



Grigeo AB

**CONSOLIDATED INTERIM REPORT AND CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS FOR THE 12 MONTHS
PERIOD ENDED 31 DECEMBER 2022 (UNAUDITED)**

Translation note:

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

TABLE OF CONTENTS

MANAGEMENT REPORT	3
A. Executive summary for the 12 months of 2022	3
B. Main data about the issuer	4
C. Audit information	4
D. Contracts with intermediaries of public trading in securities and credit institutions	4
E. Group companies and their contact details	5
F. Nature of core activities of the group companies.....	5
G. Data about trade in the issuer's securities in regulated markets	5
H. Shareholders.....	6
I. Employees	7
J. Information on the management and supervisory bodies of the issuer	7
K. Information about compliance with governance code.....	8
L. Related party transactions.....	9
INTERIM FINANCIAL STATEMENTS	10
Statements of financial position	10
Statements of comprehensive income.....	12
Statements of changes in equity.....	14
Statements of cash flows.....	16
NOTES TO FINANCIAL STATEMENTS.....	17
1. Basis of preparation	17
2. Property, plant and equipment	18
3. Right-of-use assets	20
4. Investment property.....	22
5. Intangible assets	24
6. Investments in subsidiaries	26
7. Amounts receivable.....	26
8. Cash and cash equivalents	26
9. Inventories.....	26
10. Share capital and legal reserve	27
11. Reserve for granting shares	27
12. Non-current and current borrowings.....	27
13. Trade and other payables	27
14. Segment information	28
15. Other income.....	29
16. Other gains/(losses) – net	29
17. Basic and diluted earnings per share	29
18. Adjusted EBITDA	29
19. Court and arbitration proceedings	30
20. Material uncertainties	30
21. Events after the end of the reporting period	31
CONFIRMATION OF RESPONSIBLE PERSONS	32

MANAGEMENT REPORT

A. Executive summary for the 12 months of 2022

The changes in key indicator over 12 months of 2022, compared to the respective period of previous year:

- The Group's revenue increased by EUR 40.0 million (24.5%), the Company's – increased by EUR 22.9 million (33.8%).
- The Group's EBITDA lower by EUR 2.4 million (10.0%), the Company's – increased by EUR 4.2 million (70.6%).
- The Group's EBT decreased by EUR 2.0 million (14.3%), the Company's – increased by EUR 14.3 million (497.5%).

Indicator, EUR million	Group			Company		
	2022	2021	Change	2022	2021	Change
Revenue	203.2	163.2	24.5%	90.5	67.6	33.8%
EBITDA (Note 18)	21.4	23.7	-10.0%	10.1	5.9	70.6%
Profit before tax (EBT)	11.7	13.6	-14.3%	17.2	2.9	497.5%

Significant increase in Company's profit before tax is related to received dividends from the subsidiaries. More details on reasons of these changes are presented below in a table and comments by business segments.

The Group's revenue, gross profit and gross margin over 12 months of respective years*:

Indicator, EUR million	Tissue paper and paper products		Wood fibre boards		Raw materials for corrugated cardboard and related products		Unallocated		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	77.7	60.7	27.7	20.7	93.0	78.7	4.9	3.1	203.2	163.2
Gross profit	11.1	9.6	2.3	4.5	16.8	19.1	0.7	0.3	30.8	33.6
Gross margin	14.2%	15.9%	8.3%	21.7%	18.0%	24.3%	14.3%	9.5%	15.2%	20.6%

*The data is presented after eliminating the impact of transactions between the segments.

Tissue paper products market. Over 12 months of 2022 the revenue from tissue paper segment reached EUR 77.7 million and, when compared to respective period of previous year, increased by 28.1%. The main reason for the increase were increasing sales prices as well as higher sales of final products. The gross profit of the segment amounted to EUR 11.1 million – 15.0% higher if compared to respective period of previous year. Respectively, the gross margin of the segment decreased from 15.9% to 14.2%. The reasons of the decrease are significant increases in the prices of energy and raw materials.

Wood products market. Over 12 months of 2022 the revenues of the segment reached EUR 27.7 million – 33.4% more, when compared to respective period of previous year. The revenues increased due to higher sales prices. Gross profit of the segment reached EUR 2.3 million and was 48.8% lower when compared to respective period of previous year. The gross margin has decreased from 21.7% to 8.3%. The main reason of the decrease in the margin was significant increases in the prices of energy and raw materials.

Raw materials for corrugated cardboard and related products market. The revenues of this segment reached EUR 93.0 million over 12 months of 2022 and were higher by 18.1% when compared to respective period of previous year. The revenues' growth was driven by increased sales prices. The gross profit of the segment reached EUR 16.8 million and was lower by 12.3%. The gross margin of the segment decreased from 24.3% to 18.0% mainly due to higher prices of energy and raw materials.

The Group's and Company's liquidity, capital structure and market value indicators:

Indicator	Group			Company		
	12 months 2022	12 months 2021	12 months 2020	12 months 2022	12 months 2021	12 months 2020
Revenue, EUR million	203.2	163.2	129.6	90.5	67.6	63.7
Net profit, EUR million	10.6	12.4	13.3	16.4	3.2	9.0
EBITDA, EUR million (Note 18)	21.4	23.7	26.2	10.1	5.9	14.8
EBIT, EUR million	12.1	13.9	15.1	17.3	3.0	10.0
Profitability ratios						
Gross margin	15.2%	20.6%	25.8%	12.0%	13.4%	27.2%
EBITDA profitability	10.5%	14.5%	20.2%	11.2%	8.8%	23.2%
EBIT profitability	6.0%	8.5%	11.7%	19.1%	4.4%	15.7%
Net margin	5.2%	7.5%	10.3%	18.1%	4.8%	14.1%
ROE profitability	11.0%	13.3%	16.0%	26.7%	5.5%	15.9%
ROA profitability	7.6%	9.6%	11.1%	19.9%	4.2%	12.0%
ROCE profitability	11.2%	13.8%	15.8%	24.6%	5.0%	15.6%
Liquidity ratios						
Current ratio	1.71	1.51	1.56	1.75	1.01	1.63
Quick ratio	1.13	1.07	1.23	1.22	0.72	1.33
Capital structure ratios						
Debt to equity ratio	0.46	0.41	0.38	0.35	0.33	0.28
Debt to total assets ratio	0.31	0.29	0.27	0.26	0.25	0.22
Market value ratios						
P/E	8.79	9.92	6.57	5.64	37.83	9.73
Earnings per share*, EUR	0.080	0.093	0.101	0.125	0.024	0.068

*Ratios are adjusted for year 2020 following the Company's authorised share capital increase on 19 May 2021 out of the Company's retained earnings (more information is presented in [Note 12 of year 2021 financial statements](#)). The above-mentioned indicators have been calculated in accordance with the formulas recommended by Nasdaq Vilnius AB. The formulas are presented in [Note 2.2. of year 2021 consolidated annual report](#).

B. Main data about the issuer

Company	Data
Company name	Grigeo AB
Code	110012450
Authorised share capital (Note 10)	EUR 38,106,000
LEI	529900YXT3CDTZGS0R43
Address	Vilniaus str. 10, Grigiškės, Vilnius City Municipality, Lithuania
Telephone	+370 5 243 5801
E-mail	info@grigeo.lt
Website	https://www.grigeo.lt/en
Legal form	Public limited liability company
Date of registration	23 May 1991
Manager of the register	State enterprise Centre of Registers

C. Audit information

The interim consolidated information of the Company covering 12 months of 2022 is not audited or checked-up by auditors.

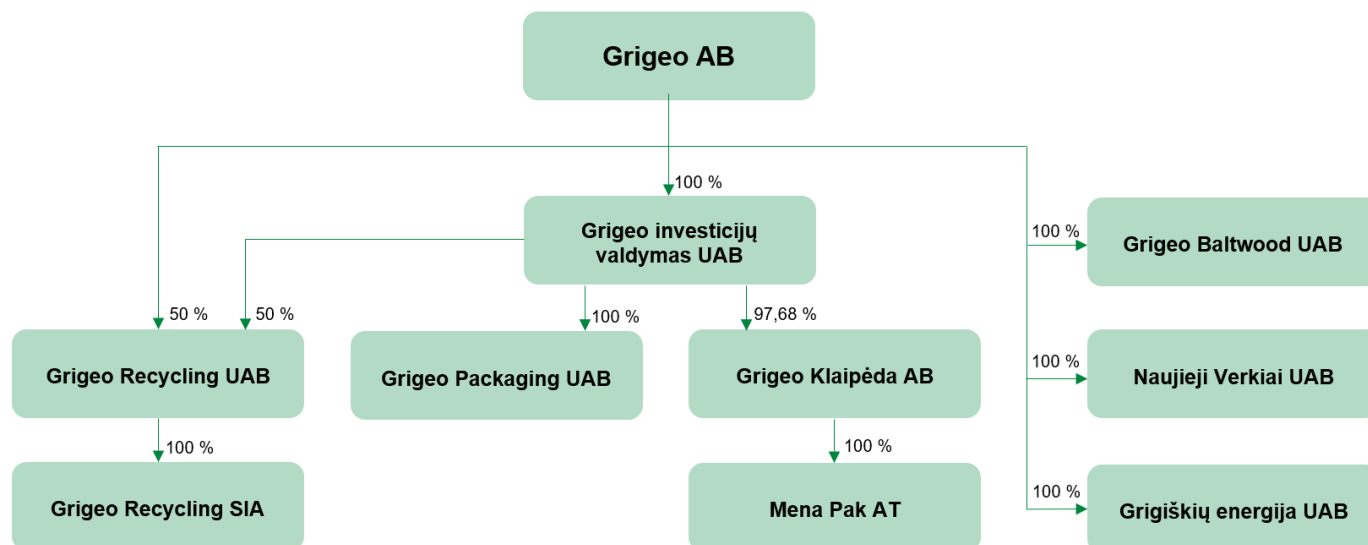
D. Contracts with intermediaries of public trading in securities and credit institutions

The Company has signed a contract with Šiaulių Bankas AB (telephone No 1813 (+370 37 301337 for calls from abroad), kc@sb.lt) on payment of dividends to the shareholders for the previous financial year.

The Company has signed a contract with Orion Securities UAB FMJ (A. Tumėno str. 4, Vilnius, telephone No +370 231 3833, info@orion.lt) on the handling of securities issued by the Company and on Market Making.

E. Group companies and their contact details

On 31 December 2022, the group comprised the Company (Grigeo AB) and nine subsidiaries as specified below.



The contact details of the Company and subsidiaries did not change from those stated in [2021 annual report](#).

F. Nature of core activities of the group companies

The main business activity of Grigeo AB is the production of tissue paper.

Grigeo Klaipėda AB manufactures the raw material for the production of corrugated cardboard – testliner (smooth layer cardboard) and fluting (paper for corrugation) as well as paper honeycomb used in the furniture industry.

Grigeo Packaging UAB manufactures corrugated cardboard and corrugated cardboard products.

Grigeo Baltwood UAB manufactures uncoloured hardboard and painted hardboard panels.

Grigeo Recycling UAB collects secondary raw materials and prepares them for recycling.

Grigeo Recycling SIA collects secondary raw materials and prepares them for recycling.

Mena Pak AT (in Ukrainian – акціонерне товариство „МЕНА ПАК“) manufactures corrugated cardboard and corrugated cardboard products.

Grigeo Investicijų Valdymas UAB is engaged in investment activities and management of companies.

Naujieji Verkiai UAB is engaged in construction and development of real estate; the company was dormant during the reporting period.

The activities of Grigiškių Energija UAB are related to heat production and sale; the company was dormant during reporting period.

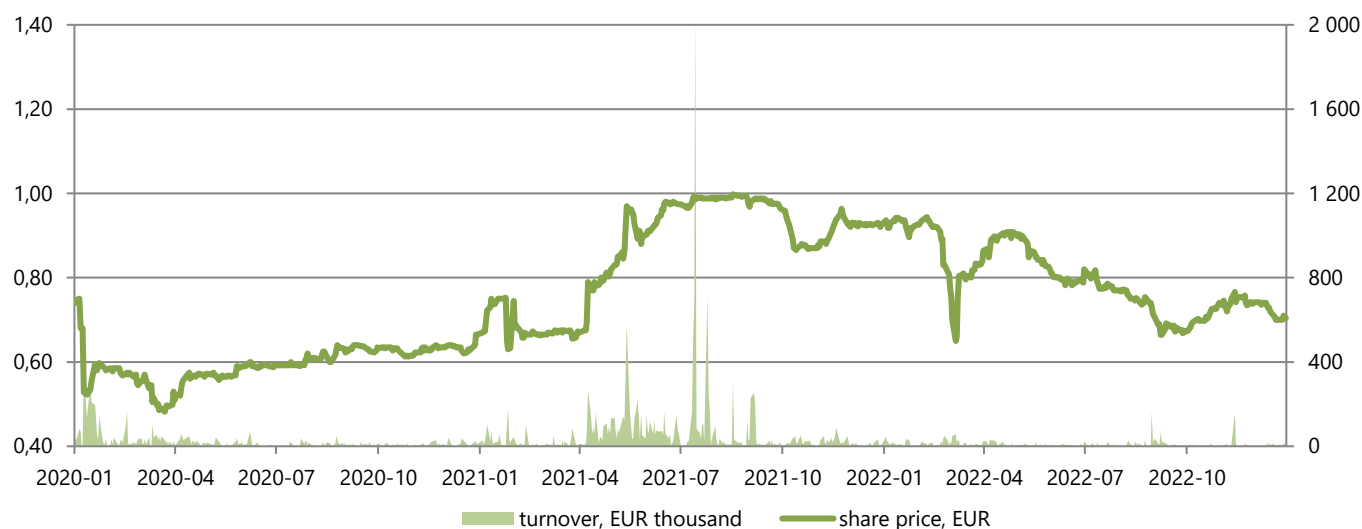
G. Data about trade in the issuer's securities in regulated markets

The ordinary registered shares of Grigeo AB are listed on the Official Baltic List of Nasdaq Vilnius Stock Exchange (trading code of shares is GRG1L).

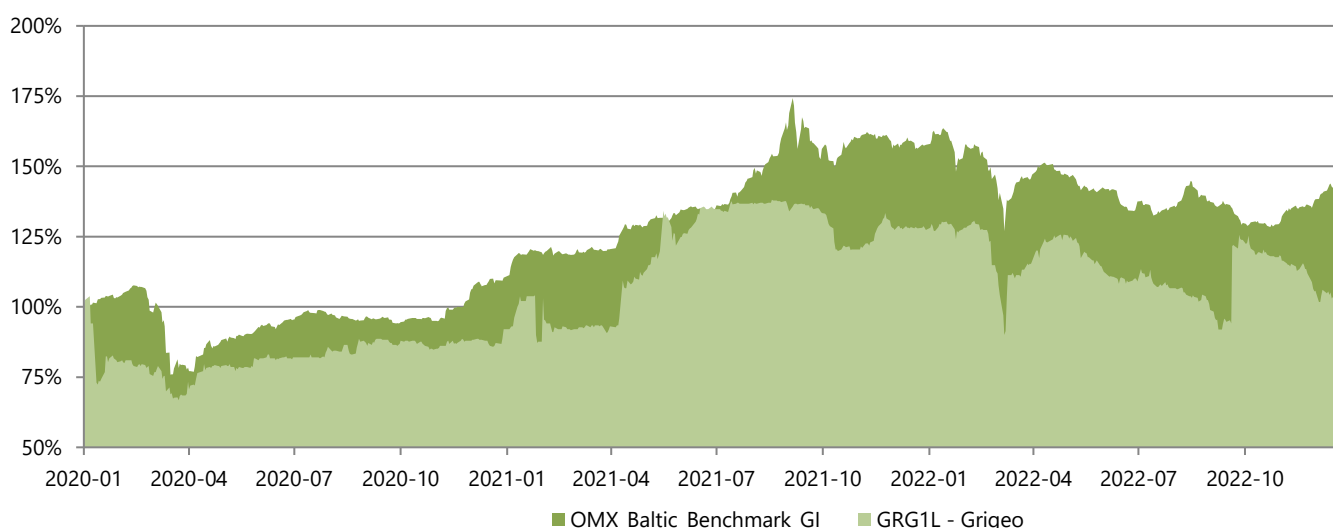
The main characteristics of the Company's shares:

Date	Type of shares	VP ISIN code	Number of shares, units	Par value, EUR	Total par value, EUR
Until 18/05/2021	Ordinary registered shares	LT0000102030	65,700,000	0.29	19,053,000
From 19/05/2021	Ordinary registered shares	LT0000102030	131,400,000	0.29	38,106,000

Price and turnover of shares 01/01/2020 – 31/12/2022:



Share price benchmarked against the Baltic market index 01/01/2020 – 31/12/2022:



H. Shareholders

Shareholders owning more than 5% of the authorised capital of the Issuer on the 31 of December 2022 and/or the 31 of December 2021.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 December 2022			31 December 2021		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
Ginvildos investicija UAB* Turniškių str. 10a-2, Vilnius, 125436533	60,809,151	46.28	46.28	60,809,151	46.28	46.28
Irena Ona Mišeikienė	17,578,342	13.38	13.38	17,168,342	13.07	13.07

*Gintautas Pangonis owns 100% of the shares of Ginvildos investicija UAB.

I. Employees

Over the year 2022 there were no significant changes in the number of employees. Natural staff turnover rates prevailed in Group companies for the reported period.

Number of employees in the Group and in the Company as at 31 December:

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Number of employees	863	855	280	270

The average salary in the Company and in the Group increased for all categories of employees as compared to the year 2021. The growth of the average salary was mostly driven by the consistent salary increase policy and recruitment of workers with higher competences.

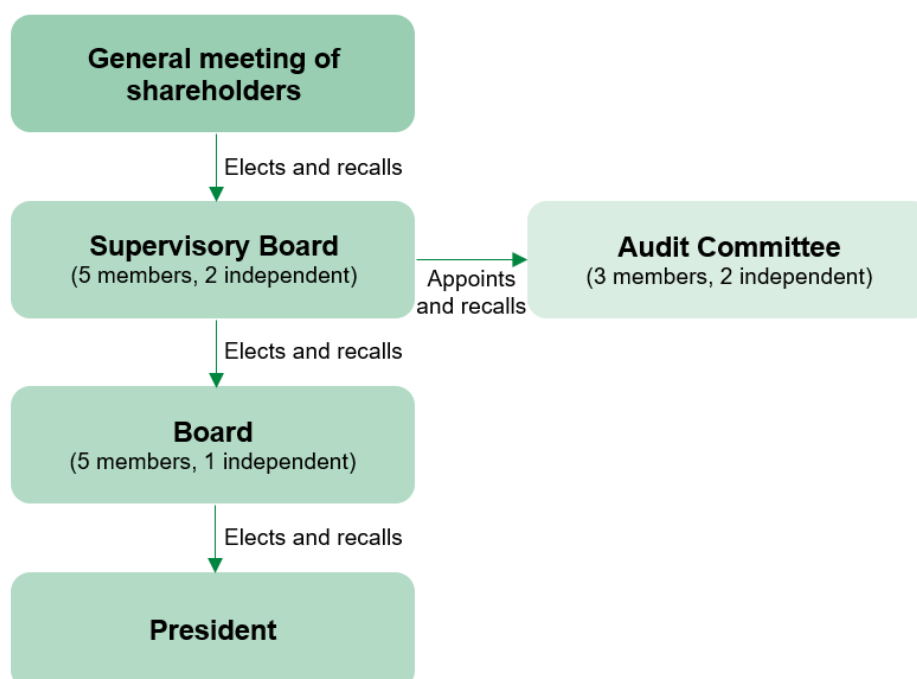
Average salary in the Group and in the Company*, in euros:

Employees	Group		Company	
	2022	2021	2022	2021
Workpeople	1,973	1,822	2,143	1,890
Specialists	2,268	2,139	2,466	2,218
Managers	4,959	4,559	5,983	5,583
Total	2,394	2,214	2,673	2,393

* - information on the average salary does not include Mena Pak AT data in order to show the precise group average salaries unaffected by fluctuations of Ukrainian Hryvnia currency.

J. Information on the management and supervisory bodies of the issuer

According to the Company's Articles of Association, the Company's bodies are the General Meeting of Shareholders, the collegial supervisory body is the Supervisory Board, the collegial management body is the Board, and the Company's Manager is the President. The Audit Committee is formed, which is the advisory body to the Company's Supervisory Board.



Members of the supervisory council, audit committee, the board, the head of the Company, their education and share of capital and voting rights.

Name, surname	Position	Education	Tenure	Capital share and votes, %
Supervisory Board				
Vilius Oškeliūnas	Independent Member, Chairman	Vilnius University, BA and MA in Economics	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.47
Romualdas Degutis	Member	Kaunas University of Technology, Telecommunications Engineer		0.03
Normantas Paliokas	Member	Vilnius Gediminas Technical University, Architect		-
Daiva Dukšienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Dukšienė	Independent Member, Chairwoman	Vilnius University, Economist	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.47
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	Indirectly 46.28*
Algimantas Variakojis	Independent Member (since 13/07/2020)	Vilnius University, Economist		0.16**
Vigmantas Kažukauskas	Member	Kaunas University of Technology, Telecommunications Engineer		0.88
Saulius Martinkevičius	Member	Vilnius University, BA in Economics and Business IT Systems, MA in Business Administration and Management		0.23
Tomas Jozonis	Member	ISM University of Management and Economics, BA in Management and Business Administration; Vilnius University, MA in Business		-
Manager of the Company				
Gintautas Pangonis	President	Kaunas University of Technology, Telecommunications Engineer	-	Indirectly 46.28*

*Ginvildos investicija UAB holds 46.28% of the Company's shares. 100% of shares of Ginvildos investicija UAB are held by Gintautas Pangonis.

**Board member holds 0.13% directly and 0.03% through 100% owned company Alro kapitalas UAB.

K. Information about compliance with governance code

Grigeo AB follows a Corporate Governance Code for the Companies Listed on Nasdaq Vilnius. Information presented in the [Annual Report of 2021](#) has not undergone any changes.

L. Related party transactions

All transactions with related parties were carried out at market prices in course of ordinary economic activities.

Grigeo Klaipėda AB – subsidiary of Grigeo AB.

Grigeo Baltwood UAB – subsidiary of Grigeo AB.

Mena Pak AT – subsidiary of Grigeo AB.

Grigeo investicijų valdymas UAB – subsidiary of Grigeo AB.

Ginvildos investicija UAB – major shareholders of Grigeo AB.

Statybų namai UAB, Elnorma UAB – companies related to the members of Supervisory Council.

Grigeo Packaging UAB – subsidiary of Grigeo AB.

Naujieji Verkiiai UAB – subsidiary of the group not subject to consolidation.

Grigeo Recycling UAB – subsidiary of Grigeo AB.

Grigeo Recycling SIA – subsidiary of Grigeo AB.

Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

Company's transactions with related parties over the 12 months of 2022 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 31 December 2022.

Group	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	12	-	-
Other related companies	3	-	-	-
TOTAL	3	12	-	-

Company's transactions with related parties over the 12 months of 2022 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 31 December 2022.

Company	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	8	-	-
Subsidiaries	10,742	8,473	3,005	605
Other related companies	1	-	-	-
TOTAL	10,743	8,481	3,005	605

*Receivables include prepayments for goods and services.

INTERIM FINANCIAL STATEMENTS

Statements of financial position

	Notes	Group		Company	
		2022.12.31	2021.12.31	2022.12.31	2021.12.31
ASSETS					
Non-current assets					
Property, plant and equipment	2	71,194	71,564	27,015	29,020
Right-of-use assets	3	4,277	3,969	1,295	1,534
Intangible assets	5	3,764	3,513	380	374
Investment property	4	4,410	4,417	4,431	4,417
Investments in subsidiaries	6	-	-	23,126	23,051
Other amounts receivable	7	3	3	-	-
Deferred income tax assets		-	-	-	123
Total non-current assets		83,648	83,466	56,247	58,519
Current assets					
Inventories	9	19,963	14,428	9,985	4,796
Trade and other amounts receivable	7	23,904	22,340	15,609	10,515
Prepaid income tax		97	128	-	159
Other current assets		348	320	169	127
Cash and cash equivalents	8	14,840	12,443	7,544	818
Total current assets		59,152	49,659	33,307	16,415
TOTAL ASSETS		142,800	133,125	89,554	74,934

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Statements of financial position (continued)

	Notes	Group		Company	
		2022.12.31	2021.12.31	2022.12.31	2021.12.31
EQUITY AND LIABILITIES					
Equity					
Share capital	10	38,106	38,106	38,106	38,106
Share premium		1,119	1,119	1,119	1,119
Legal reserve	10	2,066	1,905	2,066	1,905
Reserve for granting shares	11	500	-	500	-
Foreign currency translation reserve		(2,697)	(2,161)	-	-
Retained earnings		57,950	54,607	24,582	15,259
Equity attributable to shareholders of the Company		97,044	93,576	66,373	56,389
Non-controlling interest		809	713	-	-
Total equity		97,853	94,289	66,373	56,389
Liabilities					
Non-current liabilities					
Borrowings	12	4,644	864	1,868	175
Lease liabilities		3,477	3,177	1,017	1,259
Grants		783	939	678	811
Deferred income tax liability		903	579	442	-
Long-term employee benefits		248	173	103	71
Other amounts payable		281	282	-	-
Total non-current liabilities		10,336	6,014	4,108	2,316
Current liabilities					
Borrowings	12	2,363	2,094	989	1,380
Lease liabilities		408	360	331	320
Income tax payable		-	-	204	-
Trade and other amounts payable	13	31,840	30,368	17,549	14,529
Total current liabilities		34,611	32,822	19,073	16,229
Total liabilities		44,947	38,836	23,181	18,545
TOTAL EQUITY AND LIABILITIES		142,800	133,125	89,554	74,934

Statements of comprehensive income

	Notes	Group		Company	
		12 months 2022	12 months 2021	12 months 2022	12 months 2021
Revenue	14	203,209	163,215	90,457	67,591
Cost of sales		(172,364)	(129,657)	(79,594)	(58,532)
Gross profit		30,845	33,558	10,863	9,059
Selling and distribution expenses		(14,846)	(12,179)	(5,497)	(4,995)
Administrative expenses		(9,379)	(8,134)	(3,813)	(3,076)
Other income	15	636	423	11,949	1,937
Other gains/(losses) – net	16	4,860	193	3,819	36
Operating profit		12,116	13,861	17,321	2,961
Finance income		22	34	3	4
Finance costs		(459)	(260)	(165)	(93)
Finance income/(costs) – net		(437)	(226)	(162)	(89)
Profit before income tax		11,679	13,635	17,159	2,872
Income tax		(1,058)	(1,250)	(770)	344
PROFIT FOR THE PERIOD		10,621	12,385	16,389	3,216
Profit for the period is attributable to:					
Shareholders of the Company		10,525	12,266	16,389	3,216
Non-controlling interest		96	119	-	-
Other comprehensive income/(expenses)					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(537)	246	-	-
Cash flow hedges – effective portion of changes in fair value		-	(11)	-	4
Total items that may be reclassified subsequently to profit or loss		(537)	235	-	4
Other comprehensive income/(expenses) for the period		(537)	235	-	4
Total comprehensive income for the period		10,084	12,620	16,389	3,220
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		9,988	12,501	16,389	3,220
Non-controlling interest		96	119	-	-
Basic earnings per share (in EUR)	17	0.080	0.093	0.125	0.024
Diluted earnings per share (in EUR)	17	0.080	0.093	0.124	0.024

(Cont'd on the next page)

Statements of comprehensive income (continued)

	Notes	Group		Company	
		IV QTR. 2022	IV QTR. 2021	IV QTR. 2022	IV QTR. 2021
Revenue		50,689	45,453	25,714	18,833
Cost of sales		(40,364)	(38,209)	(20,550)	(17,846)
Gross profit		10,325	7,244	5,164	987
Selling and distribution expenses		(3,440)	(3,470)	(1,427)	(1,476)
Administrative expenses		(2,248)	(1,983)	(996)	(635)
Other income		160	117	163	123
Other gains/(losses) – net		36	49	19	47
Operating profit		4,833	1,957	2,923	(954)
Finance income		9	8	3	-
Finance costs		(151)	(46)	(83)	(18)
Finance income/(costs) – net		(142)	(38)	(80)	(18)
Profit before income tax		4,691	1,919	2,843	(972)
Income tax		(298)	331	(425)	647
PROFIT FOR THE PERIOD		4,393	2,250	2,418	(325)
Profit for the period is attributable to:					
Shareholders of the Company		4,353	2,220	2,418	(325)
Non-controlling interest		40	30	-	-
Other comprehensive income/(expenses)					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(165)	1	-	-
Cash flow hedges – effective portion of changes in fair value		-	-	-	-
Total items that may be reclassified subsequently to profit or loss		(165)	1	-	-
Other comprehensive income/(expenses) for the period		(165)	1	-	-
Total comprehensive income for the period		4,228	2,251	2,418	(325)
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		4,188	2,221	2,418	(325)
Non-controlling interest		40	30	-	-
Basic earnings per share (in EUR)		0.033	0.017	0.018	(0.002)
Diluted earnings per share (in EUR)		0.033	0.017	0.018	(0.002)

Statements of changes in equity

Group	Equity attributable to owners of the Company								Non-controlling interest	Total equity
	Share capital	Share premium	Legal reserve	Hedging reserve	Reserve for granting shares	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2021	19,053	1,119	1,905	11	-	(2,407)	69,278	88,959	596	89,555
Profit for the period	-	-	-	-	-	-	12,266	12,266	119	12,385
Other comprehensive income/(expenses)	-	-	-	(11)	-	246	-	235	-	235
Total comprehensive income/(expenses)	-	-	-	(11)	-	246	12,266	12,501	119	12,620
Approved dividends	-	-	-	-	-	-	(7,884)	(7,884)	-	(7,884)
Share capital increase	19,053	-	-	-	-	-	(19,053)	-	-	-
Transactions with the Company's owners	19,053	-	-	-	-	-	(26,937)	(7,884)	-	(7,884)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(2)	(2)
Transactions with the non-controlling group	-	-	-	-	-	-	-	-	(2)	(2)
At 31 December 2021	38,106	1,119	1,905	-	-	(2,161)	54,607	93,576	713	94,289
At 1 January 2022	38,106	1,119	1,905	-	-	(2,161)	54,607	93,576	713	94,289
Profit for the period	-	-	-	-	-	-	10,525	10,525	96	10,621
Other comprehensive income/(expenses)	-	-	-	-	-	(536)	-	(536)	-	(536)
Total comprehensive income/(expenses)	-	-	-	-	-	(536)	10,525	9,989	96	10,085
Transfer to reserve for granting shares	-	-	-	-	500	-	(500)	-	-	-
Transfer to legal reserve	-	-	161	-	-	-	(161)	-	-	-
Approved dividends	-	-	-	-	-	-	(6,686)	(6,686)	-	(6,686)
Share-based payment arrangements	-	-	-	-	-	-	165	165	-	165
Transactions with the Company's owners	-	-	161	-	500	-	(7,182)	(6,521)	-	(6,521)
At 31 December 2022	38,106	1,119	2,066	-	500	(2,697)	57,950	97,044	809	97,853

Statements of changes in equity (continued)

Company	Share capital	Share premium	Legal reserve	Reserve for granting shares	Hedging reserve	Retained earnings	Total equity
At 1 January 2021	19,053	1,119	1,905	-	(4)	38,980	61,053
Profit for the period	-	-	-	-	-	3,216	3,216
Other comprehensive income/(expenses)	-	-	-	-	4	-	4
Total comprehensive income/(expenses)	-	-	-	-	4	3,216	3,220
Approved dividends	-	-	-	-	-	(7,884)	(7,884)
Share capital increase	19,053	-	-	-	-	(19,053)	-
Transactions with the Company's owners	19,053	-	-	-	-	(26,937)	(7,884)
At 31 December 2021	38,106	1,119	1,905	-	-	15,259	56,389
At 1 January 2022	38,106	1,119	1,905	-	-	15,259	56,389
Profit for the period	-	-	-	-	-	16,389	16,389
Total comprehensive income	-	-	-	-	-	16,389	16,389
Approved dividends	-	-	-	-	-	(6,570)	(6,570)
Transfer to legal reserve	-	-	161	-	-	(161)	-
Transfer to reserve for granting shares	-	-	-	500	-	(500)	-
Share-based payment arrangements	-	-	-	-	-	165	165
Transactions with the Company's owners	-	-	161	500	-	(7,066)	(6,405)
At 31 December 2022	38,106	1,119	2,066	500	-	24,582	66,373

Statements of cash flows

	Notes	Group		Company	
		12 months 2022	12 months 2021	12 months 2022	12 months 2021
Cash flows from operating activities					
Profit before income tax		11,679	13,635	17,159	2,872
Adjustments for non-cash items					
Depreciation and amortisation		9,241	9,865	4,114	4,480
Dividends received		-	-	(11,300)	(1,500)
Interest expenses from borrowings and lease		244	194	111	91
(Income)/expenses from other financial activities – net		193	31	50	(2)
Gain on disposal of property, plant and equipment		(124)	(112)	(170)	(29)
Share-based payment arrangements		90	-	90	-
		21,323	23,613	10,054	5,912
Changes in working capital					
Decrease/(increase) in trade and other amounts receivable		(1,906)	(5,280)	(3,893)	(785)
(Increase)/decrease in inventories		(5,543)	(7,213)	(5,197)	(3,149)
(Increase)/decrease in other assets		(93)	(38)	(44)	39
Increase/(decrease) in trade and other amounts payable		759	11,340	3,313	4,276
		(6,783)	(1,191)	(5,821)	381
Interest paid		(221)	(202)	(101)	(93)
Income tax paid		(296)	(835)	-	(334)
Net cash inflow from operating activities		14,023	21,385	4,133	5,866
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	2 / 5	(8,762)	(12,438)	(2,046)	(5,567)
Acquisition of investment property	4	(275)	(2,122)	(274)	(2,122)
Disposal of property, plant and equipment	2	232	189	183	29
Acquisition of non-controlling interest		-	(2)	-	-
Loans granted to subsidiaries		-	-	(1,200)	-
Dividends received		-	-	11,300	1,500
Net cash inflow/(outflow) from investing activities		(8,805)	(14,373)	7,963	(6,160)
Cash flows from financing activities					
Dividends paid		(6,436)	(7,726)	(6,345)	(7,723)
Repayment of borrowings		(2,197)	(6,403)	(1,298)	(2,281)
Proceeds from borrowings		6,246	1,731	2,600	1,000
Lease payments		(434)	(446)	(326)	(337)
Net cash (outflow) from financing activities		(2,821)	(12,844)	(5,369)	(9,341)
Net increase/(decrease) in cash flows		2,397	(5,832)	6,726	(9,635)
Cash and cash equivalents at the beginning of the period		12,443	18,275	818	10,453
Cash and cash equivalents at the end of the period		14,840	12,443	7,544	818

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group and the Company for the 12-month period ended 31 December 2022 are prepared in accordance with IAS 34 Interim Financial Reporting

These financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and should be read in conjunction with the Group's and Company's interim financial statements for the 12-month period ended 31 December 2021 as well as last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted in the preparation of these interim financial statements are consistent with those described in the audited annual financial statements of the Group and Company for the financial year ended 31 December 2021.

These financial statements of the Group and the Company for the 12-month period ended 31 December 2022 have been prepared under the assumption that the Group and the Company will continue as a going concern.

All amounts in these financial statements of the Group and the Company are presented in the euros. Amounts are rounded to the nearest thousand (EUR thousands), unless otherwise stated.

Accounting estimates and assessments

The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgements are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Group's and Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements for the year ended 31 December 2021.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. In assessing the remaining useful life of property, plant and equipment, the management considers conclusions presented by the employees responsible for technical maintenance of assets.

Impairment of goodwill

Goodwill is tested for impairment annually by calculating the recoverable value. The recoverable value of goodwill is calculated by discounting future cash flows to their present value. The management tested goodwill of EUR 3,001 thousand, which was recognised upon the acquisition of subsidiary Grigeo Klaipėda AB, for impairment and did not establish any indications of impairment.

Legal processes

Subsidiary Grigeo Klaipėda AB has received a claim in relation to indemnification for damage to the environment. Based on the management's estimate, the outcome of the claim involves a high degree of uncertainty. More information is presented in [Note 32 of year 2021 financial statements](#).

2. Property, plant and equipment

Group	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction in progress and prepayments	Total
At 1 January 2021						
Cost	46,988	112,980	2,378	2,454	7,613	172,413
Accumulated depreciation	(19,433)	(79,361)	(1,479)	(1,511)	-	(101,784)
Net book amount	27,555	33,619	899	943	7,613	70,629
Opening net book amount at 1 January 2021						
Additions	51	490	171	181	9,956	10,849
Disposals and write-offs	-	(70)	(5)	(1)	-	(76)
Transfer from inventory (to inventory)	-	(15)	-	-	-	(15)
Transfer from construction in progress to property, plant and equipment	328	7,154	35	49	(7,566)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Reclassification between categories	-	15	-	(15)	-	-
Foreign exchange effect	17	55	-	-	15	87
Depreciation charge	(2,241)	(6,419)	(272)	(354)	-	(9,286)
Closing net book amount at 31 December 2021	25,092	34,820	828	806	10,018	71,564
At 31 December 2021						
Cost	46,700	119,730	2,468	2,514	10,018	181,430
Accumulated depreciation	(21,608)	(84,910)	(1,640)	(1,708)	-	(109,866)
Net book amount	25,092	34,820	828	806	10,018	71,564
Opening net book amount at 1 January 2022						
Additions	71	420	466	163	7,407	8,527
Disposals and write-offs	(1)	(30)	(1)	(1)	-	(33)
Transfer from inventory (to inventory)	-	8	-	-	-	8
Transfer from construction in progress to property, plant and equipment	1,061	9,816	65	221	(11,163)	-
Reclassification to Intangible assets	-	-	-	-	(250)	(250)
Reclassification from investment property	20	-	-	-	-	20
Foreign exchange effect	(34)	(99)	-	(3)	(23)	(159)
Depreciation charge	(1,902)	(5,964)	(268)	(349)	-	(8,483)
Closing net book amount at 31 December 2022	24,307	38,971	1,090	837	5,989	71,194
At 31 December 2022						
Cost	47,969	127,100	2,803	2,522	5,989	186,383
Accumulated depreciation	(23,662)	(88,129)	(1,713)	(1,685)	-	(115,189)
Net book amount	24,307	38,971	1,090	837	5,989	71,194

All of the Group's property, plant and equipment are held for its own use.

On the 31 December 2022, the part of the Group's property, plant and equipment with a carrying value of EUR 13,288 thousand (31 December 2021 – EUR 18,249 thousand) is pledged as a security for repayment of the loans granted by banks.

2. Property, plant and equipment (continued)

Company	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction in progress and prepayments	Total
At 1 January 2021						
Cost	16,964	54,035	708	1,086	4,799	77,592
Accumulated depreciation	(6,265)	(41,667)	(354)	(693)	-	(48,979)
Net book amount	10,699	12,368	354	393	4,799	28,613
Opening net book amount at 1 January 2021						
Additions	17	27	-	65	4,963	5,072
Transfer from inventory (to inventory)	-	(15)	-	-	-	(15)
Reclassification between categories	-	15	-	(15)	-	-
Transfer from construction in progress to property, plant and equipment	125	4,422	-	9	(4,556)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Depreciation charge	(864)	(2,923)	(85)	(154)	-	(4,026)
Closing net book amount at 31 December 2021	9,359	13,885	269	301	5,206	29,020
At 31 December 2021						
Cost	16,364	57,714	654	1,028	5,206	80,966
Accumulated depreciation	(7,005)	(43,829)	(385)	(727)	-	(51,946)
Net book amount	9,359	13,885	269	301	5,206	29,020
Opening net book amount at 1 January 2022						
Additions	-	80	184	65	1,216	1,545
Disposals and write-offs	(1)	(12)	-	-	-	(13)
Transfer from inventory (to inventory)	-	8	-	-	-	8
Transfer from construction in progress to property, plant and equipment	249	4,329	-	18	(4,596)	-
Depreciation charge	(692)	(2,615)	(96)	(142)	-	(3,545)
Closing net book amount at 31 December 2022	8,915	15,675	357	242	1,826	27,015
At 31 December 2022						
Cost	16,530	61,524	705	901	1,826	81,486
Accumulated depreciation	(7,615)	(45,849)	(348)	(659)	-	(54,471)
Net book amount	8,915	15,675	357	242	1,826	27,015

All of the Company's property, plant and equipment are held for its own use.

On the 31 December 2022, the part of the Company's property, plant and equipment with a carrying value of EUR 6,565 thousand (31 December 2021 – EUR 12,152 thousand) is pledged as a security for repayment of the loans granted by banks.

3. Right-of-use assets

Group	Land	Buildings and structures	Machinery and equipment	Total
At 1 January 2021				
Cost	3,945	242	765	4,952
Accumulated depreciation	(469)	(110)	(244)	(823)
Net book amount	3,476	132	521	4,129
Opening net book amount at 1 January 2021	3,476	132	521	4,129
Change in value-in-use	-	175	156	331
Foreign exchange effect	2	-	-	2
Disposals and write-offs	-	-	(58)	(58)
Amortisation charge	(63)	(113)	(259)	(435)
Closing net book amount at 31 December 2021	3,415	194	360	3,969
At 31 December 2021				
Cost	3,948	416	823	5,187
Accumulated depreciation	(533)	(222)	(463)	(1,218)
Net book amount	3,415	194	360	3,969
Opening net book amount at 1 January 2022	3,415	194	360	3,969
Change in value-in-use	208	376	279	863
Foreign exchange effect	(3)	-	-	(3)
Disposals and write-offs	-	-	(75)	(75)
Amortisation charge	(67)	(122)	(288)	(477)
Closing net book amount at 31 December 2022	3,553	448	276	4,277
At 31 December 2022				
Cost	4,148	792	780	5,720
Accumulated depreciation	(595)	(344)	(504)	(1,443)
Net book amount	3,553	448	276	4,277

As at 31 December 2022, the part of the Group's land lease rights with the carrying amount of EUR 1,016 thousand (31 December 2021: EUR 477 thousand) were pledged to the banks as security for borrowings.

3. Right-of-use assets (continued)

Company	Land lease rights	Buildings and structures	Machinery and equipment	Total
At 1 January 2021				
Cost	1,013	1,154	241	2,408
Accumulated depreciation	(26)	(468)	(81)	(575)
Net book amount	987	686	160	1,833
Opening net book amount at 1 January 2021				
Change in value-in-use	-	-	57	57
Disposals, write-offs	-	-	(29)	(29)
Amortisation charge	(13)	(229)	(85)	(327)
Closing net book amount at 31 December 2021	974	457	103	1,534
At 31 December 2021				
Cost	1,014	1,154	243	2,411
Accumulated depreciation	(40)	(697)	(140)	(877)
Net book amount	974	457	103	1,534
Opening net book amount at 1 January 2022				
Change in value-in-use	17	-	93	110
Disposals, write-offs	-	-	(15)	(15)
Amortisation charge	(14)	(228)	(92)	(334)
Closing net book amount at 31 December 2022	977	229	89	1,295
At 31 December 2022				
Cost	1,029	1,154	284	2,467
Accumulated depreciation	(52)	(925)	(195)	(1,172)
Net book amount	977	229	89	1,295

As at 31 December 2022, the part of the Company's land lease rights with the carrying amount of EUR 353 thousand (31 December 2021: EUR 358 thousand) were pledged to the banks as security for borrowings.

4. Investment property

Group	Buildings	Other assets	Construction in progress and prepayments	Total
At 1 January 2021				
Cost	2,266	-	516	2,782
Accumulated depreciation	(803)	-	-	(803)
Net book amount	1,463	-	516	1,979
Opening net book amount at 1 January 2021	1,463	-	516	1,979
Additions	-	-	1,983	1,983
Transfer from construction	2,171	-	(2,171)	-
Reclassification from property, plant and equipment	623	-	-	623
Depreciation charge	(168)	-	-	(168)
Closing net book amount at 31 December 2021	4,089	-	328	4,417
At 31 December 2021				
Cost	5,203	-	328	5,531
Accumulated depreciation	(1,114)	-	-	(1,114)
Net book amount	4,089	-	328	4,417
Opening net book amount at 1 January 2022	4,089	-	328	4,417
Additions	-	3	259	262
Transfer from construction	251	-	(251)	-
Reclassification to property, plant and equipment	(20)	-	-	(20)
Depreciation charge	(247)	(1)	-	(248)
Closing net book amount at 31 December 2022	4,073	2	336	4,411
At 31 December 2022				
Cost	4,963	2	336	5,792
Accumulated depreciation	(891)	(1)	-	(892)
Net book amount	4,072	2	336	4,410

4. Investment property (continued)

Company	Buildings	Other assets	Construction in progress and prepayments	Total
At 1 January 2021				
Cost	2,266	-	516	2,782
Accumulated depreciation	(803)	-	-	(803)
Net book amount	1,463	-	516	1,979
Opening net book amount at 1 January 2021	1,463	-	516	1,979
Additions	-	-	1,983	1,983
Transfer from construction	2,171	-	(2,171)	-
Reclassification from property, plant and equipment	623	-	-	623
Depreciation charge	(168)	-	-	(168)
Closing net book amount at 31 December 2021	4,089	-	328	4,417
At 31 December 2021				
Cost	5,203	-	328	5,531
Accumulated depreciation	(1,114)	-	-	(1,114)
Net book amount	4,089	-	328	4,417
Opening net book amount at 1 January 2022	4,089	-	328	4,417
Additions	-	3	259	262
Transfer from construction	251	-	(251)	-
Depreciation charge	(247)	(1)	-	(248)
Closing net book amount at 31 December 2022	4,093	2	336	4,431
At 31 December 2022				
Cost	5,454	2	336	5,792
Accumulated depreciation	(1,361)	(1)	-	(1,362)
Net book amount	4,093	2	336	4,431

5. Intangible assets

Group	Goodwill	Licences, patents	Software	Other assets, prepayments, development in progress	Total
At 1 January 2021					
Cost	3,001	158	2,207	531	5,897
Accumulated amortisation	-	(86)	(1,657)	(530)	(2,273)
Net book amount	3,001	72	550	1	3,624
Opening net book amount at 1 January 2021	3,001	72	550	1	3,624
Additions	-	11	38	23	72
Foreign exchange effect	-	1	-	-	1
Amortisation charge	-	(38)	(145)	(1)	(184)
Closing net book amount at 31 December 2021	3,001	46	443	23	3,513
At 31 December 2021					
Cost	3,001	169	2,243	553	5,966
Accumulated amortisation	-	(123)	(1,800)	(530)	(2,453)
Net book amount	3,001	46	443	23	3,513
Opening net book amount at 1 January 2022	3,001	46	443	23	3,513
Additions	-	6	9	177	192
Transfer from development in progress to Intangible assets	-	-	18	(18)	-
Reclassification from property, plant and equipment	-	-	250	-	250
Foreign exchange effect	-	-	(1)	-	(1)
Amortisation charge	-	(39)	(149)	(2)	(190)
Closing net book amount at 31 December 2022	3,001	13	570	180	3,764
At 31 December 2022					
Cost	3,001	61	2,510	691	6,263
Accumulated amortisation	-	(48)	(1,940)	(511)	(2,499)
Net book amount	3,001	13	570	180	3,764

5. Intangible assets (continued)

Company	Licences, patents	Software	Other assets, prepayments, development in progress	Total
At 1 January 2021				
Cost	158	998	10	1,166
Accumulated amortisation	(86)	(641)	(9)	(736)
Net book amount	72	357	1	430
Opening net book amount at 1 January 2021	72	357	1	430
Additions	11	27	23	61
Amortisation charge	(37)	(79)	(1)	(117)
Closing net book amount at 31 December 2021	46	305	23	374
At 31 December 2021				
Cost	169	1,025	33	1,227
Accumulated amortisation	(124)	(720)	(9)	(853)
Net book amount	46	305	23	374
Opening net book amount at 1 January 2022	46	305	23	374
Additions	6	-	121	127
Transfer from development in progress to Intangible assets	-	18	(18)	-
Amortisation charge	(39)	(80)	(2)	(121)
Closing net book amount at 31 December 2022	13	243	124	380
At 31 December 2022				
Cost	64	1,039	135	1,238
Accumulated amortisation	(51)	(796)	(11)	(858)
Net book amount	13	243	124	380

6. Investments in subsidiaries

	Company	
	2022.12.31	2021.12.31
Grigeo Baltwood UAB	2,555	2,555
Grigeo investicijų valdymas UAB	19,427	19,427
Grigeo Recycling UAB	1,066	1,066
Grigiškių energija UAB	3	3
Share-based option to employees of subsidiaries	75	-
Total investments in subsidiaries	23,126	23,051

7. Amounts receivable

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Trade receivables – gross	22,333	19,217	12,287	8,184
Loss allowance	(86)	(146)	(72)	(72)
Trade receivables – net	22,247	19,071	12,215	8,112
Amounts receivable from related parties	-	-	1,803	1,294
Loans receivable from related parties	-	-	1,202	-
Amount receivable of the recovery of a part of the PSO* service fee	141	900	49	314
VAT receivable	1,277	2,040	200	551
Other amounts receivable – gross	242	332	140	244
Total trade and other amounts receivable – net	23,907	22,343	15,609	10,515
Of which:				
Non-current amounts receivable	3	3	-	-
Current amounts receivable	23,904	22,340	15,609	10,515

*PSO – services under public service obligation scheme.

As at 31 December 2022 and 31 December 2021, the Company and subsidiaries Grigeo Packaging UAB and Grigeo Baltwood UAB had pledged current accounts and future inflows to secure the repayment of bank borrowings.

8. Cash and cash equivalents

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Cash at bank	14,840	12,443	7,544	818
Cash on hand	-	-	-	-
TOTAL	14,840	12,443	7,544	818

9. Inventories

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Materials	7,476	6,593	2,483	1,690
Work in progress	2,567	1,838	1,826	1,169
Finished products	7,756	5,600	3,807	1,880
Inventories in transit	1,911	289	1,809	38
Prepayments	254	108	61	19
Total	19,963	14,428	9,985	4,796

As at 31 December 2022, the acquisition value (cost) of the Group's and the Company's inventories was decreased by respectively EUR 943 thousand and EUR 338 thousand (31 December 2021: EUR 776 thousand and EUR 298 thousand respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

As at 31 December 2022, the inventories of the Group and the Company were not pledged. As at 31 December 2021, the Group and the Company had pledged inventories with a carrying amount of respectively EUR 1,158 thousand and EUR 1,158 thousand as security for bank borrowings.

10. Share capital and legal reserve

On 31 of December 2022 and on 31 December 2021 share capital of the Company consisted of 131,400,000 ordinary shares at a par value of EUR 0.29 each. All shares were fully paid.

The Company has one class of ordinary shares which carry no right to fixed income.

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the net profit are required until the mandatory reserve reaches 10% of the statutory capital.

On 31 of December 2022 the Company's legal reserve amounts 5,4% of the statutory capital.

11. Reserve for granting shares

The Company and the Group are implementing long term strategic goals and are aiming that the employees who are implementing the strategy are motivated through long term motivational programs. Due to this on 29 April 2022 the Annual General Meeting of Shareholders has approved the rules for granting shares of the Company. The rules stipulate the conditions and procedure for granting Company's shares (free of charge) to the employees of the Company and its subsidiaries.

Not earlier than after 3 years the employees who concluded the transactions shall be entitled to the right to receive shares of the Company free of charge.

On 29 April 2022 the Annual General Meeting of Shareholders has approved the appropriation of the profit of the Company where EUR 500 thousand have been transferred to the reserve for granting shares.

During 17-22 June 2022 the Company has concluded the transactions with senior management employees of the Group and the Company for the option of granting (free of charge) 1,660,000 Company's shares.

12. Non-current and current borrowings

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Non-current borrowings:				
Bank borrowings	4,644	864	1,868	175
	4,644	864	1,868	175
Current borrowings:				
Bank borrowings	2,396	2,094	989	1,380
	2,396	2,094	989	1,380
TOTAL	7,007	2,958	2,857	1,555

13. Trade and other payables

	Group		Company	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Trade payables	25,979	25,270	15,039	12,614
Wages and salaries and social security contributions	3,328	3,224	1,508	1,236
Advance amounts received	325	187	83	29
Accrued expenses	723	332	92	47
Other amounts payable	1,485	1,355	827	603
TOTAL	31,840	30,368	17,549	14,529
Of which:				
Attributable to financial liabilities	28,187	26,957	15,958	13,264
Not attributable to financial liabilities	3,653	3,411	1,591	1,265

14. Segment information

For decision making purposes, the Group is organised into three operating business units based on its products produced and has three reportable segments: paper and paper products, wood fibre boards and wood products, raw materials for corrugated cardboard and related products. The Group analyses segment information only up to gross profit, as other operating income and finance income and expenses are not attributed to any segment. Assets and liabilities of the Group are not divided into segments for decision-making purposes. However, information about property, plant and equipment and intangible assets, investment property and right-of-use assets is disclosed according to the segments.

Segment information about these three business segments is presented below:

Group 12 months 2022	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	77,718	27,652	92,953	198,323	4,886	-	203,209
Inter-segment sales	(6,743)	(1,070)	(30,488)	(38,301)	(10,059)	48,360	-
Unconsolidated segment sales	84,462	28,722	123,440	236,624	14,945	(48,360)	203,209
Cost of sales	(66,652)	(25,347)	(76,176)	(168,175)	(4,189)	-	(172,364)
Gross profit	11,066	2,305	16,777	30,148	697	-	30,845
Depreciation and amortisation	3,400	747	4,417	8,564	834	-	9,398
Property, plant and equipment of the segment	24,505	6,063	37,299	67,867	3,327	-	71,194
Intangible assets of the segment	292	9	370	671	92	-	763
Investment property of the segment	-	-	-	-	4,410	-	4,410
Right-of-use assets of the segment	280	872	2,086	3,238	1,039	-	4,277
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	1,507	1,868	4,938	8,313	668	-	8,981

Group 12 months 2021	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	60,662	20,728	78,727	160,117	3,098	-	163,215
Inter-segment sales	(5,471)	(836)	(26,884)	(33,191)	(6,064)	39,255	-
Unconsolidated segment sales	66,133	21,564	105,610	193,307	9,163	(39,255)	163,215
Cost of sales	(51,041)	(16,224)	(59,588)	(126,853)	(2,804)	-	(129,657)
Gross profit	9,621	4,504	19,139	33,264	294	-	33,558
Depreciation and amortisation	3,817	742	4,713	9,272	801	-	10,073
Property, plant and equipment of the segment	26,189	4,929	36,965	68,083	3,481	-	71,564
Intangible assets of the segment	276	1	136	413	99	-	512
Investment property of the segment	-	-	-	-	4,417	-	4,417
Right-of-use assets of the segment	169	888	1,888	2,945	1,024	-	3,969
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	5,060	2,493	3,011	10,564	2,340	-	12,904

Sales by region

	Group		Company	
	12 months 2022	12 months 2021	12 months 2022	12 months 2021
Domestic market (Lithuania)	74,115	55,326	36,647	22,294
European Union	110,003	86,504	50,581	40,339
Other countries	18,055	9,585	2,946	3,335
CIS countries	1,036	11,800	283	1623
TOTAL	203,209	163,215	90,457	67,591

15. Other income

	Group		Company	
	12 months 2022	12 months 2021	12 months 2022	12 months 2021
Rental income	636	423	649	437
Dividend income	-	-	11,300	1,500
TOTAL	636	423	11,949	1,937

16. Other gains/(losses) – net

	Group		Company	
	12 months 2022	12 months 2021	12 months 2022	12 months 2021
Net gain from turnover of emission allowances	4,662	110	3,602	(52)
Result of disposal of assets	188	89	171	28
Other gains/(losses)	10	(6)	46	60
TOTAL	4,860	193	3,819	36

17. Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share is presented below:

	Group	
	12 months 2022	12 months 2021
Net profit for the period attributable to the Company's shareholders	10,525	12,266
Number of ordinary shares	131,400,000	131,400,000
Share-based option	885,425	885,425
Weighted average number of ordinary shares	132,285,425	132,285,425
Earnings per share (in EUR)	0.080	0.093
Diluted earnings per share (in EUR)	0.080	0.093

	Company	
	12 months 2022	12 months 2021
Net profit for the period attributable to the Company's shareholders	16,389	3,216
Number of ordinary shares	131,400,000	131,400,000
Share-based option	885,425	885,425
Weighted average number of ordinary shares	132,285,425	132,285,425
Earnings per share (in EUR)	0.125	0.024
Diluted earnings per share (in EUR)	0.124	0.024

18. Adjusted EBITDA

The management of the Group and the Company calculate the adjusted EBITDA – they monitor this performance indicator both at the consolidated level and at the individual company level. The management believes that this indicator is important for understanding the Group's and the Company's financial performance. The adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, impairment losses/reversals related to goodwill, intangible assets, property plant and equipment. The calculation also includes amortisation of subsidies related to non-current assets which affects the profit for the period.

The adjusted EBITDA as a performance indicator is not established by IFRS. The Group's definition of the adjusted EBITDA may not match with similarly named performance indicators and disclosures of other entities.

18. Adjusted EBITDA (continued)

	Group		Company	
	12 months 2022	12 months 2021	12 months 2022	12 months 2021
Profit for the period	10,621	12,385	16,389	3,216
Income tax	1,058	1,250	770	(344)
Profit before income tax	11,679	13,635	17,159	2,872
Adjustment:				
Finance costs – net	437	226	162	89
Dividends received	-	-	(11,300)	(1,500)
Depreciation	8,730	9,454	3,792	4,194
Amortisation	667	619	455	444
Amortisation of grants	(157)	(208)	(133)	(158)
Adjusted EBITDA	21,357	23,726	10,135	5,941

19. Court and arbitration proceedings

In 2021 the pre-trial investigation regarding the wastewater management of Grigeo Klaipėda AB, a subsidiary company of Grigeo AB (hereinafter - the Subsidiary), was completed by the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office and the criminal case was referred to court. The court hearings have started in September 2022.

The Subsidiary is charged in criminal case under Articles 270(2), 228(2) and 300(3) of the Criminal Code of the Republic of Lithuania. The Subsidiary received a Civil Claim of the Environmental Protection Department in criminal case regarding compensation of damage caused to the environment in the amount of EUR 48,257,676.57 from the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office on 26 January 2021. There were no other material events related to this trial over 2022 and until the date of signing these interim financial statements.

More information is presented in [Note 32 of year 2021 financial statements](#).

Over 12 months of 2022 the Group and the Company were not involved in other court or arbitration proceedings which would have a material impact on the financial position of Grigeo AB.

20. Material uncertainties

Russia's invasion of Ukraine on 24 February 2022 has a negative impact over the Group's financial performance for the year 2022. The Group's subsidiary Grigeo Klaipėda AB has investments in Ukrainian subsidiary Mena Pak AT, which ceased its operations completely after the start of the war. The operations were restored in May 2022.

Uncertainties related to the investment in Mena Pak AT

The Group's statement of financial position includes the following consolidated assets and liabilities of Mena Pak AT:

Mena Pak AT	2022.12.31	2021.12.31
Non-current assets	609	786
Current assets	1,790	2,308
TOTAL ASSETS	2,399	3,094
Shareholders' equity	2,168	2,670
Non-current liabilities	12	17
Current liabilities	219	407
TOTAL EQUITY AND LIABILITIES	2,399	3,094

20. Material uncertainties (continued)

The Group's statement of comprehensive income for 12 months of 2022 includes the following consolidated results of Mena Pak AT:

Mena Pak AT	12 months 2022
Revenue	4,857
Profit before tax	29
Net profit	25
EBITDA	247

Mena Pak AT did not incur any damage during the war and has restored operations in May 2022. However, the Group's management estimates that a high uncertainty exists in relation to Mena Pak AT's assets of EUR 2.4 million and liabilities of EUR 0.2 million due to the ongoing war and high uncertainty of future events.

Although the company Mena Pak AT was profitable in 2022, due to a significant decrease in profitability and future uncertainties, the parent company Grigeo Klaipėda AB had to account for investment valuation adjustment of EUR 1.6 million.

21. Events after the end of the reporting period

There were no material or otherwise significant events after the end of the reporting period.

CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania, and the Rules on the Disclosure of Information by the Bank of Lithuania, we, vice president for business development Vigmantas Kažukauskas and finance director Martynas Nenėnas hereby confirm that, to the best of our knowledge, unaudited interim consolidated financial statements of Grigeo AB for the twelve months period ended 31 December 2022, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or loss and cash flows of Grigeo AB and the Group, and also that the unaudited interim consolidated report shows fair business environment as well as description of the company's performance.

Acting president of Grigeo AB, vice
president for business development

Vigmantas Kažukauskas

Finance director of Grigeo AB

Martynas Nenėnas