



Grigeo



Grigeo AB

**CONSOLIDATED INTERIM REPORT AND CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS FOR THE 3 MONTH
PERIOD ENDED 31 MARCH 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.

TABLE OF CONTENTS

CONFIRMATION OF RESPONSIBLE PERSONS	3
MANAGEMENT REPORT	4
1. Executive summary for 3 months of 2021	4
2. Main data about the issuer	5
3. Audit information	5
4. Contracts with intermediaries of public trading in securities and credit institutions	5
5. Group companies and their contact details	6
6. Nature of core activities of the group companies	6
7. Data about trade in the issuer's securities in regulated markets	6
8. Shareholders	7
9. Employees	8
10. Information on the management and supervisory bodies of the issuer	8
11. Information about compliance with governance code	9
12. Related party transactions	10
INTERIM FINANCIAL STATEMENTS	11
Statements of financial position	11
Statements of comprehensive income	13
Statements of changes in equity	14
Statements of cash flows	15
NOTES TO FINANCIAL STATEMENTS	16
1. Basis of preparation	16
2. Property, plant and equipment	17
3. Right-of-use assets	19
4. Investment property	21
5. Intangible assets	22
6. Investments in subsidiaries	24
7. Amounts receivable	24
8. Cash and cash equivalents	24
9. Inventories	24
10. Share capital and legal reserve	25
11. Non-current and current borrowings	25
12. Trade and other payables	25
13. Segment information	25
14. Other operating income	27
15. Other gains/(losses) – net	27
16. Court and arbitration proceedings	27
17. Pre-trial proceedings	28
18. Events after the end of the reporting period	28

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 three months period ended 31 March 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

1. Executive summary for 3 months of 2021

Over 3 months of 2021, compared to respective period of previous year:

- The Group's revenue was lower by EUR 1.0 million (2.8%), The Company's – lower by EUR 2.1 million (11.9%).
- The Group's EBITDA was lower by EUR 0.7 million (10.8%), The Company's – lower by EUR 0.6 million (17.2%).
- The Group's EBT was lower by EUR 0.3 million (8.3%), The Company's – lower by EUR 0.4 million (19.3%).

Indicator, EUR million	Group			Company		
	2021	2020	Change	2021	2020	Change
Revenue	35.1	36.1	-2.8%	15.5	17.6	-11.9%
EBITDA	6.4	7.1	-10.8%	3.0	3.6	-17.2%
Profit before tax (EBT)	3.9	4.2	-8.3%	1.9	2.3	-19.3%

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 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 3 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 m.	2020 m.	2021 m.	2020 m.	2021 m.	2020 m.	2021 m.	2020 m.	2021 m.	2020 m.
Revenue	14.2	16.2	4.9	4.8	15.4	14.6	0.7	0.5	35.1	36.1
Gross profit	3.8	4.5	1.2	1.0	3.7	4.0	0.1	0.2	8.7	9.6
Gross margin of the segment	26.5%	27.8%	23.7%	20.5%	24.0%	27.3%	17.5%	31.0%	24.8%	26.7%

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

Tissue paper products market. Over 3 months of 2021 the revenue from tissue paper segment reached EUR 14.2 million and, when compared to respective period of previous year, decreased by 12.4%. The gross profit of the segment amounted to EUR 3.8 million – 16.5% lower if compared to respective period of previous year. Respectively, the gross margin of the segment decreased from 27.8% to 26.5%. The reasons of the decrease are pandemic-driven quarantine restrictions in Horeca sector, resulting in less paper usage while providing catering and accommodation services. It is projected that after gradual decrease of quarantine restrictions the sales in this segment will reach the volumes that were observed during previous non-quarantine periods.

Wood products market. Over 3 months of 2021 the revenues of the segment reached EUR 4.9 million – 1.1% more, when compared to respective period of previous year. Gross profit of the segment reached EUR 1.2 million and was 17.1% higher when compared to respective period of previous year. The gross margin has increased significantly from 20.5% to 23.7%. 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 15.4 million over 3 months of 2021 and were higher by 5.3% when compared to respective period of previous year due to increased sales volumes. The gross profit of the segment reached EUR 3.7 million and was lower by 7.6%. Respectively, the gross margin of the segment decreased from 27.3% to 24.0%. While there is an increased demand in raw cardboard and corrugated cardboard packaging market, the gross margin of the segment decreased due to significant increase in the prices of raw materials, mainly wastepaper and energy.

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		
	2021 1-3 m.	2020 1-3 m.	2019 1-3 m.	2021 1-3 m.	2020 1-3 m.	2019 1-3 m.
Revenue, EUR million	35.1	36.1	37.0	15.5	17.6	17.1
Net profit, EUR million	3.3	4.0	2.8	1.6	2.3	9.3
EBITDA, EUR million	6.4	7.1	6.1	3.0	3.6	1.9
EBIT, EUR million	4.0	4.2	3.3	1.9	2.4	0.7
Profitability ratios						
Gross margin	24.8%	26.7%	19.2%	24.4%	25.0%	12.9%
EBITDA profitability	18.2%	19.8%	16.6%	19.3%	20.5%	11.4%
EBIT profitability	11.4%	11.8%	8.9%	12.4%	13.4%	4.1%
Net margin	9.4%	11.1%	7.6%	10.5%	13.3%	54.2%
ROE profitability	3.8%	5.3%	4.3%	2.8%	4.6%	20.9%
ROA profitability	2.7%	3.3%	2.4%	2.2%	3.2%	12.9%
ROCE profitability	4.0%	4.6%	3.7%	2.9%	3.9%	1.3%
Liquidity ratios						
Current ratio	1.74	1.46	1.07	1.80	1.34	0.78
Quick ratio	1.40	1.14	0.75	1.49	1.08	0.55
Capital structure ratios						
Debt to equity ratio	0.35	0.48	0.74	0.25	0.34	0.52
Debt to total assets ratio	0.26	0.32	0.43	0.20	0.25	0.34
Market value ratios						
P/E	26.68	17.34	33.75	54.05	29.70	10.21
Earnings per share, EUR	0.050	0.061	0.043	0.025	0.036	0.141

2. Main data about the issuer

Company	Data
Company name	Grigeo AB
Code	110012450
Authorised capital (until 18 May 2021, Note 28)	EUR 19,053,000
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

3. Audit information

The interim consolidated information of the Company covering 3 months of 2021 is not audited or checked-up by auditors.

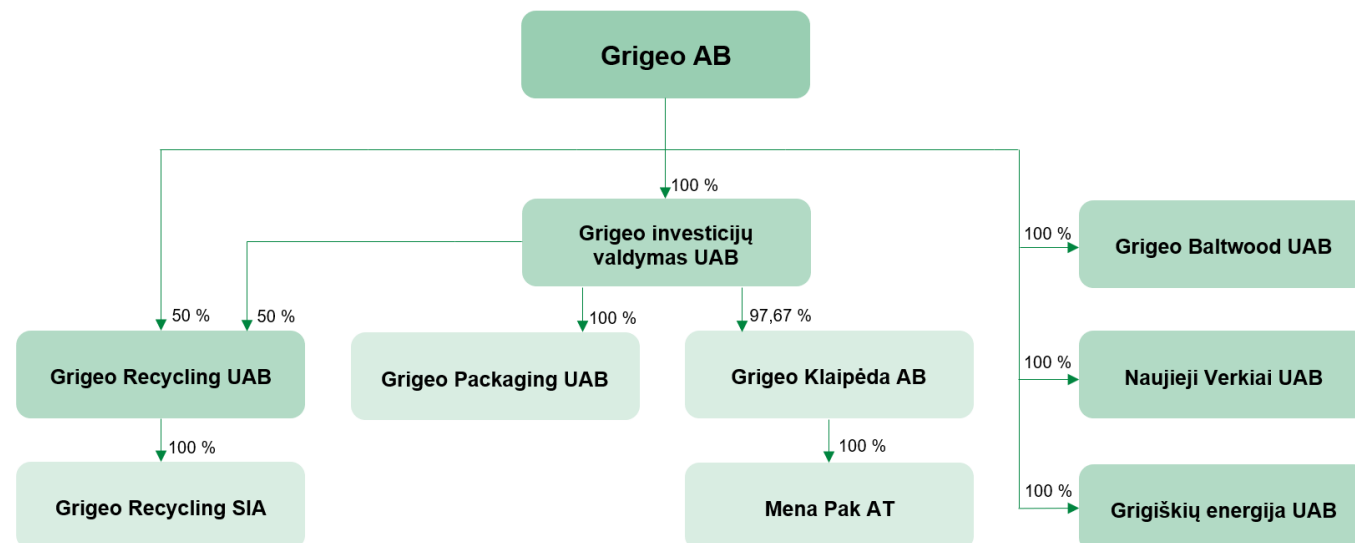
4. Contracts with intermediaries of public trading in securities and credit institutions

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.

5. Group companies and their contact details

As of 31 March 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](#).

6. 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 was dormant during the reporting period.

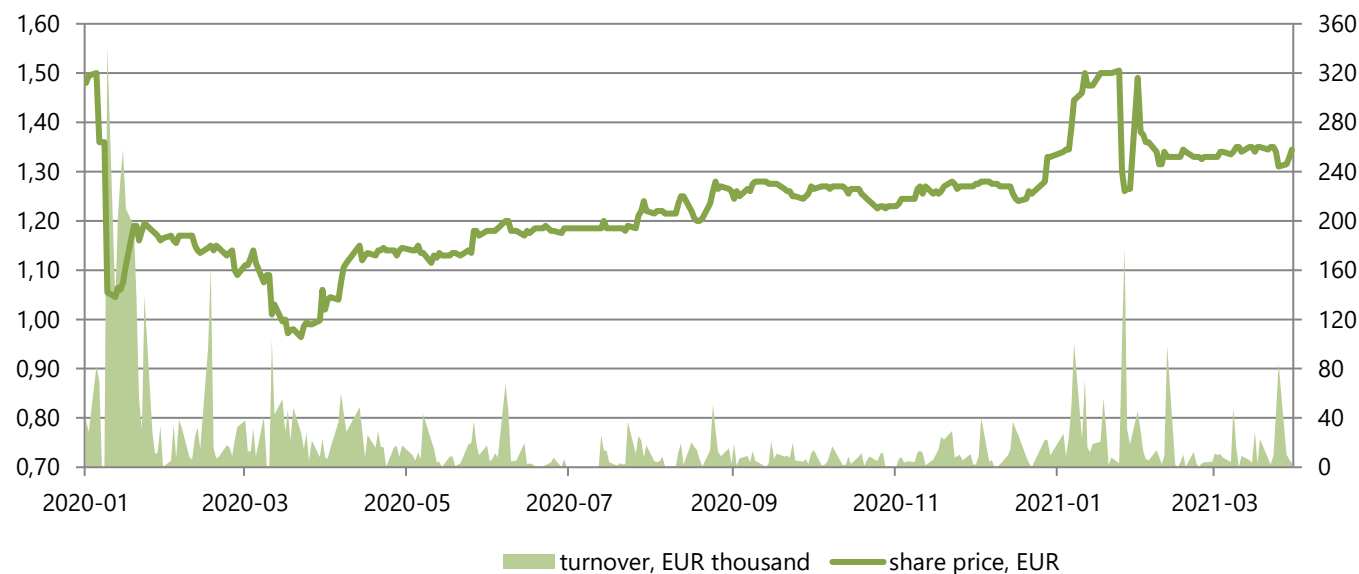
7. Data about trade in the issuer's securities in regulated markets

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).

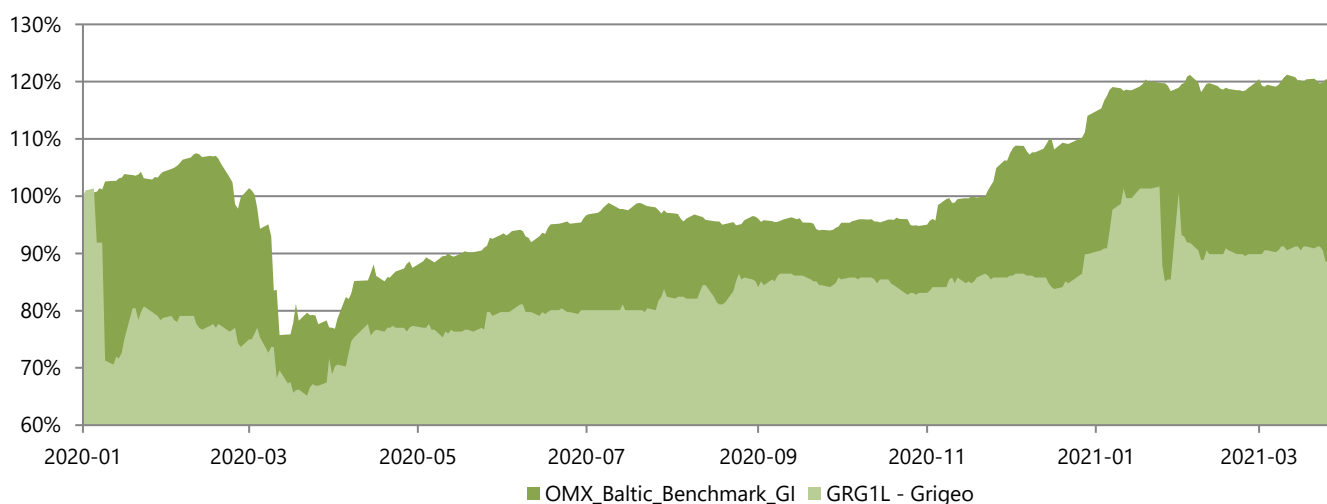
The main characteristics of the Company's shares:

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

Price and turnover of shares 01/01/2020 – 31/03/2021:



Share price benchmarked against the Baltic market index 01/01/2020 – 31/03/2021:



8. Shareholders

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

Shareholder's name (company's name, type, headquarters address, corporate ID number)	31 March 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, %
Ginvidos investicija UAB* Turniškių str. 10a-2, Vilnius, 125436533	28,582,407	43.50	43.50	28,582,407	43.50	43.50
Irena Ona Mišeikienė	8,584,171	13.07	13.07	8,584,171	13.07	13.07

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

9. Employees

Over the three 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	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Number of employees	863	859	293	288

The average salary in the Company and in the Group increased for most categories of employees as compared to the three 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.

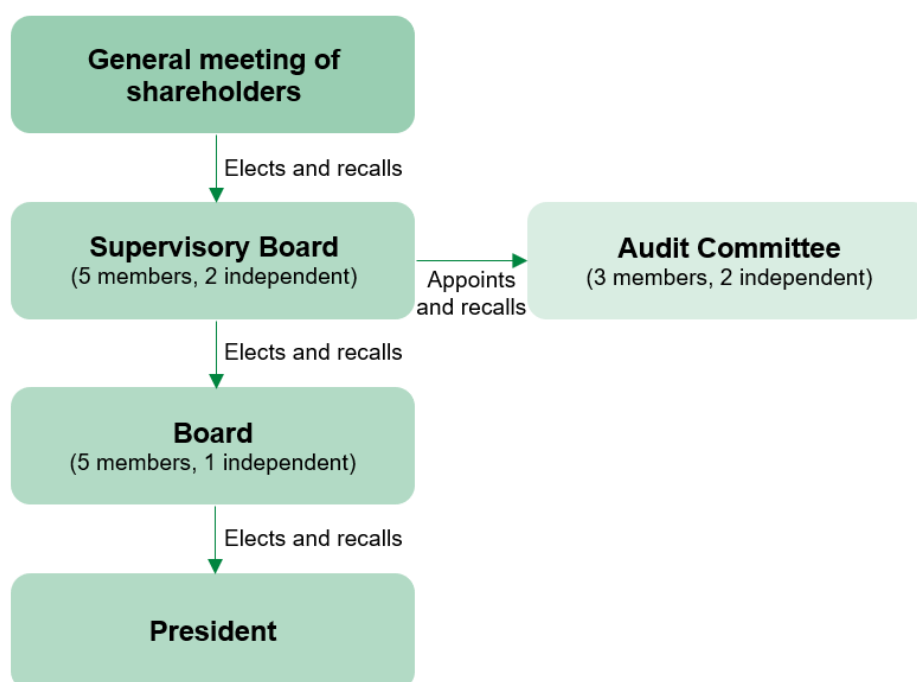
Employees	Group		Company	
	2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Workpeople	1,706	1,626	1,746	1,746
Specialists	2,079	1,994	2,210	1,981
Managers**	6,129	5,709	8,000	6,312
Total	2,294	2,154	2,583	2,297

* - 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.

10. 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 43.5*
Algimantas Variakojis	Independent Member (since 13/07/2020)	Vilnius University, Economist		0.14**
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		0.12
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 43.5*

*Ginvildos investicija UAB holds 43.5% of the Company's shares. 100% of shares of Ginvildos investicija UAB are held by Gintautas Pangonis.

**Board member holds 0.11% directly and 0.03% through 100% owned company Alro kapitalas UAB.

11. 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.

12. 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.

The Group did not have transactions with related parties over the 3 months of 2021.

Company's transactions with related parties over the 3 months of 2021 presented in the table below. Balances of amounts receivable/payable in relation thereto on the 31 March 2021.

Company	Sales of goods and services	Purchases of goods and services	Amounts receivable*	Amounts payable
Companies having significant influence	-	-	-	-
Subsidiaries	1,027	1,673	479	693
Other related companies	-	-	-	-
TOTAL	1,027	1,673	479	693

*Receivables include prepayments for goods and services.

INTERIM FINANCIAL STATEMENTS

Statements of financial position

	Notes	Group		Company	
		2021.03.31	2020.12.31	2021.03.31	2020.12.31
ASSETS					
Non-current assets					
Property, plant and equipment	2	69,762	70,629	28,378	28,613
Right-of-use assets	3	4,061	4,129	1,742	1,833
Intangible assets	5	3,589	3,624	411	430
Investment property	4	2,328	1,979	2,328	1,979
Investments in subsidiaries	6	-	-	23,051	23,051
Other amounts receivable	7	3	3	-	-
Deferred income tax assets		-	-	-	-
Total non-current assets		79,743	80,364	55,910	55,906
Current assets					
Inventories	9	9,131	9,133	3,944	3,996
Trade and other amounts receivable	7	17,965	15,127	8,653	7,367
Other current assets		352	282	158	166
Cash and cash equivalents	8	18,826	18,275	9,876	10,453
Total current assets		46,274	42,817	22,631	21,982
TOTAL ASSETS		126,017	123,181	78,541	77,888

(Cont'd on the next page)

Statements of financial position (continued)

	Notes	Group		Company	
		2021.03.31	2020.12.31	2021.03.31	2020.12.31
EQUITY AND LIABILITIES					
Equity					
Share capital	10	19,053	19,053	19,053	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		14	11	(2)	(4)
Foreign currency translation reserve		(2,258)	(2,407)	-	-
Retained earnings		72,590	69,278	40,615	38,980
Equity attributable to shareholders of the Company		92,423	88,959	62,690	61,053
Non-controlling interest		606	596	-	-
Total equity		93,029	89,555	62,690	61,053
Liabilities					
Non-current liabilities					
Borrowings	11	1,226	1,226	556	556
Lease liabilities		3,312	3,287	1,545	1,554
Grants		1,095	1,147	930	970
Deferred income tax liability		261	77	182	187
Long-term employee benefits		225	191	83	86
Other amounts payable		282	282	-	-
Total non-current liabilities		6,401	6,210	3,296	3,353
Current liabilities					
Borrowings	11	4,707	6,404	1,632	2,281
Lease liabilities		300	387	233	310
Income tax payable		780	572	614	352
Trade and other amounts payable	12	20,798	20,048	10,074	10,535
Fair value of financial instruments		2	5	2	4
Total current liabilities		26,587	27,416	12,555	13,482
Total liabilities		32,988	33,626	15,851	16,835
TOTAL EQUITY AND LIABILITIES		126,017	123,181	78,541	77,888

Statements of comprehensive income

	Notes	Group		Company	
		2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Revenue	13	35,056	36,074	15,525	17,629
Cost of sales		(26,353)	(26,454)	(11,744)	(13,221)
Gross profit		8,703	9,620	3,781	4,408
Selling and distribution expenses		(2,772)	(3,087)	(1,105)	(1,347)
Administrative expenses		(2,002)	(2,256)	(799)	(786)
Other income	14	86	100	89	86
Other gains/(losses) – net	15	(32)	(135)	(47)	10
Operating profit		3,983	4,242	1,919	2,371
Finance income		2	52	1	-
Finance costs		(116)	(73)	(28)	(26)
Finance income/(costs) – net		(114)	(21)	(27)	(26)
Profit before income tax		3,868	4,221	1,892	2,345
Income tax		(546)	(198)	(257)	(1)
PROFIT FOR THE PERIOD		3,322	4,023	1,635	2,344
Profit for the period is attributable to:					
Shareholders of the Company		3,312	4,016	1,635	2,344
Non-controlling interest		10	8	-	-
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		149	(375)	-	-
Cash flow hedges – effective portion of changes in fair value		3	5	2	-
Total items that may be reclassified subsequently to profit or loss		152	(370)	2	-
Other comprehensive income/(expenses) for the period		152	(370)	2	-
Total comprehensive income for the period		3,476	3,653	1,637	2,344
Total comprehensive income for the period is attributable to:					
Shareholders of the Company		3,466	3,645	1,637	2,344
Non-controlling interest		10	8	-	-
Basic and diluted earnings per share (in EUR)		0.050	0.061	0.025	0.036

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 period	-	-	-	-	-	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
Approved dividends	-	-	-	-	-	-	-	-	-
Transactions with the Company's owners	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-
At 31 December 2020	19,053	1,119	1,905	11	(2,407)	69,278	88,959	596	89,555
Profit for the period	-	-	-	-	-	3,312	3,312	10	3,322
Other comprehensive income/(expenses)	-	-	-	3	149	-	152	-	152
Total comprehensive income/(expenses) for the period	-	-	-	3	149	3,312	3,464	10	3,474
At 31 March 2021	19,053	1,119	1,905	14	(2,258)	72,590	92,423	606	93,029

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 period	-	-	-	-	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	-	-	-	-	1,635	1,635
Other comprehensive income	-	-	-	2	-	2
Total comprehensive income for the period	-	-	-	2	1,635	1,637
At 31 March 2021	19,053	1,119	1,905	(2)	40,615	62,690

Statements of cash flows

	Notes	Group		Company	
		2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Cash flows from operating activities					
Profit before income tax		3,868	4,221	1,892	2,345
Adjustments for non-cash items					
Depreciation and amortisation		2,388	2,902	1,073	1,244
Elimination of finance (income)/costs – net		623	(22)	27	26
Gain on disposal of property, plant and equipment		(1)	(20)	-	(6)
		6,878	7,081	2,992	3,609
Changes in working capital					
Decrease/(increase) in trade and other amounts receivable		(2,838)	(2,847)	(1,286)	(1,620)
(Increase)/decrease in inventories		1	1,432	52	1,064
(Increase)/decrease in other assets		(70)	(322)	8	11
Increase/(decrease) in trade and other amounts payable		781	2,068	100	561
		(2,126)	331	(1,126)	16
Interest paid		(36)	(75)	(17)	(21)
Income tax paid		(105)	(250)	-	-
Net cash inflow from operating activities		4,611	7,087	1,849	3,604
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets	2 / 5	(1,806)	(874)	(1,232)	(373)
Acquisition of investment property	4	(470)	-	(470)	-
Disposal of property, plant and equipment	2	1	35	-	9
Dividends received		-	-	-	-
Net cash inflow/(outflow) from investing activities		(2,275)	(839)	(1,702)	(364)
Cash flows from financing activities					
Dividends paid		-	(1)	-	-
Repayment of borrowings		(1,697)	(2,876)	(649)	(1,155)
Proceeds from borrowings		-	-	-	-
Lease payments		(88)	(5)	(75)	(1)
Net cash (outflow) from financing activities		(1,785)	(2,882)	(724)	(1,156)
Net increase/(decrease) in cash flows		551	3,366	(577)	2,084
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		18,826	12,015	9,876	3,665

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of the Group and the Company for the three months ended 31 March 2021 are prepared in accordance with IAS 34 Interim Financial Reporting

These financial statements do not include all of 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 31 March 2020 as well as last annual financial statements as at and 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 3-month period ended 31 March 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 takes into account conclusions presented by the employees responsible for technical maintenance of assets.

Impairment of goodwill

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

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](#).

The accounting policies of the Group and the Company did not change from the one stated in 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	29,610	39,029	871	1,133	2,344	72,987
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	27,555	33,619	899	943	7,613	70,629
Additions	-	174	59	87	1,029	1,349
Transfer from construction in progress to property, plant and equipment	130	196	-	-	(326)	-
Foreign exchange effect	10	28	-	-	9	47
Depreciation charge	(568)	(1,541)	(68)	(86)	-	(2,263)
Closing net book amount at 31 March 2021	27,127	32,476	890	944	8,325	69,762
At 31 March 2021						
Cost	47,076	112,009	2,438	2,518	8,325	172,366
Accumulated depreciation	(19,949)	(79,533)	(1,548)	(1,574)	-	(102,604)
Net book amount	27,127	32,476	890	944	8,325	69,762

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

On the 31 March 2021, the part of the Group's property, plant and equipment with a carrying value of EUR 48,536 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	-	-	-	31	710	741
Transfer from construction in progress to property, plant and equipment	129	44	-	-	(173)	-
Depreciation charge	(223)	(692)	(22)	(39)	-	(976)
Closing net book amount at 31 March 2021	10,605	11,720	332	385	5,336	28,378
At 31 March 2021						
Cost	17,093	54,079	708	1,113	5,336	78,329
Accumulated depreciation	(6,488)	(42,359)	(376)	(728)	-	(49,951)
Net book amount	10,605	11,720	332	385	5,336	28,378

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

On the 31 March 2021, the part of the Company's property, plant and equipment with a carrying value of EUR 16,224 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
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	-	-	73	73
Foreign exchange effect	1	-	-	1
Disposals and write-offs	-	-	(39)	(39)
Amortisation charge	(15)	(27)	(61)	(103)
Closing net book amount at 31 March 2021	3,462	105	494	4,061
At 31 March 2021				
Cost	3,947	242	774	4,963
Accumulated depreciation	(485)	(137)	(280)	(902)
Net book amount	3,462	105	494	4,061

As at 31 March 2021, the part of the Group's land lease rights with the carrying amount of EUR 1,919 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
Opening net book amount at 1 January 2020	808	230	-	1,038
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	987	686	160	1,833
Change in value-in-use	-	-	13	13
Disposals, write-offs	-	-	(25)	(25)
Amortisation charge	(2)	(57)	(20)	(79)
Closing net book amount at 31 March 2021	985	629	128	1,742
At 31 March 2021				
Cost	1,014	1,154	214	2,382
Accumulated depreciation	(29)	(525)	(86)	(640)
Net book amount	985	629	128	1,742

As at 31 March 2021, the part of the Company's land lease rights with the carrying amount of EUR 362 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	1,481	40	1,521
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	1,463	516	1,979
Additions	-	378	378
Reclassification from property, plant and equipment	196	(196)	-
Depreciation charge	(29)	-	(29)
Closing net book amount at 31 March 2021	1,630	698	2,328
At 31 March 2021			
Cost	2,462	698	3,160
Accumulated depreciation	(832)	-	(832)
Net book amount	1,630	698	2,328

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	-	-	11
Amortisation charge	-	(9)	(36)	-	(45)
Closing net book amount at 31 March 2021	3,001	73	514	1	3,589
At 31 March 2021					
Cost	3,001	168	2,207	531	5,907
Accumulated amortisation	-	(95)	(1,693)	(530)	(2,318)
Net book amount	3,001	73	514	1	3,589

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	10	-	-	10
Amortisation charge	(9)	(20)	-	(29)
Closing net book amount at 31 March 2021	73	337	1	411
At 31 March 2021				
Cost	168	999	10	1 177
Accumulated amortisation	(95)	(661)	(9)	(765)
Net book amount	73	337	1	411

6. Investments in subsidiaries

	Company	
	2021.03.31	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	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Trade receivables – gross	16,522	13,573	7,741	6,533
Loss allowance	(152)	(153)	(72)	(72)
Trade receivables – net	16,371	13,420	7,670	6,461
Amounts receivable from related parties	-	-	479	425
Amount receivable of the recovery of a part of the PSO* service fee	758	758	273	273
VAT receivable	632	744	103	87
Other amounts receivable – gross	207	208	128	121
Total trade and other amounts receivable – net	17,968	15,130	8,653	7,367
Of which:				
Non-current amounts receivable	3	3	-	-
Current amounts receivable	17,965	15,127	8,653	7,367

*PSO – services under public service obligation scheme.

As at 31 March 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	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Cash at bank	18,826	18,275	9,876	10,453
Cash on hand	-	-	-	-
TOTAL	18,826	18,275	9,876	10,453

9. Inventories

	Group		Company	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Materials	4,725	4,507	1,105	1,153
Work in progress	1,262	1,392	920	1,010
Finished products	2,970	3,035	1,905	1,779
Inventories in transit	-	164	-	36
Prepayments	174	35	14	18
Total	9,131	9,133	3,944	3,996

As at 31 March 2021, the acquisition value (cost) of the Group's and the Company's inventories was decreased by respectively EUR 477 thousand and EUR 202 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 31 March 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

On 31 of March 2021 and on 31 December 2020 share capital of the Company consisted of 65,700,000 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.

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

Following 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 funds 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.

11. Non-current and current borrowings

	Group		Company	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Non-current borrowings:				
Bank borrowings	1,226	1,226	556	556
	1,226	1,226	556	556
Current borrowings:				
Bank borrowings	4,707	6,404	1,632	2,281
	4,707	6,404	1,632	2,281
TOTAL	5,932	7,630	2,187	2,837

12. Trade and other payables

	Group		Company	
	2021.03.31	2020.12.31	2021.03.31	2020.12.31
Trade payables	15,226	15,768	7,725	8,571
Wages and salaries and social security contributions	4,076	2,209	1,684	1,147
Advance amounts received	329	247	157	105
Accrued expenses	141	353	90	274
Other amounts payable	1,026	1,471	418	437
TOTAL	20,798	20,048	10,074	10,535
Of which:				
Attributable to financial liabilities	16,393	17,592	8,233	9,283
Not attributable to financial liabilities	4,405	2,456	1,841	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 2021 1-3 m.	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	14,174	4,870	15,353	34,397	659	-	35,056
Inter-segment sales	(1,319)	(171)	(4,563)	(6,053)	(1,018)	7,071	-
Unconsolidated segment sales	15,493	5,040	19,917	40,450	1,677	(7,071)	35,056
Cost of sales	(10,421)	(3,717)	(11,671)	(25,809)	(544)	-	(26,353)
Gross profit	3,753	1,153	3,682	8,588	115	-	8,703
Depreciation and amortisation	936	181	1,148	2,265	175	-	2,440
Property, plant and equipment of the segment	25,148	3,122	37,522	65,792	3,970	-	69,762
Intangible assets of the segment	306	2	174	482	106	-	588
Investment property of the segment	-	-	-	-	2,328	-	2,328
Right-of-use assets of the segment	233	898	1,918	3,049	1,012	-	4,061
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	746	143	416	1,305	433	-	1,738

Group 2020 1-3 m.	Paper and paper products	Wood fibre boards	Raw materials for corrugated cardboard and related products	Total reportable segments	Unallocated	Elimination	TOTAL
Sales	16,184	4,816	14,577	35,577	497	-	36,074
Inter-segment sales	(1,434)	(181)	(2,727)	(4,342)	(1,108)	5,451	-
Unconsolidated segment sales	17,618	4,998	17,304	39,920	1,605	(5,451)	36,074
Cost of sales	(11,687)	(3,831)	(10,593)	(26,111)	(343)	-	(26,454)
Gross profit	4,497	985	3,984	9,466	154	-	9,620
Depreciation and amortisation	1,179	187	1,469	2,835	256	-	3,091
Property, plant and equipment of the segment	24,133	3,086	39,386	66,605	4,124	-	70,729
Intangible assets of the segment	336	3	250	589	125	-	714
Investment property of the segment	-	-	-	-	1,501	-	1,501
Right-of-use assets of the segment	18	846	1,599	2,463	820	-	3,283
Goodwill	-	-	3,001	3,001	-	-	3,001
Investments of the segment	385	68	417	870	4	5	879

13. Segment information (continued)

	Group		Company	
	2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Domestic market (Lithuania)	11,148	9,464	4,777	4,573
Foreign market				
Poland	6,344	7,531	2,854	3,697
Latvia	3,404	2,873	2,192	1,815
Estonia	2,904	2,484	939	1,357
Finland	1,924	2,354	787	1,086
Denmark	1,869	1,966	1,476	1,718
Germany	1,778	588	121	271
Sweden	1,530	1,768	812	1,167
Belarus	873	1,197	120	307
The Netherlands	673	993	407	626
Ukraine	639	2,263	456	608
Russia	399	368	150	163
Norway	362	138	294	138
Great Britain	262	350	14	-
Austria	163	229	21	10
Czech Republic	93	122	-	-
China	-	813	-	-
Other markets	691	573	105	93
Foreign market total	23,908	26,610	10,748	13,056
TOTAL	35,056	36,074	15,525	17,629

14. Other income

	Group		Company	
	2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Rental income	86	100	89	86
Dividend income	-	-	-	-
TOTAL	86	100	89	86

15. Other gains/(losses) – net

	Group		Company	
	2021 1-3 m.	2020 1-3 m.	2021 1-3 m.	2020 1-3 m.
Net gain from turnover of emission allowances	(52)	-	(52)	-
Result of disposal of assets	3	25	-	6
Other gains/(losses)	17	(160)	5	4
TOTAL	(32)	(135)	(47)	10

16. Court and arbitration proceedings

Over the three 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.

17. Pre-trial proceedings

Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office is carrying out a pre-trial investigation regarding the wastewater management of the subsidiary Grigeo Klaipėda AB. 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 aforementioned pre-trial investigation over the first quarter of 2021 and until the date of signing these interim financial statements.

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

18. Events after the end of the reporting period

Increase of the authorised capital out of the Company's funds.

Following 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 funds 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.

The appropriation of the Company's profit for the year 2020.

On 30 April 2021 the Annual General Meeting of Shareholders approved the appropriation of the Company's profit for the year 2020 according to the draft appropriation of profit presented for the Annual General Meeting of Shareholders: from the total Company's profit available for appropriation in the amount of EUR 38,979,815 to allocate EUR 7,884,000 for the payment of dividends for the year 2020, to bring forward EUR 31,095,815 as unappropriated profit to the next financial year and to appropriate EUR 36,300 for royalties to the members of the Supervisory Board.