



Grigeo AB

**CONSOLIDATED INTERIM REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD
ENDED 30 JUNE 2023 (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 of the Group for the 6 months of 2023	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 CONSOLIDATED FINANCIAL STATEMENTS	10
Consolidated statements of financial position	10
Consolidated statements of comprehensive income	12
Consolidated statements of changes in equity	13
Consolidated statements of cash flows	14
NOTES TO FINANCIAL STATEMENTS	15
1. Basis of preparation	15
2. Property, plant and equipment.....	16
3. Right-of-use assets	17
4. Investment property	18
5. Intangible assets	19
6. Amounts receivable	20
7. Cash and cash equivalents.....	20
8. Inventories	20
9. Share capital and legal reserve	20
10. Reserve for granting shares	21
11. Non-current and current borrowings	21
12. Trade and other payables	21
13. Segment information.....	22
14. Other income	23
15. Other gains/(losses) – net.....	23
16. Basic and diluted earnings per share	23
17. Adjusted EBITDA	23
18. Court and arbitration proceedings	24
19. Material uncertainties.....	24
20. Events after the end of the reporting period	24
CONFIRMATION OF RESPONSIBLE PERSONS	25

MANAGEMENT REPORT

In this report Grigeo AB is referred to as the Company and together with subsidiaries is referred to as the Group.

A. Executive summary of the Group for the 6 months of 2023

The changes in key indicator over 6 months of 2023, compared to the respective period of previous year:

- The Group's revenue increased by EUR 1.4 million (1.4%).
- The Group's EBITDA increased by EUR 8.6 million (64%).
- The Group's EBT increased by EUR 8.6 million (99%).

Indicator, EUR million	2023	2022	Change
Revenue	103.2	101.8	1.4%
EBITDA (Note 17)	22.0	13.4	64%
Profit before tax (EBT)	17.2	8.7	99%

More details on reasons of these changes are presented below in a table and comments by Group's business segments.

The Group's revenue, gross profit and gross margin over 6 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	48.2	34.5	14.9	14.4	38.0	50.6	2.1	2.3	103.2	101.8
Gross profit	15.8	4.1	2.0	2.0	8.6	10.6	0.5	0.4	26.9	17.0
Gross margin	32.7%	11.8%	13.5%	13.8%	22.6%	20.9%	25.4%	17.5%	26.0%	16.7%

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

Tissue paper products market. Over 6 months of 2023 the revenue from tissue paper segment reached EUR 48.2 million and, when compared to respective period of previous year, increased by 40%. 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 15.8 million – almost 3 times higher if compared to respective period of previous year. Respectively, the gross margin of the segment increased from 11.8% to 32.7%. The increase in gross margin was significantly influenced by decreased prices of energy resources.

Wood products market. Over 6 months of 2023 the revenues of the segment reached EUR 14.9 million – 3.2% more, when compared to respective period of previous year. The revenues increased due to higher sales prices. Gross profit of the segment reached EUR 2.0 million and was 1.1% higher when compared to respective period of previous year. The gross margin has slightly decreased from 13.8% to 13.5%.

Raw materials for corrugated cardboard and related products market. The revenues of this segment reached EUR 38.0 million over 6 months of 2023 and were lower by 25% when compared to respective period of previous year. The revenues' decrease was driven by decreasing sales prices. The gross profit of the segment reached EUR 8.6 million and was lower by 18.7%. The gross margin of the segment increased from 20.9% to 22.6%.

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

Indicator	6 months 2023	6 months 2022	6 months 2021
Revenue, EUR million	103.2	101.8	73.7
Net profit, EUR million	14.6	7.6	7.2
EBITDA, EUR million (Note 17)	22.0	13.4	13.5
EBIT, EUR million	17.3	8.9	8.7
Profitability ratios			
Gross margin	26.0%	16.7%	24.3%
EBITDA profitability	21.3%	13.2%	18.4%
EBIT profitability	16.8%	8.8%	11.9%
Net margin	14.2%	7.4%	9.8%
ROE profitability	14.5%	8.2%	8.1%
ROA profitability	10.3%	5.7%	5.9%
ROCE profitability	14.8%	8.4%	9.2%
Liquidity ratios			
Current ratio	2.21	1.68	1.54
Quick ratio	1.74	1.19	1.14
Capital structure ratios			
Debt to equity ratio	0.37	0.47	0.37
Debt to total assets ratio	0.27	0.32	0.27
Market value ratios			
P/E	8.04	13.79	17.78
Earnings per share, EUR	0.111	0.057	0.055
Diluted earnings per share, EUR	0.110	0.056	0.054

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 2022 consolidated annual report](#).

B. Main data about the issuer

Company	Data
Company name	Grigeo AB
Code	110012450
Authorised share capital (Note 9)	EUR 38,106,000
LEI	529900YXT3CDTZGS0R43
Address	Vilnius 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 6 months of 2023 is not audited by independent auditor.

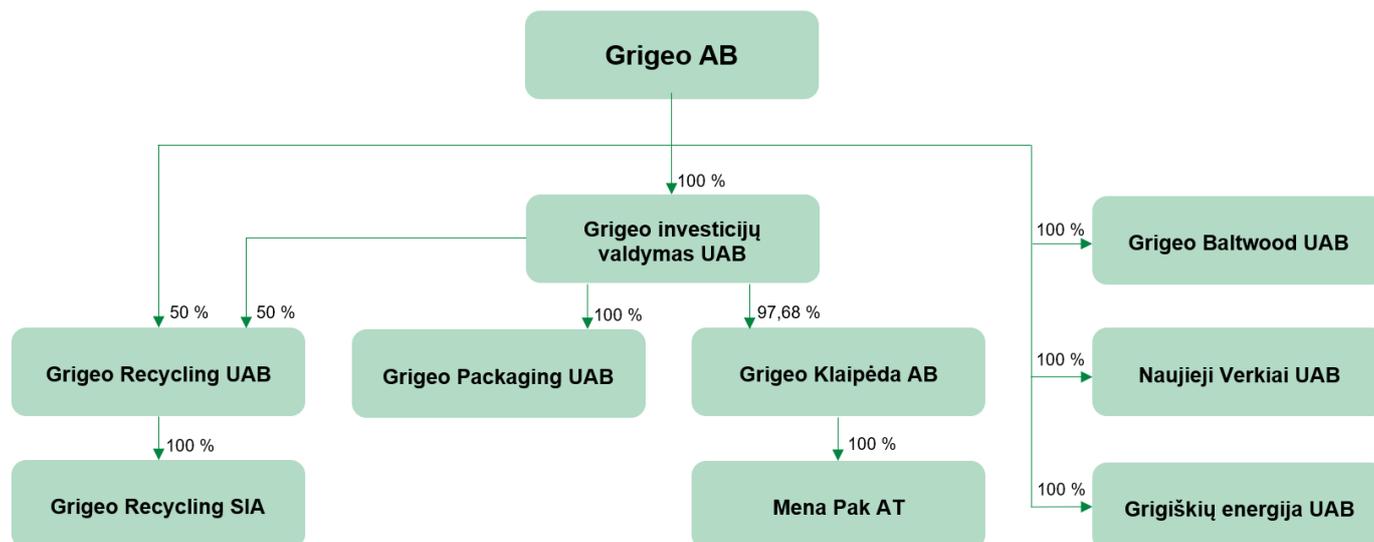
D. Contracts with intermediaries of public trading in securities and credit institutions

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 FMĮ (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 30 June 2023, 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 [2022 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.

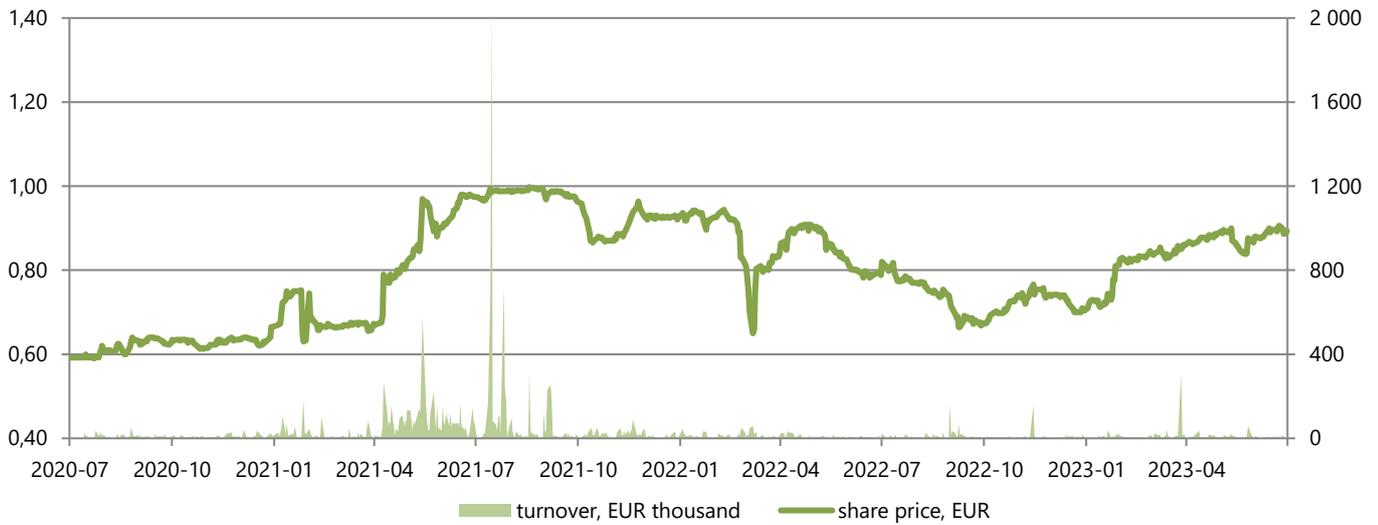
G. Data about trade in the issuer's securities in regulated markets

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).

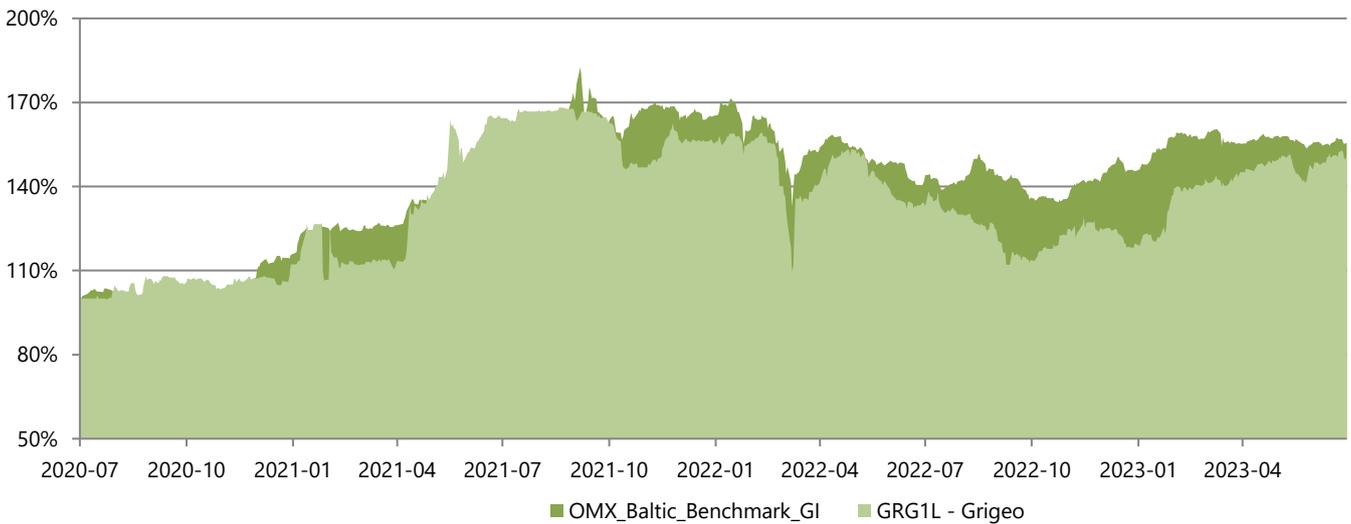
The main characteristics of the Company's shares:

Type of shares	VP ISIN code	Number of shares, units	Par value, EUR	Total par value, EUR
Ordinary registered shares	LT0000102030	131,400,000	0.29	38,106,000

Price and turnover of shares 01/07/2020 – 30/06/2023:



Share price benchmarked against the Baltic market index 01/07/2020 – 30/06/2023:



H. Shareholders

Shareholders owning more than 5% of the authorised capital of the Issuer on the 30 of June 2023 and/or the 31 of December 2022:

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 June 2023			31 December 2022		
	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	17,578,342	13.38	13.38

*67.00% of shares of Ginvildos investicija UAB are owned by Gintautas Pangonis.

I. Employees

Over the six months of the year 2023 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:

	2023.06.30	2022.12.31
Number of employees	843	863

The average salary in the Group increased for all categories of employees as compared to the year 2022. The growth of the average salary was mostly driven by the consistent salary increase policy and recruitment of workers with higher competences.

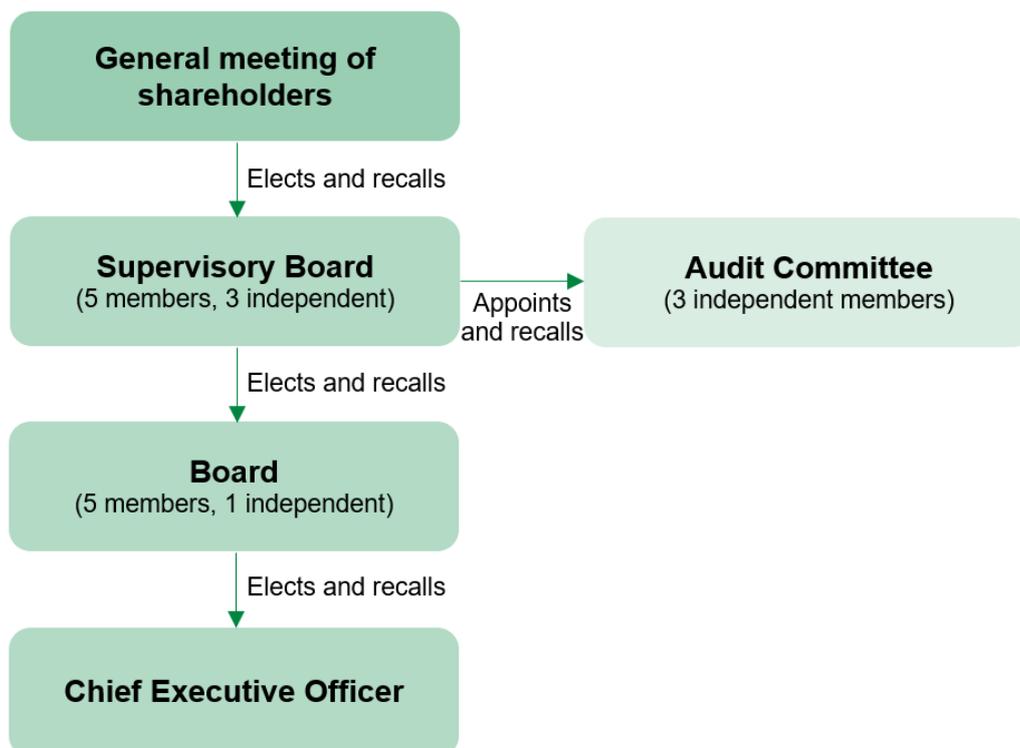
Average salary in the Group*, in euros:

Employees	6 months 2023	6 months 2022
Workpeople	2,241	1,916
Specialists	2,665	2,321
Managers	6,545	5,667
Total	2,850	2,452

* information on the average salary does not include Mena Pak AT data 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 Chief Executive Officer. 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 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	-
Marius Stankevičius	Member	University of Liverpool, MA in Management of Information Systems		2.92
Ignas Degutis	Independent Member	ISM University of Management and Economics, MA in Economics		-
Arūnas Pangonis	Member	Vilnius Gediminas Technical University, MA in Industrial Engineering		Indirectly*
Daiva Duksienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Duksienė	Independent Member, Chairwoman	Vilnius University, Economist	Since 28 April 2023	-
Norimantas Stankevičius	Independent member	ISM University of Management and Economics, MA in Economics	until the General Shareholders' Meeting, to be held in 2027	-
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics	held in 2027	-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	Since 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	Indirectly*
Algimantas Variakojis	Independent Member	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		0.26
Tomas Jozonis	Member	ISM University of Management and Economics, BA in Management and Business Administration; Vilnius University, MA in Business		-
Manager of the Company				
Tomas Jozonis	Chief Executive Officer	ISM University of Management and Economics, BA in Management and Business Administration; Vilnius University, MA in Business	-	-

*Ginvildos investicija UAB holds 46.28% of the Company's shares. 67.00% of shares of Ginvildos investicija UAB are owned by Gintautas Pangonis and 10,00% by Arūnas 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 2022](#) 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.

Group's transactions with related parties over the 6 months of 2023 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 30 June 2023.

Group	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	-	-	-
Other related companies	2	-	-	-
TOTAL	2	-	-	-

*Receivables include prepayments for goods and services.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position

	Notes	2023.06.30	2022.12.31
ASSETS			
Non-current assets			
Property, plant and equipment	2	69,175	71,194
Right-of-use assets	3	4,251	4,277
Intangible assets	5	4,034	3,764
Investment property	4	4,580	4,410
Other amounts receivable	6	737	3
Deferred income tax assets		-	-
Total non-current assets		82,777	83,648
Current assets			
Inventories	8	13,102	19,963
Trade and other amounts receivable	6	24,340	23,904
Prepaid income tax		-	97
Other current assets		1,402	348
Cash and cash equivalents	7	23,312	14,840
Total current assets		62,156	59,152
TOTAL ASSETS		144,933	142,800

(Cont'd on the next page)

Consolidated statements of financial position (continued)

	Notes	2023.06.30	2022.12.31
EQUITY AND LIABILITIES			
Equity			
Share capital	9	38,106	38,106
Share premium		1,119	1,119
Legal reserve	9	2,886	2,066
Reserve for granting shares	10	500	500
Foreign currency translation reserve		(2,766)	(2,697)
Retained earnings		65,185	57,950
Equity attributable to shareholders of the Company		105,030	97,044
Non-controlling interest		831	809
Total equity		105,861	97,853
Liabilities			
Non-current liabilities			
Borrowings	11	3,637	4,644
Lease liabilities		3,564	3,477
Grants		1,764	783
Deferred income tax liability		1,374	903
Long-term employee benefits		292	248
Other amounts payable		281	281
Total non-current liabilities		10,912	10,336
Current liabilities			
Borrowings	11	2,024	2,363
Lease liabilities		604	408
Income tax payable		1,743	-
Trade and other amounts payable	12	23,789	31,840
Total current liabilities		28,160	34,611
Total liabilities		39,072	44,947
TOTAL EQUITY AND LIABILITIES		144,933	142,800

Consolidated statements of comprehensive income

	Notes	6 months 2023	6 months 2022	II QTR. 2023	II QTR. 2022
Revenue	13	103,206	101,807	49,105	51,935
Cost of sales		(76,323)	(84,807)	(35,133)	(41,963)
Gross profit		26,883	17,000	13,972	9,972
Selling and distribution expenses		(7,824)	(7,742)	(3,894)	(4,097)
Administrative expenses		(5,892)	(4,589)	(3,474)	(2,395)
Other income	14	363	308	180	156
Other gains/(losses) – net	15	3,790	3,936	809	2,346
Operating profit		17,320	8,913	7,593	5,982
Finance income		155	5	108	3
Finance costs		(232)	(252)	(122)	(147)
Finance income/(costs) – net		(77)	(247)	(14)	(144)
Profit before income tax		17,243	8,666	7,579	5,838
Income tax		(2,606)	(1,081)	(1,140)	(427)
PROFIT FOR THE PERIOD		14,637	7,585	6,439	5,411
Profit for the period is attributable to:					
Shareholders of the Company		14,615	7,510	6,432	5,357
Non-controlling interest		22	75	7	54
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		(69)	(7)	(7)	148
Cash flow hedges – effective portion of changes in fair value		-	-	-	-
Total items that may be reclassified subsequently to profit or loss		(69)	(7)	(7)	148
Other comprehensive income/(expenses) for the period		(69)	(7)	(7)	148
Total comprehensive income for the period		14,568	7,578	6,432	5,559
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		14,546	7,503	6,425	5,505
Non-controlling interest		22	75	7	54
Basic earnings per share (in EUR)	16	0.111	0.057	0.049	0.041
Diluted earnings per share (in EUR)	16	0.110	0.056	0.048	0.040

Consolidated statements of changes in equity

	Equity attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Share premium	Legal reserve	Reserve for granting shares	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2022	38,106	1,119	1,905	-	(2,161)	54,607	93,576	713	94,289
Profit for the period	-	-	-	-	-	7,510	7,510	75	7,585
Other comprehensive income/(expenses)	-	-	-	-	(7)	-	(7)	-	(7)
Total comprehensive income/(expenses)	-	-	-	-	(7)	7,510	7,503	75	7,578
Transfer to legal reserve	-	-	161	-	-	(161)	-	-	-
Approved dividends	-	-	-	-	-	(6,686)	(6,686)	-	(6,686)
Transfer to reserve for granting shares	-	-	-	500	-	(500)	-	-	-
Transactions with the Company's owners	-	-	161	500	-	(7,347)	(6,686)	-	(6,686)
At 30 June 2022	38,106	1,119	2,066	500	(2,168)	54,770	94,393	788	95,181
At 1 January 2023	38,106	1,119	2,066	500	(2,697)	57,950	97,044	809	97,853
Profit for the period	-	-	-	-	-	14,615	14,615	22	14,637
Other comprehensive income/(expenses)	-	-	-	-	(69)	-	(69)	-	(69)
Total comprehensive income/(expenses)	-	-	-	-	(69)	14,615	14,546	22	14,568
Transfer to legal reserve	-	-	820	-	-	(820)	-	-	-
Approved dividends	-	-	-	-	-	(6,663)	(6,663)	-	(6,663)
Share-based remuneration	-	-	-	-	-	103	103	-	103
Transactions with the Company's owners	-	-	820	-	-	(7,380)	(6,560)	-	(6,560)
At 30 June 2023	38,106	1,119	2,886	500	(2,766)	65,185	105,030	831	105,861

Consolidated statements of cash flows

	Notes	6 months 2023	6 months 2022
Cash flows from operating activities			
Profit before income tax		17,243	8,666
Adjustments for non-cash items			
Depreciation and amortisation		4,686	4,492
Interest expenses from borrowings and lease		213	105
(Income)/expenses from other financial activities – net		(135)	141
Gain on disposal of property, plant and equipment		-	(150)
Share-based payment arrangements		101	-
		22,108	13,254
Changes in working capital			
Decrease/(increase) in trade and other amounts receivable		20	(3,442)
(Increase)/decrease in inventories		6,868	(1,790)
(Increase)/decrease in other assets		(1,053)	(877)
Increase/(decrease) in trade and other amounts payable		(8,115)	(1,024)
		(2,280)	(7,133)
Interest paid		(214)	(65)
Income tax paid		(441)	(149)
Net cash inflow from operating activities		19,173	5,907
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	2 / 5	(2,692)	(4,783)
Acquisition of investment property	4	(301)	(88)
Disposal of property, plant and equipment	2	300	198
Net cash inflow/(outflow) from investing activities		(2,693)	(4,673)
Cash flows from financing activities			
Dividends paid		(6,381)	(6,385)
Repayment of borrowings		(1,345)	(1,179)
Proceeds from borrowings		-	6,246
Lease payments		(282)	(199)
Net cash (outflow) from financing activities		(8,008)	(1,517)
Net increase/(decrease) in cash flows		8,472	(283)
Cash and cash equivalents at the beginning of the period		14,840	12,443
Cash and cash equivalents at the end of the period		23,312	12,160

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group for the 6-month period ended 30 June 2023 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 annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted in the preparation of these interim financial statements are consistent with those described in the audited annual financial statements for the financial year ended 31 December 2022.

These financial statements of the Group for the 6-month period ended 30 June 2023 have been prepared under the assumption that the Group will continue as a going concern.

All amounts in these financial statements of the Group 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 financial statements requires the management of each company of the Group 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 2022.

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 2022 financial statements](#).

2. Property, plant and equipment

	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction in progress and prepayments	Total
At 1 January 2022						
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	25,092	34,820	828	806	10,018	71,564
Additions	71	420	466	163	7,407	8,527
Disposals and write-offs	(2)	(30)	(1)	(1)	-	(34)
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	21	-	-	-	-	21
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
Opening net book amount at 1 January 2023	24,307	38,971	1,090	837	5,989	71,194
Additions	25	535	88	53	1,854	2,555
Disposals and write-offs	-	(44)	(218)	-	-	(262)
Transfer from inventory (to inventory)	-	(7)	-	-	-	(7)
Transfer from construction in progress to property, plant and equipment	421	2,459	2	219	(3,101)	-
Transfer from inventory to investment property	-	-	-	(17)	-	(17)
Foreign exchange effect	(3)	(8)	-	-	(1)	(12)
Depreciation charge	(934)	(3,010)	(161)	(172)	-	(4,277)
Closing net book amount at 30 June 2023	23,817	38,896	801	920	4,741	69,175
At 30 June 2023						
Cost	48,405	129,998	2,542	2,777	4,741	188,463
Accumulated depreciation	(24,588)	(91,102)	(1,741)	(1,857)	-	(119,288)
Net book amount	23,817	38,896	801	920	4,741	69,175

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

On the 30 June 2023, the part of the Group's property, plant and equipment with a carrying value of EUR 12,778 thousand (31 December 2022 – EUR 13,288 thousand) is pledged as a security for repayment of the loans granted by banks.

3. Right-of-use assets

	Land	Buildings and structures	Machinery and equipment	Total
At 1 January 2022				
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
Opening net book amount at 1 January 2023	3,553	448	276	4,277
Change in value-in-use	(17)	65	221	269
Disposals and write-offs	-	-	(37)	(37)
Amortisation charge	(32)	(71)	(155)	(258)
Closing net book amount at 30 June 2023	3,504	442	305	4,251
At 30 June 2023				
Cost	4,132	857	902	5,891
Accumulated depreciation	(628)	(415)	(597)	(1,640)
Net book amount	3,504	442	305	4,251

As at 30 June 2023, the part of the Group's land lease rights with the carrying amount of EUR 997 thousand (31 December 2022: EUR 1,016 thousand) were pledged to the banks as security for borrowings.

4. Investment property

	Buildings	Other assets	Construction in progress and prepayments	Total
At 1 January 2022				
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 from property, plant and equipment	(21)	-	-	(21)
Depreciation charge	(247)	(1)	-	(248)
Closing net book amount at 31 December 2022	4,072	2	336	4,410
At 31 December 2022				
Cost	4,963	2	336	5,301
Accumulated depreciation	(891)	-	-	(891)
Net book amount	4,072	2	336	4,410
Opening net book amount at 1 January 2023	4,072	2	336	4,410
Additions	-	-	282	282
Reclassification from property, plant and equipment	-	17	-	17
Depreciation charge	(128)	(1)	-	(129)
Closing net book amount at 30 June 2023	3,944	18	618	4,580
At 30 June 2023				
Cost	4,963	19	618	5,600
Accumulated depreciation	(1,019)	(1)	-	(1,020)
Net book amount	3,944	18	618	4,580

5. Intangible assets

	Goodwill	Licences, patents	Software	Other assets, prepayments, development in progress	Total
At 1 January 2022					
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
Opening net book amount at 1 January 2023	3,001	13	570	180	3,764
Additions	-	-	-	359	359
Transfer from development in progress to Intangible assets	-	6	33	(39)	-
Disposals and write-offs	-	(1)	-	-	(1)
Amortisation charge	-	(3)	(84)	(1)	(88)
Closing net book amount at 30 June 2023	3,001	15	519	499	4,034
At 30 June 2023					
Cost	3,001	67	2,540	930	6,538
Accumulated amortisation	-	(52)	(2,021)	(431)	(2,504)
Net book amount	3,001	15	519	499	4,034

6. Amounts receivable

	2023.06.30	2022.12.31
Trade receivables – gross	22,623	22,333
Loss allowance	(34)	(86)
Trade receivables – net	22,589	22,247
Amount receivable of the recovery of a part of the PSO* service fee	141	141
VAT receivable	1,183	1,277
Subsidies receivable	1,049	-
Other amounts receivable – gross	116	242
Total trade and other amounts receivable – net	25,077	23,907
Of which:		
Non-current amounts receivable	737	3
Current amounts receivable Amounts receivable from related parties	24,340	23,904

*PSO – services under public service obligation scheme.

7. Cash and cash equivalents

	2023.06.30	2022.12.31
Cash at bank	23,312	14,840
Cash on hand	-	-
TOTAL	23,312	14,840

As at 30 June 2023 and 31 December 2022, Grigeo AB and subsidiaries Grigeo Packaging UAB and Grigeo Baltwood UAB had pledged current accounts and future inflows to secure the repayment of bank borrowings.

8. Inventories

	2023.06.30	2022.12.31
Materials	5,802	7,476
Work in progress	2,469	2,567
Finished products	4,269	7,756
Inventories in transit	-	1,911
Prepayments	562	254
Total	13,102	19,963

As at 30 June 2023, the acquisition value (cost) of the Group's inventories was decreased by respectively EUR 1,006 thousand (31 December 2022: EUR 943 thousand respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

9. Share capital and legal reserve

On 30 of June 2023 and on 31 December 2022 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 30 of June 2023 the Company's legal reserve amounts 7,6% of the statutory capital.

10. Reserve for granting shares

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.

11. Non-current and current borrowings

	2023.06.30	2022.12.31
Non-current borrowings:	3,637	4,644
Bank borrowings	3,637	4,644
Current borrowings:	2,024	2,363
Bank borrowings	2,024	2,363
TOTAL	5,661	7,007

12. Trade and other payables

	2023.06.30	2022.12.31
Trade payables	16,768	25,979
Wages and salaries and social security contributions	4,966	3,328
Advance amounts received	118	325
Accrued expenses	370	723
Other amounts payable	1,567	1,485
TOTAL	23,789	31,840
Of which:		
Attributable to financial liabilities	18,705	28,187
Not attributable to financial liabilities	5,084	3,653

13. 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 6 months 2023	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	48,242	14,875	37,963	101,080	2,126	-	103,206
Inter-segment sales	(3,401)	(551)	(11,614)	(15,566)	(4,361)	19,927	-
Unconsolidated segment sales	51,643	15,426	49,577	116,646	6,488	(19,927)	103,207
Cost of sales	(32,479)	(12,870)	(29,387)	(74,736)	(1,587)	-	(76,323)
Gross profit	15,763	2,005	8,576	26,344	539	-	26,883
Depreciation and amortisation	1,681	516	2,167	4,364	390	-	4,754
Property, plant and equipment of the segment	23,650	6,060	36,278	65,988	3,187	-	69,175
Intangible assets of the segment	202	18	429	649	384	-	1,033
Investment property of the segment	-	-	-	-	4,580	-	4,580
Right-of-use assets of the segment	308	861	2,057	3,226	1,025	-	4,251
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	725	511	1,203	2,439	759	-	3,198

Group 6 months 2022	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	34,489	14,414	50,575	99,478	2,329	-	101,807
Inter-segment sales	(2,812)	(483)	(16,746)	(20,041)	(4,837)	24,878	-
Unconsolidated segment sales	37,299	14,898	67,322	119,519	7,166	(24,878)	101,807
Cost of sales	(30,436)	(12,430)	(40,020)	(82,886)	(1,921)	-	(84,807)
Gross profit	4,053	1,984	10,555	16,592	408	-	17,000
Depreciation and amortisation	1,642	338	2,171	4,151	420	-	4,571
Property, plant and equipment of the segment	25,361	5,369	37,921	68,651	3,515	-	72,166
Intangible assets of the segment	289	-	136	425	73	-	498
Investment property of the segment	-	-	-	-	4,304	-	4,304
Right-of-use assets of the segment	255	877	2,005	3,137	1,052	-	4,189
Goodwill	-	-	3,001	3,001	-	-	-
Investments of the segment	772	767	2,895	4,434	391	-	4,825

Sales by region

	6 months 2023	6 months 2022
Domestic market (Lithuania)	32,663	36,739
European Union	59,828	52,652
Other countries	10,646	11,410
CIS countries	69	1,006
TOTAL	103,206	101,807

14. Other income

	6 months 2023	6 months 2022
Rental income	363	308
TOTAL	363	308

15. Other gains/(losses) – net

	6 months 2023	6 months 2022
Net gain from turnover of emission allowances	3,744	3,771
Result of disposal of assets	20	185
Other gains/(losses)	26	(20)
TOTAL	3,790	3,936

16. Basic and diluted earnings per share

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

	6 months 2023	6 months 2022
Net profit for the period attributable to the Company's shareholders	14,615	7,510
Number of ordinary shares	131,400,000	131,400,000
Share-based option	1,660,000	1,660,000
Weighted average number of ordinary shares	133,060,000	133,060,000
Earnings per share (in EUR)	0.111	0.057
Diluted earnings per share (in EUR)	0.110	0.056

17. Adjusted EBITDA

The management of the Group calculate the adjusted EBITDA and believes that this indicator is important for understanding the Group'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.

	6 months 2023	6 months 2022
Profit for the period	14,637	7,585
Income tax	2,606	1,081
Profit before income tax	17,243	8,666
Adjustment:		
Finance costs – net	77	247
Depreciation	4,407	4,257
Amortisation	347	313
Amortisation of grants	(68)	(79)
Adjusted EBITDA	22,006	13,405

18. 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 6 months of 2023 and until the date of signing these interim financial statements.

More information is presented in [Note 32 of year 2022 financial statements](#).

Over 6 months of 2023 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.

19. Material uncertainties

Russia's invasion of Ukraine on 24 February 2022 has a negative impact over the Group's financial performance. The Group's subsidiary Grigeo Klaipėda AB has investments in Ukrainian subsidiary Mena Pak AT.

Since the beginning of the war the Group and the Company has discontinued all business relationships with Russia and Belarus and has no receivables from or payables to these countries. The discontinued business with mentioned countries has no impact over Group's and Company's financial results.

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	2023.06.30	2022.12.31
Non-current assets	541	609
Current assets	1,902	1,790
TOTAL ASSETS	2,443	2,399
Shareholders' equity	2,228	2,168
Non-current liabilities	7	12
Current liabilities	208	219
TOTAL EQUITY AND LIABILITIES	2,443	2,399

The Group's statement of comprehensive income for 6 months of 2023 includes the following consolidated results of Mena Pak AT:

Mena Pak AT	6 months 2023
Revenue	2,443
Profit before tax	151
Net profit	124
EBITDA	239

Mena Pak AT did not incur any physical damage during the war. 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.

20. 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, chief executive officer Tomas Jozonis and finance director Martynas Nenėnas hereby confirm that, to the best of our knowledge, unaudited interim consolidated financial statements of Grigeo AB for the six months period ended 30 June 2023, 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 the Group, and also that the unaudited interim consolidated report shows fair business environment as well as description of the Group's performance.

Chief Executive Officer of Grigeo AB

Tomas Jozonis

Finance director of Grigeo AB

Martynas Nenėnas