

GRENARDI

GROUP

AS Grenardi Group Management report

Unaudited consolidated quarterly results
Q4 2023





Disclaimer

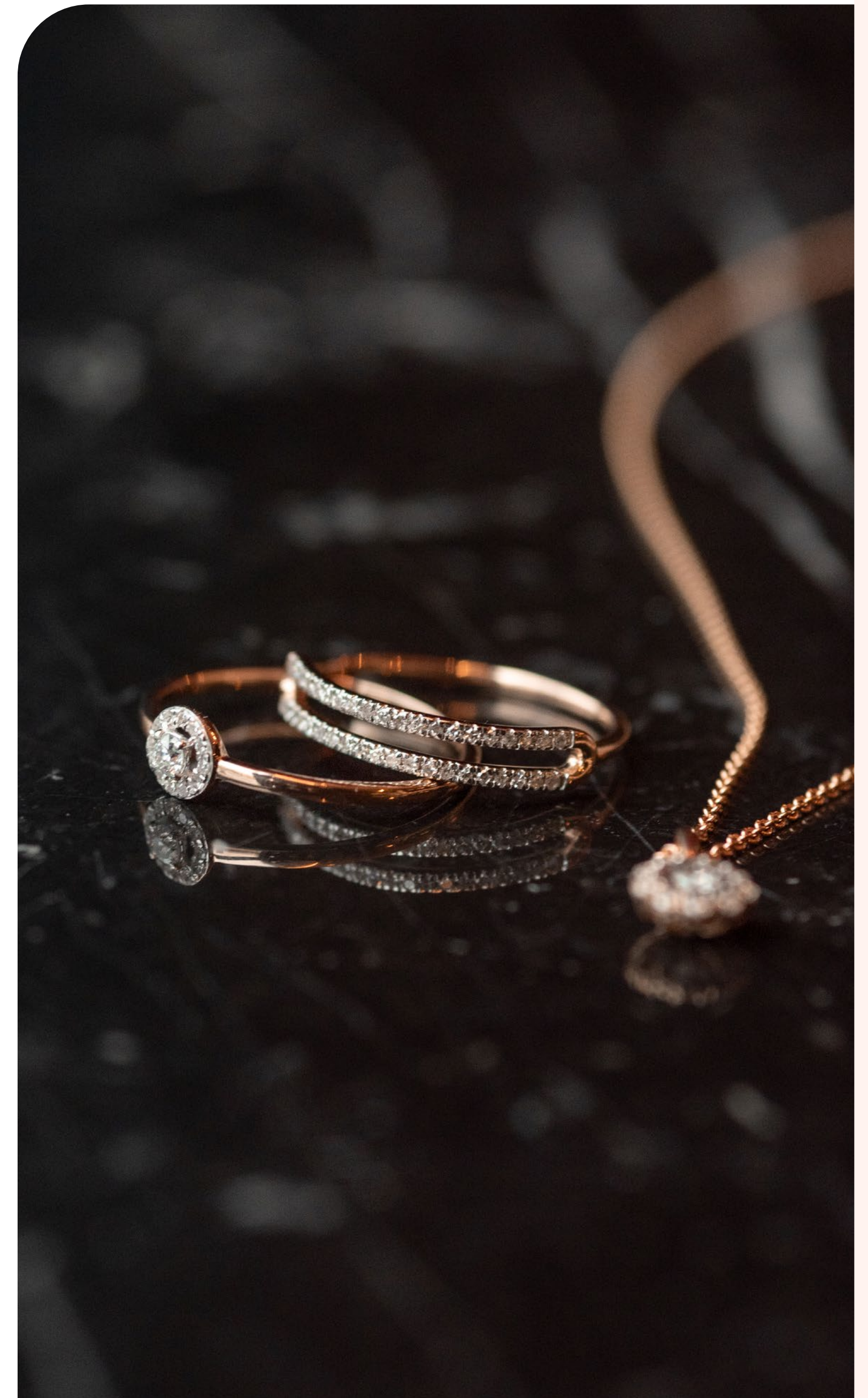
While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. Neither AS Grenardi Group nor any of advisors of AS Grenardi Group or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this document, which neither AS Grenardi Group nor its advisors are under an obligation to update, revise or affirm.

The distribution of this presentation in certain jurisdictions may be restricted by law. Persons into whose possession this presentation comes are required to inform themselves about and to observe any such restrictions. The following information contains, or may be deemed to contain, 'forward looking statements'. These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash resources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause AS Grenardi Group's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as 'may', 'will', 'could', 'would', 'should', 'expect', 'plan', 'anticipate', 'intend', 'believe', 'estimate', 'predict', 'potential' or 'continue', or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information presently available to management and AS Grenardi Group assumes no obligation to update any forward-looking statements.

Table of contents

General information about the Group	4
Management commentary	5
Q4 2023 Highlights	6
Grenardi Group footprint in Baltics	8
Key developments & business performance	9
Inventory overview	10
Consolidated Financial Statements	11
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Financial Metrics & Ratios	17
ESG philosophy and strategy	18
Risk management	20





General information about the Group

Parent Company	Grenardi Group, AS
Legal status of the Parent company	Joint stock company
Parent Company's registration number	40203279291
Registration place and date	Riga, December 11, 2020
Main activity of the Group	Retail sale of jewellery and watches in specialized stores
Parent company's legal address	Latvia, Rīga, Dēļu iela 2, LV-1004
Subsidiaries	<p>SIA GIVEN Latvia, Reg. No 40203166474 – 100%</p> <p>OÜ Given Estonia, Reg. No 14505229 – 100%</p> <p>UAB GIVEN Lithuania, Reg. No 305936789 – 100%</p> <p>SIA Grenardi Latvia Reg. No 50003474971 - 100%</p> <p>OÜ Grenardi Estonia Reg. No 11518421 - 100%</p>
The Group	Within this report the Group means – AS Grenardi Group and its subsidiaries

Management commentary

Year 2023 for Grenardi Group has been exciting and eventful. On December 1, 2023, AS GIVEN Jewellery acquired the GRENARDI retail chain and was renamed AS Grenardi Group after the transaction. In 2023 Grenardi Group continued its growth in the Baltics, with retail turnover increasing by 40%. The growth was driven by expansion of the retail chain, sales growth in the existing store network and the acquisition of GRENARDI.

The primary objective behind the acquisition of GRENARDI was to strengthen the market position, leveraging synergies through enhanced brand awareness, improving collaboration with suppliers, and streamlining operational processes. Both GIVEN and GRENARDI share the overachieving goal solidifying their position as the leading jewellery retailer in the Baltics, covering both the affordable and luxury jewellery segments.

Grenardi Group has demonstrated impressive growth, characterized by a strong double-digit increase in the growth rates of both retail turnover and EBITDA. The positive impact is primarily attributed to the expansion of the GIVEN retail chain, increase in same-store sales, and the acquisition of GRENARDI. Although the Group's core operations have yielded commendable net profits in Latvia, its active pursuit of an expansion strategy in Lithuania and Estonia has adversely affected the overall profitability of the Group. This is related to the extended timeframe, spanning several months, for the newly-opened stores to reach their full profitability potential.

In 2024, the Group plans to further increase its market share in the Baltic States by prioritizing the strengthening of our market position. While the Group aims to seize opportunities to expand its store network in strategic locations, the primary focus will be on ensuring the profitability and success of the Group's existing retail chain. Additionally, the Group will leverage synergies from the acquisition of GRENARDI to enhance our overall performance.

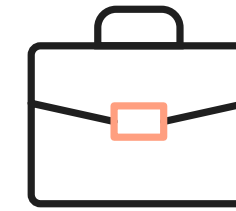


Ģirts Rudzītis,
Chairman of the Management Board
and CEO of Grenardi Group

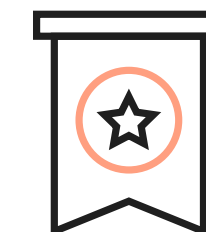
GRENARDI

ROBERTO COIN

Q4 2023 Highlights



In November AS Grenardi Group entered into a contract to acquire 100% of the shares of the luxury jewellery retail chain GRENARDI (comprising SIA Grenardi Latvia and its subsidiary OÜ Grenardi Estonia). The final acquisition price for GRENARDI is EUR 10.0 million, the majority of which was financed by the Group's shareholders through an increase in share capital by EUR 6.2 million.



In Dec'23, as a result of the the transaction the holding company holding company AS GIVEN Jewellery was renamed AS Grenardi Group.



The Group is actively preparing for a new bond issuance, the use of proceeds will include refinancing of the existing bonds (ISIN LV0000860054), with maturity on April 30, 2024. This time, the Group plans a public bond offering, welcoming not only institutional investors, but also retail investors.

Q4 2023 Highlights



The retail turnover of Grenardi Group in Q4 2023 amounted to EUR 7.85 million (including VAT), marking a 45% increase compared to the same period in 2022.*



The retail turnover of GIVEN chain amounted to EUR 6.68 million and was 23% higher than in the same period of 2022

In Q4 2023 GIVEN opened three new stores in Lithuania and relocated its stores in Akropole Rīga and Maxima Rēzekne. In Lithuania one store was opened in Akropolis Šiauliai, while the other two were kiosk-type stores in top shopping centers in Vilnius – Vilnius Akropolis and Ozas.



In 2023 the Group reached EBITDA of EUR 2.9 million, which is 31% increase to 2022. The Group's adjusted pro-forma EBITDA for 2023 was EUR 3.7 million.



The Group ended year 2023 with a net loss of EUR 0.3 million, and pro-forma adjusted net profit of EUR 0.1 million. The key reason behind net losses in 2023 is investment in the Group's development and expansion of GIVEN chain in Lithuania and Estonia.

*GRENARDI chain data included from Dec 1, 2023.



Grenardi Group footprint in Baltics



82 +3*

Total number of stores in Baltics

* compared to Sep'23, newly opened stores in the chain

ESTONIA

13 GIVEN stores
3 GRENARDI stores
www.given.ee
www.grenardi.ee

LATVIA

46 GIVEN stores
4 GRENARDI stores
www.given.lv
www.grenardi.lv

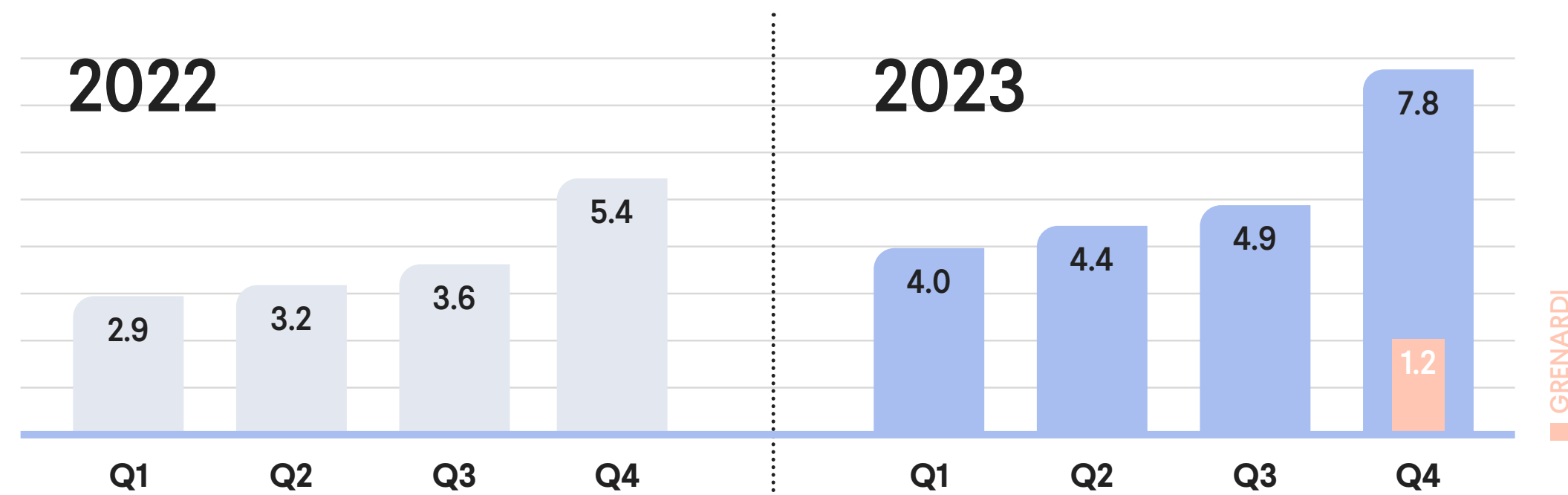
LITHUANIA

16 GIVEN stores
www.given.lt

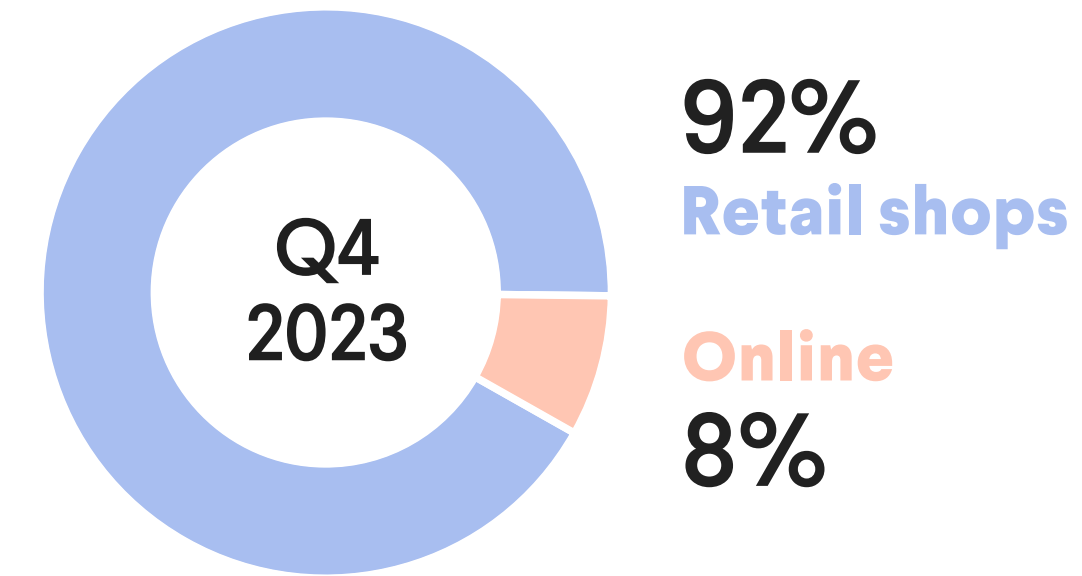


Key developments & business performance

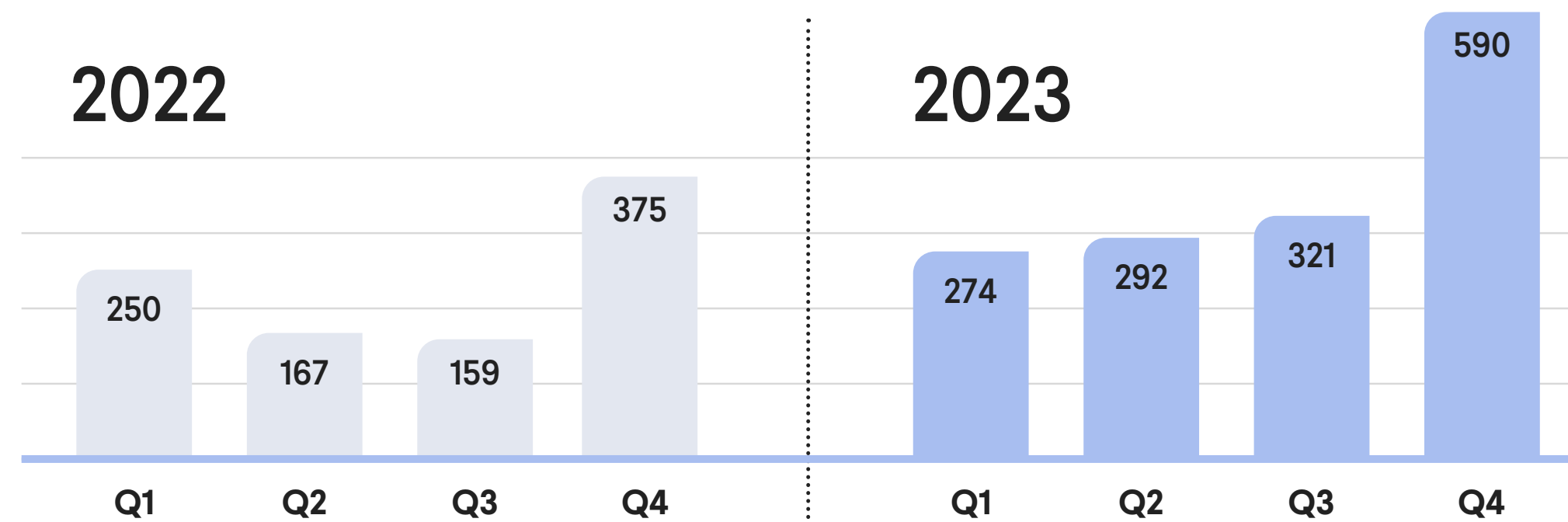
Retail turnover by quarters (€M)



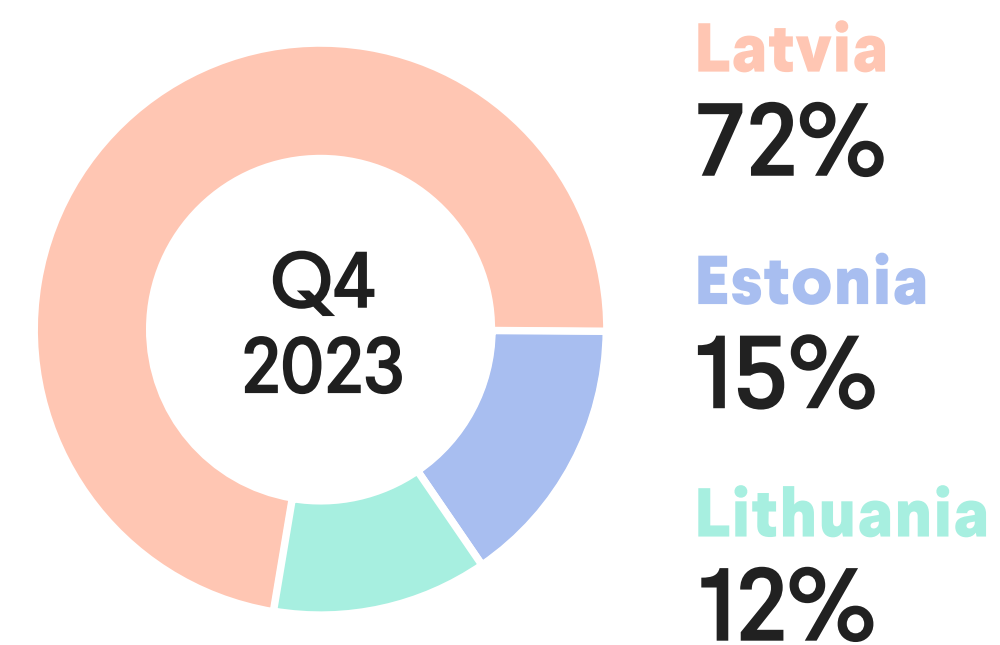
Retail turnover by sales channels



Online turnover (€K)



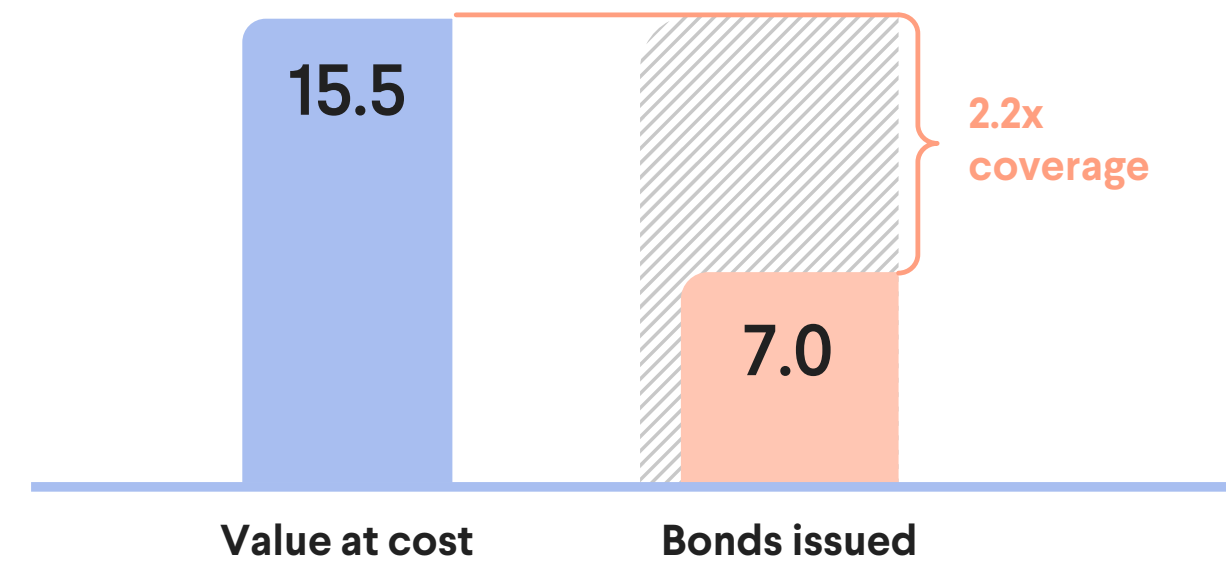
Retail turnover by countries



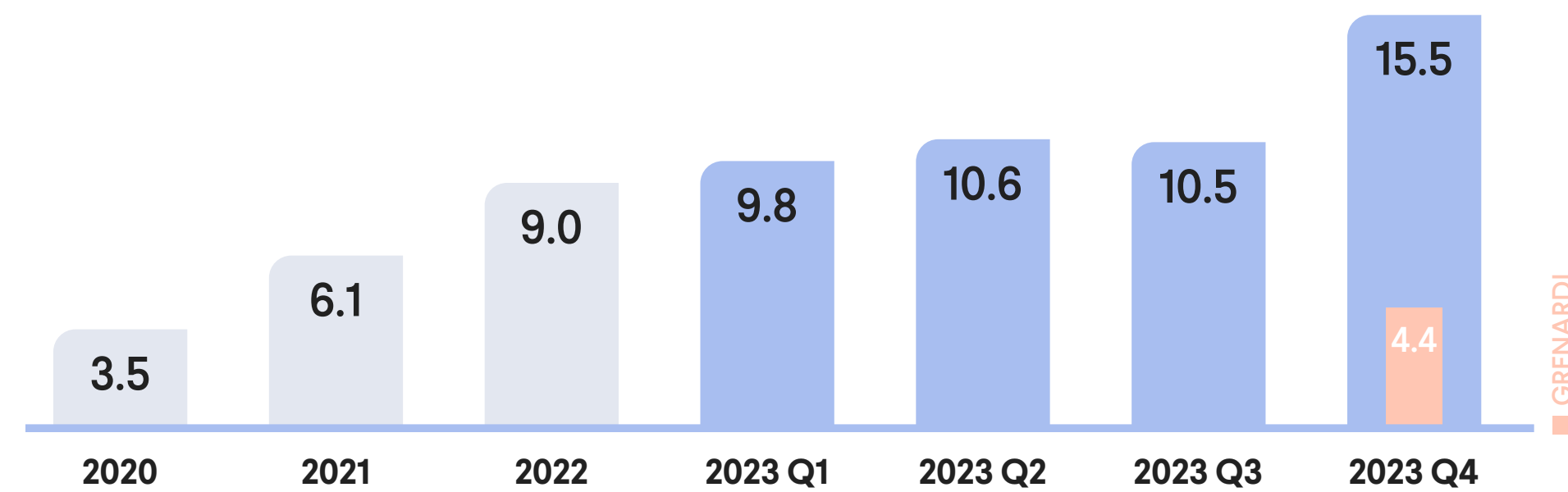
The retail turnover of the GRENARDI chain is included from December 1, 2023.

Inventory overview

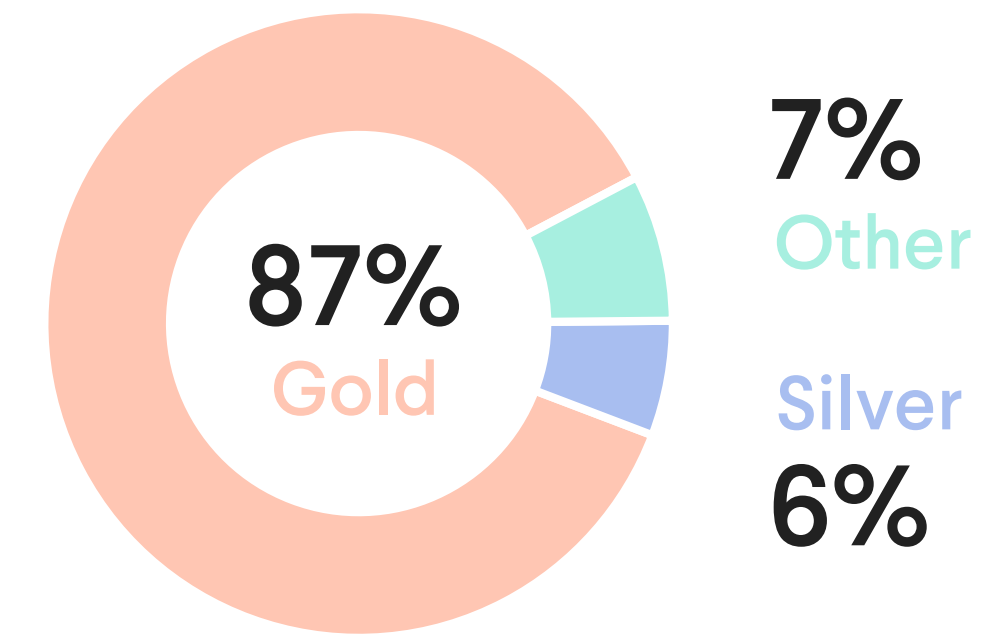
The Group's inventory value (€M) as at December 31, 2023



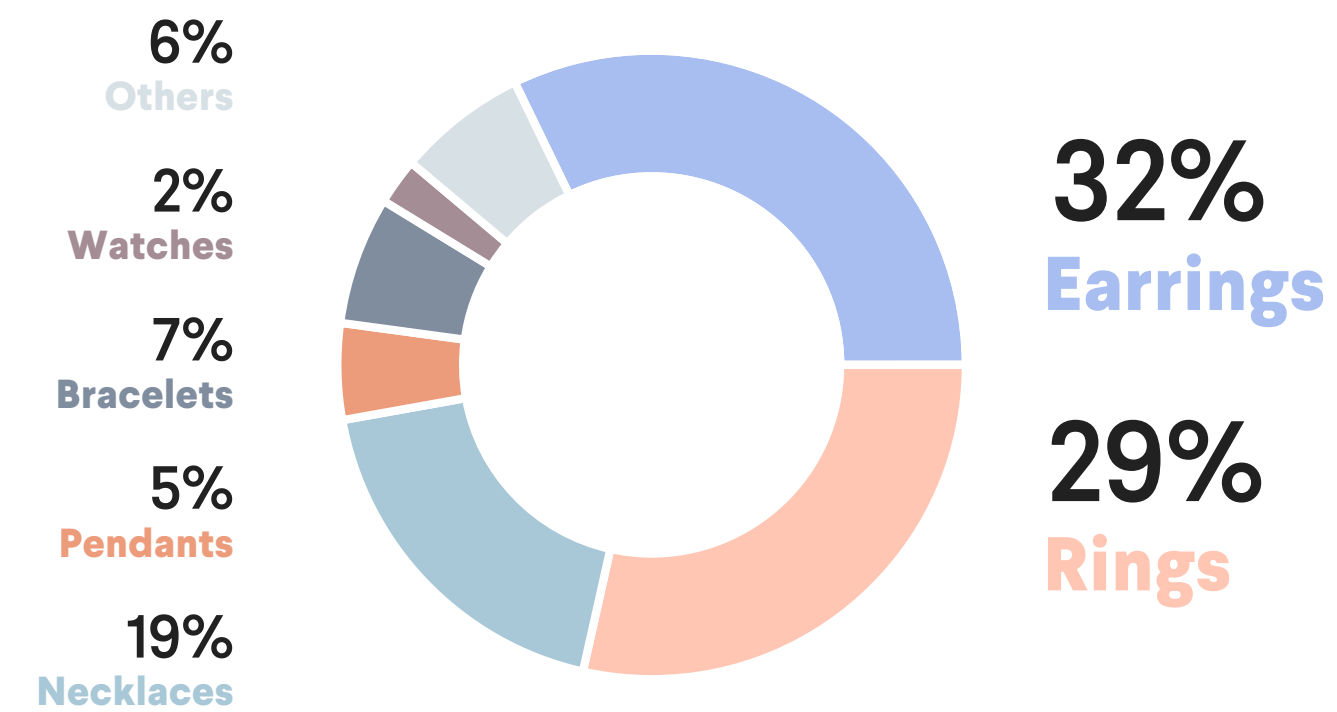
The Group's inventory (€M)



Inventory by key metals as at December 31, 2023



Inventory by type of products as at December 31, 2023



Consolidated Statement of Comprehensive Income

Income statement, €K	12m 2023 Adjusted pro forma	12m 2023 Unaudited	12m 2022 Audited	ΔYoY (%)
Revenue	23'221	18'011	12'837	40%
Cost of goods sold	10'436	7'719	5'435	42%
Gross profit	12'785	10'293	7'402	39%
Selling expenses	9'041	7'625	5'198	47%
Administrative expenses	2'590	1'942	1'533	27%
Other operating income	195	131	51	156%
Other operating expenses	148	105	91	16%
EBIT	1'199	751	632	19%
Interest income	36	0	1	-83%
Interest expense	1'229	1'104	669	65%
Income tax	-62	-94	-50	88%
Profit for the period	68	-259	13	-105%
EBITDA (adjusted)^{1,2}	3'656	2'864	2'193	31%

¹ A 12-month adjusted pro forma has been prepared to demonstrate the Group's result as if GRENARDI chain had been acquired on Jan 1, 2023. Adjustments include one-time write-offs or expenses to indicate the potential financial performance of the new Group.

² Strong 12m EBITDA and adjusted pro-forma EBITDA driven by the expansion of the retail chain, sales growth in the existing store network and the acquisition of GRENARDI.



Consolidated Statement of Financial Position

Statement of financial position, €K	31.12.2023 ¹	31.12.2022	Δ%
Intangible assets	7'670	795	864%
Fixed assets	2'777	1'972	41%
Right-of-use assets	6'511	3'952	65%
Total non-current assets	16'958	6'719	152%
Inventory	15'511	9'030	72%
Advance payments for goods	154	101	53%
Debitors	1'339	648	107%
Cash and cash equivalents	1'621	1'479	10%
Total current assets	18'625	11'257	65%
TOTAL ASSETS	35'582	17'976	98%

¹ Unaudited consolidated results in accordance with IFRS. The results include acquired GRENARDI chain as at Dec 31, 2023.

Consolidated Statement of Financial Position

Statement of financial position, €K	31.12.2023	31.12.2022	Δ%
Share capital	7'894	1'347	486%
Retained earnings	253	512	-51%
Total equity	8'147	1'859	338%
Subordinated debt	4'544	3'703	23%
Loans and Borrowings ²	3'917	5'100	-23%
Non-current lease liabilities	4'606	2'769	66%
Total non-current liabilities	13'067	11'572	13%
Loans and Borrowings ²	3'167	0	n/a
Accounts payable	3'398	1'735	96%
Current lease liabilities	2'289	1'369	67%
Taxes & other payables ³	5'514	1'440	283%
Total short-term liabilities	14'368	4'545	216%
TOTAL EQUITY & LIABILITIES	35'582	17'976	98%

¹ Unaudited consolidated results in accordance with IFRS. The results include acquired GRENARDI chain as at Dec 31, 2023.

² Loans and Borrowings include secured bonds of nominal value € 7.0M

³ Taxes & other payables include deferred payment for the acquisition of GRENARDI.

Consolidated Statement of Changes in Equity

Statement of financial position, €K	Share capital	Share premium	Retained earnings or uncovered losses	Total equity
	EUR	EUR	EUR	EUR
As at 31.12.2021	1'000	-	498	1'498
Share issue premium	-	347	-	347
Increase/ decrease in retained profit	-	-	13	13
As at 31.12.2022	1'000	347	512	1'859
Increase in share capital	6'200	-	-	6'200
Share issue premium	-	347	-	347
Increase/ decrease in retained profit	-	-	(259)	(259)
As at 31.12.2023	7'200	694	253	8'147

Consolidated Statement of Cash Flows

Statement of financial position, €K	31.12.2023	31.12.2022
Profit or loss before corporate income tax	-353	-37
Corrections:		
Corrections of decrease in value of fixed assets	2'050	1'527
Corrections of decrease in value of intangible assets	62	42
Profit or loss from fluctuations of foreign currency rates	-36	-14
Other revenue from interest and similar revenue	-4	-1
Corrections of reduction in value of long-term and short-term financial investments	8	87
Interest payments and similar costs	1'034	635
Profit or loss before corrections of influence of changes in balances of current assets and short-term creditors	2'762	2'239
Corrections:		
Increase or decrease in balances receivables	-471	277
Increase or decrease in balances of inventories	-2'096	-2'910
Increase or decrease in balances of payables	345	1'134
Cash flow from operating activities	540	740
Expenses for interest payments	-1'034	-635
Net cash flow from operating activities	-494	105

Consolidated Statement of Cash Flows

Statement of financial position, €K	31.12.2023	31.12.2022
Acquisition of stocks or shares of related undertakings, associated undertakings, or other undertakings	-6'264	0
Long term financial investment	32	-118
Acquisition of fixed assets and intangible assets	-701	-1'316
Revenue from sale of fixed assets and intangible investments	1	15
Interest received	3	1
Cash flows from investing activities	-6'928	-1'419
Income from stock and debenture issue or investments of capital participatory shares	6'547	0
Loans received and bonds issued	2'512	3'536
Repayment of loans	-166	-416
Payment of principal portion of lease liabilities	-1'363	-1'035
Cash flows from financing activities	7'529	2'085
Result of fluctuations of foreign currency exchange rates	36	14
Net cash flow of the reporting year	142	785
Balance of cash and its equivalents at the beginning of the reporting year	1'479	694
BALANCE OF CASH AND ITS EQUIVALENTS AT THE END OF THE REPORTING YEAR	1'621	1'479

Financial Metrics & Ratios

	12m 2023*	12m 2022	12m 2021
Same store sales growth, % ¹	12%	46%	29%
Online sales as % of retail sales	7%	6%	12%
Gross margin, %	57%	58%	54%
EBITDA, €K	2'862	2'193	1'650
EBITDA (adjusted), €K ²	2'862	2'193	1'132
EBITDA (adjusted) margin, % ²	16%	17%	17%

	31.12.2023	31.12.2022	31.12.2021
Capitalization ratio, % ³	36%	31%	36%
Interest coverage ratio ⁴	2.6	3.3	5.0
Inventory coverage ratio ⁵	2.3	1.9	2.0

* Reporting period 01.01.2023 – 31.12.2023

¹ Same store sales growth for 12m 2022 reflects the growth of OÜ GIVEN Estonia as significant Covid-19 related restrictions were in place in 2021 in Latvia. 12m 2023 same store sales include data only for the GIVEN chain.

² EBITDA margin impacted by higher admin and selling expenses due to rapid expansion of operations in Lithuania and Estonia. Adjusted EBITDA – EBITDA excluding Covid-19 grants for working capital.

Bond covenants:

³ Capitalization ratio equals adjusted Equity to consolidated assets of the Group calculated as at the end of the period. Adjusted equity means book value of the Group's equity and Subordinated debt.

⁴ Interest coverage ratio equals (ICR) equals EBITDA to Net Finance Charges for the last twelve months.

⁵ Inventory coverage ratio equals pledged inventory plus consolidated Cash and Cash Equivalents of the Group divided by the secured financial indebtedness.



ESG philosophy and strategy

We strive to establish a sustainable business model and **become a leading responsible jewellery** retailer in the Baltics.

At every level of our organization, we are committed to achieving **social and environmental sustainability**, including throughout our value chain. This requires us to analyze our impact and footprint, as well as to take action to become more responsible.

We believe that being responsible means recognizing our responsibility to communities and to the environment during the production of products we sell. We **strive to ensure** that our **products are sourced and made in a responsible manner**, taking into account social and environmental aspects such as human rights.

To us **responsible jewellery** means jewellery that is sourced and made without harming people, communities, or the environment during the mining and production processes. We verify this through certifications of good practice and traceability of our products.

We **define a sustainable business** as a business model with minimal negative impact and the potential for a positive effect on the environment, community, society, and economy. We are actively working to establish policies, guidelines, targets, and strategies to take meaningful action and track our progress towards our sustainability goals.

As a market leader in the Baltics, we recognize our responsibility to drive sustainability in our industry. We **aim to empower and educate our clients, creating demand for more responsible jewellery** and a sustainable retail business model.

Our strategic activities align with the UN SDGs for Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, and Partnerships for the Goals.

ESG philosophy and strategy

– we aim to be a responsible jewellery retail chain frontrunner in the Baltics

Circular durability

- Implement circularity principals, where possible
- Educate on sustainable maintenance
- Introduce alternative or lab grown materials

Traceability & knowledge

- Responsible and transparent supply chain
- Traceable materials
- Strengthening & sharing the knowledge

Empowering culture

- Good & safe workplace
- Diversity, Equity and Inclusion
- Learning and development

Reduced footprint

- Reduced emissions
- Improved energy efficiency
- Reusable & Durable packaging

Risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, liquidity risk, credit risk and capital risk.

Foreign currency risk

The Group's financial assets and liabilities, which are exposed to foreign currency risk, comprise cash and cash equivalents, trade receivables, trade payables, as well as current and non-current borrowings. The Group is mainly exposed to foreign currency risk of the US dollar (USD).

Interest rate risk

Interest rate risk arises from changes in interest rates that affect the Group's net profit and future cash flows. The Group's policy is to ensure that the majority of its borrowings are at a fixed rate.

Liquidity risk

Liquidity risk is related to the Group's ability to meet short-term and long-term liabilities in a timely manner. The Group manages its liquidity risk by arranging an adequate amount of capital in form of debt or equity, keeping adequate cash reserves, planning the repayment terms of trade receivables, and developing and analysing future cash flows.

Credit risk

The Group is exposed to credit risk through its trade receivables, issued current loans, as well as cash and cash equivalents. Receivables of the Group consist mainly of receivables from clients and guarantee deposits. The Group manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is minimised. The credit risk on cash and cash equivalents is limited because the counterparties are banks and payment systems. To spread the credit risk, the Group deposits its cash reserves with different banks.

Capital risk

The Group aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the Group. Capital risk is monitored via Capitalization Ratio, which is calculated as the Adjusted Equity to the Group's consolidated assets. The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus.

GRENARDI

G R O U P

Dēļu iela 2, Rīga / info@grenardi.group

www.grenardi.group