

Grigeo AB

**CONSOLIDATED INTERIM REPORT AND CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS FOR THE 9 MONTHS
PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

Translation note:

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

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MANAGEMENT REPORT

A. Executive summary for the 9 months of 2022

Over 9 months of 2022, compared to the respective period of previous year:

- The Group's revenue increased by EUR 34.8 million (29.5%), the Company's – increased by EUR 16.0 million (32.8%).
- The Group's EBITDA lower by EUR 5.1 million (26.5%), the Company's – increased by EUR 0.4 million (7.0%).
- The Group's EBT decreased by EUR 4.7 million (40.4%), the Company's – increased by EUR 10.5 million (272.4%).

Indicator, EUR million	Group			Company		
	2022	2021	Change	2022	2021	Change
Revenue	152.5	117.8	29.5%	64.7	48.8	32.8%
EBITDA (Note 18)	14.1	19.2	-26.5%	6.2	5.8	7.0%
Profit before tax (EBT)	7.0	11.7	-40.4%	14.3	3.8	272.4%

Significant increase in Company's profit before tax is related to received dividends from the subsidiaries. More details on reasons of these changes are presented below in a table and comments by business segments.

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	55.2	44.6	21.7	15.3	72.2	56.0	3.4	1.8	152.5	117.8
Gross profit	5.8	8.4	2.4	3.7	11.8	14.0	0.5	0.3	20.5	26.3
Gross margin	10.5%	18.9%	11.1%	23.9%	16.4%	25.0%	14.4%	13.8%	13.5%	22.3%

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

Tissue paper products market. Over 9 months of 2022 the revenue from tissue paper segment reached EUR 55.2 million and, when compared to respective period of previous year, increased by 23.9%. The main reason for the increase were increasing sales prices. The gross profit of the segment amounted to EUR 5.8 million – 31.0% lower if compared to respective period of previous year. Respectively, the gross margin of the segment decreased from 18.9% to 10.5%. The reasons of the decrease are significant increases in the prices of energy and raw materials.

Wood products market. Over 9 months of 2022 the revenues of the segment reached EUR 21.7 million – 41,5% more, when compared to respective period of previous year due to increased sales prices. Gross profit of the segment reached EUR 2.4 million and was 34,5% lower when compared to respective period of previous year. The gross margin has decreased from 23.9% to 11.1%. The main reason of the decrease in the margin was significant increases in the prices of energy and raw materials.

Raw materials for corrugated cardboard and related products market. The revenues of this segment reached EUR 72.2 million over 9 months of 2022 and were higher by 28.9% when compared to respective period of previous year due to increased sales prices. The gross profit of the segment reached EUR 11.8 million and was lower by 15.4%. The gross margin of the segment decreased from 25.0% to 16.4% mainly due to higher prices of energy and raw materials.

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

Indicator	Group			Company		
	9 months 2022	9 months 2021	9 months 2020	9 months 2022	9 months 2021	9 months 2020
Revenue, EUR million	152.5	117.8	96.8	64.7	48.8	47.8
Net profit, EUR million	6.2	10.1	7.4	14.0	3.5	5.4
EBITDA, EUR million (Note 18)	14.1	19.2	17.9	6.2	5.8	10.5
EBIT, EUR million	7.3	11.9	9.2	14.4	3.9	6.5
Profitability ratios						
Gross margin	13.5%	22.3%	23.6%	8.8%	16.6%	25.0%
EBITDA profitability	9.3%	16.3%	18.5%	9.5%	11.8%	21.9%
EBIT profitability	4.8%	10.1%	9.5%	22.2%	8.0%	13.6%
Net margin	4.0%	8.5%	7.7%	21.6%	7.3%	11.2%
ROE profitability	6.7%	11.4%	9.2%	23.2%	6.2%	9.8%
ROA profitability	4.6%	8.3%	6.4%	17.4%	4.8%	7.5%
ROCE profitability	7.0%	12.2%	9.6%	21.2%	6.6%	10.3%
Liquidity ratios						
Current ratio	1.58	1.63	2.10	1.58	1.23	2.13
Quick ratio	1.07	1.24	1.65	1.20	0.91	1.75
Capital structure ratios						
Debt to equity ratio	0.49	0.37	0.37	0.37	0.29	0.27
Debt to total assets ratio	0.33	0.27	0.27	0.27	0.22	0.21
Market value ratios						
P/E	14.31	12.61	11.12	6.32	35.77	15.33
Earnings per share*, EUR	0.047	0.076	0.056	0.106	0.027	0.041

*Ratios are adjusted for year 2020 following the Company's authorised share capital increase on 19 May 2021 out of the Company's retained earnings (more information is presented in [Note 12 of year 2021 financial statements](#)). The above-mentioned indicators have been calculated in accordance with the formulas recommended by Nasdaq Vilnius AB. The formulas are presented in [Note 2.2. of year 2021 consolidated annual report](#).

B. Main data about the issuer

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

C. Audit information

The interim consolidated information of the Company covering 9 months of 2022 is not audited or checked-up by auditors.

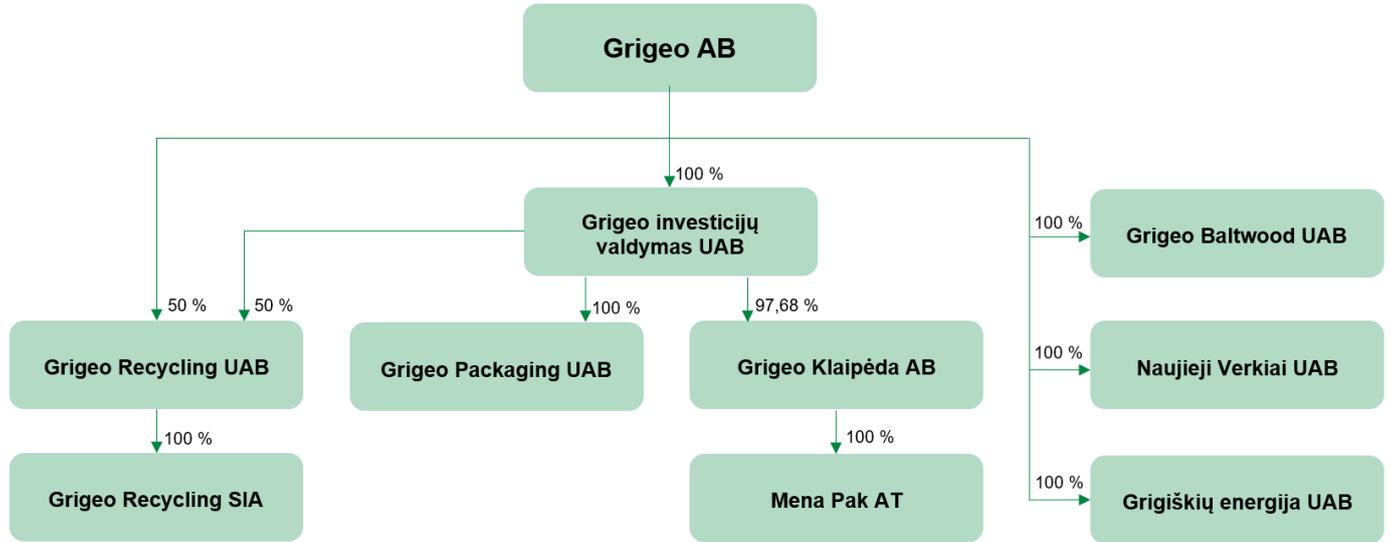
D. Contracts with intermediaries of public trading in securities and credit institutions

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 2022, 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 [2021 annual report](#).

F. Nature of core activities of the group companies

The main business activity of Grigeo AB is the production of tissue paper.

Grigeo Klaipėda AB manufactures the raw material for the production of corrugated cardboard – testliner (smooth layer cardboard) and fluting (paper for corrugation) as well as paper honeycomb used in the furniture industry.

Grigeo Packaging UAB manufactures corrugated cardboard and corrugated cardboard products.

Grigeo Baltwood UAB manufactures uncoloured hardboard and painted hardboard panels.

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

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

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

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

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

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

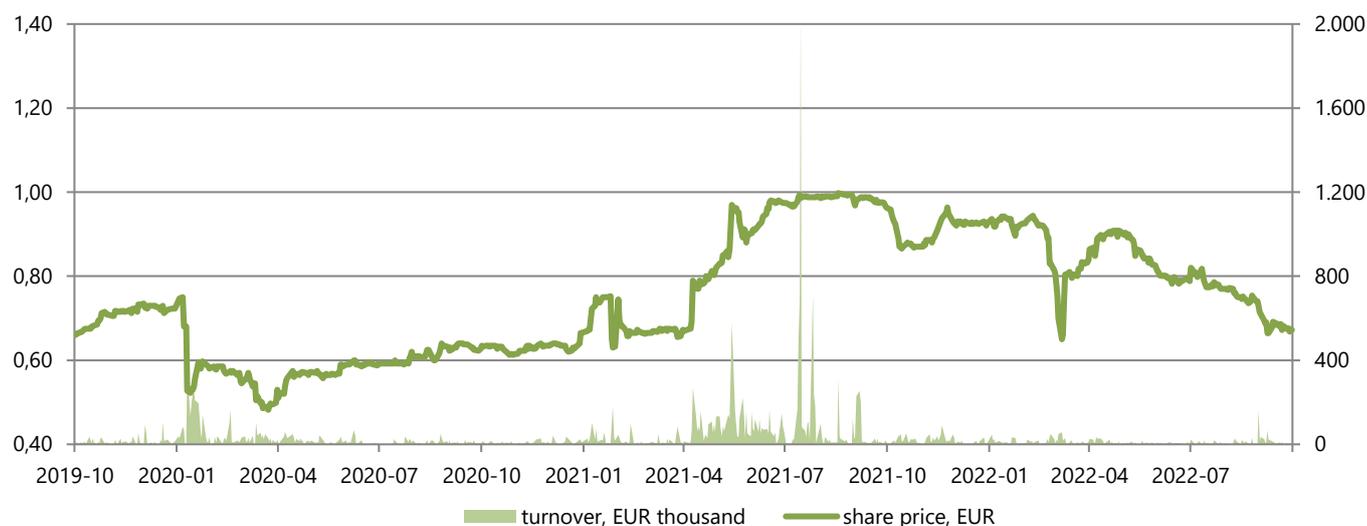
G. Data about trade in the issuer’s securities in regulated markets

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

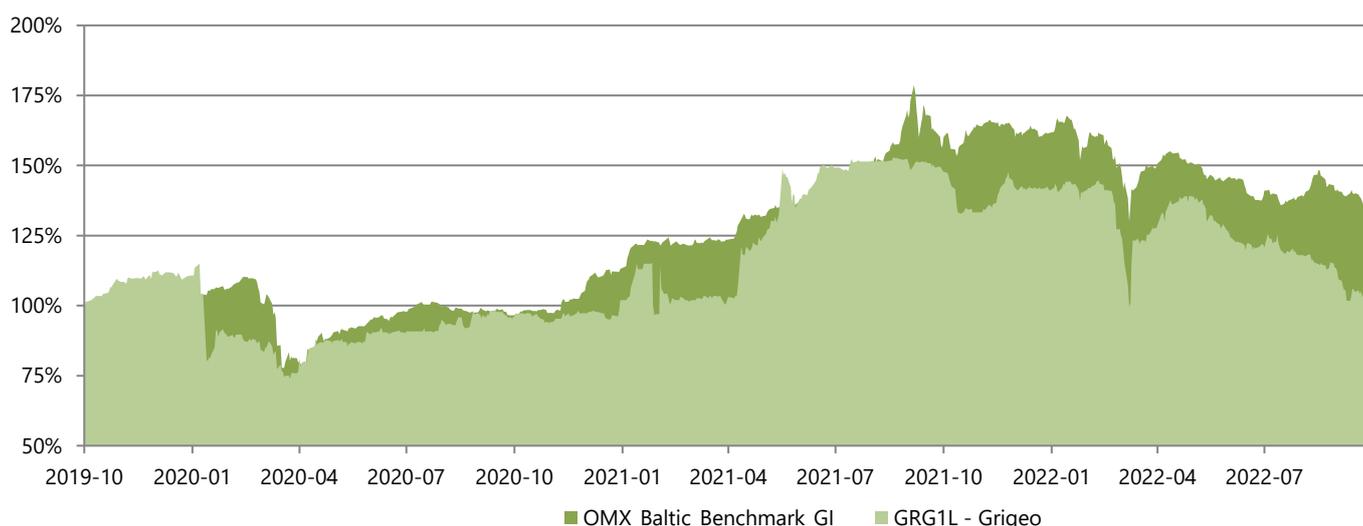
The main characteristics of the Company’s shares:

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

Price and turnover of shares 01/10/2019 – 30/09/2022:



Share price benchmarked against the Baltic market index 01/10/2019 – 30/09/2022:



H. Shareholders

Shareholders owning more than 5% of the authorised capital of the Issuer on the 30 of September 2022 and/or the 31 of December 2021.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2022			31 December 2021		
	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	60,809,151	46.28	46.28
Irena Ona Mišeikienė	17,378,342	13.23	13.23	17,168,342	13.07	13.07

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

I. Employees

Over the nine months of the year 2022 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	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Number of employees	855	844	273	266

The average salary in the Company and in the Group increased for all categories of employees as compared to the year 2021. The growth of the average salary was mostly driven by the consistent salary increase policy and recruitment of workers with higher competences.

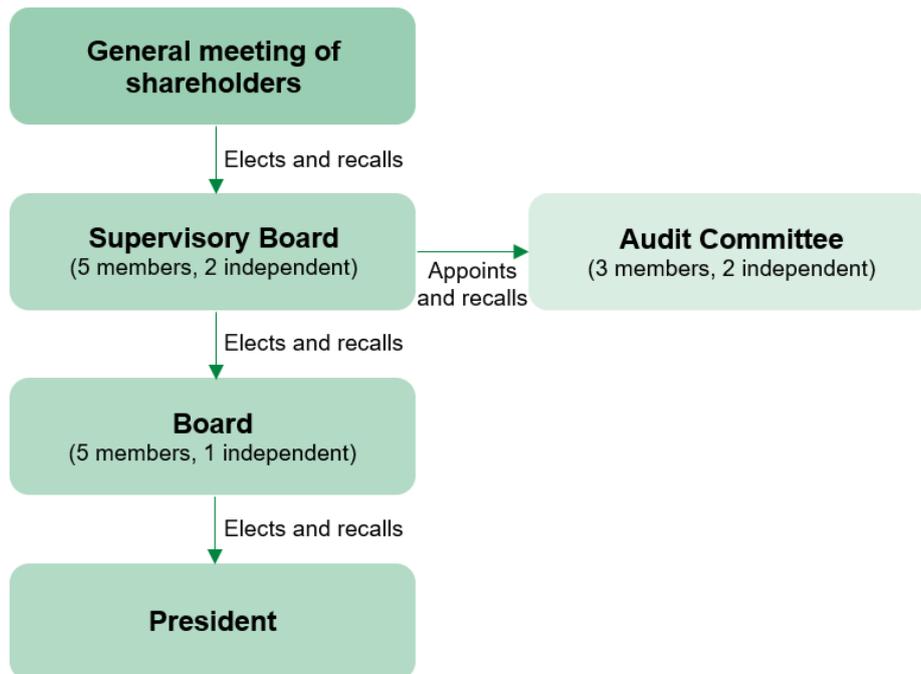
Average salary in the Group and in the Company*, in euros.

Employees	Group		Company	
	9 months 2022	9 months 2021	9 months 2022	9 months 2021
Workpeople	1,915	1,788	2,090	1,828
Specialists	2,328	2,123	2,497	2,168
Managers	5,237	4,734	6,304	5,847
Total	2,403	2,208	2,683	2,371

* - 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.

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				
Vilius Oškeliūnas	Independent Member, Chairman	Vilnius University, BA and MA in Economics	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.47
Romualdas Degutis	Member	Kaunas University of Technology, Telecommunications Engineer		0.03
Normantas Paliokas	Member	Vilnius Gediminas Technical University, Architect		-
Daiva Dukšienė	Independent Member	Vilnius University, Economist		-
Audit Committee				
Daiva Dukšienė	Independent Member, Chairwoman	Vilnius University, Economist	Since 26 April 2019 until the General Shareholders' Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	Vilnius University, Physicist		4.47
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		0.88
Saulius Martinkevičius	Member	Vilnius University, BA in Economics and Business IT Systems, MA in Business Administration and Management		0.23
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 2021](#) 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.

Ginvilδος 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 2022 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 30 September 2022.

Group	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	12	-	3
Other related companies	2	-	-	-
TOTAL	2	12	-	3

Company's transactions with related parties over the 9 months of 2022 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 30 September 2022.

Company	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	8	-	3
Subsidiaries	8,374	6,124	2,533	840
Other related companies	1	-	-	-
TOTAL	8,375	6,132	2,533	843

*Receivables include prepayments for goods and services.

INTERIM FINANCIAL STATEMENTS

Statements of financial position

	Notes	Group		Company	
		2022.09.30	2021.12.31	2022.09.30	2021.12.31
ASSETS					
Non-current assets					
Property, plant and equipment	2	71,596	71,564	27,515	29,020
Right-of-use assets	3	4,137	3,969	1,371	1,534
Intangible assets	5	3,732	3,513	352	374
Investment property	4	4,320	4,417	4,320	4,417
Investments in subsidiaries	6	-	-	23,051	23,051
Other amounts receivable	7	3	3	-	-
Deferred income tax assets		-	-	-	123
Total non-current assets		83,788	83,466	56,609	58,519
Current assets					
Inventories	9	17,799	14,428	7,430	4,796
Trade and other amounts receivable	7	26,460	22,340	16,184	10,515
Prepaid income tax		165	128	-	159
Other current assets		796	320	223	127
Cash and cash equivalents	8	10,461	12,443	7,018	818
Total current assets		55,681	49,659	30,855	16,415
TOTAL ASSETS		139,469	133,125	87,464	74,934

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Statements of financial position (continued)

	Notes	Group		Company	
		2022.09.30	2021.12.31	2022.09.30	2021.12.31
EQUITY AND LIABILITIES					
Equity					
Share capital	10	38,106	38,106	38,106	38,106
Share premium		1,119	1,119	1,119	1,119
Legal reserve	10	2,066	1,905	2,066	1,905
Reserve for granting shares	11	500	-	500	-
Foreign currency translation reserve		(2,533)	(2,161)	-	-
Retained earnings		53,432	54,607	21,999	15,259
Equity attributable to shareholders of the Company		92,690	93,576	63,790	56,389
Non-controlling interest		769	713	-	-
Total equity		93,459	94,289	63,790	56,389
Liabilities					
Non-current liabilities					
Borrowings	12	5,038	864	2,033	175
Lease liabilities		3,405	3,177	1,099	1,259
Grants		821	939	711	811
Deferred income tax liability		906	579	222	-
Long-term employee benefits		211	173	87	71
Other amounts payable		281	282	-	-
Total non-current liabilities		10,662	6,014	4,152	2,316
Current liabilities					
Borrowings	12	2,396	2,094	989	1,380
Lease liabilities		327	360	324	320
Income tax payable		-	-	-	-
Trade and other amounts payable	13	32,625	30,368	18,209	14,529
Total current liabilities		35,348	32,822	19,522	16,229
Total liabilities		46,010	38,836	23,674	18,545
TOTAL EQUITY AND LIABILITIES		139,469	133,125	87,464	74,934

Statements of comprehensive income

	Notes	Group		Company	
		9 months 2022	9 months 2021	9 months 2022	9 months 2021
Revenue	14	152,520	117,762	64,743	48,758
Cost of sales		(132,000)	(91,448)	(59,044)	(40,686)
Gross profit		20,520	26,314	5,699	8,072
Selling and distribution expenses		(11,406)	(8,709)	(4,070)	(3,519)
Administrative expenses		(7,131)	(6,151)	(2,817)	(2,441)
Other income	15	476	306	11,786	1,814
Other gains/(losses) – net	16	4,824	144	3,800	(11)
Operating profit		7,283	11,904	14,398	3,915
Finance income		13	26	-	4
Finance costs		(308)	(214)	(82)	(75)
Finance income/(costs) – net		(295)	(188)	(82)	(71)
Profit before income tax		6,988	11,716	14,316	3,844
Income tax		(760)	(1,581)	(345)	(303)
PROFIT FOR THE PERIOD		6,228	10,135	13,971	3,541
Profit for the period is attributable to:					
Shareholders of the Company		6,172	10,046	13,971	3,541
Non-controlling interest		56	89	-	-
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		(372)	246	-	-
Cash flow hedges – effective portion of changes in fair value		-	(11)	-	4
Total items that may be reclassified subsequently to profit or loss		(372)	235	-	4
Other comprehensive income/(expenses) for the period		(372)	235	-	4
Total comprehensive income for the period		5,856	10,370	13,971	3,545
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		5,800	10,281	13,971	3,545
Non-controlling interest		56	89	-	-
Basic and diluted earnings per share (in EUR)	17	0.047	0.076	0.106	0.027

(Cont'd on the next page)

Statements of comprehensive income (continued)

	Notes	Group		Company	
		III QTR. 2022	III QTR. 2021	III QTR. 2022	III QTR. 2021
Revenue		50,713	44,062	24,549	17,928
Cost of sales		(47,193)	(35,668)	(22,924)	(16,472)
Gross profit		3,520	8,394	1,625	1,456
Selling and distribution expenses		(3,664)	(3,169)	(1,405)	(1,331)
Administrative expenses		(2,542)	(2,136)	(994)	(804)
Other income		168	114	165	116
Other gains/(losses) – net		888	(45)	462	11
Operating profit		(1,630)	3,158	(147)	(552)
Finance income		8	20	-	-
Finance costs		(56)	(56)	(29)	(22)
Finance income/(costs) – net		(48)	(36)	(29)	(22)
Profit before income tax		(1,678)	3,122	(176)	(574)
Income tax		321	(233)	27	92
PROFIT FOR THE PERIOD		(1,357)	2,889	(149)	(482)
Profit for the period is attributable to:					
Shareholders of the Company		(1,337)	2,849	(149)	(482)
Non-controlling interest		(19)	41	-	-
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		(365)	89	-	-
Cash flow hedges – effective portion of changes in fair value		-	(15)	-	1
Total items that may be reclassified subsequently to profit or loss		(365)	74	-	1
Other comprehensive income/(expenses) for the period		(365)	74	-	1
Total comprehensive income for the period		(1,722)	2,963	(149)	(481)
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		(1,703)	2,922	(149)	(481)
Non-controlling interest		(19)	41	-	-
Basic and diluted earnings per share (in EUR)		(0.010)	0.022	(0.001)	(0.004)

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	Reserve for granting shares	Foreign currency translation reserve	Retained earnings	Total		
At 1 January 2021	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)	-	246	-	235	-	235
Total comprehensive income/(expenses)	-	-	-	(11)	-	246	10,046	10,281	89	10,370
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	-	-	(2,161)	52,387	91,356	685	92,041
At 1 January 2022	38,106	1,119	1,905	-	-	(2,161)	54,607	93,576	713	94,289
Profit for the period	-	-	-	-	-	-	6,172	6,172	56	6,228
Other comprehensive income/(expenses)	-	-	-	-	-	(372)	-	(372)	-	(372)
Total comprehensive income/(expenses)	-	-	-	-	-	(372)	6,172	5,800	56	5,856
Transfer to reserve for granting shares	-	-	-	-	500	-	(500)	-	-	-
Transfer to legal reserve	-	-	161	-	-	-	(161)	-	-	-
Approved dividends	-	-	-	-	-	-	(6,686)	(6,686)	-	(6,686)
Transactions with the Company's owners	-	-	161	-	500	-	(7,347)	(6,686)	-	(6,686)
At 30 September 2022	38,106	1,119	2,066	-	500	(2,533)	53,432	92,690	769	93,459

Statements of changes in equity (continued)

All amounts are in EUR thousands unless otherwise stated

Company	Share capital	Share premium	Legal reserve	Reserve for granting shares	Hedging reserve	Retained earnings	Total equity
At 1 January 2021	19,053	1,119	1,905	-	(4)	38,980	61,053
Profit for the period	-	-	-	-	-	3,541	3,541
Other comprehensive income/(expenses)	-	-	-	-	4	-	4
Total comprehensive income/(expenses)	-	-	-	-	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
At 1 January 2022	38,106	1,119	1,905	-	-	15,259	56,389
Profit for the period	-	-	-	-	-	13,971	13,971
Total comprehensive income	-	-	-	-	-	13,971	13,971
Approved dividends	-	-	-	-	-	(6,570)	(6,570)
Transfer to legal reserve	-	-	161	-	-	(161)	-
Transfer to reserve for granting shares	-	-	-	500	-	(500)	-
Transactions with the Company's owners	-	-	161	500	-	(7,231)	(6,570)
At 30 September 2022	38,106	1,119	2,066	500	-	21,999	63,790

Statements of cash flows

	Notes	Group		Company	
		9 months 2022	9 months 2021	9 months 2022	9 months 2021
Cash flows from operating activities					
Profit before income tax		6,988	11,716	14,316	3,844
Adjustments for non-cash items					
Depreciation and amortisation		6,859	7,341	3,065	3,344
Dividends received		-	-	(11,300)	(1,500)
Interest expenses from borrowings and lease		160	154	76	72
(Income)/expenses from other financial activities – net		135	35	5	(2)
Gain on disposal of property, plant and equipment		(136)	(211)	(170)	-
		14,006	19,035	5,992	5,758
Changes in working capital					
Decrease/(increase) in trade and other amounts receivable		(4,120)	(6,542)	(5,669)	(2,760)
(Increase)/decrease in inventories		(3,380)	(1,736)	(2,642)	(465)
(Increase)/decrease in other assets		(541)	(446)	(97)	(16)
Increase/(decrease) in trade and other amounts payable		1,348	6,133	4,035	2,416
		(6,693)	(2,591)	(4,373)	(825)
Interest paid		(101)	(108)	(45)	(40)
Income tax paid		(191)	(736)	-	(334)
Net cash inflow from operating activities		7,021	15,600	1,574	4,559
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	2 / 5	(6,916)	(6,729)	(1,620)	(2,837)
Acquisition of investment property	4	(56)	(1,531)	(143)	(1,531)
Disposal of property, plant and equipment	2	222	282	183	-
Dividends received		-	-	11,300	1,500
Net cash inflow/(outflow) from investing activities		(6,750)	(7,978)	9,720	(2,868)
Cash flows from financing activities					
Dividends paid		(6,425)	(7,724)	(6,341)	(7,721)
Repayment of borrowings		(1,770)	(5,165)	(1,133)	(1,947)
Proceeds from borrowings		6,246	-	2,600	-
Lease payments		(304)	(252)	(220)	(202)
Net cash (outflow) from financing activities		(2,253)	(13,141)	(5,094)	(9,870)
Net increase/(decrease) in cash flows		(1,982)	(5,519)	6,200	(8,179)
Cash and cash equivalents at the beginning of the period		12,443	18,275	818	10,453
Cash and cash equivalents at the end of the period		10,461	12,756	7,018	2,274

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group and the Company for the 9-month period ended 30 September 2022 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 9-month period ended 30 September 2021 as well as last annual financial statements for the year ended 31 December 2021.

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 2021.

These financial statements of the Group and the Company for the 9-month period ended 30 September 2022 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 2021.

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 32 of year 2021 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 2021						
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	51	490	171	181	9,956	10,849
Disposals and write-offs	-	(70)	(5)	(1)	-	(76)
Transfer from inventory (to inventory)	-	(15)	-	-	-	(15)
Transfer from construction in progress to property, plant and equipment	328	7,154	35	49	(7,566)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Reclassification between categories	-	15	-	(15)	-	-
Foreign exchange effect	17	55	-	-	15	87
Depreciation charge	(2,241)	(6,419)	(272)	(354)	-	(9,286)
Closing net book amount at 31 December 2021	25,092	34,820	828	806	10,018	71,564
At 31 December 2021						
Cost	46,700	119,730	2,468	2,514	10,018	181,430
Accumulated depreciation	(21,608)	(84,910)	(1,640)	(1,708)	-	(109,866)
Net book amount	25,092	34,820	828	806	10,018	71,564
Opening net book amount at 1 January 2022						
Additions	72	379	312	130	5,810	6,703
Disposals and write-offs	-	(24)	(1)	(1)	-	(26)
Transfer from inventory (to inventory)	-	8	-	-	-	8
Transfer from construction in progress to property, plant and equipment	560	7,058	7	102	(7,727)	-
Reclassification to Intangible assets	-	-	-	-	(250)	(250)
Foreign exchange effect	(22)	(67)	-	-	(6)	(95)
Depreciation charge	(1,425)	(4,424)	(198)	(261)	-	(6,308)
Closing net book amount at 30 September 2022	24,277	37,750	948	776	7,845	71,596
At 30 September 2022						
Cost	47,247	126,373	2,635	2,729	7,845	186,829
Accumulated depreciation	(22,970)	(88,623)	(1,687)	(1,953)	-	(115,233)
Net book amount	24,277	37,750	948	776	7,845	71,596

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

On the 30 September 2022, the part of the Group's property, plant and equipment with a carrying value of EUR 13,605 thousand (31 December 2021 – EUR 18,249 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 2021						
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	17	27	-	65	4,963	5,072
Transfer from inventory (to inventory)	-	(15)	-	-	-	(15)
Reclassification between categories	-	15	-	(15)	-	-
Transfer from construction in progress to property, plant and equipment	125	4,422	-	9	(4,556)	-
Reclassification to investment property	(618)	(9)	-	3	-	(624)
Depreciation charge	(864)	(2,923)	(85)	(154)	-	(4,026)
Closing net book amount at 31 December 2021	9,359	13,885	269	301	5,206	29,020
At 31 December 2021						
Cost	16,364	57,714	654	1,028	5,206	80,966
Accumulated depreciation	(7,005)	(43,829)	(385)	(727)	-	(51,946)
Net book amount	9,359	13,885	269	301	5,206	29,020
Opening net book amount at 1 January 2022						
Additions	-	72	183	44	839	1,138
Disposals and write-offs	-	(12)	-	-	-	(12)
Transfer from inventory (to inventory)	-	8	-	-	-	8
Transfer from construction in progress to property, plant and equipment	223	4,197	-	-	(4,420)	-
Depreciation charge	(517)	(1,942)	(69)	(111)	-	(2,639)
Closing net book amount at 30 September 2022	9,065	16,208	383	234	1,625	27,515
At 30 September 2022						
Cost	16,587	61,397	705	1,062	1,625	81,376
Accumulated depreciation	(7,522)	(45,189)	(322)	(828)	-	(53,861)
Net book amount	9,065	16,208	383	234	1,625	27,515

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

On the 30 September 2022, the part of the Company's property, plant and equipment with a carrying value of EUR 6,691 thousand (31 December 2021 – EUR 12,152 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 2021				
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	-	175	156	331
Foreign exchange effect	2	-	-	2
Disposals and write-offs	-	-	(58)	(58)
Amortisation charge	(63)	(113)	(259)	(435)
Closing net book amount at 31 December 2021	3,415	194	360	3,969
At 31 December 2021				
Cost	3,948	416	823	5,187
Accumulated depreciation	(533)	(222)	(463)	(1,218)
Net book amount	3,415	194	360	3,969
Opening net book amount at 1 January 2022	3,415	194	360	3,969
Change in value-in-use	17	383	183	583
Foreign exchange effect	(2)	-	-	(2)
Disposals and write-offs	-	-	(59)	(59)
Amortisation charge	(49)	(93)	(212)	(354)
Closing net book amount at 30 September 2022	3,381	484	272	4,137
At 30 September 2022				
Cost	3,961	799	857	5,617
Accumulated depreciation	(580)	(315)	(585)	(1,480)
Net book amount	3,381	484	272	4,137

As at 30 September 2022, the part of the Group's land lease rights with the carrying amount of EUR 1,019 thousand (31 December 2021: EUR 477 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 2021				
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	-	-	57	57
Disposals, write-offs	-	-	(29)	(29)
Amortisation charge	(13)	(229)	(85)	(327)
Closing net book amount at 31 December 2021	974	457	103	1,534
At 31 December 2021				
Cost	1,014	1,154	243	2,411
Accumulated depreciation	(40)	(697)	(140)	(877)
Net book amount	974	457	103	1,534
Opening net book amount at 1 January 2022				
Change in value-in-use	17	-	95	112
Disposals, write-offs	-	-	(24)	(24)
Amortisation charge	(10)	(171)	(70)	(251)
Closing net book amount at 30 September 2022	981	286	104	1,371
At 30 September 2022				
Cost	1,030	1,154	277	2,461
Accumulated depreciation	(49)	(868)	(173)	(1,090)
Net book amount	981	286	104	1,371

As at 30 September 2022, the part of the Company's land lease rights with the carrying amount of EUR 354 thousand (31 December 2021: EUR 358 thousand) were pledged to the banks as security for borrowings.

4. Investment property

Group and Company	Buildings	Other assets	Construction in progress and prepayments	Total
At 1 January 2021				
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	1,463	-	516	1,979
Additions	-	-	1,983	1,983
Transfer from construction	2,171	-	(2,171)	-
Reclassification from property, plant and equipment	623	-	-	623
Depreciation charge	(168)	-	-	(168)
Closing net book amount at 31 December 2021	4,089	-	328	4,417
At 31 December 2021				
Cost	5,203	-	328	5,531
Accumulated depreciation	(1,114)	-	-	(1,114)
Net book amount	4,089	-	328	4,417
Opening net book amount at 1 January 2022	4,089	-	328	4,417
Additions	-	3	85	88
Depreciation charge	(185)	-	-	(185)
Closing net book amount at 30 September 2022	3,904	3	413	4,320
At 30 September 2022				
Cost	5,203	3	413	5,619
Accumulated depreciation	(1,299)	-	-	(1,299)
Net book amount	3,904	3	413	4,320

5. Intangible assets

Group	Goodwill	Licences, patents	Software	Other assets, prepayments, development in progress	Total
At 1 January 2021					
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	38	23	72
Foreign exchange effect	-	1	-	-	1
Amortisation charge	-	(38)	(145)	(1)	(184)
Closing net book amount at 31 December 2021	3,001	46	443	23	3,513
At 31 December 2021					
Cost	3,001	169	2,243	553	5,966
Accumulated amortisation	-	(123)	(1,800)	(530)	(2,453)
Net book amount	3,001	46	443	23	3,513
Opening net book amount at 1 January 2022	3,001	46	443	23	3,513
Additions	-	5	7	85	97
Transfer from development in progress to Intangible assets	-	-	18	(18)	-
Reclassification from property, plant and equipment	-	-	250	-	250
Amortisation charge	-	(30)	(99)	(1)	(130)
Closing net book amount at 30 September 2022	3,001	21	621	89	3,732
At 30 September 2022					
Cost	3,001	162	2 514	620	6 297
Accumulated amortisation	-	(141)	(1,893)	(531)	(2,565)
Net book amount	3,001	21	621	89	3,732

5. Intangible assets (continued)

Company	Licences, patents	Software	Other assets, prepayments, development in progress	Total
At 1 January 2021				
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	27	23	61
Amortisation charge	(37)	(79)	(1)	(117)
Closing net book amount at 31 December 2021	46	305	23	374
At 31 December 2021				
Cost	169	1,025	33	1,227
Accumulated amortisation	(124)	(720)	(9)	(853)
Net book amount	46	305	23	374
Opening net book amount at 1 January 2022	46	305	23	374
Additions	5	-	64	69
Transfer from development in progress to Intangible assets	-	18	(18)	-
Amortisation charge	(30)	(60)	(1)	(91)
Closing net book amount at 30 September 2022	21	263	68	352
At 30 September 2022				
Cost	162	1 039	78	1 279
Accumulated amortisation	(141)	(776)	(11)	(928)
Net book amount	21	263	68	352

6. Investments in subsidiaries

	Company	
	2022.09.30	2021.12.31
Grigeo Baltwood UAB	2,555	2,555
Grigeo investicijų valdymas UAB	19,427	19,427
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	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Trade receivables – gross	23,823	19,217	12,938	8,184
Loss allowance	(146)	(146)	(72)	(72)
Trade receivables – net	23,677	19,071	12,866	8,112
Amounts receivable from related parties	-	-	2,533	1,294
Amount receivable of the recovery of a part of the PSO* service fee	141	900	49	314
VAT receivable	2,346	2,040	615	551
Other amounts receivable – gross	299	332	121	244
Total trade and other amounts receivable – net	26,463	22,343	16,184	10,515
Of which:				
Non-current amounts receivable	3	3	-	-
Current amounts receivable	26,460	22,340	16,184	10,515

*PSO – services under public service obligation scheme.

As at 30 September 2022 and 31 December 2021, the Company and subsidiaries Grigeo Packaging UAB and Grigeo Baltwood UAB had pledged current accounts and future inflows to secure the repayment of bank borrowings.

8. Cash and cash equivalents

	Group		Company	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Cash at bank	10,461	12,443	7,018	818
Cash on hand	-	-	-	-
TOTAL	10,461	12,443	7,018	818

9. Inventories

	Group		Company	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Materials	6,964	6,593	2,495	1,690
Work in progress	2,954	1,838	2,042	1,169
Finished products	6,925	5,600	2,331	1,880
Inventories in transit	502	289	502	38
Prepayments	452	108	59	19
Total	17,798	14,428	7,430	4,796

As at 30 September 2022, the acquisition value (cost) of the Group's and the Company's inventories was decreased by respectively EUR 1,072 thousand and EUR 349 thousand (31 December 2021: EUR 776 thousand and EUR 298 thousand respectively) to net realisable value. The net realisable value adjustment was accounted for under cost of sales.

As at 30 September 2022, the inventories of the Group and the Company were not pledged. As at 31 December 2021, the Group and the Company had pledged inventories with a carrying amount of respectively EUR 1,158 thousand and EUR 1,158 thousand as security for bank borrowings.

10. Share capital and legal reserve

On 30 of September 2022 and on 31 December 2021 share capital of the Company consisted of 131,400,000 ordinary shares at a par value of EUR 0.29 each. All shares were fully paid.

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

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

On 30 of September 2022 the Company's legal reserve amounts 5,4% of the statutory capital.

11. Reserve for granting shares

The Company and the Group are implementing long term strategic goals and are aiming that the employees who are implementing the strategy are motivated through long term motivational programs. Due to this on 29 April 2022 the Annual General Meeting of Shareholders has approved the rules for granting shares of the Company. The rules stipulate the conditions and procedure for granting Company's shares (free of charge) to the employees of the Company and its subsidiaries.

Not earlier than after 3 years the employees who concluded the transactions shall be entitled to the right to receive shares of the Company free of charge.

On 29 April 2022 the Annual General Meeting of Shareholders has approved the appropriation of the profit of the Company where EUR 500 thousand have been transferred to the reserve for granting shares.

At the end of the reporting period of these interim financial statements the Company has concluded the transactions with senior management employees of the Group and the Company for the option of granting (free of charge) 1,660,000 Company's shares.

12. Non-current and current borrowings

	Group		Company	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Non-current borrowings:				
Bank borrowings	5,038	864	2,033	175
	5,038	864	2,033	175
Current borrowings:				
Bank borrowings	2,396	2,094	989	1,380
	2,396	2,094	989	1,380
TOTAL	7,434	2,958	3,022	1,555

13. Trade and other payables

	Group		Company	
	2022.09.30	2021.12.31	2022.09.30	2021.12.31
Trade payables	25,697	25,270	15,292	12,614
Wages and salaries and social security contributions	4,337	3,224	1,723	1,236
Advance amounts received	382	187	130	29
Accrued expenses	723	332	231	47
Other amounts payable	1,486	1,355	833	603
TOTAL	32,625	30,368	18,209	14,529
Of which:				
Attributable to financial liabilities	27,906	26,957	16,356	13,264
Not attributable to financial liabilities	4,719	3,411	1,853	1,265

14. Segment information

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

Segment information about these three business segments is presented below:

Group 9 months 2022	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	55,206	21,700	72,243	149,149	3,371	-	152,520
Inter-segment sales	(4,461)	(779)	(23,946)	(29,186)	(8,442)	37,628	-
Unconsolidated segment sales	59,667	22,479	96,189	178,335	11,813	(37,628)	152,520
Cost of sales	(49,405)	(19,301)	(60,407)	(129,113)	(2,887)	-	(132,000)
Gross profit	5,801	2,399	11,836	20,036	484	-	20,520
Depreciation and amortisation	2,502	542	3,292	6,336	641	-	6,977
Property, plant and equipment of the segment	24,775	5,572	37,845	68,192	3,404	-	71,596
Intangible assets of the segment	297	-	376	673	58	-	731
Investment property of the segment	-	-	-	-	4,320	-	4,320
Right-of-use assets of the segment	271	871	1,929	3,071	1,066	-	4,137
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	963	1,169	4,236	6,368	520	-	6,888

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	2,852	565	3,486	6,903	594	-	7,497
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

Sales by region

	Group		Company	
	9 months 2022	9 months 2021	9 months 2022	9 months 2021
Domestic market (Lithuania)	54,582	39,382	26,137	15,297
European Union	81,986	65,359	37,043	30,736
Other countries	14,968	9,114	1,332	1,591
CIS countries	984	3,907	231	1,134
TOTAL	152,520	117,762	64,743	48,758

15. Other income

	Group		Company	
	9 months 2022	9 months 2021	9 months 2022	9 months 2021
Rental income	476	306	486	314
Dividend income	-	-	11,300	1,500
TOTAL	476	306	11,786	1,814

16. Other gains/(losses) – net

	Group		Company	
	9 months 2022	9 months 2021	9 months 2022	9 months 2021
Net gain from turnover of emission allowances	4,662	110	3,602	(52)
Result of disposal of assets	187	60	171	-
Other gains/(losses)	(25)	(26)	27	41
TOTAL	4,824	144	3,800	(11)

17. 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 2022	9 months 2021
Net profit for the period attributable to the Company's shareholders	6,172	10,046
Weighted average number of ordinary shares	131,400,000	131,400,000
Earnings per share (in EUR)	0.047	0.076

	Company	
	9 months 2022	9 months 2021
Net profit for the period attributable to the Company's shareholders	13,971	3,541
Weighted average number of ordinary shares	131,400,000	131,400,000
Earnings per share (in EUR)	0.106	0.027

18. 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	
	9 months 2022	9 months 2021	9 months 2022	9 months 2021
Profit for the period	6,228	10,135	13,971	3,541
Income tax	760	1,581	345	303
Profit before income tax	6,988	11,716	14,316	3,844
Adjustment:				
Finance costs – net	295	188	82	71
Dividends received	-	-	(11,300)	(1,500)
Depreciation	6,493	7,044	2,824	3,135
Amortisation	484	451	342	328
Amortisation of grants	(118)	(156)	(100)	(120)
Adjusted EBITDA	14,142	19,243	6,164	5,758

19. Court and arbitration proceedings

In 2021 the pre-trial investigation regarding the wastewater management of Grigeo Klaipėda AB, a subsidiary company of Grigeo AB (hereinafter - the Subsidiary), was completed by the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office and the criminal case was referred to court. The court hearings have started in September 2022.

The Subsidiary is charged in criminal case under Articles 270(2), 228(2) and 300(3) of the Criminal Code of the Republic of Lithuania. The Subsidiary received a Civil Claim of the Environmental Protection Department in criminal case regarding compensation of damage caused to the environment in the amount of EUR 48,257,676.57 from the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office on 26 January 2021. There were no other material events related to this trial over 2022 and until the date of signing these interim financial statements.

More information is presented in [Note 32 of year 2021 financial statements](#).

Over 9 months of 2022 the Group and the Company were not involved in other court or arbitration proceedings which would have a material impact on the financial position of Grigeo AB.

20. Material uncertainties

Russia's invasion of Ukraine on 24 February 2022 has a negative impact over the Group's financial performance for the year 2022. The Group's subsidiary Grigeo Klaipėda AB has investments in Ukrainian subsidiary Mena Pak AT, which ceased its operations completely after the start of the war. The operations were restored in May 2022.

Uncertainties related to the investment in Mena Pak AT

The Group's statement of financial position includes the following consolidated assets and liabilities of Mena Pak AT:

Mena Pak AT	2022.09.30	2021.12.31
Non-current assets	583	786
Current assets	2,063	2,308
TOTAL ASSETS	2,646	3,094
Shareholders' equity	2,335	2,670
Non-current liabilities	13	17
Current liabilities	298	407
TOTAL EQUITY AND LIABILITIES	2,646	3,094

The Group's statement of comprehensive income for 9 months of 2022 includes the following consolidated results of Mena Pak AT:

Mena Pak AT	9 months 2022
Revenue	3,540
Profit before tax	38
Net profit	38
EBITDA	202

Mena Pak AT did not incur any damage during the war and has restored operations in May 2022. However, the Group's management estimates that a high uncertainty exists in relation to Mena Pak AT's assets of EUR 2.6 million and liabilities of EUR 0.3 million due to the ongoing war and high uncertainty of future events.

21. Events after the end of the reporting period

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

CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania, and the Rules on the Disclosure of Information by the Bank of Lithuania, we, vice president for business development Vigmantas Kažukauskas 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 2022, 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.

Acting president of Grigeo AB, vice
president for business development

Vigmantas Kažukauskas

Finance director of Grigeo AB

Martynas Nenėnas