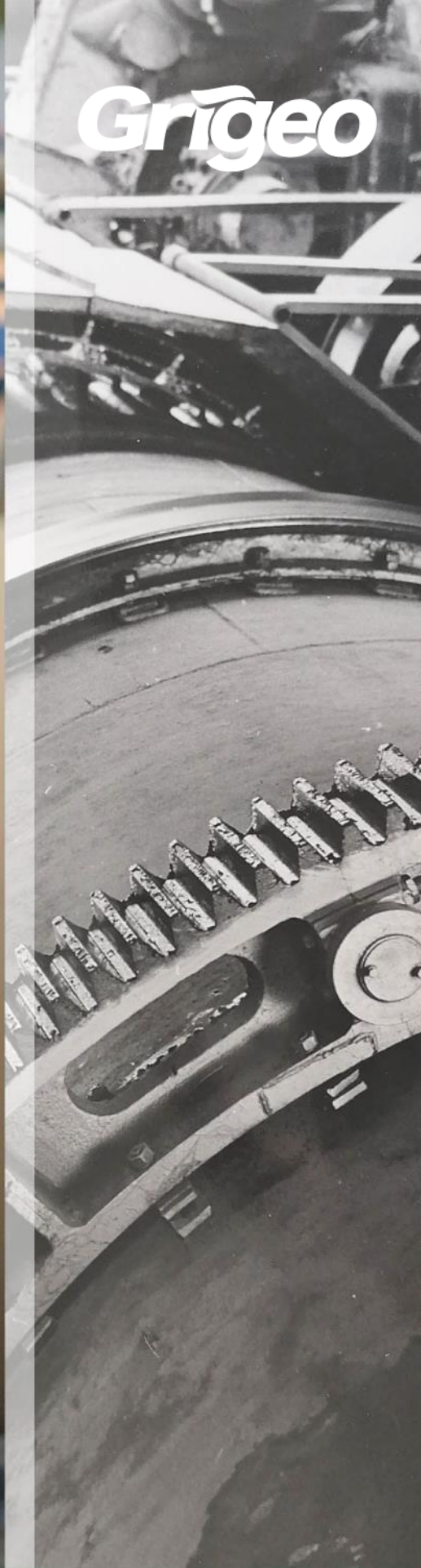




Grigeo



Grigeo AB

CONSOLIDATED INTERIM REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)

Translation note:

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

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CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania, and the Rules on the Disclosure of Information by the Bank of Lithuania, we, president Gintautas Pangonis and finance director Martynas Nenėnas hereby confirm that, to the best of our knowledge, unaudited interim consolidated financial statements of Grigeo AB for the nine months period ended 30 September 2021, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or loss and cash flows of Grigeo AB and the Group, and also that the unaudited interim consolidated report shows fair business environment as well as description of the company's performance.

President of Grigeo AB

Gintautas Pangonis

Finance director of Grigeo AB

Martynas Nenėnas

MANAGEMENT REPORT

A. Executive summary for 9 months of 2021

Over 9 months of 2021, compared to the respective period of previous year:

- The Group's revenue increased by EUR 21.0 million (21.6%), the Company's – increased by EUR 0.9 million (1.9%).
- The Group's EBITDA increased by EUR 1.4 million (7.7%), the Company's – lower by EUR 4.7 million (45.0%).
- The Group's EBT increased by EUR 2.6 million (28.9%), the Company's – lower by EUR 2.6 million (40.3%).

Indicator, EUR million	Group			Company		
	2021	2020	Change	2021	2020	Change
Revenue	117.8	96.8	21.6%	48.8	47.8	1.9%
EBITDA	19.2	17.9	7.7%	5.8	10.5	-45.0%
Profit before tax (EBT)	11.7	9.1	28.9%	3.8	6.4	-40.3%

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

The management of the Group believes that in the existing circumstances they are taking all necessary measures to ensure sustainability of the Group's business. Although the continuing impact of the unstable business environment is currently hard to assess, the management believes that it will have no significant negative impact on the Group's results.

The Group's revenue, gross profit, and gross margin over 9 months of respective years*:

Indicator, EUR million	Tissue paper and paper products		Wood fibre boards		Raw materials for corrugated cardboard and related products		Unallocated		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	44.6	44.3	15.3	12.9	56.0	38.2	1.8	1.4	117.8	96.8
Gross profit	8.4	12.1	3.7	2.4	14.0	8.1	0.3	0.2	26.3	22.8
Gross margin of the segment	18.9%	27.2%	23.9%	18.4%	25.0%	21.4%	13.8%	17.4%	22.3%	23.6%

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

Tissue paper products market. Over 9 months of 2021 the revenue from tissue paper segment reached EUR 44.6 million and, when compared to respective period of previous year, increased by 0.6%. The gross profit of the segment amounted to EUR 8.4 million – 30.3% lower if compared to respective period of previous year. Respectively, the gross margin of the segment decreased from 27.2% to 18.9%. The reasons of the decrease are significant increases in the prices of energy and raw materials, as well as pandemic-driven quarantine restrictions in Horeca sector, resulting in less paper usage while providing catering and accommodation services.

Wood products market. Over 9 months of 2021 the revenues of the segment reached EUR 15.3 million – 18.5% more, when compared to respective period of previous year. Gross profit of the segment reached EUR 3.7 million and was 53.7% higher when compared to respective period of previous year. The gross margin has increased significantly from 18.4% to 23.9%. The main reason of the increase in the margin was increase in market price of fibre boards.

Raw materials for corrugated cardboard and related products market. The revenues of this segment reached EUR 56.0 million over 9 months of 2021 and were higher by 46.8% when compared to respective period of previous year due to increased sales volumes. The gross profit of the segment reached EUR 14.0 million and was higher by 71.7%. Respectively, the gross margin of the segment increased from 21.4% to 25.0%. The main reason driving the segment growth is an increased demand in raw cardboard and corrugated cardboard packaging market.

The Group's and Company's liquidity, capital structure and market value indicators remain at high level in the light of COVID-19 pandemic.

Indicator	Group			Company		
	9 months 2021	9 months 2020	9 months 2019	9 months 2021	9 months 2020	9 months 2019
Revenue, EUR million	117.8	96.8	106.3	48.8	47.8	49.3
Net profit, EUR million	10.1	7.4	10.6	3.5	5.4	16.8
EBITDA, EUR million	19.2	17.9	20.1	5.8	10.5	7.8
EBIT, EUR million	11.9	9.2	11.8	3.9	6.5	4.0
Profitability ratios						
Gross margin	22.3%	23.6%	21.9%	16.6%	25.0%	18.1%
EBITDA profitability	16.3%	18.5%	18.9%	11.8%	21.9%	15.8%
EBIT profitability	10.1%	9.5%	11.1%	8.0%	13.6%	8.2%
Net margin	8.5%	7.7%	9.9%	7.3%	11.2%	34.2%
ROE profitability	11.0%	8.9%	15.2%	6.0%	9.5%	37.7%
ROA profitability	8.0%	6.2%	8.9%	4.7%	7.2%	23.4%
ROCE profitability	12.2%	9.6%	13.7%	6.6%	10.1%	7.0%
Liquidity ratios						
Current ratio	1.63	1.56	1.38	1.23	1.63	1.26
Quick ratio	1.24	1.23	1.04	0.91	1.33	0.98
Capital structure ratios						
Debt to equity ratio	0.37	0.38	0.63	0.29	0.28	0.42
Debt to total assets ratio	0.27	0.27	0.39	0.22	0.22	0.30
Market value ratios						
P/E	12.63	11.12	8.17	35.77	15.33	5.09
Earnings per share*, EUR	0.076	0.056	0.080	0.027	0.041	0.128

*Ratios are adjusted for year 2020 and 2019 following the Company's authorised share capital increase on 19 May 2021 out of the Company's retained earnings (Note 16).

B. Main data about the issuer

Company	Data
Company name	Grigeo AB
Code	110012450
Authorised capital (Note 10)	EUR 38,106,000
LEI	529900YXT3CDTZGS0R43
Address	Vilniaus str. 10, Grigiškės, Vilnius City Municipality
Telephone number	+370 5 243 5801
Fax number	+370 5 243 5802
E-mail address	info@grigeo.lt
Website address	http://www.grigeo.lt/lt
Legal form	Public limited liability company
Date of registration	23 May 1991
Manager of the register	State enterprise Centre of Registers

C. Audit information

The interim consolidated information of the Company covering 9 months of 2021 is not audited or checked-up by auditors.

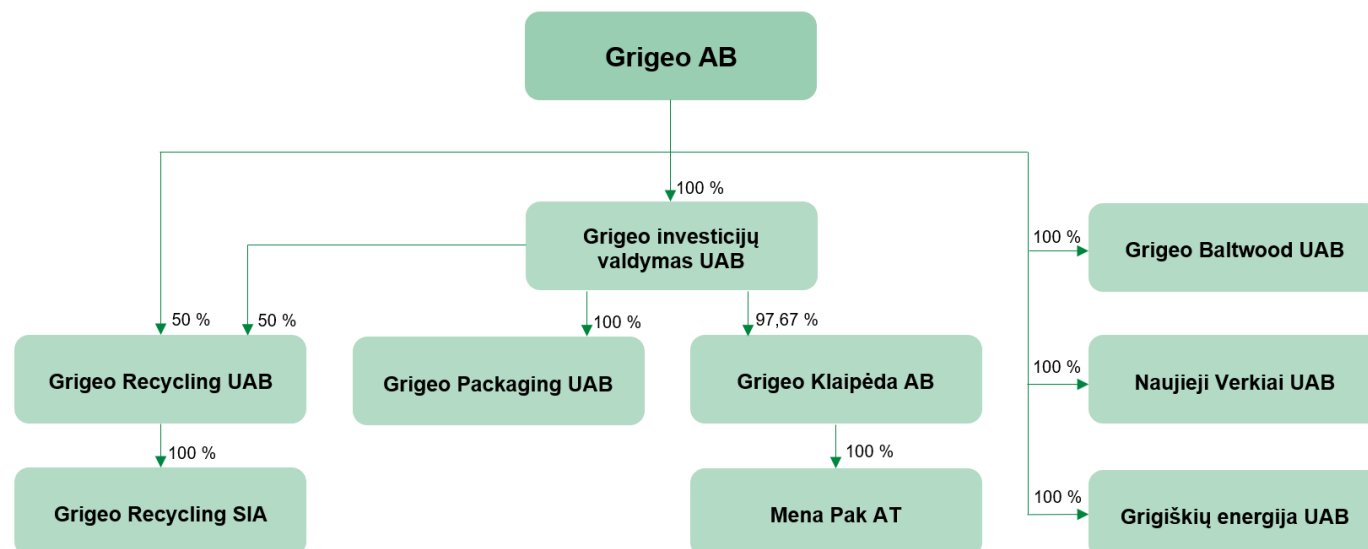
D. Contracts with intermediaries of public trading in securities and credit institutions

The Company has signed a contract with Šiaulių Bankas AB (telephone No 1813 (+370 37 301337 for calls from abroad), kc@sb.lt) on payment of dividends to the shareholders for the previous financial year.

The Company has signed a contract with Orion Securities UAB FMĮ (A. Tumėno str. 4, Vilnius, telephone No (8~5) 231 3833, info@orion.lt) on the handling of securities issued by the Company and on Market Making.

E. Group companies and their contact details

On 30 September 2021, the group comprised the Company (Grigeo AB) and nine subsidiaries as specified below.



The contact details of the Company and subsidiaries did not change from those stated in [2020 annual report](#).

F. Nature of core activities of the group companies

The main business of Grigeo AB is manufacturing of tissue paper.

Grigeo Klaipėda AB manufactures raw materials for production of corrugated board – Testliner (base layer board) and Fluting (corrugated liner) as well as paper honeycomb used in furniture industry.

Grigeo Packaging UAB manufactures corrugated board and corrugated board products.

Grigeo Baltwood UAB manufactures self-coloured and painted hardboard.

Grigeo Recycling UAB collects secondary raw materials and prepares for recycling.

Grigeo Recycling SIA collects secondary raw materials and prepares for recycling.

Mena Pak AT (in Ukrainian – акціонерне товариство „МЕНА ПАК“) manufactures corrugated board and corrugated board products.

Grigeo investicijų valdymas UAB is engaged in investment management activities.

Naujieji Verkiai UAB is engaged in construction and development of real estate, the company was dormant during the reporting period.

The activities of Grigiškių energija UAB are related to heat production and sale, the company was dormant during the reporting period.

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

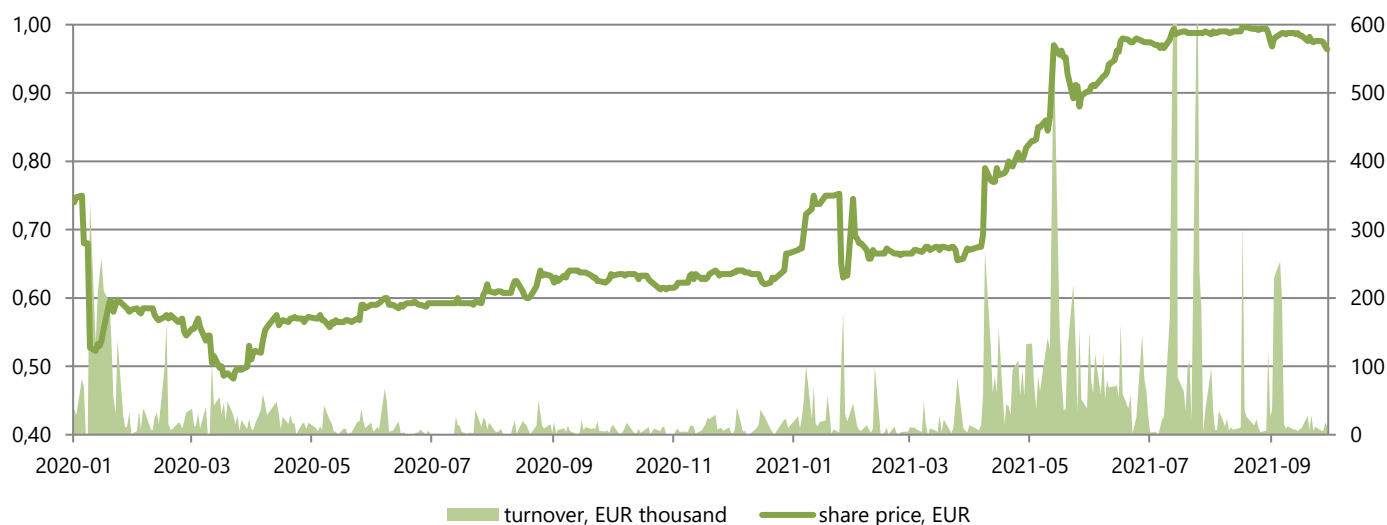
The ordinary registered shares of Grigeo AB are on the Official Baltic List of Nasdaq Vilnius stock exchange (the Company’s trading code is GRG1L).

The main characteristics of the Company’s shares:

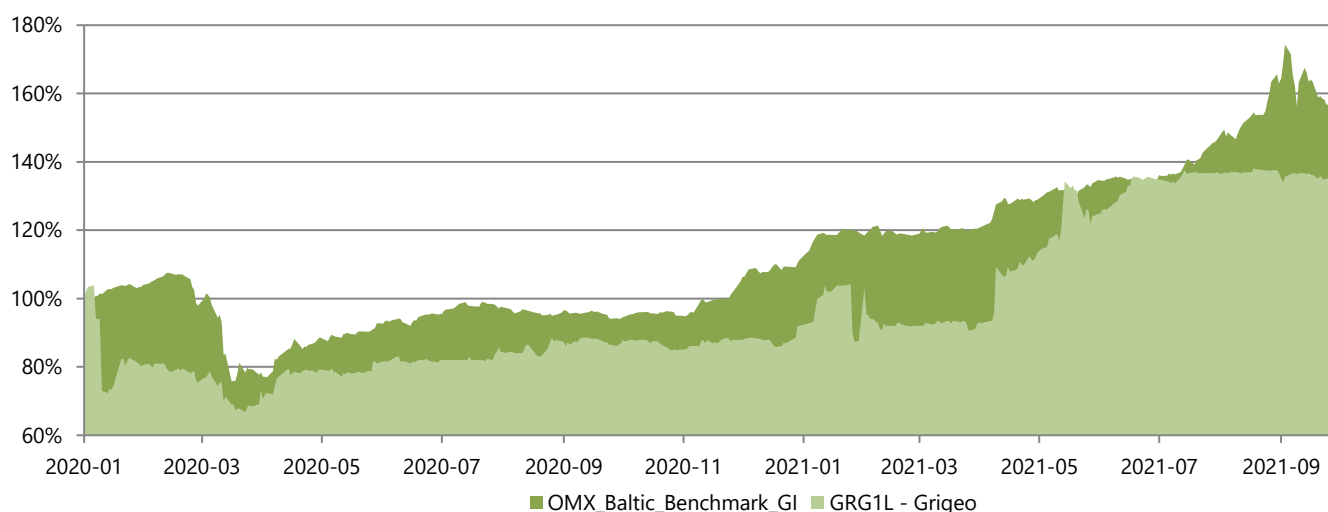
Date	Type of shares	VP ISIN code	Number of shares, units	Par value, EUR	Total par value, EUR
Until 18/05/2021	Ordinary registered shares	LT0000102030	65,700,000	0.29	19,053,000
From 19/05/2021	Ordinary registered shares	LT0000102030	131,400,000	0.29	38,106,000

Based on the decision of the Annual General Meeting of Shareholders that was held on 30 April 2021, the Company’s authorised share capital was increased on 19 May 2021 out of the Company’s retained earnings from EUR 19,053 thousand to EUR 38,106 thousand by issuing 65,700,000 ordinary registered shares with a nominal value of EUR 0.29.

Price and turnover of shares 01/01/2020 – 30/09/2021:



Share price benchmarked against the Baltic market index 01/01/2020 – 30/09/2021:


H. Shareholders

Shareholders owning more than 5% of the authorised capital of the Issuer on the 30 of September 2021 and/or the 31 of December 2020.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2021			31 December 2020		
	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %	Number of ordinary registered shares owned by the shareholder	Interest in the authorised capital, %	Votes granted by shares held by the right of ownership, %
Ginvildos investicija UAB* Turniškių str. 10a-2, Vilnius, 125436533	60,809,151	46.28	46.28	28,582,407	43.50	43.50
Irena Ona Mišeikienė	17,168,342	13.07	13.07	8,584,171	13.07	13.07

*Gintautas Pangonis owns 100% of the shares of Ginvildos investicija UAB.

I. Employees

Over the nine months of the year 2021 there were no significant changes in the number of employees. Natural staff turnover rates prevailed in Group companies for the reported period.

Number of employees in the Group and in the Company.

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Number of employees	845	859	274	288

The average salary in the Company and in the Group increased for all categories of employees as compared to the nine months of the year 2020. The growth of the average salary was mostly driven by the consistent salary increase policy and recruitment of workers with higher competences.

Average salary in the Group and in the Company*, in euros.

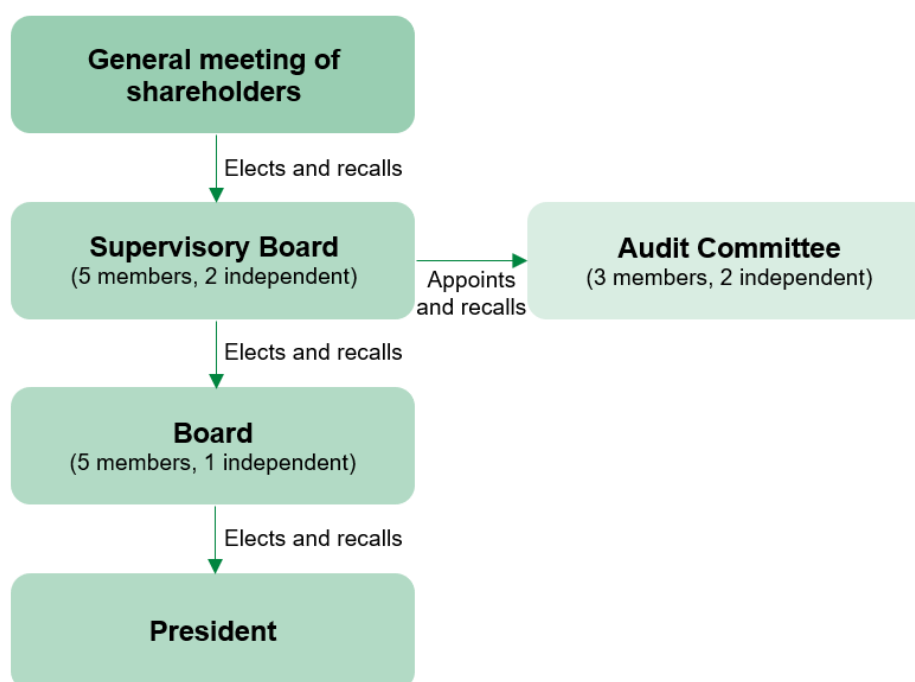
Employees	Group		Company	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020
Workpeople	1,788	1,659	1,828	1,805
Specialists	2,123	1,996	2,168	2,071
Managers**	4,734	4,560	5,847	5,287
Total	2,208	2,043	2,371	2,254

* - information on the average salary does not include Mena Pak AT data in order to show the precise group average salaries unaffected by fluctuations of Ukrainian Hryvnia currency.

**The increase in average salary of managers is primarily related with payments of variable pay to board members instead of share of profits (tantième) that were paid in 2020.

J. Information on the management and supervisory bodies of the issuer

According to the Company's Articles of Association, the Company's bodies are the General Meeting of Shareholders, the collegial supervisory body is the Supervisory Board, the collegial management body is the Board, and the Company's Manager is the President. The Audit Committee is formed, which is the advisory body to the Company's Supervisory Board.



Members of the supervisory council, audit committee, the board, the head of the Company, their education and share of capital and voting rights.

Name, surname	Position	Education	Tenure	Capital share and votes, %
Supervisory Board				
Norimantas Stankevičius	Chairman	Vilnius University, Physicist	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	4.42
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		-
Romualdas Degutis	Member	Kaunas University of Technology, Telecommunications Engineer		0.03
Normantas Paliokas	Member	Vilnius Gediminas Technical University, Architect		-
Daiva Duksienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Duksienė	Chairwoman (independent member)	Vilnius University, Economist	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.42
Vilius Oškeliūnas	Independent Member	Vilnius University, BA and MA in Economics		-
Board				
Gintautas Pangonis	Chairman	Kaunas University of Technology, Telecommunications Engineer	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	Indirectly 46.28*
Algimantas Variakojis	Independent Member (since 13/07/2020)	Vilnius University, Economist		0.16**
Vigmantas Kažukauskas	Member	Kaunas University of Technology, Telecommunications Engineer		0.85
Saulius Martinkevičius	Member	Vilnius University, BA in Economics and Business IT Systems, MA in Business Administration and Management		0.15
Tomas Jozonis	Member	ISM University of Management and Economics, BA in Management and Business Administration; Vilnius University, MA in Business		-
Manager of the Company				
Gintautas Pangonis	President	Kaunas University of Technology, Telecommunications Engineer	-	Indirectly 46.28*

*Ginvildos investicija UAB holds 46.28% of the Company's shares. 100% of shares of Ginvildos investicija UAB are held by Gintautas Pangonis.

**Board member holds 0.13% directly and 0.03% through 100% owned company Alro kapitalas UAB.

K. Information about compliance with governance code

Grigeo AB follows a Corporate Governance Code for the Companies Listed on Nasdaq Vilnius. Information presented in the [Annual Report of 2020](#) has not undergone any changes.

L. Related party transactions

All transactions with related parties were carried out at market prices in course of ordinary economic activities.

Grigeo Klaipėda AB – subsidiary of Grigeo AB.

Grigeo Baltwood UAB – subsidiary of Grigeo AB.

Mena Pak AT – subsidiary of Grigeo AB.

Grigeo investicijų valdymas UAB – subsidiary of Grigeo AB.

Ginvildos investicija UAB – major shareholders of Grigeo AB.

Statybų namai UAB, Elnorma UAB – companies related to the members of Supervisory Council.

Grigeo Packaging UAB – subsidiary of Grigeo AB.

Naujieji Verkiiai UAB – subsidiary of the group not subject to consolidation.

Grigeo Recycling UAB – subsidiary of Grigeo AB.

Grigeo Recycling SIA – subsidiary of Grigeo AB.

Grigiškių energija UAB – subsidiary of the group not subject to consolidation.

Company's transactions with related parties over the 9 months of 2021 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 30 September 2021.

Group	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	12	-	2
Other related companies	1	-	-	-
TOTAL	1	12	-	2

Company's transactions with related parties over the 9 months of 2021 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 30 September 2021.

Company	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	8	-	-
Subsidiaries	3,759	5,762	811	762
Other related companies	-	-	-	-
TOTAL	3,759	5,770	811	762

*Receivables include prepayments for goods and services.

INTERIM FINANCIAL STATEMENTS

Statements of financial position

	Notes	Group		Company	
		2021.09.30	2020.12.31	2021.09.30	2020.12.31
ASSETS					
Non-current assets					
Property, plant and equipment	2	68,713	70,629	27,042	28,613
Right-of-use assets	3	3,882	4,129	1,581	1,833
Intangible assets	5	3,525	3,624	370	430
Investment property	4	3,988	1,979	3,988	1,979
Investments in subsidiaries	6	-	-	23,051	23,051
Other amounts receivable	7	3	3	-	-
Deferred income tax assets		-	-	-	-
Total non-current assets		80,111	80,364	56,032	55,906
Current assets					
Inventories	9	10,869	9,133	4,461	3,996
Trade and other amounts receivable	7	21,669	15,127	10,127	7,367
Other current assets		728	282	182	166
Cash and cash equivalents	8	12,756	18,275	2,274	10,453
Total current assets		46,022	42,817	17,044	21,982
TOTAL ASSETS		126,133	123,181	73,076	77,888

(Cont'd on the next page)

Statements of financial position (continued)

	Notes	Group		Company	
		2021.09.30	2020.12.31	2021.09.30	2020.12.31
EQUITY AND LIABILITIES					
Equity					
Share capital	10	38,106	19,053	38,106	19,053
Share premium		1,119	1,119	1,119	1,119
Legal reserve	10	1,905	1,905	1,905	1,905
Hedging reserve		-	11	-	(4)
Foreign currency translation reserve		(2,162)	(2,407)	-	-
Retained earnings		52,387	69,278	15,584	38,980
Equity attributable to shareholders of the Company		91,355	88,959	56,714	61,053
Non-controlling interest		685	596	-	-
Total equity		92,040	89,555	56,714	61,053
Liabilities					
Non-current liabilities					
Borrowings	11	408	1,226	-	556
Lease liabilities		3,162	3,287	1,318	1,554
Grants		991	1,147	850	970
Deferred income tax liability		790	77	229	187
Long-term employee benefits		181	191	70	86
Other amounts payable		282	282	-	-
Total non-current liabilities		5,814	6,210	2,467	3,353
Current liabilities					
Borrowings	11	2,057	6,404	889	2,281
Lease liabilities		282	387	305	310
Income tax payable		222	572	216	352
Trade and other amounts payable	12	25,718	20,048	12,485	10,535
Fair value of financial instruments		-	5	-	4
Total current liabilities		28,279	27,416	13,895	13,482
Total liabilities		34,093	33,626	16,362	16,835
TOTAL EQUITY AND LIABILITIES		126,133	123,181	73,076	77,888

Statements of comprehensive income

	Notes	Group		Company	
		9 months 2021	9 months 2020	9 months 2021	9 months 2020
Revenue	13	117,762	96,805	48,758	47,844
Cost of sales		(91,448)	(73,962)	(40,686)	(35,895)
Gross profit		26,314	22,843	8,072	11,949
Selling and distribution expenses		(8,709)	(8,846)	(3,519)	(3,635)
Administrative expenses		(6,151)	(5,680)	(2,441)	(2,409)
Other income	14	306	288	1,814	246
Other gains/(losses) – net	15	144	626	(11)	373
Operating profit		11,904	9,231	3,915	6,524
Finance income		26	72	4	3
Finance costs		(214)	(228)	(75)	(91)
Finance income/(costs) – net		(188)	(156)	(71)	(88)
Profit before income tax		11,716	9,075	3,844	6,436
Income tax		(1,581)	(1,694)	(303)	(1,059)
PROFIT FOR THE PERIOD		10,135	7,381	3,541	5,377
Profit for the period is attributable to:					
Shareholders of the Company		10,046	7,417	3,541	5,377
Non-controlling interest		89	(36)	-	-
Other comprehensive income/(expenses)					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		245	(558)	-	-
Cash flow hedges – effective portion of changes in fair value		(11)	22	4	7
Total items that may be reclassified subsequently to profit or loss		234	(536)	4	7
Other comprehensive income/(expenses) for the period		234	(536)	4	7
Total comprehensive income for the period		10,369	6,845	3,545	5,384
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		10,280	6,881	3,545	5,384
Non-controlling interest		89	(36)	-	-
Basic and diluted earnings per share (in EUR)	16	0.076	0.056	0.027	0.041

Statements of changes in equity

Group	Equity attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Share premium	Legal reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2020	19,053	1,119	1,905	(17)	(1,795)	55,986	76,251	619	76,870
Profit for the year	-	-	-	-	-	13,292	13,292	(23)	13,269
Other comprehensive income	-	-	-	28	(612)	-	(584)	-	(584)
Total comprehensive income for the period	-	-	-	28	(612)	13,292	12,708	(23)	12,685
At 31 December 2020	19,053	1,119	1,905	11	(2,407)	69,278	88,959	596	89,555
Profit for the period	-	-	-	-	-	10,046	10,046	89	10,135
Other comprehensive income/(expenses)	-	-	-	(11)	245	-	234	-	234
Total comprehensive income/(expenses) for the period	-	-	-	(11)	245	10,046	10,280	89	10,369
Approved dividends	-	-	-	-	-	(7,884)	(7,884)	-	(7,884)
Share capital increase	19,053	-	-	-	-	(19,053)	-	-	-
Transactions with the Company's owners	19,053					(26,937)	(7,884)	-	(7,884)
At 30 September 2021	38,106	1,119	1,905	-	(2,162)	52,387	91,355	685	92,040

Company	Share capital	Share premium	Legal reserve	Hedging reserve	Retained earnings	Total equity
At 1 January 2020	19,053	1,119	1,905	(12)	30,002	52,067
Profit for the year	-	-	-	-	8,978	8,978
Other comprehensive income	-	-	-	8	-	8
Total comprehensive income for the period	-	-	-	8	8,978	8,986
Approved dividends	-	-	-	-	-	-
Transactions with the Company's owners	-	-	-	-	-	-
At 31 December 2020	19,053	1,119	1,905	(4)	38,980	61,053
Profit for the period	-	-	-	-	3,541	3,541
Other comprehensive income	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	4	3,541	3,545
Approved dividends	-	-	-	-	(7,884)	(7,884)
Share capital increase	19,053	-	-	-	(19,053)	-
Transactions with the Company's owners	19,053	-	-	-	(26,937)	(7,884)
At 30 September 2021	38,106	1,119	1,905	-	15,584	56,714

Statements of cash flows

	Notes	Group		Company	
		9 months 2021	9 months 2020	9 months 2021	9 months 2020
Cash flows from operating activities					
Profit before income tax		11,716	9,075	3,845	6,436
Adjustments for non-cash items					
Depreciation and amortisation		7,341	8,636	3,344	3,942
Dividends received		-	-	(1,500)	-
Interest expenses from borrowings and lease		154	229	71	85
(Income)/expenses from other financial activities – net		35	(72)	(2)	2
Gain on disposal of property, plant and equipment		(211)	(57)	-	(34)
		19,035	17,811	5,758	10,431
Changes in working capital					
Decrease/(increase) in trade and other amounts receivable		(6,542)	94	(2,760)	(121)
(Increase)/decrease in inventories		(1,736)	1,810	(465)	549
(Increase)/decrease in other assets		(446)	(201)	(16)	31
Increase/(decrease) in trade and other amounts payable		6,133	(3,011)	2,415	(1,267)
		(2,591)	(1,308)	(826)	(808)
Interest paid		(108)	(184)	(40)	(54)
Income tax paid		(736)	(293)	(334)	-
Net cash inflow from operating activities		15,600	16,026	4,558	9,569
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	2 / 5	(6,729)	(3,605)	(2,836)	(1,332)
Acquisition of investment property	4	(1,531)	(14)	(1,531)	(14)
Disposal of property, plant and equipment	2	282	120	-	83
Grants and subsidies received		-	794	-	322
Reduction of the share capital of the subsidiary		-	-	-	1,062
Dividends received		-	-	1,500	-
Net cash inflow/(outflow) from investing activities		(7,978)	(2,705)	(2,867)	121
Cash flows from financing activities					
Dividends paid		(7,724)	(8)	(7,721)	(8)
Repayment of borrowings		(5,165)	(6,901)	(1,947)	(2,622)
Proceeds from borrowings		-	-	-	-
Lease payments		(252)	(23)	(202)	(187)
Net cash (outflow) from financing activities		(13,141)	(6,932)	(9,870)	(2,817)
Net increase/(decrease) in cash flows		(5,519)	6,389	(8,179)	6,873
Cash and cash equivalents at the beginning of the period		18,275	8,649	10,453	1,581
Cash and cash equivalents at the end of the period		12,756	15,038	2,274	8,454

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group and the Company for the nine months ended 30 September 2021 are prepared in accordance with IAS 34 Interim Financial Reporting

These financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and should be read in conjunction with the Group's and Company's interim financial statements for the period ended 30 September 2020 as well as last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted in the preparation of these interim financial statements are consistent with those described in the audited annual financial statements of the Group and Company for the financial year ended 31 December 2020.

These financial statements of the Group and the Company for the 9-month period ended 30 September 2021 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.

Accounting estimates and assessments

The preparation of the Group's and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgements are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Group's and Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements for the year ended 31 December 2020.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. In assessing the remaining useful life of property, plant and equipment, the management considers conclusions presented by the employees responsible for technical maintenance of assets.

Impairment of goodwill

Goodwill is tested for impairment annually by calculating the recoverable value. The recoverable value of goodwill is calculated by discounting future cash flows to their present value. The management tested goodwill of EUR 3,001 thousand, which was recognised upon the acquisition of subsidiary Grigeo Klaipėda AB, for impairment and did not establish any indications of impairment.

Legal processes

Subsidiary Grigeo Klaipėda AB has received a claim in relation to indemnification for damage to the environment. Based on the management's estimate, the outcome of the claim involves a high degree of uncertainty. More information is presented in [Note 29 of year 2020 financial statements](#).

2. Property, plant and equipment

Group	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction in progress and prepayments	Total
At 1 January 2020						
Cost	47,326	112,333	2,337	2,535	2,344	166,875
Accumulated depreciation	(17,716)	(73,304)	(1,466)	(1,402)	-	(93,888)
Net book amount	29,610	39,029	871	1,133	2,344	72,987
Opening net book amount at 1 January 2020						
Additions	21	278	259	282	7,889	8,729
Disposals and write-offs	(1)	(23)	(39)	(3)	-	(66)
Transfer from inventory	-	18	-	-	-	18
Transfer from construction in progress to property, plant and equipment	472	1,930	13	181	(2,596)	-
Reclassification to investment property	(61)	-	-	-	(2)	(63)
Reclassification between categories	-	249	85	(334)	-	-
Foreign exchange effect	(42)	(155)	(2)	(1)	(22)	(222)
Depreciation charge	(2,444)	(7,707)	(288)	(315)	-	(10,754)
Closing net book amount at 31 December 2020	27,555	33,619	899	943	7,613	70,629
At 31 December 2020						
Cost	46,988	112,980	2,378	2,454	7,613	172,413
Accumulated depreciation	(19,433)	(79,361)	(1,479)	(1,511)	-	(101,784)
Net book amount	27,555	33,619	899	943	7,613	70,629
Opening net book amount at 1 January 2021						
Additions	29	468	169	139	4,812	5,617
Disposals and write-offs	-	(66)	(4)	-	-	(70)
Transfer from construction in progress to property, plant and equipment	126	6,371	-	33	(6,530)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Reclassification between categories	-	15	-	(15)	-	-
Foreign exchange effect	19	57	-	-	11	87
Depreciation charge	(1,690)	(4,765)	(206)	(265)	-	(6,926)
Closing net book amount at 30 September 2021	25,421	35,690	858	838	5,906	68,713
At 30 September 2021						
Cost	46,352	117,992	2,486	2,548	5,906	175,284
Accumulated depreciation	(20,931)	(82,302)	(1,628)	(1,710)	-	(106,571)
Net book amount	25,421	35,690	858	838	5,906	68,713

All of the Group's property, plant and equipment are held for its own use. On the 30 September 2021, the part of the Group's property, plant and equipment with a carrying value of EUR 45,452 thousand (31 December 2020 – EUR 50,139 thousand) is pledged as a security for repayment of the loans granted by banks.

2. Property, plant and equipment (continued)

Company	Buildings and structures	Machinery and equipment	Motor vehicles	Other assets	Construction in progress and prepayments	Total
At 1 January 2020						
Cost	17,475	55,162	587	1,042	532	74,799
Accumulated depreciation	(5,947)	(39,674)	(321)	(714)	-	(46,656)
Net book amount	11,528	15,488	266	328	532	28,143
Opening net book amount at 1 January 2020						
Additions	-	49	187	98	4,613	4,947
Disposals and write-offs	-	(18)	(30)	(3)	-	(51)
Transfer from/(to) inventories	-	18	-	-	-	18
Transfer from construction in progress to property, plant and equipment	142	71	13	118	(344)	-
Reclassification to investment property	(61)	-	-	-	(2)	(63)
Depreciation charge	(910)	(3,240)	(82)	(148)	-	(4,380)
Closing net book amount at 31 December 2020	10,699	12,368	354	393	4,799	28,613
At 31 December 2020						
Cost	16,964	54,035	708	1,086	4,799	77,592
Accumulated depreciation	(6,265)	(41,667)	(354)	(693)	-	(48,979)
Net book amount	10,699	12,368	354	393	4,799	28,613
Opening net book amount at 1 January 2021						
Additions	7	14	-	57	1,992	2,070
Reclassification between categories	-	15	-	(15)	-	-
Transfer from construction in progress to property, plant and equipment	125	4,060	-	9	(4,194)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Depreciation charge	(656)	(2,179)	(64)	(118)	-	(3,017)
Closing net book amount at 30 September 2021	9,557	14,269	290	329	2,597	27,042
At 30 September 2021						
Cost	16,353	58,099	708	1,122	2,597	78,879
Accumulated depreciation	(6,796)	(43,830)	(418)	(793)	-	(51,837)
Net book amount	9,557	14,269	290	329	2,597	27,042

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

On the 30 September 2021, the part of the Company's property, plant and equipment with a carrying value of EUR 14,881 thousand (31 December 2020 – EUR 16,927 thousand) is pledged as a security for repayment of the loans granted by banks.

3. Right-of-use assets

Group	Land	Buildings and structures	Machinery and equipment	Total
At 1 January 2020				
Cost	3,695	-	-	3,695
Accumulated depreciation	(408)	-	-	(408)
Net book amount	3,287	-	-	3,287
Opening net book amount at 1 January 2020	3,287	-	-	3,287
Change in value-in-use	260	242	765	1,267
Foreign exchange effect	(6)	-	-	(6)
Amortisation charge	(65)	(110)	(244)	(419)
Closing net book amount at 31 December 2020	3,476	132	521	4,129
At 31 December 2020				
Cost	3,945	242	765	4,952
Accumulated depreciation	(469)	(110)	(244)	(823)
Net book amount	3,476	132	521	4,129
Opening net book amount at 1 January 2021	3,476	132	521	4,129
Change in value-in-use	-	-	105	105
Foreign exchange effect	2	-	-	2
Disposals and write-offs	-	-	(39)	(39)
Amortisation charge	(47)	(82)	(186)	(315)
Closing net book amount at 30 September 2021	3,431	50	401	3,882
At 30 September 2021				
Cost	3,948	242	797	4,987
Accumulated depreciation	(517)	(192)	(396)	(1,105)
Net book amount	3,431	50	401	3,882

As at 30 September 2021, the part of the Group's land lease rights with the carrying amount of EUR 1,902 thousand (31 December 2020: EUR 2,022 thousand) were pledged to the banks as security for borrowings.

3. Right-of-use assets (continued)

Company	Land lease rights	Buildings and structures	Machinery and equipment	Total
At 1 January 2020				
Cost	821	461	-	1,282
Accumulated depreciation	(13)	(231)	-	(244)
Net book amount	808	230	-	1,038
Opening net book amount at 1 January 2020				
Change in value-in-use	195	693	241	1,129
Disposals, write-offs	(1)	-	-	(1)
Amortisation charge	(15)	(237)	(81)	(333)
Closing net book amount at 31 December 2020	987	686	160	1,833
At 31 December 2020				
Cost	1,013	1,154	241	2,408
Accumulated depreciation	(26)	(468)	(81)	(575)
Net book amount	987	686	160	1,833
Opening net book amount at 1 January 2021				
Change in value-in-use	-	-	13	13
Disposals, write-offs	-	-	(24)	(24)
Amortisation charge	(9)	(172)	(60)	(241)
Closing net book amount at 30 September 2021	978	514	89	1,581
At 30 September 2021				
Cost	1,014	1,154	214	2,382
Accumulated depreciation	(36)	(640)	(125)	(801)
Net book amount	978	514	89	1,581

As at 30 September 2021, the part of the Company's land lease rights with the carrying amount of EUR 360 thousand (31 December 2020: EUR 364 thousand) were pledged to the banks as security for borrowings.

4. Investment property

Group and Company	Buildings	Construction in progress and prepayments	Total
At 1 January 2020			
Cost	1,775	40	1,815
Accumulated depreciation	(294)	-	(294)
Net book amount	1,481	40	1,521
Opening net book amount at 1 January 2020			
Additions	-	484	484
Reclassification from property, plant and equipment	61	(8)	53
Depreciation charge	(79)	-	(79)
Closing net book amount at 31 December 2020	1,463	516	1,979
At 31 December 2020			
Cost	2,266	516	2,782
Accumulated depreciation	(803)	-	(803)
Net book amount	1,463	516	1,979
Opening net book amount at 1 January 2021			
Additions	-	1,503	1,503
Transfer from construction	833	(833)	-
Reclassification from property, plant and equipment	624	-	624
Depreciation charge	(118)	-	(118)
Closing net book amount at 30 September 2021	2,802	1,186	3,988
At 30 September 2021			
Cost	3,866	1,186	5,052
Accumulated depreciation	(1,064)	-	(1,064)
Net book amount	2,802	1,186	3,988

5. Intangible assets

Group	Goodwill	Licences, patents	Software	Other assets, prepayments	Total
At 1 January 2020					
Cost	3,001	150	2,192	531	5,874
Accumulated amortisation	-	(52)	(1,495)	(529)	(2,076)
Net book amount	3,001	98	697	2	3,798
Opening net book amount at 1 January 2020	3,001	98	697	2	3,798
Additions	-	8	11	-	19
Reclassification from property, plant and equipment	-	-	10	-	10
Foreign exchange effect	-	-	(1)	-	(1)
Amortisation charge	-	(34)	(167)	(1)	(202)
Closing net book amount at 31 December 2020	3,001	72	550	1	3,624
At 31 December 2020					
Cost	3,001	158	2,207	531	5,897
Accumulated amortisation	-	(86)	(1,657)	(530)	(2,273)
Net book amount	3,001	72	550	1	3,624
Opening net book amount at 1 January 2021	3,001	72	550	1	3,624
Additions	-	11	10	15	36
Foreign exchange effect	-	1	-	-	1
Amortisation charge	-	(28)	(108)	-	(136)
Closing net book amount at 30 September 2021	3,001	56	452	16	3,525
At 30 September 2021					
Cost	3,001	169	2,215	546	5,931
Accumulated amortisation	-	(113)	(1,763)	(530)	(2,406)
Net book amount	3,001	56	452	16	3,525

5. Intangible assets (continued)

Company	Licences, patents	Software	Other assets, prepayments	Total
At 1 January 2020				
Cost	150	994	10	1,154
Accumulated amortisation	(52)	(573)	(8)	(633)
Net book amount	98	421	2	521
Opening net book amount at 1 January 2020	98	421	2	521
Additions	8	-	-	8
Reclassification from property, plant and equipment	-	10	-	10
Amortisation charge	(34)	(74)	(1)	(109)
Closing net book amount at 31 December 2020	72	357	1	430
At 31 December 2020				
Cost	158	998	10	1,166
Accumulated amortisation	(86)	(641)	(9)	(736)
Net book amount	72	357	1	430
Opening net book amount at 1 January 2021	72	357	1	430
Additions	11	-	16	27
Amortisation charge	(28)	(59)	-	(87)
Closing net book amount at 30 September 2021	55	298	17	370
At 30 September 2021				
Cost	169	999	26	1,194
Accumulated amortisation	(114)	(700)	(9)	(823)
Net book amount	55	298	17	370

6. Investments in subsidiaries

	Company	
	2021.09.30	2020.12.31
Grigeo Baltwood UAB	2,555	2,555
Grigeo investicijų valdymas UAB	19,427	19,427
Grigeo Packaging UAB	-	-
Grigeo Recycling UAB	1,066	1,066
Grigiškių energija UAB	3	3
Total investments in subsidiaries	23,051	23,051

7. Amounts receivable

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Trade receivables – gross	20,461	13,573	8,748	6,533
Loss allowance	(152)	(153)	(72)	(72)
Trade receivables – net	20,309	13,420	8,676	6,461
Amounts receivable from related parties	-	-	811	425
Amount receivable of the recovery of a part of the PSO* service fee	-	758	-	273
VAT receivable	1,009	744	367	87
Other amounts receivable – gross	354	208	273	121
Total trade and other amounts receivable – net	21,672	15,130	10,127	7,367
Of which:				
Non-current amounts receivable	3	3	-	-
Current amounts receivable	21,669	15,127	10,127	7,367

*PSO – services under public service obligation scheme.

As at 30 September 2021 and 31 December 2020, the Company and subsidiary Grigeo Packaging UAB had pledged future inflows to secure the repayment of bank borrowings.

8. Cash and cash equivalents

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Cash at bank	12,756	18,275	2,274	10,453
Cash on hand	-	-	-	-
TOTAL	12,756	18,275	2,274	10,453

9. Inventories

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Materials	5,605	4,507	1,384	1,153
Work in progress	1,415	1,392	902	1,010
Finished products	3,519	3,035	2,153	1,779
Inventories in transit	-	164	-	36
Prepayments	329	35	21	18
Total	10,869	9,133	4,461	3,996

As at 30 September 2021, the acquisition value (cost) of the Group's and the Company's inventories was decreased by respectively EUR 566 thousand and EUR 277 thousand (31 December 2020: EUR 399 thousand and EUR 167 thousand respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

9. Inventories (continued)

As at 30 September 2021, the Group and the Company had pledged inventories with a carrying amount of respectively EUR 1,158 thousand and EUR 1,158 thousand (31 December 2020: EUR 1,158 thousand and EUR 1,158 thousand respectively) as security for bank borrowings.

10. Share capital and legal reserve

Based on the decision of the Annual General Meeting of Shareholders that was held on 30 April 2021, the Company's authorised share capital was increased on 19 May 2021 out of the Company's retained earnings from EUR 19,053 thousand to EUR 38,106 thousand by issuing 65,700,000 ordinary registered shares with a nominal value of EUR 0.29.

After the share capital increase, the Company's share capital consisted of 131,400,000 ordinary shares on 30 of June 2021 (31 of December 2020 - 65,700,000) at a par value of EUR 0.29 each. All shares were fully paid.

The Company has one class of ordinary shares which carry no right to fixed income.

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the net profit are required until the mandatory reserve reaches 10% of the statutory capital.

The Company has contributed 10% of the statutory capital to legal reserve.

11. Non-current and current borrowings

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Non-current borrowings:				
Bank borrowings	408	1,226	-	556
	408	1,226	-	556
Current borrowings:				
Bank borrowings	2,057	6,404	889	2,281
	2,057	6,404	889	2,281
TOTAL	2,465	7,630	889	2,837

12. Trade and other payables

	Group		Company	
	2021.09.30	2020.12.31	2021.09.30	2020.12.31
Trade payables	19,736	15,768	9,981	8,571
Wages and salaries and social security contributions	3,939	2,209	1,611	1,147
Advance amounts received	401	247	144	105
Accrued expenses	345	353	140	274
Other amounts payable	1,297	1,471	609	437
TOTAL	25,718	20,048	12,485	10,535
Of which:				
Attributable to financial liabilities	21,378	17,592	10,730	9,283
Not attributable to financial liabilities	4,340	2,456	1,755	1,252

13. Segment information

For decision making purposes, the Group is organised into three operating business units based on its products produced and has three reportable segments: paper and paper products, wood fibre boards and wood products, raw materials for corrugated cardboard and related products. The Group analyses segment information only up to gross profit, as other operating income and finance income and expenses are not attributed to any segment. Assets and liabilities of the Group are not divided into segments for decision-making purposes. However, information about property, plant and equipment and intangible assets, investment property and right-of-use assets is disclosed according to the segments.

13. Segment information (continued)

Segment information about these three business segments is presented below:

Group 9 months 2021	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	44,556	15,333	56,033	115,922	1,840	-	117,762
Inter-segment sales	(4,096)	(581)	(18,922)	(23,599)	(3,723)	27,322	-
Unconsolidated segment sales	48,651	15,914	74,955	139,520	5,564	(27,322)	117,762
Cost of sales	(36,150)	(11,672)	(42,039)	(89,861)	(1,587)	-	(91,448)
Gross profit	8,406	3,661	13,994	26,061	253	-	26,314
Depreciation and amortisation	2,850	565	3,486	6,901	594	-	7,495
Property, plant and equipment of the segment	24,110	3,676	37,376	65,162	3,551	-	68,713
Intangible assets of the segment	290	1	153	444	80	-	524
Investment property of the segment	-	-	-	-	3,988	-	3,988
Right-of-use assets of the segment	169	887	1,823	2,879	1,003	-	3,882
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	2,039	1,069	2,263	5,371	1,785	-	7,156

Group 9 months 2020	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	44,287	12,940	38,160	95,387	1,418	-	96,805
Inter-segment sales	(2,337)	(484)	(10,151)	(12,972)	(2,619)	15,591	-
Unconsolidated segment sales	46,624	13,424	48,310	108,358	4,038	(15,591)	96,805
Cost of sales	(32,222)	(10,558)	(30,011)	(72,791)	(1,171)	-	(73,962)
Gross profit	12,065	2,382	8,149	22,596	247	-	22,843
Depreciation and amortisation	3,468	533	4,413	8,414	676	-	9,090
Property, plant and equipment of the segment	21,125	3,085	38,382	62,592	5,038	-	67,630
Intangible assets of the segment	254	2	214	470	101	-	571
Investment property of the segment	-	-	-	-	1,484	-	1,484
Right-of-use assets of the segment	9	94	1,588	1,691	1,518	-	3,209
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	1,153	404	1,909	3,466	195	-	3,661

13. Segment information (continued)

	Group		Company	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020
Domestic market (Lithuania)	39 382	27 507	15 297	14 303
Foreign market				
Poland	21,564	16,915	9,018	7,545
Latvia	10,793	8,616	6,575	5,472
Estonia	9,775	5,928	2,834	3,215
Ukraine	7,771	6,034	1,434	1,462
Finland	6,200	6,132	2,595	2,757
Denmark	5,801	5,939	4,571	5,037
Sweden	4,780	5,149	2,487	3,339
Belarus	2,730	2,808	741	682
The Netherlands	2,205	2,110	1,270	1,659
Russia	1,178	1,034	393	537
Germany	1,171	1,747	334	962
Norway	1,026	599	859	562
Great Britain	806	678	14	-
Austria	642	542	42	53
Czech Republic	270	216	-	-
China	-	1,551	-	-
Saudi Arabia	-	1,513	-	-
Other markets	1,669	1,787	295	259
Foreign market total	78,380	69,298	33,461	33,541
TOTAL	117,762	96,805	48,758	47,844

14. Other income

	Group		Company	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020
Rental income	306	288	314	246
Dividend income	-	-	1 500	-
TOTAL	306	288	1 814	246

15. Other gains/(losses) – net

	Group		Company	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020
Net gain from turnover of emission allowances	110	491	(52)	304
Result of disposal of assets	60	64	-	35
Other gains/(losses)	(26)	71	41	34
TOTAL	144	626	(11)	373

16. Basic and diluted earnings per share

The Company has no instruments that could affect the number of shares, therefore the basic and diluted earnings per share are equal. The calculation of the basic and diluted earnings per share is presented below:

	Group		
	9 months 2021	9 months 2020 (adjusted)*	9 months 2020
Net profit for the period attributable to the Company's shareholders	10,046	7,417	7,417
Weighted average number of ordinary shares	131,400,000	131,400,000	65,700,000
Earnings per share (in EUR)	0.076	0.056	0.113

	Company		
	9 months 2021	9 months 2020 (adjusted)*	9 months 2020
Net profit for the period attributable to the Company's shareholders	3,541	5,377	5,377
Weighted average number of ordinary shares	131,400,000	131,400,000	65,700,000
Earnings per share (in EUR)	0.027	0.041	0.082

*On 19 May 2021 the Company's authorised share capital was increased out of the Company's retained earnings from EUR 19,053 thousand (65,700,000 ordinary registered shares with a nominal value of EUR 0.29) to EUR 38,106 thousand (131,400,000 ordinary registered shares with a nominal value of EUR 0.29). The Group's and Company's earnings per share ratios for previous periods were adjusted using the new number of shares.

17. Court and arbitration proceedings

Over the nine months of 2021 the Group and the Company were not involved in court or arbitration proceedings which would have a material impact on the financial position of Grigeo AB.

18. Pre-trial proceedings

Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office completed the pre-trial investigation regarding the wastewater management of the subsidiary Grigeo Klaipėda AB. The case will be referred to court after the term to familiarise with pre-trial investigation files expires as well as any related requests to supplement pre-trial investigation case are examined. The subsidiary AB Grigeo Klaipėda received a Civil Claim of the Environmental Protection Department in criminal case regarding compensation of damage caused to the environment in the amount of EUR 48,257,676.57 from the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office on 26 January 2021. There were no other material events related to the pre-trial investigation over the first, second and third quarters of 2021 and until the date of signing these interim financial statements.

More information is presented in [Note 29 of year 2020 financial statements](#).

19. Events after the end of the reporting period

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