



Grigeo AB

CONSOLIDATED ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

This document is not the official annual information of Grigeo AB, as it is not presented in ESEF format. This is a copy of the annual ESEF information. You can find the official annual information in ESEF format with XBRL tags together with the independent auditor's report on Grigeo AB's website or Nasdaq website, in the reports section of the issuer Grigeo AB.

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.

CEO'S FOREWORD	3
CONSOLIDATED ANNUAL REPORT	4
1. Business model	5
1.1. The future is circular	5
1.2. Scale of organization in 2023.....	6
1.3. Our mission and values	7
2. Overview of operations	8
2.1. Executive summary of 2023	8
2.2. Financial and operating performance of the Group and the Company	9
2.3. Employees.....	10
2.4. Environmental protection	10
2.5. Risk management.....	11
3. Group companies	12
4. Data on the Issuer's securities	14
4.1. Contracts with intermediaries of public trading in securities	14
4.2. Main characteristics of the Company's shares	14
4.3. Trade in the Company's shares	14
4.4. Capitalisation of the Company's shares.....	15
5. Corporate governance report	16
5.1. Significant directly or indirectly controlled shares.....	16
5.2. Rules regulating the election and replacement of the management and supervisory bodies.....	16
5.3. Management and supervisory bodies	18
5.4. Functions and responsibilities of the management and supervisory bodies	20
6. Remuneration report	21
6.1. Remuneration policy	21
6.2. Remuneration paid to the management and supervisory bodies.....	22
6.3. Compliance with the Remuneration Policy.....	23
7. Sustainability (social responsibility) report.....	24
7.1. About sustainability report	24
7.2. Impact and materiality assessment.....	26
7.3. Commitments and targets.....	30
7.4. Group policies	33
7.5. EU taxonomy.....	35
7.6. List of datapoints in cross-cutting and topical standards that derive from other EU legislation ..	43
7.7. Environmental profile	46
7.8. Social profile.....	60
7.9. Governance profile	69
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS.....	71
STATEMENTS OF FINANCIAL POSITION.....	72
STATEMENTS OF COMPREHENSIVE INCOME	74
STATEMENTS OF CHANGES IN EQUITY	75
STATEMENTS OF CASH FLOWS	77
NOTES TO THE FINANCIAL STATEMENTS	78
STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE	128
CONFIRMATION OF RESPONSIBLE PERSONS.....	143

CEO'S FOREWORD



Dear members of the society,

Challenges in the global marketplace are becoming a permanent state of international business. The year 2023 was no exception, when the prevailing global economic stagnation challenged the Grigeo Group of Companies, which we believe we have not only withstood, but also entered 2024 stronger.

In a context of high inflation and high loan margins, demand from many of our customers was lower than usual. Particularly in the containerboard, packaging and hardboard segment. The effects of the economic slowdown were visible in all markets, most notably in Western Europe and Scandinavia.

However, the Grigeo Group's current level of borrowing is low and the Group itself has demonstrated its resilience to the increased cost of borrowing. In addition, the triple diversification of the business: production of tissue paper, containerboard packaging and hardboard, has allowed us to withstand the overall drop in demand with sufficient strength. Demand fluctuated unevenly across business segments, and when faced with challenges, businesses were able to react on their own, reorient themselves and add new customers to their portfolio.

We present to you a report with information on our Group's key performance indicators for 2023 in the areas of finance, environment, social responsibility and governance.

However, before we turn to the next year of this business yearbook, we would like to highlight the key events and trends of the past period.

On 26 September 2023, Grigeo AB signed a preliminary share purchase and sale agreement with Glucholaskie Zakłady Papiernicze Sp. z o.o., a Polish producer of tissue paper and cardboard, for the acquisition of 100% of the shares in the subsidiary of GZP, which will operate a tissue paper business located in Niedomice, Poland. This is a significant strategic move that strengthens our position in Eastern and Central Europe and will allow us to intensify the development of our tissue paper business and expand the geography of our product sales. We expect the transaction to close by the end of March 2024.

On 27 November 2023, to ensure a more efficient management and development of the Group's businesses, the Board of Directors of Grigeo AB adopted a decision to change the structure of the Group. The structural changes clarify the Group's business segments by separating the tissue paper business from the packaging and hardboard segments. Grigeo AB plans to transfer its current tissue business as a complex of assets, rights and liabilities to its newly established wholly owned subsidiary, and to combine the management of this subsidiary with the management of the factory to be acquired in Poland. We believe that the separation of the Grigeo Group's activities, including the concentration of the tissue paper business currently conducted by Grigeo AB in a separate company, will provide greater clarity and efficiency in the management of the Group's business. We expect to complete the structural changes in the first half of 2024.

The Šiauliai Regional Court continues to consistently deal with the pollution incident at one of the Group's companies, Grigeo Klaipėda, which occurred four years ago. The company, on its own initiative, undertook in court to remove all the contaminants from the Curonian Lagoon and, in cooperation with environmentalists, has prepared a detailed plan of environmental remediation measures, which it will start to implement as soon as it receives the approval of the Department of Environmental Protection.

Last year, we continued to focus on achieving our sustainability goals. Energy efficiency, climate change, waste and wastewater reduction remain our environmental priorities.

We have also focused on social issues to improve employee turnover and retention rates, ensuring safe working conditions and reducing accidents at work.

This year's Sustainability Report has already been prepared in line with the new European Sustainability Reporting Standards (ESRS). These standards will be mandatory for the Group's 2024 Sustainability Report, but the Group has taken a principled decision to stay one step ahead. This is a consistent commitment to prepare in advance for future requirements and to consolidate our ambition to not only meet but also exceed the standards, ensuring the highest quality and transparency in our disclosure.

In 2023, despite reduced consumption and continuing geopolitical tensions, the Grigeo Group delivered a strong performance. In the short term, the cheaper prices of raw materials, electricity and gas had a negative impact on sales revenues, which remained at last year's level, with a slight decrease of 4%, while EBITDA increased by over 82%.

We are proud that in 2023 we have also taken decisions aimed at improving the conditions of our employees, increasing the average salary in the Grigeo Group by 16%, exceeding the overall salary growth in Lithuania, which was 12% last year.

Going into 2024, we will continue to strategically strengthen our position in the markets for tissue paper and containerboard packaging and invest in increasing production volumes. We will also deliver on our commitment to the environment and to you, society, and consistently pursue our mission to build a circular future by reducing waste per unit of production in the Grigeo Group's operations and protecting the environment and its resources.

Tomas Jozonis

Chief Executive Officer of Grigeo AB



CONSOLIDATED ANNUAL REPORT

All amounts are in EUR thousands unless otherwise stated

1. Business model

Grigeo AB (hereinafter the “Company” or the “Issuer”) company group is the only paper and wood industry company group in Lithuania and one of the largest groups in the Baltic countries. Grigeo AB company group consists of the following entities: Grigeo AB, Grigeo Packaging UAB, Grigeo Baltwood UAB, Grigeo Klaipėda AB, Mena Pak AT, Grigeo Recycling UAB and Grigeo Recycling SIA and Grigeo Investicijų Valdymas UAB (hereinafter the “Group”).

1.1. The future is circular

The Group operates following the principle of a circular economy. A part of paper used for the production of tissue paper products and all raw materials designated for the production of corrugated cardboard, i.e., testliner (smooth layered cardboard) and fluting (paper for corrugation and raw material for paper honeycomb), are produced by recycling secondary raw materials, i.e., waste paper, thus contributing to the reduction of waste in Lithuania and neighbouring countries as well as to the preservation of forests:

Production of tissue paper

- Recycling of white waste paper
- 25,184 tonnes recycled into tissue paper

Collecting, sorting and recycling of waste paper

- 141,389 tonnes of waste paper recycled
- 84% of waste paper used for packaging production

Production of recycled containerboard

- Used paper comprises 99% of all materials
- 116,205 tonnes recycled into raw material for packaging



Significant role in logistics

- Reducing food waste: corrugated cardboard packaging is hygienic and storing fruits and vegetables for longer periods.
- Corrugated cardboard packaging is cost-efficient and highly versatile which allows optimisation of pace for transport and storage.

Converting paper to packaging

- 24% of paper made by Grigeo Klaipėda AB is further converted to corrugated cardboard in our packaging plants.
- We cooperated closely with our clients, 100% of our packaging is custom-made.

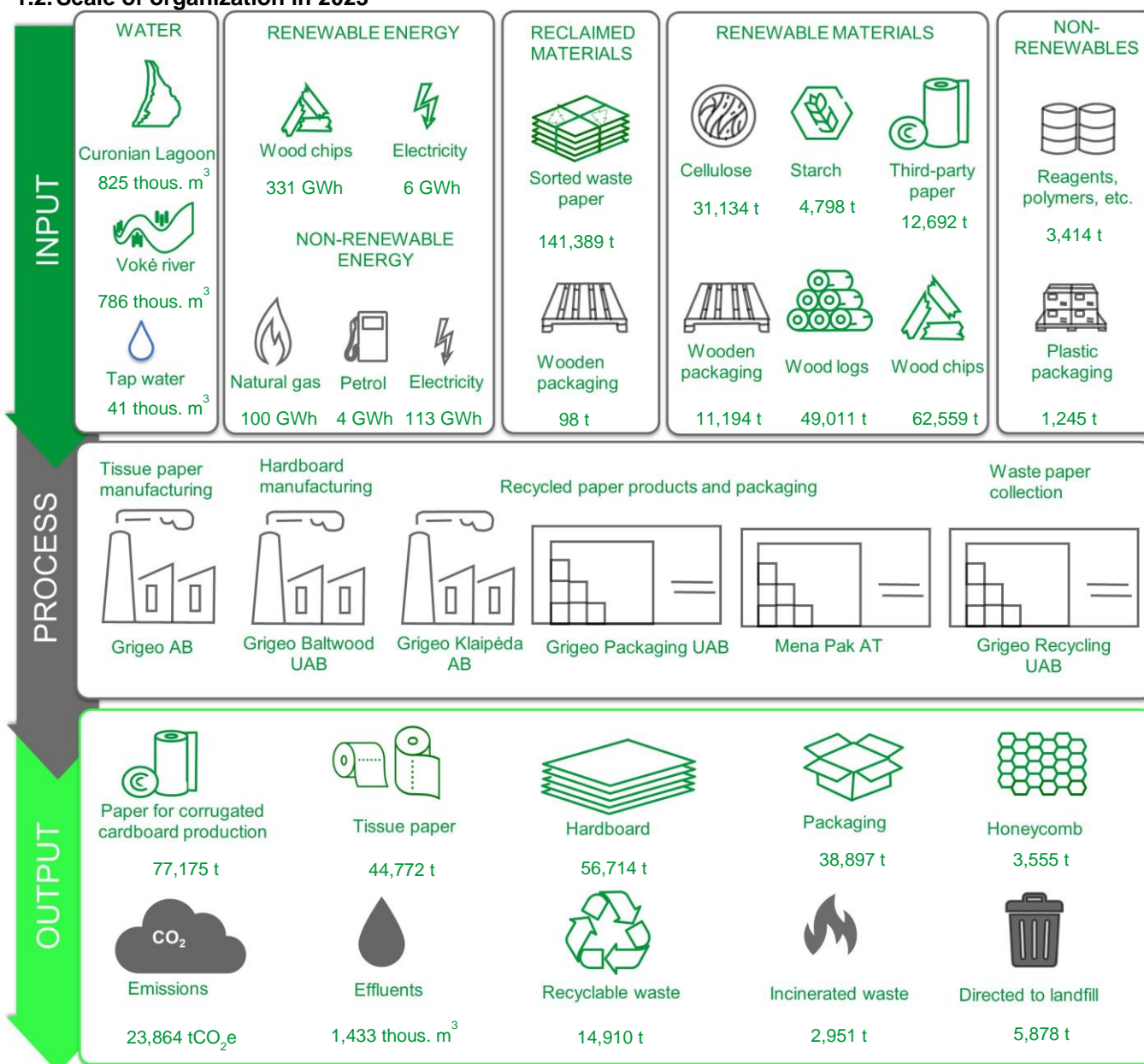
In the scope of its operational processes, the Group performs an almost complete cycle of processing of wood and paper components, producing products with higher added value: tissue paper, i.e., toilet paper, tissues, paper towels, paper to produce corrugated cardboard, honeycomb, corrugated cardboard and packaging, as well as solid hardboard. Corrugated cardboard packaging has the following characteristics:

- Products are 100% recyclable, organic and biodegradable.
- The 2021 [study](#) conducted by Graz University of Technology in Austria concluded that corrugated cardboard can be recycled up to 25 times.
- Recycled paper provides 76% of raw material for new corrugated cardboard packaging, ensuring the continuous renewal of fibres while making a universal packaging for our customers.

Corrugated cardboard packaging is currently one of the most recycled paper products and the market of secondary raw materials is well established. Efficient recycling processes allow reusing fibre to produce new packaging.

All amounts are in EUR thousands unless otherwise stated

1.2. Scale of organization in 2023



Consolidated revenue: EUR 195.4m

860 EMPLOYEES

Consolidated EBITDA: EUR 38.9m

Lithuania: 775

Consolidated net profit: EUR 25.3m

Ukraine: 67

Employee remuneration fund: EUR 28.5m

Latvia: 18



26% Women

Taxes paid: EUR 13.3m

Support provided: EUR 0.3m

Purchases from local suppliers: 68.3%

Export share of total production: 68.7%

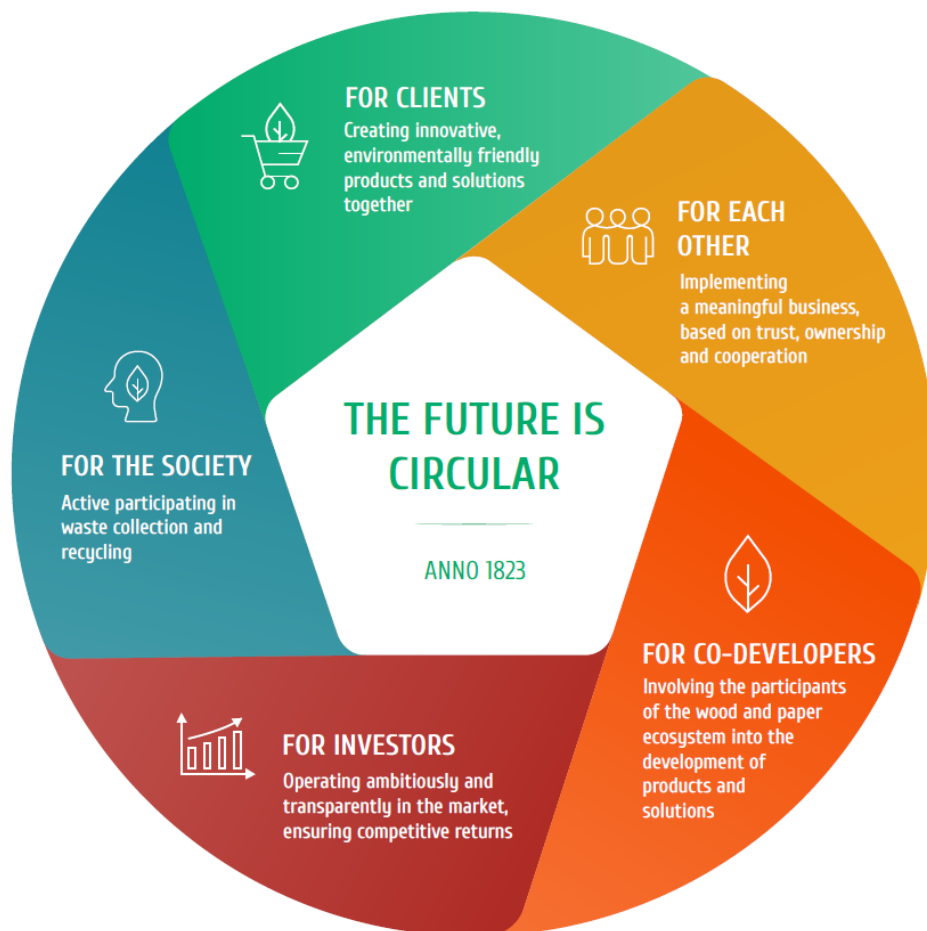
MEMBERSHIPS IN ASSOCIATIONS



All amounts are in EUR thousands unless otherwise stated

1.3. Our mission and values

Our mission and its directions:



FOR CLIENTS:

Creating innovative, environmentally friendly products and solutions together

FOR EACH OTHER:

Implementing a meaningful business, based on trust, ownership and cooperation

FOR CO-DEVELOPERS:

Involving the participants of the wood and paper ecosystem into the development of products and solutions

FOR INVESTORS:

Operating ambitiously and transparently in the market, ensuring competitive returns

FOR THE SOCIETY:

Active participating in waste collection and recycling



Responsible 360°

Whatever we do, let's always think about the impact on our environment because it's our home.

The best measurement of our work is a satisfied client.

Working like for ourselves makes us proud with the work done.



Agile

We grow faster than the market.

Even the best result can be better.

Every investor's euro that is targeted makes us more valuable.



Professional

A preconception is eliminated while considering proposed ideas.

Knowing everything is impossible – we improve by learning and sharing a good practice.

We speak the language of numbers and facts.



Teamwork

Good result is a merit of a good team.

The team is as strong as you are in it.

Before demanding from others, demand more from ourselves.

All amounts are in EUR thousands unless otherwise stated

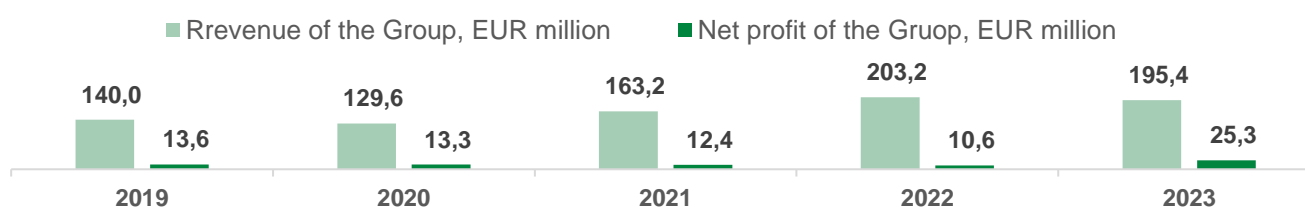
2. Overview of operations

2.1. Executive summary of 2023

The Group's revenue decreased by EUR 7.9 million (3.9%) and the Company's revenue increased by EUR 11.3 million (12.5%). The Group's and the Company's EBITDA was higher by EUR 17.6 million (82%) and EUR 17.9 million (176%), respectively. The Group's and the Company's EBT increased by EUR 18.0 million (154%) and EUR 11.6 million (67%), respectively.

Indicator, EUR million	Group			Company		
	2023	2022	Change	2023	2022	Change
Revenue	195.4	203.2	(3.9%)	101.7	90.5	12.5%
EBITDA	38.9	21.4	82%	28.0	10.1	176%
Profit before tax (EBT)	29.6	11.7	154%	28.7	17.2	67%

In 2023, the Group turnover stayed at the similar level – EUR 195.4 million (EUR 203.2 million in 2022).



The Group's net profit for 2023 reached EUR 25.3 million (EUR 10.6 million in 2022). The Group's profitability ratios increased following the price stabilization of raw materials and energy resources (the comparison of ratios is presented in section 2.2).

More detailed information on reasons of these changes is presented in the table and explanations below according to business segments.

Revenue, gross profit, and gross margin of the business segments*:

Indicator, EUR million	Tissue paper and paper products		Wood hardboards		Raw materials for corrugated cardboard and related products		Unallocated		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	92.3	77.7	26.9	27.7	72.2	93.0	4.0	4.9	195.4	203.2
Gross profit	31.1	11.1	3.8	2.3	15.6	16.8	1.2	0.7	51.6	30.8
Gross margin	33.7%	14.2%	13.9%	8.3%	21.7%	18.0%	29.1%	14.3%	26.4%	15.2%

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

Segment of tissue paper and paper products

The segment's turnover in 2023 reached EUR 92.3 million (EUR 77.7 million in 2022). 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 31.1 million – 3 times higher if compared to respective period of previous year. The increase in gross margin was significantly influenced by decreased prices of energy resources.

Segment of wood hardboards

In 2023, the segment's sales revenue amounted to EUR 26.9 million (EUR 27.7 million in 2022). The revenues decreased mainly due to lower sales volumes.

During 2023, due to decreased prices of energy resources the gross profit of the segment reached EUR 3.8 million and was 63% higher when compared to respective period of previous year.

Raw materials for corrugated cardboard and related products

In 2023, this segment's revenue reached EUR 72.2 million. It was 22.4% lower than in 2022 (EUR 93.0 million). The decrease of revenue was driven mainly by decreasing sales prices. However, due to decreased prices of energy resources the gross profit of the segment was decreasing at a slower pace and reached EUR 15.6 million. Accordingly, the gross profit margin of the segment increased from 18.0% to 21.7%.

All amounts are in EUR thousands unless otherwise stated

2.2. Financial and operating performance of the Group and the Company

In 2023, the profitability indicators increased following the stabilisation in the prices of raw materials and energy resources. The values of the liquidity and capital structure ratios continue to proof the financial stability as well as low financial risk of the Group and the Company.

Indicator	Group			Company		
	2023	2022	2021	2023	2022	2021
Revenue, EUR million	195.4	203.2	163.2	101.7	90.5	67.6
Net profit, EUR million	25.3	10.6	12.4	25.4	16.4	3.2
EBITDA, EUR million	38.9	21.4	23.7	28.0	10.1	5.9
EBIT, EUR million	29.4	12.1	13.9	28.4	17.3	3.0
Profitability ratios						
Gross profit margin	26.4%	15.2%	20.6%	30.5%	12.0%	13.4%
EBITDA margin	19.9%	10.5%	14.5%	27.5%	11.2%	8.8%
EBIT margin	15.1%	6.0%	8.5%	27.9%	19.1%	4.4%
Net profit margin	13.0%	5.2%	7.5%	24.9%	18.1%	4.8%
ROE margin	23.6%	11.0%	13.3%	33.4%	26.7%	5.5%
ROA margin	16.9%	7.6%	9.6%	25.2%	19.9%	4.2%
ROCE margin	23.3%	11.2%	13.8%	31.7%	24.6%	5.0%
Liquidity ratios						
Current ratio	2.45	1.71	1.51	2.46	1.75	1.01
Quick ratio	1.98	1.13	1.07	2.19	1.22	0.72
Capital structure ratios						
Debt to equity ratio	0.35	0.46	0.41	0.31	0.35	0.33
Debt to total assets ratio	0.26	0.31	0.29	0.24	0.26	0.25
Market value ratios*						
P/E	5.69	8.79	9.92	5.67	5.64	37.83
Dividend pay-out ratio	26.0%	62.4%	64.3%	25.9%	40.1%	245.1%
Basic earnings per share, in EUR	0.193	0.080	0.093	0.193	0.125	0.024
Diluted earnings per share, in EUR	0.190	0.079	0.092	0.191	0.123	0.024

The above-mentioned indicators have been calculated in accordance with the formulas recommended by Nasdaq Vilnius AB:

EBITDA margin = EBITDA / sales revenue. EBITDA to revenue ratio shows the overview of operational efficiency and cash flows. Gross profit margin = Gross profit / sales revenue. Gross profit margin shows the ability to earn profit from operating activity, control the level of sales revenue and cost.

EBIT margin = Profit from operations / sales revenue. A monetary value of the coefficient shows operating profit to EUR 1 of sales. A higher ratio shows higher profitability.

Net profit margin = Net profit attributable to shareholders / sales revenue. The ratio describes the profitability of the final total operating result.

ROE margin = Net profit attributable to shareholders / average equity. This ratio estimates shareholders' return on investment.

ROA margin = Net profit attributable to shareholders / average assets. The return on assets shows how effectively assets are used to generate profit.

ROCE margin = EBIT / capital used. The used capital return shows income generated by each euro invested in the capital.

Current ratio = Current assets / current liabilities. The ratio shows the ability to cover current liabilities with current assets.

Quick ratio = (Current assets – Inventories) / current liabilities. Liquidity describing the ability to fulfil current liabilities from quickly realisable current assets.

Debt to equity ratio = Liabilities / equity. The ratio estimates the combination of fund resources in the balance and compares funds from owners and those that were borrowed.

Debt ratio = Liabilities / assets. The ratio shows the asset share financed from borrowed funds. The lower the value, the more borrowings are covered with assets.

P/E = the market price of share / total of attributable profit. The ratio shows how much investors pay for one EUR of profit.

Dividend pay-out ratio = Dividends / Net profit attributable to shareholders. The ratio shows the portion of earnings paid out as dividends.

Basic earnings per share = (Net profit – preferred stock dividends) / weighted average number of ordinary shares in circulation. The calculated profit shows the earned net profit per share.

Diluted earnings per share = (Net profit – preferred stock dividends) / (weighted average number of ordinary shares in circulation + weighted average number of dilutive shares, i.e. shares that can be converted to ordinary shares). The calculated profit shows the diluted net profit per share.

All amounts are in EUR thousands unless otherwise stated

2.3. Employees

There were no significant changes in the number of employees during 2023. Natural personnel turnover rates prevailed in the Group companies in the reported period.

The average salary in the Company and 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.

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

Employees	Group		Company	
	2023	2022	2023	2022
Women	224	228	70	70
Men	636	637	211	210
Total	860	865	281	280

The average salary in the Group and in the Company*, in euros:

Employees	Group		Company	
	2023	2022	2023	2022
Workers	2,308	1,973	2,576	2,143
Specialists	2,626	2,268	2,888	2,466
Managers	5,678	4,959	7,230	5,983
Total	2,778	2,394	3,195	2,673

*Information on the average salary does not include data of Mena Pak AT to show a more precise average salary in the Group that is not affected by fluctuations in exchange rate of the Ukrainian hryvnia.

2.4. Environmental protection

The Group fully recognises that sustainable development embraces economic, environmental and social business issues which remain relevant in the daily operations of the organization. In 2023, the Group consistently made investments, the majority of which was aimed at the acquisition of modern, more efficient facilities and improvement of processes of environmental protection. After the environmental incident in Grigeo Klaipėda AB that took place in 2020, in 2021 the Prosecutor's Office completed the pre-trial investigation regarding the wastewater treatment carried out by Grigeo Klaipėda AB, and the criminal case was referred to the court. The court hearings started in 2022. By assuming moral responsibility we hope that the fact of damage to the natural environment will be established by the court and, once it has been established, an objective scope of damage will be determined. This will allow Grigeo Klaipėda AB to recover the impact made on the natural environment in a fair manner and in compliance with international standards.

We have set clear targets for our future development. Our continuous sustainability targets include:

- reducing our GHG emission intensity,
- reduce number of accidents at work
- improve nature- and people-friendly product properties,
- select more environmentally friendly mix of energy sources,
- invest in energy efficiency,
- promote responsible collection of waste paper,
- better manage the wastewater quality,
- reduce the disposable waste.

More information on sustainability targets is disclosed in the section "Sustainability (social responsibility) report".

Environmental management system certificates ISO 14001:2015 implemented at the companies of the Group are a proof that we aim to control the environmental impact in our production and distribution processes. We responsibly choose and use raw materials and energy sources, implement environmentally friendly technologies, and manage production waste – these priorities will remain the focus of our Group entities future activities.

2.5. Risk management

Ecological risk

The Group is constantly exposed to ecological risks during its manufacturing activities. To properly manage environmental risks, ISO 14001 (Environmental Management System) has been implemented in all manufacturing companies of the Group in Lithuania, the effectiveness of which is constantly monitored with the help of external certification consultants.

The Company follows the integrated pollution prevention and control principles in its economic activities. The Company rationally uses energy and natural resources through the application of modern production technologies and technologies for the treatment of environmental components without worsening the quality of the products manufactured.

Product risk

The Group's hygiene paper segment manufactures products that come into contact with food or are used as personal hygiene products. For these reasons, the Group must apply the highest quality standards.

In 2020, Grigeo AB was the first personal hygiene product manufacturer in Lithuania to receive an IFS HPC quality certificate. It accredits that tissue paper products are manufactured in compliance with the highest quality and safety standards and the products supplied to the market are safe to be in contact with food.

IFS HPC certificate is renewed on an annual basis.

Climate change risk

The management of the Group recognises the importance of analysis in disclosing climate-related risks and opportunities. In 2021, the Group's management decided to start with a qualitative analysis that will help explore a possible range of effects of climate change. During 2023, the Group continued its analysis and used the reporting principles of the Climate-Related Financial Disclosure Working Group (TCFD) to analyse the potential impact of the climate change on the activities of the companies of the Group.

Although the physical risk to the Group is low, in the opinion of the management, the reputational risk and market risk remain significant in the context of the climate change risk. During the production process, the Group's companies emit greenhouse gases (GHGs) and the Group is sensitive to electricity needs. In order to ensure the Group's transparency, the Group provides GHG emissions data and sets targets for reducing emissions and energy needs through technological means, through the purchase of new and more energy-efficient equipment and upgrade of existing ones.

Risk of prices of raw materials

The markets of raw materials relevant for the paper and wood industry are showing signs of stabilisation (cellulose, white waste paper, starch), and in some markets (various types of paper, cardboard waste paper, wood chips) a significant price decrease is seen. This is related to both the reduced demand for raw materials, as well as the significantly increased availability of various logistics channels and the resulting drop in logistics costs.

To manage this risk, the companies of the Group renewed the annual supply contracts with the main suppliers of raw materials, maintaining and, in some cases, significantly improving the supply conditions.

Risk of prices of energy resources

In 2023, the companies of the Group renewed electricity, gas and biofuel supply contracts, focusing on the reliability and flexibility of the selected partners, i.e. the ability to ensure the necessary energy resources and respond promptly to market changes. Decisions have been made to invest in renewable energy resources, thus reducing both the need for their purchase and the costs incurred by the Group companies. The Group also invests in new technologies that allow to increase energy efficiency and at the same time reduce the need for energy resources.

Risk related to the process of financial reporting

The Company's financial accounting is performed, and financial statements are prepared in accordance with the requirements of International Financial Reporting Standards, as adopted by the European Union effective at 31 December 2023. The annual financial statements are audited by the independent auditors elected by the General Meeting of Shareholders. Independence of the auditors is assessed by the Company's Audit Committee. This procedure guarantees the relevance and transparency of the data presented in the Company's financial statements.

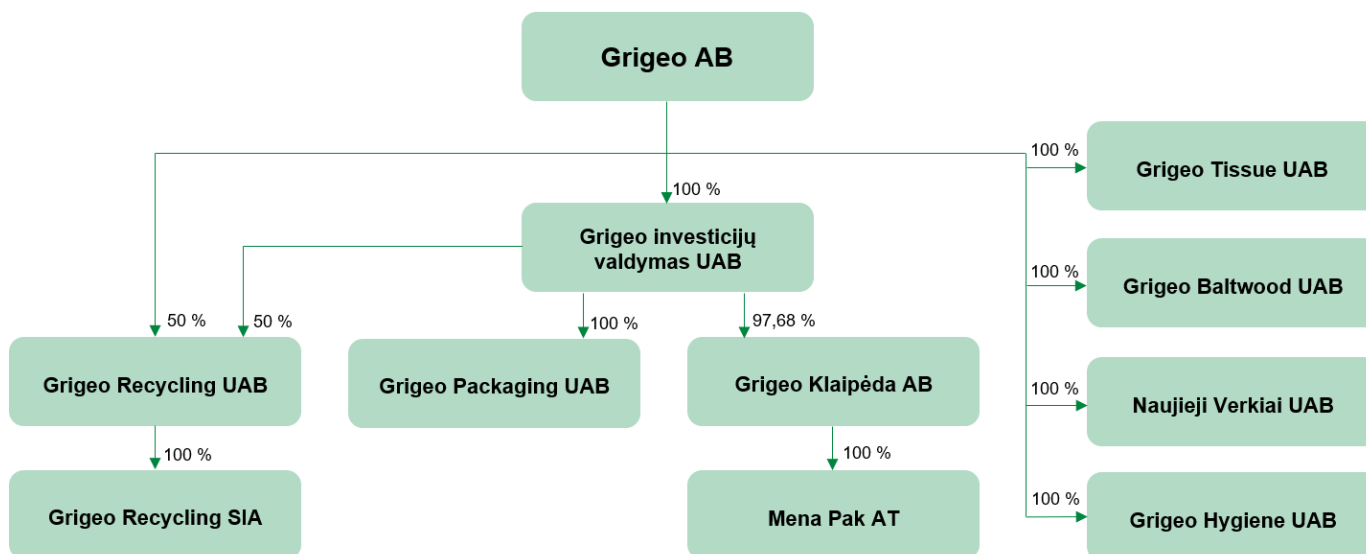
Financial risk

The information on financial risks and their management is disclosed in Note 3 to the consolidated and separate financial statements.

All amounts are in EUR thousands unless otherwise stated

3. Group companies

As at 31 December 2023, the Group consisted of the Company and its ten subsidiaries as indicated below:



The Company has sales representatives operating in Latvia and Estonia. No new representative offices or branches are planned to be opened in 2024.

Status	Parent company	Subsidiary	Subsidiary
Company name	Grigeo AB	Grigeo Klaipėda AB	Grigeo Packaging UAB
Code	110012450	141011268	302329061
Authorised share capital	EUR 38,106,000	EUR 11,890,550	EUR 15,202,900
Profile of activities	Production of tissue paper	Manufacture of raw material for production of corrugated cardboard	Manufacture of corrugated cardboard and corrugated cardboard products
Portion of shares directly/indirectly controlled by Grigeo AB	The Company has not acquired own shares	97.68%	100%
LEI code	529900YXT3CDTZGS0R43	6488004VY4HF60K96D17	-
Address	Vilniaus g. 10, Grigiškės, Vilnius City Municipality, Lithuania	Nemuno g. 2, Klaipėda	Vilniaus g. 10, Grigiškės, Vilnius City Municipality
Telephone	+370 5 243 5801	+370 46 39 5601	+370 5 243 5838
Fax	-	+370 46 39 5600	-
E-mail	info@grigeo.lt	info.klaipeda@grigeo.lt	info.packaging@grigeo.lt
Website	https://www.grigeo.lt/en	https://www.grigeo.lt/en	https://www.grigeo.lt/en
Legal form	Public limited liability company	Public limited liability company	Private limited liability company
Date of registration	23 May 1991	22 September 1994	10 April 2009
Manager of the register	State enterprise Centre of Registers	State enterprise Centre of Registers	State enterprise Centre of Registers

All amounts are in EUR thousands unless otherwise stated

Status	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Company name	Grigeo Tissue UAB	Grigeo Baltwood UAB	Grigeo Recycling UAB	Grigeo Recycling SIA
Code	306639125	126199731	302529158	40203001091
Authorised share capital	EUR 200,000	EUR 4,000,000	EUR 2,960,000	EUR 500,000
Profile of activities	Production of tissue paper	Manufacture of uncoloured hardboard and painted hardboard panels	Collection of secondary raw materials and preparation of them for recycling	Collection of secondary raw materials and preparation of them for recycling
Portion of shares directly/indirectly controlled by Grigeo AB	100%	100%	100%	100%
Address	Vilniaus g. 10, Grigiškės, Vilnius City Municipality	Vilniaus g. 10, Grigiškės, Vilnius City Municipality	Vilniaus g. 10, Grigiškės, Vilnius City Municipality	Ēdoles iela 5, Rīga, Latvia
Telephone	+370 5 243 5801	+370 5 243 5900	+370 5 243 3393	+370 5 243 3393
E-mail	grigeotissue@grigeo.lt	info.baltwood@grigeo.lt	info.recycling@grigeo.lt	info.recycling@grigeo.lt
Website	-	https://www.grigeo.lt/en	https://www.grigeo.lt/en	-
Legal form	Private limited liability company	Private limited liability company	Private limited liability company	Private limited liability company
Date of registration	1 December 2023	10 April 2003	16 July 2010	16 June 2016
Manager of the register	State enterprise Centre of Registers	State enterprise Centre of Registers	State enterprise Centre of Registers	Register of Enterprises of the Republic of Latvia

Status	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Company name	Mena Pak AT	Grigeo Investicijų Valdymas UAB	Naujieji Verkiai UAB	Grigeo Hygiene UAB
Code	00383260	302416687	300015674	302674488
Authorised share capital	UAH 4,011,470	EUR 19,329,776	EUR 28,962	EUR 200,000
Profile of activities	Manufacture of corrugated cardboard and corrugated cardboard products	Investment activities and management of companies	Construction and development of real estate; the company was dormant in 2023	Investment activities and management of companies
Portion of shares directly/indirectly controlled by Grigeo AB	100%	100%	100%	100%
Address	Koševovo g. 6, Chernihiv region, Mena, Ukraine	Vilniaus g. 10, Grigiškės, Vilnius City Municipality	Popieriaus g. 15, Vilnius	Vilniaus g. 10, Grigiškės, Vilnius City Municipality
Telephone	+380 4644 21341	+370 698 87433	+370 5 243 5933	+370 5 243 5933
E-mail	menapack@ukr.net	info.giv@grigeo.lt	info@grigeo.lt	grigeohygiene@grigeo.lt
Website	www.menapack.com.ua	-	-	-
Legal form	Public limited liability company	Private limited liability company	Private limited liability company	Private limited liability company
Date of registration	30 December 1993	10 July 2009	6 April 2004	7 October 2011
Manager of the register	Mena District State Administration, Chernihiv Region	State enterprise Centre of Registers	State enterprise Centre of Registers	State enterprise Centre of Registers

The transactions between related parties are disclosed in Note 31 to the financial statements.

All amounts are in EUR thousands unless otherwise stated

4. Data on the Issuer's securities

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 Company and the companies of the Group did not purchase own shares during the reporting period and have no such shares acquired.

4.1. Contracts with intermediaries of public trading in securities

The Company has signed a contract with Šiaulių Bankas AB (telephone: 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 FMĮ Orion Securities UAB (A. Tumėno g. 4, Vilnius, tel. +370 5 231 3833, info@orion.lt) on the bookkeeping of securities issued by the Company and on market making activities.

4.2. Main characteristics of the Company's shares

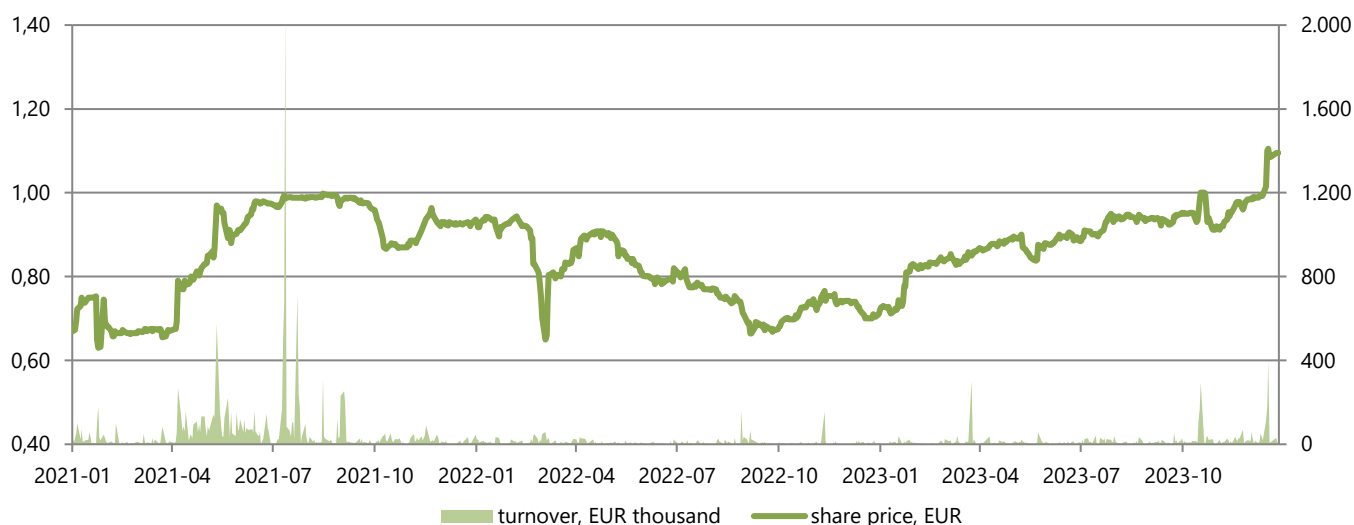
Type of shares	Securities' ISIN code	Number of shares, units	Par value, EUR	Total par value, EUR
Ordinary registered shares	LT0000102030	131,400,000	0.29	38,106,000

4.3. Trade in the Company's shares

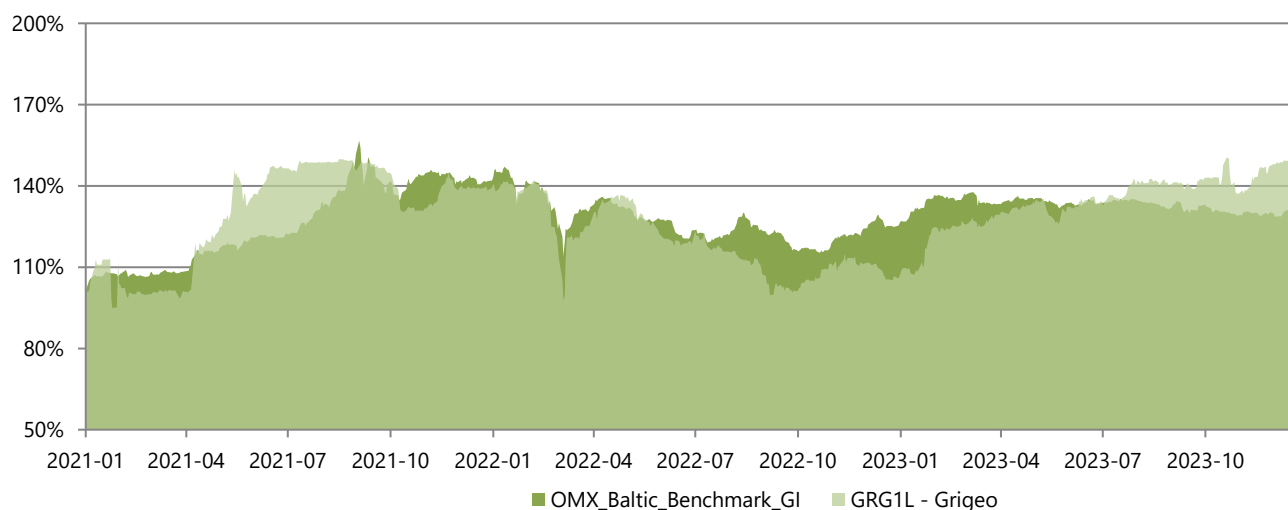
Reporting period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
2020	0.750	0.482	0.665	0.570	342,036	9	9,670	9,829,442	5,603,785
2021, Q1	0.753	0.630	0.673	0.676	178,553	77	3,085	2,120,000	1,432,306
2021, Q2	0.980	0.670	0.974	0.878	576,103	1,782	64,516	6,366,053	5,590,079
2021, Q3	0.998	0.964	0.964	0.986	2,079,207	3,054	12,209	6,960,462	6,862,103
2021, Q4	0.964	0.866	0.926	0.905	90,003	260	6,726	1,265,914	1,145,714
2021	0.998	0.630	0.926	0.899	2,079,207	77	6,726	16,712,429	15,030,202
2022, Q1	0.944	0.650	0.840	0.832	57,663	340	14,324	1,044,261	869,038
2022, Q2	0.908	0.782	0.788	0.856	34,250	97	2,406	562,634	481,777
2022, Q3	0.820	0.664	0.672	0.729	160,293	353	2,729	1,037,585	756,833
2022, Q4	0.766	0.674	0.704	0.720	155,835	343	3,831	634,139	456,842
2022	0.944	0.650	0.704	0.782	160,293	97	3,831	3,278,619	2,564,490
2023, Q1	0.860	0.710	0.860	0.823	300,835	320	654	994,544	818,344
2023, Q2	0.906	0.838	0.894	0.879	57,063	318	4,655	593,794	521,829
2023, Q3	0.950	0.884	0.946	0.927	52,027	121	4,532	802,325	743,660
2023, Q4	1.105	0.912	1.095	0.996	397,140	2,269	10,367	2,241,728	2,233,520
2023	1.105	0.710	1.095	0.932	397,140	121	10,367	4,632,391	4,317,354

All amounts are in EUR thousands unless otherwise stated

Price and turnover of shares over the period 01/01/2021 – 31/12/2023:



Share price benchmarked against the Baltic market index over the period 01/01/2021 – 31/12/2023:



4.4. Capitalisation of the Company's shares

Last session date	Capitalisation, EUR
31/12/2020	87,381,000
31/03/2021	88,366,500
30/06/2021	127,983,600
30/09/2021	126,669,600
31/12/2021	121,676,400
31/03/2022	110,376,000
30/06/2022	103,543,200
30/09/2022	88,300,800
31/12/2022	92,505,600
31/03/2023	113,004,000
30/06/2023	117,471,600
30/09/2023	124,304,400
31/12/2023	143,883,000

All amounts are in EUR thousands unless otherwise stated

5. Corporate governance report

The applied corporate governance code and information on compliance with the code are presented in the section “Statement of compliance with the corporate governance code”.

5.1. Significant directly or indirectly controlled shares

As at 31 December 2023, the number of shareholders of Grigeo AB was 4,771 (31 December 2022: 4,676).

There are no shareholders holding special controlling rights at the Company. There are no limitations of voting rights at the Company. Moreover, the Company is not aware of any agreements between the shareholders, including those under which a transfer of securities and / or voting rights could be restricted.

Shareholders holding more than 5% of the Issuer’s authorised share capital by the right of ownership as at 31 December 2023 and 31 December 2022 are presented in the table below:

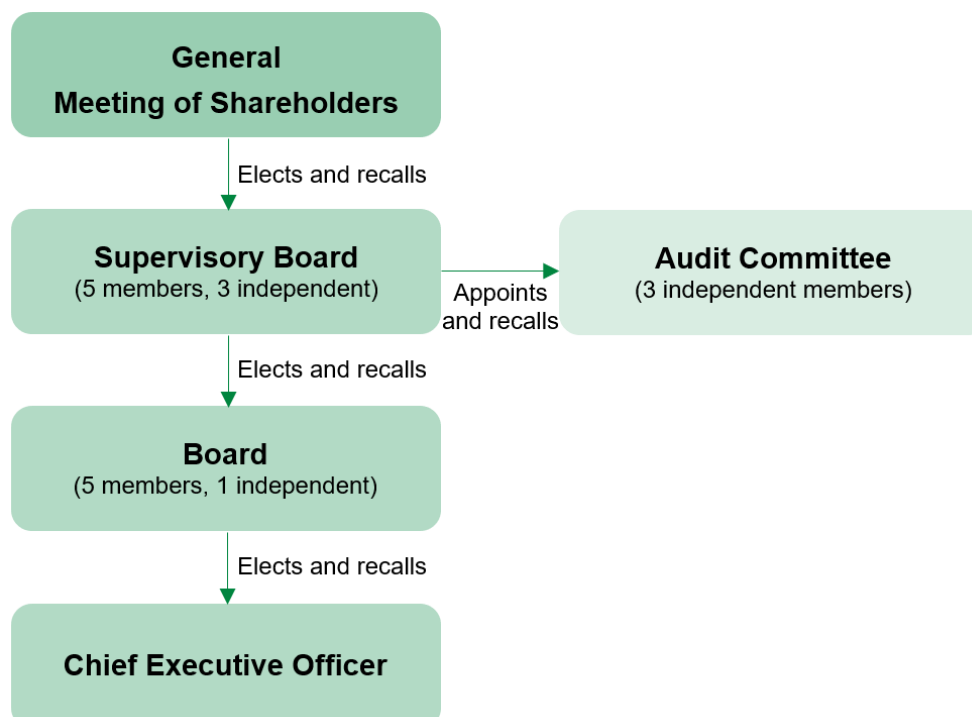
Shareholder’s name, surname (company’s name, type, registered office address, company code)	31 December 2023			31 December 2022		
	Number of ordinary registered shares owned by the shareholder, units	Portion of the authorised share capital held, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder, units	Portion of the authorised share capital held, %	Votes granted by shares held by the right of ownership, %
Ginvildos Investicija UAB* Turniškių g. 10a-2, Vilnius, 125436533	61,838,179	47.06	47.06	60,809,151	46.28	46.28
Irena Ona Mišeikienė	17,578,342	13.38	13.38	17,578,342	13.38	13.38

*Gintautas Pangonis holds 67,00% of shares of Ginvildos Investicija UAB.

5.2. Rules regulating the election and replacement of the management and supervisory bodies

According to the Company’s Articles of Association, the Company’s bodies are the General Meeting of Shareholders, the Supervisory Board (the collegial supervisory body), the Board (the collegial management body), and the Company’s Manager (the Chief Executive Officer). The Audit Committee is formed at the Company, which is the advisory body to the Company’s Supervisory Board.

The Company’s objective is to ensure diversity of qualifications, professional experience and competences as well as gender equality of the elected members of the management and supervisory bodies.





All amounts are in EUR thousands unless otherwise stated

Supervisory Board

The Supervisory Board consists of five members. The members of the Supervisory Board are elected by the General Meeting of Shareholders for a period of four years as defined by the Articles of Association of the Company. The General Meeting of Shareholders may recall the entire Supervisory Board or its individual members before the end of the term of office of the Supervisory Board. In the election of the members of the Supervisory Board, each shareholder holds the number of votes which is equal to the number of votes conferred by the shares held by them multiplied by the number of the Supervisory Board members to be elected. The shareholder distributes these votes at his own discretion – in favour of one or several candidates. The candidates who have collected the largest number of votes are elected. In case the number of candidates who collected equal number of votes exceeds the number of vacancies on the Supervisory Board, a repeated voting is organised during which each shareholder may vote only for one of the candidates who collected equal number of votes. The Supervisory Board performs its functions for a period defined by the Articles of Association or until a new Supervisory Board is elected but no longer than until the Ordinary General Meeting of Shareholders is held in the year in which the Supervisory Board's term of office ends. The number of terms of office of a member of the Supervisory Board is unlimited.

More than a half of the Supervisory Board members must have no employment relations with the Company, at least 1/3 of the Supervisory Board members must be independent and cannot be members of the Supervisory Board of the Company for more than 10 years. The Supervisory Board or its members commence their activities after the end of the General Meeting of Shareholders which elected the Supervisory Board or its members. The Supervisory Board is chaired by its chairperson who is elected by the Supervisory Board from its members.

Audit Committee

The Audit Committee is formed at the Company, and it consists of three members. The Audit Committee is formed, and its composition is approved by the decision of the Supervisory Board for the period defined therein but no longer than for four years. Only a private individual may be a member of the Audit Committee. The Audit Committee must include at least one Audit Committee member with knowledge of at least one of the following areas: finance, accounting, audit of financial statements, or the sector in which the company operates; at least one member of the Audit Committee must have at least three years' working experience in accounting and (or) audit of financial statements. The Manager of the Company and a person who has held this position for the past five years may not be a member of the Audit Committee. More than a half of the Audit Committee members must be independent members and may not serve as a member of the Company's Audit Committee for a total of more than 12 years. The chairperson of the Audit Committee is elected by the members of the Audit Committee. An independent member is elected to be the chairperson of the Audit Committee.

Board

The Company's Board consists of five members. The Board is elected for a period of four years as defined by the Articles of Association of the Company. The Board performs its functions for a period defined by the Articles of Association or until a new Board is elected and starts to perform its functions but no longer than until the Ordinary General Meeting of Shareholders is held in the year in which the Board's term of office ends. The Board elects the chairperson of the Board from its members. Only a private individual may be elected to be a member of the Board. The number of terms of office of a member of the Board is unlimited. The Board or its members commence their activities after the end of the meeting of the Supervisory Board which elected the Board or its members. The Supervisory Board may recall the entire Board or its individual members before the end of their term of office.

Manager of the Company

The Manager of the Company is elected, recalled and dismissed by the Board of the Company. An employment contract is signed with the Manager of the Company. The Company's Manager starts to perform his/her duties from the election day, unless otherwise provided by the agreement signed.

Articles of Association of the Company

The General Meeting of Shareholders has the exclusive right to amend the Articles of Association of the Company subject to the exceptions provided by the Law on Companies of the Republic of Lithuania. The Articles of Association of the Company are amended following the procedure established by the Law on Companies of the Republic of Lithuania.

All amounts are in EUR thousands unless otherwise stated

5.3. Management and supervisory bodies

Composition of the management and supervisory bodies

Name, surname	Position	Education	Term of office	Portion of ownership interest and voting rights, %
Supervisory Board				
Vilius Oškeliūnas	Independent Member, Chairman	Vilnius University, BA and MA in Economics		-
Marius Stankevičius	Member	University of Liverpool, MA in Management of Information Systems	From 28 April 2023	2.92
Ignas Degutis	Independent Member	ISM University of Management and Economics, MA in Economics	until the General Shareholders' Meeting, to be held in 2027	-
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	From 28 April 2023	-
Ignas Degutis	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		-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	From 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, 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		-
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 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.

**The Board member holds 0.13% of the Company's shares directly and 0.03% – through 100% owned company Alro Kapitalas UAB.

Indicator	Value
Proportion of female and male board members	0:5
Percentage of independent board members	20%
Executive board members	2
Non-executive board members	3
Proportion of female and male members of the Supervisory Board	1:4
Percentage of independent Supervisory Board members	60%
Number of employee representatives on management and supervisory bodies	0

Participation of the management and supervisory bodies in the activities of other organisations

All amounts are in EUR thousands unless otherwise stated

Name, surname	Position	Name of the enterprise, institution and organisation
Vilius Oškeliūnas	Chairman of the Supervisory Board, Member of the Audit Committee	Grigeo AB
	Wealth Manager	Gerovės Valdymas UAB
	Director, Board Member	Atelier Investment Management UAB
	Director	IM Investment UAB, Commodity UAB
	Deputy Director	WB Invest UAB
	True Member	Gerovės Partneriai KŪB
	Board Member	Invalda Privatus Kapitalas AB, ETA projektai UAB, Liv in LT UAB, V46 UAB
Marius Stankevičius	Member of the Supervisory Board	Grigeo AB
	Shareholder	Didma UAB
	Shareholder	Statybų namai UAB
	Shareholder	Technikos namai UAB
Ignas Degutis	Independent Member of the Supervisory Board, Member of the Audit Committee	Grigeo AB
	Independent Member of the Board	Amber Grid AB
	General Director	Vilniaus viešojo transport (VVT) UAB
Arūnas Pangonis	Member of the Supervisory Board	Grigeo AB
	Director	Hendrixon UAB
Daiva Dukšienė	Independent Member of the Supervisory Board, Chairperson of the Audit Committee	Grigeo AB
	Director	Amerigas UAB, Pasaulio skoniai UAB
	Chief Financial Officer	Baltijos ir Amerikos terapijos ir chirurgijos klinika UAB, EM21 MB
Gintautas Pangonis	President	Grigeo AB (until 06.05.2023)
	Director	Ginvildos investicija UAB
	Chairman of the Board	Grigeo AB
	Board Member	Grigeo Klaipėda AB, Grigeo Packaging UAB, Grigeo Hygiene UAB, Grigeo Tissue UAB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Grigeo investicijų valdymas UAB, Naujieji Verkliai UAB
	Member of the Supervisory Board	Mena Pak AT
Vigmantas Kažukauskas	Vice President for Business Development	Grigeo AB (until 06.05.2023)
	Board Member	Grigeo AB, Grigeo Klaipėda AB, Grigeo Baltwood UAB
Algimantas Variakojis	Independent Board Member	Grigeo AB
	Partner, True Member	Verslo Angelų fondas I KŪB, Mes Invest UAB
	Director	Alro Kapitalas UAB, Verslo Praktika UAB
	Board Member	Chipper Blades Center UAB
Saulius Martinkevičius	Chairman of the Board	Mes Invest UAB
	Director of Procurement and Logistics	Grigeo AB
	Board Member	Grigeo AB, Grigeo Baltwood UAB, Grigeo Packaging UAB, Grigeo Klaipėda AB, Naujieji Verkliai UAB, Grigeo Hygiene UAB, Grigeo Investicijų Valdymas UAB
	Member of the Supervisory Board	Mena Pak AT
Tomas Jozonis	Deputy Chairman of the Supervisory Board	Grigeo Recycling SIA
	Chief Executive Officer	Grigeo AB (from 06.05.2023)
	Board Member	Grigeo AB
	Chairman of the Supervisory Board	Grigeo Recycling SIA
Tomas Jozonis	Chairman of the Board	Grigeo investicijų valdymas UAB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Naujieji Verkliai UAB, Grigeo Hygiene UAB, Grigeo Tissue UAB

5.4. Functions and responsibilities of the management and supervisory bodies

Supervisory Board

The Supervisory Board discusses and approves the business strategy of the Company, elects members of the Board of the Company and recalls them from their positions, adopts decisions regarding transactions with related parties, supervises the activity performed by the Board and the Manager of the Company, submits replies and proposals regarding the set of financial statements, the proposed profit or loss appropriation and the annual report of the Company as well as the activity of the Board and the Manager of the Company to the General Meeting of Shareholders; and resolves other issues assigned to the competence of the Supervisory Board by the Articles of Association of the Company, by the decisions of the General Meeting of Shareholders regarding the supervision of the activities of the Company and its management bodies.

Audit Committee

The functions of the Audit Committee are to inform the Manager or the supervisory body of the Company about the results of the audit of the financial statements and to explain how this audit contributed to the reliability of the financial statements and the role of the Audit Committee in doing that; to monitor the financial reporting process and submit recommendations for ensuring the reliability thereof; to monitor the audit of the annual financial statements and the consolidated financial statements; to review and monitor the independence of the auditors or the audit companies; to provide recommendations regarding the appointment of statutory auditors or the audit companies; to submit opinions regarding the transactions conducted by the Company with the related parties.

Board

The Board discusses and approves the Company's annual and interim reports, the management structure of the Company; elects and removes from the office the Manager of the Company, sets his/her remuneration and other terms and conditions of the employment contract; analyses and assesses the information submitted by the Manager of the Company on the organisation of the Company's business activities, financial condition, the set of the Company's annual financial statements, proposed profit or loss appropriation and submits to the Supervisory Board and General Meeting of Shareholders together with the responses and proposals in relation thereto and the Company's annual report; analyses, assesses the draft business strategy and information about the implementation of the Company's business strategy submitted by the Manager of the Company and adopts other decisions assigned to the competence of the Board by the Law on Companies of the Republic of Lithuania, the Articles of Association or the decisions of the General Meeting of Shareholders of the Company. The Articles of Association of the Company provide for the following competence of the Board in addition to those provided by the Law on Companies of the Republic of Lithuania: the Board discusses and approves the employee payment systems; elects and recalls employees directly reporting to the Manager of the Company, directors of the Company's divisions, sets their salaries, other terms and conditions of the employment contract, approves their job descriptions, allocates bonuses to these employees; elects and recalls the accounting company providing accounting services to the Company, sets the conditions of payment for the accounting services; approves the systems and procedures of bonuses, incentives to the employees procedures; sets the non-current assets' depreciation or amortisation rates and calculation methods applied in the Company.

Manager of the Company

The Manager of the Company – the Chief Executive Officer – organises the Company's economic commercial business activities. The Manager of the Company has the right to unilaterally conclude transactions, except for the cases provided by the Articles of Association of the Company where the Manager of the Company may conclude transactions subject to the decision of the Board of the Company to conclude such transactions. The Manager of the Company is responsible for the organisation of the Company's business activities and for the implementation of its goals, preparation of the set of the annual financial statements, preparation of the Company's annual report, and for the fulfilment of other obligations provided by the Law on Companies of the Republic of Lithuania and other legal acts as well as the Articles of Association of the Company.

Sustainability related matters

The management and supervisory bodies refer to internal resources (the Sustainability Manager, the Chief Executive Officer) and engage external experts to gain expertise in the area of sustainability (including business ethics). Knowledge acquired on sustainability, available resources and external expertise are used to determine and assess the Group's material impact, risks and opportunities and to develop a strategy integrating sustainability aspects in the Group's overall business strategy. The role of the management and supervisory bodies with regard to matters related to business ethics is performed as appropriate.

Matters on sustainability, including business ethics, material impact, risks and opportunities, are discussed during the Board's meetings according to the need. When necessary, additional strategic or sessions of other type are organised, during which relevant sustainability related matters are discussed.

The oversight and review functions in respect of the management and supervisory body or its member responsible for the impact, risks and opportunities arising from sustainability matters have not been assigned nor described in the regulations, authorisations or similar documents. This responsibility has been assigned to the Group's Finance Director. Targets set for significant aspects identified during reviews of impact, risks and opportunities related to sustainability matters and the results achieved are consolidated at the Group level and presented to the Supervisory Council, the Audit Committee once a year. Quarterly results of each company of the Group are presented to the Boards of the companies.

6. Remuneration report

On 28 April 2023, the General Meeting of the Shareholders approved the remuneration report of 2022.

The remuneration report presents information about the remuneration paid to each member of the management and supervisory bodies of the Company (including but not limited to, all of its components, i.e., fixed and variable remuneration, bonuses, extra pays and other benefits and taxes related to all payments or calculated benefits) by the Company and any other entity within the group of Grigeo AB.

The remuneration report includes personal data of the members of the management and supervisory bodies of the Company (name, surname and other specified data) which is processed in order to enhance the Company's transparency, improve the accountability of the management and supervisory bodies, and monitor the remuneration of the members of the management and supervisory bodies.

6.1. Remuneration policy

The Company's remuneration policy (the "Remuneration Policy"), which was approved on 28 April 2023, is applicable to the Company's Manager, members of the Board and the Supervisory Board. The Remuneration Policy is published on the Company's website www.grigeo.lt. The main provisions of the Remuneration Policy of the Company are presented below.

Manager of the Company

The remuneration to the Company's Manager consists of the fixed (base) monthly salary in the amount defined by the Board of the Company, bonuses, and other benefits. By the decision of the Board of the Company, the Company's Manager may be granted annual bonuses depending on the Company's financial performance and calculated following the bonus scheme approved by the Board of the Company. The amount of the annual bonus may not exceed 50% of the annual salary of the Company's Manager. Following the Rules for Granting Shares of the Company, the Manager of the Company may be remunerated by granting shares.

Board

A civil agreement on the provision of services is concluded with the member of the Board of the Company who has no employment relations with the Company whereby a fixed monthly remuneration is set amounting to no more than EUR 3,500 (before the applicable taxes). The member of the Board is paid an additional monthly remuneration for the performance of the duties of the chairperson of the Board of the Company which cannot exceed 25% of the fixed monthly remuneration agreed with the member of the Board in the agreement. No variable remuneration components, bonuses or supplements are normally set to the member of the Board who has no employment relations with the Company, and no remuneration is offered by granting shares, no specific remuneration criteria are predefined depending on the financial and non-financial performance.

The member of the Board who is the Company's employee receives remuneration under the employment contract signed with the Company. The remuneration of the member of the Board who is the Company's employee consists of a fixed (base) monthly salary, bonuses, and other benefits applicable to the employees of the Company. A specific fixed (base) monthly salary is set by the Board of the Company. By the decision of the Board of the Company, a member of the Board may be granted annual bonuses depending on the Company's financial performance, calculated in accordance with the bonus scheme approved by the Board of the Company. Following the Rules for Granting Shares of the Company, the member of the Board who is the Company's employee may be remunerated by granting shares.

Following the procedure established by the Law on Companies of the Republic of Lithuania and by other legal acts, by the decision and at the discretion of the General Meeting of Shareholders of the Company, the members of the Board of the Company may be granted annual bonuses.

Supervisory Board

A civil agreement on the provision of services is concluded with the member of the Supervisory Board of the Company whereby a fixed annual remuneration is set amounting to no more than EUR 4,000 (before the applicable taxes). In case the member of the Supervisory Board has performed his/her activity for less than a calendar year, a proportionally lower remuneration is paid thereto in view of the actual performance of the activity of the member of the Supervisory Board. A member of the Supervisory Board shall be paid an annual additional remuneration of no more than 25% for the performance of the duties of the Chairperson of the Supervisory Board of the Company, no more than 20% for the performance of the duties of the member of the Audit Committee of the Company, and no more than 20% for the performance of the duties of the Chairperson of the Audit Committee of the Company. No variable salary components, bonuses or premiums depending on the Company's performance are commonly set to the member of the Supervisory Board, and no remuneration is offered by granting shares, no specific remuneration criteria are predefined depending on the financial and non-financial performance.

All amounts are in EUR thousands unless otherwise stated

Following the procedure established by the Law on Companies of the Republic of Lithuania and by other laws, by the decision and at the discretion of the General Meeting of Shareholders of the Company, a member of the Supervisory Board may be granted annual bonuses. In case annual bonuses are granted to a member of the Supervisory Board, they also comprise the remuneration payable to the member of the Supervisory Board.

6.2. Remuneration paid to the management and supervisory bodies

Position, name, surname	Reporting period	Fixed salary component		Variable salary component	One-off payments	Total remuneration	Fixed to variable salary ratio, %
		Base salary	Other benefits				
Chairman of the Board (President until 06.05.2023) Gintautas Pangonis	2023	93	9	94	194	390	26% / 74%
	2022	147	20	56	-	223	75% / 25%
Member of the Board (CEO from 06.05.2023) Tomas Jozonis	2023	150	3	70	-	224	69% / 31%
	2022	111	3	34	-	149	77% / 23%
Member of the Board Saulius Martinkevičius	2023	108	3	31	-	142	78% / 22%
	2022	93	4	27	-	123	78% / 22%
Member of the Board Vigmantas Kažukauskas	2023	64	2	44	124	233	28% / 72%
	2022	94	4	25	-	124	79% / 21%
Independent Member of the Board Algimantas Variakojis	2023	38	-	-	-	38	100% / 0%
	2022	30	-	-	-	30	100% / 0%

No remuneration by granting the Company's shares was allocated to the members of the management and supervisory bodies of the Company. The Company has granted share options to the Members of the Board Tomas Jozonis and Vigmantas Kažukauskas.

During the reporting period, variable remuneration was not recovered.

The annual remuneration paid to the members of the management bodies of the Company as compared to the Group's performance and the average salary of the employees:

Position, name, surname	2019	2020	2021	2022	2023	
Chairman of the Board, (President until 06.05.2023) Gintautas Pangonis	206	120	207	223	390	
Member of the Board, (CEO from 06.05.2023) Tomas Jozonis	64	141	170	149	224	
Member of the Board Saulius Martinkevičius	48	97	109	123	142	
Member of the Board Vigmantas Kažukauskas	148	104	112	124	233	
Independent Member of the Board Algimantas Variakojis	-	14	30	30	38	
The Group's performance	2018	2019	2020	2021	2022	2023
EBITDA (-1 year)*	28,113	28,603	26,243	23,726	21,357	38,926
Average annual salary paid to full-time employees (EUR'000)						
	2019	2020	2021	2022	2023	
Average annual salary paid to the Group's employees**	22.2	23.8	25.9	28.4	32.7	
Annual remuneration of the Chairman of the Board compared to the annual salary paid to a full-time employee	9.3	5.1	8.0	7.9	11.9	

*The EBITDA ratio is presented in each case for the previous year as the results of operations are assessed based on the previous year's financial performance.

**The presented data is related to employees working in the Group companies operating in Lithuania who are not members of the management and supervisory bodies of the Company.

All amounts are in EUR thousands unless otherwise stated

The annual remuneration paid to the members of the supervisory body of the Company as compared to the Group's performance and the average salary of the Group's employees:

Position, name, surname	2019	2020	2021	2022	2023	
Chairman of the Supervisory Board, Member of the Audit Committee Vilius Oškeliūnas	2.2	-	7.2	3.6	4.2	
Member of the Supervisory Board, Member of the Audit Committee Norimantas Stankevičius (until 06.05.2023)	12.0	-	8.7	4.4	4.9	
Member of the Supervisory Board Romualdas Degutis (until 06.05.2023)	2.2	-	6.0	3.0	4.0	
Independent Member of the Supervisory Board, Chairwoman of the Audit Committee Daiva Dukšienė	2.2	-	8.4	4.2	4.2	
Member of the Supervisory Board Normantas Paliokas (until 06.05.2023)	-	-	6.0	3.0	4.0	
The Group's performance	2018	2019	2020	2021	2022	2023
EBITDA (-1 year)*	28,113	28,603	26,243	23,726	21,357	38,926
Average annual salary paid to full-time employees (EUR'000)						
	2019	2020	2021	2022	2023	
Average annual salary paid to the Group's employees**	22.2	23.8	25.9	28.4	32.7	

*The EBITDA ratio is presented in each case for the previous year as the operating results are assessed based on the previous year's financial performance.

**The presented data is related to employees working in the Group companies operating in Lithuania who are not members of the management and supervisory bodies of the Company.

6.3. Compliance with the Remuneration Policy

The remuneration received by the members of the Company's management and supervisory bodies complies with the approved Remuneration Policy.

Two out of five members of the Board of the Company (except for the independent member of the Board) are the Company's employees holding the top-level management positions at the Company. They receive the remuneration in the amount set by the Board under the employment contract signed with the Company. The amounts of remuneration paid to the members of the Board who are the Company's employees are set in view of the qualifications and competence of each specific employee, the scope of functions and responsibilities assumed within the Company, the aim to retain a specific person in the Company's top management position, motivate him/her to work in good faith, with due care, qualification and loyalty for the Company to achieve the Company's goals, and implement the Company's strategy and interests, thereby increasing the Company's profitability and ensuring a consistent improvement of its financial performance in the long-term perspective. Following the bonus system approved by the Board of the Company, annual bonuses were allocated to the members of the Board of the Company who are the Company's employees depending on the Group's and/or the Company's financial performance. When allocating annual bonuses to the top-level employees, the Group's and/or the Company's profitability and EBITDA are the main criteria that are taken into consideration when evaluating the employees' performance.

The monthly remuneration paid to the independent member of the Board is set in accordance with the provisions of the Remuneration Policy and is provided for in the agreement signed with the member of the Board on the provision of management activities/services subject to remuneration by the member of the Board.

The remuneration paid to the Manager, members of the Board and the Supervisory Board of the Company complies with the remuneration guidelines defined by the Remuneration Policy of the Company and enables better accountability of members of the management and supervisory bodies to the Company and its shareholders as well as encourages members of the management and supervisory bodies of the Company to focus on the long-term goals and strategy rather than take high-risk decisions that may imply positive results only in the short-term.

Sustainability matters are not currently included in variable remuneration incentive schemes for all members of the management body. It is planned to include sustainability issues for the remaining members. No variable remuneration is set for the members of the supervisory bodies in accordance with the established remuneration policy.



7. Sustainability (social responsibility) report

7.1. About sustainability report

This report has been prepared in accordance with the version of the European Sustainability Reporting Standards (ESRS) approved by the European Commission on 31 July 2023.

The ESRS specify the information that companies are required to disclose about their material impacts, risks and opportunities in relation to environmental, social and governance topics. ESRS does not require companies to disclose information on environmental, social and governance topics listed in ESRS if the company has assessed a particular topic as not material. The obligation to report in accordance with the requirements of ESRS applies from 2024, but the Group has taken the decision to prepare the 2023 report in accordance with ESRS and to ensure high quality preparation in the future.

This report demonstrates our efforts to consolidate the Group's impact and disclose the extent of the impact of our business on people and environment and is prepared on a consolidated basis together with the financial report.

Timeframe. Unless otherwise indicated, information represents 2023 calendar year, and data is accurate as at 31 December 2023. The reporting of employee and Health and Safety data reflects the situation at the end of 2023.

The definitions of periods used in the Sustainability Report are in line with ESRS standards:

- short-term: used in the financial statements as the reporting period;
- medium-term: from the end of the reporting period up to 5 years;
- long-term: more than 5 years.

Information disclosure in segments. The Group consists of different business segments, therefore, where relevant, information is presented according to the following business segments:

Segment	Group companies forming the segment	Abbreviation
Tissue paper and paper products*	Grigeo AB*	Tissue paper
Wood hardboards	Grigeo Baltwood UAB	Hardboard
Raw materials for corrugated cardboard and related products	Grigeo Packaging UAB, Grigeo Klaipėda AB, Mena Pak AT, Grigeo Recycling UAB and Grigeo Recycling SIA	Containerboard and packaging

*Grigeo AB sells heat energy to the city of Vilnius. Where relevant, the data is disclosed in additional segment named "Sold heat" accordingly.

Management involvement. The Board of the Company and the Audit Committee review this report before submitting it to the annual general meeting of shareholders.

External assurance. No external assurance was commissioned for this report.

Uncertainties. Due to the ongoing war and the high degree of uncertainty surrounding future events, only the key indicators related to the Group's operations in Ukraine, Mena Pak AT, are disclosed. It has not been included in the assessment of impacts, risks and opportunities, and dual materiality of sustainability issues.

Qualitative characteristics of information

Relevance This report does not omit relevant information that substantively influences stakeholders' assessments and decisions, or that reflects significant economic, environmental, and social impact.

Faithful representation We aim to cover both favourable and unfavourable results and topics in an unbiased manner. Unless stated otherwise, all information provided is traceable to the accounting data. We strive for maximum accuracy and present data on the basis of available accounting data, unless otherwise stated.

Comparability Our targets are measured against produced tonnes of products rather than absolute values. Other information is reported in absolute figures, unless otherwise stated. We present results for at least 2 years..

Verifiability When preparing the report, we aim that any data is documented in our systems and can be traced to primary sources so that external examiners can review them, if needed.

Understandability We aim to report in a concise way, avoiding abbreviations (or explaining them), in order that the users with reasonable knowledge would fully understand the contents.

All amounts are in EUR thousands unless otherwise stated

Value chain

When collecting data on the value chain, the Group aims to identify upstream and downstream data as accurately as possible. In some cases, where sufficiently accurate data is not available, the Group uses average sector data or other proxy data (e.g. in the case of GHG emissions calculations, emission factors provided by suppliers and publicly available emission factors were used). A more detailed assessment of the value chain and the involvement of its members is planned for the future, which would allow for higher accuracy.

Due diligence

Due diligence is the process by which a company identifies, prevents, mitigates and discloses how it manages actual and potential negative impacts on the environment and on people affected by its activities. This includes negative impacts related to the company's own operations, upstream and downstream parts of the value chain, including through its products or services, as well as through its business relationships.

Identifying and assessing negative impacts on people and the environment, involving affected stakeholders, taking action to reduce negative impacts on people and the environment, and monitoring the effectiveness of these efforts are integral parts of due diligence.

List of Disclosure Requirements that are phased-in

In accordance with the list of phased-in disclosure requirements in Appendix C of ESRS 1, the Group has used the exemption and has not disclosed information about the expected financial impact and opportunities (E1-9, E2-6, E3-5, E4-6, E5-6) due to insufficient information currently available. This information is planned to be analysed and assessed in the future as more information on the site and potential risks and opportunities related to climate change, pollution, water resources, biodiversity and resource use becomes available. Due diligence is carried out by the Group on an as-needed basis, but a formal due diligence procedure has not yet been formulated and approved.

Contacts:

Key contacts are Finance Director of the Company, Martynas Nenėnas, martynas.nenenas@grigeo.lt and Sustainability Manager Ieva Martinaitytė, ieva.martinaityte@grigeo.lt.

We welcome any suggestions and encourage an open dialogue about opportunities to improve. Please contact us to provide feedback or request more information about topics covered within this report.

All amounts are in EUR thousands unless otherwise stated

7.2. Impact and materiality assessment

Stakeholders

To gain a better understanding of stakeholder interests and views, we take the time and effort to identify key stakeholder groups. Stakeholder interests and views are analysed annually at the Group's strategy sessions to review the Group's long-term objectives. A structured overview of key stakeholder groups, communication channels and expectations are presented in the table below.

	Communication channels	Their expectations	What we strive to achieve
Clients	<ul style="list-style-type: none"> Sales relationships. Regular business meetings. Collaboration through the full packaging value chain. Quality control. Media. Site visits. Surveys. 	<ul style="list-style-type: none"> Packaging solutions that enable safe delivery of our customers' products. Packaging solutions that cut waste and improve recyclability. Tissue paper quality. Operational efficiency. Water stewardship. Recovered finer content. Air+GHG emissions. Good reputation. 	<ul style="list-style-type: none"> Optimal, high quality, sustainable design packaging. Creating and fostering circular economy through efficient waste-paper collection and recycling process. Proactively disclose our social and environmental impacts including GHG emissions. Setting ambitious yet realistic sustainability agenda. Reporting consistently on our sustainability efforts.
Investors	<ul style="list-style-type: none"> Regular calls and in-person meetings. Business strategies. Financial returns. Risk mitigation. Audited annual reports. Public announcements via stock exchange. 	<ul style="list-style-type: none"> Honest and transparent communication on our sustainability efforts. Reducing reputational risk. Streamlining supply chains to reduce CO₂ emissions and minimise waste. Sustainable packaging innovations delivering an attractive return on investment. 	<ul style="list-style-type: none"> Ensuring we do our part to address environmental and social issues material to our business. Generate financial return in a most transparent way. Consistently reporting on our non-financial results. Improving our ESG assessment.
Employees	<ul style="list-style-type: none"> Safety programmes. Employee training. Company-wide communication. Involving employees in sustainability reporting. Fostering involvement in setting sustainability goals. Daily face-to-face meetings. Intranet. 	<ul style="list-style-type: none"> Feeling proud of the company they work for. Safety. Personal development. Fair and transparent compensation. Consistent career development. 	<ul style="list-style-type: none"> We ensure our employees are fully aware of our role within the circular value chain. Exchange of talent and ideas across Group operations to share best practice. Facilitate the sharing of best practices. Empowering our people to lead the circular economy. Fostering high employee engagement so that our people would be confident they can make real changes.
Suppliers	<ul style="list-style-type: none"> Request for information. Supplier sustainability audits. Quality control. Negotiations. Contract terms. 	<ul style="list-style-type: none"> Steady demand. Business continuity. 	<ul style="list-style-type: none"> Highest compliance standards for our suppliers. Transparent and fair procurement process. Promote responsible best practices. Assess the feasibility social and environmental and social auditing.
Communities	<ul style="list-style-type: none"> Economic and charitable relationships. Employee-led fundraising. Plant tours. Media. Meetings and presentations. 	<ul style="list-style-type: none"> Air and other type emissions. Biodiversity. Fair neighborhood. Economic impact. Community engagement. Sustainable and responsible business practices. Water use and wastewater quality. 	<ul style="list-style-type: none"> Supporting local business ecosystems through short supply chains. Proactively engaging with community stakeholders to address water-related issues. Reducing our air emissions. Addressing odour issues. Enhancing our transparency.
Regulators	<ul style="list-style-type: none"> Trade association meetings. Formal hearings. One-on-one meetings. Facility visits. Reports. Liaising with municipalities. 	<ul style="list-style-type: none"> Health and safety. Paper recycling and recovery. Taxes and environmental policy. Compliance. Fines and compensation. Legal processes. Biodiversity. 	<ul style="list-style-type: none"> Solving impending issues in the most sustainable manner. Committing to meet or exceed legal requirements. Educating policy makers on our commitment to circular economy. Educating policy makers on the strategic/critical importance of our recycling infrastructure on the national level.

All amounts are in EUR thousands unless otherwise stated

Assessment of critical topics and impacts

Materiality assessment

We are a vital infrastructure player in the circular economy, returning used paper and packaging to the manufacturing cycle. We strive to integrate environmental, social and governance aspects into our business decisions. This ensures that we properly assess risks, identify opportunities for more sustainable processes and meet growing market demands.

By assessing impacts, risks and opportunities and their significance, we can identify and respond to stakeholder needs and identify key topics. Some of these topics are critical to protecting and growing our revenues, while others have a significant impact on our cost structure, supply chain and operational risks now and in the future.

We have assessed where the risks arise and/or could have an impact within our Group companies as well as in the supply chain. Identified topics that involve key risks to the future and long-term success of the business and/or have an impact on the people, the environment are considered to be highly important to the Group.

The results of the materiality assessment also contribute to our sustainability strategy guidelines and action plans approved by the Group's corporate boards.

Double materiality

The materiality assessment allows the Group to adjust its commitments and identify areas for improvement, which is why the Group conducted its first non-financial materiality assessment in 2021. This process was carried out by an independent provider, co-led by the Sustainability and Finance managers, as well as involving key decision makers.

In 2023, we reviewed the results of the previous materiality assessment under the new concept of sustainability disclosures - double materiality, which is described in the new standards. The double materiality assessment is the starting point for sustainability reporting under ESRS, assessing material impacts, risks and opportunities. An important difference from the previous concept of materiality is that it assesses financial materiality as well as impact materiality. A sustainability issue becomes significant if it meets the criteria for one or both types of significance.

Impact materiality becomes significant in the context of sustainability when it relates to the company's actual or potential, positive or negative impacts on people or the environment in the short, medium and long term. The materiality assessment has been carried out for the sub-topics covered by the ESRS requirements, assessing the Group-wide activities, the impact on stakeholders or the influence on business relationships. The assessment primarily considered negative impacts (severity, prevalence, correctability and likelihood) and, where appropriate, positive impacts (based on their relative magnitude, scope and likelihood), and identified which sustainability issues are material for reporting purposes, including relevant quantitative or qualitative thresholds and other applicable criteria. Thresholds: severity of impact (on a scale of 1 (minimal impact) to 4 (non-compliance with legislation, directives)), scope of impact (on a scale of 1 (in the country/region/enterprise) to 4 (globally)), and remediability (on a scale of 1 (remediable impact) to 4 (non-remediable impact)). Each material topic identified is assigned one of four levels of materiality: minimum, important, significant, critical.

Financial materiality becomes material in the context of sustainability if it has, or could reasonably be expected to have, a significant financial effect on the Group. This is the case when a sustainability matter involves risks or opportunities that have, or could reasonably be expected to have, a significant effect on the Group's changes in its operations, financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium and long term. The determination of financial materiality is subject to uncertainties in the estimates and results due to the availability and quality of value chain data depending on the likelihood and outcome of the event and other considerations. As in the impact materiality analysis, the financial materiality considered all ESRS sub-subjects. For the financial impact assessment, quantitative thresholds were chosen, a level of significance and a probability of impact were assigned. As with impact materiality, each identified significant topic was assigned one of four levels of significance: informative (less than EUR 87 774), important (between EUR 87 774 and EUR 500 000), significant (between EUR 500 000 and EUR 877 000), critical (more than 877 000).

The table below shows the significant topics identified within the Group. The main significant impacts, risks and opportunities are concentrated in the Group's operations. The most significant topics are prioritised without excluding sustainability-related or other types of risks. Currently, the assessment of risks and opportunities within the Group is not centralised and is carried out at the level of each area (production, procurement, financial management, etc.). The Group plans to introduce centralised risk management at Group level, which would integrate the process of managing sustainability risks and opportunities with other potential risks arising within the Group.

The results of the materiality assessment are evaluated and the outcome of the assessment is used to shape the objectives of our sustainability strategy and the action plans approved by the Boards of Group companies. A detailed description of the material topics and the required information is provided for each topic in accordance with the requirements of ESRS.

ESRS: SBM-3, IRO-1, IRO-2

All amounts are in EUR thousands unless otherwise stated

Table of material topics

Topical ESRS	Sub-topic	Material/ Non-material	Index of content
ESRS E1 Climate change	Climate change adaptation	Material	46-50
	Climate change mitigation	Material	46-50
	Energy	Material	46-50
ESRS E2 Pollution	Pollution of air	Material	51-53
	Pollution of water	Material	51-53
	Pollution of soil	Non-material	-
	Pollution of living organisms and food resources	Non-material	-
	Substances of concern	Non-material	-
	Substances of very high concern	Non-material	-
	Microplastics	Non-material	-
ESRS E3 Water and marine resources	Water consumption	Material	54-55
	Water withdrawals	Material	54-55
	Water discharges	Material	54-55
	Water discharges in the oceans	Non-material	-
	Extraction and use of marine resources	Non-material	-
ESRS E4 Biodiversity and ecosystems	Climate Change	Material	56
	Land-use change, fresh water-use change and sea-use change	Material	56
	Direct exploitation	Non-material	-
	Invasive alien species	Non-material	-
	Pollution	Material	56
	Impacts on the state of species	Non-material	-
	Impacts on the extent and condition of ecosystems	Non-material	-
Impacts and dependencies on ecosystem services	Non-material	-	
ESRS E5 Circular economy	Resources inflows, including resource use	Material	57-59
	Resource outflows related to products and services	Material	57-59
	Waste	Material	57-59
ESRS S1 Own workforce	Secure employment	Non-material	-
	Working time	Non-material	-
	Adequate wages	Material	60-66
	Social dialogue	Non-material	-
	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Material	60-66
	Collective bargaining, including rate of workers covered by collective agreements	Material	60-66
	Work-life balance	Material	60-66
	Health and safety	Material	60-66
	Gender equality and equal pay for work of equal value	Material	60-66
	Training and skills development	Material	60-66
	Employment and inclusion of persons with disabilities	Non-material	-
	Measures against violence and harassment in the workplace	Material	60-66
	Diversity	Material	60-66
	Child labour	Non-material	-
	Forced labour	Non-material	-
Adequate housing	Non-material	-	
Privacy	Material	60-66	

All amounts are in EUR thousands unless otherwise stated

Topical ESRS	Sub-topic	Material/ Non-material	Index of content
ESRS S2 Workers in the value chain	Secure employment	Not evaluated	-
	Working time		
	Adequate wages		
	Social dialogue		
	Freedom of association, including the existence of work councils		
	Collective bargaining		
	Work-life balance		
	Health and safety		
	Gender equality and equal pay for work of equal value		
	Training and skills development		
	The employment and inclusion of persons with disabilities		
	Measures against violence and harassment in the workplace		
	Diversity		
	Child labour		
	Forced labour		
Adequate housing			
Privacy			
ESRS S3 Affected communities	Adequate housing	Non-material	-
	Adequate food	Non-material	-
	Water and sanitation	Material	67-68
	Land-related impacts	Non-material	-
	Security-related impacts	Material	67-68
	Freedom of expression	Non-material	-
	Freedom of assembly	Non-material	-
	Impacts on human rights defenders	Non-material	-
	Free, prior and informed consent	Non-material	-
	Self-determination	Non-material	-
Cultural rights	Non-material	-	
ESRS S4 Consumers and end- users	Privacy	Non-material	-
	Freedom of expression	Non-material	
	Access to (quality) information	Non-material	
	Health and safety	Non-material	
	Security of a person	Non-material	
	Protection of children	Non-material	
	Non-discrimination	Non-material	
	Access to products and services	Non-material	
Responsible marketing practices	Non-material		
ESRS G1 Business conduct	Corporate culture	Material	69-70
	Protection of whistle-blowers	Material	69-70
	Animal welfare	Non-material	-
	Political engagement	Non-material	-
	Management of relationships with suppliers including payment practices	Material	69-70
	Prevention and detection including training	Material	69-70
	Corruption and bribery incidents	Material	69-70

Due to limited resources and the lack of good practice of the new standards, our 2023 double materiality assessment did not cover the S2 topic "Value chain workers". Therefore, disclosures on this topic are not provided in this year's report. The Group plans to carry out a new double materiality assessment in 2024, in accordance with the fully adopted requirements, which will include an assessment of the materiality of the topic Value Chain Workers.

The Group has not carried out a resilience analysis of its strategy and business model in relation to its ability to address material impacts and risks and to take advantage of its material opportunities.



All amounts are in EUR thousands unless otherwise stated

7.3. Commitments and targets

Commitments

The Group's business strategy includes non-financial targets and a sustainability agenda that are an integral part of our overall strategy.

We consistently assess and review the Group's performance to ensure that we are focusing on critical topics and significant impacts. All decision makers are actively involved in assessing the capabilities of our businesses to improve the Group's performance. This report details our stakeholder and materiality assessment. The following sections are dedicated to a detailed disclosure of the key resources, processes and ultimate impacts we use. Based on this data and our experience in the business, we have been able to make corresponding sustainability commitments:

Agenda	Commitment	Direction
Environmental 	Environment protection	Reducing our GHG emission intensity Improving nature- and people-friendly product properties Improving energy mix Investing in energy efficiency Promoting responsible collection of waste paper Reducing chemical compound intensity Wastewater quality management Reducing disposable waste
	Reliable supplier and partner	Responsible supply chain management Reducing virgin plastic packaging consumption
Social 	Meaningful activities based on trust and cooperation	Accident-free workplace Training and development Pursuit of consistent feedback Dialogue with local communities Promoting healthier lifestyle of our employees
Governance 	Ambition and transparency in the market, ensuring competitive returns	Zero tolerance to compliance breaches Increased transparency: sustainability reporting Strong and widely accepted policies
	Reliable supplier and partner	Supply chain transparency

Our sustainability commitments and directions include our key stakeholders.

Targets

The Group's long-term targets are set during top management strategy sessions using the X-matrix (strategic planning tool). Targets cover the period of the Group's current strategy until 2026. The Group set specific performance indicators (KPIs) for the commitments it has made, and the sustainability objectives are integrated with the Group's other long-term strategic targets. Targets are delegated to the managers of each of the Group's companies, who delegate them to all employees, from managers of corporate units to employees at all levels. At present, the objectives do not cover the entire value chain, but focus on the operational boundaries of the Group companies. Each year we review the objectives and monitor and report on progress.

The current sustainability targets are voluntary and cover activities in the Baltic region. The target for increasing waste paper collection and sorting is for ongoing waste collection activities. The wastewater reduction target is relevant for production activities that generate wastewater: tissue paper, hardboard and recycled paper production. Other environmental and all social and governance objectives apply to all the Group's activities.

In 2024, we plan to review and update our sustainability targets and commitments in line with the new ESRS sustainability requirements.

Our targets and policies are complementary documents that aim not only to meet national environmental, social or governance requirements, but also to achieve continuous improvement.

Compared to the last Sustainability Report, compliance with integrated pollution prevention and control requirements is no longer listed in the table of long-term targets, as it is Group's daily work to ensure that there are no non-compliances related with pollution. We have zero tolerance for breaches of the law and strive to ensure that our internal policies are in line with the highest sustainability standards and modern practices. The long-term goals we set are complementary to our efforts to move towards a more sustainable tomorrow.

All amounts are in EUR thousands unless otherwise stated

The Group has committed to pursue the following targets:

	Target	Unit of measurement	No.	Base year 2021	Interim result in 2023	Change	Target for 2026
Environmental targets	Reduction of GHG emission intensity (Scope 1).	kgCO ₂ /ton of production	1.	114.1	108.2	-5.2%	-5.0%
	Increasing energy efficiency	MWh/ton of production	2.	2.56	2.52	-1.6%	-3.0%
	Reduce waste that is directed to disposal	kg/ton of production	3.	53.0	41.9	-20.9%	-9.0%
	Effluent reduction	m ³ /ton of production	4.	7.1	6.4	-9.9%	-17.0%
	Increasing waste-paper collection and sorting	In thousands of tons	5.	53.0	75.2	+41.8%	+50.0%
Social targets	Reduce the number of accidents at work	TRI ratio (number of incidents among employees per 1 million hours worked)	6.	17.1	9.2	-7.9	8.0
	Employee turnover	The ratio of retired employees to the average number of employees	7.	30.8%	20.5%	-10.3pp	22.0%
	Employee retention rate	Employees with 1+ years' service to total employees	8.	85.7%	91.2%	+5.5pp	91.0%
Governance targets	We have identified 10 internal policies, which we will update or create, aiming for greater compatibility with the Group's strategy, sustainability requirements and modern practices.	The update of policies is carried out until the end of 2024.	9.	-	9	9	10

Comments on progress

- In 2022, the decrease in Scope 1 emissions intensity was higher than in 2023 (-11% in 2022, -5.2% in 2023), due to a reduction in gas consumption, when production processes had to be temporarily stopped due to the energy crisis, thus biofuel boilers were used more intensively. Also in 2023, the use of gas-fired boilers increased due to the repair or maintenance of biofuel boilers.
- The Group managed to increase energy efficiency through investments into new equipment by 1.6% (from 2.56 MWh/ton of production to 2,52 MWh/ton of production).
- It was possible to reduce the amount of waste directed to disposal per ton of production (from 53.0 kg/ton in 2021 to 41.9 kg/ton in 2023) due to the improved operation of waste paper handling equipment and raw material control process at Grigeo Klaipėda AB. The more sustainable use of ash from the Grigeo Klaipėda AB biofuel boiler has also made a significant contribution - instead of being disposed of in landfill, it is used for composting.
- Effluents in m³/ton of production were reduced by 10% (from 7.1 to 6.4), which is primarily the result of investments into evaporator of wastewater by Grigeo Baltwood UAB.
- In 2023 The Group collected and sorted 75.2 thousand tonnes of waste paper (in 2021 – 53 thousand tonnes), an increase of 42%.
- Focusing on employee safety, the Group managed to reduce TRI ratio from 17.1 to 9.2. Better TRI indicator was due to a greater focus on the implementation of measures to reduce occupational safety and health risks, thereby reducing the risk of accidents. Registration of unsafe situations, incidents, and procedural risk assessment helped to implement preventive measures.
- Decrease in the employee turnover rate (No. 7) and the improvement in the retention rate (No. 8) were the
- result of a combination of various measures. One of the most important factors is the competitive remuneration and continuously reviewed remuneration policy. Other important measures are active actions aimed at improving the results of the annual employee engagement survey, development of employee competencies, their involvement in strategic projects, and other measures.
- The following policies have been reviewed/updated or developed and approved by the Group up to the reporting date (5 policies in 2022, 4 policies in 2023):
 - Environmental Policy - updated.
 - Occupational Health and Safety Policy - new.
 - Support Policy - new.
 - Supplier Code of Conduct - new.
 - Equal Opportunities Policy - new Group-wide, until now almost all companies had separate policies.

Contributing to United Nations Sustainable Development Goals

As one of the largest groups of paper and wood industry companies in the Baltic countries, we aim to make a significant contribution to the United Nations Sustainable Development Goals (SDGs). The SDGs define global priorities and aspirations until 2030 with the mission of sustainable development of people and the planet. We have identified the SDGs where we can contribute the most, both by reducing the negative impact and increasing the positive impact on humanity and the planet:

SDG	SDG target	The activities and responsibilities of the Group
<p>5 GENDER EQUALITY</p>	5.5	<ul style="list-style-type: none"> Ensure that all employees and applicants for management positions have equal opportunities. Track and disclose the percentage of women in leadership positions.
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	8.4 8.5 8.8	<ul style="list-style-type: none"> Increasing the share of biofuel in the energy mix (Scope 1). Increasing the share of renewable packaging. Increasing waste-paper collection. Occupational Safety and Health (OSH) initiatives. Improving the TRI indicator (reduction of employee incidents).
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	9.4	<ul style="list-style-type: none"> Evaporator of wastewater (Grigeo Baltwood UAB). Anaerobic bioreactor (Grigeo Klaipėda AB). Solar power plants.
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.2 12.4 12.5 12.6	<ul style="list-style-type: none"> Reduce waste that is directed to disposal. Increasing waste-paper collection. Effluent reduction. Compliance with water cumulative pollution indicators. Preparation of annual sustainability reports.
<p>13 CLIMATE ACTION</p>	13.2	<ul style="list-style-type: none"> Reduction of GHG emission intensity (Scope 1). Increasing the share of biofuel in the energy mix (Scope 1). Solar power plants.
<p>14 LIFE BELOW WATER</p>	14.1 14.2	<ul style="list-style-type: none"> Anaerobic bioreactor (Grigeo Klaipėda AB). Evaporator of wastewater (Grigeo Baltwood UAB). No direct entry of effluents into water bodies.
<p>15 LIFE ON LAND</p>	15.2	<ul style="list-style-type: none"> Control of raw materials – ensuring that raw materials and biofuel are supplied from sustainably managed forests. Supply chain traceability. Increasing energy efficiency.

All amounts are in EUR thousands unless otherwise stated

7.4. Group policies

We aimed to update or create key policies in order to improve alignment with the Group's strategy, sustainability requirements and best practices. The Group's policies are reviewed annually and updated as necessary by those responsible for them. The Group's policies are approved and updated by the Board of Directors of the Company.

Currently, the Group companies have separate policies on violence and prevention and it is planned to develop these policies at Group level in the next year.

The Group's policies are publicly available and can be consulted at www.grigeo.lt.

Group Environmental Policy

The Group's Environmental Policy describes the key principles and commitments of the Group with regard to significant environmental aspects. The purpose of the policy is to disclose the Group's efforts to manage its significant impacts, risks and opportunities related to environmental matters. This document is an integral part of the Group's strategy, whose mission is to create a circular future. The Group's strategic commitments to its stakeholders include a significant focus on efficient, more sustainable recycling and manufacturing processes, the production and performance improvement of environmentally friendly products, responsible supply chain management, and improving energy efficiency.

In order to minimise its environmental impact, the Group focuses on environmental areas where there are significant (critical and/or major) impacts on both the Group and its stakeholders, and the policy describes the most important aspects related to:

1. climate change (mitigation, energy efficiency, renewable energy),
2. pollution (air and water pollution, avoiding incidents and emergencies),
3. water resources (responsible management of water resources),
4. biodiversity and ecosystems (conserving natural resources, maintaining ecosystem balance),
5. resource use and circular economy (increasing the use of secondary resources, use of sustainable renewable resources).

Group companies have adopted the ISO 14001 standard and, in line with its principles, maintain and strive to continuously improve their integrated environmental management system.

The Group's environmental policy covers all relevant issues and the Group has not developed individual policies (sustainable land use/agriculture, sustainable use of oceans/seas etc.).

Group Code of Ethics

The Code of Conduct guides stakeholders on the principles and values that the Group's companies follow in building and maintaining relationships with the Group's partners (customers, suppliers, government authorities, etc.), the behaviour expected of the Group's partners and the way in which they manage significant impacts related to employees.

The Group respects and guarantees human rights and freedoms as defined in the Universal Declaration of Human Rights of the General Assembly of the United Nations, the Council of Europe's Convention for the Protection of Human Rights and Fundamental Freedoms, the conventions of the International Labour Organisation and other human rights and freedoms recognised in international and national legislation. The Group does not use the labour of children under the age of 16, nor does it work with suppliers and subcontractors who use the labour of children under the age of 16, and it shall immediately cease working with suppliers and subcontractors if it becomes known that they use the labour of children under the age of 16. The Group also does not use forced or compulsory labour.

The core values and principles described in the Code of Ethics and which we aim to implement are:

- Respect for human rights and freedoms;
- Transparency, integrity and anti-corruption;
- Avoidance of conflicts of interest;
- Respect for the environment and society.

These principles and values guide our activities and create a sense of responsibility towards society and the environment. We are committed to continuously reinforcing and promoting these values both within our organisation and in wider society.

The Group encourages diversity in its workforce and applies the same selection criteria and conditions for recruitment, based on job-specific requirements, and provides the same working conditions and guarantees during employment for all individuals, in accordance with the principles of gender equality and non-discrimination on other grounds.

All amounts are in EUR thousands unless otherwise stated

Supplier code of conduct

In 2023, the Group developed and approved a Supplier Code of Conduct, which describes the values, principles and performance standards we expect from our suppliers. The purpose of this Code is to promote fair, ethical and sustainable business conduct among suppliers, customers and other business partners.

The Code describes key aspects and commitments in the areas of human rights, occupational health and safety, environmental impact and responsible business.

Group Occupational Safety and Health (OSH) Policy

The policy describes the basic principles of occupational safety and health and the Group's commitment to OSH. The Policy is an integral part of the Group's strategy, whose mission is to provide employees with safe and healthy working conditions, to eliminate hazards and reduce risks to occupational health and safety and to implement control measures to prevent injuries and fatalities.

The Group's companies operate in accordance with the ISO 45001 Occupational Health and Safety Management System standard, which enables companies to manage risk factors, react promptly to changes, and involve employees in the improvement of the working environment.

Equal opportunities policy

The Equal Opportunities Policy is focused on ensuring that all employees have equal opportunities, regardless of their gender, race, age, religious or other beliefs. The Group's corporate policies describe equal opportunities - in the selection processes, pay and career development, and in the performance and termination of employment contracts.

This policy seeks to create an environment in which each employee is evaluated on the basis of his or her skills, talents and performance, rather than on the basis of personal attributes that are not directly related to the job.

Employees or applicants for a vacancy who believe that their equal opportunities are being violated or that they are being discriminated against have the right to file a complaint. This complaint shall be investigated within one month of its receipt at the latest or shall be referred immediately to the Office of the Equal Opportunities Ombudsman.

Violence and harassment prevention policy

The policy describes how to identify and deal with violence and harassment, the forms it may take, the procedures for reporting and dealing with reports, the measures to protect and assist whistleblowers and victims, the rules of conduct for employees, and other preventive measures relating to potential violence and harassment in the Group's companies.

The purpose of the Policy is to provide for and implement effective and efficient actions to protect employees from the risk of violence and harassment. The policy covers various aspects, from education and information to procedures for recording and handling cases. It aims to create a safe and respectful environment for all employees and to ensure that the organisation adheres to the highest ethical and safety standards.

The policy applies to all employees, regardless of their position or type of employment contract.

The Group's policies on social aspects do not currently list specific measures to remedy human rights impacts or the possibility of remedying them. The Group takes responsibility for identified human rights impacts and seeks to remedy them in accordance with the procedures established by law.

7.5. EU taxonomy

The European Union (EU) taxonomy disclosure requirements came into force on 1 January 2022. Taxonomy is a classification system used by the EU that allows companies and investors to speak the same language when determining which economic activities can be considered environmentally sustainable. This initiative is part of the EU's efforts to contribute to sustainable economic growth through the European Green Deal and other sustainability objectives.

The EU taxonomy defines the following environmental objectives:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Pollution prevention and control,
- Protection and restoration of biodiversity and ecosystems.

By November 2023, the taxonomy had only been approved for two of the six environmental objectives - climate change mitigation and adaptation. In November 2023, the EU published criteria for economic activities that make a significant contribution to the remaining four environmental objectives. The Climate Delegated Act has also been extended to include additional activities in the manufacturing and transport sectors. These additions will apply from January 2024. The Group has decided to report for 2023 in accordance with the latest approved requirements.

Taxonomic activities are activities that make a significant contribution to one of the six environmental objectives as defined in the EU Taxonomy Regulation. The division of activities into taxonomic and non-taxonomic activities does not in itself say anything about the sustainability or unsustainability of the activity.

Taxonomy Regulation sets out 4 overarching conditions that an economic activity must meet in order to be recognised as environmentally sustainable:

- Making a substantial contribution to at least one environmental objective,
- Doing no significant harm to any of the other five environmental objectives,
- Complying with minimum safeguards; and,
- Complying with the technical screening criteria set out in the Taxonomy delegated acts.

Specification of key performance indicators (KPI) – turnover, capital expenditure (CapEx) and operating expenditure (OpEx) derived from products or services related to qualifying taxonomic economic activities, are calculated and presented in separate tables below, according to the Taxonomy requirements. All KPIs associated with the taxonomy are evaluated and calculated to avoid double counting. In the case of contributions to several objectives, the KPIs are included only once. The increase in the share of capital expenditure compared to the previous year in the bioenergy heat production activity is due to the refurbishment of the boiler houses and the investment in equipment to reduce particulate matter emissions to air.

The Group aims to contribute to the European Green Deal, and the Group's investment planning and execution takes into account the EU Taxonomy Regulation, which is continuously updated, in order to ensure that as many of the Group's activities as possible will be classified as qualifying taxonomic economic activities in the future. A solar power generation project is planned for 2024 and will be aligned with the taxonomy. The possibility and expectation of future alignment of heat production from bioenergy with the taxonomy is being monitored.

All amounts are in EUR thousands unless otherwise stated

The Group's main activities are not yet included in the Taxonomy Regulation. However, the Group has identified secondary activities within its operations that are classified as taxonomic economic activities:

No.	Activity	Technical screening criteria	Description of the evaluation
1.	Electricity generation using concentrated solar power technology	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 4.1.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 4.1.). 	The assessment of the technical screening criteria for this activity has led to the conclusion that the activity with the technical screening criteria for mitigation and adaptation to climate change, does not cause significant harm to other environmental objectives, and is in line with the minimum safeguards.
2.	Production of heat from biomass	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) (ES) 2021/2139 Annex I Clause 4.24.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 4.24.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria as it does not comply with the emission limit values set out in Part 2 of Annex II to Directive (EU) 2015/2193 (which will only enter into force at national level from 2025).
3.	Construction, extension and operation of water collection, treatment and supply systems	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 5.1.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 5.1.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria, as the average energy consumption for extraction and treatment is more than 0.5 kWh per cubic metre of water produced.
4.	Collection and transport of non-hazardous waste in source segregated fractions	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 5.5.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 5.5.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria, because not all waste collected is suitable for reuse or recycling. A small proportion of waste is sent to incineration or landfill.
5.	Transport by motorbikes, passenger cars and light commercial vehicles	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 6.5.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 6.5.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria, as specific emissions of CO ₂ , (as defined in Article 3(1), point (h), of Regulation (EU) 2019/631), are higher than 50 g CO ₂ /km.
6.	Renovation of existing buildings	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 7.2.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 7.2.). Substantial contribution to the transition to a circular economy (Commission Delegated Regulation (EU) 2023/2486 Annex II Clause 3.2.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria, as renovated buildings do not have energy efficiency certificates of class A or higher, because renovation of cultural heritage buildings involves minimal renovation, preserving the cultural value and not always achieving higher energy efficiency classes. Also, the activity does not comply with technical screening criteria for the transition to a circular economy as the life cycle global warming potential of the renovation activities has not been calculated for each stage of the life cycle from the start of the renovation of the building.
7.	Acquisition and ownership of buildings	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation (Commission Delegated Regulation (EU) 2021/2139 Annex I Clause 7.7.). Substantial contribution to climate change adaptation (Commission Delegated Regulation (EU) 2021/2139 Annex II Clause 7.7.). 	The assessment of the technical screening criteria indicated that the activity does not comply with climate change mitigation technical screening criteria, as renovated buildings do not have energy efficiency certificates of class A or higher.
8.	Collection and transport of non-hazardous and hazardous waste	<ul style="list-style-type: none"> Substantial contribution to the transition to a circular economy (Commission Delegated Regulation (EU) 2023/2486 Annex II Clause 2.3.). 	The assessment of the technical screening criteria indicated that the activity does not comply with transition to a circular economy technical screening criterion, because not all waste collected is suitable for reuse or recycling. A small proportion of waste is sent to incineration or landfill.

All amounts are in EUR thousands unless otherwise stated

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities:

Financial year 2023	Year	Substantial contribution criteria								DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)		
		Economic activities (1)	Code ^(a) (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)					Circular economy (15)	Biodiversity (16)
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	-	-	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-	
Of which Enabling		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-	
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
				EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	-	-	-	-	-	-	-	-	-	-	-	
Production of heat from biomass	CCM 4.24 / CCA 4.24	1 242	0.6%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	0.8%	-	-	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 / CCA 5.1	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-	
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 / CCA 5.5 / CE 2.3	830	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-	
Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	-	-	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	-	-	-	-	
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	719	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-	
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 790	1.4%	1.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8%	-	-	
A. Turnover of Taxonomy eligible activities (A.1+A.2)		2 790	1.4%	1.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8%	-	-	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy non-eligible activities		192 562	98.6%																		
Total		195 352	100%																		

^(a) Climate change mitigation (CCM), climate change adaptation (CCA), water and marine resources (WTR), pollution (PPC), circular economy (CE), biodiversity and ecosystems (BIO).

^(b) Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; EL - Taxonomy eligible activity for the relevant objective.

^(c) EL – Taxonomy-eligible activity for the relevant objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective.



All amounts are in EUR thousands unless otherwise stated

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities:

Financial year 2023	Year	Substantial contribution criteria								DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)				
		Code ^(a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)					Biodiversity (16)			
																					EUR	%	Y; N; N/EL ^(b)
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	80	1.0%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		80	1.0%	1.0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-			
Of which Enabling		80	1.0%	1.0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-			
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
				EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	-	-	-	-	-	-	-	-	-	-	-			
Production of heat from biomass	CCM 4.24 / CCA 4.24	354	4.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	0.1%	-	-			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 / CCA 5.1	240	2.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 / CCA 5.5 / CE 2.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	170	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-			
Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	1 939	23.4%	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	-	-	-	-			
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-			
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 702	32.6%	32.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1%	-	-			
A. Turnover of Taxonomy eligible activities (A.1+A.2)		2 782	33.5%	33.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1%	-	-			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
CapEx of Taxonomy non-eligible activities		5 438	65.5%																				
Total		8 300	100%																				

^(a) Climate change mitigation (CCM), climate change adaptation (CCA), water and marine resources (WTR), pollution (PPC), circular economy (CE), biodiversity and ecosystems (BIO).

^(b) Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; EL - Taxonomy eligible activity for the relevant objective.

^(c) EL – Taxonomy-eligible activity for the relevant objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective.

All amounts are in EUR thousands unless otherwise stated

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities:

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)					
	Economic activities (1)	Code ^(a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)					Biodiversity (16)				
																					EUR	%	Y; N; N/EL ^(b)	Y; N; N/EL ^(b)
A. TAXONOMY-ELIGIBLE ACTIVITIES																								
A.1. Environmentally sustainable activities (Taxonomy-aligned)																								
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	-	-	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-				
Of which Enabling		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	-	-	-				
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																								
				EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	EL; N/EL ^(c)	-	-	-	-	-	-	-	-	-	-	-				
Production of heat from biomass	CCM 4.24 / CCA 4.24	270	8.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	1.0%	-	-				
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 / CCA 5.1	16	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-				
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 / CCA 5.5 / CE 2.3	271	8.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	117	3.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-				
Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	123	4.1%	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	-	-	-	-				
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-	-				
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		798	26.3%	26.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0%	-	-				
A. Turnover of Taxonomy eligible activities (A.1+A.2)		798	26.3%	26.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0%	-	-				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																								
OpEx of Taxonomy non-eligible activities		2 236	73.7%																					
Total		3 034	100%																					

^(a) Climate change mitigation (CCM), climate change adaptation (CCA), water and marine resources (WTR), pollution (PPC), circular economy (CE), biodiversity and ecosystems (BIO).

^(b) Y - Yes, Taxonomy eligible and Taxonomy-aligned activity with the relevant environmental objective; N - No, Taxonomy eligible but not Taxonomy-aligned activity with the relevant environmental objective; EL - Taxonomy eligible activity for the relevant objective.

^(c) EL – Taxonomy-eligible activity for the relevant objective; N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective.

All amounts are in EUR thousands unless otherwise stated

Disclosure tables for nuclear and fossil gas activities under the Taxonomy as specified in the Complementary Delegated Climate Act

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)

No turnover from taxonomic economic activities meeting the criteria was generated and no operating costs were incurred.

Capital expenditure KPIs for the taxonomic economic activity meeting the criteria:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	80	1.0%	80	1.0%	-	-
8.	Total applicable KPI	8 300	100%	8 300	100%	-	-

All amounts are in EUR thousands unless otherwise stated

Template 3 Taxonomy-aligned economic activities (numerator)

No turnover from taxonomic economic activities meeting the criteria was generated and no operating costs were incurred.

Capital expenditure KPIs for the taxonomic economic activity meeting the criteria:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	80	100%	80	100%	-	-
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	80	100%	80	100%	-	-

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

The proportion of turnover related to economic activities that are taxonomic but do not meet the criteria:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2 790	100%	2 790	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2 790	100%	2 790	100%	-	-

All amounts are in EUR thousands unless otherwise stated

The capital expenditure part relates to economic activities that are taxonomic but do not meet the criteria:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2 702	100%	2 702	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2 702	100%	2 702	100%	-	-

The part of the operating expenditure that relates to economic activities that are taxonomic but do not meet the criteria:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	798	100%	798	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	798	100%	798	100%	-	-

All amounts are in EUR thousands unless otherwise stated

7.6. List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/181627, Annex II		18
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		18
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				24
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/245328 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/181829, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/181829, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Not available
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Not applicable
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		31, 47
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				48
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				48
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				49
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		49
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		49
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not applicable
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Exemption applied

All amounts are in EUR thousands unless otherwise stated

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Exemption applied
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Exemption applied
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Exemption applied
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				52
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				33
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not applicable
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				55
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				55
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				56
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				56
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				56
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				58, 59
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not applicable
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not applicable
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not applicable
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				33, 34
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Not available
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not applicable
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				34
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				69
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		66
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				66

All amounts are in EUR thousands unless otherwise stated

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		63
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				22
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				66
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		66
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not applicable
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not applicable
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not applicable
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not applicable
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not applicable
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				67
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not applicable
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				51, 67
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not applicable
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not applicable
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not applicable
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				69
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				69, 70
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex		Delegated Regulation (EU) 2020/1816, Annex II)		69, 70
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				70



All amounts are in EUR thousands unless otherwise stated



7.7. Environmental profile

ESRS E1 Climate change

The Group is one of the largest paper and wood industry groups in the Baltics. Paper production is a resource- and energy-intensive industry. It is our responsibility to ensure production efficiency in order to minimise negative impacts. In order to reduce environmental impacts, the Group sets targets in areas where there are significant (critical and/or major) impacts on both the Group and its stakeholders. Climate change and energy efficiency are identified as critical areas at Group level. Our key commitments in these areas are described in the Group's Environmental Policy.

Addressing climate change risks

We acknowledge the gravity of scenario analysis in disclosure of climate-related risks and opportunities. Climate change impacts are primarily assessed through our Group's GHG emissions calculations (Table Consolidated GHG emissions).

We use the TCFD guidelines to analyse the potential impacts of climate change on business. Based on the TCFD climate scenarios for 2022, an assessment of the Group's business transformation and physical risks related to climate change and their potential impacts on both our operations and our value chain in the short and long term was carried out. The assessment started with a qualitative analysis to help management assess the potential range of climate change impacts. Accurate quantitative modelling is currently limited by the lack of reliable and accessible information on the industry and location, and therefore our internal resources are not sufficient to carry out quantitative modelling. To manage the identified potential impacts and risks, guidelines for our activities have been established.

Climate change risks and potential impact on our business lines by category:

		Relevant short- and long-term physical climate impacts	Illustrative effects on value chain	Approach guidelines
Transition risks	Technology and market shifts	<ul style="list-style-type: none"> • Policies and investments to ensure a low carbon emissions economy. 	<ul style="list-style-type: none"> • Increased demand for energy-efficient lower-carbon products. • Modern technologies that disrupt markets. 	<ul style="list-style-type: none"> • Shift to renewable energy to eliminate GHG scope 2 emissions. • Increase energy consumption efficiency. • Refurbishing of machinery.
	Reputation	<ul style="list-style-type: none"> • Raising awareness of climate change. • Growing expectations for responsible manufacturing. • Public attention to deforestation. • Concerns about manufacturing waste. • Concerns about water usage. 	<ul style="list-style-type: none"> • Threats to securing social license to operate. • Opportunity to enhance reputation and brand value. • Opportunity to engage with stakeholders consistently. 	<ul style="list-style-type: none"> • Improving company transparency. • Our impact assessment and measurement. • Updating our procurement policies. • Active engagement with stakeholders. • Regular reporting. • Increasing contribution to other environmental objectives, such as circular economy. • Improving transparency.
	Policy and legal	<ul style="list-style-type: none"> • Evolving requirements. • Regulatory changes on the national and EU level. 	<ul style="list-style-type: none"> • Threats to securing legal license to operate. • Increased operating costs. • Increased tax. • Emerging concern about liability. 	<ul style="list-style-type: none"> • Closely monitoring the development of industry-specific regulations. • Monitoring changes in regulation through supply chain.
Physical risks	Acute and chronic	<ul style="list-style-type: none"> • Increased intensity and duration of extreme weather events, such as heat waves, storms, and floods. • Precipitation extremes and flooding. • Increased evaporation of surface water. • Increased mineral content of surface water. • Rising sea level. • Rising temperatures. • Increased wildfires. 	<ul style="list-style-type: none"> • Increased business interruption. • Damage across operations and supply chains. • Compromised reliability of material supply. • Volatility of input costs and revenues. • Unpredictable asset values and insurance claims. • Increased cost of capital. • Share price volatility. • Increase in CAPEX. 	<ul style="list-style-type: none"> • Monitoring. • Climate change adaptation plans. • Continuous engagement with suppliers. • Improving climate change scenario analysis. • Regular review of the climate change scenario.

The Group has not carried out a full assessment of the resilience of its strategy and business model to climate change. The Group plans to conduct a resilience analysis within the next two years.



All amounts are in EUR thousands unless otherwise stated

Table of significant ESRS sub-topics

The assessment of climate change impacts, risks and opportunities has identified material topics for the Group's companies and has been subject to an assessment of impacts and financial materiality in line with the new ESRS requirements. All climate change sub-topics were identified as critically significant in both impact and financial terms.

Subtopic	Impact materiality	Financial materiality
Climate change adaptation	Critical	Critical
Climate change mitigation	Critical	Critical
Energy	Critical	Critical

Climate change and energy efficiency commitments

In addition to reducing GHG emissions, energy efficiency is also a key objective for implementing policy commitments, managing and tracking progress. These targets are part of the current strategy and are all subject to the 2021 base year values on which the change is monitored. The current climate change related GHG reduction target only covers Scope 1 emissions, which is a large proportion of total emissions, and within this scope the Group is likely to make decisions that will help reduce emissions. In setting the targets, market trends and current opportunities to reduce GHG emissions and increase energy efficiency in our operations were assessed. The Group is investing in climate change mitigation actions to achieve its GHG emission reduction targets, such as energy efficiency improvements, electrification and the use of renewable energy.

	Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
1.	Reduction of GHG emission intensity (Scope 1)	kgCO ₂ /ton of production	114.1	108.2	-5.2%	-5.0%
2.	Increasing energy efficiency	MWh/ton of production	2.56	2.52	-1.6%	-3.0%

Reducing GHG intensity is one of our strategic objectives and Group companies have set targets and measures to achieve this goal. For a number of years, investments have been made in technologies and processes that contribute to climate change mitigation and adaptation.

In terms of mitigation and adaptation decarbonisation levers, the Group focuses on:

- Improving energy efficiency – energy consumption monitoring system, equipment upgrades, process efficiency and many other initiatives. To improve energy efficiency, the implementation of a steam generator is planned (this investment is worth around € 0,6 million euros). The installation of the generator is expected to increase energy efficiency and reduce electricity consumption by 3 628 GWh per year as well as reducing GHG emissions by 664 t per year. This project will contribute to both objectives.
- Fuel switching – the majority (more than 75%) of the thermal energy required is already produced by burning biofuels, which have replaced the natural gas used. This also allows to reduce Scope 1 GHG emissions and meet the targets.
- Renewable energy – the finishing and commissioning of the solar power plants and the anaerobic bioreactor are planned for the coming year (investments of around € 5 million euros). These innovations are expected to contribute to a reduction of about 1 300 t/year of Scope 2 GHG emissions (market-based approach).

The main investments related to climate change mitigation and adaptation are made using the Group's existing resources. Given the current market and financial situation of the Group, there are no constraints on the ability to implement the actions envisaged, including adapting to changes in supply/demand, making related acquisitions, and investing in research and development.

Currently, there is no Group-wide transformation plan to mitigate climate change, but targets are set and progress is monitored each year, investments and innovations are made and other opportunities to reduce GHG emissions are explored. The Group is also subject to EU benchmarks aligned with the Paris Agreement. GHG reduction targets are planned for 2024 for other emission levels, revising the current targets to be in line with the emission reduction plan and consistent with limiting global warming to 1.5°C and covering the 2030 targets. This is to be done in cooperation with the Science Based Targets initiative (SBTi). A transformation plan to mitigate climate change is also planned.

All amounts are in EUR thousands unless otherwise stated

Energy mix in our operations

The Group produces energy from biofuels and natural gas. All biofuels and natural gas are used to produce energy, which is then used in the Group's operations and sold to meet the heating needs of the town of Grigiškės. In 2023, our energy consumption almost reached 555 GWh per year. The Group is one of the largest wood chip consumers in the market. In 2023, we consumed 28 thousand tonnes of oil equivalent of wood chips, which converts to 331 GWh or 57% of total energy mix within the Group.

Our consumption of electricity amounted to 119 GWh in 2023, making electricity the second-largest energy resource used for our production lines. Currently, all the electricity is purchased, but the Group is investing in renewable energy generation capacity and plans to start using green electricity from its own solar power plants as early as next year to meet part of its demand. According to electricity distributor Litgrid AB, final electricity consumption in Lithuania in 2023 was 11 TWh, so we estimate that the Group consumed 1% of total electricity in Lithuania.

Energy consumption in MWh	Tissue paper		Sold heat		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Renewable energy										
Biofuel	63 723	63 653	31 503	37 616	78 292	86 848	157 275	145 897	330 793	334 014
Electricity	5 881	31 451	-	-	-	14 136	-	47 809	5 881	93 396
Renewable energy	63 723	95 104	31 503	37 616	78 292	100 984	157 275	193 706	336 673	427 410
Non-renewable energy										
Natural gas	46 906	31 759	121	478	-	242	52 938	61 338	99 965	93 817
Electricity	37 140	10 688	-	-	15 980	2 644	59 756	9 877	112 876	23 209
Diesel for transportation	21	26	-	-	851	1 054	2 510	2 357	3 382	3 437
Petrol for transportation	366	375	-	-	140	148	574	526	1 079	1 049
Liquid gals for transportation	331	329	-	-	-	-	693	731	1 024	1 059
Non-renewable energy	90 644	43 176	121	478	16 971	4 089	116 471	74 829	218 326	122 572
Energy in total	154 368	138 280	31 624	38 094	95 263	105 073	273 746	268 535	555 001	549 982
Renewable energy, %	41%	69%	100%	99%	82%	96%	57%	72%	60%	78%

Self-generated energy (MWh):

- from non-renewable sources – 99 965,
- from renewable sources – 330 793.

Energy efficiency

We understand that our product energy impact is managed via energy mix (shifting to renewable energy sources) and improving energy efficiency.

Energy efficiency is a key indicator of the economic and environmental performance of our production facilities. Considering all circumstances, the investments in energy efficiency improvements will remain our key investment direction.

Energy consumption KWh/t	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Renewable energy								
Biofuel	1 334	1 415	1 380	1 368	1 355	1 356	1 500	1 546
Electricity	123	699	-	223	-	444	27	432
Non-renewable energy								
Natural gas	982	706	-	4	456	570	453	434
Electricity	777	238	282	42	515	92	512	107
Diesel for transportation	-	1	15	17	22	22	15	16
Petrol for transportation	8	8	2	2	5	5	5	5
Liquid gals for transportation	7	7	-	-	6	7	5	5
Total	3 231	3 074	1 680	1 655	2 358	2 496	2 516	2 545

The Group managed to reduce energy consumption per tonne of production from 2 545 KWh to 2 516 KWh (1.6%).

All amounts are in EUR thousands unless otherwise stated

Energy intensity by net income:

Energy intensity per net revenue	2023	2022
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/ million EUR)	2 840.33	2 706.48

Electricity consumption and net income are taken for all companies in the Group, as their activities are categorized as high climate impact sectors.

Greenhouse gas (GHG) emissions

Calculating our impact

GHG emissions for all Grigeo Group companies and the consolidated report have been prepared in accordance with the GHG Protocol methodology using the control approach. Under this approach, the Group's emissions represent 100 per cent of the GHG emissions from the activities it controls. National, DEFRA, supplier-supplied and other publicly available factors were used to calculate GHG emissions. The Group has no unconsolidated investments (associates, joint ventures or similar).



Emissions by scopes

Scope 1: direct GHG emissions occur from sources that are owned or controlled by the company, such as emissions from our combustion boilers. Group's main Scope 1 emissions comprise mainly natural gas combustion in our facilities located in Klaipėda and Grigiškės. GHG emissions not covered by the Kyoto Protocol, e.g., CFCs, NOx, etc., are not included in Scope 1. In 2023, 33% of the Group's Scope 1 GHG emissions are covered by the Emissions Trading Scheme (ETS).

Scope 2: indirect GHG emissions caused by generation of externally produced energy such as electricity.

Scope 3: all emissions from the Group's activities over which the Group has no management or control. These relate to the Group's supply chain, from the purchase of raw materials and production of goods to the transport and sale of the finished goods produced. This level of GHG emissions consists of 15 different categories, and the Group has identified the most relevant categories and carried out GHG emission calculations. Due to unavailability or lack of data or lack of relevant activities, the calculations exclude capital goods, employee commuting, upstream and downstream leased assets, use of sold products, processing of sold products, end-of-life treatment of sold products, franchises and investments.

Scope 3 emissions calculations are less reliable as they require a proper estimation of the GHG emissions of own suppliers (about 30% of Scope 3 emissions are calculated on the basis of emission factors provided by suppliers).

Consolidated GHG emissions in thousand tons:

Scope	2023		2022	
	Total tCO ₂ e	Biogenic tCO ₂ e	Total tCO ₂ e	Biogenic tCO ₂ e
Scope 1	23.9	115.5	22.9	120.7
Scope 2 (location-based)	28.4	-	28.2	-
Scope 2 (market-based)	52.7	-	9.3	-
Scope 3	81.9	311.6	80.4	304.4
Total location-based	134.2	427.0	131.5	425.1
Total market-based	158.5	427.0	112.6	425.1

Biogenic carbon dioxide (CO₂) is carbon dioxide released during the combustion or decomposition of biomass and other organic materials. Only if biomass used for biofuel is cultivated in a sustainable way, biogenic CO₂ is not recognised as a greenhouse gas emission.

GHG emissions intensity by net income (Net Income 2.2 Financial and operating performance of the Group and the Company):

GHG intensity per net revenue	2023 m.	2022 m.
	Thousand t CO ₂ e / million EUR	Thousand t CO ₂ e / million EUR
Total GHG emissions (location-based) per net revenue	0.687	0.647
Total GHG emissions (market-based) per net revenue	0.811	0.554



All amounts are in EUR thousands unless otherwise stated

Tissue paper produced from virgin cellulose requires the most energy per tonne; therefore, its GHG emissions are substantially higher compared to the emissions of recycled paper production. Scope 3 in tissue category is inflated by two main factors: manufacturing of cellulose and both upstream and downstream transportation.

Average GHG emissions, kgCO₂e per ton of production:

Average GHG emissions, kgCO ₂ e/t	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Scope 1	167.3	133.2	54.0	29.1	80.8	131.5	90.1	101.8
Scope 2 (location-based)	217.4	227	29.0	38.5	91.4	129.2	107.3	130
Scope 2 (market-based)	368.5	76.6	123.4	18.6	180.1	44.4	200.7	43.5
Scope 3	840.3	882.8	182.4	173.7	205.6	286.1	313.4	377.3
Total location-based	1 224.9	1 243.0	265.4	221.4	377.8	546.8	510.9	609.1
Total market-based	1 376.1	1 092.6	359.8	241.2	466.5	462.1	598.7	522.6

Within the Group, heat energy is sold between segments. For example, Grigeo AB sells heat energy to Grigeo Baltwood UAB. The emissions of heat energy purchased by Grigeo Baltwood UAB fall under Scope 2. Meanwhile, from the Group's point of view, these emissions remain in Scope 1. For a clearer representation by segments, this type of emissions in a segment is moved from Scope 2 to Scope 1 to match the representation of Group emissions.

In 2023, more than 50% of the Group's Scope 3 emissions are related to the production of purchased raw materials. Our products are delivered by truck, sea and rail, which account for almost 40% of Scope 3 GHG emissions in 2023.

Scope 3 GHG emission categories:

Category	Source of emission	2023		2022	
		tCO ₂ e	%	tCO ₂ e	%
1	Purchased goods and services	43 311	52.9%	44 285	55.1%
3	Fuel- and energy-related activities	13 450	16.4%	12 897	16.0%
4	Upstream transportation and distribution	6 088	7.4%	4 824	6.0%
5	Waste generated in operations	1 353	1.7%	1 316	1.6%
6	Business travel	42	0.1%	40	0.1%
9	Downstream transportation and distribution	17 683	21.6%	17 068	21.2%
	Total	81 927	100%	80 430	100%

Scope 3 emissions accounted for 52% of total emissions in 2023 (70% in 2022). Transport (sales of products, purchases of raw materials, as well as transport of intermediate products and raw materials between Group companies) accounts for a significant share of emissions (15% in 2023, 16% in 2022).

The Group did not finance any mitigation-related projects outside its value chain during the financial year and did not purchase carbon credits. The Group does not use carbon pricing.



All amounts are in EUR thousands unless otherwise stated

ESRS E2 Pollution

The Group's main activities are carried out in Lithuania, in the cities of Grigiškės and Klaipėda. In accordance with the established legal requirements, our production sites are subject to Environmental Impact Assessment (EIA) screening procedures, which assess the potential impacts and risks related to pollution. The EIA procedures involve consultations with interested parties such as local communities, public authorities, etc. During the reporting year, a public presentation on the planned construction of the anaerobic reactor was organised, during which the affected communities were able to express their views and comments. In addition, in accordance with the requirements, the responsible authorities have issued Integrated Pollution Prevention and Control (IPPC) or Pollution Permits for the sites concerned. These documents and the Group's Environmental Policy describe how the impacts and risks associated with the prevention and control of significant topics such as air or water pollution are managed.

Table of significant ESRS sub-topics

The assessment of pollution-related impacts, risks and opportunities identified material topics for the Group's companies and assessed the impact and financial materiality. Air and water pollution have been identified as significant topics for the Group. Five sub-topics (pollution of soil, pollution of living organisms and food resources, substances of concern, substances of very high concern, microplastics) were not identified as significant after the assessment.

Subtopic	Impact materiality	Financial materiality
Pollution of air	Important	Significant
Pollution of water	Critical	Critical

Water pollution is a critical topic for the Group. The commitment to reduce water pollution, i.e. to improve the quality of wastewater by reducing wastewater per unit of production, is included as one of the Group's objectives in its strategy.

Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
Effluent reduction	m ³ /ton of production	7.1	6.4	-9.9%	-17.0%

To monitor progress and to involve and inform stakeholders, we have introduced public monitoring platforms where information can be tracked not only on discharges, but also on the results of direct, periodic air measurements by an independent supplier. In order to achieve the highest environmental standards, we have added automated processes to our existing environmental systems, which not only make it easier to track data, but also make it available to the public. The monitoring platforms allow residents to see periodic updates of air test data showing the carbon emissions from boiler plants.

[GRIGEO AB MONITORING PLATFORM](#)

[GRIGEO KLAIPĖDA AB MONITORING PLATFORM](#)

Emergency and non-standard emergency response plans are publicly available on the Group's website (www.grigeo.lt).

Immediate and properly managed wastewater management is an essential step in reducing the impact of water pollution. Innovative wastewater treatment technologies contribute to safer and more sustainable water use. The Group has invested in a wastewater evaporator in Vilnius, which treats wastewater and reduces the level of contamination of wastewater. After treatment, the concentration of suspended solids (SS) is <350 mg/l, the concentration of BOD₇ is <800 mg/l, and the concentrated organic matter is returned to the production process of hardboard, reducing the amount of process water used in the process.

The Group's activities involve the combustion of fuels to generate thermal energy. During the combustion process, various substances are released into the air, the quantities of which are monitored and recorded. To reduce air emissions, the Group already uses condensing economizers, which not only reduce emissions but also recover some of the thermal energy. In the coming year, the Group is also planning to invest in electrostatic precipitators (around EUR 1.2 million), which will further reduce particulate emissions, contributing to better air quality and reducing potential adverse health effects.

Investments in environmental research are essential for sustainable, efficient and future-proof environmental management. Back in 2020, in order to fulfil its promise to the public to fund research to determine the condition of the Curonian Lagoon water and to carry out environmental social initiatives, Grigeo Klaipėda AB signed a support agreement with Klaipėda University for a targeted EUR 500,000 support for the development of solutions to reduce environmental pollution in the Klaipėda region and for the training of environmental professionals. Under the terms of the agreement, a five-year programme of environmental action is being implemented, focusing on long-term value

ESRS: IRO-1, E2-2, E2-3, S3-4, E4-3



All amounts are in EUR thousands unless otherwise stated

creation. On the basis of this programme, three separate programmes have been agreed to be developed. The first is the development and implementation of a monitoring system for ambient air pollution (industrial and transport pollutants, volatile organic compounds) in the city of Klaipėda. The second is the application of advanced treatment technologies for the containment and removal of hazardous organic micro-pollutants in the city's wastewater treatment plants. The third is the provision of support for undergraduate and postgraduate projects for the preparation of theses.

Pollution of water

The quality of the wastewater generated by production processes is significantly influenced by the raw materials used. 98% of all materials used are obtained from renewable sources in the form of fiber.

A long and strong fibre is required to produce high-quality tissue paper, cardboard, and wood panels. The fibre in paper products going through repetitive recycling cycles deteriorates over time becoming weaker, shorter and unsuitable for papermaking, i.e., during paper web formation, a large part of the fibre enters the wastewater as SS and settles as sludge. In 2023, we recycled 140,000 tonnes of recovered paper, which contains various additives and impurities. All these impurities become our waste and water pollution.

Water is used in almost all stages of paper (both tissue and containerboard) production. In addition, hardboard production process also heavily depends on water supply. The quality of industrial wastewater is characterized by biochemical oxygen consumption (BOD₇), suspended solids (SS), total nitrogen (N), total phosphorus (P). BOD₇ represents the amount of dissolved oxygen needed (i.e., demanded) by aerobic biological organisms to break down organic material present in each water sample at a certain temperature over a specific time. This is an indicator of organic contamination.

Monitoring of emissions to water is carried out in accordance with an approved environmental monitoring programme once a year. Samples of wastewater are analysed in accredited laboratories to determine their pollution parameters. A significant decrease in both the absolute amount and the amount of BDS₇ per ton of production is related to Grigeo Baltwood UAB's investment in a wastewater evaporator. Pollution by operating sites in tonnes:

Pollutant, t	Grigiškės*		Klaipėda**	
	2023	2022	2023	2022
BOD ₇	307.9	606.8	2 704.4	2,404.8
Nitrogen (N)	-	-	35.2	21.4
Phosphorus (P)	-	-	3.3	3.0
Suspended solids (SS)	193.6	260.4	262.0	199.0
Total	501.5	867.2	3 005.0	2 628.3

*AB „Grigeo“, UAB „Grigeo Baltwood“, UAB „Grigeo Packaging“, UAB „Grigeo Recycling

**AB „Grigeo Klaipėda“

Pollution of air

Grigeo AB and Grigeo Klaipėda AB are key emitters, as these two companies operate boiler houses. Grigeo AB supplies steam to Grigeo Baltwood UAB which does not burn any sort of fuels needed to produce hardboard.

Emissions from stationary sources of air pollution are monitored at specified intervals by a certified laboratory. Monitoring of air emissions shall be carried out in accordance with an approved Environmental Monitoring Programme. Depending on the pollutant, measurements shall be carried out between 1 and 4 times a year, the method of measurement being chosen according to the type of pollutant (counting, gas chromatography, etc.). At Grigeo AB, a reduction in air pollution is observed due to a reduction in the amount of biofuel consumed. The increase in production volumes has had an impact on the increase in air pollution at Grigeo Klaipėda AB.

Air emissions in tonnes per year (according to the Air Pollution Accounting Report 2023):

Pollutant, t	UAB “Grigeo Baltwood“			AB “Grigeo”			AB “Grigeo Klaipėda“		
	2023	2022	Legal limit*	2023	2022	Legal limit*	2023	2022	Legal limit*
Nitrogen oxides (NO ₂)	-	-	-	123.4	135.6	248.2	120.2	112.4	185
Sulphur dioxide (SO ₂)	-	-	-	6.2	6.9	10.9	6	5.5	8.9
Carbon monoxide (CO)	-	-	-	172.6	191	322.2	166.9	154.9	252.9
Particulate matter from the combustion of solid, liquid or gaseous fuels or waste	-	-	-	22.5	25.1	38.7	0.9	1.1	1.4
Particulate matter (other)	1.7	1.2	4.6	8.9	12.9	14.6	3.6	3.3	8.1
Non-methane volatile organic compound (NMVOC)	8.6	19.7	30.6	0.001	0.001	0.001	11.9	5.6	14.7
Ammonia (NH ₃)	2.1	2.3	4.3	-	-	2.4	1.9	2	9.9

*Permitted pollution in tons per year according to the Integrating Pollution Prevention and Control Permit.

Grigeo Klaipėda AB environmental incident in 2020

The environmental incident occurred in 2020, when it was announced that Grigeo Klaipėda AB released partially biologically treated wastewater into the Curonian Lagoon through the treated wastewater collector of municipal company Klaipėdos vanduo AB.

Grigeo Klaipėda AB assumed legal responsibility for this incident, carried out internal inspections and commissioned international expert investigations to establish, through scientific research, the fact and extent of possible environmental damage. It also started implementing environmental remedial measures on its own initiative to remove the pollutants discharged with its wastewater from the natural environment.

Pollutants released into the natural environment with the wastewater of Grigeo Klaipėda AB that was only partially biologically treated were nitrogen and phosphorus (i.e., water-soluble nutrients of organic origin that are necessary for every living organism) and BOD₇ (biochemical oxygen demand per 7 days). Pollutants contained in the biologically untreated wastewater of Grigeo Klaipėda AB are attributable to non-hazardous pollutants that have not had a significant negative impact on (significant damage to) the water state, biota, and ecosystem of the Curonian Lagoon.

Grigeo Klaipėda AB seeks to cooperate with state authorities in implementing wastewater management solutions and environmental remedial measures that would remove the allegedly released pollutants from the natural environment, implement environmental remedial measures (improvement of the state of water of the Curonian Lagoon), restore lost public confidence, and ensure business resilience in the long run. It is very important to the management of Grigeo Klaipėda AB that this incident not only becomes a painful lesson for the company, but also prevents the recurrence of such cases in the future in all economic activities of the country.

Grigeo Klaipėda AB environmental restoration actions after the 2020 environmental incident

In 2021 and in 2022 Grigeo Klaipėda AB assessed scientifically based environmental restoration measures, which would aim to remove the amount of pollutants (phosphorus, nitrogen and BOD₇) from the Curonian Lagoon and contribute to more favourable conditions for the recovery of biological diversity, thereby reducing eutrophication processes in the Curonian Lagoon. It was determined that the environmental restoration criteria set by the Environmental Protection Department is best met by the following two environmental restoration measures: reed removal in the Curonian Lagoon and installation of surface wastewater treatment facilities in Klaipėda city.

The first measure: Cutting and removing reed biomass on the shores of the Curonian Lagoon.

With this measure, the pollutants that Grigeo Klaipėda AB may have allegedly released into the natural environment would be removed from the Curonian Lagoon. Also, removing the biomass of cut reeds would restore the sandy shores of the Curonian Spit and the habitats of rare plant and animal species, reduce the amount of organic matter entering the Curonian Lagoon, mitigating the negative effects of eutrophication. After the restoration of open bays and the formation of canals, the swamping processes of the shores of the Curonian Lagoon would be eliminated, recreational space and views of the Curonian Lagoon would open up, and this would increase the area's biological diversity and recreational potential. Reed cutting would be carried out over 4 years from whenever the program is approved by the Environmental Protection Department.

The harvested reeds are used in sustainable ways, in such order of priority:

- Roofing (a new product is being developed, with a service life of about 50 years).
- Biofuel – helps reduce the need for fossil fuels, biogenic CO₂ is released.
- Compost – returned to the natural environment as green waste.

Grigeo Klaipėda AB hopes that the Environmental Protection Department will approve the plan of environmental restoration measures, and after its implementation, the incriminated volume of pollutants would be removed from the natural environment of the Curonian Lagoon.

The second measure. Modernization of treatment facilities of Klaipėdos vanduo AB (preventive measure).

A trilateral cooperation agreement was concluded between Klaipėda City Municipality, Klaipėdos vanduo AB and Grigeo Klaipėda AB, in which the parties agreed to prepare and implement the construction and operation program of Klaipėdos vanduo AB surface wastewater treatment facilities. This measure would reduce the entry of oil products, floating substances, and organic matter into the Klaipėda Strait. This would have a positive impact on reducing the eutrophication of the Curonian Lagoon.

According to the signed contract, if the Environmental Protection Department approves the plan of environmental restoration measures, Grigeo Klaipėda AB will finance the modernization of No. 7 and No. 8 outlets of the surface sewage networks managed by Klaipėdos vanduo AB. The surface sewage networks, which need to be modernized, were chosen considering the position of Klaipėdos vanduo AB, according to which sewage basins No. 7 and No. 8 are among the largest, both in terms of their total area and the area of their surfaces intended for road transport (streets, driveways, parking lots). The amount of pollutants released through the outlets of these basins is one of the highest, compared to other basins where treatment facilities have not yet been built. From an environmental point of view, it is appropriate (necessary) to reduce pollution where it is generated the most. The preliminary value of the project amounts to EUR 2 million, which would be financed free of charge by Grigeo Klaipėda AB.



All amounts are in EUR thousands unless otherwise stated

ESRS E3 Water and marine resources

Water is an essential resource in the paper industry and is used in almost all stages of paper production (both tissue and paperboard). Similarly, the production process of hardboard is highly dependent on water supply. Despite the need to use water in the paper industry, it is important to look for sustainable water use strategies and efficient technologies to minimise the impact on the environment and water resources. The production process uses large volumes of water and abstraction procedures are subject to Environmental Impact Assessment (EIA) screening procedures, where necessary, to assess the potential impacts and risks.

Table of significant ESRS sub-topics

The impact, risk and opportunity assessment identified significant themes for the Group's companies and the assessment of impact and financial materiality is presented in the table below. Water discharges into the oceans and extraction and use of marine resources were not identified as material due to the non-existence of such activities in the Group.

Subtopic	Impact materiality	Financial materiality
Water consumption	Significant	Critical
Water withdrawals	Minimum	Important
Water discharges	Significant	Critical

Production of tissue paper as well as containerboard and hardboard are highly dependent on water:

- Needed for pulping both waste paper and cellulose.
- Used for softening timber.
- Steam carries heat energy for production.
- Water embedded in final product holds fibre together.

We are looking for more efficient water management methods to reuse water and reduce the amount of water withdrawn by our Group. We are also working to ensure responsible management of water as a key resource in the supply chain. Surface water is used subject to additional treatment as required and used in technological processes. Our aim to conserve water as much as possible and to reduce its use in our production processes is reflected in our environmental policy. Processes related to water use and wastewater management are described in our operational documents (such as the IPPC), subject to continuous monitoring and control, and reported to the responsible authorities.

The Group's strategic objectives do not have a separate target for water consumption, water consumption reduction is one of the elements of the wastewater reduction target.

In order to reduce water use, it is important to promote conscious consumption and sustainable habits at both personal and business level. It is also necessary to invest in advanced technologies to improve water efficiency in industry, agriculture and other sectors.

Currently, the Group's companies located in Grigiškės use surface water from the Grigiškės Pond for technological processes. Next year, the current water intake from the Vokė dam is planned to be abandoned and a new intake from the Neris River is planned. After the project is implemented, the water abstraction from the Grigiškės Pond will be discontinued. The dismantling of this dam and the discontinuation of the abstraction will have a positive impact on the natural environment of the Vokė River.

Water consumption

Compared to 2022, total water abstraction in 2023 decreased by 2%, with a total Group consumption of 1.7 million cubic metres.

The Vokė River and the Curonian Lagoon are our main sources of water. Drinking water accounts for only up to 3% of the Group's total water demand.



All amounts are in EUR thousands unless otherwise stated

Group's water consumption (thousand m³):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Water withdrawals	565	588	232	347	856	760	1 653	1 695
Water consumption	114	105	25	23	79	79	218	207
Water consumption in areas at water risk	-	-	-	-	-	-	-	-
Water stored and changes in storage	-	-	-	-	-	-	-	-
Water intensity, m³ per million EUR net revenue							0.001	0.001

Meter data or other measurements are used to calculate water consumption data. Water is reused in the processes, but this data is not currently registered.

Water discharge (in thousands of m³):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Untreated effluent to Klaipėdos vanduo AB treatment plant	-	-	-	-	767	672	767	672
Treated effluent to Vilniaus vandenys UAB treatment plant	451	475	207	324	8	9	666	816
Total	451	475	207	324	775	681	1 433	1 488
Effluent, m³ per ton of production	9.6	10.6	3.4	5.1	5.2	6.3	5.6	6.8

Water use balance

The surface water we use must be filtered and purified before the production cycle begins. In addition, treating the water and discharging it to third-party treatment facilities is costly and strictly regulated. We are continuously improving the recycled water cycle during production so that we can reuse water several times. The frequency of reuse varies depending on product specifications.



All amounts are in EUR thousands unless otherwise stated

ESRS E4 Biodiversity and ecosystems

Biodiversity and ecosystems are important from a business perspective, not only as ecological assets, but also as key factors influencing the long-term sustainability of a business. Businesses depend on global biodiversity and ecosystem services. This includes both natural resources such as food, water and raw materials, as well as regulatory services such as climate regulation and disease control. Investing in biodiversity conservation and ecosystem maintenance is also crucial, as it can help companies to reduce the risks associated with natural losses. This includes commitments not only to use natural resources equitably, but also to contribute to reducing emissions and addressing environmental challenges. Corporate understanding and commitment to biodiversity conservation and ecosystem stability is becoming an essential aspect of balancing economic activity with the protection of the natural environment.

Assessing impacts, risks and opportunities from a biodiversity and ecosystem perspective is an important step towards the Group's sustainability and ownership of its activities. In this context, the assessment provides insights into the potential threats and impacts that the Group may face as a result of biodiversity reduction or ecosystem loss, but the relevance and usefulness of the assessment results are currently limited due to the lack of certain data, best practices and market experience. Insufficient information makes it challenging to correctly identify and understand risks and identify appropriate solutions. It has been identified that most of the impacts related to biodiversity and ecosystems are concentrated in the value chain.

In our assessment of significant impacts, risks and opportunities, we have determined that the Group's sites do not fall within the European Union's Natura 2000 network of special areas of conservation and no mitigation measures are required. The sites are only adjacent to the Natura 2000 sites of the Neris River and the Curonian Lagoon. These are areas of importance for habitat conservation, where habitats and fish species are protected.

This improvement in the assessment of impacts, risks and opportunities will be a step towards better management of the Group in the future, in line with sustainability and environmental responsibility standards. This includes better data collection, analysis and presentation to better identify the importance of biodiversity and ecosystem conservation, risks and assess the impact of actions.

Table of significant ESRS sub-topics

In assessing impacts, risks and opportunities related to biodiversity and ecosystems, significant themes for Group companies were identified and an assessment of impacts and financial materiality was carried out. The Group's operations do not have significant impacts related to land degradation, desertification, soil sealing or threatened species.

Sub-topic	Sub-sub-topics	Impact materiality	Financial materiality
Direct impact drivers of biodiversity loss	Climate Change	Critical	Critical
	Land-use change, fresh water-use change and sea-use change	Significant	Minimum
	Pollution	Critical	Critical

Biodiversity and ecosystem themes are closely linked and intertwined with other themes highlighted in this report, such as climate change, pollution and the circular economy.

The Group has not carried out a systematic risk assessment of the resilience of its strategy and business model with respect to biodiversity and ecosystems and has not currently developed a transformation plan. This is planned to be done within the next three years.

The main significant impacts on biodiversity and ecosystems are concentrated in the value chain and not in the Group's own operations. When selecting suppliers, we give preference to those whose operations meet the requirements of quality, environmental and sustainable forestry standards. Most of the raw materials we purchase are FSC® certified. This standard for responsible forest management requires forest managers to maintain the existence of natural native species and genotypes and to prevent the loss of biodiversity, particularly in the management of forest habitats.

In the future, it is planned to increase the focus on biodiversity and ecosystem themes in value chain analysis.



All amounts are in EUR thousands unless otherwise stated

ESRS E5 Circular economy

Circular economy is a commitment to sustainable development, reducing environmental impacts and making efficient use of productive resources. The Group's activities are oriented towards the circular economy. We strive to use resources as efficiently as possible and promote recycling processes by recycling collected waste paper and returning it to the life cycle as a new product, thus reducing the negative impact. We also invest in energy efficiency solutions, such as retrofitting and the use of energy-efficient technologies, to reduce carbon emissions and energy consumption. We operate in accordance with an emissions or IPPC permit, through which we assess the risks and impacts of our activities. The increasing focus on environmental issues and the circular economy allows us to assess and take advantage of opportunities in the areas of recycling and renewable resources.

Table of significant ESRS sub-topics

In assessing the impacts, risks and opportunities related to the circular economy, significant themes have been identified for the Group's companies and an assessment of the impact and financial materiality has been carried out. All ESRS Circular Economy sub-topics have been identified as significant at Group level. The most significant themes were identified as waste diversion reduction and waste collection/recycling, for which we set targets at Group level.

Subtopic	Impact materiality	Financial materiality
Resources inflows, including resource use	Important	Critical
Resource outflows related to products and services	Important	Critical
Waste	Important	Critical

Our activities follow the principles of the waste hierarchy (prevention – reuse – recycling – other recovery (e.g. energy recovery) and disposal), with waste prevention or reduction taking priority, and waste disposal taking lowest priority. At the Group level, waste disposal is identified as one of the most important topics and included as a strategic objective to reduce waste that is diverted to disposal.

We also strive to find the best use for the waste we generate, not only in our own operations, but also by encouraging others to sort and recycle waste properly. This allows us to increase the collection rate of waste paper. By collecting more recovered paper, we can contribute to reducing the amount of virgin materials, thereby also contributing to reducing biodiversity loss and increasing the circularity of material use. We have set ourselves the objective of increasing the collection and sorting of waste paper in these respects.

	Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
1.	Effluent reduction	m ³ /ton of production	53.0	41.9	-20.9%	-9.0%
2.	Increasing waste-paper collection and sorting	In thousands of tons	53.0	75.2	+41.8%	+50.0%

We are investing in a centralised waste collection system for tissue paper production, with automatic collection and compression of the resulting offcuts. This not only contributes to the circular economy, but also improves workplace safety and saves space on the factory floor.

All recyclable paper/cardboard waste generated in our operations is recycled and used in the production of new products. We reuse or return suitable packaging materials such as cardboard tubes, IBC containers, etc. to our suppliers.

Raw materials

We work to ensure sustainable and responsible sourcing of raw materials and supplies. Almost all of the fibre (pulp, wood) we produce and buy is FSC® (The Forest Stewardship Council) Chain of Custody certified. FSC® is an independent international certification organisation that promotes environmentally sound, socially responsible and economically viable forest management. We prefer the FSC® certification system and encourage all our suppliers to seek this certification.

The recovered paper used in recycling processes is an important raw material for our Group as a whole, and this is reflected in our strategic objectives. In total, the Group's waste paper collectors have increased the amount of collected and sorted waste paper by 41% (from 60,000 tonnes in 2022 to 75,000 tonnes in 2023).

All amounts are in EUR thousands unless otherwise stated

Raw materials used (in thousands of tonnes):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Renewable materials								
Raw materials	-	-	112	112	-	-	112	112
Process materials	57	54	-	-	136	120	193	174
Semi-manufactured goods or parts,	-	-	-	-	-	-	0	-
Packaging and packaging materials	10	9	2	2	3	3	14	14
Total renewable	67	63	113	114	138	123	319	300
Non-renewable materials								
Raw materials	-	-	-	-	-	-	-	-
Process materials	-	-	-	-	-	-	-	-
Semi-manufactured goods or parts,	1	1	2	1	2	2	4	4
Packaging and packaging materials	1	1	-	-	-	-	1	1
Total non-renewable	2	2	2	1	2	1	5	5
Total materials used	69	65	115	115	140	125	324	305
% Of renewables	97%	97%	99%	99%	99%	99%	98%	98%

Data extracted from accounting documents.

On the Group level, only 1% of all raw materials used were non-renewable. All tissue paper and manufactured corrugated paper boxes come in some plastic packaging. This packaging makes a large proportion of non-renewable materials in our Group. We are cooperating closely with our packaging suppliers to reduce the total impact of non-renewable packaging.

Both new and recovered fibre are necessary to sustain an efficient supply chain. After several lifecycles of reuse and reprocessing, recovered fibre eventually begins to break down and is no longer suitable for use in paper and paperboard production. Although this fibre can no longer be used in our products, it can be beneficially reused in many other ways, such as for energy or as a fertilizer. The ability to use recovered fibre would cease to exist if responsibly managed new fibres were not introduced to the fibre cycle. With high recovery rates and well-managed forests to source from, fibre-based products are among the most sustainable products in the world.

Composition materials used on a Group level:

	2023	2022
Waste paper	48%	43%
Wood	35%	37%
Cellulose	10%	10%
Renewable packaging	4%	4%
Other renewable materials	2%	5%
Non-renewable materials	1%	2%
Total	100%	100%

Products and materials

Our mission is to build a circular future. We participate in the circular economy model not only as producers who create sustainable products, but also as collectors and recyclers of secondary raw materials who bring valuable raw materials back into the life cycle.

Recycled paper is produced in a circular way, by recycling waste (recovered paper) to produce paper, which is the basis for cardboard packaging. The end product is cardboard boxes, which are recycled and can return to the cycle as packaging.

Some of the recovered waste paper is also used to make hygiene paper. The Group is also continuously looking for ways to contribute more actively to the circular economy in its operations. One of the projects for 2023 is product substitution. The new product is Blossom toilet paper, an innovative product that uses two different paper bases (cellulose and recovered paper) in one 3-ply product. This change was made to:

- use recycled materials as much as possible,
- to create a more environmentally friendly product, while maintaining the best qualities of cellulose: whiteness, softness, strength.

Previously made entirely from cellulose, the change has resulted in 38% of the product's raw material being recycled waste paper. This change will reduce the usage of virgin pulp by more than 1 000 tonnes per year.



All amounts are in EUR thousands unless otherwise stated

Our hardboard is made from 99% renewable materials and offers high strength, maximum durability and great versatility.

Our products meet the durability requirements set by the market, but specific durability indicators are not calculated at Group level.

Waste

In 2023, we processed 324 thousand tonnes of materials, our activities generated 23 thousand tonnes of waste. Our production process is unique in a way that most of the waste generated can be returned to the production cycle. In 2023, 60% of all waste was returned to production in the form of material.

Waste that cannot be avoided and cannot be used in our production processes is managed according to the principles of the waste hierarchy, but waste destined for disposal is also unavoidable. The largest share of waste diverted to disposal is waste from sorting waste paper from Grigeo Klaipėda AB (72% of the total waste diverted to disposal), which arrives together with the waste paper received. The incineration of this waste generates energy. We see the total amount of waste destined for disposal as one of our strategic challenges. Therefore, we aim to continuously improve our waste paper handling facilities and the quality control processes for the raw materials collected. It is also important for us to contribute to public education on waste sorting in order to improve the quality of paper waste collected. The high quality of the raw materials ensures that what we collect for recycling can actually be recycled. In this way, we waste fewer resources, reduce waste and pollution and contribute to the circular economy.

Sludge, an organic material, is naturally formed during wastewater treatment. Currently, all wastewater generated by Grigeo Klaipėda AB is transferred to Klaipėdos vanduo AB for treatment in accordance with the contract. All the sludge produced in the waste water treatment process is broken down, dried and transferred to the waste manager by Klaipėdos vanduo AB. Sludge generated from factory wastewater is composted in a biodegradable waste composting site in the Grigiškės production area. In 2023, 8.0 thousand tonnes of sewage sludge were generated (8.3 thousand tonnes in 2022).

Waste generated (tonnes):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Hazardous waste	-	-	-	-	-	-	-	-
Non-hazardous waste	1 885	1 801	8 362	9 170	13 492	12 327	23 739	23 299

Waste diverted to other operations (tonnes):

	2023	2022
Waste recovery operation		
Preparation for reuse	-	-
Recycling	4 965	4 347
Other recovery operations	9 946	9 636
Total recover	14 910	13 982
Waste treatment		
Incineration	2 951	941
Landfill	5 878	8 375
Other disposal operations	-	-
Total treated	8 828	9 316
Non-recycled waste	37%	40%

Data from direct measurement, weighing of waste delivered (using GPAIS data)

The Group is looking at ways to reduce the amount of waste going to disposal, but there are still significant amounts of waste going to disposal (incineration or landfill). One of the reasons for this is that not all the waste generated is recycled in our market or in the surrounding regions, and the cost-effectiveness of transporting large quantities of waste over long distances is being assessed.

It was possible to reduce the amount of waste directed to disposal per ton of production (from 50.8 kg/ton in 2022 to 41.9 kg/ton in 2023) thanks to Grigeo Klaipėda AB's improved work of waste paper handling facilities and raw material control processes. The more sustainable use of waste from the thermal processes of Grigeo Klaipėda AB – the ash produced in the biofuel boiler – also had a significant impact. From November 2022 the ash is not sent to the landfill but is composted by the waste manager and used to make another product (organic fertilizers and compost).

The reduction of waste going to landfill is planned to be obtained by investing in a wire cutting and extraction mechanism for recycled paper bales (an investment of around EUR 0.5 million). This project is expected to divert 400 t of wire per year from disposal to recycling.



All amounts are in EUR thousands unless otherwise stated

7.8. Social profile

ESRS S1 Own workforce

Employees are a vital part of any organisation, as their contribution directly influences the efficiency and overall success of the company. These people not only deliver the organisation's objectives but also contribute to its growth and innovation. A successful company is only as successful as the commitment, talent and motivation of its workforce. In addition to their specific roles, employees shape the company's culture and work environment. Their cooperation, ability to overcome challenges and willingness to learn new things are essential for the success of the organisation. For optimal performance and long-term success, it is important to emphasise employee well-being, promote their professional development and create a supportive working environment. In order to ensure the well-being of employees, the Group continuously monitors and assesses the impacts, risks and opportunities relating to employees. An employee engagement survey is conducted each year to identify areas of strength or areas for improvement. The Group also prioritises the health and safety of its employees in its operational activities and continuously assesses the impacts and risks to prevent accidents.

Table of significant ESRS sub-topics

The assessment of impacts, risks and opportunities identified significant topics for the Group's companies and carried out an impact and financial materiality assessment. Health and safety have been identified as the most critical sub-topic for the Group's operations in the assessment of the sub-topics and sub-sub-topics of the own workforce. Training and skills development, decent wages, privacy sub-topics are highlighted as very important for the Group.

Topic	Sub-topic	Impact materiality	Financial materiality
Working conditions	Adequate wages	Important	Critical
	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Important	Informative
	Collective bargaining, including rate of workers covered by collective agreements	Important	Informative
	Work-life balance	Important	Informative
	Health and safety	Critical	Critical
Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Important	Informative
	Training and skills development	Important	Significant
	Measures against violence and harassment in the workplace	Important	Informative
	Diversity	Important	Informative
Other work-related rights	Privacy	Important	Important

The Group's commitment and targeted management of material topics is described in the Code of Conduct, the Occupational Health and Safety, Equal Opportunities and the Prevention of Violence and Harassment policies. Internal communication and training are in place to ensure that employees understand and adhere to the organisation's objectives, values and policies, thereby contributing to the success of the organisation.

The Group's strategic targets include three social aspects related to its workforce. These reflect the identified significant impact of the Group's activities on its employees. The objectives help to meet the expectations of stakeholders (such as employees, the community or policy makers), mitigate risks, and increase the positive impact on employees, which helps to ensure the Group's success.

All amounts are in EUR thousands unless otherwise stated

	Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
1.	Reduce the number of accidents at work	TRI ratio (number of incidents among employees per 1 million hours worked)	17.1	9.2	-7.9	8.0
2.	Employee turnover	The ratio of retired employees to the average number of employees	30.8%	20.5%	-10.3pp	22.0%
3.	Employee retention rate	Employees with 1+ years' service to total employees	85.7%	91.2%	+5.5pp	91.0%

Employee characteristics

For the purposes of this report, the own workforce includes persons employed by, or in an employment relationship with, the Group companies. The majority of employees of the Group companies are male (more than 70%). Our priority is full-time employees with permanent contracts and long-term employees. We offer fixed-term contracts to students, for whom we provide internships. We do not have any employees with non-guaranteed working hours.

Number of staff as at the end of the reporting period (see also Activity Overview 2.4 Employees):

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Under 30 years old								
Women	5	4	2	3	11	13	18	20
Men	31	35	13	12	34	41	83	94
Other*	-	-	-	-	-	-	-	-
30-50 years old								
Women	41	38	19	18	64	67	117	116
Men	123	117	53	54	227	219	390	371
Other*	-	-	-	-	-	-	-	-
Over 50 years old								
Women	24	28	20	19	38	37	90	92
Men	57	58	30	31	68	71	157	138
Other*	-	-	-	-	-	-	-	-
Total	281	280	137	137	442	448	860	865

*Included in accordance with ESRS requirements

Gender distribution of employees at top management level (unit directors), in numbers and percentages:

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	2	1	-	-	2	1	4	2
Women %	22%	11%	0%	0%	15%	8%	15%	8%
Men	7	8	4	4	11	11	22	23
Men %	78%	89%	100%	100%	85%	92%	85%	92%
Total	9	9	4	4	13	12	26	25

The Group takes care of its employees and devotes particular attention and resources to reducing and maintaining staff turnover, and improving these indicators is included in the Group's strategic objectives. The factors that have led to the positive change in retention and turnover rates are complex. Competitive remuneration is one of the most important factors in retaining existing staff and attracting new talent. The Group continuously monitors the labour market situation, remuneration forecasts, takes into account the analytics of the available data and reviews the remuneration system during the year. Other important factors include interesting and meaningful work, opportunities for employees to develop their competences, involvement of employees in ongoing projects, implementation of strategic objectives and recognition of employees for their achievements.

Employees turnover and retention rates:

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	20%	18%	13%	25%	18%	12%	18%	16%
Men	20%	22%	26%	33%	21%	26%	22%	26%
Total turnover*	20%	21%	22%	32%	20%	23%	21%	23%
Retention rate	92.2%	87.5%	88.3%	82.5%	89.9%	87.3%	91.2%	87.0%

*Calculated as the number of total employees leaving the company divided by the average annual number of employees in the current calendar year



All amounts are in EUR thousands unless otherwise stated

Work-life balance not only contributes to the well-being of the individual employee, but also has a positive impact on the Group's overall performance and long-term success. The Group ensures that all employees have the right to take leave for family reasons, the table below shows data on employees who are entitled to and have taken parental leave:

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Employees entitled to parental leave								
Women	0	1	0	1	0	1	0	3
Men	1	12	1	4	10	15	12	31
Employees that took parental leave (of those entitled to do so), %								
Women	0%	100%	0%	100%	0%	100%	0%	100%
Men	0%	17%	0%	25%	0%	7%	0%	13%

Employee engagement survey

Our long-term success is based on engaged and motivated people. As an employer, we strive to grow with our people. Each year we conduct an employee engagement survey to determine the current level of engagement of our employees, to assess how well our employees feel we are using employee engagement opportunities in the organisation, to identify the strengths of our employees' experiences and to identify areas for improvement that are a priority to maintain and strengthen employee engagement. Employee engagement is the responsibility of the HR department.

Results of the annual survey:

	Engaged		Satisfied		Not engaged	
	2023	2022	2023	2022	2023	2022
Tissue paper	60%	52%	90%	80%	2%	2%
Hardboard	51%	44%	69%	74%	5%	1%
Paper and packaging	65%	48%	87%	73%	2%	4%
Group	57%	49%	82%	76%	3%	3%
Average of external organisations	47%	46%	76%	76%	4%	4%

In 2023 the Group's overall employee engagement rate is 57%, i.e., 10% higher in comparison with other organizations, participating in this survey, as well as 8% higher in comparison to the Group's rate for the year 2022. The results of engagement survey are presented and discussed with employees, which:

- Sets a direction of working conditions' improvement.
- Helps prepare/develop training programs.
- Provides valuable insights on wage and benefit system modification.
- Gives us a better understanding on the competence of a manager.

We encourage and strive to create the conditions to our employees to express their observations, complaints, and deal with any work-related issues as soon as they occur.

Improving the employee engagement

According to the results of the survey, the most positive employee experiences highlight the strengths of our organisational culture. The survey also identified 3 priority areas for improvement, which are the focus of the Group companies to increase employee engagement. The results of the survey show that both the most positive evaluations and the results of areas for improvement have improved over the year. Group companies continue with a performance improvement plan that helps both maintain and grow employee engagement.

Most positive evaluations and areas for improvement:

	Positive		Negative	
	2023	2022	2023	2022
Most positive evaluations				
My colleagues are always ready to help with work-related questions when needed	85%	78%	4%	6%
I believe that our organisation will be successful in the future	82%	84%	5%	3%
I have enough freedom to independently solve issues directly related to the performance of my work.	75%	74%	8%	9%
The goals and tasks that are set for me are realistic	75%	72%	6%	9%
A positive and friendly atmosphere prevails in my department	73%	74%	8%	8%



All amounts are in EUR thousands unless otherwise stated

	Positive		Negative	
	2023	2022	2023	2022
Areas for improvement				
The organization has attractive professional growth opportunities for me	50%	44%	28%	30%
To achieve organizational goals, departments/groups cooperate effectively	47%	42%	24%	25%
My salary is fair compared to the salary received by specialists in a similar field in our country	45%	37%	31%	34%

Wages and benefits

A transparent and clear wage management system, approved in 2020, helps to retain and attract talents, promotes productive and efficient work, and allows fair remuneration for work performed and results achieved.

The payment system is based on the following principles and foundations:

- gender equality and non-discrimination on other basis,
- transparency of the payment system within the Group,
- fair calculation and determination of payment,
- the determination of an appropriate level of payment for all employees of the Group,
- the encouragement of employees to develop and improve their skills,
- appropriate recognition of employee performance and additional monetary incentives and bonuses for achieving targets.

In all our companies of the Group, positions are divided into three main groups: managers (2 levels), specialists (4 levels) and workers (3 levels). Additional monetary incentive systems are applied to all groups of positions or certain individual positions.

We respect the right of workers to join, organise or not, including the right to form and join trade unions to defend their interests. Workers have the right to bargain collectively freely. Workers shall not be discriminated against, intimidated or harassed in the exercise of these rights.

The social dialogue between the employer and the employees of the Group companies is ensured together with the existing trade unions and/or work councils. The relations of Grigeo AB and Grigeo Klaipėda AB with the employees are defined by the provisions of the collective agreement. 50% of the Group's employees are covered by a collective agreement. There are no collective agreements outside of Lithuania.

The basic wage is determined based on the category and level of position as well as objective criteria relating to employee's education, experience, competencies, abilities in relation of responsibility degree, the nature and complexity of work performed, and the results obtained, the market situation is also taken into account to ensure a fair wage.

Average wage ratio between women and men*:

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Women/Men	19%	13%	35%	32%	11%	0%	19%	11%

* (Average hourly pay level of male employees – average gross hourly pay level of female employees) / Average gross hourly pay level of male employees x 100

We take care of our employees, ensuring that they feel engaged, motivated and secure. We provide all the social guarantees such as retirement benefits, parental leave, sickness, unemployment, accident and acquired disability benefits, etc. We also give employees access to additional benefits. Employees of Group companies are covered by accident insurance, accident benefits, critical illness benefits or supplementary health insurance. The list of fringe benefits is regularly reviewed in line with employee needs. Employees are very appreciative of the fringe benefits and actively take advantage of them.

Trainings

Operating in paper and wood industry means running powerful, complex, and often potentially hazardous equipment. To reduce the likelihood of potential risks, the control and operation of the machines mentioned in the production process descriptions can only be entrusted to highly skilled operators.

All amounts are in EUR thousands unless otherwise stated

So that we remain capable to deliver production to our clients and to ensure our business is operational, we need a robust array of skills, experience, and knowledge. Our employee training and education programme is designed to maximise the potential of all employees and provide them with professional growth opportunities.

Considering a wide range of responsibilities and functions, we designed and keep on improving three different frameworks for training and education:

- Training programmes for production workers.
- Professional growth programmes for specialists.
- Need-based professional improvement training for the management.

It is in our best interest to encourage employees to seek career development within our Group. Our dedicated training coordinators oversee collecting emerging demand for training, both bottom up and top down. This process helps us to ensure:

- The number of Qualified Employees required to deliver our products and services.
- Improvement of employees' qualification.
- Act along the company's values in daily activities.
- Fair remuneration for each employee, considering acquired qualifications.

Supervision & management of training programmes:

- Dedicated personnel consult the leadership and heads of departments to assess the demand and possibilities for training.
- Training coordinators monitor the market for third-party trainings and provide suggestions to relevant managers.
- Special attention is devoted to professional attestation subject to expiration and re-attestation.
- COVID-19 pandemic led us to consider personal wellbeing and emotional support seminars and trainings.

Formal training in numbers:

Average number of training hours per employee	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	13	27	32	43	18	31	19	32
Men	49	75	47	48	19	19	35	45

The change in the calculation methodology has led to a significant decrease in the average number of training hours per staff member. In 2022, the number of training hours of staff who were trained internally and did not complete the training was included, while in 2023 these figures were not included.

Dialogue and feedback

We understand the meaning of feedback as a very important and significant work for the manager, the employee, and the company. The feedback is given to employees at all levels and is always based on gender equality and other non-discrimination grounds at the Group companies. The feedback is provided in the form of performance discussion, which aims to discuss employee performance, career perspectives and development expectations, strengthening employee motivation to pursue new goals actively, thus contributing to the good performance of the Group.

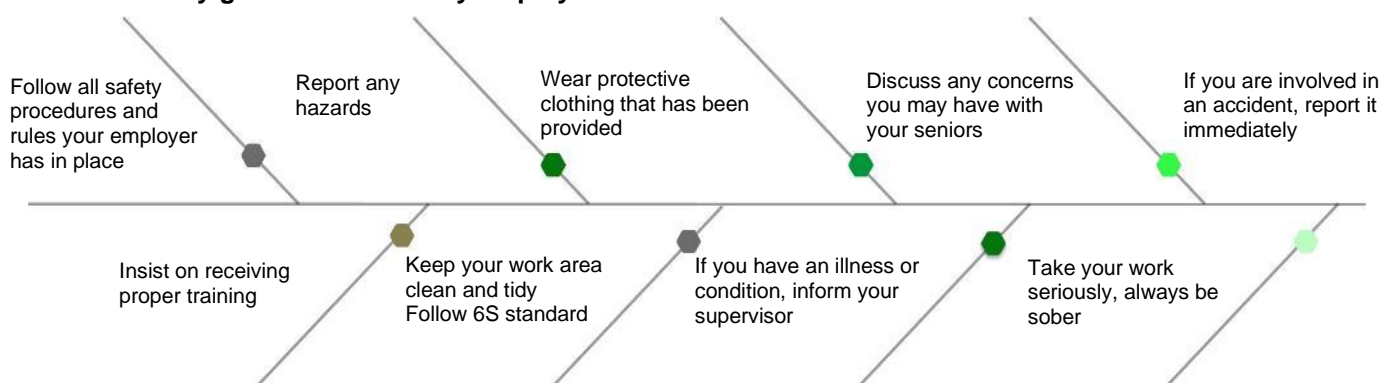
The performance objectives of the Group companies are set for the year, usually during the strategic session of the top management while using X matrix strategy development tool. Objectives are delegated in departments to employees of all levels. Objectives are measured by setting KPIs (key performance indicators) and performance is periodically reviewed. The periodicity of the discussion is determined by the nature of the objectives at different levels of organisation, in the position groups: for managers, the performance is discussed during the annual performance evaluation, for specialists – quarterly, for workers – daily and monthly during the meetings, while training and instructing. The results of the performance evaluation and feedback interview are completed and confirmed in the goal evaluation forms.



All amounts are in EUR thousands unless otherwise stated

Occupational safety and health

General safety guidelines for every employee:



In 2016, our companies, with an exception of Mena PAK AT, implemented the OHSAS 18001:2007 Occupational Health and Safety Management Standard (ISO 45001 from 2021). This standard helps ensure the Group's occupational health and safety, reducing the likelihood of accidents at work and occupational morbidity. Group-wide we strive to achieve a zero-accident workplace.

Key features of our occupational safety and health (hereafter – OSH) system:

- Compliance with legal requirements and the code of Business Ethics.
- Fostering high awareness and personal interest.
- Encouraging initiative to actively contribute.
- Providing workers with safe and healthy working conditions to prevent work-related injuries and illness.
- Identifying and eliminating hazards in a timely manner.
- Prioritising OSH standards in procurement processes and selecting suppliers.
- Constantly analysing, assessing, and implementing the needs of stakeholders; looking for ways to implement their requirements more effectively.
- Strict control over any contractor operating within our facilities.
- OSH management applies to all employees and contractors, visitors, suppliers, interns.
- Constant training and timely certification of people in charge.

We continuously monitor and identify risk factors and hazards to ensure a safe and healthy working environment.

Hazard identification	Key risk factors
<ul style="list-style-type: none"> • In 2023, we operated without a single life-changing accident. No workers (both our employees and those employed by our contractors) suffered a major injury. • We are dedicated to maintaining a safe and reliable workplace for everybody performing their duties within our Group. • Occupational risk assessment is performed by an external company. • The risk assessment of production processes performed internally involves OSH specialists, production management, employees, and the quality department. • Incident investigation – through a register of unsafe situations or in the event of a more serious incident, a team is selected to investigate the incident. • Constantly evaluating risk factors. • Close cooperation with production workers daily. 	<ul style="list-style-type: none"> • Rotating parts of equipment. • Moving transport, loading works. • Night work. • Work at height. • Works in wells. • Manual lifting of loads. • Working with chemicals. • Use of potentially dangerous equipment (cranes, pressure vessels, elevators).

Accident prevention

To avoid negative impacts and risks to our own workforce, continuous employee involvement is essential. All workers must report potentially hazardous work situations. All identified situations are recorded and managed in a register of unsafe work situations.



All amounts are in EUR thousands unless otherwise stated

- A mobile application is designed to log technical problems. Registered problems travel to the system, where technical staff plans repairs or reacts quickly to the problem.
- In case an employee is not willing or able to use a mobile app, paper form might be used.
- Safety issues are addressed during daily shift meetings.
- All employees have access to OSH specialists.
- Nobody is allowed to solve technical problems independently.
- Employees are represented in occupational health and safety committee.
- Employees are involved evaluating risks and hazards.
- All personal and group protective gear is tested and approved by production workers.
- We promote employees' responsibility, and it is always emphasised that, although the employer is responsible for the safety and health of workers, all safety remains in the hands of the workers themselves.

OSH committees composed of employer and employee representatives have been set up in the companies of the Group. Main responsibilities:

- Analysis and assessment of the state of safety and health of employees.
- Consideration of preventive measures to prevent accidents at work and occupational diseases.
- Analysis of safety training and instruction of employees in every company.
- Observation of the established procedure and the provision of employees with collective and personal protective equipment and the supervision of these measures.

To follow up on the Group's social strategic target, data on accidents at work are collected and recorded, and progress is monitored. The TRI indicator is used to monitor occupational accidents:

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
High-consequence injuries	-	-	-	-	-	-	-	-
Minor injuries	4	5	4	6	6	6	14	17
Hours worked	507 191	505 663	241 441	251 457	775 520	730 124	1 524 152	1 487 244
TRI rate*	7.9	9.9	16.6	23.9	7.7	8.2	9.2	11.4

*Number of incidents among our own employees per 1 000 000 hours worked.

Number of working days lost due to injury, accident or illness: 437.

In 2023, the Group did not receive any complaints from employees regarding discriminatory behaviour at work. No other major human rights incidents (such as forced labour, child labour, etc.) were identified.



All amounts are in EUR thousands unless otherwise stated

ESRS S3 Affected communities

The Group's corporate activities have many points of contact with local communities, which are one of our important stakeholders. We want to be a valuable part of the community and we assess our impact, risks and opportunities related to this. We strive to avoid and minimise our negative impacts.

The Group's impacts and opportunities relating to affected communities are described in our Code of Ethics and Environmental Policy. The Group's businesses adhere to important internationally recognised instruments such as the United Nations Guiding Principles on Business and Human Rights.

The Group respects and guarantees human rights and freedoms as defined in the Universal Declaration of Human Rights of the General Assembly of the United Nations, the Convention for the Protection of Human Rights and Fundamental Freedoms of the Council of Europe, the Conventions of the International Labour Organisation and other international and national legislation.

Table of significant ESRS sub-topics

The assessment of the impacts, risks and opportunities related to the affected communities identified two significant themes and carried out an impact and financial materiality assessment. Two sub-themes were identified: water and sanitation and security-related impacts, which were assessed at the level of significant materiality.

Sub-topic	Sub-sub-topics	Impact materiality	Financial materiality
Communities' economic, social and cultural rights	Water and sanitation	Important	Important
	Security-related impacts	Important	Important

The Group's companies do not have specific targets related to communities, but we work closely together and look for opportunities to improve or eliminate the impacts on local communities related to our activities.

The Group respects the local environment in which it operates and seeks to maintain good relations with local communities and engage with affected communities. Affected communities are involved in impact assessment processes. Each time an EIA procedure is carried out, a consultation process is carried out, during which changes and news are presented and interested parties are given the opportunity to make comments, observations and ask questions. There is no specific function assigned to ensure the involvement of affected communities. This depends on the project and the responsibilities assigned. The main affected communities are located in the areas close to the production sites - Grigiškės and Klaipėda. The report did not assess the affected communities in the value chain.

Group companies have not received any reports of major human rights problems or incidents involving affected communities.

Odour management

Located in the centre of Klaipėda city, we recycle paper waste. We find various microorganisms (molds, fungi, bacteria) in paper raw material – waste paper, which can cause a strong odour under certain conditions. Based on our research, the intensity of the odour is dependent on the quality of paper being recycled. Recycled paper is made up of a larger amount of short fibres and is often tainted with chemicals, glues and other substances, which directly increase water pollution. In addition, we use raw water from the Curonian Lagoon, which adds contamination to the process and accelerates the reproduction of microbes.

Our actions:

- Improved working environment: the sewer at the factory cleaned, disinfected.
- Portable constant measurement station for ammonia and hydrogen sulphide emissions.
- Chemical dosing equipment and an online monitoring and management platform are installed. We monitor all data in real time, online, so we can respond immediately to any incidents of increased pollution, thus preventing more pollution from entering residential areas.

Compliance:

- In 2023 Grigeo Klaipėda AB received 3 requests from the National Public Health Center and the Environmental Protection Department (EPD) regarding odours possibly related to the activities of Grigeo Klaipėda AB.
- In 2023, inspections carried out by the EPD and other environmental authorities found ammonia emissions above the permissible limit at one air pollution source. The infringement has been corrected and the conditions of the IPPC permit have been revised.

All amounts are in EUR thousands unless otherwise stated

- According to Grigeo Klaipėda AB's environmental protection monitoring program, emissions from stationary sources of pollution and the concentration of hydrogen sulphide in the living environment did not exceed the norms established in integrated pollution prevention and control requirements.

Further steps:

- Analysing potential solutions to collect and ozonate the air flow from the production premises ducts.
- Analysing potential solutions to install carbon filters at the production facilities, which will reduce emissions of pollutants, including odours.
- We analyse the content of sulphates in the water of the Curonian Lagoon. This water is used in our production cycle and bacteria decompose sulphates to hydrogen sulphide (H₂S) under anaerobic conditions.
- Odour dispersion modelling is planned to assess the effectiveness of the measures to be implemented.
- We cooperate and consult with Lithuanian and foreign universities and experts on odour removal solutions.

The Group contributes to a positive impact on the communities by creating jobs and supporting communities. Not only do we support local communities in Klaipėda and Grigiškės, but we also work with other organisations. The Group's companies provide financial support for the implementation of environmental and social projects and initiatives of various external organisations. Since the beginning of the war in Ukraine, the Group has been supporting Ukraine by providing humanitarian and financial support to charities and aid organisations. In 2023, the implementation of the support agreement between AB Grigeo Klaipėda and Klaipėda University continued in order to develop solutions to reduce environmental pollution in the Klaipėda region (see more in the E2 Pollution section), and the Group also cooperates with and supports the charitable foundation Mamų unija.

Group's direct charity contributions to local communities:

	2023	2022
City of Vilnius	159	47
City of Klaipėda	114	149
Donations to Ukraine	20	95
Total	278	291



All amounts are in EUR thousands unless otherwise stated

7.9. Governance profile

ESRS G1 Business conduct

Our values are based on the Group's long history and business experience. We create a motivating company culture, which is why it is important to us how we behave and the principles on which we base our business. Our core values inspire and engage our employees to achieve higher goals in their daily activities and efforts to build a successful company. When we design and manufacture, we always think about our employees, customers, partners and colleagues, what is important to them and how we can contribute to the well-being of the environment around them.

Our mission and values (section 1.3) are based on the company's long history and business experience. In 2023, we held a Group Values Behaviours Workshop, attended by employees from all Group companies. During the workshop, discussions took place in working groups on how we should behave in line with our values and which behaviours reflect the Group's values. Following the workshop, the behaviours were presented to the Group's team of directors, where they were reviewed and approved. The updated values behaviours were presented to all employees.

Table of significant ESRS sub-topics

The assessment of business ethics impacts, risks and opportunities has identified material topics for Group companies and assessed impact and financial materiality. Animal welfare and political engagement were not identified as material due to the absence of such activities.

Sub-topic	Sub-sub-topics	Impact materiality	Financial materiality
Corporate culture		Important	Informative
Protection of whistle-blowers		Important	Informative
Management of relationships with suppliers including payment practices		Important	Critical
Corruption and bribery	Prevention and detection including training	Important	Important
	Incidents	Important	Informative

Transparency, integrity and anti-corruption are core principles in business and society that form an integrated and healthy organisational and social framework. The Group's activities are guided by these principles:

- Our relationships with employees, customers, partners and the state are based on integrity and transparency.
- We report transparently to our employees and encourage other market participants to do the same.
- Any payments or other expenses that are not recorded in the relevant documents are unacceptable.
- We strongly oppose all forms of corruption.
- In order to ensure transparency and objectivity in our dealings with suppliers and business partners, we do not accept any commercial offers that raise suspicions about their legality.
- We openly state our requirements and evaluation criteria to potential partners and define the terms of cooperation in our contracts.
- We comply with the law and pay the required taxes.
- The Group complies with the applicable tax laws and the principles of the tax legislation, and meets its tax obligations in a timely and accurate manner.
- The Group has a low tolerance for tax risks in its risk assessment.
- The Group's processes are clearly regulated by approved clear and transparent procedures.
- The Group has an approved gift policy which prohibits the acceptance and giving of any type of gratuitous items, services or other benefits of any value by employees of the Group in the course of their employment functions. This policy is communicated to and adhered to by all employees.

Enforcement of the Code of Business Ethics and Communication of critical concerns

Ensuring the effectiveness of business ethics is an important organisational task that helps to ensure that high ethical standards and values are upheld. The Group wants to ensure that ethical principles are adhered to, and encourages employees, customers and partners to adhere to high ethical standards too.

- Employees can report infringements as well as post questions and complaints related to this Code of Business Ethics or any other critical concerns to their direct supervisors, the Personnel Manager, the Head of the Company.
- In order to comply with the requirements of Directive (EU) 2019/1937 of the European Parliament and of the Council, the Group has adopted procedures for the reporting, investigation and confidentiality of breaches.
- In accordance with the requirements of Directive (EU) 2019/1937 applicable to the Group notifications about a criminal act, administrative offense, violation of work duties, as well as gross violation of mandatory norms

All amounts are in EUR thousands unless otherwise stated

of professional ethics or other violation of the law posing a threat to or violating the public interest in any of the companies of the Group may be submitted using internal channel of providing information about violations by e-mail pranesejuapsauga@grigeo.lt.

- If information is received about violations, complaints and other negative impacts in the governance, environmental or social area, they are examined in accordance with the procedure established by the Group's internal policies. To examine information, the head of particular company of the Group can appoint responsible persons or form an ad hoc committee consisting of employees with competence and responsibilities in a specific problematic situation.
- The management of each company of the Group is responsible for the implementation of the provisions of the Code, for the censure and the prompt and honest correction of actions that are not in compliance with the provisions of the Code.
- The Group supports employees who honestly adhere to the provisions of the Code and encourages others to adhere to them.
- The internal whistleblowing channel is publicly available on the Group's website www.grigeo.lt. To ensure the effectiveness of this channel, internal communication to staff is also carried out annually. Training is organised as required.

The Group does not have a separate anti-corruption/bribery prevention and detection procedure and policy. It is planned to develop one within the next two years.

There were no corruption and/or bribery irregularities detected during the reporting period.

Our procurement practices

The Group is committed to a responsible and sustainable purchasing policy to ensure effective supply chain management and long-term relationships with suppliers. Our priority is to build long-term partnerships with trusted suppliers based on integrity, transparency and mutual efficiency. The principles and guidelines for the Group's procurement are described in the Procurement Policy:

- The Group undertakes to carry out procurement activities responsibly. Long-term, good business relations and beneficial cooperation are the most important for the Group.
- All employees of the Group engaged in procurement activities must comply with the rules of the Group's Code of Business Ethics. The Group's suppliers are also expected to comply with the Group's Code of Business Ethics.
- All procurement activities must be conducted in such a way that the Group meets ethical, environmental and social sustainability requirements in all parts of the supply chain.
- The Group communicates with suppliers in such a way that it is considered as honest, professional and working by the highest standards of business ethics and procurement.
- To maintain constant competitive ability and lower risk, whenever possible the Group avoids purchases from the single supplier and assesses all risks associated with the purchase.
- In 2023, the Group developed and approved a Supplier Code of Conduct describing the environmental and social requirements and obligations of suppliers.



CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
ASSETS					
Non-current assets					
Property, plant and equipment	5	68,596	71,194	25,891	27,015
Right-of-use assets	6	4,315	4,277	1,585	1,295
Intangible assets	7	4,271	3,764	705	380
Investment property	8	4,621	4,410	4,638	4,431
Investments in subsidiaries	1	-	-	23,617	23,126
Other amounts receivable	10	-	3	-	-
Total non-current assets		81,803	83,648	56,436	56,247
Current assets					
Inventories	9	14,410	19,963	6,122	9,985
Trade and other amounts receivable	10	21,019	23,904	13,255	15,609
Prepaid income tax		-	97	-	-
Other current assets		507	348	235	169
Other financial assets at amortised cost	11	20,192	-	20,192	-
Cash and cash equivalents	12	18,952	14,840	15,669	7,544
Total current assets		75,080	59,152	55,473	33,307
TOTAL ASSETS		156,883	142,800	111,909	89,554

(Cont'd on the next page)

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Notes	Group		Company	
		At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
EQUITY AND LIABILITIES					
Equity					
Authorised share capital	13	38,106	38,106	38,106	38,106
Share premium	13	1,119	1,119	1,119	1,119
Legal reserve	13	2,886	2,066	2,886	2,066
Reserve for granting own shares	13	500	500	500	500
Foreign currency translation reserve	13	(2,821)	(2,697)	-	-
Retained earnings	13	76,184	58,066	42,752	24,582
Equity attributable to shareholders of the Company		115,974	97,160	85,363	66,373
Non-controlling interest		615	693	-	-
Total equity		116,589	97,853	85,363	66,373
Liabilities					
Non-current liabilities					
Borrowings	14	2,497	4,644	796	1,868
Lease liabilities	15	3,663	3,477	1,294	1,017
Grants	16	1,293	783	1,199	678
Deferred income tax liability	26	1,652	903	612	442
Long-term employee benefits	17	296	248	112	103
Other amounts payable		280	281	-	-
Total non-current liabilities		9,681	10,336	4,013	4,108
Current liabilities					
Borrowings	14	2,147	2,363	1,072	989
Lease liabilities	15	559	408	340	331
Income tax payable		3,057	-	3,106	204
Trade and other amounts payable	18	24,850	31,840	18,015	17,549
Total current liabilities		30,613	34,611	22,533	19,073
Total liabilities		40,294	44,947	26,546	23,181
TOTAL EQUITY AND LIABILITIES		156,883	142,800	111,909	89,554

The accompanying notes are an integral part of these financial statements.

The financial statements were prepared by the management on 28 March 2024 and signed with a qualified electronic signature on its behalf by:

Tomas Jozonis
Chief Executive Officer

Martynas Nenėnas
Finance Director

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		2023	2022	2023	2022
Revenue	19	195,352	203,209	101,728	90,457
Cost of sales	20	(143,715)	(172,364)	(70,668)	(79,594)
Gross profit		51,637	30,845	31,060	10,863
Selling and distribution expenses	21	(15,254)	(14,846)	(6,226)	(5,497)
Administrative expenses	22	(11,620)	(9,379)	(4,824)	(3,813)
Other income	23	755	636	5,146	11,949
Other gains/(losses) – net	24	3,893	4,860	3,208	3,819
Operating profit		29,411	12,116	28,364	17,321
Finance income	25	686	22	524	3
Finance costs	25	(460)	(459)	(161)	(165)
Finance income/(costs) – net		226	(437)	363	(162)
Profit before income tax		29,637	11,679	28,727	17,159
Income tax	26	(4,316)	(1,058)	(3,373)	(770)
PROFIT FOR THE PERIOD		25,321	10,621	25,354	16,389
Profit for the period attributable to:					
Shareholders of the Company		25,306	10,525	25,354	16,389
Non-controlling interest		15	96	-	-
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		(124)	(536)	-	-
Cash flow hedges – effective portion of changes in fair value		-	-	-	-
Total items that may be reclassified subsequently to profit or loss		(124)	(536)	-	-
Other comprehensive income/(expenses) for the period		(124)	(536)	-	-
Total comprehensive income for the period		25,197	10,085	25,354	16,389
Total comprehensive income for the period attributable to:					
Shareholders of the Company		25,182	9,989	25,354	16,389
Non-controlling interest		15	96	-	-
Basic earnings per share (EUR)	27	0.193	0.080	0.193	0.125
Diluted earnings per share (EUR)	27	0.190	0.079	0.191	0.123

The accompanying notes are an integral part of these financial statements.

Tomas Jozonis
Chief Executive Officer

Martynas Nenėnas
Finance Director



All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF CHANGES IN EQUITY

Group	Equity attributable to owners of the Company								Non-controlling interest	Total equity
	Authorised share capital	Share premium	Legal reserve	Hedging 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	-	-	-	-	-	-	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
Reserve for granting own shares	-	-	-	-	500	-	(500)	-	-	-
Increase in legal reserve	-	-	161	-	-	-	(161)	-	-	-
Allocated dividends	-	-	-	-	-	-	(6,570)	(6,570)	(116)	(6,686)
Share-based remuneration	-	-	-	-	-	-	165	165	-	165
Transactions with the Company's shareholders	-	-	161	-	500	-	(7,066)	(6,405)	(116)	(6,521)
At 31 December 2022	38,106	1,119	2,066	-	500	(2,697)	58,066	97,160	693	97,853
At 1 January 2023	38,106	1,119	2,066	-	500	(2,697)	58,066	97,160	693	97,853
Profit for the period	-	-	-	-	-	-	25,306	25,306	15	25,321
Other comprehensive income/(expenses)	-	-	-	-	-	(124)	-	(124)	-	(124)
Total comprehensive income/(expenses)	-	-	-	-	-	(124)	25,306	25,182	15	25,197
Increase in legal reserve	-	-	820	-	-	-	(820)	-	-	-
Allocated dividends	-	-	-	-	-	-	(6,570)	(6,570)	(93)	(6,663)
Share-based remuneration	-	-	-	-	-	-	202	202	-	202
Transactions with the Company's shareholders	-	-	820	-	-	-	(7,188)	(6,368)	(93)	(6,461)
At 31 December 2023	38,106	1,119	2,886	-	500	(2,821)	76,184	115,974	615	116,589

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Company	Authorised share capital	Share premium	Legal reserve	Reserve for granting shares	Hedging reserve	Retained earnings	Total equity
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
Allocated dividends	-	-	-	-	-	(6,570)	(6,570)
Increase in legal reserve	-	-	161	-	-	(161)	-
Reserve for granting own shares	-	-	-	500	-	(500)	-
Share-based remuneration	-	-	-	-	-	165	165
Transactions with the Company's shareholders	-	-	161	500	-	(7,066)	(6,405)
At 31 December 2022	38,106	1,119	2,066	500	-	24,582	66,373
At 1 January 2023	38,106	1,119	2,066	500	-	24,582	66,373
Profit for the period	-	-	-	-	-	25,354	25,354
Total comprehensive income	-	-	-	-	-	25,354	25,354
Allocated dividends	-	-	-	-	-	(6,570)	(6,570)
Increase in legal reserve	-	-	820	-	-	(820)	-
Share-based remuneration	-	-	-	-	-	206	206
Transactions with the Company's shareholders	-	-	820	-	-	(7,184)	(6,364)
At 31 December 2023	38,106	1,119	2,886	500	-	42,752	85,363

The accompanying notes are an integral part of these financial statements.

Tomas Jozonis
Chief Executive Officer

Martynas Nenėnas
Finance Director

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit before income tax		29,637	11,679	28,727	17,159
Adjustments for non-cash items:					
Depreciation and amortisation		9,515	9,241	4,032	4,114
Dividends received		-	-	(4,385)	(11,300)
Interest expenses on borrowings and lease	25	420	244	137	111
Interest income	25	(668)	(15)	(522)	(3)
Other finance (income)/costs – net	25	22	208	22	54
Gain on disposal of non-current assets		(56)	(124)	(95)	(171)
Share-based remuneration		202	90	111	90
		39,072	21,323	28,028	10,054
Changes in working capital					
(Increase)/decrease in inventories		5,694	(5,543)	3,863	(5,197)
(Increase)/decrease in trade and other amounts receivable		3,639	(1,905)	3,022	(3,890)
(Increase)/decrease in other current assets		(158)	(93)	(65)	(44)
Increase/(decrease) in trade and other amounts payable		(7,171)	744	333	3,310
		2,004	(6,797)	7,153	(5,821)
Interest paid		(427)	(221)	(143)	(101)
Income tax paid		(488)	(296)	(206)	-
Net cash inflow from operating activities		40,161	14,009	34,832	4,132
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	5 / 7	(6,962)	(8,762)	(3,021)	(2,046)
Acquisition of investment property	8	(443)	(275)	(443)	(274)
Disposal of property, plant and equipment		482	232	357	183
(Increase)/decrease in investments in subsidiaries	1	-	-	(397)	-
Loans granted to subsidiaries		-	-	-	(1,200)
Interest received		489	14	358	-
Payments for financial assets at amortised cost	11	(20,050)	-	(20,050)	-
Dividends received	23	-	-	4,385	11,300
Net cash inflow/(outflow) from investing activities		(26,484)	(8,791)	(18,811)	7,963
Cash flows from financing activities					
Dividends paid		(6,620)	(6,436)	(6,566)	(6,345)
Repayments of borrowings		(2,363)	(2,197)	(989)	(1,298)
Proceeds from borrowings		-	6,246	-	2,600
Lease payments		(582)	(434)	(341)	(326)
Net cash (outflow) from financing activities		(9,565)	(2,821)	(7,896)	(5,369)
Net increase/(decrease) in cash flows		4,112	2,397	8,125	6,726
Cash and cash equivalents at the beginning of the period		14,840	12,443	7,544	818
Cash and cash equivalents at the end of the period		18,952	14,840	15,669	7,544

The accompanying notes are an integral part of these financial statements.

Tomas Jozonis
Chief Executive Officer

Martynas Nenėnas
Finance Director



NOTES TO THE FINANCIAL STATEMENTS

All amounts are in EUR thousands unless otherwise stated

1. General information

Grigeo AB (hereinafter the “Company”) is a public limited liability company registered in the Republic of Lithuania on 23 May 1991. The Company is engaged in the production of toilet paper, paper towels and paper napkins. The paper mill in Grigiškės was established in 1923.

The address of the Company’s registered office is as follows: Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania.

The Company’s shares are listed on the Baltic Main List of Nasdaq AB Vilnius Stock Exchange (ISIN code of shares is LT0000102030). The trading code of shares on Nasdaq AB Vilnius stock exchange is GRG1L.

As at 31 December 2023 and 2022, the Company’s authorised share capital was divided into 131,400,000 ordinary registered shares with a nominal value of EUR 0.29 each. All shares were fully paid.

Three major shareholders as at 31 December 2023 and 2022 are listed below:

	At 31 December 2023		At 31 December 2022	
	Number of shares	%	Number of shares	%
Ginvidos Investicija UAB	61,838,179	47.06	60,809,151	46.28
Mišeikienė Irena Ona	17,578,342	13.38	17,578,342	13.38
Norimantas Stankevičius	5,869,756	4.47	5,869,756	4.47
TOTAL	85,286,277	64.91	84,257,249	64.12

As at 31 December 2023, the number of the Group’s employees was 860 (31 December 2022: 865). As at 31 December 2023, the number of the Company’s employees was 281 (31 December 2022: 280).

The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of the financial statements.

Structure of the Group

As at 31 December 2023 and 2022, the Grigeo group consisted of Grigeo AB and the following subsidiaries (hereinafter the “Group”):

	At 31 December 2023		At 31 December 2022		Address	Principal activities Date of acquisition (establishment)
	Ownership interest held by the Group	Amount (cost) of investment	Ownership interest held by the Group	Amount (cost) of investment		
Subsidiaries directly controlled by the Company:						
Grigeo Baltwood UAB	100%	2,555	100%	2,555	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of wood hardboards. 10 April 2003
Grigeo Recycling UAB	100%	1,066	100%	1,066	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Collection of secondary raw materials and preparation for recycling. 16 July 2010
Naujieji Verkiai UAB	100%	-	100%	-	Popieriaus g. 15, Vilnius, Lithuania	Building and development of real estate. The company was dormant in 2023 and 2022. 6 April 2004
Grigeo Investicijų Valdymas UAB	100%	19,427	100%	19,427	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Investment activities and management of companies. 10 July 2009
Grigeo Hygiene UAB	100%	200	100%	3	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Investment activities and management of companies. (former Grigiškių Energija UAB) 7 October 2011
Grigeo Tissue UAB	100%	200	-	-	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of tissue paper. 1 December 2023
Share options granted to employees of subsidiaries (Note 13)						
Share options		169		75		
Total		23,616		23,126		

All amounts are in EUR thousands unless otherwise stated

1. General information (continued)

	At 31 December 2023		At 31 December 2022		Address	Principal activities Date of acquisition (establishment)
	Ownership interest held by the Group	Amount (cost) of investment	Ownership interest held by the Group	Amount (cost) of investment		
Subsidiaries indirectly controlled by the Company:						
Grigeo Klaipėda AB*	97.68%	-	97.68%	-	Nemuno g. 2, Klaipėda, Lithuania	Manufacturing of cardboard and cardboard paper honeycomb. 1 March 2010
Grigeo Packaging UAB*	100%	-	100%	-	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of corrugated cardboard and packaging. 10 April 2009
Mena Pak AT**	100%	-	100%	-	Koševovo g. 6, Černigovo raj., Mena, Ukraine	Manufacturing of corrugated cardboard and packaging. 1 March 2010
Grigeo Recycling SIA***	100%	-	100%	-	Ēdoles iela 5, Riga, Latvia	Collection of secondary raw materials and preparation for recycling. 16 June 2016

*Controlled by Grigeo Investicijų Valdymas UAB; **Controlled by Grigeo Klaipėda AB; ***Controlled by Grigeo Recycling UAB.

The non-controlling interest consists of 2.32% of shares of Grigeo Klaipėda AB, which are not owned by the Company's shareholders.

There were no significant changes in 2023 and 2022.

Climate change-related matters

The management of the Group recognises the importance of analysis in disclosing climate-related risks and their significance to the financial statements. In 2021, the management of the Group decided to start with a qualitative analysis to help explore a possible range of effects of climate change. In 2023, the Group continued its analysis and used the reporting principles of the Climate-Related Financial Disclosure Working Group (TCFD) to analyse the potential impacts of climate change.

Based on the Group management's analysis, the direct risk of climate change in the Group's operations is insignificant, but the indirect risk related to the transition to more environmentally friendly technological solutions in the long term may affect the Group's financial performance due to additional investments for the acquisition of new equipment or upgrade of existing one.

During the transition period, the management will additionally assess the projected cash flows due to the amount and timing of potential investments, as well as assess the risks of impairment of existing non-current assets and review the useful lives of renewed or newly acquired assets.

For the current and previous reporting years, such potential risks and their impact on the significant accounting estimates and assumptions used in the preparation of the financial statements were assessed as not significant. The qualitative analysis is continued by including the climate change risk assessment in the periodic review and updates of the assumptions used by management.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These principles were applied consistently for the reported periods unless stated otherwise (adoption of new and/or amended standards).

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) effective at 31 December 2023. All references to IFRS used below are references to IFRS approved by the EU.

These financial statements of the Group and the Company have been prepared on a historical cost basis, except of financial instruments used for hedging that are accounted for at fair value.

These financial statements of the Group and the Company for the year ended 31 December 2023 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.

The preparation of financial statements in conformity with IFRS requires the management to make judgements, assumptions and estimates that are related to the application of the Group's and the Company's accounting policies. 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.

2.2 Amendments to standards and their interpretations

Adoption of new and/or amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

a) The following IFRSs, amendments thereto were adopted by the Company for the first time in the financial year ended 31 December 2023:

Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Based on the Company's estimate, these amendments had no material impact on the Company's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8.

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Based on the Company's estimate, these amendments had no material impact on the Company's financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12.

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time.

Based on the Company's estimate, these amendments had no material impact on the Company's financial statements.

b) Standards, interpretations and amendments thereto that are not yet effective and have not been early adopted by the Company

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.

-Classification of liabilities as current or non-current – Amendments to IAS 1.

Based on the Company's estimate, these amendments will have no material impact on the Company's financial statements.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

c) Standards, interpretations and amendments that have not been adopted by the European Union and that have not been early adopted by the Group and the Company:

- Statement of Cash Flows – Amendments to IAS 7;
- Financial Instruments: Disclosures: Supplier Finance Arrangements – Amendments to IAS 7;
- Lack of Exchangeability – Amendments to IAS 21;
- Regulatory Deferral Accounts – Amendments to IFRS 14;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.

The Company is currently assessing the impact of these amendments on the Company's financial statements.

There are no other new standards, amendments to the existing standards or interpretations that are not yet effective and that could have a material impact on the Company.

2.3 Principles of consolidation

The Group's consolidated financial statements include Grigeo AB and its subsidiaries.

Subsidiaries

Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The control of an entity is normally evidenced when the Company owns more than 50% of the shares granting voting rights. Subsidiaries are consolidated from the date on which effective control is transferred to the Company or the Group, and they are no longer consolidated from the date on which control is transferred out of the Group.

Inter-company transactions

The financial statements of the subsidiaries are prepared for the same reporting year using consistent accounting policies. All inter-company transactions, balances and unrealised gains or losses and dividends on transactions between the Group companies are fully eliminated.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance of the non-controlling interest. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative foreign exchange differences, recorded in equity;
- Recognises the consideration received at fair value;
- Recognises any investment retained at fair value;
- Recognises any surplus or deficit in the statement of comprehensive income;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

Business combinations and accounting for goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date in the statement of comprehensive income. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Split of companies

When a company is split by way of a spin-off or split-off, its assets and liabilities are transferred to newly established or other operating companies, and a decrease in assets, liabilities and equity is registered in the accounting of the split company.

The difference in value of assets and liabilities of the spin-off or split-off companies provided in the conditions of the split determines the equity amount of the newly established or operating companies, and in their accounting equity is registered in the account of the authorised share capital and other equity accounts as at the date of reception and transfer according to the conditions of the split. If the conditions of the split do not provide in which equity accounts the difference in value of assets and liabilities should be registered, it is registered in the account of the formed share capital and share premium or the account of retained earnings (loss).

2.4 Presentation currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). All amounts in the financial statements are presented in the euros, which is the Group's and the Company's functional and presentation currency.

The functional currency of the Company and its subsidiaries operating in Lithuania is the euro. The functional currencies of foreign subsidiaries are the respective currencies of the foreign countries in which their registered offices are based. The amounts in the financial statements of these subsidiaries are presented in their functional currencies.

Assets and liabilities of the foreign subsidiaries are translated into euros at the reporting date using the exchange rate prevailing at the date of the statement of financial position, whereas the statements of comprehensive income of the foreign subsidiaries are translated using the weighted average exchange rate for the year. Exchange differences arising on translation are recognised in other comprehensive income.

On disposal of a foreign subsidiary, the result of foreign currency translation accumulated in other comprehensive income is reclassified to the statement of comprehensive income.

Transactions and balances

Foreign currency transactions are initially measured using the functional currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the date of the statement of financial position using the exchange rate prevailing at the date of the statement of financial position. All non-monetary items that are measured at amortised cost are translated using the exchange rates at the date of the transactions.

2.5 Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are carried at cost, less impairment.

2.6 Discontinued operations

A discontinued operation is a component of the Group's or the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and the Company and which:

- represents a separate major line of business or geographical area of operation;

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

- is part of a single co-ordinated plan to dispose of a separate major line of business or major geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2.7 Intangible assets (other than goodwill)

Intangible assets acquired separately are stated initially at cost. The cost of intangible assets acquired in a business combination is its fair value at acquisition date. Intangible assets are recognised when it is probable that economic benefits will flow to the enterprise in relation to these assets in the future and the value of these assets can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite.

After initial recognition, intangible assets with finite lives are carried at cost, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised using the straight-line method over the estimated useful lives:

Licences, patents, etc.	3–8 years
Software	3–8 years
Other intangible assets	3–10 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from intangible assets other than goodwill.

The Group and the Company do not have any intangible assets (excluding goodwill) with indefinite useful life. Accounting principles for goodwill are presented in section 2.3.

The Group and the Company have no capitalised internally created intangible assets.

2.8 Property, plant, and equipment

Property, plant and equipment is stated at cost (or deemed cost – see below) less accumulated depreciation and impairment losses.

Before 31 December 2010, buildings were accounted for as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at the indexed value less indexed accumulated depreciation and estimated impairment losses.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and estimated impairment losses.

On 31 December 2010, according to the exception available under IFRS 1, a part of the buildings acquired before 1 January 1996 were measured at fair value which was determined at that date by the independent property valuers, and these values were used as deemed cost from that date.

After 31 December 2010, property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

The initial value of property, plant and equipment comprises the acquisition cost including not refundable acquisition taxes and all directly attributable costs associated with the preparation for use or transportation to the place of use of assets concerned. Repair and maintenance costs incurred after property, plant and equipment has been made available for intended use are normally charged to the statement of comprehensive income in the period when such costs are incurred. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings and structures of reinforced concrete	40-80 years
Lightweight buildings and structures	8-25 years
Machinery and equipment	5–33 years
Motor vehicles	4–7 years
Other fixtures and equipment	3–13 years

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

The useful lives, residual values and the depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from property, plant and equipment. In the reporting and previous financial years, the useful life of the items of property, plant and equipment was reviewed and adjusted accordingly.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year in which the asset is derecognised.

Construction in progress is stated at cost which comprises the value of building, constructions and facilities and other directly attributable costs. Construction in progress is not depreciated until the completion of construction and until the assets are ready for use.

2.9 Investment property

Investment property, including part of buildings and structures, is held for earning rentals and/or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale.

Investment property is stated at historical cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the following estimated useful lives: buildings – 62-91 years, structures (infrastructure objects) – 9-12 years.

Transfers to and from investment property are made only when there is an evidence of change in an asset's use. When the asset is transferred from investment property to owner-occupied property, plant and equipment, the cost of that asset is deemed to be the carrying amount of investment property at the date of transfer. If property, plant and equipment are transferred to investment property, the Company and the Group account for such assets in accordance with the accounting principles applicable to property, plant and equipment until the date of transfer. The deemed cost of the transferred investment property is considered to be the carrying amount of that asset at the date of transfer.

2.10 Impairment of non-financial assets

Non-financial assets, except for goodwill, inventories and deferred income tax, are assessed for impairment when events or circumstances indicate that the value of assets may not be recoverable. If such circumstances exist, the asset's recoverable amount is estimated. Where the carrying amount of an asset exceeds its recoverable amount, impairment loss is accounted for in the statement of comprehensive income. A reversal of an impairment loss recognised in prior periods is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has materially decreased. Reversal is accounted for in the statement of comprehensive income under the same item as impairment loss. Impairment of goodwill is recorded in the statement of comprehensive income.

The recoverable amount of other assets is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and impairment is recognised for a part of its value in excess of the recoverable amount.

2.11 Emission allowances

Based on Directive 2003/87/EC of the European Union, the greenhouse gas emissions trading (EU ETS) scheme was developed which came into force on 1 January 2005. The first operating phase of this system covered the period of 3 years which started in 2005 and ended in 2007; the second phase covered the period of 5 years which started in 2008 and ended in 2012, thus coinciding with the period detailed in the Kyoto Agreement. The third phase covered the period of 8 years which started in 2013 and ended in 2020. The fourth phase started on 1 January 2021 and it will end in 2030. The system works on the 'cap and trade' principle. The governments of the EU Member States are required to set caps for each emission unit in the scheme and for the period of implementation.

This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP determines the amount of yearly emissions (measured in tonnes of carbon dioxide equivalent) for each emission unit and for each operating phase and allocates allowances on an annual basis.

A Member State has an obligation to allocate emission allowances by 28 February of each year in accordance with the NAP (a part of emission allowances is set aside for new units).

A Member State is to assure that an operator of each emission unit submits data on actual amount of gas emitted to the environment by the unit during the current calendar year not later than by 30 April of the next year.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

The Group and the Company apply the net liability approach in accounting for the emission allowances received. Under this method emission allowances are recorded at a nominal (nil) value. When actual emissions exceed allocated emission allowances, the obligation of purchasing additional allowances is recognised as a provision measured at the market value of the allowances as at the reporting date. The Group and the Company assess the shortage of emission allowances by comparing the annual quantity of emission allowances obtained with the actual annual emissions.

Disposals of emission allowances are recorded at the fair value of the disposal transaction. Any differences between the actual selling price and the carrying amount of emission allowances obtained are recognised as profit or loss, irrespective of whether such transaction results in the actual or possible shortage of emission allowances. Income from emission allowances is presented in the statement of cash flows as cash flows from operating activities. If the disposal of emission allowances results in an actual shortage of emission allowances, an additional provision is recognised in the statement of financial position.

2.12 Borrowing costs

Borrowing costs comprise interest and other expenses (currency exchange differences) that the Company and the Group incur when borrowing funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as expenses as incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and initial measurement

The Group and the Company recognise a financial asset or a financial liability in their statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value which is equal to the fair value of consideration paid plus transaction costs for all financial assets not carried at fair value in the statement of comprehensive income.

Classification and subsequent measurement

The Group and the Company classify financial assets into the following categories:

- measured at amortised cost;
- measured at fair value through other comprehensive income;
- measured at fair value through profit or loss;
- hedging financial instruments.

The Group and the Company classify financial assets into the appropriate category depending on the business model for managing financial assets and on the characteristics of contractual cash flows for a respective financial asset.

The Group and the Company classify trade receivables, loans granted, other accounts receivable of financial assets and cash and cash equivalents as assets measured at amortised cost.

At the initial recognition the Group and the Company attribute equity instruments, i.e. shares of other entities, to financial instruments measured at fair value through other comprehensive income.

The Group and the Company attribute financial derivatives not used for hedge accounting and hedging instruments measured in accordance with the hedge accounting principles to assets measured at fair value in the statement of comprehensive income.

The Group and the Company classify financial liabilities into the following categories:

- measured at amortised cost;
- measured at fair value through profit or loss;
- hedging financial instruments.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

The Group and the Company attribute trade liabilities, other accounts payable and borrowings to financial liabilities measured at amortised cost.

Liabilities of derivative financial instruments not designated for hedge accounting are measured by the Group and the Company at fair value in the statement of comprehensive income.

Measurement of financial assets at amortised cost

The Group and the Company apply the effective interest rate method to measure financial assets at amortised cost. After initial recognition trade receivables are measured at amortised cost using the effective interest rate method, including impairment losses, while trade receivables with maturities less than 12 months from the date of recognition (i.e., not containing a financing element) and not classified as factoring, are not discounted and are measured at a nominal value.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate exactly discounts future cash payments over the expected life of the financial liability, or (where appropriate) a shorter period.

Measurement of financial assets at fair value through other comprehensive income

Gains and losses on a financial asset constituting an equity instrument classified as at fair value through other comprehensive income are recognised in other comprehensive income, except for income from received dividends.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost comprise a deposit over a 3-month period or a deposit of less than 3 months, but the money is otherwise restricted. In 2023, I Company had deposits for a period longer than 3 months

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of comprehensive income.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for the hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Derecognition of a financial instrument in the statement of financial position

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group/Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Group/Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group/Company has transferred its rights to receive cash flows from the asset and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's/Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group/Company could be required to repay.

A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

IFRS 9 contains a new model for calculation of impairment of financial assets measured at amortised cost or at fair value through other comprehensive income (except for investments in equity instruments and contract assets). The impairment model is based on calculated expected losses.

In determining impairment losses, the Group and the Company apply the following models:

- general model (basic);
- simplified model.

The Group and the Company apply the general model for financial assets measured at amortised cost, except for trade receivables and assets measured at fair value through other comprehensive income.

By applying the general model, the Group and the Company monitor changes in the level of credit risk associated with a respective financial asset and classify financial assets to one of three stages for determining impairment losses based on changes in the credit risk level after the initial recognition of the instrument.

Depending on the categorisation to individual stages, impairment is measured at an amount equal to a 12-month period (stage 1) or the lifetime of the instrument (stage 2 and stage 3).

On each end day of the reporting period, the Group and the Company analyse indications, based on which financial assets are categorised to individual stages for measuring impairment losses. Indications may include changes in the debtor's creditworthiness, serious financial problems of the debtor, significant adverse changes in the debtor's economic, legal or market environment.

For the purpose of estimating expected credit losses, the Group and the Company apply default probability levels implicit in market quotes of credit derivatives, for entities with a granted credit rating and from a respective sector.

The Group and the Company include forward looking information in the parameters of the expected credit loss estimation model by calculating the probability of insolvency parameters based on current market quotes.

The simplified model is applied by the Group and the Company for trade receivables.

By applying the simplified model, the Group and the Company do not monitor changes in the credit risk level during the lifetime of the instrument and estimate expected credit losses for the period until the end of the use of the instrument.

For the purpose of estimating expected credit losses, the Group and the Company use the provision matrix calculated referring to historical levels of repayment and recovery of amounts receivable from clients.

The Group and the Company include information about the future periods in the parameters used in the expected loss estimation model by adjusting the key insolvency probability parameters.

For the purpose of calculating expected credit losses, the Group and the Company determine default probability parameters for liabilities of accounts receivable that are calculated based on historical analysis of the number of unpaid invoices, and default probability parameters that are calculated based on historical analysis of the value of unpaid invoices.

Expected credit losses are calculated when the amount receivable is recognised in the statement of financial position and is updated on each subsequent end day of the reporting period depending on the number of overdue days of the amount receivable.

Impairment losses (reversal of impairment losses) on financial instruments

Impairment losses (reversal of impairment losses) on financial instruments include, in particular, losses (reversal of losses) due to impairment of trade receivables and losses (reversal of losses) due to impairment of loans granted.

2.14 Inventories

Inventories are recognised at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion, marketing and distribution. The cost of inventories is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs (cost of raw materials, electricity, heat (steam) energy production, depreciation, salaries and other costs) based on a normal operating capacity.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

2.15 Leases – where the Group is a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group follows IFRS 16 *Leases*.

At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The lease contract, when the right to control the use of an identified asset for a period of time is acquired in exchange for consideration, is recognised by the lessee as right-of-use assets and is measured at a discounted cost at the commencement date.

The Group and the Company recognise right-of-use assets and lease liabilities at the lease inception date, i.e. the date when the Group or the Company can start to use the leased assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. In 2023 (as well as in 2022), the Group applied a discount rate of 4.0% to land and buildings (new leases for buildings – 6.0%) used under the lease rights and the discount rate of 4.0% was applied to machinery and equipment. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of a lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate initially measured using an index or a rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. The lease term is a non-cancellable term; the periods covered by an option to extend or terminate the lease (if any) are included in the lease term only if it is reasonably certain that the lease will be extended or terminated.

The lease liability is subsequently increased by the amount of interest on the lease liability and reduced by the amount of lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee (there were no guaranteed residual values as at 31 December 2023 and 31 December 2022), if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment (no extension options under the lease contracts were accounted for as at 31 December 2023 and 31 December 2022 due to uncertainty). When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

The cost of right-of-use assets comprises: the amount of the initial measurement of the lease liability; additional lease payments or concessions made before the commencement date of the contract; direct contract costs; additional costs associated with the asset's preparation for use. As at 31 December 2023 and 31 December 2022, the Group did not recognise any lease incentives, initial direct expenses, renewal expenses or other expenses in respect of the leased assets.

The depreciation period of right-of-use assets is normally the shorter of the useful life of the assets or the lease term. Depreciation is calculated using the straight-line method. As at 31 December 2023 and 31 December 2022, the straight-line method was applied to the Company's leased right-of-use assets.

Interest expenses of lease liabilities and depreciation of right-of-use assets are accounted for separately in the statement of comprehensive income. Right-of-use assets and lease liabilities are disclosed separately in the statement of financial position.

Payments related to short-term lease of equipment and lease of all low-value assets are recognised as expenses in the statement of comprehensive income using the straight-line method.

2.16 Leases – where the Group is a lessor

Classification

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, i.e., the lessor retains substantially all risks and rewards, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Initial recognition

The underlying assets leased under the operating lease contracts are accounted for in the lessor's balance sheet.

Subleases

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to right-of-use assets; otherwise it is classified as an operating lease. The Group's subleases are classified as an operating lease. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. The Group and the Company had no sublease contracts in 2023 and 2022.

Accounting for non-lease components

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract and to account for a non-lease component.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the net investment in the lease.

Rental income

The Group recognises lease payments received under the operating leases as income on a straight-line basis over the lease term when it is earned as part of 'other income'. All contracts for the lease of real estate contain a fixed, periodic lease payment.

2.17 Long-term employee benefits

Each employee of retirement age who terminates his/her employment with the Group or the Company upon retirement is entitled to receive a one-off payment equal to 2 monthly salaries as stipulated in the Lithuanian Labour Code.

The past service costs are recognised as an expense in the statement of comprehensive income immediately after the assessment of such liability. Gain or loss resulting from changes in employee benefits (decrease or increase) is recognised immediately in the statement of comprehensive income.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

Employee benefit obligation is calculated with reference to actuarial valuations using the projected unit credit method. Liability is recognised in the statement of financial position and it reflects the present value of these benefits at the date of the preparation of the statement of financial position.

The present value of employee benefit obligation is determined by discounting the estimated future cash flows using the interest rates set for government bonds denominated in the same currency as the benefits and with a maturity similar to the expected timing of benefits settlement. Actuarial gains and losses are recognised in other comprehensive income

2.18 Rules on granting of shares

By the decision of 29 April 2022 of the Ordinary General Meeting of Shareholders of Grigeo AB, the rules on granting of shares of Grigeo AB were approved. The rules establish the conditions and the procedure for the granting of shares for no consideration to employees of the Company and its subsidiaries.

According to the list approved by the Board, the option recipients are granted the right to use the possibility to acquire the Company's shares for no consideration. Share options only vest if the employee fulfils the condition of working at the Group for the period of three years and a respective company of the Group generates profit and the employee achieves the targets set according to a variable remuneration system. If the recipient does not fulfil at least one condition established by the Option Agreement, the option does not vest, and the employee does not have the right to exercise that option.

The rights granted to the option recipient employed at the Company to acquire shares are forfeit, if the bankruptcy proceedings are initiated against the Company or a decision on its liquidation is adopted, or the option recipient ceases to be employed by the Company, unless the option recipient and the Company agree otherwise.

These share-based payments to employees are made only in equity securities (shares). No amounts of social security contributions or income tax are payable by the Company on the exercise of the option (or at any other time before the exercise date) and accrued in liabilities. The option recipient is responsible for all fees relating to the fulfilment of the conditions stipulated in the Option Agreement.

Shares are granted by issuing a new share issue through the increase of the authorised share capital of the Company. For this purpose, the reserve for the granting of shares has already been formed at the Company. Each option transaction will be implemented by converting it to the agreed number of ordinary shares of the Company.

Option expenses incurred under the share option programme are reported in the Company's statement of comprehensive income and are offset against the equity line item in the balance sheet, referring to the number of days between the vest date of the option and the exercise date of the option. Each year the Company reviews the valid agreements on vested options in order to reflect, as far as possible, the most accurate number of equity instruments expected to be transferred to employees. All expenses related to share options are calculated on the basis of the share price at the grant date, the number of shares, the period until the exercise date of the option, the turnover of respective job positions and the probability that the option recipient will fulfil the option conditions.

2.19 Financial guarantees contracts

Financial guarantees provided for the liabilities of the Group companies (i.e., companies controlled by the same parent) during the initial recognition are accounted for at fair value as equity contribution and as financial liability in the balance sheet.

Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation/settlement of the Group company's financial liability to the bank. If there is a possibility that the Group company may fail to fulfil its obligations to the bank, a financial liability of the Group company is accounted for at the higher of the amortised value and the value estimated according to IAS 9 *Financial instruments*.

2.20 Grants and subsidies

Grants and subsidies (hereinafter "grants") allocated for the purchase, construction or any other acquisition of non-current assets are defined as grants related to assets. Grants related to assets are recognised in the statement of comprehensive income in the proportions in which depreciation expense on those assets is recognised, and a relevant line item of expenses is reduced in the statement of comprehensive income.

Grants received as a compensation for expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are defined as grants related to income. Grants related to income are recognised as used in parts to the extent of expenses incurred during the reporting period or unearned income to be compensated by that grant.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

2.21 Income tax and deferred income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. Corporate income tax is included in these financial statements based on the management's calculations prepared in accordance with the respective tax legislation applied in the Republic of Lithuania and Ukraine.

In 2023 and 2022, a 15% income tax rate was established and applied to the Group companies operating in the Republic of Lithuania. A standard income tax rate applied to the Ukrainian companies for the year 2023 was 18% (2022: 18%).

Tax losses can be carried forward for an indefinite period, except for losses incurred as a result of disposal of securities and/or derivative financial instruments and for the losses accumulated in the Ukrainian company (losses can be carried forward for 4 years according to the Ukrainian regulatory legislation). Such carrying forward is disrupted if the Company changes its activities due to which these losses were incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

With effect from 2014, according to the Lithuanian regulatory legislation deductible tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax represents a net tax effect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts reported in the financial statements. Deferred tax assets and liabilities are measured using a tax rate that is expected to be used when deferred tax assets are utilised or deferred tax liability is settled taking account of tax rates adopted or actually effective at the date of the statement of financial position.

Deferred tax assets are recognised in the statement of financial position to the extent that the management expects to utilise such assets in the near future taking into consideration forecasts of taxable profit. When it is probable that a portion of deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements.

2.22 Revenue recognition

The Group's and the Company's revenue is recognised in accordance with the provisions of IFRS 15, i.e. the Group and the Company recognise revenue at the time and to such an extent so that the transfer of goods or services to customers would show the amount which reflects to the consideration that the Company expects to receive in exchange for the goods or services. When applying this standard, the Company takes into consideration the terms of the contract and all significant facts and circumstances. Revenue is recognised in the Company using the five-step model.

Identification requirements for contracts with customers

A contract with a customer meets the definition if all of the following criteria are met: the contract has been approved by the parties to the contract and they committed to perform their obligations; the Group and the Company can identify each party's rights in relation to the goods and services to be transferred; the Group and the Company can identify the payment terms for the goods and services to be transferred; the contract has commercial substance and it is probable that the Group and the Company will collect the consideration to which they will be entitled to in exchange for the goods or services that will be transferred to the customer. Contracts with customers can be combined or separated into several contracts by maintaining the criteria of the previous contracts. Such combination or separation is treated as a contract modification.

Identification of performance obligations

At the inception of the contract, the Group and the Company assess the goods and services promised in the contract with the client and identify as an obligation to perform any promise to transfer to the client: a good or service (or bundle of goods or services)

that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Determination of the transaction price

In order to determine the transaction price, the Group and the Company take into account the terms of the contract and the customary business practices. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for the transfer of promised goods and services to the customer, except for the amounts collected on behalf of third parties. The consideration specified in the contract with the customer may include fixed amounts, variable amounts or both.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

When calculating variable amounts, the Group and the Company decided to apply the most probable value method for contracts with one threshold or the expected value method for contracts with more value thresholds from which the customer receives a discount.

Allocation of the transaction price for each performance obligation

The Group and the Company allocate the transaction price to each performance obligation at an amount that reflects the amount of consideration to which the Group and the Company expect to be entitled in exchange for the transfer of the promised goods or services to the customer.

Revenue recognition when performance obligations are satisfied

The Group and the Company recognise revenue when the Group and the Company satisfy a performance obligation by transferring to the customer a promised good or service (i.e., the customer obtains control of the asset). Revenue is recognised as amounts equal to the transaction price that was allocated to a given performance obligation.

The Group and the Company transfer the right to control goods or services over time and thus satisfy the performance obligation and recognise revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group and the Company as they perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

the Group's and the Company's performance does not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date.

Type of goods sold and services rendered	Nature and timing of the fulfilment of performance obligations and payment terms	Revenue recognition under IFRS 15
Paper and paper products	The customer takes over the control of goods when goods are delivered. Invoices for goods are issued at the time when goods are delivered to the customer or when goods are removed from the warehouse. Invoices are usually paid within 30-45 calendar days. Turnover discounts are applied to goods sold which are calculated the end of each month, quarter and year for the previous period.	Revenue is recognised when goods are delivered to the customer or when goods are removed from the warehouse.
Wood hardboards		Related expenses are recognised in the statement of comprehensive income when incurred.
Raw materials for corrugated cardboard (test liner and fluting), corrugated cardboard and its products		Marketing expenses that are directly related to earning of revenue are accounted for in the statement of comprehensive income as a reduction of revenue.
Other goods		Possible loss for the contract is recognised immediately in the statement of comprehensive income.
Sales of heat energy and other utility services	Invoices for the serviced rendered during the month are issued on the last day of the month. A standard established payment term is 10-30 calendar days.	Revenue is recognised over a period of time when the services are rendered.

2.23 Recognition of expenses

Expenses are recognised on an accrual basis and following the matching principle during the reporting period in which revenue associated with such expenses is earned, regardless of the timing of the cash payments. Expenses incurred during the reporting period, which cannot be attributed directly to specific revenue earned and will not generate any revenue in subsequent reporting periods, are recognised as expenses in the period in which they were incurred.

Expenses are usually measured at the amount paid or payable, net of VAT. When a long term of settlement is established and no interest is charged, expenses are determined by discounting the amount of settlement at the market interest rate.

2.24 Fair value measurement

Certain accounting policies and disclosures of the Group and the Company require the fair value measurement for financial and non-financial assets and liabilities.

All amounts are in EUR thousands unless otherwise stated

2. Summary of material accounting policy information (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

In determining the fair value of assets or liabilities the Group and the Company use as much as possible inputs that are observable in the market. A fair value hierarchy categorises into three levels the inputs to valuation methods used to measure fair value:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognise the amounts transferred within the fair value hierarchy levels at the end of the reporting period in which the change occurred.

When applicable, further information on assumptions used in determining fair values is disclosed in the note related to specific assets or liabilities:

Note 8 – Investment property

Note 3 – Financial risk management – Interest rate risk

2.25 Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities related to business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

2.26 Events after the end of the reporting period

Events after the reporting period that provide additional information about the Group's/Company's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Events after the reporting period other than adjusting events are disclosed in explanatory notes to the financial statements when such events are significant.

2.27 Comparative figures

New accounting estimates do not affect reliability of information disclosed in the financial statements, therefore they are corrected in the accounting records and presented in the financial statements prospectively.

2.28 Inter-company offsetting

For the purpose of preparing the financial statements, assets and liabilities, income and expenses are not offset, unless such offsetting is required by a specific standard.

All amounts are in EUR thousands unless otherwise stated

3. Financial risk management

The Group and the Company are exposed to financial risks in their operations, i.e., credit risk, liquidity risk and market risk (foreign exchange risk, interest rate risk). In managing these risks, the Group and the Company seek to mitigate the effect of factors which could make a negative effect on the financial performance of the Group and the Company.

Credit risk

The largest exposure to credit risk is represented by the carrying amount of each financial asset. Consequently, the Company's management considers that its maximum exposure is reflected by the amount of current and non-current trade and other receivables, net of recognised impairment losses and cash and cash equivalents at the date of the statement of financial position. Credit risk or the risk of counterparties defaulting, is controlled by the application of credit terms and monitoring procedures using services of external credit insurance and debt recovery agencies. The Company's objective is to maximise the number of insured clients and with regard to the clients who are not insured by a credit insurance company the advance payment basis is usually applied.

Maximum exposure to credit risk

The table below summarises all credit risk exposures relating to on-balance sheet items of the Group and the Company.

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Trade receivables	18,757	22,247	10,413	12,215
Trade receivables from related parties	-	-	1,906	1,803
Other amounts receivable	919	383	733	189
Other financial assets at amortised cost	20,192	-	20,192	-
Cash and cash equivalents	18,952	14,840	15,669	7,544
Total	58,820	37,470	48,913	21,751

Trade receivables

As at 31 December 2023 and 2022, the Company and the Group carried out the assessment of a loss allowance for expected losses according to IFRS 9. For trade receivables, the Company and the Group apply a simplified approach to measure the amount of lifetime expected credit losses. The amount of the allowance for expected losses for trade receivables is calculated on the basis of the profile of payments for sales in 2021-2023. Historical loss rates are adjusted with reference to the present and future-oriented information on the macroeconomic factors affecting the customers' ability to settle the amounts due. The Company has established that the growth rate of the Lithuanian GDP is the major factor and adjusts historical loss rates accordingly referring to expected changes in these factors.

Based on the impairment tests performed with respect to trade receivables, an individually assessed loss allowance of EUR 24 thousand was recognized for the Group in 2023 (EUR 5 thousand in 2022). Movements in the loss allowance for amounts receivable were as follows:

	Group				Company			
	Individually assessed impairment	Individually assessed impairment	Collectively assessed impairment	Collectively assessed impairment	Individually assessed impairment	Individually assessed impairment	Collectively assessed impairment	Collectively assessed impairment
	2023	2022	2023	2022	2023	2022	2023	2022
At 1 January	85	146	-	-	72	72	-	-
Increase in allowance	24	5	-	-	4	-	-	-
Receivables written off	(72)	(66)	-	-	(72)	-	-	-
At 31 December	37	85	-	-	4	72	-	-

Change in the loss allowance for trade receivables in 2023 and 2022 is included in administrative expenses.

All amounts are in EUR thousands unless otherwise stated

3. Financial risk management (continued)

Expected credit losses:

Group	Not past due	Trade receivables past due					Total
		< 30 days	30–60 days	60–90 days	90–360 days	> 360 days	
Trade receivables – net (2023)	16,875	1,815	58	9	-	-	18,757
Trade receivables – gross	16,875	1,815	58	9	4	33	18,794
Recognised loss allowance	-	-	-	-	(4)	(33)	(37)
Expected loss coefficient	-	-	-	-	100%	100%	-
Trade receivables – net (2022)	20,789	1,329	19	6	6	99	22,248
Trade receivables – gross	20,789	1,329	19	6	11	179	22,333
Recognised loss allowance	-	-	-	-	(5)	(80)	(85)
Expected loss coefficient	-	-	-	-	45%	45%	-

Company	Not past due	Trade receivables past due					Total
		< 30 days	30–60 days	60–90 days	90–360 days	> 360 days	
Trade receivables – net (2023)	9,799	614	-	-	-	-	10,413
Trade receivables – gross	9,799	614	-	-	4	-	10,417
Recognised loss allowance	-	-	-	-	(4)	-	(4)
Expected loss coefficient	-	-	-	-	100%	-	-
Trade receivables – net (2022)	11,614	583	17	1	-	1	12,215
Trade receivables – gross	11,614	583	17	1	-	72	12,287
Recognised loss allowance	-	-	-	-	-	(72)	(72)
Expected loss coefficient	-	-	-	-	-	100%	-

The concentration of trade partners of the Group and the Company is not high. As at 31 December 2023, the Group's trade receivables from two major customers accounted for respectively 9.12% and 5.67% of the total trade receivables (31 December 2022: 12.5% and 5.5%, respectively). As at 31 December 2023, the Company's amounts receivable from two major customers accounted for respectively 16.43% and 10.22% of the total trade receivables (31 December 2022: 22.7% and 10.0%, respectively).

Amounts receivable from related parties and other amounts receivable

The Group's other amounts receivable comprise amounts receivables of the recovery of a part of the PSO (services under public service obligation (PSO) scheme) fee and other amounts receivable. The recovery amount of a part of the PSO service fee is the amount receivable from the state authority. Based on the management's estimate, risk arising from amounts receivable from the state enterprises is minimal and the credit rating of the Republic of Lithuania is applied to them. The Group's and the Company's other amounts receivable are not analysed due to their immateriality. The risk of recovery of the Company's amounts receivable from the related parties is not significant because the operations of the subsidiaries are profitable and amounts receivable from the related parties are not material.

Cash, cash equivalents and other short-term financial instruments

The maximum exposure to credit risk of the Group's and the Company's cash, cash equivalents and other short-term financial assets measured at amortised cost is equal to the fair value of the corresponding financial assets at the date of the preparation of the statements of financial position. The Group's and the Company's management considers that the risk arising from financial instruments held in bank accounts is not significant as all these instruments are held only in those commercial banks that have high credit ratings.

All amounts are in EUR thousands unless otherwise stated

3. Financial risk management (continued)

The credit quality of cash and other short-term financial instruments held in bank accounts is evaluated based on the long-term borrowing ratings assigned by *Standard & Poor's* (or an equivalent rating assigned by *Moody's*):

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
AA-	5,094	227	5,083	-
A+	22,695	14,596	22,190	7,544
Baa1	11,316	-	8,589	-
Other	38	17	-	-
Total	39,144	14,840	35,862	7,544

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted payments.

Group	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying amount
Borrowings	567	1,802	2,599	-	4,968	4,644
Lease liabilities	178	537	915	5,264	6,894	4,222
Trade payables	18,477	-	-	-	18,477	18,477
Other amounts payable	1,814	-	-	-	1,814	1,814
At 31 December 2023	21,036	2,339	3,514	5,264	32,153	29,157
Borrowings	833	1,755	4,863	-	7,451	7,007
Lease liabilities	122	359	706	5,349	6,536	3,885
Trade payables	25,979	-	-	-	25,979	25,979
Other amounts payable	2,208	-	-	-	2,208	2,208
At 31 December 2022	29,142	2,114	5,569	5,349	42,174	39,079

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted payments.

Company	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying amount
Borrowings	273	885	817	-	1,975	1,868
Lease liabilities	74	223	441	2,738	3,476	1,634
Amounts payable to related parties	6,404	-	-	-	6,404	6,404
Trade payables	9,043	-	-	-	9,043	9,043
Other amounts payable	852	-	-	-	852	852
At 31 December 2023	16,646	1,108	1,258	2,738	21,750	19,801
Borrowings	364	716	1,938	-	3,018	2,857
Lease liabilities	97	282	175	2,799	3,353	1,348
Amounts payable to related parties	605	-	-	-	605	605
Trade payables	14,434	-	-	-	14,434	14,434
Other amounts payable	919	-	-	-	919	919
At 31 December 2022	16,419	998	2,113	2,799	22,329	20,163

Interest payments on borrowings bearing variable interest rates in the table above indicate average market interest rates at the period end, and these amounts may change as market interest rates change. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As disclosed in Note 14, the Group and the Company have secured bank borrowings that are subject to loan covenants. In case of breach of covenants, the Group may be required to repay the borrowing earlier than it is indicated in the above table. The finance team regularly monitors compliance with the loan covenants. To ensure the fulfilment of contractual obligations reports on compliance with the terms are regularly provided to management.

All amounts are in EUR thousands unless otherwise stated

3. Financial risk management (continued)

Market risk

Interest rate risk

A major part of the Group's and the Company's borrowings comprises borrowings and lease liabilities that bear a variable interest rate linked with EURIBOR and expose them to the interest rate risk (Note 14).

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax to possible changes in interest rates with all other variables held constant (through the impact on variable interest rate borrowings):

	Increase/decrease in basis points	Group	Company
		Effect on profit before tax	Effect on profit before tax
2023			
EUR	+100	(46)	(19)
EUR	-100	46	19
2022			
EUR	+100	(70)	(29)
EUR	-100	70	29

Foreign exchange risk

The Company's financial assets and liabilities as at 31 December 2023 and 2022 are denominated in the euros. The Group's financial assets and liabilities as at 31 December 2023 and 2022 are denominated in the euros and the Ukrainian hryvnias. The table below shows the sensitivity of the Group's profit before tax to possible changes in the exchange rate of the Ukrainian hryvnia:

	2023	2022
Reasonably possible change in the EUR/UAH exchange rate, %	+/-20%	+/-20%
Financial assets denominated in the Ukrainian hryvnias	553	625
Financial liabilities denominated in the Ukrainian hryvnias	201	99
Estimated negative effect on profit before tax	(59)	(88)
Estimated positive effect on profit before tax	88	132

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

The carrying amount of the Group's and the Company's trade and other receivables, cash and cash equivalents, borrowings, lease liabilities, trade and other payables approximates their fair value. The fair value of financial instruments is measured at the Group and the Company using the following hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. The Group's and the Company's financial assets attributed to this level comprise cash and cash equivalents.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group's and the Company's assets and liabilities attributed to this level comprise:

- Trade and other amounts receivable, trade and other amounts payable. The average payment term of these financial instruments is less than 3 months (7-90 days for trade receivables, 10-120 days for trade payables), therefore their fair value approximates the carrying amount.

Borrowings and lease liabilities. The fair value of these financial instruments approximates the carrying amount as they are stated at the amortised cost and interest rates applicable to them are similar to the market interest rates at the balance sheet date.

All amounts are in EUR thousands unless otherwise stated

3. Financial risk management (continued)

Capital risk management

The main objective of the Group's and the Company's capital management is to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintain healthy capital ratios in order to support their business and to maximise shareholders' value (capital in the meaning of IAS 1 corresponds to equity presented in the financial statements and attributable to the Company's owners).

The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the operating risks. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. No changes were made concerning risk management objectives, policies or processes during the year ended 31 December 2023.

Pursuant to the Lithuanian Law on Companies, the Group's and the Company's equity must be not less than 50% of their authorised share capital. As at 31 December 2023 and 2022, the Company complied with this requirement.

The Group and the Company use the debt-to-equity ratio to evaluate their capital. Capital includes ordinary shares, reserves, retained earnings attributable to the equity holders of the parent. It is aimed that the debt-to-equity ratio should not be higher than 50%-60%. As at 31 December 2023 and 2022, neither the Group nor the Company exceeded the maximum debt-to-equity ratio.

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Non-current liabilities (excluding subsidies, grants and deferred income tax liability)	6,736	8,650	2,202	2,988
Current liabilities	30,613	34,611	22,533	19,073
Total liabilities	37,349	43,261	24,735	22,061
Equity attributable to shareholders of the Company	115,974	97,160	85,363	66,373
Debt-to-equity ratio	32%	45%	29%	33%

4. Significant accounting estimates and assumptions

Set out below are the areas significant to the Group's and the Company's financial statements that involve complex judgements, assumptions and accounting estimates.

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 takes into account 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 (Note 7).

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 (Note 33).

All amounts are in EUR thousands unless otherwise stated

5. Property, plant and equipment

Group	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction work 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						
Additions	71	420	466	163	7,407	8,527
Disposals and write-offs	(2)	(30)	(1)	(1)	-	(34)
Transfer from/to inventory	-	8	-	-	-	8
Transfer from construction work 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						
Additions	67	1,096	314	173	4,986	6,636
Disposals and write-offs	-	(52)	(288)	(2)	-	(342)
Transfer from/to inventory	-	(7)	-	-	(134)	(141)
Transfer from construction work in progress to property, plant and equipment	1,334	3,511	20	608	(5,473)	-
Reclassification to 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

The Group's prepayments amounted EUR 994 thousand as at 31 December 2023 (31 December 2022: EUR 348 thousand).

All amounts are in EUR thousands unless otherwise stated

5. Property, plant and equipment (continued)

Company	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction work in progress and prepayments	Total
At 1 January 2022						
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/to inventory	-	8	-	-	-	8
Transfer from construction work 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
Opening net book amount at 1 January 2023						
Additions	10	66	153	44	2,365	2,638
Disposals and write-offs	-	-	(260)	(2)	-	(262)
Transfer from construction work in progress to property, plant and equipment	393	1,137	17	576	(2,123)	-
Reclassification to investment property	-	-	-	(17)	-	(17)
Reclassification to intangible assets	-	-	-	-	(16)	(16)
Depreciation charge	(695)	(2,542)	(87)	(143)	-	(3,467)
Closing net book amount at 31 December 2023	8,623	14,336	180	700	2,052	25,891
At 31 December 2023						
Cost	16,843	62,726	374	1,419	2,052	83,414
Accumulated depreciation	(8,220)	(48,390)	(194)	(719)	-	(57,523)
Net book amount	8,623	14,336	180	700	2,052	25,891

The Company's prepayments amounted EUR 551 thousand as at 31 December 2023 (31 December 2022: EUR 119 thousand).

All amounts are in EUR thousands unless otherwise stated

5. Property, plant and equipment (continued)

The depreciation charge of the Group's and the Company's property, plant and equipment is included in the following line items of the statement of comprehensive income and the statement of financial position:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Cost of sales	8,323	8,128	3,260	3,336
Administrative expenses	263	254	141	141
Selling and distribution expenses	99	101	66	68
Statement of comprehensive income – total	8,685	8,483	3,467	3,545

As at 31 December 2023, the Group's and the Company's property, plant and equipment with the carrying amount of respectively EUR 12,237 thousand and EUR 6,132 thousand (31 December 2022: EUR 13,288 thousand and EUR 6,565 thousand, respectively) was pledged to the banks as security for borrowings (Note 14).

A part of the Group's and the Company's property, plant and equipment was fully depreciated but still in use. Information by category of assets is presented below:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Buildings and structures	843	821	142	260
Machinery and equipment	4,887	5,130	1,371	1,372
Motor vehicles	590	637	23	44
Other assets	440	405	121	127
Total	6,760	6,993	1,657	1,803

The Group's and the Company's commitments for the acquisition of property, plant and equipment under the signed agreements amounted to respectively EUR 1,987 thousand and EUR 1,451 thousand as at 31 December 2023 (31 December 2022: EUR 1,988 thousand and EUR 363 thousand, respectively).

All amounts are in EUR thousands unless otherwise stated

6. Right-of-use assets

Group	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	(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	5,096
Accumulated depreciation	(424)	(246)	(111)	(781)
Net book amount	3,478	379	458	4,315

All amounts are in EUR thousands unless otherwise stated

6. Right-of-use assets (continued)

Company	Land lease rights	Buildings and structures	Machinery and equipment	Total
At 1 January 2022				
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
Opening net book amount at 1 January 2023				
Change in value-in-use	(12)	459	180	627
Disposals, write-offs	-	-	-	-
Amortisation charge	(8)	(229)	(100)	(337)
Closing net book amount at 31 December 2023	957	459	169	1,585
At 31 December 2023				
Cost	1,017	1,613	242	2,872
Accumulated depreciation	(60)	(1,154)	(73)	(1,287)
Net book amount	957	459	169	1,585

The amortization charge of the Group's and the Company's right-of-use assets is included in the following line items of the statement of comprehensive income:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Cost of sales	382	352	67	68
Administrative expenses	60	67	7	14
Selling and distribution expenses	84	58	263	252
Total	526	477	337	334

As at 31 December 2023, the Group's and the Company's land lease rights with the carrying amount of respectively EUR 995 thousand and EUR 340 thousand (31 December 2022: EUR 1,016 thousand and EUR 353 thousand, respectively) were pledged to the banks as security for borrowings (Note 14).

All amounts are in EUR thousands unless otherwise stated

7. Intangible assets

Group	Goodwill	Licences, patents	Software	Other assets	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 work 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	-	1	2	668	671
Transfer from development work in progress to intangible assets	-	6	34	(40)	-
Reclassification from property, plant and equipment	-	16	-	-	16
Disposals, 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

Goodwill

On 1 March 2010, the Company acquired the Grigeo Investicijų Valdymas UAB group consisting of Grigeo Investicijų Valdymas UAB, Avesko UAB (in 2010, Avesko UAB was reorganised by merging it with Grigeo Klaipėda AB), Grigeo Klaipėda AB and Mena Pak AT.

A goodwill of EUR 3,001 thousand was recognised on the acquisition of these subsidiaries. The goodwill arose on expected synergies of the activities of the Group companies. Goodwill is not amortised but is tested annually for possible impairment.

For the purpose of impairment testing as at 31 December 2023 and 2022, goodwill was allocated to the Grigeo Klaipėda AB cash-generating unit. As at 31 December 2023 and 2022, the recoverable amount of the cash-generating unit was determined based on projected future discounted cash inflows according to the five-year financial forecasts approved by the management.

All amounts are in EUR thousands unless otherwise stated

7. Intangible assets (continued)

Forecasts as at 31 December 2023:

Revenue	Projected annual revenue growth (decrease), %				
2023	2024	2025	2026	2027	2028
45,974	(0.6)	8.5	4.6	0.5	0.5
Gross profit margin, %					
2023	2024	2025	2026	2027	2028
13.1	12.7	20.5	24.5	24.7	24.5

In 2023, due to the slowing global economy and declining prices, Grigeo Klaipėda AB failed to achieve its revenue targets. In 2024, a slight decline in revenue is expected to continue due to the same reasons. The projected revenue growth in 2025 and 2026 is linked to the projected recovery of the global economy and the associated increase in sales prices. Accordingly, historical multi-year average gross profit margins are projected in the future.

Revenue	Projected annual revenue growth (decrease), %				
2022	2023	2024	2025	2026	2027
68,800	(11.0)	5.8	(19.2)	0.5	0.5
Gross profit margin, %					
2022	2023	2024	2025	2026	2027
14.1	9.8	5.8	23.9	24.1	23.8

Revenue was projected based on the management's assumptions as at 31 December 2023 and 31 December 2022, respectively, which forecast that future revenue will increase due to investments in the enhancement of operational efficiency of the production facilities and intensification of sales actions. As at 31 December 2023, projected investments for the upcoming period of 5 years amounted to EUR 2,443 thousand on average annually (31 December 2022: EUR 2,072 thousand). Expenses were projected in view of actual expenses taking into consideration the projected level of inflation. In 2023 and 2022, cash flows beyond the five-year period were extrapolated using a 1% annual growth rate that reflects the management's best estimate in view of the current situation in this industry. The discount rate used by the management for a specific cash-generating unit was calculated as a weighted average cost of capital which is equal to 9.5% after tax for the cash generating units located in Lithuania as at 31 December 2023 (31 December 2022: 9.5%).

The calculation of the recoverable amount of the cash-generating unit as at 31 December 2023 and 2022 did not indicate any impairment of goodwill. The assessment was performed without taking into consideration the legal process described in Note 33 of the financial statements. Regarding the assessment of the recoverable amount of the above-mentioned cash-generating unit as at 31 December 2023 and 2022, the management believes that no possible change in any of the above key assumptions would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

The sensitivity analysis of the calculation of the recoverable amount of the investment in Grigeo Klaipėda AB shows the impact of change in the assumptions used in the impairment testing on the assessment result:

Changes in assumptions	Effect as at 31 December 2023 and 2022
Decrease in revenue and cost of sales for each forecast year by 10%	-
Decrease in gross profit margin by 500 basis points	-
Increase in discount rate by 100 basis points	-

Considering the above changes in the assumptions, no additional impairment indicators of goodwill were identified in the sensitivity analysis.

All amounts are in EUR thousands unless otherwise stated

7. Intangible assets (continued)

Company	Licences, patents	Software	Other assets	Total
At 1 January 2022				
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 work 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
Opening net book amount at 1 January 2023	13	243	124	380
Additions	-	-	397	397
Transfer from development work in progress to intangible assets	5	34	(39)	-
Reclassification from property, plant and equipment	16	-	-	16
Amortisation charge	(6)	(80)	(2)	(88)
Closing net book amount at 31 December 2023	28	197	480	705
At 31 December 2023				
Cost	85	1 062	493	1,640
Accumulated amortisation	(57)	(865)	(13)	(935)
Net book amount	28	197	480	705

Amortisation expenses of intangible assets are included in the following line items of the statement of comprehensive income:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Cost of sales	166	166	75	97
Administrative expenses	10	18	10	18
Selling and distribution expenses	3	6	3	6
Total	179	190	88	121

All amounts are in EUR thousands unless otherwise stated

7. Intangible assets (continued)

A part of the Group's and the Company's intangible assets was fully amortised but still in use. Information by category of assets is presented below:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Licences, patents	7	7	7	7
Software	194	190	78	78
Other assets	520	520	-	-
Total	721	717	85	85

8. Investment property

Group	Buildings and structures	Other assets	Construction work in progress	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
Reclassification 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	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

All amounts are in EUR thousands unless otherwise stated

8. Investment property (continued)

Company	Buildings and structures	Other assets	Construction work in progress	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
Reclassification from construction work in progress	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)	-	-	(1,361)
Net book amount	4,093	2	336	4,431
Opening net book amount at 1 January 2023	4,093	2	336	4,431
Additions	32	-	422	454
Reclassification from construction work in progress	68	-	(68)	-
Reclassification from property, plant and equipment	-	17	-	17
Depreciation charge	(261)	(3)	-	(264)
Closing net book amount at 31 December 2023	3,932	16	690	4,638
At 31 December 2023				
Cost	5,554	19	690	6,263
Accumulated depreciation	(1,622)	(3)	-	(1,625)
Net book amount	3,932	16	690	4,638

As at 31 December 2023, the Group's and the Company's investment property (buildings and structures) with the acquisition cost of respectively EUR 7 thousand and EUR 7 thousand (31 December 2022: EUR 7 thousand and EUR 7 thousand, respectively) was fully depreciated but still in use.

The were no commitments for the acquisition of investment property as at 31 December 2023 and 31 December 2022. Investment property comprises the buildings, structures and other assets located at Popieriaus street 15 and Popieriaus street 25 in Naujieji Verkiai and the leased site at Vilniaus street 10 in Grigiškės. A part of the investment property (84% as at 31 December 2023 and 83% as at 31 December 2022 at the carrying amount) is leased to third parties. The lease term under the contracts is between 1 to 9 years. As at 31 December 2023, future annual revenue amounted to EUR 630 thousand (31 December 2022: EUR 604 thousand) in the period from 2024 to 2033. Depreciation expenses are included in administrative expenses.

Fair value measurement

The fair value of the investment property was measured based on the cash flows from the investment property for a 10-year period with reference to forecast revenue and expenses. Cash flows were calculated using a discount rate of 11% (in 2022 – 11%), a rental yield at the end of the assessed period was equal to 9% (in 2022 – 9%). According to the calculation, the fair value of the investment property is equal to EUR 4,582 thousand (31 December 2022: EUR 4,507 thousand).

All amounts are in EUR thousands unless otherwise stated

8. Investment property (continued)

The fair value measurement of investment property does not include construction work in progress and prepayments. Based on the estimate of the management of the Group, the carrying amount of construction work in progress and prepayments approximates their fair value.

The sensitivity of the value measurement considering reasonably possible changes in the discount rate and the rental yield is presented below:

	At 31 December 2023	At 31 December 2022
Change in the discount rate (+100 basis points)	4,266	4,207
Change in the discount rate (-100 basis points)	4,931	4,838
Change in the rental yield (+100 basis points)	4,214	4,157
Change in the rental yield (-100 basis points)	5,043	4,944

9. Inventories

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Materials	6,201	7,476	1,856	2,483
Work in progress	1,963	2,567	1,284	1,826
Finished products	5,584	7,756	2,825	3,807
Inventories in transit	289	1,911	89	1,809
Prepayments	373	254	68	61
Total	14,410	19,963	6,122	9,985

As at 31 December 2023, the acquisition value (cost) of the Group's and the Company's inventories was decreased by respectively EUR 1,128 thousand and EUR 510 thousand (31 December 2022: EUR 943 thousand and EUR 388 thousand, respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

In 2023, inventories of EUR 102 million (2022: EUR 135 million) for the Group and inventories of EUR 56 million (2022: EUR 67 million) for the Company were included in cost of sales.

As described in the Note 14, as at 31 December 2023 and at 31 December 2022, the inventories of the Group and the Company were not pledged to secure repayment of bank borrowings.

10. Trade and other amounts receivable

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Trade receivables – gross	18,794	22,333	10,417	12,287
Loss allowance	(37)	(86)	(4)	(72)
Trade receivables – net	18,757	22,247	10,413	12,215
Amounts receivable from related parties (Note 31)	-	-	1,906	3,005
Amount receivable of the recovery of a part of the PSO* service fee	-	141	-	49
VAT receivable	1,343	1,277	203	200
Subsidies receivable	646	-	646	-
Other amounts receivable – gross	273	242	87	140
Total trade and other amounts receivable – net	21,019	23,907	13,255	15,609
Of which:				
Non-current amounts receivable	-	3	-	-
Current amounts receivable	21,019	23,904	13,255	15,609

*PSO – services under public service obligation scheme.

All amounts are in EUR thousands unless otherwise stated

10. Trade and other amounts receivable (continued)

As disclosed in Note 14, as at 31 December 2023 and at 31 December 2022, the Company and subsidiaries Grigeo Packaging UAB and Grigeo Baltwood UAB had pledged future inflows to secure the repayment of bank borrowings.

11. Other financial assets at amortised cost

As at 31 December 2023, other financial assets measured at amortised cost consisted of the Company's three term deposits in banks. Other group companies had no deposits. As at 31 December 2022, the Company and the Group had no other financial assets measured at amortised cost. Data on the Company's and Group's deposits as at 31 December 2023 is presented in the table below:

	Deposit value	Accrued interest	Total	Maturity	
				From	Until
Deposit	5,000	57	5,057	12.09.2023	12.03.2024
Deposit	5,050	32	5,082	30.10.2023	31.01.2024
Deposit	10,000	53	10,053	10.11.2023	08.02.2024
Total	20,050	142	20,192	-	-

12. Cash and cash equivalents

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Cash at bank	6,905	14,840	3,622	7,544
Cashpool	12,047	-	12,047	-
TOTAL	18,952	14,840	15,669	7,544

As at 31 December 2023, cash held in bank accounts amounting to EUR 9,921 thousand (2022: EUR 8,363 thousand) for the Group and EUR 6,756 thousand (2022: EUR 7,463 thousand) for the Company was pledged as collateral against borrowings as further described in Note 14. As at 31 December 2023 and 2022, there were no restrictions on the use of cash balances held in the pledged bank accounts.

A cashpool agreement was signed with the bank in 2023. All Group companies operating in Lithuania have been included in the cashpool agreement.

13. Authorised share capital and reserves

Authorised share capital

Type of shares	Securities' 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

All the shares of the Company have been fully paid up. The Company does not have any other categories of shares than ordinary shares mentioned above. The Company's Articles of Association do not establish any restrictions on rights to shares or special control rights for the shareholders. The Company and its subsidiaries do not hold the Company's shares. The Company has not issued any convertible securities, exchangeable securities or guarantee securities, neither has unfulfilled acquisition rights or commitments to increase share capital as at 31 December 2023 and 2022.

Share premium

The Company's authorised share capital was increased after the additional issue of shares with the total nominal value of EUR 1,650,834 in accordance with the decisions of the Ordinary General Meeting of the Shareholders of the Company held on 26 April 2013. The nominal value per share is EUR 0.29, while the shares were issued for EUR 0.51 per share. Share premium is the difference between the issue price and the nominal value of shares, less expenses related to the issue of shares.

Reserves

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of at least 5% of profit to be appropriated calculated in accordance with the accounting principles established by laws are required until the reserve reaches 10% of the authorised share capital. In accordance with the procedure prescribed by the laws, the reserve can be used to cover the company's losses.

In 2023, the Company increased the legal reserve by EUR 820 thousand (in 2022 by EUR 161 thousand). The Company's legal reserve represents 7.6% of the authorised share capital as at 31 of December 2023 (31 December 2022: 5.4%).

All amounts are in EUR thousands unless otherwise stated

13. Authorised share capital and reserves (continued)

The foreign currency translation reserve arises from exchange differences that occur on consolidation of the financial statements of the foreign subsidiary (Note 2.4).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments used in cash flow hedges that will be subsequently recognised in the statement of comprehensive income.

On 29 April 2022, the General Meeting of Shareholders adopted the decision on the appropriation of the profit of the Company and the allocation of EUR 500 thousand to the reserve for granting own shares. On 17-22 June 2022, the Company concluded the option agreements with the senior management employees of the Group and the Company for the possibility to acquire 1,660,000 units of the Company's shares for no consideration upon a full implementation of all conditions specified in the agreements on the share option programme.

Reserve for granting own shares	Number of shares, thousands of units	Value
Share options to employees at 31 December 2023	1,660	481
Unallocated shares at 31 December 2023	64	19
At 31 December 2023	1,724	500

During 2023, the Group and the Company recognized remuneration expenses of EUR 205 thousand and EUR 111 thousand, respectively, as part of the cost of the share option program (2022: EUR 165 thousand and EUR 90 thousand, respectively).

Dividends

During the Ordinary General Meeting of Shareholders of the Company held in 2023, a decision was made to allocate dividends equal to EUR 0.05 per share (Note 28) (in 2022 dividends equal to EUR 0.05 per share were allocated).

14. Borrowings

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Non-current borrowings:				
Bank borrowings	2,497	4,644	796	1,868
	2,497	4,644	796	1,868
Current borrowings:				
Bank borrowings	2,147	2,363	1,072	989
	2,147	2,363	1,072	989
TOTAL	4,644	7,007	1,868	2,857

Movements in bank borrowings during the year are presented in the table below:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Opening balance	7,007	2,958	2,857	1,555
Proceeds from borrowings	-	6,246	-	2,600
Repayments	(2,363)	(2,197)	(989)	(1,298)
Interest charged	244	93	111	51
Interest paid	(244)	(93)	(111)	(51)
Closing balance	4,644	7,007	1,868	2,857

Borrowings outstanding at the year-end by currency:

	Group		Company	
	2023	2022	2023	2022
EUR	4,644	7,007	1,868	2,857
TOTAL	4,644	7,007	1,868	2,857

The unwithdrawn balance under the credit agreements amounted to EUR 38 thousand for the Group and EUR 25 thousand for the Company as at 31 December 2023 (31 December 2022: EUR 28 thousand and EUR 20 thousand, respectively).

All amounts are in EUR thousands unless otherwise stated

14. Borrowings (continued)

Compliance with loan covenants

The Company's borrowings

Under the loan and overdraft agreements, the Group and the Company must comply with certain financial and non-financial covenants, such as: debt service coverage ratio, the Company's EBITDA to financial liabilities ratio, equity to the Company's liability ratio, free cash flow indicator. The Company and its certain subsidiaries are also required to conduct a certain number of settlements through the bank that provided the loan.

Indicators of the Company's borrowings:

Indicator	Established ratio	Indicators of the Group		Indicators of the Company	
		At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Borrowings/EBITDA	< 3.0	(0.36)	(0.37)	(0.49)	(0.46)
Debt service coverage ratio (DSCR)	> 1.2	13.9	8.8	24.7	7.2

As at 31 December 2023 and 31 December 2022, the Company complied with all financial and non-financial requirements established in the bank agreements.

Loans received by the subsidiaries

As at 31 December 2023 and 31 December 2022, the subsidiaries complied with all financial and non-financial requirements established in the bank agreements.

Interest rates

As at 31 December 2023 and 31 December 2022, the Company's and the Group's borrowings were subject to variable interest rates. They are linked with the EURIBOR interest rate base and with the margin agreed with the bank. In 2023 and 2022, the period of re-pricing variable interest rates on borrowings ranged from 3 to 6 months.

The weighted average interest rate applicable to the Group's and the Company's bank borrowings is presented in the table below:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Weighted average interest rate	5.68%	3.78%	5.70%	3.72%

Pledged assets

The Group and the Company have pledged to the banks property, plant and equipment (Note 5), right-of-use assets (Note 6), inventories (Note 9), cash balances in bank accounts (Note 12) and future inflows (Note 10) as security for borrowings.

15. Lease liabilities

	Group		Company	
	2023	2022	2023	2022
Non-current	3,663	3,477	1,294	1,017
Current	559	408	340	331
TOTAL	4,222	3,885	1,634	1,348

The assets leased by the Group and the Company under lease contracts comprised motor vehicles, equipment, and lease of premises and land. The lease terms of the lease contracts: between 8 and 79 years for the lease of land; between 2 and 3 years for the lease of buildings; and between 1 and 4 years for the lease of machinery and equipment. The lease contracts are denominated in the euros.

Movements in liabilities related to lease over the year are provided in the table below:

	Group		Company	
	2023	2022	2023	2022
Balance at 1 January	3,885	3,537	1,348	1,579
New lease liabilities	1,005	863	627	110
Interest charged	158	146	32	56
Lease payments	(741)	(574)	(373)	(380)
Lease terminations	(85)	(87)	-	(17)
Balance at 31 December	4,222	3,885	1,634	1,348

The Group's and the Company's lease liabilities are secured by right-of-use assets (Note 6).

All amounts are in EUR thousands unless otherwise stated

16. Grants

	Group	Company
Balance at 1 January 2022	939	811
Amortisation charge	(156)	(133)
Balance at 31 December 2022	783	678
Obtained grants	646	646
Amortisation charge	(136)	(125)
Balance at 31 December 2023	1,293	1,199

The grants consist of the support received from the EU funds for the construction of structures, acquisition of machinery and equipment (non-current assets).

In 2023, a new contract was signed with the Environmental Project Management Agency of the Ministry of the Environment of the Republic of Lithuania regarding the acquisition of solar power plants. No new agreements were signed in 2022.

Amortisation of grants is recognised in the statement of comprehensive income within the cost of sales and reduces depreciation expenses of the related assets.

17. Long-term employee benefits

As at 31 December 2023 and 2022, the Group and the Company accounted for long-term employee benefits for employees leaving the Group or the Company after reaching the retirement age. Expenses related to the accounting for these liabilities are included in the statement of comprehensive income.

	Group	Company
At 1 January 2022	173	71
Change during the year 2022	75	32
At 31 December 2022	248	103
Change during the year 2023	48	9
At 31 December 2023	296	112

Actuarial gains and losses during 2023 and 2022 were insignificant, therefore they were not separately disclosed in other comprehensive income.

The main assumptions applied in evaluating the Group's and the Company's long-term employee benefits are as follows:

	At 31 December 2023	At 31 December 2022
Discount rate	2.88%	2.88%
Expected annual salary growth rate	5%	5%

18. Trade and other amounts payable

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Trade payables	18,477	25,979	10,067	15,039
Wages and salaries and social security contributions	4,324	3,328	1,628	1,508
Advance amounts received	235	325	88	83
Accrued expenses	328	723	106	92
Amounts payable to group companies under cashpool agreement	-	-	5,380	-
Other amounts payable	1,486	1,485	746	827
TOTAL	24,850	31,840	18,015	17,549
Of which:				
Attributable to financial liabilities (Note 3)	20,291	28,187	16,299	15,958
Not attributable to financial liabilities	4,559	3,653	1,716	1,591

All amounts are in EUR thousands unless otherwise stated

19. Segment information

Segment reporting

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 hardboards 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 2023	Paper and paper products	Wood hardboards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Unconsolidated segment sales	97,363	27,979	92,488	217,830	16,545	(39,023)	195,352
Inter-segment sales	(5,053)	(1,080)	(20,312)	(26,445)	(12,578)	39,023	-
Sales to third parties	92,310	26,899	72,176	191,385	3,967	-	195,352
Cost of sales	(61,228)	(23,149)	(56,527)	(140,904)	(2,811)	-	(143,715)
Gross profit	31,082	3,750	15,649	50,482	1,156	-	51,637
Depreciation and amortisation	3,361	1,063	4,317	8,741	909	-	9,650
Property, plant and equipment of the segment	23,231	5,529	35,770	64,530	4,066	-	68,596
Intangible assets of the segment	174	41	507	722	548	-	1,270
Investment property of the segment	-	-	-	-	4,621	-	4,621
Right-of-use assets of the segment	297	856	2,024	3,177	1,138	-	4,315
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	2,067	540	3,161	5,768	1,993	-	7,761

Group 2022	Paper and paper products	Wood hardboards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Unconsolidated segment sales	84,462	28,722	123,440	236,624	14,945	(48,360)	203,209
Inter-segment sales	(6,743)	(1,070)	(30,488)	(38,301)	(10,059)	48,360	-
Sales to third parties	77,718	27,652	92,953	198,323	4,886	-	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

¹ Unallocated sales comprise sales not attributable to either of the listed segments, mainly, sales of heating energy (steam) (as the Company has its own steam house) and sales of other utilities.

² Unallocated cost of sales comprises cost related to unallocated sales, mainly, the cost of wood and gas necessary for the energy generation.

³ Unallocated depreciation and amortisation, property, plant and equipment, investment property, intangible assets and capital expenditure are related to sales of thermal energy and other utilities.

All amounts are in EUR thousands unless otherwise stated

19. Segment information (continued)

Breakdown by region

The following table shows a breakdown of revenue by region for the year ended 31 December:

	Group		Company	
	2023	2022	2023	2022
Domestic market (Lithuania)	61,176	74,115	36,543	36,647
European Union	114,002	110,003	60,919	50,581
Other countries	20,174	19,091	4,266	3,229
TOTAL	195,352	203,209	101,728	90,457

Breakdown of property, plant and equipment, intangible assets, right-of-use assets and investment property by geographical location:

	Group		Company	
	2023	2022	2023	2022
Lithuania	80,690	82,751	32,819	33,121
Latvia	755	379	-	-
Ukraine	358	515	-	-
TOTAL	81,803	83,645	32,819	33,121

20. Cost of sales

	Group		Company	
	2023	2022	2023	2022
Raw materials and consumables	75,568	88,994	44,542	47,288
Energy	26,561	46,313	11,157	19,475
Wages and salaries and social security contributions	20,638	17,259	7,670	6,375
Other expenses	12,213	11,309	4,022	3,088
Depreciation and amortisation of non-current assets, including grants	8,735	8,489	3,277	3,368
TOTAL	143,715	172,364	70,668	79,594

21. Selling and distribution expenses

	Group		Company	
	2023	2022	2023	2022
Fuel and transport services	10,640	11,096	3,548	3,421
Wages and salaries and social security contributions	2,932	2,588	1,456	1,309
Other selling expenses	729	622	264	208
Intermediation, marketing, advertising and representation	501	115	496	108
Property maintenance and servicing	266	258	130	125
Depreciation and amortisation of non-current assets	186	167	332	326
TOTAL	15,254	14,846	6,226	5,497

All amounts are in EUR thousands unless otherwise stated

22. Administrative expenses

	Group		Company	
	2023	2022	2023	2022
Wages and salaries and social security contributions	4,950	4,002	2,136	1,683
Legal services	960	553	22	9
Taxes (other than income tax)	791	675	344	236
Property maintenance and servicing	741	772	504	523
Social expenses	697	525	340	198
Depreciation and amortisation of non-current assets	594	587	422	421
Insurance services	578	359	188	125
Consultation services	452	330	31	50
Security services	392	368	51	44
Support	294	292	165	64
Bonuses and other similar payments	197	48	121	48
Audit services	182	163	91	67
Advertising and representation	150	112	86	36
Personnel training and recruitment expenses	93	71	57	34
Impairment of doubtful amounts receivable/(reversal of impairment)	91	(1)	72	-
Fuel and transport services	62	66	24	26
Expenses for the listing of securities and related expenses	38	40	38	40
Other administrative expenses	358	417	132	209
TOTAL	11,620	9,379	4,824	3,813

Under the agreements with the audit firm, PricewaterhouseCoopers UAB provided audit services of the year 2023 audit to the Group and the Company for the amount of EUR 133 thousand and EUR 51 thousand, respectively (2022: EUR 136 thousand and EUR 47 thousand, respectively); non-audit services provided amounted to respectively EUR 13.5 thousand and EUR 6.5 thousand (2022: EUR 11 thousand and EUR 6 thousand, respectively).

23. Other income

	Group		Company	
	2023	2022	2023	2022
Rental income	755	636	761	649
Dividend income	-	-	4,385	11,300
TOTAL	755	636	5,146	11,949

In 2023, the Company received dividends of EUR 385 thousand from Grigeo Recycling UAB, dividends of EUR 4,000 thousand from Grigeo Investicijų Valdymas UAB. In 2022, the Company received dividends of EUR 1,000 thousand from Grigeo Baltwood UAB, dividends of EUR 400 thousand from Grigeo Recycling UAB, dividends of EUR 9,900 thousand from Grigeo Investicijų Valdymas UAB.

24. Other gains/(losses) – net

	Group		Company	
	2023	2022	2023	2022
Net gain from turnover of emission allowances	3,744	4,662	3,064	3,602
Result of disposal of assets	117	188	95	171
Other gain/(losses)	32	10	49	46
TOTAL	3,893	4,860	3,208	3,819

All amounts are in EUR thousands unless otherwise stated

25. Finance income and costs

	Group		Company	
	2023	2022	2023	2022
Interest income	668	15	522	3
Foreign exchange gain – net	-	-	-	-
Other finance income	17	7	2	-
Total finance income	685	22	524	3
Interest on loans and lease	(420)	(244)	(137)	(111)
Foreign exchange loss – net	(15)	(47)	(1)	(1)
Default charges and other finance costs	(24)	(168)	(23)	(53)
Total finance costs	(459)	(459)	(161)	(165)
Net finance costs	226	(437)	363	(162)

Capitalisation of interest on loans and lease

In 2023, interest of EUR 8 thousand for the Group and interest of EUR 6 thousand for the Company were capitalised. (2022: EUR 42 thousand and EUR 5 thousand, respectively).

26. Income tax and deferred income tax

Income tax expense components:	Group		Company	
	2023	2022	2023	2022
Current year income tax	3,595	800	3,208	205
Adjustments to previous year income tax	(28)	(66)	(5)	-
Deferred income tax (benefit)	749	324	170	565
Income tax expenses recognised in the statement of comprehensive income	4,316	1,058	3,373	770

The amount of income tax expenses attributable to the operating result for the year can be reconciled against the amount of income tax expenses that would result from applying the statutory income tax rate to profit before income tax:

	Group		Company	
	2023	2022	2023	2022
Profit before income tax	29,637	11,679	28,727	17,159
Income tax expenses calculated at the tax rate of 15%	4,446	1,752	4,309	2,574
Effect of a higher income tax rate applied in Ukraine	9	1	-	-
Effect of a tax rate due to taxation in Latvia	(4)	(20)	-	-
Effect of investment relief	(82)	(173)	(87)	(125)
Support	(55)	(24)	(50)	(19)
Adjustments of income tax in respect of prior periods	(28)	(66)	(5)	-
Transfer of tax losses between group companies	-	-	(179)	-
Non-allowable deductions	52	(398)	49	40
Income not subject to tax	(22)	(14)	(664)	(1,700)
Income tax expenses recognised in the statement of comprehensive income	4,316	1,058	3,373	770

All amounts are in EUR thousands unless otherwise stated

26. Income tax and deferred income tax (continued)

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Deferred income tax assets				
Decrease in net realisable value of amounts receivable	5	12	-	11
Investment relief	235	575	-	-
Write-downs of inventories to net realisable value	168	142	77	51
Long-term employee benefits	45	37	17	15
Vacation reserve	237	210	120	107
Right-of-use assets and liabilities	14	9	8	9
Tax losses carried forward	10	-	-	-
Other accruals	48	21	30	13
Grants	60	71	60	71
Deferred income tax assets	822	1,077	312	277
Less: unrecognised part	-	(11)	-	(11)
Deferred income tax assets – net	822	1,066	312	266
Deferred income tax liability				
Property, plant and equipment	(2,474)	(1,969)	(924)	(708)
Deferred income tax liability	(2,474)	(1,969)	(924)	(708)
Deferred income tax – net	(1,652)	(903)	(612)	(442)

The Group's deferred income tax assets and liabilities were offset at the amount which is related to the same tax administration authority and the same taxable entity.

Movements in the Group's deferred income tax differences before and after tax were as follows:

Group	At 31 December 2021	Change	At 31 December 2022	Change	At 31 December 2023
Non-current assets	(1,413)	(556)	(1,969)	(505)	(2,474)
Investment relief	409	166	575	(340)	235
Long-term employee benefits	26	11	37	8	45
Decrease in net realisable value of amounts receivable	20	(8)	12	(7)	5
Write-downs of inventories to net realisable value	116	26	142	26	168
Vacation reserve	196	14	210	27	237
Right-of-use assets and liabilities	9	-	9	5	14
Tax losses carried forward	-	-	-	10	10
Grants	69	2	71	(11)	60
Other	-	21	21	27	48
Total deferred income tax	(568)	(324)	(892)	(760)	(1,652)
Unrecognised part	(11)	-	(11)	11	-
Deferred income tax – net	(579)	(324)	(903)	(749)	(1,652)

As at 31 December 2022 and as at 31 December 2021, the amount of the Group's unrecognised deferred income tax related to decrease in net realisable value of amounts receivable was equal to EUR 11 thousand. As at 31 December 2023, there was no such amount.

All amounts are in EUR thousands unless otherwise stated

26. Income tax and deferred income tax (continued)

Movements in the Company's deferred income tax differences before and after tax were as follows:

Company	At 31 December 2021	Recognised in the statement of comprehensive income	At 31 December 2022	Recognised in the statement of comprehensive income	At 31 December 2023
Property, plant and equipment	(470)	(238)	(708)	(216)	(924)
Investment relief	366	(366)	-	-	-
Long-term employee benefits	11	4	15	2	17
Decrease in net realisable value of amounts receivable	11	-	11	(11)	-
Write-downs of inventories to net realisable value	45	6	51	26	77
Vacation reserve	95	12	107	13	120
Grants	69	2	71	(11)	60
Right-of-use assets and liabilities	7	2	9	(1)	8
Other	-	13	13	17	30
Total deferred income tax	134	(565)	(431)	(181)	(612)
Unrecognised part	11	-	11	(11)	-
Deferred income tax – net	123	(565)	(442)	(170)	(612)

Deferred income tax assets and liabilities related to the companies operating in Lithuania were accounted for at a rate of 15% in 2023 and 2022. Deferred taxes related to the company operating in Ukraine were calculated at a rate of 18% in 2023 and 2022. Deferred income tax assets arising from the investment relief can be realised by the companies operating in Lithuania over the current and subsequent four years.

27. Basic and diluted earnings per share

Earnings per share are calculated by dividing the net profit attributable to the shareholders by the annual number of ordinary shares issued and paid. Diluted earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average of ordinary shares and share options. The calculation of the basic and diluted earnings per share is presented below:

	Group		Company	
	2023	2022	2023	2022
Net profit for the year attributable to the Company's shareholders	25,306	10,525	25,354	16,389
Number of ordinary shares	131,400,000	131,400,000	131,400,000	131,400,000
Share options	1,660,000	1,660,000	1,660,000	1,660,000
Weighted average number of ordinary shares	133,060,000	133,060,000	133,060,000	133,060,000
Earnings per share (in EUR)	0.193	0.080	0.193	0.125
Diluted earnings per share (in EUR)	0.190	0.079	0.191	0.123

28. Dividends per share

	2023	2022
Allocated dividends	6,570	6,570
Number of shares	131,400,000	131,400,000
Allocated dividends per share (in EUR)	0.05	0.05

29. 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.

All amounts are in EUR thousands unless otherwise stated

29. Adjusted EBITDA (continued)

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.

	Group		Company	
	2023	2022	2023	2022
Profit for the period	25,321	10,621	25,354	16,389
Income tax	4,316	1,058	3,373	770
Profit before income tax	29,637	11,679	28,727	17,159
Adjustment:				
Finance costs – net (Note 25)	(226)	437	(363)	162
Dividends received (Note 23)	-	-	(4,385)	(11,300)
Depreciation (Notes 5 and 8)	8,946	8,730	3,731	3,792
Amortisation (Notes 6 and 7)	704	667	426	455
Amortisation of grants (Note 16)	(135)	(156)	(124)	(133)
Adjusted EBITDA	38,926	21,357	28,011	10,135

30. Financial instruments by category

Group	Notes	At 31 December 2023	At 31 December 2022
Financial assets at amortised cost			
Trade receivables	10	18,757	22,247
Other amounts receivable	10	273	383
Cash and cash equivalents	12	18,952	14,840
Total financial assets at amortised cost		37,982	37,470
Financial liabilities at amortised cost			
Borrowings	14	4,644	7,007
Lease liabilities	15	4,222	3,885
Trade payables	18	18,477	25,979
Other amounts payable	18	1,814	2,208
Total financial liabilities at amortised cost		29,157	39,079

Company	Notes	At 31 December 2023	At 31 December 2022
Financial assets at amortised cost			
Trade receivables	10	10,413	12,215
Amounts receivable from related parties	10	1,906	3,005
Other amounts receivable	10	87	189
Cash and cash equivalents	12	15,669	7,544
Total financial assets at amortised cost		28,075	22,953
Financial liabilities at amortised cost			
Borrowings	14	1,868	2,857
Lease liabilities	15	1,634	1,348
Trade payables	18	9,043	14,434
Trade payable to related parties	18	6,404	605
Other amounts payable	18	852	919
Total financial liabilities at amortised cost		19,801	20,163

Risks associated with the financial instruments relevant to the Company and the Group are disclosed in Note 3.

All amounts are in EUR thousands unless otherwise stated

31. Related-party transactions

The Group's related parties are as follows:

- Companies having significant influence – Ginvildos Investicija UAB – the main shareholder of Grigeo AB;
- Other related parties – the companies related to the members of the Supervisory Board (transactions were conducted with the following companies: Elnorma UAB).

The Company's related parties are as follows:

- Companies having significant influence – Ginvildos Investicija UAB – the main shareholder of the Company;
- Subsidiaries – subsidiaries of Grigeo AB (the list of the subsidiaries is presented in Note 1);
- Other related parties – the companies related to the members of the Supervisory Board (transactions were conducted with the following companies: Elnorma UAB).

Transactions with the related parties comprise regular sales and purchases of goods and services related to the Company's activity.

As at 31 December 2023 and 2022, there were no guarantees or pledges given or received in respect of the related-party payables and receivables at the Group.

At the date of the issue of these financial statements, the Company had provided the letter to Grigeo Klaipėda AB confirming that it had assumed the obligation to grant financial support to Grigeo Klaipėda AB, if a need arises, for the next 12 months from the date of the letter.

Related-party payables and receivables are expected to be settled in cash or by set-off against payables/receivables to/from a respective related party.

Related-party payables and receivables are subject to the same terms and conditions that are applicable to payables/receivables to/from the external customers/suppliers.

Group (the year 2023)	Sales of goods and services	Purchases of goods and services	Amounts receivable	Amounts payable
Companies having significant influence	-	-	-	-
Other related parties	1	-	-	-
TOTAL	1	-	-	-

Group (the year 2022)	Sales of goods and services	Purchases of goods and services	Amounts receivable	Amounts payable
Companies having significant influence	-	12	-	2
Other related parties	3	-	-	-
TOTAL	3	12	-	2

Company (the year 2023)	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable**
Companies having significant influence	-	-	-	-
Subsidiaries	7,764	9,486	1,398	6,001
Other related parties	1	-	-	-
TOTAL	7,765	9,486	1,398	6,001

Company (the year 2022)	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 parties	1	-	-	-
TOTAL	10,743	8,481	3,005	605

* Amounts receivable comprise prepayments for good, services and loans granted.

** Amounts payable also comprise loans received from the subsidiaries.

All amounts are in EUR thousands unless otherwise stated

31. Related-party transactions (continued)

Key management personnel compensation

Compensation calculated to the key management personnel for the year ended 31 December:

	Group		Company	
	2023	2022	2023	2022
Key management personnel compensation	1,470	1,431	738	699
Average annual number of management personnel	11	11	5	5

In 2023 and 2022, no loans, guarantees or any other benefits were paid or calculated, nor any assets were transferred to the Company's key management personnel. Amounts paid to the Board Members in 2023 for provision of services were EUR 118 thousand at the Group and EUR 68 thousand at the Company. Amounts paid to the Board Members in 2022 were EUR 18 thousand at the Company. Bonuses paid to the Supervisory Board by the Company totalled EUR 13 thousand in 2023 (2022: EUR 11 thousand).

Shares (directly and indirectly held ownership interest) and job positions held by the Group's and the Company's key management personnel at the Company are disclosed below:

Full name	Job position	Percentage of share capital and voting rights held at the Company, %
Gintautas Pangonis	President (until 06.05.2023)	47.06
Vigmantas Kažukauskas	Vice-President for Business Development (until 06.05.2023)	0.88
Saulius Martinkevičius	Director for Purchase and Logistics	0.28
Tomas Jozonis	Chief Executive Officer (from 06.05.2023)	-

32. Contingent liabilities

Taxes

The Tax Authorities have not carried out a full-scope tax audit at the Group companies. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and in certain cases, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in respect of taxes not paid.

Legal processes

A claim has been filed against Grigeo Klaipėda AB, subsidiary of Grigeo AB, regarding compensation for damage caused to the environment. In the management's opinion, numerous uncertainties exist in relation to the outcome of the claim (Note 33).

33. Legal processes

Background information

In 2021, the pre-trial investigation regarding wastewater management by Grigeo Klaipėda AB, subsidiary of Grigeo AB (hereinafter the "Subsidiary"), was completed by the Klaipėda District Prosecutor's Office of the Klaipėda Regional Prosecutor's Office (hereinafter the "Prosecutor's Office") and the criminal case was referred to the Šiauliai Regional Court. The Subsidiary is charged in the criminal case under Articles 270(2), 228(2) and 300(3) of the Criminal Code of the Republic of Lithuania. The Subsidiary is suspected of its actions related to improper operation of its wastewater treatment plant (hereinafter the "WWTP") during the period from 1 January 2012 to 13 February 2020 when partially biologically treated wastewater would be discharged through the treated wastewater collector of municipal company Klaipėdos Vanduo AB to the Curonian Lagoon. The trial of the case began in September 2022.

According to the Prosecutor's Office's indictment act of 31 December 2021 in the criminal case No 04-2-00154-19, (hereinafter the "Indictment Act"), the Subsidiary abused the office, forged documents and violated the legal acts in order to seek material gain (to avoid a pollution tax in the amount of at least EUR 37,863,706) and caused significant damage to the environment. No claim has been brought against the Subsidiary for unpaid related taxes.

The Environmental Protection Department (hereinafter the "EPD") filed a civil claim against the Subsidiary regarding the compensation for material damage caused to the environment in the criminal case in the amount of EUR 48,257,676.57. In establishing the fact of the damage and calculating the amount of the damage, the EPD referred to the Methodology for estimation of the amounts of compensation for damage caused to the environment approved by Order No 471 of the Minister of Environment of the Republic of Lithuania of 9 September 2002 (hereinafter the "Methodology"). The fact and amount of significant damage to the environment referred to in the civil action is not based on a significant adverse change (deterioration of the water status and/or ecological potential of the Curonian Lagoon) but on the Methodology, which derives

All amounts are in EUR thousands unless otherwise stated

33. Legal processes (continued)

the fact of damage to the environment from the fact and amount of the pollutants allegedly released by the Subsidiary into the natural environment.

The Subsidiary is not denying its legal liability and it expressed its standpoint in writing to the Prosecutor's Office that it was and still is prepared to compensate for the objectively calculated damage if such damage is to be determined on the basis of unbiased expert calculations.

The Subsidiary is ready to implement the plan of environmental remedial measures as soon as possible with the aim of restoring the original condition of the environment and compensating for the damage that it has caused, objectively determined and proceeding from unbiased expert calculations.

Scientific research

In order to expedite the determination of the fact and scope of damage caused to the environment (the water of the Curonian Lagoon) the Subsidiary has organised on its own initiative a tender process in order to select international experts to assess potential environmental damage caused by the Subsidiary. As a result, a group of the expert organisations of the USA and Italian companies providing consultative expert services in the environmental area (i.e. TIG Environmental (leading expert Dr. Carlo Monti (the Italian scientist and the Executive Director of TIG Environmental Forensic Examination), Veritas Economic Consulting and Hydrodata S.p.A (hereinafter "TIG") was engaged to determine and calculate the damage to the water status of the Curonian Lagoon inflicted by the incriminated illicit activities of the Subsidiary.

The TIG's environmental assessment has been performed according to Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability regarding the prevention and remedying of environmental damage (hereinafter "Directive 2004/35/EC") and according to the guideline published by the European Commission (European Commission, Eftec and Stratus Consulting, 2013) which provides specific guidelines for damage assessment. The guideline is in line with the principles of Directive 2004/35/EC which stipulate that compensatory remediation is carried out by compensating for the temporary loss of natural resources and / or functions until such resources and functions are restored. Such compensation is to consist of additional improvements to protected natural habitats and species or water, either in the damaged area or in an alternative area. Directive 2004/35/EC does not provide for punitive damages.

On 28 October 2020, TIG delivered the final report on the environmental damage assessment for the Curonian Lagoon which analysed the composition of the combined wastewaters of Grigeo Klaipėda AB and municipal company Klaipėdos Vanduo AB (because they get mixed before entering the Lagoon), their impact on the local environment, the biodiversity, the ecological condition of the Curonian Lagoon, and the landscape. During the assessment the above-mentioned monitoring data from the Environmental Protection Agency (hereinafter the "EPA"), municipal company Klaipėdos Vanduo AB, the Klaipėda Seaport Authority were used, a survey of the Curonian Lagoon's condition performed by the University of Klaipėda, analysis results from the State Food and Veterinary Service as well as Grigeo Klaipėda AB's wastewater test results rendered by the independent laboratories were taken into consideration.

TIG did not identify any significant damage to the water status of the Curonian Lagoon by the discharge of biologically partially untreated wastewater. In the worst-case scenario (if only 15% of the wastewaters were treated biologically in the Subsidiary's WWTP) a very low ecological impact (i.e., not damage) from the releases of untreated wastewater could have been caused.

The plan of environmental restoration measures

On 26 June 2020, the EPD submitted to the Subsidiary the assessment of the ecological status or ecological potential and deterioration of chemical status of the surface water body – the Curonian Lagoon – performed by the EPA, dated 11 May 2020, and requested the Subsidiary to submit a plan of environmental restoration measures (hereinafter the "PERM"). On 25 April 2023, the experts engaged by the Subsidiary prepared a report entitled 'Potential impact of the discharge of partially untreated wastewater by AB Grigeo Klaipėda on the deterioration of the ecological potential of the Klaipėda Strait within one class (at State monitoring stations 2 and 3B)', which denied the deterioration of the water status of the Curonian Lagoon due to the Subsidiary's partially biologically treated wastewater, allegedly identified by the EPA in its assessment report dated 11 May 2020.

The Subsidiary has submitted the PERM several times, but on 6 December 2021, the EPD refused to approve the PERM submitted by the Subsidiary. On 18 October 2022, the Vilnius Regional Administrative Court upheld the Subsidiary's claim against the decision of the EPD whereby the EPD refused to approve the PERM submitted by the Subsidiary, the purpose of which is to remove the amount of incriminated pollutants from the Curonian Lagoon, finding that the decision taken by the EPD could not be regarded as reasoned, substantiated and in compliance with the requirements of the Law on Public Administration.

On 3 February 2023, the Subsidiary submitted a new PERM to the EPD, the aim of which, should the EPD approve the plan, is to remove the negative impact of the incriminated pollutants from the natural environment of the Curonian Lagoon. By the decision of 26 April 2023, the EPD did not approve this PERM. On 28 October 2023, the Subsidiary submitted an updated PERM to the EPD, which was rejected by the EPD as incomplete on 14 February 2024.

All amounts are in EUR thousands unless otherwise stated

33. Legal processes (continued)

Civil claim

On 3 March 2020, the EPD filed a civil claim against the Subsidiary for compensation of a EUR 3,982,184 damage caused to the environment in the pre-trial investigation case (the civil claim was received by the Subsidiary on 17 July 2020). On 26 January 2021, the Subsidiary received from the Prosecutor's Office a revised civil claim of the EPD regarding the compensation of a material damage caused to the environment in the criminal case in the amount of EUR 48,257,676.57. The amount of damage caused to the environment specified in the civil claim corresponds to the amount indicated in the Indictment Act delivered against the Subsidiary.

The damage caused to the water body (the Curonian Lagoon) was estimated in the civil claim according to the general mathematical formula specified in the Methodology using the following information and documentation:

- the quantities of sewage discharged to the collector of municipal company Klaipėdos Vanduo AB;
- the biochemical composition of sewage discharged to the collector of municipal company Klaipėdos Vanduo AB which is supported by the documents evidencing the data for exceedingly limited period (November 2019 to 7 January 2020), which could not be construed as sufficient and representative time-basis to substantiate findings for the entire incriminated period (from 1 January 2012 to 7 January 2020);
- the statement that a substantial amount of wastewater was not treated, whereas the said conclusion casts doubt caused by substantively contradicting findings of experts of both parties (the Prosecutor's Office and the Company) in relation to technical capabilities of the Company's waste treatment facilities as regards quantities and composition of pollution (partially untreated wastewater) reportedly released to the environment (the Curonian Lagoon);
- the unsupported statement that the damage done to the environment occurs by diminution or loss of certain values without indication which specific environmental element was negatively affected and what values and to what extent were lost due to the Subsidiary's actions.

No claim has been brought against the Subsidiary for unpaid related taxes. According to the Subsidiary's management, such a claim seeking the award of unpaid taxes, in all likelihood, could not be brought against the Subsidiary, as the purpose of the environmental pollution tax and the compensation (remedy) of environmental damage differs. In case of environmental pollution, the environment is polluted in a place agreed with responsible authorities by measuring the quantity of pollutants and paying a respective environmental tax, whereas the amount of environmental damage is calculated on the basis environmental pollution with pollutants prohibited by the legal acts and (or) environmental pollution in a prohibited manner or in a prohibited location. If there is a claim lodged for compensation of environmental damage made, as result of release of the specified pollutants in violation of the requirements of the legal acts, in the view of the Subsidiary's management, it is not possible at the same time (concurrently) to claim the payment of an applicable pollution tax for the same pollutants released.

Key considerations of the civil claim of the EPD

The following was not considered and/or indicated in the civil claim:

- the requirements of Article 32 of the Environment Protection Law whose provisions are implemented by the Methodology. Article 32 of the Environment Protection Law indicates that the damage to the environment is assessed and the amount of compensation is calculated in accordance with the methodology approved by the Minister of the Environment, assessing the initial condition of the environment, significance of negative impact on the environment, natural recovery possibilities and time, as well as adopted remediation measures;
- identification of specific environmental element(s) which was(were) affected and assessment of the significance of the negative impact of Subsidiary's actions on the environment (Curonian Lagoon);
- data on the fact and extent of the damage caused by the Subsidiary's actions;
- the causal link between the identified significant negative impact on the environment and the Subsidiary's actions.

The Subsidiary's management considers the above list to remain conclusive notwithstanding the pre-trial investigation files that the Subsidiary became acquainted with in September 2021. Different expert reports within the pre-trial investigation of the case deliver inconsistent findings and conclusions which further substantiate the fact of numerous uncertainties in relation to the outcome of court proceedings and the amount of expenditure required to settle related outstanding obligations of the Subsidiary.

All amounts are in EUR thousands unless otherwise stated

33. Legal processes (continued)

Summary of uncertainties

At the date of approval of these consolidated financial statements the management faces the following uncertainties in relation to the amount of the civil claim or determination of the timing of any possible outcome of the civil claim:

- The Subsidiary does not currently possess any objective, complete and comprehensive factual data in relation to the period, extent, frequency and biochemical composition of its sewage discharged to the collector of municipal company Klaipėdos Vanduo AB.
- The damage caused to the environment was determined in the civil claim according to the general mathematical formula specified in the Methodology without identifying initial condition of the environment, significance of negative impact on the environment and not taking into account that a plan of measures for the environment restoration is not prepared and applied as required by legal acts.
- The fact and scope of damage caused to the environment were not determined in the civil claim by special scientific and other valid studies aimed at individual approach to a particular case in line with methods entrenched in Directive 2004/35/EC and Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (hereinafter the "Directives"), instead, a general mathematical formula specified in the Methodology was used.
- The fact of pollution by the Subsidiary is mistakenly equated with the fact of environmental damage. The fact and extent of the actual environmental damage made by the Subsidiary is not established and determined.
- Uncertainties of the damage calculated in the civil claim are also related to the fact that it is not clear why the EPD did not apply the mandatory legal act *Description of the procedure for selecting environmental remediation measures and obtaining prior approval* (hereinafter the "Legal Act on ERM") approved by the Minister of Environment by Order No D1-228 of 16 May 2006 to implement the principles and legal requirements of Directive 2004/35/EC. Clause 10 of the Legal Act on ERM states that environmental damage related to water (the Curonian Lagoon) is to be remedied by restoring the baseline condition of environment by choosing the following methods of environmental restoration: primary, supplementary and compensatory.

Conclusion

The Subsidiary is not denying its legal liability and is prepared to compensate for objectively calculated damage. The Subsidiary's management, following the scientific research performed by the independent TIG Environmental experts, estimates that the potential costs of offsetting ecological impact from the releases of biologically untreated wastewater are limited. On the upper limit of the range the assessment of the EPD, the claim filed amounts to EUR 48,257,676.57 which is uncertain in the following areas:

- The claim amount is based on the mathematical formula specified in the Methodology with the key components of the formula – quantities and biochemical composition of sewage – being uncertain. The management thus far does not possess objective information to reliably estimate quantity of the pollutants (BOD₇, nitrogen, phosphorus or any other elements) in the biologically partially untreated wastewater released.
- The management considers that the claim is not in line with the methods entrenched in the above-mentioned local legal acts and the Directives.

International Accounting Standard 37 requires measuring the provision in the amount of the best estimate of the expenditure required to settle the present obligation. As there is a wide range of estimates depending on the source of information and significant uncertainties relating to them, as described above, it is difficult to estimate probability of any outcome as well as to assess the amount of expenditure required to settle this obligation. Having no objective information on the quantities and biochemical composition of the sewage discharged to the collector of municipal company Klaipėdos Vanduo AB, the management could not reliably estimate the amount of provision and the provision was not recognised in the financial statements, but instead is disclosed as a contingent liability. At the date of this report, the trial that started in 2022 did not change the management's estimations over the general situation and the outcome of the case. The management remains to hold an opinion that any compensation for the potential damage should be scientifically based and estimated following the legal acts and in accordance with the legal framework of the Republic of Lithuania and the European Union.

All amounts are in EUR thousands unless otherwise stated

34. Material uncertainties

Russia's invasion of Ukraine on 24 February 2022 has a negative impact on the Group's financial performance for the year 2023. 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	At 31 December 2023	At 31 December 2022
Non-current assets	436	609
Current assets	2,116	1,790
TOTAL ASSETS	2,552	2,399
Shareholders' equity	2,306	2,168
Non-current liabilities	4	12
Current liabilities	242	219
TOTAL EQUITY AND LIABILITIES	2,552	2,399

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

Mena Pak AT	2023
Revenue	4,800
Profit before tax	297
Net profit	252
EBITDA	472

Mena Pak AT did not incur any 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 2.6 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 2023 and 2022, due to a significant decrease in profitability and future uncertainties, the parent company Grigeo Klaipėda AB had to account for the investment impairment of EUR 1.6 million in year 2022. The determined value of Mena Pak AT approximates the carrying amount of its assets reported in the balance sheet, therefore the Group's management did not determine an additional impairment for the consolidated assets of Mena Pak AT.

Amounts receivable from countries participating in the war

Since the beginning of the war, the Group stopped sales to Belarus and Russia.

The Group had no sales to Belarus and Russia in the year 2023. In 2023, the Group's sales to Ukraine amounted to EUR 3,243 thousand (1.7% of the Group's total sales). In 2022, the Company's sales to Ukraine amounted to EUR 921 thousand (0.9% of the Company's total sales).

Before the war, in 2022, the Group's sales to Belarus and Russia amounted to EUR 984 thousand (0.5% of the Group's total sales). In 2022, the Group's sales to Ukraine amounted to EUR 8,472 thousand (4.2% of the Group's total sales). Before the war, in 2022, the Company's sales to Belarus and Russia amounted to EUR 231 thousand (0.3% of the Company's total sales). In 2022, the Company's sales to Ukraine amounted to EUR 1,009 thousand (1.1% of the Company's total sales).

Amounts receivable from customers in Belarus, Russia and Ukraine:

	Group		Company	
	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Ukraine	201*	255*	-	-
Russia	-	-	-	-
Belarus	-	-	-	-
TOTAL	201	255	-	-

*In 2023 and 2022, the total amount receivable consists of the amount receivable of subsidiary Mena Pak AT from Ukrainian customers.

35. Events after the end of the reporting period

On 5 March 2024 the Group's subsidiary Grigeo Hygiene UAB registered authorised share capital increase by issuing 21,000,000 ordinary shares with a nominal value of EUR 1.00 each. The shares have been paid up in cash.



**STATEMENT OF COMPLIANCE WITH THE CORPORATE
GOVERNANCE CODE FOR THE YEAR 2023**

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Grigeo AB (hereinafter the “**Company**”), acting in compliance with Article 12(3) of the Republic of Lithuania Law on Securities and paragraph 24.4 of the Listing Rules of Nasdaq Vilnius AB, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with are indicated and the reasons for such non-compliance are specified. In addition, other explanatory information indicated in this form is provided.

PRINCIPLES/ RECOMMENDATIONS	YES /NO /NOT APPLICABLE	COMMENTARY
<p>Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders’ rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.</p>		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Yes	The Company fully complies with this recommendation and provides the information and/or documents established in the legal acts to the shareholders in accordance with the requirements established by the Republic of Lithuania Law on Securities and other legal acts.
1.2. It is recommended that the company’s capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	The authorised share capital of the Company consists of 131,400,000 ordinary registered shares, each with a nominal value of EUR 0.29. All shareholders of the Company are granted equal rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company fully complies with this recommendation.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	The Company will comply with this recommendation.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Yes	The procedures for convening and attending general meetings of shareholders of the Company provide equal opportunities for shareholders to attend a meeting and do not prejudice their rights and interests. The notice of the general meeting of shareholders is published in the central database of regulated information managed by Nasdaq Vilnius AB and on the Company’s website in accordance with the procedure prescribed by the Law on Securities. General meetings of shareholders of the Company are convened at the registered office and business address of the Company at Vilniaus str. 10 Grigiškės, Vilnius city municipality. The chosen location of the general meeting of shareholders does not prevent active participation of the shareholders in the meeting. In the notice of the general meeting of shareholders being convened, the Company specifies that the shareholders may submit the proposed draft resolutions at any time prior to the general meeting.

<p>1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	<p>The Company complies with this recommendation. The Company publishes documents prepared for the general meeting of shareholders in advance in the Lithuanian and English languages. The Company also publicly announces information about the resolutions adopted by the general meeting of shareholders in the Lithuanian and English languages. The Company also announces the aforementioned information on the Company's website.</p>
<p>1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The Company complies with this recommendation. The notice of the general meeting of shareholders being convened always indicates the possibility for the shareholders to vote in writing by filling in the attached voting ballot form.</p>
<p>1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.</p>	<p>No</p>	<p>The Company does not comply with this recommendation due to legal uncertainties and obstacles regarding the participation and voting of shareholders in general meetings of shareholders via electronic means of communication. The notice of the general meeting of shareholders being convened always states that the Company does not provide the shareholders with the conditions to participate and vote in the general meeting of shareholders via electronic means of communication.</p>
<p>1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.</p>	<p>Yes</p>	<p>The Company complies with this recommendation. The Company discloses information about the candidates for the collegial body of the Company to the shareholders immediately upon the receipt of the proposals for the candidates for the collegial body. The Company has only paid to the members of the collegial body annual bonuses for their work that were granted by the general meeting of shareholders, and therefore, the proposed remuneration was not indicated in the information about the candidates for the collegial body. The Company also provides information on the proposed audit firm and the proposed remuneration for the services when this issue is included in the agenda of the general meeting of shareholders.</p>
<p>1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.</p>	<p>Yes</p>	<p>The Company complies with this recommendation. Relevant competent persons who can provide information relating to the agenda of the general meeting of shareholders always attend the general meeting of shareholders. Proposed candidates for the members of the collegial body attend the general meetings of shareholders as far as possible.</p>

f

Principle 2: Supervisory board

2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Yes	According to the knowledge of the Company, all members of the supervisory board act in good faith for the benefit of the Company and its shareholders.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Yes	The supervisory board treats all shareholders fairly and impartially.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Yes	The supervisory board is independent in passing decisions that are significant for the Company's operations and strategy.
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent ¹ members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Yes	The supervisory board members are impartial in passing decisions and clearly voice their will regarding the decisions passed.
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Yes	The supervisory board oversees that the Company's tax planning strategies are designed and implemented in accordance with the legal acts.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	Yes	Meetings of the supervisory board are provided with premises and all necessary information and the supervisory board has the right to seek independent professional advice from external legal, accounting, or other experts on matters falling within their competence.

¹ For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

<p>2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.</p>	<p>Yes</p>	<p>The members of the supervisory board elected by the general meeting of shareholders of the Company ensure the diversity of qualifications, professional experience and competences, and the supervisory board has members of both genders.</p>
<p>2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.</p>	<p>Yes</p>	<p>According to the Articles of Association of the Company, the supervisory board is elected by the general meeting of shareholders for a period of 4 years, i.e. the maximum period permitted by the legislation of the Republic of Lithuania.</p>
<p>2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacles to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.</p>	<p>Yes</p>	<p>Chair of the supervisory board is a person whose current or past positions constitute no obstacles to carry out impartial activities. Former managers or management board members of the Company were not appointed as chairs of the supervisory board.</p>
<p>2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.</p>	<p>Yes</p>	<p>Each member devotes sufficient time and attention to perform his/her duties as a member of the supervisory board and his/her other professional obligations do not interfere with the proper performance of the duties of a member of the supervisory board.</p>
<p>2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.</p>	<p>No</p>	<p>The Company submits to the shareholders received proposals concerning the candidates for the members of the supervisory board.</p>
<p>2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.</p>	<p>Yes</p>	<p>The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board is approved by the general meeting of shareholders. Guidelines for the determination of remuneration of the members of the supervisory board of the Company and the procedure for payment of remuneration is established by the Company's remuneration policy approved by the Resolution of the Ordinary General Meeting of Shareholders on 28 April 2023.</p>
<p>2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.</p>	<p>No</p>	<p>The supervisory board has not carried out an assessment of its activities.</p>

Principle 3: Management board

3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	No	The supervisory board has not approved the Company's strategy.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the Articles of Association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The management board, as a collegial management body of the Company, performs the functions assigned to it by the Law on Companies and in the Articles of Association of the Company. By performing the functions assigned to it, the management board takes into account the needs of the Company's shareholders, employees and other interest groups and, respectively, strives to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The management board, within the limits of its competence and functions assigned to it, aims to ensure the compliance with the provisions of the laws and the internal policy of the Company.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance² on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Company applies a variety of documents ensuring the highest level of internal control, ethics and measures of compliance management.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the manager of the Company, the management board considers the appropriate balance between the candidate's qualifications, experience and competence.

3.2. Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The management board members elected by the supervisory board of the Company ensure the diversity of qualifications, professional experience and competences. During the election of the members of the management board, the Company aims to ensure gender equality and the management board has had members of both genders for a number of years.
---	-----	--

² Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>

<p>3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.</p>	Yes	Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest are disclosed at the meeting of the supervisory board in which the management board or individual members of the management board are elected. The data on the members of the management board referred to in this paragraph is also disclosed in the Company's annual report.
<p>3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.</p>	Yes	Members of the management board are familiarised with their duties and the structure and operations of the Company, and the main corporate documents of the Company are shared.
<p>3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.</p>	Yes	Members of the management board are appointed for a term of four years, subject to re-election for a new term in office. The number of terms in office of a member of the management board is unlimited.
<p>3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacles to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.</p>	Yes	A person whose current or past positions constitute no obstacles to impartially carry out the functions of the chair of the management board is appointed as the chair of the management board.
<p>3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.</p>	Yes	Each member devotes sufficient time and attention to perform their duties as a member of the management board.
<p>3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent³, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.</p>	Not applicable	The supervisory board has been formed at the Company.

³ For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

<p>3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.</p>	<p>Yes</p>	<p>The general meeting of shareholders of the Company approves the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board. Guidelines for the determination of remuneration of the members of the management board of the Company and the procedure for payment of remuneration is established by the Company's remuneration policy approved by the Resolution of the Ordinary General Meeting of Shareholders of 28 April 2023.</p>
<p>3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.</p>	<p>Yes</p>	<p>According to the information available to the Company, all members of the management board act in good faith, with care and responsibility for the benefit and the interests of the Company and its shareholders and put an effort to maintain their independence in decision-making. In accordance with the provisions of the Republic of Lithuania Law on Companies, all members of the management board must protect the Company's commercial (industrial) secrets and confidential information that they got acquainted with when they were members of the management board.</p>
<p>3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organisation and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public the respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.</p>	<p>No</p>	<p>The management board has not carried out an assessment of its activities.</p>

Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

<p>4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.</p>	<p>Yes</p>	<p>The management board and the supervisory board act in close cooperation.</p>
<p>4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.</p>	<p>Yes</p>	<p>Meetings of the Company's collegial bodies are convened at such intervals that uninterrupted resolution of essential Company's management and supervision issues is ensured.</p>

<p>4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.</p>	Yes	Members of a collegial body are notified of the meeting being convened and all materials relevant to the issues on the agenda of the meeting are submitted to them in advance, so that members of a collegial body would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted.
<p>4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and closely cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.</p>	Yes	In order to coordinate the activities of the Company's collegial bodies and ensure effective decision-making process, the chairs of the Company's collegial supervision and management bodies mutually agree on the dates and agendas of the meetings and cooperate closely in resolving other matters related to the Company's management.
Principle 5: Nomination, remuneration and audit committees		
5.1.Purpose and formation of committees		
<p>The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.</p>		
<p>Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.</p>		
<p>5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. The collegial body is recommended to form the nomination, remuneration and audit committees⁴.</p>	Yes	The Audit Committee has been formed at the Company.
<p>5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.</p>	Yes	The nomination and remuneration committees have not been formed at the Company. Candidates proposed for the members of a collegial body in accordance with the procedure established by the legal acts are submitted for consideration to the electing general meeting of shareholders or collegial body, and candidates to the top-level management positions are considered and approved by the management board of the Company. The remuneration of the employees who hold top-level management positions is determined by the management board of the Company.

⁴ The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

<p>5.1.3. In the cases established by the legal acts, the functions assigned to the internal committees of the companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.</p>	Yes	Provisions of the Code pertaining to the committees (particularly those related to their role, operation and transparency) apply to the collegial body performing the functions of the committees.
<p>5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.</p>	Yes	The Company has formed the Audit Committee consisting of three members of the supervisory board of the Company. The chair of the management board is not a member of the Audit Committee.
<p>5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</p>	Yes	The supervisory board of the Company has established the authority of the Audit Committee in the internal rules of the Audit Committee approved by the supervisory board itself.
<p>5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.</p>	Yes	In accordance with the internal rules of the Audit Committee, it has the right to invite the chair of the supervisory board and certain employees of the Company, as well as external auditors, to its meetings.
5.2. Nomination committee		
<p>5.2.1. The key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) to assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) to devote the attention necessary to ensure succession planning. 	No	To date, the nomination committee has not been formed at the Company.

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the nomination committee.	No	To date, the nomination committee has not been formed at the Company.
--	----	---

5.3. Remuneration committee

<p>The main functions of the remuneration committee should be as follows:</p> <p>1) to submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;</p> <p>2) to submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned;</p> <p>3) to review, on a regular basis, the remuneration policy and its implementation.</p>	No	To date, the remuneration committee has not been formed at the Company.
--	----	---

5.4. Audit committee

<p>5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee⁵.</p> <p>5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.</p> <p>5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.</p> <p>5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.</p> <p>5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.</p> <p>5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.</p>	Yes	The Company has the Audit Committee the main functions of which comply with these recommendations.
---	-----	--

⁵ Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	The Company fully complies with these recommendations.
---	-----	--

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes	The Company has approved its remuneration policy and published it on the Company's website. The remuneration policy is reviewed on a regular basis.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	The remuneration policy of the Company includes all forms of remuneration.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	The remuneration policy of the Company provides that the remuneration of the members of its supervisory board is not based on the Company's performance.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Yes	The Company fully complies with this recommendation.
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Yes	The Company applies a share award scheme. The remuneration policy states that according to the rules for granting shares, the granting of shares is postponed for a period of 3 years - the Company's shares are granted (the share option can be exercised) no earlier than 3 years after the conclusion of the option agreement.

<p>7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.</p>	Yes	The Company complies with this recommendation.
<p>7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.</p>	Yes	The Company complies with this recommendation.

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

<p>8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.</p>	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
<p>8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.</p>	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
<p>8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
<p>8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.</p>	No	Pursuant to the legislation of the Republic of Lithuania, the Company has established an internal whistleblowing channel and individuals have also been informed about this on the Company's website.

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

<p>9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:</p>		
<p>9.1.1. operating and financial results of the company;</p>	Yes	The Company complies with this recommendation.
<p>9.1.2. objectives and non-financial information of the company;</p>	Yes	The Company complies with this recommendation.
<p>9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;</p>	Yes	The Company complies with this recommendation.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE
for the year ended 31 December 2023

<p>9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;</p>	Yes	The Company complies with this recommendation.
<p>9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;</p>	No	To date, the Company has not published this information.
<p>9.1.6. potential key risk factors, the company's risk management and supervision policy;</p>	Yes	The Company complies with this recommendation.
<p>9.1.7. the company's transactions with related parties;</p>	Yes	The Company complies with this recommendation by disclosing information about transactions with related parties that are not a part of the Company's normal economic activities and/or exert a significant influence on the Company.
<p>9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);</p>	Yes	The Company complies with this recommendation.
<p>9.1.9. structure and strategy of corporate governance;</p>	No	The Company has not published its structure and strategy of corporate governance.
<p>9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects.</p> <p>This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.</p>	Yes	The Company complies with this recommendation.
<p>9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.</p>	Yes	The Company complies with this recommendation.
<p>9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.</p>	Yes	The Company complies with this recommendation.

<p>9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.</p>	<p>Yes</p>	<p>The Company discloses the information in the Lithuanian and English languages simultaneously through the information disclosure system used by Nasdaq Vilnius AB Stock Exchange. The Company usually publishes information before or after the trading session of Nasdaq Vilnius AB Stock Exchange and presents it simultaneously to all markets where the Company's securities are traded. The Company does not disclose any information that may affect the price of its issued securities in comments, interviews or otherwise until such information is made public through the information disclosure system of the Stock Exchange. This information is also disclosed on the Company's website www.grigeo.lt.</p>
---	------------	---

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

<p>10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.</p>	<p>Yes</p>	<p>The Company complies with this recommendation.</p>
<p>10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.</p>	<p>Yes</p>	<p>The Company complies with this recommendation.</p>
<p>10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.</p>	<p>Yes</p>	<p>When considering which audit firm should be proposed to the general meeting of shareholders, the Company's supervisory board had information on whether the audit firm has received remuneration from the Company for the non-audit services provided.</p>



CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania, and the Rules on the Disclosure of Information of the Bank of Lithuania, we, Chief Executive Officer of Grigeo AB Tomas Jozonis and Finance Director of Grigeo AB Martynas Nenėnas, hereby confirm that, to the best of our knowledge, the consolidated financial statements of Grigeo AB for the year ended 31 December 2023, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the issuer's and of the consolidated companies' assets, liabilities, financial position, profit or loss and cash flows, and also that the consolidated annual report includes a fair overview of the business development and operations.

Chief Executive Officer of Grigeo AB

Tomas Jozonis

Finance Director of Grigeo AB

Martynas Nenėnas