

Grigeo AB

(the official name is currently being changed to Grigeo Group AB)

**CONSOLIDATED INTERIM REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE 3 MONTHS PERIOD ENDED
31 MARCH 2024 (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.

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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 3 months of 2024

The changes in key indicator over 3 months of 2024, compared to the respective period of previous year:

- The Group's revenue decreased by EUR 5.4 million (10%).
- The Group's EBITDA decreased by EUR 4.6 million (39%).
- The Group's EBT decreased by EUR 4.4 million (46%).

Indicator, EUR million	2024	2023	Change
Revenue	48.7	54.1	(10%)
EBITDA (Note 18)	7.4	12.0	(39%)
Profit before tax (EBT)	5.2	9.7	(46%)

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 3 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	22.8	24.3	7.5	8.4	17.0	20.0	1.3	1.4	48.7	54.1
Gross profit	7.0	7.3	1.8	1.0	3.0	4.2	(0.1)	0.4	11.7	12.9
Gross margin	30.8%	30.1%	23.5%	11.5%	17.5%	21.1%	(6.5%)	30.9%	24.0%	23.9%

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

Tissue paper products market. Over 3 months of 2024 the revenue from tissue paper segment reached EUR 22.8 million and, when compared to respective period of previous year, decreased by 6.0%. The main reason for the decrease were declining sales prices. The gross profit of the segment amounted to EUR 7.0 million – 3.6% less if compared to respective period of previous year. The gross margin of the segment slightly increased from 30.1% to 30.8%. Segment profitability remained at the similar level following the price stabilization of raw materials and energy resources.

This report contains consolidated balance sheet of tissue paper mill acquisition in Poland that was announced in [Nasdaq notification on material events at 28 March 2024](#). The income statement was not consolidated as there have been no significant transactions at the factory between the acquisition date and 31 March 2024.

Wood products market. Over 3 months of 2024 the revenues of the segment reached EUR 7.5 million – 10.8% less, when compared to respective period of previous year. The revenues decreased due to lower sales prices because of decrease in commodity and energy prices. Demand remained strong and the gross profit of the segment reached EUR 1.8 million and was 82% higher when compared to the respective period of previous year. Accordingly, the gross margin has increased from 11.5% to 23.5%.

Raw materials for corrugated cardboard and related products market. The revenues of this segment reached EUR 17.0 million over 3 months of 2024 and were lower by 14.9% when compared to respective period of previous year. The decrease of revenue was driven mainly by declining sales prices in response to lower prices of raw materials and energy resources. The gross profit of the segment decreased and reached EUR 3.0 million. Accordingly, the gross margin of the segment decreased from 21.1% to 17.5%.

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

Indicator	3 months 2024	3 months 2023	3 months 2022
Revenue, EUR million	48,7	54,1	49,9
Net profit, EUR million	4,2	8,2	2,2
EBITDA, EUR million (Note 18)	7,4	12,0	5,1
EBIT, EUR million	5,0	9,7	2,9
Profitability ratios			
Gross margin	24,0%	23,9%	14,1%
EBITDA profitability	15,2%	22,3%	10,3%
EBIT profitability	10,2%	18,0%	5,9%
Net margin	8,8%	15,1%	4,3%
ROE profitability	3,8%	8,1%	2,3%
ROA profitability	2,7%	5,8%	1,6%
ROCE profitability	3,8%	8,4%	2,7%
Liquidity ratios			
Current ratio	1,90	2,16	1,75
Quick ratio	1,36	1,65	1,33
Capital structure ratios			
Debt to equity ratio	0,39	0,36	0,44
Debt to total assets ratio	0,28	0,27	0,31
Market value ratios			
P/E	34,60	13,81	51,29
Earnings per share, EUR	0,033	0,062	0,016
Diluted earnings per share, EUR	0,032	0,061	0,016

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 2023 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	group@grigeo.com
Website	http://www.grigeo.com/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 3 months of 2024 is not audited by independent auditor.

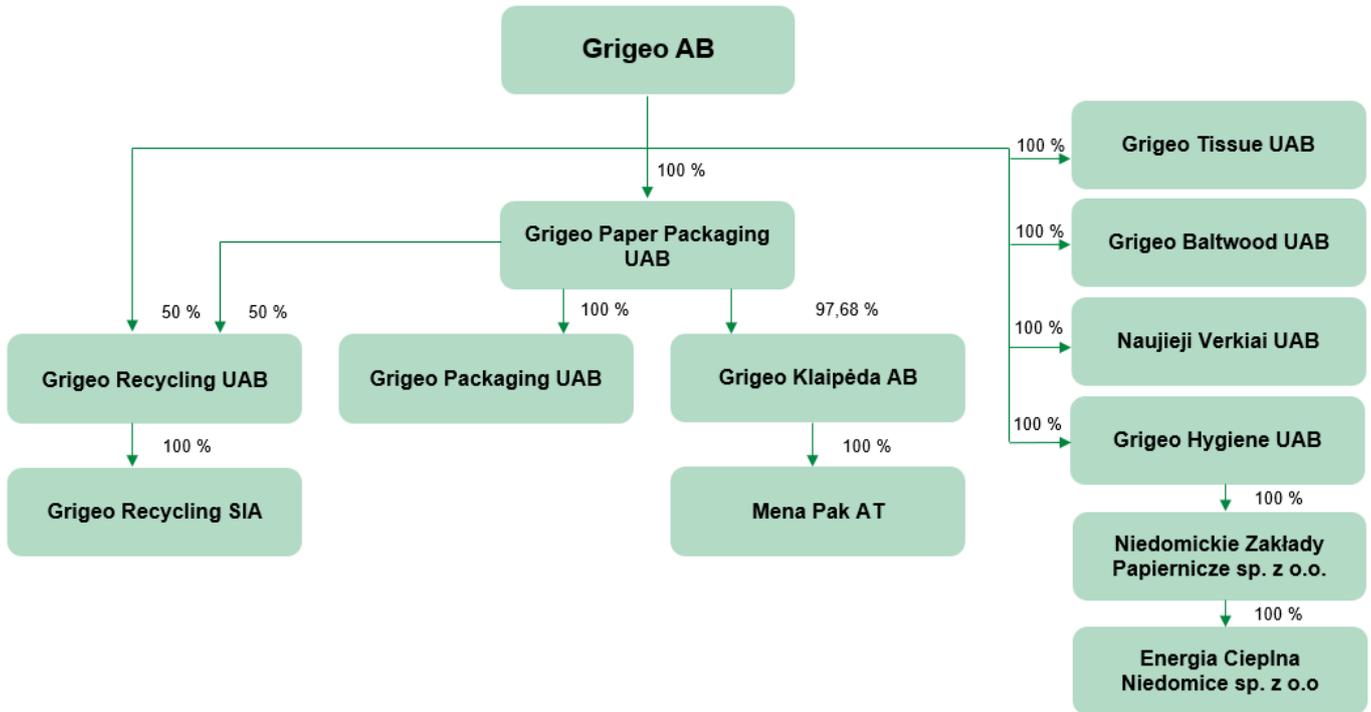
D. Contracts with intermediaries of public trading in securities and credit institutions

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 31 March 2024, the group comprised the Company (Grigeo AB) and twelve subsidiaries as specified below.



More information on a tissue paper mill acquisition in Poland can be found in [Nasdaq notification on material events at 28 March 2024](#).

F. Nature of core activities of the group companies

The main business activity of Grigeo AB is business and other management consultancy activities.

The main business activity of Grigeo Tissue UAB 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 Paper Packaging 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.

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

The main business activity of Niedomickie Zakłady Papiernicze sp. z o.o is the production of tissue paper.

Energia Ciepła Niedomice sp. z o.o produces heat energy.

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

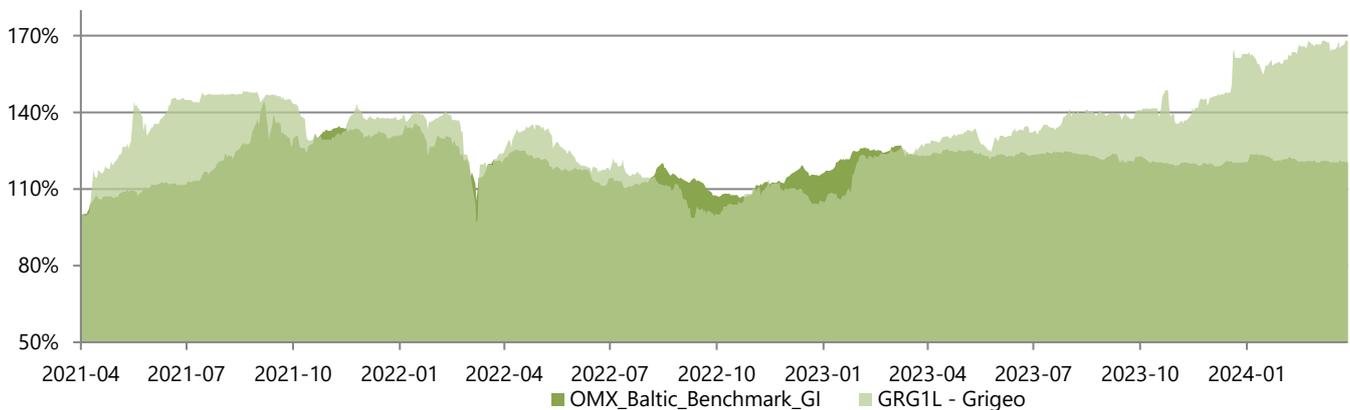
The ordinary registered shares of Grigeo AB are listed on the Official Baltic List of Nasdaq Vilnius Stock Exchange (trading code of shares is GRG1L). The main characteristics of the Company's shares:

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 01/04/2021 – 31/03/2024:



Share price benchmarked against the Baltic market index 01/04/2021 – 31/03/2024:



H. Shareholders

Shareholders owning more than 5% of the authorised capital of the Issuer on the 31 of March 2024 and/or the 31 of December 2023:

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 March 2024			31 December 2023		
	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	61,838,179	47.06	47.06	61,838,179	47.06	47.06
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

Increased number of employees reflects workforce of newly acquired plant in Poland at the end of quarter (170 employees on 31.03.2024). There were no other 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:

	2024.03.31	2023.12.31
Number of employees	1,030	863

The average salary in the Group increased for all categories of employees as compared to the year 2023. The growth of the average salary was mostly driven by the consistent salary increase policy and recruitment of workers with higher competences.

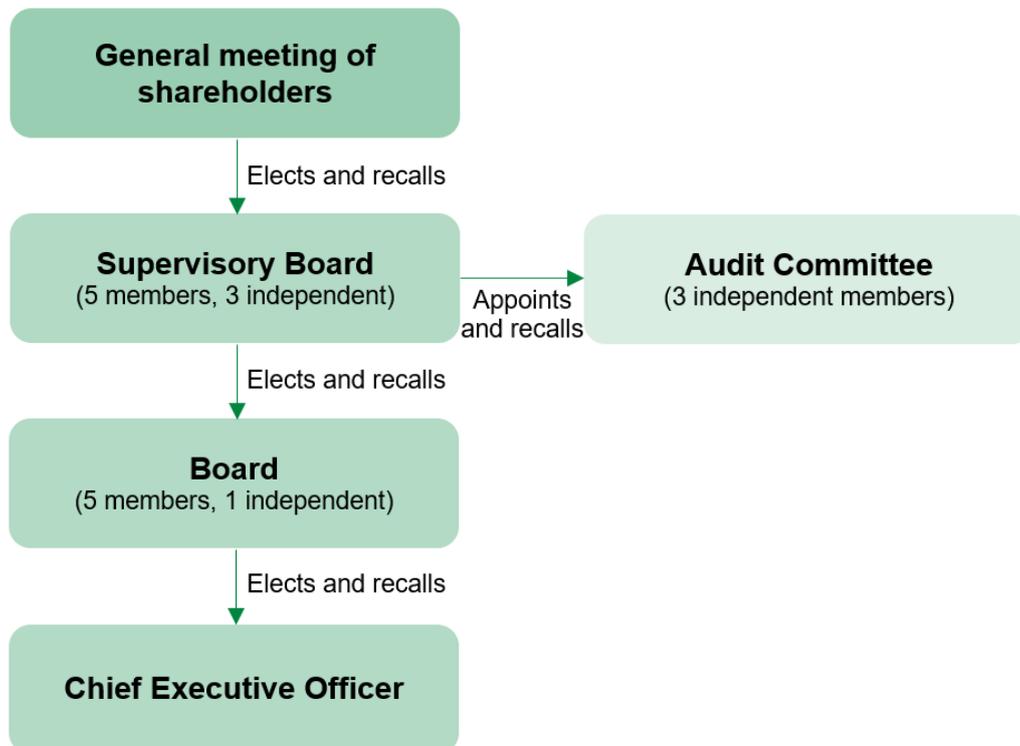
Average salary in the Group*, in euros:

Employees	3 months 2024	3 months 2023
Workpeople	2,456	2,199
Specialists	2,829	2,489
Managers	8,722	7,879
Total	3,248	2,936

* 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 AGM*, 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 Dukšienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Dukšienė	Independent Member, Chairwoman	Vilnius University, Economist	Since 28 April 2023 until the AGM*, to be held in 2027	-
Ignas Degutis	Independent member	ISM University of Management and Economics, MA in Economics		-
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	Since 28 April 2023 until the AGM*, to be held in 2027	Indirectly**
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		0.28
Tomas Jozonis	Member	ISM University of Management and Economics, BA in Management and Business Administration; Vilnius University, MA in Business		-
Martynas Nenėnas	Member	BMI Executive Institute, Executive MBA, Vilnius University, Bachelor of Business Administration		Since 4 April 2024 until the AGM*, to be held in 2027
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	-	-

*Annual General Meeting of Shareholders.

**Ginvildos investicija UAB holds 47.06% of the Company's shares. 67.00% of shares of Ginvildos investicija UAB are owned by Gintautas Pangonis and 10,00% by Arūnas Pangonis.

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 2023](#) 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 Paper Packaging UAB – subsidiary of Grigeo AB.
 Ginvildos investicija UAB – major shareholders of Grigeo AB.
 Statybų namai UAB – companies related to the members of Supervisory Council.
 Grigeo Packaging UAB – subsidiary of Grigeo AB.
 Naujieji Verkiai UAB – subsidiary of the group not subject to consolidation.
 Grigeo Recycling UAB – subsidiary of Grigeo AB.
 Grigeo Recycling SIA – subsidiary of Grigeo AB.
 Grigeo Hygiene UAB – subsidiary of Grigeo AB.
 Grigeo Tissue UAB – subsidiary of Grigeo AB.
 Niodomickie Zakłady Papiernicze sp. z o.o – subsidiary of Grigeo AB.
 Energia Ciepła Niodomice sp. z o.o – subsidiary of Grigeo AB.

Group's transactions with related parties over the 3 months of 2024 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 31 March 2024.

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

*Receivables include prepayments for goods and services.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position

	Notes	2024.03.31	2023.12.31
ASSETS			
Non-current assets			
Property, plant and equipment	2	78,993	68,596
Right-of-use assets	3	4,328	4,315
Intangible assets	5	11,792	4,271
Investment property	4	4,437	4,621
Other amounts receivable	6	-	-
Total non-current assets		99,550	81,803
Current assets			
Inventories	9	19,683	14,410
Trade and other amounts receivable	6	25,764	21,019
Prepaid income tax		-	-
Other current assets		873	507
Other financial assets at amortised costs	7	5,010	20,193
Cash and cash equivalents	8	17,394	18,952
Total current assets		68,724	75,081
TOTAL ASSETS		168,274	156,884

(Cont'd on the next page)

Consolidated statements of financial position (continued)

	Notes	2024.03.31	2023.12.31
EQUITY AND LIABILITIES			
Equity			
Share capital	10	38,106	38,106
Share premium		1,119	1,119
Legal reserve	10	2,886	2,886
Reserve for granting shares	11	500	500
Foreign currency translation reserve		(2,876)	(2,820)
Retained earnings		80,385	76,185
Equity attributable to shareholders of the Company		120,120	115,976
Non-controlling interest		589	615
Total equity		120,709	116,591
Liabilities			
Non-current liabilities			
Borrowings	12	1,993	2,497
Lease liabilities		3,586	3,663
Grants		1,263	1,293
Deferred income tax liability		1,777	1,652
Long-term employee benefits		456	296
Other amounts payable		2,402	280
Total non-current liabilities		11,477	9,681
Current liabilities			
Borrowings	12	2,147	2,147
Lease liabilities		547	559
Income tax payable		3,498	3,057
Trade and other amounts payable	13	29,896	24,849
Total current liabilities		36,088	30,612
Total liabilities		47,565	40,293
TOTAL EQUITY AND LIABILITIES		168,274	156,884

Consolidated statements of comprehensive income

	Notes	3 months 2024	3 months 2023
Revenue	14	48,660	54,101
Cost of sales		(36,964)	(41,190)
Gross profit		11,696	12,911
Selling and distribution expenses		(3,977)	(3,930)
Administrative expenses		(2,965)	(2,418)
Other income	15	216	183
Other gains/(losses) – net	16	3	2,981
Operating profit		4,973	9,727
Finance income		343	47
Finance costs		(90)	(110)
Finance income/(costs) – net		253	(63)
Profit before income tax		5,226	9,664
Income tax		(980)	(1,466)
PROFIT FOR THE PERIOD		4,246	8,198
Profit for the period is attributable to:			
Shareholders of the Company		4,272	8,183
Non-controlling interest		(26)	15
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		(55)	(62)
Cash flow hedges – effective portion of changes in fair value		-	-
Total items that may be reclassified subsequently to profit or loss		(55)	(62)
Other comprehensive income/(expenses) for the period		(55)	(62)
Total comprehensive income for the period		4,191	8,136
Total comprehensive income for the period is attributable to:			
Shareholders of the Company		4,217	8,121
Non-controlling interest		(26)	15
Basic earnings (losses) per share (in EUR)	17	0,033	0,062
Diluted earnings (losses) per share (in EUR)	17	0,032	0,061

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 2023	38,106	1,119	2,066	500	(2,697)	57,950	97,044	809	97,853
Profit for the period	-	-	-	-	-	8,183	8,183	15	8,198
Other comprehensive income/(expenses)	-	-	-	-	(62)	-	(62)	-	(62)
Total comprehensive income/(expenses)	-	-	-	-	(62)	8,183	8,121	15	8,136
Approved dividends	-	-	-	-	-	-	-	-	-
Share-based remuneration	-	-	-	-	-	52	52	-	52
Transfer to reserve for granting shares	-	-	-	-	-	-	-	-	-
Transactions with the Company's owners	-	-	-	-	-	52	52	-	52
At 31 March 2023	38,106	1,119	2,066	500	(2,759)	66,185	105,217	824	106,041
At 1 January 2024	38,106	1,119	2,886	500	(2,821)	76,184	115,974	615	116,589
Profit for the period	-	-	-	-	-	4,272	4,272	(26)	4,246
Other comprehensive income/(expenses)	-	-	-	-	(55)	-	(55)	-	(55)
Total comprehensive income/(expenses)	-	-	-	-	(55)	4,272	4,217	(26)	4,191
Retained earnings from acquisition	-	-	-	-	-	(122)	(122)	-	(122)
Approved dividends	-	-	-	-	-	-	-	-	-
Share-based remuneration	-	-	-	-	-	51	51	-	51
Transactions with the Company's owners	-	-	-	-	-	(71)	(71)	-	(71)
At 31 March 2024	38,106	1,119	2,886	500	(2,876)	80,385	120,120	589	120,709

Consolidated statements of cash flows

	Notes	3 months 2024	3 months 2023
Cash flows from operating activities			
Profit before income tax		5,226	9,664
Adjustments for non-cash items			
Depreciation and amortisation		2,426	2,319
Interest expenses from borrowings and lease		103	99
Interest income		(300)	-
(Income)/expenses from other financial activities – net		(57)	(35)
Gain on disposal of property, plant and equipment		(7)	32
Share-based payment arrangements		51	51
		7,442	12,130
Changes in working capital			
Decrease/(increase) in trade and other amounts receivable		(3,209)	(2,252)
(Increase)/decrease in inventories		361	5,489
(Increase)/decrease in other assets		(300)	(269)
Increase/(decrease) in trade and other amounts payable		1,262	(7,281)
		(1,886)	(4,313)
Interest paid		(92)	(103)
Income tax paid		(163)	(386)
Net cash inflow from operating activities		5,301	7,328
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	2 / 5	(3,045)	(1,198)
Acquisition of investment property	4	(61)	(75)
Investments in subsidiaries (increase), decrease		(18,414)	-
Disposal of property, plant and equipment	2	17	-
Interest received		245	-
Payments for financial assets at amortised cost	7	15,051	-
Net cash inflow/(outflow) from investing activities		(6,207)	(1,273)
Cash flows from financing activities			
Dividends paid		(17)	(9)
Repayment of borrowings		(503)	(754)
Proceeds from borrowings		-	-
Lease payments		(132)	(92)
Net cash (outflow) from financing activities		(652)	(855)
Net increase/(decrease) in cash flows		(1,558)	5,200
Cash and cash equivalents at the beginning of the period		18,952	14,840
Cash and cash equivalents at the end of the period		17,394	20,040

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group for the 3-month period ended 31 March 2024 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 2023, 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 2023.

These financial statements of the Group for the 3-month period ended 31 March 2024 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 2023.

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.

The impairment of goodwill arising from the acquisition of Niedomickie Zakłady Papiernicze sp. z o.o. paper mill in Poland will be tested in future reporting periods.

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 33 of year 2023 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 2023						
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	67	1,096	314	173	4,986	6,636
Disposals and write-offs	-	(52)	(288)	(2)	-	(342)
Transfer from inventory (to inventory)	-	(7)	-	-	(39)	(46)
Transfer from construction in progress to property, plant and equipment	1,334	3,511	20	608	(5,473)	-
Reclassification from investment property	-	-	-	(17)	-	(17)
Reclassification to Intangible assets	-	-	-	-	(16)	(16)
Foreign exchange effect	(9)	(22)	-	(1)	(1)	(33)
Depreciation charge	(1,875)	(6,136)	(315)	(359)	-	(8,685)
Closing net book amount at 31 December 2023	23,824	37,361	821	1,239	5,351	68,596
At 31 December 2023						
Cost	49,245	131,451	2,510	3,055	5,351	191,612
Accumulated depreciation	(25,421)	(94,090)	(1,689)	(1,816)	-	(123,016)
Net book amount	23,824	37,361	821	1,239	5,351	68,596
Opening net book amount at 1 January 2024	23,824	37,361	821	1,239	5,351	68,596
Additions	17	144	274	43	2,359	2,837
Disposals and write-offs	-	-	(1)	(1)	-	(2)
Acquisition of subsidiary	2,583	968	64	6,016	130	9,761
Transfer from inventory to Intangible assets	68	81	33	114	(296)	-
Foreign exchange effect	-	1	-	-	(3)	(2)
Depreciation charge	(457)	(1,556)	(72)	(112)	-	(2,197)
Closing net book amount at 31 March 2024	26,035	36,999	1,119	7,299	7,541	78,993
At 31 March 2024						
Cost	51,920	132,656	2,880	9,287	7,541	204,284
Accumulated depreciation	(25,885)	(95,657)	(1,761)	(1,988)	-	(125,291)
Net book amount	26,035	36,999	1,119	7,299	7,541	78,993

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

On the 31 March 2024, the part of the Group's property, plant and equipment with a carrying value of EUR 5,933 thousand (31 December 2023 – EUR 12,237 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 2023				
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	(11)	83	575	647
Foreign exchange effect	-	-	-	-
Disposals and write-offs	(5)	-	(78)	(83)
Amortisation charge	(59)	(152)	(315)	(526)
Closing net book amount at 31 December 2023	3,478	379	458	4,315
At 31 December 2023				
Cost	3,902	625	569	5,095
Accumulated depreciation	(424)	(246)	(111)	(781)
Net book amount	3,478	379	458	4,315
Opening net book amount at 1 January 2024	3,478	379	458	4,315
Change in value-in-use	-	-	65	65
Acquisition of subsidiary	101	-	-	101
Disposals and write-offs	-	-	(7)	(7)
Amortisation charge	(16)	(42)	(88)	(146)
Closing net book amount at 31 March 2024	3,563	337	428	4,328
At 31 March 2024				
Cost	4,233	625	626	5,484
Accumulated depreciation	(670)	(288)	(198)	(1,156)
Net book amount	3,563	337	428	4,328

As at 31 March 2024, the part of the Group's land lease rights with the carrying amount of EUR 651 thousand (31 December 2023: EUR 995 thousand) were pledged to the banks as security for borrowings.

4. Investment property

	Buildings and structures	Other assets	Construction in progress	Total
At 1 January 2023				
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	32	-	422	454
Reclassification from construction	68	-	(68)	-
Reclassification, from property, plant and equipment	-	17	-	17
Depreciation charge	(257)	(3)	-	(260)
Closing net book amount at 31 December 2023	3,915	16	690	4,621
At 31 December 2023				
Cost	5,063	19	690	5,772
Accumulated depreciation	(1,148)	(3)	-	(1,151)
Net book amount	3,915	16	690	4,621
Opening net book amount at 1 January 2024	3,915	16	690	4,621
Additions	(32)	-	42	10
Reclassification from construction in progress and prepayments	(126)	-	-	(126)
Reclassification, from property, plant and equipment	-	-	-	-
Depreciation charge	(66)	(2)	-	(68)
Closing net book amount at 31 March 2024	3,691	14	732	4,437
At 31 March 2024				
Cost	4,905	19	732	5,656
Accumulated depreciation	(1,214)	(5)	-	(1,219)
Net book amount	3,691	14	732	4,437

5. Intangible assets

	Goodwill	Licences, patents	Software	Other assets	Total
At 1 January 2023					
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	-	1	2	668	671
Transfer from development in progress to Intangible assets	-	6	34	(40)	-
Reclassification from property, plant and equipment	-	16	-	-	16
Disposals and write-offs	-	(1)	-	-	(1)
Amortisation charge	-	(7)	(170)	(2)	(179)
Closing net book amount at 31 December 2023	3,001	28	436	806	4,271
At 31 December 2023					
Cost	3,001	84	2,527	1,176	6,788
Accumulated amortisation	-	(56)	(2,091)	(370)	(2,517)
Net book amount	3,001	28	436	806	4,271
Opening net book amount at 1 January 2024	3,001	28	436	806	4,271
Additions	2,824	2	2	349	3,177
Transfer from development in progress to Intangible assets	-	-	269	(269)	-
Acquisition of subsidiary	4,384	-	-	5	4,389
Disposals and write-offs	-	-	-	-	-
Amortisation charge	-	(3)	(42)	-	(45)
Closing net book amount at 31 March 2024	10,209	27	665	891	11,792
At 31 March 2024					
Cost	10,209	86	2,799	1,426	14,520
Accumulated amortisation	-	(59)	(2,134)	(535)	(2,728)
Net book amount	10,209	27	665	891	11,792

In 2024, additions of goodwill as well as goodwill acquired with the acquisition of subsidiary is related with paper mill acquisition in Poland as announced in [Nasdaq notification on material events at 28 March 2024](#).

The goodwill will be tested for impairment in the upcoming reporting periods.

6. Amounts receivable

	2024.03.31	2023.12.31
Trade receivables – gross	23,368	18,794
Loss allowance	(34)	(37)
Trade receivables – net	23,334	18,757
VAT receivable	1,526	1,343
Subsidies receivable	646	646
Other amounts receivable – gross	258	273
Total trade and other amounts receivable – net	25,764	21,019
Of which:		
Non-current amounts receivable	-	-
Current amounts receivable Amounts receivable from related parties	25,764	21,019

7. Other financial assets at amortised costs

As at 31 March 2024 and 31 December 2023 other financial assets at amortized costs comprised term deposits at banks.

8. Cash and cash equivalents

	2024.03.31	2023.12.31
Cash at bank	2,351	6,905
Cashpool	15,043	12,047
TOTAL	17,394	18,952

As at 31 March 2024 and 31 December 2023, 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.

9. Inventories

	2024.03.31	2023.12.31
Materials	8,412	6,201
Work in progress	2,375	1,963
Finished products	8,546	5,584
Inventories in transit	63	289
Prepayments	287	373
Total	19,683	14,410

As at 31 March 2024, the acquisition value (cost) of the Group's inventories was decreased by respectively EUR 1,102 thousand (31 December 2023: EUR 1,128 thousand respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

10. Share capital and legal reserve

On 31 of March 2024 and on 31 December 2023 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 March 2024 the Company's legal reserve amounts 7,6% of the statutory capital.

11. 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.

12. Non-current and current borrowings

	2024.03.31	2023.12.31
Non-current borrowings:	1,993	2,497
Bank borrowings	1,993	2,497
Current borrowings:	2,147	2,147
Bank borrowings	2,147	2,147
TOTAL	4,140	4,644

13. Trade and other payables

	2024.03.31	2023.12.31
Trade payables	21,521	18,477
Wages and salaries and social security contributions	5,686	4,324
Advance amounts received	542	235
Accrued expenses	663	328
Other amounts payable	1,485	1,485
TOTAL	29,897	24,849
Of which:		
Attributable to financial liabilities	23,669	20,290
Not attributable to financial liabilities	6,228	4,559

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 3 months 2024	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	24,255	7,837	22,747	54,839	3,692	(9,871)	48,660
Inter-segment sales	(1,438)	(304)	(5,736)	(7,478)	(2,393)	9,871	-
Unconsolidated segment sales	22,817	7,533	17,011	47,361	1,299	-	48,660
Cost of sales	(15,783)	(5,764)	(14,033)	(35,580)	(1,384)	-	(36,964)
Gross profit	7,034	1,769	2,978	11,781	(85)	-	11,696
Depreciation and amortisation	889	224	1,123	2,236	220	-	2,456
Property, plant and equipment of the segment	32,701	5,323	37,175	75,199	3,794	-	78,993
Intangible assets of the segment	169	66	665	900	683	-	1,583
Investment property of the segment	-	-	-	-	4,437	-	4,437
Right-of-use assets of the segment	370	850	2,084	3,304	1,024	-	4,328
Goodwill	7,208	-	3,001	10,209	-	-	10,209
Investments of the segment	3,289	37	2,201	5,527	497	-	6,024

Group 3 months 2023	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	24,267	8,443	19,983	52,693	1,408	-	54,101
Inter-segment sales	(1,670)	(271)	(5,890)	(7,831)	(2,556)	10,387	-
Unconsolidated segment sales	25,937	8,714	25,873	60,524	3,964	(10,387)	54,101
Cost of sales	(16,972)	(7,472)	(15,773)	(40,217)	(973)	-	(41,190)
Gross profit	7,295	971	4,210	12,476	435	-	12,911
Depreciation and amortisation	841	247	1,070	2,158	195	-	2,353
Property, plant and equipment of the segment	24,145	6,293	36,871	67,309	3,350	-	70,659
Intangible assets of the segment	211	9	388	608	350	-	958
Investment property of the segment	-	-	-	-	4,471	-	4,471
Right-of-use assets of the segment	285	866	2,059	3,210	1,048	-	4,258
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	280	471	808	1,559	405	-	1,964

Sales by region

	3 months 2024	3 months 2023
Domestic market (Lithuania)	14,858	17,603
European Union	29,595	30,915
Other countries	4,207	5,583
TOTAL	48,660	54,101

15. Other income

	3 months 2024	3 months 2023
Rental income	216	183
TOTAL	216	183

16. Other gains/(losses) – net

	3 months 2024	3 months 2023
Net gain from turnover of emission allowances	7	2,979
Result of disposal of assets	7	-
Other gains/(losses)	(11)	2
TOTAL	3	2,981

17. Basic and diluted earnings per share

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

	3 months 2024	3 months 2023
Net profit for the period attributable to the Company's shareholders	4,272	8,183
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)	0,033	0,062
Diluted earnings per share (in EUR)	0,032	0,061

18. 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.

	3 months 2024	3 months 2023
Profit for the period	4,246	8,198
Income tax	980	1,466
Profit before income tax	5,226	9,664
Adjustment:		
Finance costs – net	(253)	63
Depreciation	2,264	2,184
Amortisation	191	170
Amortisation of grants	(30)	(34)
Adjusted EBITDA	7,398	12,046

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 3 months of 2024 and until the date of signing these interim financial statements.

More information is presented in [Note 33 of year 2023 financial statements](#).

Over 3 months of 2024 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. 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	2024.03.31	2023.12.31
Non-current assets	573	436
Current assets	1,958	2,116
TOTAL ASSETS	2,531	2,552
Shareholders' equity	2,352	2,306
Non-current liabilities	4	4
Current liabilities	175	242
TOTAL EQUITY AND LIABILITIES	2,531	2,552

The Group's statement of comprehensive income for 3 months of 2024 includes the following consolidated results of Mena Pak AT:

Mena Pak AT	3 months 2024
Revenue	235
Profit before tax	129
Net profit	109
EBITDA	145

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 2.5 million and liabilities of EUR 0.2 million due to the ongoing war and high uncertainty of future events.

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, Chief Executive Officer Tomas Jozonis and Chief Finance Officer Martynas Nenėnas hereby confirm that, to the best of our knowledge, unaudited interim consolidated financial statements of Grigeo AB for the three months period ended 31 March 2024, 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

Chief Finance Officer of Grigeo AB

Martynas Nenėnas