Grigeo Group AB

MANAGEMENT REPORT AND
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The management report, sustainability report, and financial statements (excluding the auditor's report) are additionally provided in PDF format as a copy of the published ESEF information.

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

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CEO'S FOREWORD

Dear members of the society,

The year 2024 was marked by significant changes and strategic decisions for the AB "Grigeo Group" companies. Despite the prolonged economic stagnation in the European market, customer expectations in the Baltic States remained more positive than in Western Europe or Scandinavia, creating favorable conditions for strengthening our position in the region.

One of the most notable examples was the successful completion of the largest transactions in 2024. In March of last year, we acquired one of the factories of the Polish tissue paper and cardboard manufacturer Głuchołaskie Zakłady Papiernicze sp. z o.o. This strategic move strengthened our position in the Eastern European tissue paper market and opened new opportunities for further expansion.

Continuing with strategic structural changes, on April 30, 2024, we transferred the tissue paper business to our wholly owned subsidiary UAB "Grigeo Tissue." This business decision is already resulting in a smoother organization of tissue paper production processes. Additionally, we established a new sub-holding company, UAB "Grigeo Hygiene," responsible for the development of the tissue paper business in Lithuania and Poland. We also renamed another sub-holding company to UAB "Grigeo Paper Packaging" to more accurately reflect the management of this segment.

Finally, AB "Grigeo" has become AB "Grigeo Group." This holding company will continue performing centralized functions of group's financial accounting and business analytics, human resource management, legal service, IT support, procurement, and other corporate service activities. All these changes have contributed to more efficient business management and growth.

In 2024, the new European Sustainability Reporting Standards (ESRS) came into effect along with the requirement to submit sustainability reports. However, to ensure transparency and accountability in the group's operations, we already implemented these requirements last year. We are setting higher sustainability performance standards because we feel a responsibility to the society at the group level.

At the same time, we are awaiting the conclusion of the legal proceedings currently being investigated by the Šiauliai Regional Court. The Group's company, "Grigeo Klaipėda," has taken responsibility for the environmental pollution incident and has committed to remove the contaminants attributed to it. In collaboration with environmental authorities, we are seeking to obtain the approval for implementation of the environmental restoration plan.

As the period for implementing the Group's strategic objectives approached its deadline, in 2025 we plan to set new strategic goals that will guide "Grigeo Group" operations until 2030, ensuring sustainable growth.

Looking at the financial results of 2024, the group's revenue increased by 9%, while EBITDA decreased by 11%. The revenue growth was primarily driven by the acquisition of the factory in Poland, while EBITDA declined due to rising raw material costs in both the paper and corrugated cardboard segments.

Despite the challenges faced this year, I am pleased that we remain a competitive and employee-oriented employer. In our Lithuanian companies, the payroll fund increased by 11%, and we plan for further growth this year.

Looking ahead, we will continue to invest and expand production volumes, particularly in the tissue paper and corrugated cardboard segments. Additionally, we are continuously working to improve working conditions and enhance employee satisfaction.

Tomas Jozonis

Chief Executive Officer of Grigeo Group AB

MANAGEMENT REPORT

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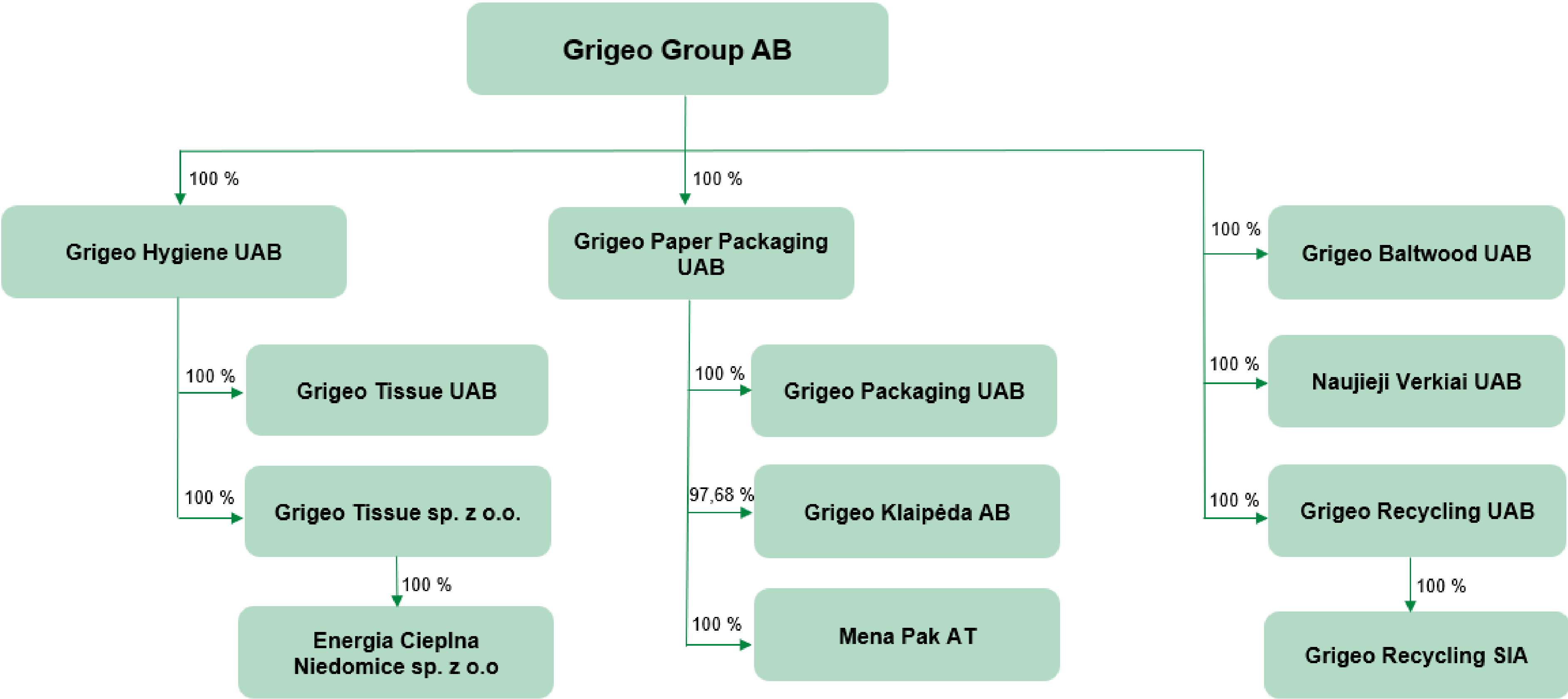
1. Business model

The Grigeo Group AB (hereinafter the “Company” or the “Issuer”) group is the only paper and wood industry group of companies in Lithuania and one of the largest groups in the Baltic countries. As at 31 December 2024, the Group consisted of the Company and twelve subsidiaries as indicated below:



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
- 24,042 tonnes recycled into tissue paper

Collecting, sorting and recycling of waste paper

- 147,051 tonnes of waste paper recycled
- 84% of waste paper used for packaging production

Production of recycled containerboard

- Used paper comprises 99% of all materials
- 123,009 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

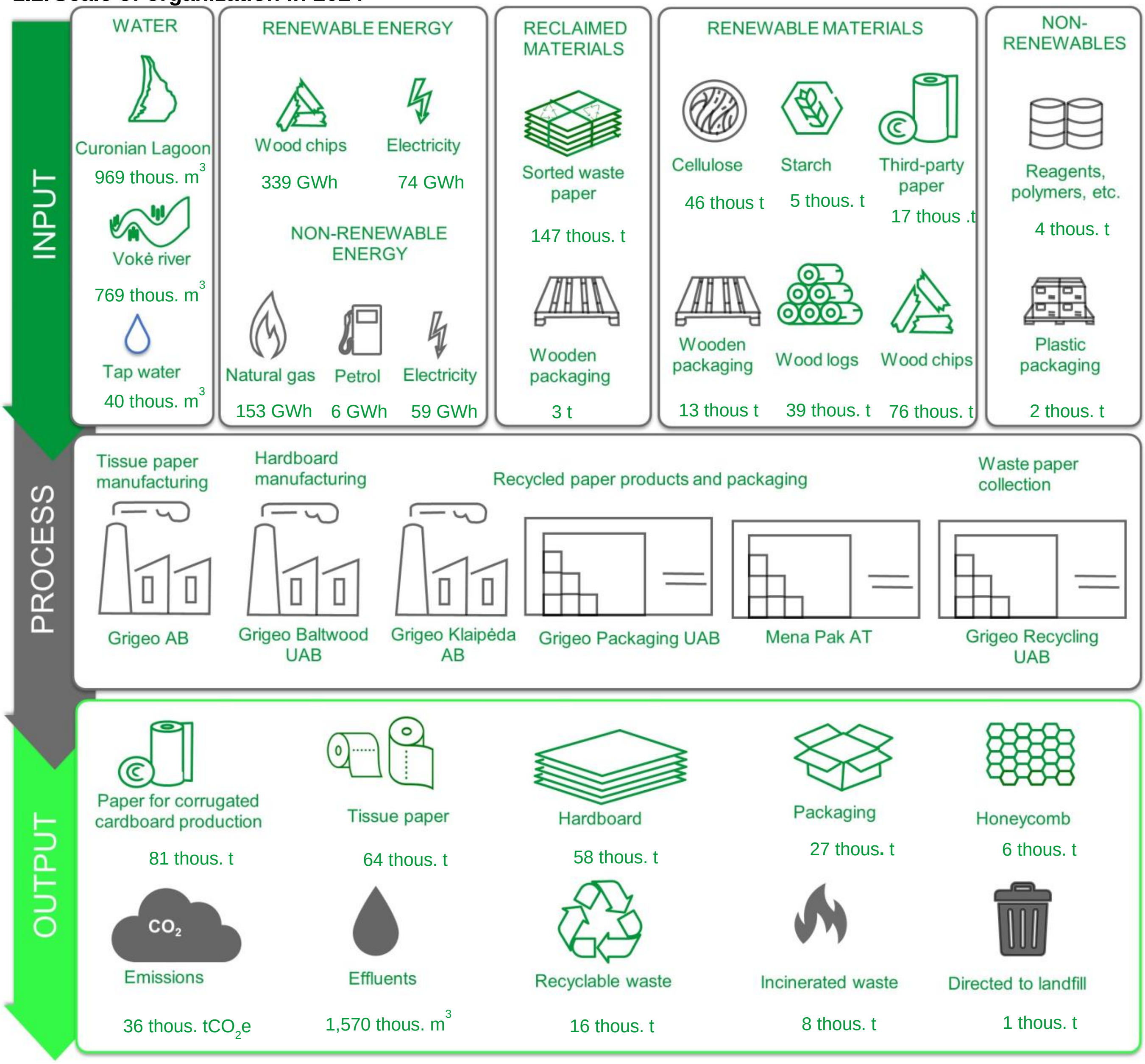
- 34% of paper made by Grigeo Klaipėda AB is further converted to corrugated cardboard in our packaging plants.
- We cooperated closely with our clients, 100% of our packaging is custom-made.

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 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. 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 2024



Consolidated revenue:	EUR 213.0m
Consolidated EBITDA:	EUR 34.8m
Consolidated net profit:	EUR 20.9m
Employee remuneration fund:	EUR 33.8m
Sponsorship provided:	EUR 0.3m

EMPLOYEES

Lithuania:	791
Poland:	163
Ukraine:	67
Latvia:	21

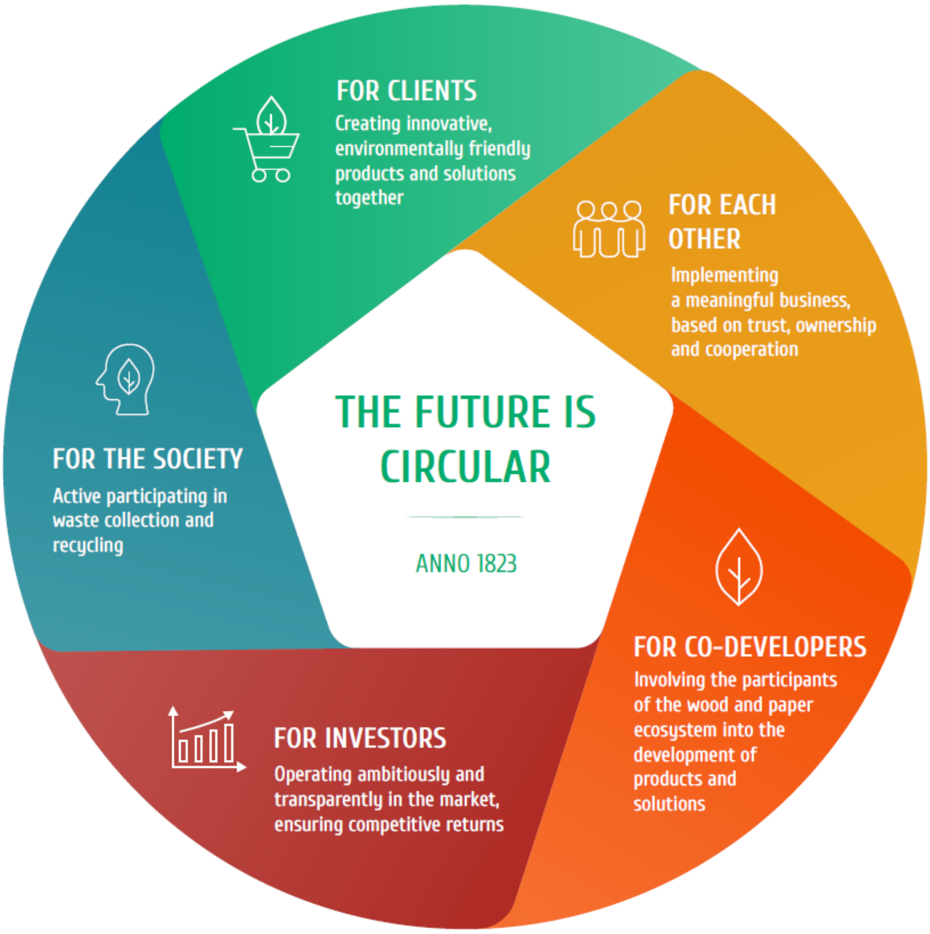
23% Women

MEMBERSHIPS IN ASSOCIATIONS

Lithuanian Confederation of Industrialists
EUROPEAN PANEL FEDERATION
KLAIPĖDOS PRAMONININKŲ ASOCIACIJA
ASSOCIATION LMA
FEFCO Corrugated Packaging

1.3. Our mission and values

Our mission and areas of focus:



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.

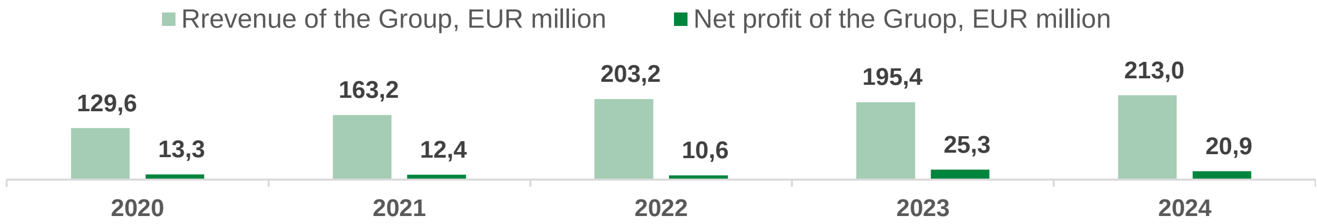
2. Overview of operations

2.1. Executive summary of 2024

The Group's revenue increased by EUR 17.6 million (9%). The Group's EBITDA was lower by EUR 4.2 million (11%). The Group's EBT decreased by EUR 5.8 million (19%).

Indicator, EUR million	Group		
	2024	2023	Change
Revenue	213.0	195.4	9%
EBITDA	34.8	38.9	(11%)
Earnings before tax (EBT)	23.9	29.6	(19%)

In 2024, the Group turnover stayed at the similar level – EUR 213.0 million (EUR 195.4 million in 2023).



The Group's net profit for 2024 reached EUR 20.9 million (EUR 25.3 million in 2023). The Group's profitability ratios decreased due to increase of certain group of raw materials' prices (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 operating 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	109.0	92.3	25.7	26.9	74.3	72.2	4.0	4.0	213.0	195.4
Gross profit	26.8	31.1	5.5	3.8	14.8	15.6	(1.7)	1.2	45.4	51.6
Gross margin	24.6%	33.7%	21.3%	13.9%	19.9%	21.7%	(42.9%)	29.1%	21.3%	26.4%

*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 revenue in 2024 reached EUR 109 million, i.e. increased by 18% compared to the same period of the previous year. The gross profit of the segment amounted to EUR 26.8 million – 14% less if compared to the same period of the previous year. The gross margin of the segment decreased from 33.7% to 24.6%. Segment profitability was mainly affected by increase of certain group of raw materials' prices and changing structure of product portfolio.

Segment of wood hardboards

In 2024, the segment's revenue amounted to EUR 25.7 million – 4% less, when compared to the same period of the previous year. Demand remained strong and the gross profit of the segment reached EUR 5.5 million and was 47% higher when compared to the same period of the previous year. Accordingly, the gross margin has increased from 13.9% to 21.3%.

Raw materials for corrugated cardboard and related products

In 2024, the revenue of this segment exceeded previous year level and amounted to EUR 74.3 million. The gross profit of the segment decreased and reached EUR 14.8 million due to higher prices of main raw materials and increased fixed manufacturing costs. Accordingly, the gross margin of the segment decreased from 21.7% to 19.9%.

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

In 2024, the profitability indicators decreased due to higher prices in certain groups of raw materials. The liquidity and capital structure ratios continue to proof the financial stability as well as low financial risk of the Group.

Indicator	Group			Company		
	2024	2023	2022	2024*	2023	2022
Revenue, EUR million	213.0	195.4	203.2	36.7	101.7	90.5
Net profit, EUR million	20.9	25.3	10.6	6.7	25.4	16.4
EBITDA, EUR million	34.8	38.9	21.4	8.0	28.0	10.1
EBIT, EUR million	23.8	29.4	12.1	7.6	28.4	17.3
Profitability ratios						
Gross profit margin	21.3%	26.4%	15.2%	24.5%	30.5%	12.0%
EBITDA margin	16.3%	19.9%	10.5%	21.9%	27.5%	11.2%
EBIT margin	11.2%	15.1%	6.0%	20.6%	27.9%	19.1%
Net profit margin	9.8%	13.0%	5.2%	18.4%	24.9%	18.1%
ROE margin	17.0%	23.6%	11.0%	8.0%	33.4%	26.7%
ROA margin	12.4%	16.9%	7.6%	6.4%	25.2%	19.9%
ROCE margin	16.6%	23.3%	11.2%	9.0%	31.7%	24.6%
Liquidity ratios						
Current ratio	1.83	2.45	1.71	0.93	2.46	1.75
Quick ratio	1.27	1.98	1.13	0.93	2.19	1.22
Capital structure ratios						
Debt to equity ratio	0.39	0.35	0.46	0.18	0.31	0.35
Debt to total assets ratio	0.28	0.26	0.31	0.15	0.24	0.26
Market value ratios*						
P/E	6.63	5.69	8.79	20.45	5.67	5.64
Dividend pay-out ratio	44.2%	26.0%	62.4%	136.3%	25.9%	40.1%
Basic earnings per share, in EUR	0.158	0.193	0.080	0.051	0.193	0.125
Diluted earnings per share, in EUR	0.156	0.190	0.079	0.051	0.191	0.123

*On 1 May 2024 the Company transferred the tissue business to its subsidiary Grigeo Tissue UAB (more information can be found in Nasdaq notification on material events at 30 April 2024).

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 to total assets 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

Increased number of the Group's employees reflects workforce of newly acquired plant in Poland (163 employees as at 31 December 2024). There were no significant changes in the number of employees in other Group companies and natural staff turnover rates prevailed during the reported period.

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

Changes in the number of employees and average salary of the Company are related to tissue paper business transfer to subsidiary (more information can be found in Nasdaq notification on material events at 30 April 2024).

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

Employees	Group		Company	
	2024	2023	2024	2023
Total	**1,042**	**860**	**52**	**281**

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

Employees	Group		Company	
	2024	2023	2024	2023
Workers	2,316	2,308		2,576
Specialists	2,916	2,626	3,262	2,888
Management personnel	5,723	5,678	6,858	7,230
Total	**2,794**	**2,778**	**4,420**	**3,195**

*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. Risk management

Environmental risk

The Group is constantly exposed to environmental 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 Group companies follow 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 Tissue UAB 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.

In 2024, Grigeo Packaging UAB received the international BRCGS Packaging Materials certificate. This confirms that corrugated cardboard and packaging products are manufactured in accordance with the highest quality and safety standards.

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 2024, 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.

During the production process, the Group's companies emit GHG, and the Group is also sensitive to electricity needs. In order to ensure transparency, the Group provides GHG emissions data and sets goals to reduce emissions and energy needs through technological means by purchasing new and more energy-efficient equipment and upgrading existing ones.

Risk of prices of raw materials

The situation in the raw material markets related to the paper and wood industry was different:

- Although the price of pulp fluctuated during the year, the average annual price compared to 2023 was stable.
- White waste paper prices increased due to decrease in supply.
- The price of cardboard waste paper increased significantly, while wood chip prices decreased.

In order to manage this risk, the Group companies renewed annual supply contracts with the main suppliers of raw materials, ensuring the necessary quantities of raw materials and linking prices to the relevant price indices.

Risk of prices of energy resources

In 2024, the Group companies 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 promptly respond to market changes. Electricity prices remained at a similar level to 2023. In the market of natural gas, price growth trends could be observed in 2024. Biofuel prices in the Lithuanian price zone of the Baltpool exchange decreased significantly in 2024. Part of the electricity in the Group was produced by newly installed solar power generators on the roofs of production buildings. In addition, the Group invests in new technologies that allow increasing 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 2024. 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

Information on Grigeo group structural changes and tissue paper business transfer to subsidiary Grigeo Tissue UAB is summarized in Nasdaq notification on material events at 30 April 2024.

The Company has sales representatives operating in Latvia and Estonia. No new representative offices or branches are planned to be opened in 2025.

Status	Parent company	Subsidiary	Subsidiary
Company name	**Grigeo Group AB**	**Grigeo Klaipėda AB**	**Grigeo Packaging UAB**
Code	110012450	141011268	302329061
Authorised share capital	EUR 38,106,000	EUR 11,890,549.55	EUR 15,202,900
Profile of activities	Business and other management consultancy activities	Manufacture of raw material for production of corrugated cardboard	Manufacture of corrugated cardboard and corrugated cardboard products
Direct or indirect ownership interest of Grigeo Group AB	The Company has not acquired own shares	97.68%	100%
LEI code	529900YXT3CDTZGS0R43	64880O4VY4HF60K96D17	-
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	group@grigeo.com	klaipeda@grigeo.com	packaging@grigeo.com
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

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 76 000 000	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
Direct or indirect ownership interest of Grigeo Group 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, Riga, Latvia
Telephone	+370 5 243 5801	+370 5 243 5900	+370 5 243 3393	+370 5 243 3393
E-mail	tissue.LT@grigeo.com	baltwood@grigeo.com	recycling.LT@grigeo.com	recycling.lv@grigeo.com
Website	https://www.grigeo.lt/en	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 Paper Packaging 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 97 200,000
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
Direct or indirect ownership interest of Grigeo Group 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 5 243 5838	+370 5 243 5933	+370 5 243 5801
E-mail	menapack@ukr.net	paperpackaging@grigeo.com	info@grigeo.lt	hygiene@grigeo.com
Website	www.menapack.com.ua	https://www.grigeo.lt/en	-	https://www.grigeo.lt/en
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

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

Status	Parent company	Subsidiary
Company name	**Grigeo Tissue** sp. z o.o	**Energia Cieplna Niedomice** sp. z o.o
Code	(KRS) 0001051685	(KRS) 0001051726
Authorised share capital	85,888,050 PLN	5,000 PLN
Profile of activities	Production of tissue paper	Production of heat energy
Direct or indirect ownership interest of Grigeo Group AB	100%	100%
Address	33-132 Niedomice, ul. Niedomicka 45, Poland	33-132 Niedomice, ul. Niedomicka 45, Poland
Telephone	+48 722 390 330	+48 14 888 9207
E-mail	tissue.PL@grigeo.com	EnergiaCieplna@grigeo.com
Website	-	-
Legal form	Private limited liability company	Private limited liability company
Date of registration	9 August 2023	9 August 2023
Manager of the register	KRS	KRS

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 Group AB are listed on the Baltic Main List of Nasdaq Vilnius Stock Exchange (ticker symbol of the Company's 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 years.

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

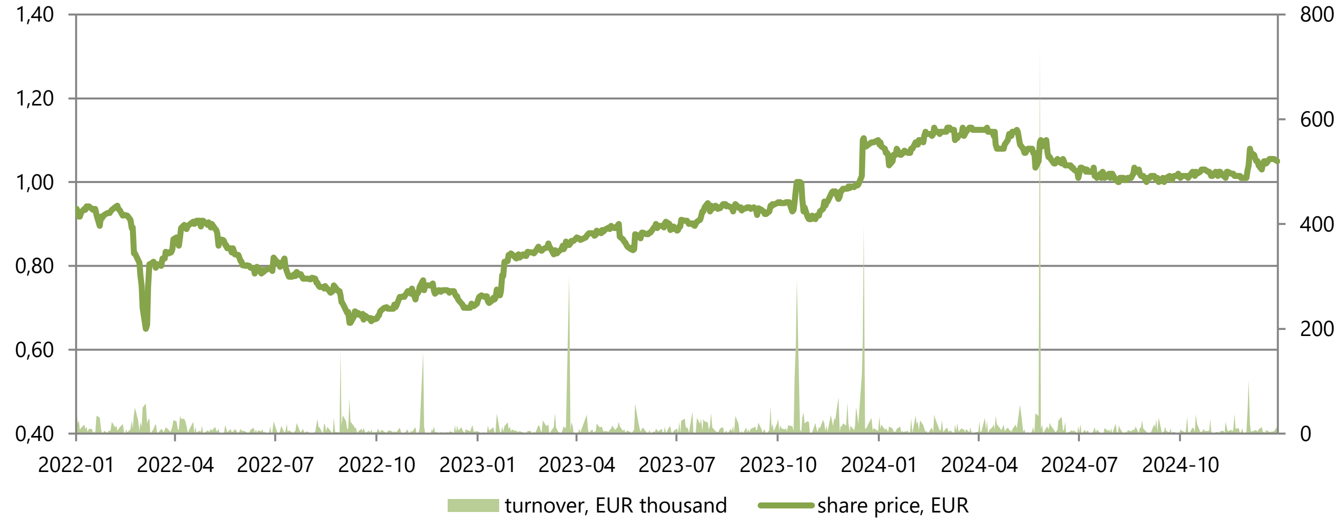
Type of shares	Securities' ISIN code	Number of shares, units	Par value, EUR	Total par value, EUR
Ordinary registered shares	LT0000102030	131,400,000	0.29	38,106,000

4.3. Trade in the Company's shares

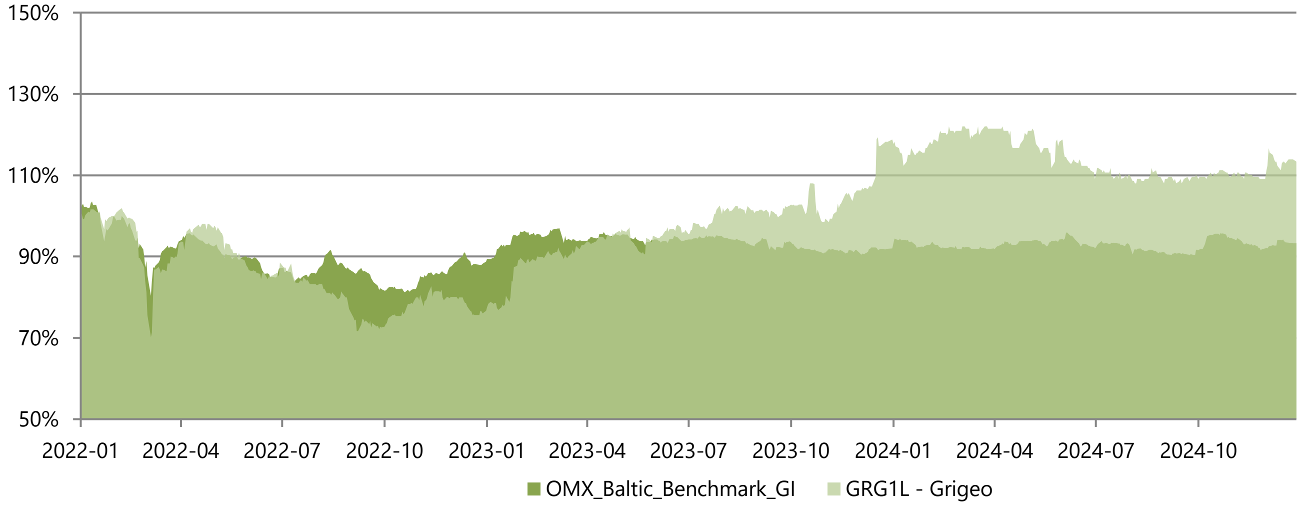
Reporting period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
2021	**0.998**	**0.630**	**0.926**	**0.899**	**2,079,207**	**77**	**6,726**	**16,712,429**	**15,030,202**
2022, Q1	0.944	0.650	0.840	0.832	57,663	340	14,324	1,044,261	869,038
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**
2024, Q1	1.130	1.040	1.125	1.097	36,374	868	1,521	565,648	620,687
2024, Q2	1.130	1.030	1.030	1.089	736,317	353	6,288	1,333,222	1,452,309
2024, Q3	1.035	1.000	1.015	1.012	30,291	158	553	425,611	430,928
2024, Q4	1.080	1.010	1.050	1.025	102,051	591	13,452	594,697	609,280
2024	**1.130**	**1.000**	**1.050**	**1.066**	**736,317**	**158**	**13,452**	**2,919,178**	**3,113,204**

All amounts are in EUR thousands unless otherwise stated

Price and turnover of shares over the period 01/01/2022 – 31/12/2024:



Share price benchmarked against the Baltic market index over the period 01/01/2022 – 31/12/2024:



4.4. Capitalisation of the Company's shares

Last session date	Capitalisation, EUR
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**
31/03/2024	147,825,000
30/06/2024	135,342,000
30/09/2024	133,371,000
31/12/2024	**137,970,000**

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 direct or indirect ownership interests

As at 31 December 2024, the number of shareholders of Grigeo Group AB was 4,843 (31 December 2023: 4,771).

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 2024 and 31 December 2023 are presented in the table below:

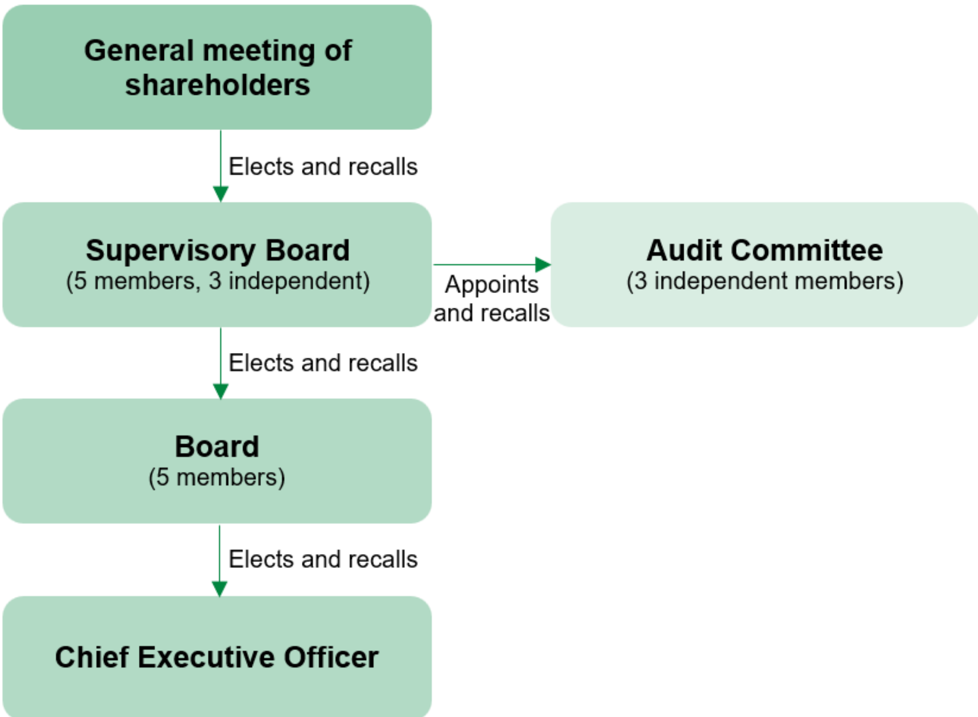
Shareholder's name, surname (company's name, type, registered office address, company code)	31 December 2024			31 December 2023		
	Number of ordinary registered shares owned by the shareholder, units	Ownership interest, %	Voting interest, %	Number of ordinary registered shares owned by the shareholder, units	Ownership interest, %	Voting interest, %
Ginvildos Investicija UAB* Rukeliškių g. 21, Vilnius, 125436533	62,628,027	47.66	47.66	61,838,179	47.06	47.06
Irena Ona Mišeikienė	17,625,064	13.41	13.41	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 Head of the Company (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.



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 Head 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.

Head of the Company

The Head of the Company (Chief Executive Officer) is elected, recalled and dismissed by the Board of the Company. An employment contract is signed with the Head of the Company who starts to perform his/her duties from the election date, unless otherwise provided for in 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	Ownership and voting interest, %
Supervisory Board				
Vilius Oškeliūnas	Independent Member, Chairman	Vilnius University, BA and MA in Economics	From 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	-
Marius Stankevičius	Member	University of Liverpool, MA in Management of Information Systems		2.92
Ignas Degutis	Independent Member	ISM University of Management and Economics, MA in Economics		-
Arūnas Pangonis	Member	Vilnius Gediminas Technical University, MA in Industrial Engineering		Indirectly*
Daiva Duksienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Duksienė	Independent Member, Chairwoman	Vilnius University, Economist	From 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	-
Ignas Degutis	Independent Member	ISM University of Management and Economics, MA in Economics		-
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	From 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	Indirectly*
Robertas Krutikovas	Member	Baltic Management Institute, MA in Business Administration	From 30 May 2024 until the general shareholders' meeting, to be held in 2027	-
Vigmantas Kažukauskas	Member	Kaunas University of Technology, Telecommunications Engineer	From 28 April 2023 until the General Shareholders' Meeting, to be held in 2027	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		Indirectly*
Head 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	-	Indirectly*

*Ginvildos Investicija UAB holds 47.66% of the Company's shares. 67.00% of shares of Ginvildos investicija UAB are owned by Gintautas Pangonis, 10,00% by Arūnas Pangonis and 10,00% by Tomas Jozonis.

Algimantas Variakojis held the position of Member of the Board of the Company until 3 April 2024, Martynas Nenėnas held the position of Member of the Board of the Company from 3 April 2024 to 29 May 2024.

In the Company's Supervisory Board women represent 20% of the members, in the Audit Committee — 33%, and there are no women presented in the Company's Board.

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

Name, surname	Position	Name of the enterprise, institution and organisation
Vilius Oškeliūnas	Chairman of the Supervisory Board, Member of the Audit Committee	Grigeo Group AB
	Wealth Manager	Gerovės Valdymas UAB
	Director, Board Member	Atelier Investment Management UAB
	Director	IM Investment UAB, Commody 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 Group 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 Group AB
	Independent Member of the Board	Amber Grid AB
	General Director	Vilniaus viešasis transportas (VVT) UAB
Arūnas Pangonis	Member of the Supervisory Board	Grigeo Group AB
	Director	Hendrixon UAB
Daiva Duksienė	Independent Member of the Supervisory Board, Chairperson of the Audit Committee	Grigeo Group AB
	Director	Amerigas UAB, Pasaulio skoniai UAB
	Chief Financial Officer	Baltijos ir Amerikos terapijos ir chirurgijos klinika UAB, EM21 MB
Gintautas Pangonis	Director	Ginvildos investicija UAB
	Chairman of the Board	Grigeo Group AB
	Board Member	Grigeo Klaipėda AB, Grigeo Packaging UAB, Grigeo Hygiene UAB, Grigeo Tissue UAB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Grigeo Paper Packaging UAB, Naujieji Verkiai UAB
	Member of the Supervisory Board	Mena Pak AT, Grigeo Tissue sp. z o. o.
Vigmantas Kažukauskas	Board Member	Grigeo Group AB, Grigeo Klaipėda AB, Grigeo Baltwood UAB
Robertas Krutikovas	Board Member	Grigeo Group AB, Grigeo Recycling UAB,
	Chairman of the Board	Grigeo Klaipėda AB, Grigeo Packaging UAB
	Member of the Supervisory Board	Grigeo Recycling SIA
	Chairman of the Supervisory Board	Mena Pak AT
	General manager	Grigeo Paper Packaging UAB
Saulius Martinkevičius	Chief Procurement and Logistics Officer	Grigeo Group AB
	Board Member	Grigeo Group AB, Grigeo Baltwood UAB, Grigeo Packaging UAB, Grigeo Klaipėda AB, Naujieji Verkiai UAB, Grigeo Hygiene UAB, Grigeo Paper Packaging UAB
	Member of the Supervisory Board	Mena Pak AT, Grigeo Tissue sp. z o. o.
	Deputy Chairman of the Supervisory Board	Grigeo Recycling SIA
	General manager	Naujieji Verkiai UAB
Tomas Jozonis	Chief Executive Officer	Grigeo Group AB
	Board Member	Grigeo Group AB
	Chairman of the Supervisory Board	Grigeo Recycling SIA, Grigeo Tissue sp. z o. o.
	Chairman of the Board	Grigeo Paper Packaging UAB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Naujieji Verkiai UAB, Grigeo Hygiene UAB, Grigeo Tissue UAB, Grigeo Packaging 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 Head 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 Head 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 Head 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 Head of the Company, sets his/her remuneration and other terms and conditions of the employment contract; analyses and assesses the information submitted by the Head 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 Head 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 Head 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.

Head of the Company

The Head of the Company – the Chief Executive Officer – organises the Company's economic commercial business activities. The Head 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 Head of the Company may conclude transactions subject to the decision of the Board of the Company to conclude such transactions. The Head 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.

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 Grigeo Group AB group.

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 Head of the Company, members of the Board and the Supervisory Board. The Remuneration Policy is published on the Company's website www.grigeo.com/lt. The main provisions of the Remuneration Policy of the Company are presented below.

Head of the Company

The remuneration to the Head of the Company 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 Head of the Company 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 Head of the Company. Following the Rules for Granting Shares of the Company, the Head 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.

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.

All amounts are in EUR thousands unless otherwise stated

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 remune-ration	Fixed to variable salary ratio, %
		Base salary	Other benefits				
Chairman of the Board (President until 06.05.2023) Gintautas Pangonis	2024	130	-	-	-	130	100% / 0%
	2023	93	9	94	194	390	26% / 74%
Member of the Board (CEO from 06.05.2023) Tomas Jozonis	2024	190	14	58	-	262	78% / 22%
	2023	150	3	70	-	224	69% / 31%
Member of the Board Saulius Martinkevičius	2024	125	3	41	-	169	76% / 24%
	2023	108	3	31	-	142	78% / 22%
Member of the Board Vigmantas Kažukauskas	2024	84	-	-	-	84	100% / 0%
	2023	64	2	44	124	233	28% / 72%
Independent Member of the Board Algimantas Variakojis (until 03.04.2024)	2024	11	-	-	-	11	100% / 0%
	2023	38	-	-	-	38	100% / 0%
Member of the Board Robertas Krutikovas (from 30.05.2024)	2024	154	7	58	-	219	73% / 27%

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	2020	2021	2022	2023	2024	
Chairman of the Board, (President until 06.05.2023) Gintautas Pangonis	120	207	223	390	130	
Member of the Board, (CEO from 06.05.2023) Tomas Jozonis	141	170	149	224	262	
Member of the Board Saulius Martinkevičius	97	109	123	142	169	
Member of the Board Vigmantas Kažukauskas	104	112	124	233	84	
Independent Member of the Board Algimantas Variakojis (until 03.04.2024)	14	30	30	38	11	
Member of the Board Robertas Krutikovas (from 30.05.2024)					219	
The Group's performance	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
EBITDA (-1 year)*	28,603	26,243	23,726	21,357	38,926	34,774
Average annual salary paid to full-time employees						
	2020	**2021**	**2022**	**2023**	**2024**	
Average annual salary of the Group's employees**	23.8	25.9	28.4	32.7	35.7	
Annual remuneration of the Chairman of the Board compared to the annual salary paid to a full-time employee	5.1	8.0	7.9	11.9	3.6	

*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.

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	2020	2021	2022	2023	2024	
Chairman of the Supervisory Board, Member of the Audit Committee Vilius Oškeliūnas	-	7.2	3.6	4.2	5.8	
Member of the Supervisory Board, Member of the Audit Committee Norimantas Stankevičius (until 06.05.2023)	-	8.7	4.4	4.9	-	
Member of the Supervisory Board Romualdas Degutis (until 06.05.2023)	-	6.0	3.0	4.0	-	
Independent Member of the Supervisory Board, Chairwoman of the Audit Committee Daiva Duksienė	-	8.4	4.2	4.2	5.6	
Member of the Supervisory Board Normantas Paliokas (until 06.05.2023)	-	6.0	3.0	4.0	-	
Independent Member of the Supervisory Board, Member of the Audit Committee Ignas Degutis (from 28.04.2023)					4.8	
Member of the Supervisory Board Marius Stankevičius (until 28.04.2023)					4.0	
Member of the Supervisory Board Arūnas Pangonis (until 28.04.2023)					4.0	
The Group's performance	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
EBITDA (-1 year)*	28,603	26,243	23,726	21,357	38,926	34,774
Average annual salary paid to full-time employees (EUR'000)						
	2020	**2021**	**2022**	**2023**	**2024**	
Average annual salary of the Group's employees**	23.8	25.9	28.4	32.7	35.7	

*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 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 Head of the Company, 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.

All amounts are in EUR thousands unless otherwise stated

7. Sustainability report

7.1. General information

ESRS 2 General disclosures

General basis for preparation of the sustainability statement (BP-1)

This report has been prepared in accordance with the requirements of the European Sustainability Reporting Standards (ESRS), as well as other requirements set out in the legislation of the Republic of Lithuania.

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.

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 Tissue UAB*, Grigeo Tissue Sp. z o.o., Energia Cieplna Niedomice sp. z o.o Grigeo Hygiene UAB, Grigeo Group 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 Tissue UAB sells heat energy to the city of Vilnius. Where relevant, the data is disclosed in additional segment named “Sold heat” accordingly.

Timeframe. Unless otherwise indicated, information represents 2024 calendar year, and data is accurate as at 31 December 2024. The reporting of employee and Health and Safety data reflects the situation at the end of 2024.

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.

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, other than by the sustainability reporting provider.

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.

In March 2024, the Grigeo Group acquired a tissue paper mill in Poland. Unless otherwise stated, the figures for 2024 include the results of the newly acquired company.

In April 2024, the tissue paper business was separated from the Company into a subsidiary. For comparability purposes, the Company's figures for 2024 are presented together with those of the tissue paper business, unless otherwise stated.

In the 2024 report, slight corrections have been made to the 2023 data in order to better meet the requirements of the ESRS standards.

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 examinators 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.

Disclosures in relation to specific circumstances (BP-2)

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.

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 actors is planned for the future, which would allow for higher accuracy.

The role of the administrative, management and supervisory bodies

The administrative, management and supervisory bodies use internal resources (Sustainability Manager, CEO) and external experts to acquire expertise in sustainability (including business ethics). Sustainability knowledge, resources and external expertise are used to identify and assess the Group's material impacts, risks and opportunities, and to develop a strategy that integrates sustainability themes into the Group's overall business strategy. The role of the management and supervisory bodies in matters relating to business ethics is performed as required.

Composition and diversity of the members of the Group's administrative, management and supervisory bodies:

	Value
Proportion of female and male board members	0:5
Percentage of independent board members	0%
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

Sustainability matters, including business ethics, significant impacts, risks and opportunities, are discussed at ongoing Board meetings on an as-needed basis, with additional strategic or other sessions as required to address the most pressing issues related to sustainability.

There is no administrative, management and supervisory body or member responsible for overseeing and reviewing the impacts, risks and opportunities (IROs) of sustainability issues, and these responsibilities are not described in the regulations, terms of reference or similar documents. This responsibility is assigned to the Group Finance Manager.

Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies (GOV-2)

The targets and achievements for the material sustainability matters identified in the reviews of impacts, risks and opportunities are consolidated at Group level and presented to the Supervisory Board, the Audit Committee once a year. Quarterly results for each Group company are presented to the Boards of Directors.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability matters (including climate-related aspects) are included in the variable remuneration incentive schemes for all employees, including administrative and management bodies, according to need, job function and similar considerations, and may vary from year to year. No variable remuneration is set for the members of the supervisory bodies in accordance with the established remuneration policy.

Statement on due diligence (GOV-4)

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 and upstream and downstream parts of the value chain, including through its products or services, as well as through its business relationships.

Identifying and assessing adverse impacts on people and the environment, involving affected stakeholders, taking action to reduce adverse impacts on people and the environment, and monitoring the effectiveness of these efforts are integral parts of due diligence. Due diligence is carried out by the Group as required, but a formal due diligence procedure has not yet been formulated and approved.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, ESRS 2 SBM-2, ESRS 2 IRO-1, ESRS MDR-P
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, ESRS 2 SBM-3
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-A, ESRS 2 MDR-T

Risk management and internal controls over sustainability reporting (GOV-5)

The Group's sustainability reporting and related work is managed by a dedicated sustainability unit. At the same time, close cooperation is established with various departments (such as finance and accounting, HR, legal and other departments and staff) to ensure the full implementation of the process.

Strategy, business model and value chain (SBM-1)

The strategy and business model are disclosed in section 1. Business model.

Value chain

The value chain covers the activities, resources and relationships that an undertaking uses and relies on to develop its products or services from conception to delivery, consumption and end-of-life.

We have identified six main value chains that are also closely linked to each other or can be part of another value chain.

1. Waste collection
2. Steam generation
3. Production of hygiene paper
4. Production of cardboard base
5. Manufacture of fibreboard
6. Packaging production

These are the first steps in identifying the Group's value chain in order to understand the main processes and their linkages. Due to the large volume, significant resource requirements and information availability challenges, this process is complex and requires additional effort. Nevertheless, the initial analysis gained will allow for a targeted way forward, with future work consistently delving deeper into the individual elements of the chain, systematically collecting and analysing information to ensure effective and targeted value chain analysis and integration into sustainability processes.

Interests and views of stakeholders (SBM-2)

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	• Sales relationships. • Regular business meetings. • Collaboration through the full packaging value chain. • Quality control. • Media. • Site visits. • Surveys.	• 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.	• 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	• Regular calls and in-person meetings. • Business strategies. • Financial returns. • Risk mitigation. • Audited annual reports. • Public announcements via stock exchange.	• Honest and transparent communication on our sustainability efforts. • Reducing reputational risk. • Streamlining supply chains to reduce CO_2 emissions and minimise waste. • Sustainable packaging innovations delivering an attractive return on investment.	• 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	• Safety programmes. • Employee training. • Company-wide communication. • Involving employees in sustainability reporting. • Fostering involvement in setting sustainability goals. • Daily face-to-face meetings. • Intranet.	• Feeling proud of the company they work for. • Safety. • Personal development. • Fair and transparent compensation. • Consistent career development.	• 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	• Request for information. • Supplier sustainability audits. • Quality control. • Negotiations. • Contract terms.	• Steady demand. • Business continuity.	• 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	• Economic and charitable relationships. • Employee-led fundraising. • Plant tours. • Media. • Meetings and presentations.	• Air and other type emissions. • Biodiversity. • Fair neighborship. • Economic impact. • Community engagement. • Sustainable and responsible business practices. • Water use and wastewater quality.	• 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	• Trade association meetings. • Formal hearings. • One-on-one meetings. • Facility visits. • Reports. • Liaising with municipalities.	• Health and safety. • Paper recycling and recovery. • Taxes and environmental policy. • Compliance. • Fines and compensation. • Legal processes. • Biodiversity.	• 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.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The Group performed a double materiality assessment in accordance with the methodology described in the Description of the process to identify and assess material impacts, risks and opportunities (IRO-1).

The Group analysed the locations and business activities of its operations to identify actual and potential impacts, risks and opportunities in its operations related to environmental, social responsibility and governance. The Group's operations are carried out in Lithuania, Poland, Latvia and Ukraine. The identification of sustainability topics for IROs is based on existing assessments such as the Environmental Assessment (prepared in accordance with ISO 14001), which provides a list of identified environmental topics relevant to the operations, including their potential or actual environmental impacts, risks and opportunities, assessment of past materiality or similar assessments.

In addition, the assessment of sustainability risks in 2024 has been integrated into the Group's overall enterprise risk assessment process, whereby a broader assessment is carried out and, based on the level of risk identified, management measures are identified and implemented to manage the risks.

The table below shows the material themes identified. The main material impacts, risks and opportunities are concentrated in the activities of the Group companies.

Impact materiality			Financial materiality		
Important	**Significant**	**Critical**	**Critical**	**Significant**	**Significant**
Water withdrawals	Pollution of air	Energy	Energy	Climate change adaptation	Water withdrawals
Adequate wages	Water discharges	Pollution of water	Pollution of water	Climate change mitigation	Adequate wages
Work-life balance	Resources inflows	Health and safety	Health and safety	Pollution of air	Collective bargaining
Gender equality and equal pay for work of equal value	Waste	Climate change adaptation	Waste	Training and skills development	Working time
Diversity	Working time	Climate change mitigation	Water discharges	Water and sanitation	
Corporate culture	Training and skills development			Security-related impacts	
Corruption and bribery	Measures against violence and harassment in the workplace			Management of relationships with suppliers	
	Water and sanitation			Corruption and bribery	
	Security-related impacts			Resources inflows	
	Protection of whistle-blowers				
	Management of relationships with suppliers				

The Group has not undertaken 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.

As a result of the materiality assessment, material themes have been identified, reviewed and assessed for alignment with the objectives of our sustainability strategy and the action plans (X-matrices) approved by the Group's board. A detailed description of the material topics and the required information is provided for each topic in accordance with the requirements of ESRS.

All amounts are in EUR thousands unless otherwise stated

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement (IRO-2)

ESRS topic	Disclosure Requirement	Page
ESRS 2 General disclosures	BP-1 General basis for preparation of sustainability statements	25
	BP-2 Disclosures in relation to specific circumstances	26
	GOV-1 The role of the administrative, management and supervisory bodies	26
	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	26
	GOV-3 Integration of sustainability-related performance in incentive schemes	26
	GOV-4 Statement on due diligence	26-27
	GOV-5 Risk management and internal controls over sustainability reporting	27
	SBM-1 Strategy, business model and value chain	27
	SBM-2 Interests and views of stakeholders	28
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	29
	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	32-33
	IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	30-31
	MDR-P Policies adopted to manage material sustainability matters	34-35, 39-41
	MDR-A Actions and resources in relation to material sustainability matters	36
	MDR-M Metrics in relation to material sustainability matters	38
	MDR-T Tracking effectiveness of policies and actions through targets	37
ESRS E1 Climate change	2 ETAS GOV-3 Integration of sustainability-related performance in incentive schemes	50
	2 ETAS SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	50
	2 ETAS IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	50
	E1-2 Policies related to climate change mitigation and adaptation	51
	E1-3 Actions and resources in relation to climate change policies	51-52
	E1-4 Targets related to climate change mitigation and adaptation	51
	E1-5 Energy consumption and mix	52-53
	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	53-54
	E1-7 GHG removals and GHG mitigation projects financed through carbon credits	54
	E1-8 Internal carbon pricing	54
	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	54
ESRS E2 Pollution	2 ETAS IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	55
	E2-1 Policies related to pollution	56
	E2-2 Actions and resources related to pollution	56
	E2-3 Targets related to pollution	57
	E2-4 Pollution of air, water and soil	57-58
	E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities	58
ESRS E3 Water and marine resources	2 ETAS IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	59
	E3-1 Policies related to water and marine resources	59
	E3-2 Actions and resources related to water and marine resources	59
	E3-3 Targets related to water and marine resources	59
	E3-4 Water consumption	59-60
	E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	60
ESRS E4 Biodiversity and ecosystems	2 ETAS SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	61
	2 ETAS IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	61
ESRS E5 Resource use and circular economy	2 ETAS IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	62
	E5-1 Policies related to resource use and circular economy	62
	E5-2 Actions and resources related to resource use and circular economy	62
	E5-3 Targets related to resource use and circular economy	62
	E5-4 Resource inflows	63
	E5-5 Resource outflows	63-64
	E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	64
ESRS S1 Own workforce	2 ETAS SBM-2 Interests and views of stakeholders	65
	2 ETAS SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	65
	S1-1 Policies related to own workforce	65
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	65
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	66-67
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	67

Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)

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.

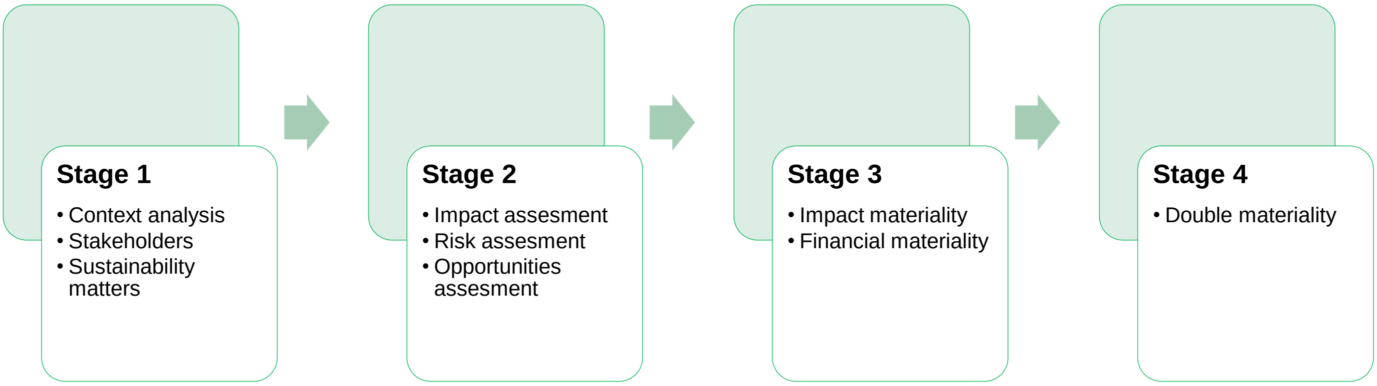
By assessing impacts, risks and opportunities and their significance, we can identify and respond to stakeholder needs and identify key topics. Some of these topics are critical to protecting and growing our revenues, while others have a significant impact on our cost structure, supply chain and operational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

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 2024, a new materiality assessment was carried out, following the concept of double materiality described in the ESRS standards.

Double materiality

Double materiality assessment is the starting point for sustainability reporting under the ESRS, assessing material impacts, risks and opportunities. An important difference from the previous concept of materiality is that it considers financial materiality as well as impact materiality. A sustainability matter becomes material if it meets the criteria for one or both types of significance.



Stage 1:

- Context analysis – identifying and understanding the context of the organisation's activities, value chain and external environment.

- Stakeholder identification and engagement – understanding stakeholder expectations and perceptions of the organisation's impacts and risks.

- Identification of sustainability matters – understanding and identifying potentially material environmental, social and governance aspects and assigning an equivalent ETAS theme and sub-theme.

One of the key steps in the second stage is to identify the impacts, risks and opportunities (IRO) arising from the identified sustainability matter.

- The timeframe over which the IRO are likely to occur or have already occurred is identified: S – short time period – reporting period of up to one year; M – medium time period – one to five years; L – long time period – more than 5 years.

- The status to be determined is actual (IRO already occurring and visible) or possible (IRO expected in the future).

- Determination of the impact effect: positive or negative (only in the impact assessment).

The IRO identification process uses sources already available within the Group, such as ISO 14001, ISO 45001, etc. assessments, staff expertise, external sources. The assessment focuses on the Group's activities, but also includes value chain IRO.

The third stage is an assessment of the impact and financial materiality of the identified sustainability matters relevant to the Group. Sustainability risks are integrated into the overall risk assessment process and are assessed on a common basis with other risks. Impact and financial materiality assessments are also used.

Impact materiality

The assessment shall first take into account negative impacts (the scale, scope irremediable character and likelihood) and, where appropriate, positive impacts (based on scale, scope and likelihood), and shall identify which sustainability matters are material for reporting purposes, including relevant quantitative or qualitative thresholds and other applicable criteria. Applicable thresholds:

- How severe are the negative or positive impacts on people and/or the environment (on a scale from 1 (minimal or no impact) to 5 (Negative off-site impacts with long-term environmental/people impacts)).
- How widespread (on a scale from 1 (Enterprise/Group of Enterprises) to 5 (Global)).
- Whether the negative impacts can be remedied (on a scale from 1 (self-correcting impacts) to 5 (irreversible impacts)).
- And for the potential impacts identified, over what timeframe the impact is likely to occur (on a scale of 1 (more than 5 years) to 5 (up to half a year)).

The assessments result in each sustainability issue being assigned one of four levels of significance: informative, important, significant, critical, according to the thresholds assessed.

Financial materiality

For the financial impact assessment, quantitative thresholds, a level of importance and a probability of impact were used.

- A qualitative assessment is possible for the magnitude of the financial impact (on a scale of 1 (up to €97,676) to 5 (above €1,953,520)), as well as for the difficulty of quantification.
- And for the potential financial impact identified, over what period of time it is likely to occur (on a scale of 1 (over 5 years) to 5 (up to half a year)).

As with the significance of impacts, each significant topic identified is assigned one of four levels of significance: information, important, significant, critical, according to the thresholds assessed.

The assessment of impact and financial materiality is based on a range of assumptions, market practices, precedents, expert insights and other relevant information.

The fourth stage is the identification of relevant topics.

An integrated assessment of impact and financial materiality is carried out to identify material topics for the Group. Which may be material from an impact or a financial perspective, and some may be both.

Policies adopted to manage material sustainability matters (MDR-P)

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. The main scope of the Group's policies is our own activities, but where applicable it is not limited to, and may include, various stakeholders or parts of the value chain. Policy guidelines related to value chain operations are described in the Supplier Code of Conduct.

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

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.

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.

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.

All amounts are in EUR thousands unless otherwise stated

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
5 GENDER EQUALITY	5.5	• Ensure that all employees and applicants for management positions have equal opportunities. • Track and disclose the percentage of women in leadership positions.
8 DECENT WORK AND ECONOMIC GROWTH	8.4 8.5 8.8	• 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).
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4	• Evaporator of wastewater (Grigeo Baltwood UAB). • Anaerobic bioreactor (Grigeo Klaipėda AB). • Solar power plants.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 12.4 12.5 12.6	• Reduce waste that is directed to disposal. • Increasing waste-paper collection. • Effluent reduction. • Compliance with water cumulative pollution indicators. • Preparation of annual sustainability reports.
13 CLIMATE ACTION	13.2	• Reduction of GHG emission intensity (Scope 1). • Increasing the share of biofuel in the energy mix (Scope 1). • Solar power plants.
14 LIFE BELOW WATER	14.1 14.2	• Anaerobic bioreactor (Grigeo Klaipėda AB). • Evaporator of wastewater (Grigeo Baltwood UAB). • No direct entry of effluents into water bodies.
15 LIFE ON LAND	15.2	• Control of raw materials – ensuring that raw materials and biofuel are supplied from sustainably managed forests. • Supply chain traceability. • Increasing energy efficiency.

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Tracking effectiveness of policies and actions through targets (MDR-T)

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, a dual materiality assessment was conducted and the results were assessed to be consistent with the sustainability objectives and commitments of the previous period on the topics of critical materiality.

For the new factory in Poland, acquired in the first half of 2024, the indicators have been monitored since the start of the acquisition, but the monitoring of the targets was not included. The Group plans to review the sustainability targets, and therefore the indicators, in 2025 during the new strategic phase.

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

Metrics in relation to material sustainability matters (MDR-M)

The Group has committed to pursue the following targets:

	Target	Unit of measurement	No.	Base year 2021	Interim result in 2024	Change	Target for 2026
Environmental targets	Reduction of GHG emission intensity (Scope 1).	$kgCO_{2e}$/ton of production	1.	114.1	115.2	+0.9%	-5.0%
	Increasing energy efficiency	MWh/ton of production	2.	2.56	2.59	+1.4%	-3.0%
	Reduce waste that is directed to disposal	kg/ton of production	3.	53.0	41.1	-22.5%	-9.0%
	Effluent reduction	m^3/ton of production	4.	7.1	7.0	-2.0%	-17.0%
	Increasing waste-paper collection and sorting	In thousands of tons	5.	53.0	85.5	+61.4%	+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	18.2	+1.1	8.0
	Employee turnover	The ratio of retired employees to the average number of employees	7.	30.8%	20.7%	-10.1pp	22.0%
	Employee retention rate	Employees with 1+ years' service to total employees	8.	85.7%	89.3%	+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.	-	10	10	10

Comments on progress

1. An increase in Scope 1 emissions intensity is observed in 2024.
2. The Group managed to increase energy efficiency through investments into new equipment by 1.6% However, a 1.4% reduction in energy efficiency is observed in 2024. This is due to technical problems in the boiler plant which could not be fully resolved during several planned stops. This is a consequence of failures that occurred as early as 2023. In 2025, resources are planned to renew the equipment to improve the efficiency of the boilers.
3. It was possible to reduce the amount of waste directed to disposal per ton of production from 53.0 kg/ton in 2021 to 41.1 kg/ton in 2024 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.
4. Effluents in m3/ton of production were reduced by 2% (from 7.1 to 7.0), which is primarily the result of investments into evaporator of wastewater by Grigeo Baltwood UAB. Grigeo Klaipėda AB is currently cooperating with Klaipėdos Vanduo AB, and a significant improvement in the indicator is planned with the implementation of the anaerobic bioreactor project.
5. The Group collected and sorted 85.5 thousand tonnes of waste paper in 2024 (53 thousand tonnes in 2021). This is a 61% increase. This is due to consistent work with existing and new partners and securing raw material volumes in the Baltic region.
6. Although we have devoted a lot of attention and resources to safer working conditions in 2024, unfortunately the number of accidents has still increased. In the case of the accidents that have occurred, the main cause is the workers' lack of attention to their own safety and their lack of compliance with basic safety requirements. To tackle this problem, we plan to strengthen training and awareness of the importance of safety, as well as to tighten control measures in the workplace.

7. 8. 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.

9. The following policies have been reviewed/updated or developed and approved by the Group up to the reporting date in 2024.
   - Environmental Policy – updated.
   - Supplier Code of Conduct – updated.
   - Integrated management system Policy – updated.
   - Risk management policy – new.

All amounts are in EUR thousands unless otherwise stated

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		26
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		26
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				26-27
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		-
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		-
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		-
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		-
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, Article12.1 (d) to (g), and Article 12.2		-
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		51
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				52
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				52
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				53
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)		53
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)		54
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	-

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
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
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				57
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				59
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				-
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				-
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				-
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				-
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				-
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				-
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				-
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				-
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				-
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				-
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				64
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				-
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				-
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				-
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				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				-
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				35
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				65

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
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		71
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				71
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		72
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				23
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				73
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)		-
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				-
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				-
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				-
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)		-
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		-
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				-
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				-
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)		-
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				-
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				-
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)		-
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				-
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				-
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				77
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)		78
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				77-78

7.2. Environmental information

Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

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.

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. In 2024, a solar power generation project was implemented, which is aligned with the taxonomy. The possibilities and expectations for future alignment of bio-energy heat generation with the taxonomy are being monitored. Also in 2025, an anaerobic digestion of sewage sludge (Anaerobic Bioreactor) is planned to be launched, which is also expected to be aligned with the taxonomy requirements.

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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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.

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

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code [a] (2)	Turnover (3)	Proportion of turnover, year 2024 (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)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		Thousands EUR	%	Y; N; N/EL [b]	Y; N; N/EL [b]	Y; N; N/EL [b]	Y; N; N/EL [b]	Y; N; N/EL [b]	Y; N; N/EL [b]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	-	-	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	-	-	-
Of which Enabling		-	-	-	-	-	-	-	-	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	1 022	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.6%	-	-
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	831	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.4%	-	-
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	801	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)		**2 654**	**1.2%**	**1.2%**	-	-	-	-	-	-	-	-	-	-	-	-	**1.4%**	-	-
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**2 654**	**1.2%**	**1.2%**	-	-	-	-	-	-	-	-	-	-	-	-	**1.4%**	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		**210 338**	**98.8%**																
Total		**212 992**	**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 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	**Code [a] (2)**	**CapEx (3)**	**Proportion of CapEx, year 2024 (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)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		Thousands EUR	**%**	**Y; N; N/EL[b]**	**Y; N; N/EL[b]**	**Y; N; N/EL[b]**	**Y; N; N/EL[b]**	**Y; N; N/EL[b]**	**Y; N; N/EL[b]**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	2 563	6.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.0%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2 563	6.0%	10.9%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	1.0%	-	-
Of which Enabling		-	-	-	-	-	-	-	-	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	1 238	2.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	4.3%	-	-
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 / CCA 5.1	135	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	2.9%	-	-
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 / CCA 5.5/ CE 2.3	130	0.3%	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	305	0.7%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	2.0%	-	-
Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	5 505	12.8%	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	23.4%	-	-
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)		**7 314**	**17.0%**	**17.0%**	-	-	-	-	-	-	-	-	-	-	-	-	**32.6%**	-	-
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**9 876**	**23.0%**	**23.0%**	-	-	-	-	-	-	-	-	-	-	-	-	**33.6%**	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		**33 149**	**77.0%**																
Total		**43 025**	**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.

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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')									
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)	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)
		Thousands EUR	%	Y; N; N/EL[(b)]	Y; N; N/EL[(b)]	Y; N; N/EL[(b)]	Y; N; N/EL[(b)]	Y; N; N/EL[(b)]	Y; N; N/EL[(b)]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
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	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	-	-	-
Of which Enabling		-	-	-	-	-	-	-	-	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	229	6.6%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	8.9%	-	-
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 / CCA 5.1	43	1.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.5%	-	-
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 / CCA 5.5/ CE 2.3	324	9.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	8.9%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	162	4.6%	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	3.9%	-	-
Renovation of existing buildings	CCM 7.2 / CCA 7.2 / CE 3.2	100	2.9%	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	4.1%	-	-
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)		**859**	**24.6%**	**24.6%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26.3%**	-	-
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**859**	**24.6%**	**24.6%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26.3%**	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		**2 637**	**75.4%**																
Total		**3 496**	**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	2 563	6.0%	2 563	6.0%	-	-
8.	Total applicable KPI	43 025	100%	43 025	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	2 563	100%	2 563	100%	-	-
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	2 563	100%	2 563	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	2 654	100%	2 654	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2 654	100%	2 654	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	7 314	100%	7 314	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	7 314	100%	7 314	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	859	100%	859	100%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	859	100%	859	100%	-	-

ESRS E1 Climate change

Integration of sustainability-related performance in incentive schemes (2 ESRS GOV-2)

The disclosures are provided in ESRS 2 General Information section.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities (2 ESRS IRO-1)

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. An assessment of the Group's business transformation and physical risks related to climate change and their potential impacts in the short (2030) and long (2030-2060) term has been carried out, using a range of future climate change projection research reports and scientific publications and climate scenarios (RCPs). We assessed the locations of Grigeo Group companies' operations and their climate-related risks. In the short and long term, the physical risks are considered to fall into the low to medium probability category.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

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 critical impacts on both the Group and its stakeholders.

The Group has not carried out a full assessment of the resilience of its strategy and business model to climate change. Accurate modelling and assessment of value chain risks is currently constrained by the lack of reliable and accessible information on the industry, locations and other contexts, and our internal resources are not yet sufficient to perform 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	• Policies and investments to ensure a low carbon emissions economy.	• Increased demand for energy-efficient lower-carbon products. • Modern technologies that disrupt markets.	• Shift to renewable energy to eliminate GHG scope 2 emissions. • Increase energy consumption efficiency. • Refurbishing of machinery.
	Reputation	• Raising awareness of climate change. • Growing expectations for responsible manufacturing. • Public attention to deforestation. • Concerns about manufacturing waste. • Concerns about water usage.	• Threats to securing social license to operate. • Opportunity to enhance reputation and brand value. • Opportunity to engage with stakeholders consistently.	• Improving company transparency. • Our impact assessment and measurement. • Updating our procurement policies. • Active engagement with stakeholders. • Increasing contribution to other environmental objectives, such as circular economy.
	Policy and legal	• Evolving requirements. • Regulatory changes on the national and EU level.	• Threats to securing legal license to operate. • Increased operating costs. • Increased tax. • Emerging concern about liability.	• Closely monitoring the development of industry-specific regulations. • Monitoring changes in regulation through supply chain.
Physical risks	Acute and chronic	• 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.	• 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.	• Monitoring. • Climate change adaptation plans. • Continuous engagement with suppliers. • Improving climate change scenario analysis. • Regular review of the climate change scenario.

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 impact assessment. Climate change adaptation and mitigation are identified as critical in the value chain.

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

Policies related to climate change mitigation and adaptation (E1-2)

The disclosures are provided in ESRS 2 General Information, Group Environmental Policy section.

Targets related to climate change mitigation and adaptation (E1-4)

To implement policy commitments, manage impacts and risks, and track progress, indicators are monitored and targets are set not only to reduce GHG emissions, but also to improve energy efficiency. These targets are part of the current strategy and are all subject to the 2021 base year values on which change is monitored. The base year remains unchanged throughout the period.

	Target	Unit of measurement	Base year 2021	Interim result in 2024	Change	Target for 2026
1.	Reduction of GHG emission intensity (Scope 1)	$kgCO_{2e}$/ton of production	114.1	115.2	+1.0%	-5.0%
2.	Increasing energy efficiency	MWh/ton of production	2.56	2.59	+1.4%	-3.0%

Actions and resources in relation to climate change policies (E1-3)

The climate change GHG reduction target currently only covers Scope 1 emissions, which represent a significant proportion of total emissions, and it is within this scope that the Group is most likely to make decisions that will help reduce emissions. In setting the targets, market trends and current opportunities to reduce GHG emissions and improve 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.

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, a steam generator was installed in 2024 (this investment is worth around € 0,5 million euros). The installation of the generator is expected to increase energy efficiency and reduce electricity consumption by 8 200 GWh per year as well as reducing biogenic GHG emissions by 3 000 t per year. This project will contribute not only to reducing GHG intensity, but also to achieving our energy efficiency targets.
- Renewable energy – The first project phase of the solar park is completed (investment of around €1.9 million) with a capacity of 3.15 MWh. This project is expected to reduce Scope 2 GHG emissions by around 1,300 t/year (based on a market-based approach). In 2025, the second phase of the solar park is planned to be implemented and an anaerobic bioreactor is planned to be launched (investment of around €5 million). The biogas from the treatment of wastewater in the bioreactor will be used instead of natural gas, which will reduce GHG emissions by 1 500 t/year.
- Fuel switching – the majority (more than 68%) 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.

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.

All amounts are in EUR thousands unless otherwise stated

To mitigate climate change, the Group has already set GHG reduction targets for Scope 1 emissions in 2021. Each year, progress is monitored, investments and innovations are made and other opportunities to reduce GHG emissions are investigated. However, the GHG reduction targets are not yet aligned with the global warming limit of 1.5°C under the Paris Agreement, nor is there a transformational plan to mitigate climate change.

It is planned to set GHG reduction targets over the next two years and to revise the current targets for other emission levels to be consistent with the emission reduction plan and to be aligned with the 1.5°C global warming limit and to cover the 2030 targets. We are committed to doing this in partnership with the Science Based Targets initiative (SBTi). We also plan to develop a transformational plan to mitigate climate change after we join the SBTi.

Energy consumption and mix (E1-5)

The Group produces energy from biofuels and natural gas. All the energy produced is used in the Group's operations and sold to meet the heating needs of Grigiškės or other consumers. Electricity and fuel for vehicles are also used in the operations. Our total energy consumption in 2024 was 630 GWh.

We are one of the largest consumers of wood chips on the market. In 2024, we consumed 29,000 tonnes (tonnes of oil equivalent) of wood chips, representing 339 GWh or 54% of the Group's total energy consumption.

Our consumption of electricity amounted to 133 GWh in 2024, making electricity the second-largest energy resource used for our production lines. The Group has invested in renewable energy generation capacity and has started to use the green electricity generated by its solar power plants to cover part of its demand. Also in 2024, more than half of the electricity purchased and consumed was generated from renewable sources. According to electricity distributor Litgrid AB, final electricity consumption in Lithuania in 2024 was 11,5 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Renewable energy										
Biofuel	65 772	63 723	26 105	31 503	84 425	78 292	162 189	157 275	338 491	330 793
Electricity	28 683	5 881	-	-	8 474	-	37 063	-	74 220	5 881
Renewable energy	**94 455**	**69 604**	**26 105**	**31 503**	**92 899**	**78 292**	**199 252**	**157 275**	**412 711**	**336 674**
Non-renewable energy										
Natural gas	87 990	46 906	254	121	-	-	65 179	52 938	153 422	99 965
Electricity	24 706	37 140	-	-	7 626	15 980	26 120	59 756	58 451	112 876
Diesel for transportation	32	21	-	-	880	851	2 812	2 510	3 724	3 382
Petrol for transportation	415	366	-	-	132	140	532	574	1 079	1 079
Liquid gals for transportation	291	331	-	-	-	-	733	693	1 024	1 024
Non-renewable energy	**113 434**	**84 764**	**254**	**121**	**8 638**	**16 971**	**95 376**	**116 471**	**217 700**	**218 326**
Energy in total	**207 889**	**154 368**	**26 359**	**31 624**	**101 537**	**95 263**	**294 628**	**273 746**	**630 411**	**555 000**
Renewable energy, %	**45%**	**45%**	**99%**	**100%**	**91%**	**82%**	**68%**	**57%**	**65%**	**61%**

Self-generated energy (MWh):

- from non-renewable sources – 105 632,

- from renewable sources – 338 491.

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.

Average energy consumption KWh/t	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Renewable energy								
Biofuel	1 022	1 334	1 447	1 380	1 432	1 355	1 434	1 500
Electricity	446	123	145	-	327	-	315	27
Non-renewable energy								
Natural gas	1 367	982	-	-	575	456	650	453
Electricity	384	777	131	282	231	515	248	512
Diesel for transportation	-	-	15	15	25	22	16	15
Petrol for transportation	6	8	2	2	5	5	5	5
Liquid gals for transportation	5	7	-	-	6	6	4	5
Total	**3 230**	**3 231**	**1 740**	**1 679**	**2 601**	**2 359**	**2 672**	**2 517**

By investing in new equipment, the Group has managed to improve energy efficiency up to 2024, but a decrease in energy efficiency is observed in 2024. This is due to technical problems in the boiler plant, resulting in a higher consumption of biofuels, and the acquisition of a new plant in Poland.

Energy intensity by net income:

Energy intensity per net revenue	2024	2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/ million EUR)	2 960	2 840

Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

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 all 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, Grigiškės and Niedomice. 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).

In 2024, 50% of the Group's Scope 1 GHG emissions are included in the Emissions Trading Scheme (ETS).

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

Scope 3: Scope 3 are all GHG emissions from the Group's activities that are outside the Group's management and control. They relate to the Group's supply chain, from the production of purchased raw materials and goods to the transport and sale of the products produced.

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).

Biogenic carbon dioxide (CO_2) 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 CO_2 is not recognised as a greenhouse gas emission. The Group only discloses Scope 1 biogenic emissions, as data on Scope 2 and 3 biogenic emissions are not available.

Consolidated GHG emissions in thousand tons:

Scope	2024		2023	
	tCO_2e	Biogenic tCO_2e	tCO_2e	Biogenic tCO_2e
Scope 1	36.4	118.5	23.9	115.5
Scope 2 (location-based)	30.0	-	18.1	-
Scope 2 (market-based)	39.1	-	65.8	-
Scope 3	95.4	345.3	90.8	311.6
Total location-based	**161.8**	**463.8**	**132.8**	**427.0**
Total market-based	**170.9**	**463.8**	**180.5**	**427.0**

All amounts are in EUR thousands unless otherwise stated

In the 2024 report, slight corrections have been made to the 2023 data in order to better meet the requirements. The corrections were made in the Scope 2 calculations using the 2023 emission factor applied to electricity emissions. There is also an increase in Scope 3 emissions due to updated categories and their calculations.

In the new Poland factory, the thermal energy production is based exclusively on natural gas (in other Grigeo Group companies, biofuels account for the majority, more than 75%, of the total energy required), which means that a significant increase in Scope 1 GHG emissions is expected in 2024.

In 2024, the reduction of Scope 2 (market-based approach) GHG emissions was as much as 41% compared to 2023, thanks to the purchase of green certificates. The Group also plans to continue purchasing green energy. In 2025, further reductions in Scope 2 emissions are expected thanks to the installation of a solar park.

Scope 3 GHG emissions consist of 15 different categories and the Group has identified the categories and performed the GHG emission calculations. Due to unavailability or lack of data, the following categories were not included in the calculations: employee commuting. The following categories are not relevant due to non-performance: upstream leased assets, downstream leased assets, franchises and investments. Scope 3 emissions calculations are less accurate as they require accurate accounting of upstream GHG emissions. Approximately 30% of these emissions have been calculated on the basis of emission factors provided by suppliers, so the reliability of the results depends on the quality and availability of data.

Scope 3 GHG emission categories:

Category	Source of emission	2024		2023	
		tCO_2e	%	tCO_2e	%
1	Purchased goods and services	52.43	54.9%	43.31	47.7%
2	Capital goods	2.21	2.3%	0.95	1.0%
3	Fuel- and energy-related activities	14.82	15.5%	13.45	14.8%
4	Upstream transportation and distribution	5.08	5.3%	6.09	6.7%
5	Waste generated in operations	0.88	0.9%	1.35	1.5%
6	Business travel	0.12	0.1%	0.04	0.0%
9	Downstream transportation and distribution	11.47	12.0%	17.68	19.5%
11	Use of sold products	3.13	3.3%	3.06	3.4%
12	End-of-life treatment of sold products	5.30	5.6%	4.81	5.3%
	Total	**95.44**	**100%**	**90.75**	**100%**

Scope 3 emissions accounted for 56% of total emissions in 2024. The main emissions (almost 90% of Scope 3 emissions) are related to purchased goods and services and transport, i.e. emissions related to the production of the raw materials we purchase, their transport, as well as emissions related to the transport of the products we produce. Other categories such as the use or disposal of products sold at the end of their life cycle, etc. account for a smaller share of just over 10% of our Scope 3 GHG emissions.

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	2024	2023
	Thousand t CO2e / million EUR	Thousand t CO2e / million EUR
Total GHG emissions (location-based) per net revenue	0.760	0.680
Total GHG emissions (market-based) per net revenue	0.802	0.924

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

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.

Internal carbon pricing (E1-8)

Group companies do not have a carbon pricing system.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-9)

The Group has taken the exception and has not provided information on the expected financial impact and opportunities due to insufficient information currently available.

ESRS E2 Pollution

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities (IRO-1)

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. This complements our process of double materiality analysis.

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. Water pollution have been identified as Critical topic 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 material after the assessment.

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

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 BOD_7 (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 BOD_7) 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 CO_2 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 Klapėda 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.

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 creation. Under the terms of the contract, a five-year programme of environmental action is being implemented, focused on long-term value creation. A total of EUR 464 000 has been transferred to Klaipėda University by the end of 2024. Klaipėda University is using the funds for the following research programmes: 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 Klaipeda. 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.

Policies related to pollution (E2-1)

The disclosures are provided in ESRS 2 General Information, Group Environmental Policy section.

Actions and resources related to pollution (E2-2)

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 TISSUE UAB MONITORING PLATFORM

GRIGEO KLAIPĖDA AB MONITORING PLATFORM

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

Our actions and resources are also included in the disclosure on the AB Grigeo Klaipėda 2020 environmental incident.

Targets related to pollution (E2-3)

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 2024	Change	Target for 2026
Effluent reduction	m^3/ton of production	7.1	7.0	-2.0%	-17.0%

Pollution of air, water and soil (E2-4)

Pollution of water

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 (BOD_7), suspended solids (SS), total nitrogen (N), total phosphorus (P). BOD_7 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. 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 2024, we recycled 147 thousand tonnes of recovered paper, which contains various additives and impurities. All these impurities become our waste and water pollution.

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 BDS_7 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*		Niedomice**	Klaipėda***	
	2024	2023	2024 m	2024 m.	2023
BOD_7	366.2	307.9	2.1	2 985.5	2 704.4
Nitrogen (N)	-	-	0.7	33.9	35.2
Phosphorus (P)	-	-	0.03	4.0	3.3
Suspended solids (SS)	422.4	193.6	8.5	224.2	262.0
Total	**788.6**	**501.5**	**11.33**	**3 247.58**	**3 005.0**

*Grigeo Tissue UAB, Grigeo Baltwood UAB, Grigeo Packaging UAB, Grigeo Recycling UAB
**Grigeo Tissue sp zoo (April – December)
***Grigeo Klaipėda AB

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 BOD_7 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 anaerobic bioreactor mentioned under the E1 ETAS Climate Change theme will not only reduce GHG emissions, but will also allow the treatment of wastewater using micro-organisms, which will reduce the pollution of industrial wastewater with BOD7, COD and drowning substances, and thus reduce the load on the wastewater treatment plant of AB "Klaipėdos vanduo".

Pollution of air

Grigeo Tissue UAB and Grigeo Klaipėda AB are key emitters, as these two companies operate boiler houses. Grigeo Tissue sp zoo also operates a boiler house, but compared to the group's boiler houses operating in Lithuania, its power is lower, as are its air emissions. Grigeo Tissue UAB 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 Tissue UAB, 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.

All amounts are in EUR thousands unless otherwise stated

Air emissions in tonnes per year (according to the Air Pollution Accounting Report 2024):

Pollutant, t	Grigeo Baltwood UAB		Grigeo Tissue UAB		Grigeo Tissue sp zoo	Grigeo Klaipėda AB	
	2024	2023	2024	2023	2024	2024	2023
Nitrogen oxides (NO_2)	-	-	145.4	123.4	2.4	125.5	120.2
Sulphur dioxide (SO_2)	-	-	7.3	6.2	-	6.2	6
Carbon monoxide (CO)	-	-	203.5	172.6	-	173.3	166.9
Particulate matter from the combustion of solid, liquid or gaseous fuels or waste	-	-	26.6	22.5	-	0.9	0.9
Particulate matter (other)	2.1	1.7	10.6	8.9	0.3	3.3	3.6
Non-methane volatile organic compound (NMVOC)	8.3	8.6	0.001	0.001	0.9	14.4	11.9
Ammonia (NH3)	2.0	2.1		-	0.007	2.3	1.9

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

The Group's operations burn fuel to generate thermal energy. The combustion processes release various substances 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 addition, electrostatic precipitators will be installed in 2024 in the biofuel boiler houses in Grigiškės (investment of around €1.2 million), which will further reduce particulate emissions, contributing to better air quality and reducing potential negative health impacts.

Anticipated financial effects from pollution-related, risks and opportunities (E2-6)

The Group has taken the exception and has not provided information on the expected financial impact and opportunities due to insufficient information currently available.

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ESRS E3 Water and marine resources

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities (2 ESRS IRO-1)

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. This is one of the most important sources in our operations. We clearly understand that the use of water in our production processes has an impact not only on the environment but also on local communities. 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, which is why one of our most important strategies is to preserve nature. In order to meet our objectives, we have strengthened our internal processes for rational water use and closely monitor the volume of wastewater discharges and the level of pollutants, and we strive to find sustainable solutions in water management.

Large volumes of water are used in production, and abstraction procedures are subject to Environmental Impact Assessment (EIA) screening procedures, where necessary, to assess 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 withdrawals	Important	Important
Water discharges	Significant	Critical

Policies related to water and marine resources (E3-1)

The disclosures are provided in ESRS 2 General Information, Group Environmental Policy section.

Actions and resources related to water and marine resources (E3-2)

Water is used in both paper and fibreboard production lines in the Group's companies and plays a key role in our business:

- It acts as a binding agent for the fibre and is needed in the cleaning and de-watering stages of the production process.
- Water is used as a solvent.
- Carries energy in the form of vapour and in the cooling process equipment.

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.

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Targets related to water and marine resources (E3-3)

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

Water consumption (E3-4)

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. Water abstraction data is calculated using meter data or other measurements.

Group's water withdrawals (thousand m^3):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Water withdrawals	654.3	613.6	196.1	187.8	994.9	851.4	1 845.2	1 652.9
Water intensity, m^3 per million EUR net revenue							**8.7**	**8.5**

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. Re-use rates vary depending on product specifications, but these figures are not currently recorded.

Water discharge (in thousands of m^3):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Untreated effluent to Klaipėdos vanduo AB treatment plant	-	-	-	-	888.5	766.8	888.5	766.8
Treated effluent to Vilniaus vandenys UAB treatment plant	437.6	473.1	199.8	186.3	7.8	8.1	645.2	667.5
Wastewater to urban treatment plants*	35.8				0.3	0.3	36.1	0.3
Total	**473.4**	**473.1**	**199.8**	**186.3**	**896.6**	**775.2**	**1 569.8**	**1 434.6**

*Not Vilnius or Klaipėda water treatment plants.

In 2024, the methodology in the data calculations has been revised, so that the water withdrawals and discharge data for 2023 have also been revised.

Anticipated financial effects from water and marine resources-related impacts, risks and opportunities (E3-5)

The Group has taken the exception and has not provided information on the expected financial impact and opportunities due to insufficient information currently available.

ESRS E4 Biodiversity and ecosystems

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities (2 ESRS IRO-1)

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 reporting to better identify the importance of biodiversity and ecosystem conservation, risks and assess the impact of actions along the value chain.

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.

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 assessed whether a transformation plan is needed.

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.

ESRS E5 Circular economy

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (IRO-1)

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, material themes have been identified for the Group's companies and an assessment of the impact and financial materiality has been carried out. The Circular Economy sub-topics of resource inflows and waste are identified as material at Group level. Waste minimisation and waste collection/recycling have been identified as the most significant themes for which we have set targets at Group level.

Subtopic	Impact materiality	Financial materiality
Resources inflows, including resource use	Significant	Significant
Waste	Significant	Critical

Policies related to resource use and circular economy (E5-1)

The disclosures are provided in ESRS 2 General Information, Group Environmental Policy section.

Actions and resources related to resource use and circular economy (E5-2)

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 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.

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

Targets related to resource use and circular economy (E5-3)

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 2024	Change	Target for 2026
1.	Effluent reduction	m^3/ton of production	53.0	41.1	-22.5%	-9.0%
2.	Increasing waste-paper collection and sorting	In thousands of tons	53.0	85.5	+61.4%	+50.0%

Resource inflows (E5-4)

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.

Raw materials used (in thousands of tonnes):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Renewable materials								
Raw materials	72.15	56.93	115.24	111.67	143.45	135.89	330.84	304.49
Additional materials/raw materials	-	-	-	-	-	-	-	-
Packaging	12.85	10.11	1.82	1.74	2.96	2.30	17.64	14.14
Total renewable	**85.00**	**67.04**	**117.06**	**113.41**	**146.41**	**138.19**	**348.48**	**318.63**
Non-renewable materials								
Raw materials	-	-	-	-	-	-	-	-
Additional materials/raw materials	1.23	0.79	1.14	1.11	1.54	1.52	3.92	3.41
Packaging	1.42	1.11	0.01	0.01	0.03	0.03	1.46	1.14
Total non-renewable	**2.65**	**1.90**	**1.15**	**1.12**	**1.57**	**1.55**	**5.38**	**4.55**
Total materials used	**87.65**	**68.94**	**118.21**	**114.52**	**147.98**	**139.73**	**353.85**	**323.19**
% Of renewables	**97%**	**97%**	**99%**	**99%**	**99%**	**99%**	**98%**	**98%**

Data extracted from accounting documents.

On the Group level, only 2% 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.

Composition of the raw materials used in the production of the Group's products and steam:

	2024	2023
Waste paper	30%	31%
Wood	24%	25%
Cellulose	9%	7%
Biomass	25%	27%
Natural gas	2%	1%
Renewable packaging	4%	3%
Other renewable materials	5%	5%
Non-renewable materials	1%	1%
Total	**100%**	**100%**

Biofuels and natural gas are used as raw materials for the production of steam, which is needed in all the Group's production facilities. This represents 27% of the total inputs consumed (converted into tonnes).

Resource outflows (E5-5)

Waste

In 2025, we processed 353.9 thousand tonnes of materials, our activities generated 24.5 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 2024, more than half 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 (83% 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.

All amounts are in EUR thousands unless otherwise stated

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 from manufacturing plants in Grigiškės is composted. In 2024, 7.6 thousand tonnes of sewage sludge were generated.

Waste generated (tonnes):

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Hazardous waste	77	177	20	5	98	100	195	282
Non-hazardous waste	2 582	2 214	7 787	8 411	14 882	14 460	25 251	25 085

Waste diverted to other operations (tonnes):

	2024	2023
Waste recovery operation		
Preparation for reuse	-	-
Recycling	16 395	16 505
Other recovery operations	-	-
Total recover	**16 395**	**16 505**
Waste treatment		
Incineration	8 413	7 499
Landfill	638	1 363
Other disposal operations	-	-
Total treated	**9 051**	**8 862**
Non-recycled waste	**36%**	**35%**

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

In 2024, the methodology in the data calculations has been revised to include all waste generated, so the data for 2023 has also been revised.

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.

Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities (E5-6)

The Group has taken the exception and has not provided information on the expected financial impact and opportunities due to insufficient information currently available.

7.3. Social information

ESRS S1 Own workforce

Interests and views of stakeholders (ESRS 2 SBM-2)

The disclosures are provided in ESRS 2 General Information Interests and views of stakeholders section.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

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.

Topic	Sub-topic	Impact materiality	Financial materiality
Working conditions	Adequate wages	Significant	Important
	Working time	Important	Important
	Collective bargaining, including rate of workers covered by collective agreements	Informative	Important
	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	Significant	Significant
	Measures against violence and harassment in the workplace	Significant	Informative
	Diversity	Important	Informative

Policies related to own workforce (S1-1)

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 which are described in more detail in the General Information section of ESRS 2, Group 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.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

The Group has an occupational health and safety register to record incidents, accidents and unsafe situations that may lead to incidents or accidents. All employees of the Group can keep a record of these incidents, thus ensuring that all relevant incidents are recorded and dealt with appropriately. This tool reinforces the safety culture within the company. Encouraging employees to take an active part in the health and safety process creates a safer working environment where everyone feels responsible for their own safety and that of their colleagues. In addition, the register provides the opportunity to track statistics, which is essential for analysing the frequency of incidents, causes and locations of unsafe situations.

Additional information on communication channels is disclosed in the Business Ethics section of ESRS G1, Corporate Culture and Business Ethics Policy.

All amounts are in EUR thousands unless otherwise stated

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

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:

	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Engaged	58%	60%	61%	51%	50%	65%	53%	57%
Satisfied	81%	90%	77%	69%	84%	87%	82%	82%
Not engaged	1%	2%	1%	5%	1%	2%	1%	3%

In 2024 the Group's overall employee engagement rate is 53%, i.e., 4% lower in comparison to the Group's rate for the year 2023. This fluctuation is due to significant changes in the Group's scale, including the acquisition of a new manufacturing plant in Poland and the spin-off of companies operating in Lithuania.

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	
	2024	2023	2024	2023
Most positive evaluations				
I believe that our organisation will be successful in the future	83%	82%	3%	5%
My colleagues are always ready to help with work-related questions when needed	81%	85%	3%	4%
A positive and friendly atmosphere prevails in my department	75%	73%	6%	8%
I have enough freedom to independently solve issues directly related to the performance of my work.	73%	75%	10%	8%
The goals and tasks thar are set for me are realistic	72%	75%	7%	6%

	Positive		Negative	
	2024	2023	2024	2023
Areas for improvement				
The organization has attractive professional growth opportunities for me	47%	50%	29%	28%
My salary is fair compared to the salary received by specialists in a similar field in our country	45%	45%	30%	31%
To achieve organizational goals, departments/groups cooperate effectively	45%	47%	25%	24%

All amounts are in EUR thousands unless otherwise stated

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.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

The Group's strategic objectives include three social aspects related to its workforce. These address the identified material 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 the workforce to ensure the success of the Group.

	Target	Unit of measurement	Base year 2021	Interim result in 2024	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	18.2	+1.1	8.0
2.	Employee turnover	The ratio of retired employees to the average number of employees	30.8%	20.7%	-10.1pp	22.0%
3.	Employee retention rate	Employees with 1+ years' service to total employees	85.7%	89.3%	+3.6pp	91.0%

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	
	2024	2023	2024	2023	2024	2023	2024	2023
Total turnover*	12%	20%	19%	22%	28%	20%	21%	21%
Retention rate	90%	92%	90%	88%	79%	90%	86%	91%

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

Characteristics of the undertaking's employees (S1-6)

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.

All amounts are in EUR thousands unless otherwise stated

Number of staff as at the end of the reporting period (see also Activity Overview 2.3 Employees):

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Under 30 years old								
Women	4	5	2	2	9	11	15	18
Men	44	31	12	13	41	34	97	78
Other*	-	-	-	-	-	-	-	-
30-50 years old								
Women	60	41	17	19	61	64	138	124
Men	221	123	50	53	231	227	502	403
Other*	-	-	-	-	-	-	-	-
Over 50 years old								
Women	30	24	17	20	40	38	87	82
Men	100	57	35	30	68	68	203	155
Other*	-	-	-	-	-	-	-	-
Total	**459**	**281**	**133**	**137**	**450**	**442**	**1042**	**860**

*Included in accordance with ESRS requirements

In 2024, the number of employees increased by more than 20% compared to 2023, driven by the acquisition of a new manufacturing plant in Poland, which contributed to the expansion of operations and the Group's overall headcount growth.

Number of employees by country:

Country	Employee
Lithuania	791
Poland	163
Ukraine	67
Latvia	21
Total	**1042**

The largest part of the Group's companies is located in Lithuania, where the largest number of employees work – 76% of all the Group's employees. The number of employees in the other three countries is smaller due to the smaller number of companies and accounts for the remaining 24%.

Due to the current situation in Ukraine, we are currently not providing data on employee turnover, engagement and other social indicators. We understand the importance of this information, but in an unstable environment, we strive to ensure data accuracy and employee safety.

Collective bargaining coverage and social dialogue (S1-8)

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 Group AB, Grigeo Hygiene UAB, Grigeo Tissue UAB and Grigeo Klaipėda AB with the employees are defined by the provisions of the collective agreement. 44% of the Group's employees are covered by a collective agreement. There are no collective agreements outside of Lithuania.

Diversity metrics (S1-9)

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

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Women	1	2	0	0	3	2	4	4
Women %	8%	22%	0%	0%	21%	15%	14%	15%
Men	12	7	4	4	11	11	25	22
Men %	92%	78%	100%	100%	79%	85%	86%	85%
Total	13	9	4	4	14	13	29	26

Data on the distribution of employees by age are provided in the ESRS S1 Own Workforce, Characteristics of the undertaking's employees (S1-6) section.

Adequate wages (S1-10)

A transparent and clear wage management system, approved in 2020 and renewed in 2023, helps to retain and attract talents, promotes productive and efficient work, and allows fair renumeration 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.

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.

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.

Training and skills development metrics (S1-13)

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.

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.

All amounts are in EUR thousands unless otherwise stated

Average formal training in numbers:

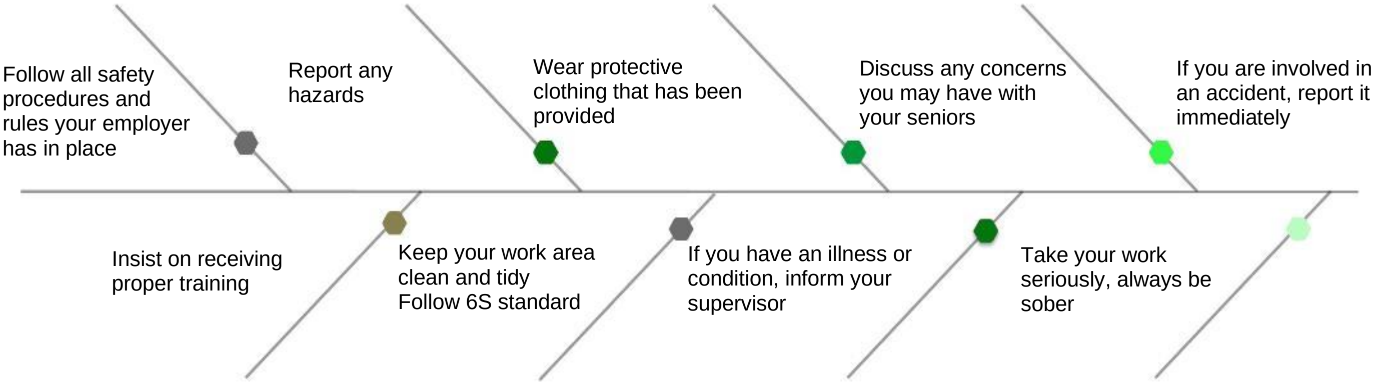
Average number of training hours per employee	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024*	2023	2024	2023	2024	2023	2024	2023
Women	22	13	12	32	21	18	18	21
Men	50	49	39	47	52	19	47	38

*Grigeo group AB, Grigeo Hygiene UAB ir Grigeo Tissue UAB training hours without Grigeo Tissue sp zoo

All employees participate in regular performance and career development reviews, regardless of position, gender or other aspects.

Health and safety metrics (S1-14)

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
• In 2024, 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.	• 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).

All amounts are in EUR thousands unless otherwise stated

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.

- 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	
	2024	2023	2024	2023	2024	2023	2024	2023
High-consequence injuries	-	-	-	-	-	-	-	-
Minor injuries	11	4	9	4	7	6	27	14
Hours worked	525 128	507 191	243 219	241 441	783 682	775 520	1 552 029	1 524 152
TRI rate*	**20.9**	**7.9**	**37.0**	**16.6**	**8.9**	**7.7**	**17.4**	**9.2**

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

Number of working days lost due to injury, accident or illness: 875.

Work-life balance metrics (S1-15)

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	
	2024	2023	2024	2023	2024	2023	2024	2023
Employees entitled to parental leave								
Women	2	0	0	0	3	0	5	0
Men	7	1	4	1	8	10	19	12
Employees that took parental leave (of those entitled to do so), %								
Women	100%	0%	0%	0%	100%	0%	100%	0%
Men	14%	0%	0%	0%	0%	0%	5%	0%

Compensation metrics (pay gap and total compensation) (S1-16)

The Group adheres to the principle of equal opportunities and ensures that all employees are assessed on the basis of their competences, experience and work results, regardless of their gender. Salaries in our organization are determined objectively, based on clear criteria such as the nature of the work, level of responsibility and professional skills.

We understand that in certain areas or positions there may be natural differences in gender distribution due to general market trends or sector specificities. However, this does not in any way constitute discrimination - our goal is to create equal conditions for all employees to grow and develop in their careers.

All amounts are in EUR thousands unless otherwise stated

Average wage ratio between women and men*:

Employees	Tissue paper		Hardboard		Containerboard and packaging		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Women/Men	3%	19%	30%	35%	13%	11%	12%	19%

* (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

Information on the disclosure of the total remuneration ratio is provided in Section 6. Remuneration Report, Remuneration paid to the management and supervisory bodies.

Incidents, complaints and severe human rights impacts (S1-17)

In 2024, 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.

ESRS S2 Workers in the value chain

Interests and views of stakeholder (ESRS 2 SBM-2)

The assessment of the double materiality of S2 ESRS value chain workers was conducted based on an analysis of publicly available sources. Due to the need for additional resources, the collected information was limited, and the assessment was therefore constrained to existing data from reliable public sources.

Despite the limitations in available information, the analysis identified two significant themes: adequate wages and health and safety. These areas are crucial for the well-being of value chain workers and have a direct impact on their working conditions. While the lack of more detailed data restricted deeper analysis, publicly available information allowed for the identification of key trends and an understanding of the main challenges in these areas.

Given the limited availability of data, there are plans to allocate more time and resources in the future to assess these topics as comprehensively as possible. Further analysis will provide more detailed data, engage a broader range of stakeholders, and enhance the understanding of the situation of value chain workers. This will support more informed decision-making and strengthen the organization’s responsibility for employee well-being.

Table of significant ESRS sub-topics

Sub-topic	Sub-sub-topics	Impact materiality	Financial materiality
Communities’ economic, social and cultural rights	Adequate wages	Important	Informative
	Health and safety	Significant	Informative

Policies related to value chain workers (S2-1)

In order to ensure high standards of responsibility, we have a Supplier Code of Conduct that establishes clear requirements for suppliers and ensures compliance. This code is an essential tool for promoting fair labor practices, protecting workers' rights, and upholding ethical business conduct throughout the supply chain. It sets out key principles related to workers' rights, equal opportunities, fair wages, working hours regulation, and safe and healthy working conditions. Additionally, the code encourages environmental and social responsibility initiatives, obligates suppliers to adhere to high business ethics standards, and ensures transparency in their operations.

The Code of Conduct not only helps protect workers from potential exploitation or unfair working conditions but also fosters long-term collaboration with responsible suppliers. Compliance with the code contributes to sustainable business development, reduces supply chain risks, and enhances trust among partners and stakeholders.

ESRS S3 Affected communities

Interests and views of stakeholders (ESRS 2 SBM-2)

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.

Policies related to affected communities (S3-1)

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.

Material impacts, risks and opportunities and their interaction with strategy and business model (2 ETAS SBM-3)

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

Processes for engaging with affected communities about impacts (S3-2)

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.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)

Odour management at Grigeo Klaipėda

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.

In 2024, we did not receive any reports from the authorities, but we continue to monitor and follow the situation regarding odors. In 2025, it is planned to install appropriate ozonation systems to reduce odors at air pollution sources.

Support for communities

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 2024, 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.

All amounts are in EUR thousands unless otherwise stated

Group’s direct charity contributions to local communities:

	2024	2023
City of Vilnius	187	159
City of Klaipėda	46	114
Donations to Ukraine	40	20
Total	**273**	**278**

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5)

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.

7.4. Governance information

ESRS G1 Business conduct

Our mission and values (as described in section 1. Business Model, under the Our Mission and Values subsection) 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.

We are committed to cultivating a motivating corporate culture, emphasizing the way we act and the principles that shape our business. In 2024, the Group organized Values and Behavior Workshops, bringing together employees from all Group companies. During these workshops, participants engaged in discussions about how employees embody the Group’s values in their daily activities and what challenges might arise if these behaviors were not followed.

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		Significant	Informative
Management of relationships with suppliers including payment practices		Significant	Significant
Corruption and bribery	Prevention and detection including training	Important	Significant
	Incidents	Important	Significant

The role of the administrative, supervisory and management bodies (ESRS 2 GOV-1)

Information is provided in sections 5.3 Management and supervisory bodies and 5.4. Functions and responsibilities of management and supervisory bodies.

Description of the processes to identify and assess material impacts, risks and opportunities (ESRS 2 IRO-1)

The information is disclosed in ESRS 2 General Information, in the section Description of the processes to identify and assess material impacts, risks and opportunities.

Corporate culture and Business conduct policies and corporate culture (G1-1)

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.

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 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.com.
- 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.com. Internal communication is carried out for employees to ensure the effectiveness of this channel. Training is organised as required.

Management of relationships with suppliers (G1-2)

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 prepared, in 2024 updated and confirmed a Supplier Code of Conduct describing the environmental and social requirements and obligations of suppliers.

Prevention and detection of corruption and bribery (G1-3)

The prevention and detection of corruption and bribery are an integral part of our organization's processes and policies. We strive to ensure transparency, accountability, and integrity at all stages of our operations, which is why anti-corruption mechanisms are embedded in our internal control systems, risk management, and ethical standards. We continuously strengthen employee awareness, implement preventive measures, and promote a culture of open reporting on potential violations, ensuring that our activities comply with the highest standards of integrity and legal compliance.

- The Group's Code of Ethics describes our commitments to transparency, integrity and anti-corruption.
- 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.

- The Group has an approved Supplier Code of Ethics, compliance with which is an integral part of our collaboration. By signing a contract, each supplier confirms their commitment to follow the provisions of this code, including anti-corruption principles. This ensures a transparent, responsible, and ethical partnership based on integrity and mutual respect.
- We have an established risk management process that includes corruption prevention-related risks. As needed, management plans are assigned, and risk levels are assessed. This systematic approach allows us to monitor, analyze, and mitigate corruption threats, ensuring transparent, ethical, and responsible operations.
- There were no corruption and/or bribery irregularities detected during the reporting period.

Grigeo
Group

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
ASSETS					
Non-current assets					
Property, plant and equipment	5	97,434	68,596	1,881	25,891
Right-of-use assets	6	5,611	4,315	541	1,585
Intangible assets	7	5,486	4,271	429	705
Investment property	8	4,441	4,621	4,441	4,638
Investments in subsidiaries	1	-	-	77,989	23,617
Deferred income tax assets	26	-	-	29	-
Total non-current assets		**112,972**	**81,803**	**85,310**	**56,436**
Current assets					
Inventories	9	20,590	14,410	1	6,122
Trade and other amounts receivable	10	31,677	21,019	2,676	13,255
Prepaid income tax		-	-	84	-
Other current assets		522	507	98	235
Other financial assets at amortised cost	11	-	20,192	-	20,192
Cash and cash equivalents	12	14,018	18,952	10,885	15,669
Total current assets		**66,807**	**75,080**	**13,744**	**55,473**
TOTAL ASSETS		**179,779**	**156,883**	**99,054**	**111,909**

(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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
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	3,811	2,886	3,811	2,886
Reserve for share-based payments	13	500	500	500	500
Foreign currency translation reserve	13	(2,858)	(2,821)	-	-
Retained earnings	13	87,695	76,184	40,194	42,752
Equity attributable to shareholders of the Company		**128,373**	**115,974**	**83,730**	**85,363**
Non-controlling interest		656	615	-	-
Total equity		**129,029**	**116,589**	**83,730**	**85,363**
Liabilities					
Non-current liabilities					
Borrowings	14	677	2,497	-	796
Lease liabilities	15	4,807	3,663	573	1,294
Grants	16	1,934	1,293	-	1,199
Deferred income tax liability	26	4,251	1,652	-	612
Long-term employee benefits	17	546	296	29	112
Other amounts payable		2,034	280	-	-
Total non-current liabilities		**14,249**	**9,681**	**602**	**4,013**
Current liabilities					
Borrowings	14	1,820	2,147	-	1,072
Lease liabilities	15	566	559	2	340
Income tax payable		1,221	3,057	-	3,106
Trade and other amounts payable	18	32,894	24,850	14,720	18,015
Total current liabilities		**36,501**	**30,613**	**14,722**	**22,533**
Total liabilities		**50,750**	**40,294**	**15,324**	**26,546**
TOTAL EQUITY AND LIABILITIES		**179,779**	**156,883**	**99,054**	**111,909**

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

The financial statements were prepared by the management on 28 March 2025 and signed with a qualified electronic signature on its behalf by:

Tomas Jozonis
Chief Executive Officer

Mindaugas Sologubas
Chief Financial Officer

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		2024	2023	2024	2023
Revenue	19	212,992	195,352	36,669	101,728
Cost of sales	20	(167,607)	(143,715)	(27,680)	(70,668)
Gross profit		**45,385**	**51,637**	**8,989**	**31,060**
Selling and distribution expenses	21	(16,772)	(15,254)	(1,911)	(6,226)
Administrative expenses	22	(12,168)	(11,620)	(2,723)	(4,824)
Other income	23	901	755	2,192	5,146
Other gains/(losses) – net	24	6,416	3,893	1,012	3,208
Operating profit		**23,762**	**29,411**	**7,559**	**28,364**
Finance income	25	798	686	279	524
Finance costs	25	(691)	(460)	(102)	(161)
Finance income/(costs) – net		**107**	**226**	**177**	**363**
Profit before income tax		**23,869**	**29,637**	**7,736**	**28,727**
Income tax	26	(3,010)	(4,316)	(987)	(3,373)
PROFIT FOR THE PERIOD		**20,859**	**25,321**	**6,749**	**25,354**
Profit for the period attributable to:					
Shareholders of the Company		20,818	25,306	6,749	25,354
Non-controlling interest		41	15	-	-
Other comprehensive income/(expenses)					
Items that will not be reclassified subsequently to profit or loss		**-**	**-**	**-**	**-**
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of financial statements of foreign operation		(37)	(124)	-	-
Cash flow hedges – effective portion of changes in fair value		-	-	-	-
Total items that may be reclassified subsequently to profit or loss		**(37)**	**(124)**	**-**	**-**
Other comprehensive income/(expenses) for the period		**(37)**	**(124)**	**-**	**-**
Total comprehensive income for the period		**20,822**	**25,197**	**6,749**	**25,354**
Total comprehensive income for the period attributable to:					
Shareholders of the Company		20,781	25,182	6,749	25,354
Non-controlling interest		41	15	-	-
Basic earnings per share (EUR)	27	0.158	0.193	0.051	0.193
Diluted earnings per share (EUR)	27	0.156	0.190	0.051	0.191

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

Tomas Jozonis
Chief Executive Officer

Mindaugas Sologubas
Chief Financial Officer

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF CHANGES IN EQUITY

Group	Equity attributable to owners of the Company								
	Authorised share capital	Share premium	Legal reserve	Reserve for share-based payments	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
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)
Remuneration in share options	-	-	-	-	-	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**
At 1 January 2024	**38,106**	**1,119**	**2,886**	**500**	**(2,821)**	**76,184**	**115,974**	**615**	**116,589**
Profit for the period	-	-	-	-	-	20,818	20,818	41	20,859
Other comprehensive income/(expenses)	-	-	-	-	(37)	-	(37)	-	(37)
Total comprehensive income/(expenses)	**-**	**-**	**-**	**-**	**(37)**	**20,818**	**20,781**	**41**	**20,822**
Increase in legal reserve	-	-	925	-	-	(925)	-	-	-
Allocated dividends	-	-	-	-	-	(9,198)	(9,198)	-	(9,198)
Remuneration in share options	-	-	-	-	-	816	816	-	816
Transactions with the Company's shareholders	**-**	**-**	**925**	**-**	**-**	**(9,307)**	**(8,382)**	**-**	**(8,382)**
At 31 December 2024	**38,106**	**1,119**	**3,811**	**500**	**(2,858)**	**87,695**	**128,373**	**656**	**129,029**

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 share-based payments	Retained earnings	Total equity
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)	-
Remuneration in share options	-	-	-	-	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**
At 1 January 2024	**38,106**	**1,119**	**2,886**	**500**	**42,752**	**85,363**
Profit for the period	-	-	-	-	6,749	6,749
Total comprehensive income	**-**	**-**	**-**	**-**	**6,749**	**6,749**
Allocated dividends	-	-	-	-	(9,198)	(9,198)
Increase in legal reserve	-	-	925	-	(925)	-
Remuneration in share options	-	-	-	-	816	816
Transactions with the Company's shareholders	-	-	**925**	**-**	**(9,307)**	**(8,382)**
At 31 December 2024	**38,106**	**1,119**	**3,811**	**500**	**40,194**	**83,730**

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

Tomas Jozonis
Chief Executive Officer

Mindaugas Sologubas
Chief Financial Officer

All amounts are in EUR thousands unless otherwise stated

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Profit before income tax		23,869	29,637	7,735	28,727
Adjustments for non-cash items:					
Depreciation and amortisation		11,012	9,515	1,783	4,032
Dividends received		-	-	(1,300)	(4,385)
Interest expenses on borrowings and lease	25	462	420	70	137
Interest income	25	(620)	(668)	(278)	(522)
Other finance (income)/costs – net	25	51	22	32	22
Gain on disposal of non-current assets		(294)	(56)	(217)	(95)
Remuneration in share options		816	202	190	111
		35,296	**39,072**	**8,015**	**28,028**
Changes in working capital					
(Increase)/decrease in trade and other amounts receivable		(8,546)	5,694	(1,919)	3,863
(Increase)/decrease in inventories		(248)	3,639	(289)	3,022
(Increase)/decrease in other current assets		51	(158)	35	(65)
Increase/(decrease) in trade and other amounts payable		2,799	(7,171)	6,098	333
		(5,944)	**2,004**	**3,925**	**7,153**
Interest paid		(477)	(427)	(81)	(143)
Income tax paid		(4,459)	(488)	(3,928)	(206)
Net cash inflow from operating activities		**24,416**	**40,161**	**7,931**	**34,832**
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	5 / 7	(19,062)	(6,962)	(1,250)	(3,021)
Acquisition of investment property	8	(298)	(443)	(298)	(443)
Disposal of property, plant and equipment		450	482	261	357
Business acquisition / investments in subsidiaries	1	(19,416)	-	(23,640)	(397)
Interest received		729	489	441	358
Payments for financial assets at amortised cost	11	20,050	(20,050)	20,050	(20,050)
Dividends received	23	-	-	1,300	4,385
Net cash inflow/(outflow) from investing activities		**(17,547)**	**(26,484)**	**(3,136)**	**(18,811)**
Cash flows from financing activities					
Dividends paid		(9,058)	(6,620)	(9,055)	(6,566)
Repayments of borrowings		(2,147)	(2,363)	(412)	(989)
Lease payments		(598)	(582)	(113)	(341)
Net cash (outflow) from financing activities		**(11,803)**	**(9,565)**	**(9,580)**	**(7,896)**
Net increase/(decrease) in cash flows		**(4,934)**	**4,112**	**(4,785)**	**8,125**
Cash and cash equivalents at the beginning of the period		**18,952**	**14,840**	**15,669**	**7,544**
Cash and cash equivalents at the end of the period		**14,018**	**18,952**	**10,884**	**15,669**

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

Tomas Jozonis
Chief Executive Officer

Mindaugas Sologubas
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

All amounts are in EUR thousands unless otherwise stated

1. General information

Grigeo Group 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 business and other management consultancy activities. In 2024 the Company transferred to subsidiary the production of toilet paper, paper towels and paper napkins, which as the paper mill in Grigiškės was established in 1923.

In 2024, the Company's name was changed from AB "Grigeo" to AB "Grigeo Group".

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 ticker symbol on Nasdaq AB Vilnius stock exchange is GRG1L.

As at 31 December 2024 and 2023, the Company's authorised share capital was divided into 131,400,000 ordinary registered shares with a par value of EUR 0.29 each. All shares were fully paid.

Three major shareholders as at 31 December 2024 and 2023 are listed below:

	At 31 December 2024		At 31 December 2023	
	Number of shares	%	Number of shares	%
Ginvildos Investicija UAB	62,628,027	47.66	61,838,179	47.06
Mišeikienė Irena Ona	17,625,064	13.41	17,578,342	13.38
Norimantas Stankevičius	5,869,756	4.47	5,869,756	4.47
TOTAL	**86,122,847**	**65.54**	**85,286,277**	**64.91**

As at 31 December 2024, the number of the Group's employees was 1,042 (31 December 2023: 860). As at 31 December 2024, the number of the Company's employees was 52 (31 December 2023: 281).

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 2024 and 2023, the Grigeo group consisted of Grigeo Group AB and the following subsidiaries (hereinafter the "Group"):

	At 31 December 2024		At 31 December 2023		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%	3,706	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 2024 and 2023. 6 April 2004
Grigeo Paper Packaging UAB	100%	19,427	100%	19,427	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Investment activities and management of companies. 10 July 2009
Grigeo Tissue UAB			100%	200	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of tissue paper. 1 December 2023
Grigeo Hygiene UAB	100%	51,505	100%	200	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Investment activities and management of companies. (former Grigiškių Energija UAB) 7 October 2011
	Share options granted to employees of subsidiaries (Note 13)					
Share options		796		169		
Total		**77,989**		**23,616**		

All amounts are in EUR thousands unless otherwise stated

1. General information (continued)

	At 31 December 2024		At 31 December 2023		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 Tissue UAB[1]	100%	-			Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of tissue paper. 1 December 2023
Grigeo Tissue sp. z o.o[1]	100%	-	100%	-	33-132 Niedomice, ul. Niedomicka 45, Poland	Manufacturing of tissue paper. 28 March 2024
Energia Cieplna Niedomice sp. z o.o[2]	100%	-	100%	-	33-132 Niedomice, ul. Niedomicka 45, Poland	Production of heat energy. 28 March 2024
Grigeo Klaipėda AB[3]	97.68%	-	97.68%	-	Nemuno g. 2, Klaipėda, Lithuania	Manufacturing of cardboard and cardboard paper honeycomb. 1 March 2010
Grigeo Packaging UAB[3]	100%	-	100%	-	Vilniaus g. 10, Grigiškės, Vilniaus sav., Lithuania	Manufacturing of corrugated cardboard and packaging. 10 April 2009
Mena Pak AT[3]	100%	-	100%	-	Koševovo g. 6, Černigovo raj., Mena, Ukraine	Manufacturing of corrugated cardboard and packaging. 1 March 2010
Grigeo Recycling SIA[4]	100%	-	100%	-	Ēdoles iela 5, Riga, Latvia	Collection of secondary raw materials and preparation for recycling. 16 June 2016

Controlled by: [1]Grigeo Hygiene UAB; [2]Grigeo Tissue sp. z o.o; [3]Grigeo Paper Packaging UAB; [4]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.

In 2024, the Group's structure was changed by merging companies of similar activities under branch holdings, which resulted in changes in the shareholders of individual companies, but the ultimate ownership and control of all group companies remained unchanged within the Company. In 2024, the Group acquired two companies in Poland (see Note 7) and transferred the tissue paper production business from AB "Grigeo Group" to UAB "Grigeo Tissue" which net assets' carrying amount was EUR 30,105 thousand. The transferred business was valued at EUR 76 million by independent appraisers, and accordingly, share capital of UAB "Grigeo Hygiene" was increased by the same amount. In 2023 there were no significant changes.

2. Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies 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 2024. 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 2024 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 2024:

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

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. Based on the Company's estimate, these amendments had no material impact on the Company's financial statements.

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

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. 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

- Lack of Exchangeability – Amendments to IAS 21.

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

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:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
- Contracts Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7;
- Presentation and Disclosure in Financial Statements – Amendments to IFRS18;
- Subsidiaries without Public Accountability: Disclosures – Amendments to IFRS 19;

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 Group 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 acquisitions are accounted for using the acquisition method. The consideration paid by the Group for control of the acquired company consists of the fair values of the transferred assets, assumed or contingent liabilities, and the equity instruments issued by the Group. Directly related acquisition costs are recognized in profit or loss when incurred.

In certain cases, the consideration for the acquisition consists of assets and liabilities arising from contingent consideration arrangements, measured at fair value on the acquisition date. Subsequent changes in the fair value of contingent consideration are classified as assets or liabilities and accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration related to equity are not recognized.

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

2. Summary of material accounting policy information (continued)

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.	2–8 years
Software	2–8 years
Other intangible assets	2–10 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	2–13 years

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 live 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.

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.

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 As at December 31 2024, the Group and the Company had no deposits.

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.

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.

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 2024 (as well as in 2023), 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 2024 and 31 December 2023), 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 2024 and 31 December 2023 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.

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 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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 2024 and 2023.

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.

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.

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 2024 and 2023, 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 2024 was 18% (2023: 18%). A standard income tax rate applied to the Poland companies for the year 2024 was 19%

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 costumer 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 costumer. 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.

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 Wood hardboards Raw materials for corrugated cardboard (test liner and fluting), corrugated cardboard and its products Other goods	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. Related expenses are recognised in the statement of comprehensive income when incurred. Marketing expenses that are directly related to earning of revenue are accounted for in the statement of comprehensive income as a reduction of revenue. 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.

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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Trade receivables	27,556	18,757	141	10,413
Trade receivables from related parties	-	-	345	1,906
Loans granted to related parties	-	-	2,105	-
Other amounts receivable	1,702	919	85	733
Other financial assets at amortised cost	-	20,192	-	20,192
Cash and cash equivalents	14,018	18,952	10,885	15,669
Total	**43,276**	**58,820**	**13,561**	**48,913**

Trade receivables

As at 31 December 2024 and 2023, the Company and the Group carried out the assessment of a loss allowance for expected credit 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 2022-2024. Historical loss rates are adjusted with reference to the present and forward-looking information on the macroeconomic factors affecting the customers' ability to settle the amounts due. The Company has established that Lithuania's GDP growth rate 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 4 thousand was recognized for the Group in 2024 (EUR 24 thousand in 2023). Movements in the loss allowance for amounts receivable were as follows:

	Group				Company			
	Individually assessed impairment 2024	Individually assessed impairment 2023	Collectively assessed impairment 2024	Collectively assessed impairment 2023	Individually assessed impairment 2024	Individually assessed impairment 2023	Collectively assessed impairment 2024	Collectively assessed impairment 2023
At 1 January	**37**	**85**	**-**	**-**	**4**	**72**	**-**	**-**
Increase in allowance	4	24	-	-	-	4	-	-
Receivables written off	(2)	(72)	-	-	(2)	(72)	-	-
At 31 December	**39**	**37**	**-**	**-**	**2**	**4**	**-**	**-**

Change in the loss allowance for trade receivables in 2024 and 2023 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 (2024)	**25,333**	**1,533**	**614**	**58**	**18**	**-**	**27,556**
Trade receivables – gross	25,333	1,533	614	58	20	37	**27,595**
Recognised loss allowance	-	-	-	-	(2)	(37)	(39)
Expected loss coefficient	-	-	-	-	10%	100%	-
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%	-

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 (2024)	**68**	**59**	**14**	**-**	**-**	**-**	**141**
Trade receivables – gross	68	59	14	-	2	-	143
Recognised loss allowance	-	-	-	-	(2)	-	(2)
Expected loss coefficient	-	-	-	-	100%	-	-
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%	-	-

The concentration of trade partners of the Group and the Company is not high. As at 31 December 2024, the Group's trade receivables from two major customers accounted for respectively 8.47% and 5.33% of the total trade receivables (31 December 2023: 9.12% and 5.67%, respectively). As at 31 December 2024, the Company's amounts receivable from two major customers accounted for respectively 29.07% and 12.77% of the total trade receivables (31 December 2023: 16.43% and 10.22%, respectively).

Amounts receivable from related parties and other amounts receivable

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 current 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
AA-	188	5,094	-	5,083
A+	10,962	22,695	10,885	22,190
A-	790	-	-	-
Baa1	1,965	11,316	-	8,589
Other	113	38	-	-
Total	**14,018**	**39,144**	**10,885**	**35,862**

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2024 and 2023 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	530	1,362	688	-	2,580	2,497
Lease liabilities	201	599	2,536	6,683	10,019	5,373
Trade payables	25,462	-	-	-	25,462	25,462
Other amounts payable	2,499	-	-	-	2,499	2,499
At 31 December 2024	**28,692**	**1,961**	**3,224**	**6,683**	**40,560**	**35,831**
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**

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2024 and 2023 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	-	-	-	-	-	-
Lease liabilities	6	18	98	1,582	1,704	575
Amounts payable to related parties	12,822	-	-	-	12,822	12,822
Trade payables	242	-	-	-	242	242
Other amounts payable	940	-	-	-	940	940
At 31 December 2024	**14,010**	**18**	**98**	**1,582**	**15,708**	**14,579**
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**

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 loan covenants 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 of borrowings with variable interest rate):

	Increase/decrease in basis points	Group	Company
		Effect on profit before tax	Effect on profit before tax
2024			
EUR	+100	(25)	-
EUR	-100	25	-
2023			
EUR	+100	(46)	(19)
EUR	-100	46	19

Foreign exchange risk

The Company's financial assets and liabilities as at 31 December 2023 and 2024 are denominated in the euros. The Group's financial assets and liabilities as at 31 December 2023 and 2024 are denominated in the euros, in the Polish zloty (PLN) and the Ukrainian hryvnias (UAH). The table below shows the sensitivity of the Group's profit before tax to possible changes in the exchange rate of the Ukrainian hryvnia and Polish zloty:

	2024	2023
Reasonably possible change in the EUR/UAH exchange rate, %	+/-20%	+/-20%
Financial assets denominated in the Ukrainian hryvnias	470	553
Financial liabilities denominated in the Ukrainian hryvnias	201	201
Estimated negative effect on profit before tax	(45)	(59)
Estimated positive effect on profit before tax	67	88
Reasonably possible change in the EUR/PLN exchange rate, %	+/-20%	+/-20%
Financial assets denominated in the Polish zloty	4,022	-
Financial liabilities denominated in the Polish zloty	2,121	-
Estimated negative effect on profit before tax	(317)	-
Estimated positive effect on profit before tax	475	-

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 statement of financial position preparation 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 2024.

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 2024 and 2023, 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 2024 and 2023, neither the Group nor the Company exceeded the maximum debt-to-equity ratio.

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Non-current liabilities (excluding subsidies, grants and deferred income tax liability)	8,064	6,736	602	2,202
Current liabilities	36,501	30,613	14,722	22,533
Total liabilities	**44,565**	**37,349**	**15,324**	**24,735**
Equity attributable to shareholders of the Company	**128,373**	**115,974**	**83,730**	**85,363**
Debt-to-equity ratio	**35%**	**32%**	**18%**	**29%**

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 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).

Litigations

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 2023						
Cost	**47,969**	**127,100**	**2,803**	**2,522**	**5,989**	**186,383**
Accumulated depreciation	**(23,662)**	**(88,129)**	**(1,713)**	**(1,685)**	**-**	**(115,189)**
Net book amount	**24,307**	**38,971**	**1,090**	**837**	**5,989**	**71,194**
Opening net book amount at 1 January 2023	**24,307**	**38,971**	**1,090**	**837**	**5,989**	**71,194**
Additions	67	1,096	314	173	4,986	6,636
Disposals and write-offs	-	(52)	(288)	(2)	-	(342)
Transfer from/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**
Opening net book amount at 1 January 2024	**23,824**	**37,361**	**821**	**1,239**	**5,351**	**68,596**
Additions	99	367	1,049	179	18,228	19,922
Business acquisition	4,496	8,803	64	5,972	130	19,465
Disposals and write-offs	(43)	-	(109)	(3)	-	(155)
Reclassification to right-of-use assets	-	-	-	-	(11)	(11)
Transfer from construction work in progress to property, plant and equipment	605	5,613	127	228	(6,573)	-
Transfer from/to inventory	-	-	-	-	(411)	(411)
Reclassification to intangible assets	-	-	-	-	(69)	(69)
Foreign exchange effect	25	-	-	60	1	86
Depreciation charge	(1,799)	(6,439)	(340)	(1,411)	-	(9,989)
Closing net book amount at 31 December 2024	**27,207**	**45,705**	**1,612**	**6,264**	**16,646**	**97,434**
At 31 December 2024						
Cost	**54,181**	**146,008**	**3,195**	**9,535**	**16,646**	**229,565**
Accumulated depreciation	**(26,974)**	**(100,303)**	**(1,583)**	**(3,271)**	**-**	**(132,131)**
Net book amount	**27,207**	**45,705**	**1,612**	**6,264**	**16,646**	**97,434**

Prepayments amounted EUR 1,647 thousand as at 31 December 2024 (31 December 2023: EUR 994 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 2023						
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	**8,915**	**15,675**	**357**	**242**	**1,826**	**27,015**
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**
Opening net book amount at 1 January 2024	**8,623**	**14,336**	**180**	**700**	**2,052**	**25,891**
Additions	17	3	223	46	594	883
Transferred assets upon separation of a business unit	(6 977)	(13 458)	(121)	(469)	(2 491)	(23 516)
Disposals and write-offs	(42)	-	-	(1)	-	(43)
Transfer from construction work in progress to property, plant and equipment	-	-	29	56	(85)	-
Depreciation charge	(275)	(881)	(54)	(124)	-	(1 334)
Closing net book amount at 31 December 2024	**1 346**	**-**	**257**	**208**	**70**	**1 881**
At 31 December 2024						
Cost	**1 830**	**-**	**392**	**447**	**70**	**2 739**
Accumulated depreciation	**(484)**	**-**	**(135)**	**(239)**	**-**	**(858)**
Net book amount	**1 346**	**-**	**257**	**208**	**70**	**1 881**

Prepayments amounted EUR 42 thousand as at 31 December 2024 (31 December 2023: EUR 551 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Cost of sales	9,581	8,323	1,213	3,260
Administrative expenses	298	263	94	141
Selling and distribution expenses	110	99	27	66
Statement of comprehensive income – total	**9,989**	**8,685**	**1,334**	**3,467**

As at 31 December 2024, the Group's property, plant and equipment with the carrying amount of EUR 5,433 thousand was pledged to the banks as security for borrowings, the Company had no pledged property, plant and equipment. (31 December 2023: the Group's and the Company's property, plant and equipment with the carrying amount of EUR 12,237 thousand and EUR 6,132 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Buildings and structures	1,032	843	25	142
Machinery and equipment	3,766	4,887	-	1,371
Motor vehicles	334	590	52	23
Other assets	383	440	27	121
Total	**5,515**	**6,760**	**104**	**1,657**

The Group's and the Company's commitments for the acquisition of property, plant and equipment under the signed agreements amounted to EUR 3,414 thousand and EUR 148 thousand, respectively, as at 31 December 2024 (31 December 2023: EUR 1,987 thousand and EUR 1,451 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 2023				
Cost	**4,148**	**792**	**780**	**5,720**
Accumulated depreciation	**(595)**	**(344)**	**(504)**	**(1,443)**
Net book amount	**3,553**	**448**	**276**	**4,277**
Opening net book amount at 1 January 2023	**3,553**	**448**	**276**	**4,277**
Change in value-in-use	(11)	83	575	647
Foreign exchange effect	-	-	-	-
Disposals and write-offs	(5)	-	(78)	(83)
Amortisation charge	(59)	(152)	(315)	(526)
Closing net book amount at 31 December 2023	**3,478**	**379**	**458**	**4,315**
At 31 December 2023				
Cost	**3,902**	**625**	**569**	**5,096**
Accumulated depreciation	**(424)**	**(246)**	**(111)**	**(781)**
Net book amount	**3,478**	**379**	**458**	**4,315**
Opening net book amount at 1 January 2024	**3,478**	**379**	**458**	**4,315**
Change in value-in-use	41	214	1,674	1,929
Foreign exchange effect	1	-	-	1
Business acquisition	101	-	-	101
Reclassification from property, plant and equipment	11	-	-	11
Disposals and write-offs	(136)	-	(19)	(155)
Amortisation charge	(72)	(168)	(351)	(591)
Closing net book amount at 31 December 2024	**3,424**	**425**	**1,762**	**5,611**
At 31 December 2024				
Cost	**4,122**	**650**	**1,864**	**6,636**
Accumulated depreciation	**(698)**	**(225)**	**(102)**	**(1,025)**
Net book amount	**3,424**	**425**	**1,762**	**5,611**

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 2023				
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	**977**	**229**	**89**	**1,295**
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**
Opening net book amount at 1 January 2024	**957**	**459**	**169**	**1,585**
Change in value-in-use	41	-	-	41
Disposals, write-offs	(135)	(382)	-	(517)
Transfer related to the transfer of part of a business	(312)	-	(129)	(441)
Amortisation charge	(10)	(77)	(40)	(127)
Closing net book amount at 31 December 2024	**541**	**-**	**-**	**541**
At 31 December 2024				
Cost	**582**	**-**	**-**	**582**
Accumulated depreciation	**(41)**	**-**	**-**	**(41)**
Net book amount	**541**	**-**	**-**	**541**

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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Cost of sales	406	382	24	67
Administrative expenses	75	60	10	7
Selling and distribution expenses	110	84	93	263
Total	**591**	**526**	**127**	**337**

As at 31 December 2024, the Group's land lease rights with the carrying amount of EUR 644 thousand were pledged to the banks as security for borrowings, the Company's land lease rights weren't pledged (31 December 2023: the Group's and the Company's land lease rights with the carrying amount of: EUR 995 thousand and EUR 340 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 2023					
Cost	**3,001**	**61**	**2,510**	**691**	**6,263**
Accumulated amortisation	**-**	**(48)**	**(1,940)**	**(511)**	**(2,499)**
Net book amount	**3,001**	**13**	**570**	**180**	**3,764**
Opening net book amount at 1 January 2023	**3,001**	**13**	**570**	**180**	**3,764**
Additions	-	1	2	668	671
Transfer from development 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**
Opening net book amount at 1 January 2024	**3,001**	**28**	**436**	**806**	**4,271**
Additions	-	7	6	1,377	1,390
Business acquisition	-	-	-	5	5
Transfer from development work in progress to intangible assets	-	-	369	(369)	-
Reclassification from property, plant and equipment	-	-	-	69	69
Amortisation charge	-	(13)	(210)	(26)	(249)
Closing net book amount at 31 December 2024	**3,001**	**22**	**601**	**1,862**	**5,486**
At 31 December 2024					
Cost	**3,001**	**91**	**2,901**	**2,352**	**8,345**
Accumulated amortisation	-	**(69)**	**(2,300)**	**(490)**	**(2,859)**
Net book amount	**3,001**	**22**	**601**	**1,862**	**5,486**

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 2024, goodwill was allocated to the Grigeo Klaipėda AB cash-generating unit. As at 31 December 2023 and 2024, 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, sales were slightly higher than planned. The projected insignificant 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.

Forecasts as at 31 December 2024:

Revenue	Projected annual revenue growth (decrease), %				
2024	**2025**	**2026**	**2027**	**2028**	**2029**
49,700	0.2	6.6	0.1	0.1	0.1
Gross profit margin, %					
2024	**2025**	**2026**	**2027**	**2028**	**2029**
12.1	14.8	21.9	24.6	24.5	24.0

Revenue was projected based on the management's assumptions as at 31 December 2023 and 31 December 2024, 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 2024, projected investments for the upcoming period of 5 years amounted to EUR 1,776 thousand on average annually (31 December 2023: EUR 2,443 thousand; investments in 2024 were above EUR 5 million). Expenses were projected in view of actual expenses taking into consideration the projected level of inflation. In 2023 and 2024, 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 9.3% after tax for the cash generating units located in Lithuania as at 31 December 2024 (31 December 2023: 9.5%).

The calculation of the recoverable amount of the cash-generating unit as at 31 December 2024 and 2023 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 2024 and 2023, 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 recoverable value calculation of the investment in Grigeo Klaipėda AB did not identify any additional indications of goodwill impairment.

In 2024, Grigeo Hygiene UAB acquired 100% of Grigeo Tissue sp. z o.o (at the time of acquisition, the company was named Niedomickie Zakłady Papiernicze sp. z o.o), which also owns 100% of Energia Cieplna Niedomice sp. z o.o. The transaction amount, including discounted payments due over three years, totaled EUR 21,629 thousand.

In accordance with IFRS 3, the fair value of the acquired assets was determined as follows:

Description	Carrying value at acquisition	Change	Fair value at acquisition
Property, plant and equipment	9,822	9,755	19,577
Intangible assets	676	(671)	5
Current assets	8,040	-	8,040
Total assets	**18,538**	**9,084**	**27,622**
Equity	14,395	7,230	21,625
Goodwill	-	-	-
Non-current liabilities	754	70	823
Current liabilities	3,391	1,784	5,174
Total equity and liability	**18,538**	**9,084**	**27,622**

The exchange rate of 4.3121 PLN/EUR, as specified in the transaction agreements, was applied for the calculations, fixing the acquisition date on 31 March 2024. The EUR 4 thousand difference between the fair value and the transaction amount was recognized in the current year's statement of comprehensive income.

All amounts are in EUR thousands unless otherwise stated

7. Intangible assets (continued)

Company	Licences, patents	Software	Other assets	Total
At 1 January 2023				
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**
Opening net book amount at 1 January 2024	**28**	**197**	**480**	**705**
Additions	6	-	281	287
Transfer from development work in progress to intangible assets	-	99	(99)	-
Transferring assets, separating part of the business	(4)	-	(465)	(469)
Amortisation charge	(11)	(81)	(2)	(94)
Closing net book amount at 31 December 2024	**19**	**215**	**195**	**429**
At 31 December 2024				
Cost	**86**	**1 153**	**209**	**1 448**
Accumulated amortisation	**(67)**	**(938)**	**(14)**	**(1,019)**
Net book amount	**19**	**215**	**195**	**429**

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

	Group		Company	
	At 31 December 2024	**At 31 December 2023**	**At 31 December 2024**	**At 31 December 2023**
Cost of sales	152	166	89	75
Administrative expenses	95	10	4	10
Selling and distribution expenses	2	3	1	3
Total	**249**	**179**	**94**	**88**

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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Licences, patents	9	7	9	7
Software	221	194	97	78
Other assets	520	520	-	-
Total	**750**	**721**	**106**	**85**

8. Investment property

Group	Buildings and structures	Other assets	Construction work in progress	Total
At 1 January 2023				
Cost	**4,963**	**2**	**336**	**5,301**
Accumulated depreciation	**(891)**	**-**	**-**	**(891)**
Net book amount	**4,072**	**2**	**336**	**4,410**
Opening net book amount at 1 January 2023	**4,072**	**2**	**336**	**4,410**
Additions	32	-	422	454
Reclassification from construction work in progress	68	-	(68)	-
Reclassification from property, plant and equipment	-	17	-	17
Depreciation charge	(257)	(3)	-	(260)
Closing net book amount at 31 December 2023	**3,915**	**16**	**690**	**4,621**
At 31 December 2023				
Cost	**5,063**	**19**	**690**	**5,772**
Accumulated depreciation	**(1,148)**	**(3)**	**-**	**(1,151)**
Net book amount	**3,915**	**16**	**690**	**4,621**
Opening net book amount at 1 January 2024	**3,915**	**16**	**690**	**4,621**
Additions	(32)	-	245	213
Disposals, write-offs	(1)	-	-	(1)
Transfer from/to inventory	(126)	-	-	(126)
Depreciation charge	(261)	(5)	-	(266)
Closing net book amount at 31 December 2024	**3,495**	**11**	**935**	**4,441**
At 31 December 2024				
Cost	**4,904**	**19**	**935**	**5,858**
Accumulated depreciation	**(1,409)**	**(8)**	**-**	**(1,417)**
Net book amount	**3,495**	**11**	**935**	**4,441**

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 2023				
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**
Opening net book amount at 1 January 2024	**3,932**	**16**	**690**	**4,638**
Additions	(32)	-	245	213
Transferring assets, separating part of the business	(16)	-	-	(16)
Reclassification from construction work in progress	429	-	(429)	-
Disposals, write-offs	(2)	-	-	(2)
Transfer from/to inventory	(126)	-	-	(126)
Depreciation charge	(261)	(5)	-	(266)
Closing net book amount at 31 December 2024	**3,924**	**11**	**506**	**4,441**
At 31 December 2024				
Cost	**5,250**	**19**	**506**	**5,775**
Accumulated depreciation	**(1,326)**	**(8)**	**-**	**(1,334)**
Net book amount	**3,924**	**11**	**506**	**4,441**

As at 31 December 2024, the Group's and the Company's investment property (buildings and structures) with the acquisition cost of respectively EUR 4 thousand and EUR 4 thousand (31 December 2023: EUR 7 thousand and EUR 7 thousand, respectively) was fully depreciated but still in use.

As at 31 December 2024, the Group's and the Company's commitments for the acquisition of investment property under signed contracts EUR 105 thousand and EUR 105 thousand, respectively. As at 31 December 2023, there were no commitments to acquire assets under signed agreements.

Investment property comprises the buildings, structures and other assets located at Popieriaus street in Naujieji Verkiai. As at 31 December 2024, all investment property are leased to third parties. As at 31 December 2023, 84% of the investment property at carrying amount was leased to third parties. The lease term under the contracts is between 1 to 9 years. As at 31 December 2024, future annual revenue amounted to EUR 674 thousand (31 December 2023: EUR 630 thousand) in the period from 2025 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 2023 – 11%), a rental yield at the end of the assessed period was equal to 9% (in 2023 – 9%). According to the calculation, the fair value of the investment property is equal to EUR 4,725 thousand (31 December 2023: EUR 4,582 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 2024	At 31 December 2023
Change in the discount rate (+100 basis points)	4,462	4,266
Change in the discount rate (-100 basis points)	5,016	4,931
Change in the rental yield (+100 basis points)	4,418	4,214
Change in the rental yield (-100 basis points)	5,109	5,043

9. Inventories

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Materials	9,242	6,201	1	1,856
Work in progress	2,613	1,963	-	1,284
Finished products	7,492	5,584	-	2,825
Inventories in transit	863	289	-	89
Prepayments	380	373	-	68
Total	**20,590**	**14,410**	**1**	**6,122**

As at 31 December 2024, the acquisition value (cost) of the Group's and the Company's inventories was written down by respectively EUR 1,086 thousand and EUR 0 thousand (31 December 2023: EUR 1,128 thousand and EUR 510 thousand, respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

In 2024, inventories of EUR 114 million (2023: EUR 102 million) for the Group and inventories of EUR 19 million (2023: EUR 56 million) for the Company were included in cost of sales.

As described in the Note 14, as at 31 December 2024 and at 31 December 2023, 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Trade receivables – gross	27,595	18,794	143	10,417
Loss allowance	(39)	(37)	(2)	(4)
Trade receivables – net	**27,556**	**18,757**	**141**	**10,413**
Amounts receivable from related parties (Note 31)	-	-	345	1,906
Amounts receivable for loans from related parties	-	-	2,105	-
VAT receivable	2,419	1,343	-	203
Subsidies receivable	1,367	646	-	646
Other amounts receivable – gross	335	273	85	87
Total trade and other amounts receivable – net	**31,677**	**21,019**	**2,676**	**13,255**
Of which:				
Non-current amounts receivable	**-**	**-**	**-**	**-**
Current amounts receivable	**31,677**	**21,019**	**2,676**	**13,255**

As disclosed in Note 14, as at 31 December 2024 and at 31 December 2023, subsidiaries Grigeo Tissue UAB, Grigeo Packaging UAB and Grigeo Baltwood UAB had pledged future inflows to secure the repayment of bank borrowings.

All amounts are in EUR thousands unless otherwise stated

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 2024, 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Cash at bank	3,142	6,905	9	3,622
Cashpool	10,876	12,047	10,876	12,047
TOTAL	**14,018**	**18,952**	**10,885**	**15,669**

As at 31 December 2024, cash held in bank accounts amounting to EUR 5,173 thousand (2023: EUR 9,921 thousand) for the Group was pledged as collateral against borrowings as further described in Note 14. As at 31 December 2024 and 2023, 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 own shares. The Company has not issued any convertible securities, exchangeable securities or guarantee securities, neither has unpaid acquisition rights or commitments to increase share capital as at 31 December 2024 and 2023.

Share premium

The Company's authorised share capital was increased after the additional issue of shares with the total par 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 par 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 par 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 2024, the Company increased the legal reserve by EUR 925 thousand (in 2023 by EUR 820 thousand). The Company's legal reserve represents 10% of the authorised share capital as at 31 of December 2024 (31 December 2023: 7.6%).

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.

All amounts are in EUR thousands unless otherwise stated

13. Authorised share capital and reserves (continued)

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 share-based payments. 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 own 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
Shares allocated to employees under share option programme as at 31 December 2024	1,660	481
Unallocated shares at 31 December 2024	64	19
At 31 December 2024	**1,724**	**500**

During 2024, the Group and the Company recognized remuneration expenses of EUR 816 thousand and EUR 189 thousand, respectively, as part of the share option programme (2023: EUR 205 thousand and EUR 111 thousand, respectively).

Dividends

During the Ordinary General Meeting of Shareholders of the Company held in 2024, a decision was made to allocate dividends equal to EUR 0.07 per share (Note 28) (in 2023 dividends equal to EUR 0.05 per share were allocated).

14. Borrowings

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Non-current borrowings:				
Bank borrowings	677	2,497	-	796
	677	**2,497**	**-**	**796**
Current borrowings:				
Bank borrowings	1,820	2,147	-	1,072
	1,820	**2,147**	**-**	**1,072**
TOTAL	**2,497**	**4,644**	**-**	**1,868**

Movements in bank borrowings during the year are presented in the table below:

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Opening balance	**4,644**	**7,007**	**1,868**	**2,857**
Proceeds from borrowings	-	-	-	-
Transfered	-	-	(1,456)	-
Repayments	(2,147)	(2,363)	(412)	(989)
Interest charged	176	244	30	111
Interest paid	(176)	(244)	(30)	(111)
Closing balance	**2,497**	**4,644**	**-**	**1,868**

Borrowings outstanding at the year-end by currency:

	Group		Company	
	2024	2023	2024	2023
EUR	2,497	4,644	-	1,868
TOTAL	**2,497**	**4,644**	**-**	**1,868**

The unwithdrawn balance under the credit agreements amounted to EUR 34 thousand for the Group and EUR 20 thousand for the Company as at 31 December 2024 (31 December 2023: EUR 38 thousand and EUR 25 thousand, respectively).

All amounts are in EUR thousands unless otherwise stated

14. Borrowings (continued)

Compliance with loan covenants

The Group's borrowings

Under the loan and overdraft agreements, the Group must comply with certain financial and non-financial covenants, such as: debt service coverage ratio, debt to EBITDA ratio, equity to liability ratio, free cash flow indicator. Group's certain subsidiaries are also required to conduct a certain number of settlements through the bank that provided the loan.

Indicators of the Group's borrowings:

Indicator	Established ratio	Indicators of the Group		Indicators of the Company	
		At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Debt/EBITDA	< 2.0	(1.02)	(0.36)	(351)	(0.49)
Debt service coverage ratio (DSCR)	> 1.2	15.4	13.9	-	24.7

As at 31 December 2024 and 31 December 2023, the Group and the subsidiaries complied with all financial and non-financial requirements established in the bank agreements.

Interest rates

As at 31 December 2024 and 31 December 2023, 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 2024 and 2023, 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 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Weighted average interest rate	**4.46%**	**5.68%**	**-**	**5.70%**

Pledged assets

The Group have pledged to the banks property, plant and equipment (Note 5), right-of-use assets (Note 6), cash balances in bank accounts (Note 12) and future inflows (Note 10) as security for borrowings.

15. Lease liabilities

	Group		Company	
	2024	2023	2024	2023
Non-current	4,807	3,663	573	1,294
Current	566	559	2	340
TOTAL	**5,373**	**4,222**	**575**	**1,634**

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 5 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	
	2024	2023	2024	2023
Balance at 1 January	**4 222**	**3,885**	**1 634**	**1,348**
New lease liabilities	1,929	1,005	41	627
Interest charged	168	158	39	32
Lease payments	(841)	(741)	(153)	(373)
Lease terminations	(106)	(85)	(986)	-
Balance at 31 December	**5,373**	**4,222**	**575**	**1,634**

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 2023	**783**	**678**
Obtained grants	646	646
Amortisation charge	(136)	(125)
Balance at 31 December 2023	**1 293**	**1 199**
Obtained grants	722	-
Transferred after separation of part of the business	-	(1 163)
Amortisation charge	(81)	(36)
Balance at 31 December 2024	**1 934**	**-**

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 2024 and in 2023, one new contract was signed each year with the Environmental Project Management Agency of the Ministry of the Environment of the Republic of Lithuania regarding the acquisition of solar power plants.

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 2024 and 2023, 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 2023	**248**	**103**
Change during the year 2023	48	9
At 31 December 2023	**296**	**112**
Change during the year 2024	250	(83)
At 31 December 2024	**546**	**29**

Actuarial gains and losses during 2024 and 2023 were insignificant, therefore they were not separately disclosed in other comprehensive income.

The key assumptions applied in evaluating the Group's and the Company's long-term employee benefits are as follows:

	At 31 December 2024	At 31 December 2023
Discount rate	2.88%	2.88%
Expected annual salary growth rate	5%	5%

18. Trade and other amounts payable

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Trade payables	25,462	18,477	4,007	10,067
Wages and salaries and social security contributions	4,744	4,324	715	1,628
Advance amounts received	189	235	-	88
Accrued expenses	435	328	19	106
Amounts payable to group companies under cashpool agreement	-	-	9,058	5,380
Other amounts payable	2,064	1,486	921	746
TOTAL	**32,894**	**24,850**	**14,720**	**18,015**
Of which:				
Attributable to financial liabilities (Note 3)	27,961	20,291	14,005	16,299
Not attributable to financial liabilities	**4,933**	**4,559**	**715**	**1,716**

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 costs and finance income and costs are not attributed to any segment. Assets and liabilities of the Group are not attributed to 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 operating segments is presented below:

Group 2024	Paper and paper products	Wood hardboards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated (1/2)	Elimination	TOTAL
Unconsolidated segment sales	117,305	27,090	104,778	249,173	15,278	(51,459)	212,992
Inter-segment sales	(8,326)	(1,341)	(30,465)	(40,132)	(11,327)	51,459	-
Sales to third parties	108,979	25,749	74,313	209,041	3,951	-	212,992
Cost of sales	(82,203)	(20,253)	(59,506)	(161,962)	(5,645)	-	(167,607)
Gross profit	**26,776**	**5,496**	**14,807**	**47,079**	**(1,694)**	**-**	**45,385**

Group 2023	Paper and paper products	Wood hardboards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated (1/2)	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**	**50,481**	**1,156**	**-**	**51,637**

[1] Unallocated sales comprise sales not attributable to either of the listed segments, mainly, sales of heating energy (steam), rent 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, depreciation of the rented premises and cost of services provided to related parties.

Breakdown by region

The following table shows a breakdown of revenue by region for the year ended 31 December:

	Group		Company	
	2024	2023	2024	2023
Domestic market (Lithuania)	57,240	61,176	14,761	36,543
European Union	135,437	114,002	20,803	60,919
Other countries	20,315	20,174	1,105	4,266
TOTAL	**212,992**	**195,352**	**36,669**	**101,728**

Breakdown of property, plant and equipment, intangible assets, right-of-use assets and investment property by geographical location:

	Group		Company	
	2024	2023	2024	2023
Lithuania	101,876	80,690	7,292	32,819
Latvia	1,259	755	-	-
Poland	9,525	-	-	-
Ukraine	312	358	-	-
TOTAL	**112,972**	**81,803**	**7,292**	**32,819**

All amounts are in EUR thousands unless otherwise stated

20. Cost of sales

	Group		Company	
	2024	2023	2024	2023
Raw materials and consumables	87,794	75,568	15,879	44,542
Wages and salaries and social security contributions	26,853	20,638	4,969	7,670
Energy	26,767	26,561	3,214	11,157
Other expenses	16,441	12,151	2,162	3,970
Depreciation and amortisation of non-current assets, including grants	9,316	8,735	1,290	3,277
Remuneration in share options	436	62	166	52
TOTAL	**167,607**	**143,715**	**27,680**	**70,668**

21. Selling and distribution expenses

	Group		Company	
	2024	2023	2024	2023
Fuel and transport services	11,969	10,640	1,152	3,548
Wages and salaries and social security contributions	2,989	2,932	471	1,456
Other selling expenses	582	713	72	259
Intermediation, marketing, advertising and representation	441	501	46	496
Property maintenance and servicing	494	266	49	130
Depreciation and amortisation of non-current assets	222	186	121	332
Remuneration in share options	75	16	-	5
TOTAL	**16,772**	**15,254**	**1,911**	**6,226**

22. Administrative expenses

	Group		Company	
	2024	2023	2024	2023
Wages and salaries and social security contributions	3,921	4,002	610	2,136
Legal services	1,364	553	48	22
Taxes (other than income tax)	954	675	158	344
Property maintenance and servicing	801	772	396	504
Social expenses	781	525	153	340
Insurance services	746	359	92	188
Depreciation and amortisation of non-current assets	734	587	374	422
Security services	388	368	15	51
Support	314	292	86	165
Remuneration in share options	305	127	23	54
Audit services	285	163	38	91
Bonuses and other similar payments	249	48	130	121
Personnel training and recruitment expenses	165	71	39	57
Consultation services	156	330	9	31
Advertising and representation	87	112	22	86
Fuel and transport services	45	66	5	24
Expenses for the listing of securities and related expenses	39	40	39	38
Impairment of doubtful amounts receivable/(reversal of impairment)	4	(1)	-	72
Costs of services provided by related companies and service units	-	-	298	-
Other administrative expenses	830	290	188	78
TOTAL	**12,168**	**9,379**	**2,723**	**4,824**

Under the agreements with the audit firm, PricewaterhouseCoopers UAB provided audit services of the year 2024 audit to the Group and the Company for the amount of EUR 124 thousand and EUR 41 thousand, respectively (2023: EUR 133 thousand and EUR 51 thousand, respectively); non-audit services provided amounted to respectively EUR 3.5 thousand, no non-audit services were provided to the Company (2023: EUR 13.5 thousand and EUR 6.5 thousand, respectively).

All amounts are in EUR thousands unless otherwise stated

23. Other income

	Group		Company	
	2024	2023	2024	2023
Rental income	901	755	892	761
Dividend income	-	-	1,300	4,385
TOTAL	**901**	**755**	**2,192**	**5,146**

In 2024, the Company received dividends of EUR 300 thousand from Grigeo Recycling UAB, dividends of EUR 1,000 thousand from Grigeo Baltwood UAB. In 2023, the Company received dividends of EUR 4,000 thousand from Grigeo Paper Packaging UAB, dividends of EUR 385 thousand from Grigeo Recycling UAB.

24. Other gains/(losses) – net

	Group		Company	
	2024	2023	2024	2023
Net gain from turnover of emission allowances	4,604	3,744	7	3,064
Result of disposal of assets	989	117	928	95
Other gain/(losses)	823	32	77	49
TOTAL	**6,416**	**3,893**	**1,012**	**3,208**

25. Finance income and costs

	Group		Company	
	2024	2023	2024	2023
Interest income	619	668	278	522
Foreign exchange gain – net	60	-	-	-
Other finance income	119	17	1	2
Total finance income	**798**	**685**	**279**	**524**
Interest on loans and lease	(462)	(420)	(69)	(137)
Foreign exchange loss – net	-	(15)	(2)	(1)
Default charges and other finance costs	(229)	(24)	(31)	(23)
Total finance costs	**(691)**	**(459)**	**(102)**	**(161)**
Finance income/(costs) – net	**107**	**226**	**177**	**363**

Capitalisation of interest on borrowing and lease

In 2024, interest of EUR 4 thousand for the Group and interest of EUR 2 thousand for the Company were capitalised. (2023: EUR 8 thousand and EUR 6 thousand, respectively).

26. Income tax and deferred income tax

Income tax expense components:	Group		Company	
	2024	2023	2024	2023
Current year income tax	2,925	3,595	912	3,208
Adjustments to previous year income tax	16	(28)	19	(5)
Deferred income tax (benefit)	69	749	56	170
Income tax expenses recognised in the statement of comprehensive income	**3,010**	**4,316**	**987**	**3,373**

All amounts are in EUR thousands unless otherwise stated

26. Income tax and deferred income tax (continued)

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	
	2024	2023	2024	2023
Profit before income tax	**23,869**	**29,637**	**7,735**	**28,727**
Income tax expenses calculated at the tax rate of 15%	3,580	4,446	1,160	4,309
Effect of a higher income tax rate applied in Ukraine	13	9	-	-
Effect of a tax rate due to taxation in Latvia	(29)	(4)	-	-
Effect of a tax rate due to taxation in Poland	(158)	-	-	-
Effect of investment relief	(1,527)	(82)	(40)	(87)
Sponsorship	(9)	(55)	(26)	(50)
Adjustments of income tax in respect of prior periods	6	(28)	19	(5)
Transfer of tax losses between group companies	-	-	16	(179)
Non-allowable deductions	1,362	52	78	49
Income not subject to tax	(228)	(22)	(220)	(664)
Income tax expenses recognised in the statement of comprehensive income	**3,010**	**4,316**	**987**	**3,373**

	Group		Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
Deferred income tax assets				
Decrease in net realisable value of amounts receivable	5	5	-	-
Investment relief	1,050	235	-	-
Write-downs of inventories to net realisable value	171	168	-	77
Long-term employee benefits	93	45	5	17
Vacation reserve	200	237	40	120
Right-of-use assets and liabilities	32	14	5	8
Tax losses carried forward	-	10	-	-
Other accruals	4	48	-	30
Grants	59	60	**-**	**60**
Deferred income tax assets	**1,614**	**822**	**50**	**312**
Less: unrecognised part	-	-	-	-
Deferred income tax assets – net	**1,614**	**822**	**50**	**312**
Deferred income tax liability				
Property, plant and equipment	(5,865)	(2,474)	(21)	(924)
Deferred income tax liability	**(5,865)**	**(2,474)**	**(21)**	**(924)**
Deferred income tax – net	**(4,251)**	**(1,652)**	**29**	**(612)**

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.

All amounts are in EUR thousands unless otherwise stated

26. Income tax and deferred income tax (continued)

Movements in the Group's deferred income tax differences before and after tax were as follows:

Group	At 31 December 2022	Recognised in the statement of comprehen-sive income	At 31 December 2023	Change due to acquisition of investment	Recognised in the statement of comprehen-sive income	At 31 December 2024
Non-current assets	(1,969)	(505)	(2,474)	(2,530)	(861)	(5,865)
Investment relief	575	(340)	235	-	815	1,050
Long-term employee benefits	37	8	45	-	48	93
Decrease in net realisable value of amounts receivable	12	(7)	5	-	-	5
Write-downs of inventories to net realisable value	142	26	168	-	3	171
Vacation reserve	210	27	237	-	(37)	200
Right-of-use assets and liabilities	9	5	14	-	18	32
Tax losses carried forward	-	10	10	-	(10)	-
Grants	71	(11)	60	-	(1)	59
Other	21	27	48	-	(44)	4
Total deferred income tax	**(892)**	**(760)**	**(1,652)**	**(2,530)**	**(69)**	**(4,251)**
Unrecognised part	(11)	11	-	-	-	-
Deferred income tax – net	**(903)**	**(749)**	**(1,652)**	**(2,530)**	**(69)**	**(4,251)**

Movements in the Company's deferred income tax differences before and after tax were as follows:

Company	At 31 December 2022	Recognised in the statement of comprehen-sive income	At 31 December 2023	Recognised in the statement of comprehen-sive income	Business relocation	At 31 December 2024
Property, plant and equipment	(708)	(216)	(924)	934	(31)	(21)
Long-term employee benefits	15	2	17	(16)	4	5
Decrease in net realisable value of amounts receivable	11	(11)	-	-	-	-
Write-downs of inventories to net realisable value	51	26	77	(68)	(9)	-
Vacation reserve	107	13	120	(97)	17	40
Grants	71	(11)	60	(56)	(4)	-
Right-of-use assets and liabilities	9	(1)	8	-	(3)	5
Other	13	17	30	-	(30)	-
Total deferred income tax	**(431)**	**(181)**	**(612)**	**697**	**(56)**	**29**
Unrecognised part	11	(11)	-	-	-	-
Deferred income tax – net	**(442)**	**(170)**	**(612)**	**697**	**(56)**	**29**

Deferred income tax assets and liabilities related to the companies operating in Lithuania were accounted for at a rate of 16% in 2024 and 15% in 2023. Deferred taxes related to the company operating in Ukraine were calculated at a rate of 18% in 2024 and 2023. Deferred taxes related to the company operating in Poland were calculated at a rate of 19% in 2024 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.

All amounts are in EUR thousands unless otherwise stated

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.

Changes in the Company's indicators are related to the tissue business transfer to its subsidiary Grigeo Tissue UAB (more information can be found in Nasdaq notification on material events at 30 April 2024).

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

	Group		Company	
	2024	2023	2024	2023
Net profit for the year attributable to the Company's shareholders	20,818	25,306	6,749	25,354
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)	**0.158**	**0.193**	**0.051**	**0.193**
Diluted earnings per share (in EUR)	**0.156**	**0.190**	**0.051**	**0.191**

28. Dividends per share

	2024	2023
Allocated dividends	9,198	6,570
Number of shares	131,400,000	131,400,000
Allocated dividends per share (in EUR)	**0.07**	**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.

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	
	2024	2023	2024*	2023
Profit for the period	**20,859**	**25,321**	**6,749**	**25,354**
Income tax	3,010	4,316	987	3,373
Profit before income tax	**23,869**	**29,637**	**7,736**	**28,727**
Adjustment:				
Finance costs (income) – net (Note 25)	(107)	(226)	(177)	(363)
Dividends received (Note 23)	-	-	(1,300)	(4,385)
Depreciation (Notes 5 and 8)	10,253	8,946	1,599	3,731
Amortisation (Notes 6 and 7)	840	704	220	426
Amortisation of grants (Note 16)	(81)	(135)	(36)	(124)
Adjusted EBITDA	**34,774**	**38,926**	**8,042**	**28,011**

*On 1 May 2024 the Company transferred the tissue business to its subsidiary Grigeo Tissue UAB (more information can be found in Nasdaq notification on material events at 30 April 2024).

All amounts are in EUR thousands unless otherwise stated

30. Financial instruments by category

Group	Notes	At 31 December 2024	At 31 December 2023
Financial assets at amortised cost			
Trade receivables	10	27,556	18,757
Other amounts receivable	10	335	273
Cash and cash equivalents	12	14,018	18,952
Total financial assets at amortised cost		**41,909**	**37,982**
Financial liabilities at amortised cost			
Borrowings	14	2,497	4,644
Lease liabilities	15	5,373	4,222
Trade payables	18	25,462	18,477
Other amounts payable	18	2,499	1,814
Total financial liabilities at amortised cost		**35,831**	**29,157**

Company	Notes	At 31 December 2024	At 31 December 2023
Financial assets at amortised cost			
Trade receivables	10	141	10,413
Amounts receivable from related parties	10	2,450	1,906
Other amounts receivable	10	85	87
Cash and cash equivalents	12	10,885	15,669
Total financial assets at amortised cost		**13,561**	**28,075**
Financial liabilities at amortised cost			
Borrowings	14	-	1,868
Lease liabilities	15	575	1,634
Trade payables	18	242	9,043
Trade payables to related parties	18	12,822	6,404
Other amounts payable	18	940	852
Total financial liabilities at amortised cost		**14,579**	**19,801**

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 Group 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 Group 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 2024 and 2023, 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.

Company (the year 2024)	**Sales of goods and services**	**Purchases of goods and services**	**Amounts receivable***	**Amounts payable****
Companies having significant influence	-	-	-	-
Subsidiaries	6,167	3,297	2,450	10,022
Other related parties	-	-	-	-
TOTAL	**6,167**	**3,297**	**2,450**	**10,022**

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**

* Amounts receivable comprise prepayments for goods, services and loans granted.
** Amounts payable also comprise borrowings from the subsidiaries.

In 2024, the Group had no purchases of goods and services, sales to companies having significant influence, or other related companies. In 2023, the Group had sales worth EUR 1 thousand to other related companies.

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	
	2024	2023	2024	2023
Key management personnel compensation	1,676	1,470	573	738
Average annual number of management personnel	10	11	3	5

In 2024 and 2023, 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 2024 for provision of services were EUR 305 thousand at the Group and EUR 69 thousand at the Company. Amounts paid to the Board Members in 2023 were EUR 118 thousand at the Group, EUR 68 thousand at the Company. Bonuses paid to the Supervisory Board by the Company totalled EUR 15 thousand in 2024 (2023: EUR 13 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	Chairman of the Board	Indirectly*
Vigmantas Kažukauskas	Member of the Board	0.88
Saulius Martinkevičius	Chief Procurement and Logistics Officer	0.28
Tomas Jozonis	Chief Executive Officer	Indirectly*

*Ginvildos investicija UAB holds 47.66% of the Company's shares. 67.00% of shares of Ginvildos investicija UAB are owned by Gintautas Pangonis and 10,00% by Tomas Jozonis.

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.

Litigations

A claim has been filed against Grigeo Klaipėda AB, subsidiary of Grigeo Group 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. Litigations

Background information

In 2021, the pre-trial investigation regarding wastewater management by Grigeo Klaipėda AB, subsidiary of Grigeo Group 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

33. Litigations (continued)

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 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.

33. Litigations (continued)

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 not accepted by the EPD on 14 February 2024. On 18 June 2024 the Subsidiary has submitted a request to the EPD for an assessment of the updated Plan of Environmental Restoration Measures. At the time of preparing these reports, the EPD has not yet taken a decision on the PERM.

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.

33. Litigations (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 (BOD_7, 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. The Group's subsidiary Grigeo Paper Packaging UAB has investments in Ukrainian subsidiary Mena Pak AT.

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 2024	At 31 December 2023
Non-current assets	490	436
Current assets	2,222	2,116
TOTAL ASSETS	**2,712**	**2,552**
Shareholders' equity	2,479	2,306
Non-current liabilities	2	4
Current liabilities	231	242
TOTAL EQUITY AND LIABILITIES	**2,712**	**2,552**

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

Mena Pak AT	2024
Revenue	4,475
Profit before tax	433
Net profit	356
EBITDA	491

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

35. Events after the end of the reporting period

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

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR THE YEAR 2024

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Grigeo Group 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
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights		
The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
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.

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.	Yes	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.
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.	Yes	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.
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.	No	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.
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.	Yes	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.
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.	Yes	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.

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. Independent1 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.		
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.	Yes	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.
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.	Yes	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.
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.	Yes	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.
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.	Yes	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.
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.	No	The Company submits to the shareholders received proposals concerning the candidates for the members of the supervisory board.
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.	Yes	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.
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.	No	The supervisory board has not carried out an assessment of its activities.

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 Guidance[2] 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 Head 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 Head 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

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.	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.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	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.
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.	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.
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 Head 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.	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.
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.	Yes	Each member devotes sufficient time and attention to perform their duties as a member of the management board.
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 independent[3], 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.	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.

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.	Yes	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.
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.	Yes	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.
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.	No	The management board has not carried out an assessment of its activities.

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.

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.	Yes	The management board and the supervisory board act in close cooperation.
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 uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	Meetings of the Company's collegial bodies are convened at such intervals that uninterruptable resolution of essential Company's management and supervision issues is ensured.

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.	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.
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.	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

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.

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.

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 committees[4].	Yes	The Audit Committee has been formed at the Company.
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.	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).

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.	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.
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.	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.
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.	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.
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.	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		
5.2.1. The key functions of the nomination committee should be the following: 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 Head 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

The main functions of the remuneration committee should be as follows: 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; 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; 3) to review, on a regular basis, the remuneration policy and its implementation.	No	To date, the remuneration committee has not been formed at the Company.

5.4.Audit committee

5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[5]. 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. 5.4.3. The audit committee should decide whether the participation of the chair of the management board, the Head 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. 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. 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. 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.	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.

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.	Yes	The Company complies with this recommendation.
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.	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.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
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.	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The Company complies with all statutory requirements ensuring the rights of stakeholders.
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.	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.

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:		
9.1.1. operating and financial results of the company;	Yes	The Company complies with this recommendation.
9.1.2. objectives and non-financial information of the company;	Yes	The Company complies with this recommendation.
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;	Yes	The Company complies with this recommendation.

9.1.4. members of the company's supervisory and management bodies who are deemed independent, the Head of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	The Company complies with this recommendation.
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;	No	To date, the Company has not published this information.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	The Company complies with this recommendation.
9.1.7. the company's transactions with related parties;	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.
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.);	Yes	The Company complies with this recommendation.
9.1.9. structure and strategy of corporate governance;	No	The Company has not published its structure and strategy of corporate governance.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. 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.	Yes	The Company complies with this recommendation.
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.	Yes	The Company complies with this recommendation.
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 Head 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 Head of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	The Company complies with this recommendation.

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.	Yes	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.

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.

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.	Yes	The Company complies with this recommendation.
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.	Yes	The Company complies with this recommendation.
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.	Yes	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.

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 Group AB Tomas Jozonis and Chief Finance Officer of Grigeo Group AB Mindaugas Sologubas, hereby confirm that, to the best of our knowledge, the consolidated financial statements of Grigeo Group AB for the year ended 31 December 2024, 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 Group AB	Tomas Jozonis
Chief Finance Officer of Grigeo Group AB	Mindaugas Sologubas