.

Revenue recognition
The management assesses the moment of revenue recognition, i.e., whether revenue is recognized over time or at a point of time. The management assessed that customer do not simultaneously receive and consume the benefits provided by the Company's performance as the Company performs, the Company's performance does not create or enhance an asset that the customer controls as the asset is created or enhanced, the Company's performance create an asset with an alternative use to the Company and the Company do not has an enforceable right to payment for performance completed to date. Based on this assessment management decided that revenues should be recognised at a point in time. Also, the management estimates expected returns.

The management assesses if the sale of raw materials meets revenue recognition criteria according IFRS 15. The Company provides raw materials to several external and related parties in order to obtain service from these parties- production of component parts used in the further production of furniture. The management has analysed such contracts based on the requirements of IFRS 15 and determined, that in most of cases there is no actual sale of raw materials and acquisition of components but transaction is rather a purchase of production service. Vilniaus baldai, AB controls the process and has full responsibility for the final customer. Raw materials were sold at purchase price to the production service provider.

Classification of spare part
The management makes judgement if spare parts meet the definition of property, plant and equipment. The basis of judgement is determining if spare part is kept to ensure smooth operation of some machinery without interruptions or it not.

Expected credit losses estimation
The management measures expected credit losses (ECL) and estimates allowance for trade receivables and contract assets. Key assumption is determining the weighted-average loss rate.

(all amounts are in EUR thousand unless otherwise stated)

2 SEGMENT REPORTING

Management of the Company has determined the business segments based on the reports reviewed by the board of directors that are used to make strategic decisions. Consequently, it was decided that the Company has only one business segment – furniture production and trade.

Breakdown of revenue by the sales markets is as follows

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
European Union countries	37,909	31,715
Other than European Union countries	15,256	16,684
Lithuania	297	470
Total sales	**53,462**	**48,869**

3 DISTRIBUTION COSTS

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Transportation and storage costs	658	265
Remuneration and social insurance	208	147
Depreciation and amortization	1	-
Other	55	56
Total distribution cost	**922**	**468**

4 ADMINISTRATIVE COSTS

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Remuneration and social insurance	1,338	1,237
Depreciation and amortization	149	80
Operation taxes expenses	72	94
Employee training and consultation	134	191
Insurance	88	53
Business trips	19	15
Waste utilization expenses	36	82
Utilities and communication	14	19
Bank services	5	95
Other	433	889
Total administrative cost	**2,288**	**2,755**

5 OTHER OPERATING INCOME, NET

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Rent income, net	191	(24)
Other income and costs	197	386
Total other operating income, net	**388**	**362**

6 FINANCIAL INCOME, NET

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Loan interest income	(1,304)	(1,066)
Currency exchange profit, less loss	(50)	(3)
Other financial and investment income and expenses	(77)	(77)
Total financial income, net	**(1,431)**	**(1,146)**

7 PERSONNEL COSTS

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Production and product development costs	6,185	6,772
Sales, administrative and other costs	1,546	1,384
Total personnel cost	**7,731**	**8,156**

8 EARNINGS PER SHARE

The basic portion of earnings per share is computed by dividing net shareholders' earnings by the weighted average number of common shares outstanding during the year.

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Net annual profit	6,702	(2,048)
Weighted average number of the shares (thousand)	3,886	3,886
Earnings per share (EUR)	**1,72**	**(0,53)**

The Company has issued no other securities that could be potentially converted into common shares.

(all amounts are in EUR thousand unless otherwise stated)

9 NON - CURRENT TANGIBLE ASSETS

	Land and Buildings	Machinery and equipment	Vehicles	Other non - current assets	Total
Costs as of 1 September 2023	**31,760**	**51,204**	**-**	**5,898**	**88,862**
Increase	3	372	-	248	623
Sales	-	(45)	-	(1)	(46)
Writing off	-	(58)	-	(2)	(60)
Reclassified from/ to	11	(317)	-	306	-
Costs as of 29 February 2024	**31,774**	**51,156**	**-**	**6,449**	**89,379**
Depreciation as of 1 September 2023	**1,895**	**24,104**	**-**	**1,611**	**27,610**
Depreciation	299	1,768	-	242	2,309
Sales	-	(33)	-	-	(33)
Writing off	-	-	-	(2)	(2)
Depreciation as of 29 February 2024	**2,194**	**25,839**	**-**	**1,851**	**29,884**
Net carrying value as of **1 September 2023**	**29,865**	**27,100**	**-**	**4,287**	**61,252**
Net carrying value as of 29 February 2024	**29,580**	**25,317**	**-**	**4,598**	**59,495**
Depreciation period	10-66 years	6–20 years	5-10 years	2-6 years	-

Depreciation distribution is as follows:

	FY2024 I half, ended February 29	FY2023 I half, ended February 28
Production and product development costs	2,285	2,171
Sales, administrative and other costs	24	26
Depreciation	**2,309**	**2,197**

10 INVENTORIES

	29.02.2024	31.08.2023
Raw materials	1,487	1,480
Production in progress	3,358	2,293
Finished products	5,405	2,078
Spare parts	442	450
Goods for resale	50	50
Total	**10,742**	**6,351**

Raw materials include wood, fittings and accessories, plastic elements, chemicals and other materials used in production.

(all amounts are in EUR thousand unless otherwise stated)

11 OTHER AMOUNTS RECEIVABLE

	29.02.2024	31.08.2023
VAT recoverable	592	841
Other amounts receivable and future costs	144	265
Total	**736**	**1,106**

12 CASH AND CASH EQUIVALENTS

	29.02.2024	31.08.2023
Cash in banks	1,129	3,481
Time deposits	1,000	-
Total	**2,129**	**3,481**

13 CAPITAL AND RESERVES

Share capital
The share capital consists of 3 886 267 common shares of the nominal value of EUR 1.16, while the total value of the share capital amounts EUR 4 508 thousand.

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The legal reserve of the Company has decreased by EUR 1 thousand due to conversion from Litas to EUR. As of 29 February 2024 (and as of 31 August 2023), the Company’s legal reserve is fully formed.

14 LOANS AND OTHER BORROWINGS

	29.02.2024	31.08.2023
Non – current liabilities		
Loans from bank	20,948	21,547
Loans from related party	3,000	3,000
Interest on loans from related party	519	467
Other loans	8,444	8,444
Interest on other loans	240	-
Net carrying value, eop.	**33,151**	**33,458**
Short – term liabilities		
Loans	3,657	5,779
Interest on loans	-	496
Net carrying value, eop.	**3,657**	**6,275**
Total liabilities	**36,808**	**39,733**

(all amounts are in EUR thousand unless otherwise stated)

	Maturity term	29.02.2024	31.08.2023
Credit Citadele Bank A/S	2027 m.	11,757	12,184
Credit Europa Bank A/S	2027 m.	11,757	13,210
Credit from related party	2027 m.	3,519	3,467
Credit IKEA SUPPLY AG	2027 m.	1,316	1,500
Credit IKEA SUPPLY AG	2025 m.	1,918	2,576
Credit State Aid Fund	2027 m.	6,000	6,029
Other loans	2025 m.	541	767

The Company‘s buildings, machinery and the current cash balances at and future inflows to the Company’s accounts were pledged as a collateral for loans granted.

Loan from related party - 3,000,000 EUR, Interest rate 3,5 %. Loan is subordinated against loans received from bank – it will not be repaid until the liabilities for the loan from the bank will be settled.

Interest risk

Euribor related floating interest rates are applied to the loans extended to the Company. As of February 29, 2024 the Company used no financial instruments as interest risk hedging.

Schedule of payment for financial liabilities, secured with pledged assets:

	Total amount payable as of February 29 FY2024	2024 FY	2025FY - 2027FY
Financial lease	-	-	-
Credit	36,808	3,657	33,151
Total	**36,808**	**3,657**	**33,151**

ACCORDING TO NEW 16 IFRS - LEASE STANDARD, THE GROUP AND THE COMPANY HAVE RECOGNIZED NEW ASSETS AND LIABILITIES ARISING FROM THEIR OPERATING LEASES

The Group and the company have signed lease contracts for vehicles and premises.
Previously, the Group and the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between the actual lease payments and the expense recognized. From 1 September 2019, The Group and the Company have applied IFRS 16 Leases. The Group and the Company have included the payments due under the lease in their lease liability.

	29.02.2024	31.08.2023
Assets (according to IFRS 16)		
Premises	200	266
Vehicles	774	724
Total Assets	**974**	**990**
Non – current liabilities (according to IFRS 16)	**812**	**618**
Lease of premises	133	134
Lease of vehicles	679	484
Non – current liabilities part which is due current year (according to IFRS 16)	**211**	**403**
Lease of premises	68	133
Lease of vehicles	143	270
Total liabilities	**1,023**	**1,021**

(all amounts are in EUR thousand unless otherwise stated)

15 POST – EMPLOYMENT ANT OTHER LONG TERM EMPLOYEE BENEFITS

	29.02.2024	31.08.2023
Post–employment and other long term employee benefits	605	605
	605	**605**

Provision for pension and jubilee benefits comprise amounts calculated according to the collective agreement affective at the Company. Every employee of the Company is entitled to a jubilee benefit and 2 or 3 month salary payment on the leaving the Company after reaching the retirement age.

16 OTHER LIABILITIES

	29.02.2024	31.08.2023
Remuneration and social insurance	1,022	1,276
Holiday pay reserve	993	664
Dividends payable	986	986
Other accounts payable and accrued taxes	229	200
	3,230	**3,126**

Currency risk

The Company‘s currency risk is mainly related to PLN and SEK.

17 RELATED PARTY TRANSACTIONS

29.02.2024	Purchases	Sales	Receivables	Payables
UAB „Švytėjimas“	86	2	1	14
UAB „Bordena“	10,565	5,111	1,498	-
UAB „Panerių konversija“	158	-	-	407
UAB „Invalda privatus kapitalas“	-	-	-	519
	10,809	**5,113**	**1,499**	**940**

28.02.2023	Purchases	Sales	Receivables	Payables
UAB „Inreal“	41	-	-	-
UAB „Švytėjimas“	63	2	-	7
UAB „Bordena“	10,074	6,126	3,621	1
UAB „Panerių konversija“	505	115	30	224
AB „Invalda privatus kapitalas“	-	-	-	415
UAB „Inreal GEO“	1	-	-	-
	10,684	**6,243**	**3,651**	**647**

(all amounts are in EUR thousand unless otherwise stated)

Transactions with the subsidiary ARI-LUX

29.02.2024	**Purchases**	**Sales**	**Receivables**	**Payables**
UAB „Ari- Lux“	562	3	-	373
	562	**3**	**-**	**373**

28.02.2023	**Purchases**	**Sales**	**Receivables**	**Payables**
UAB „Ari- Lux“	359	2	-	121
	359	**2**	**-**	**121**

18 IMPORTANT EVENTS, WHICH HAVE OCCURRED SINCE THE END OF THE LAST FISCAL YEARS, AND REVIEW OF ACTIVITIES

During the first half of FY2024 the Company was specifically focusing on productivity, improvement of internal processes and quality, production of the new products.

New glue technology for Asian markets was implemented, as well as automation project of lacquering line was finalised.

Important events, which have occurred since the end of the last fiscal year

On December 28, 2023 the Annual General Shareholders Meeting of Vilniaus baldai AB adopted the following resolutions:

Agenda item #1: Consolidated annual report. The Company‘s consolidated annual report for the FY 2023 ended 31 August 2023.

Agenda item #2: Company's auditor's report. The report of auditor Grant Thornton Baltic UAB for the FY 2023 ended 31 August 2023 was presented.

Agenda item #3: Approval of the Consolidated and Company's financial statements for the FY 2023 ended 31 August 2023. Resolution: to approve Consolidated and Company's financial statements for the FY 2023 ended 31 August 2023.

Agenda item #4: Approval of the Company‘s profit distribution. Resolution: to approve Company‘s profit distribution.

Undistributed retained earnings, brought forward	21,487
Net result for the FY2023 ended 31 August 2023	1,516
Profit (loss) not recognized in the income statement of FY 2023 ended 31 August 2023	21
Distributable result	23,024
Transfers to the obligatory reserves	-
Transfers to other reserves	-
To be paid as dividends	-
To be paid as annual payments (bonus) to the Board members	-
Undistributed retained earnings, carried forward	23,024

No dividend will be paid for fiscal year 2023.

Financial results of activities

During September – November of 2023 revenue of the Group stood at 30,100 thousand EUR.
During September – November of 2023 net profit of the Group was 4,167 thousand EUR.
During September – November of 2023 EBITDA* of the Group was 5,927 thousand EUR.

During December of 2023 – February of 2024 revenue of the Group stood at 23,362 thousand EUR.
During December of 2023 – February of 2024 net profit of the Group was 2,535 thousand EUR.
During December of 2023 – February of 2024 EBITDA of the Group was 4,103 thousand EUR.

During September of 2023 – February of 2024 revenue of the Group stood at 53,462 thousand EUR.
During September of 2023 – February of 2024 net profit of the Group was 6,702 thousand EUR.
During September of 2023 – February of 2024 EBITDA of the Group was 10,030 thousand EUR.

NOTE: * EBITDA, excluded non-recurring expenses and IFRS 16 influence