

GRIGEO AB

Interim information for the nine months of 2020



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1. REPORTING PERIOD FOR WHICH THIS FINANCIAL STATEMENTS HAVE BEEN PREPARED

The interim financial reports of Grigeo AB (further the Company or the Issuer) have been prepared for the nine months of 2020.

2. AUDIT INFORMATION

The interim consolidated information of the Company covering nine months of 2020 is not audited or checked-up by auditors.

3. GROUP COMPANIES AND THEIR CONTACT DETAILS

On the 30th of September 2020 the Company had nine subsidiaries: Grigeo Klaipėda AB, Grigeo Packaging UAB, Grigeo Baltwood UAB, Grigeo Recycling UAB, Grigeo Recycling SIA, Mena Pak AT, Grigeo investicijų valdymas UAB, Naujieji Verkiai UAB and Grigiškių energija UAB.

Status	Issuer	Subsidiary	Subsidiary
Name	Grigeo AB	Grigeo Klaipėda AB	Grigeo Packaging UAB
Company's ID No.	110012450	141011268	302329061
Authorised capital	19,053,000 Eur	11,890,550.55 Eur	15,202,900 Eur
Shares directly or indirectly controlled by Grigeo AB	Company has not acquired any shares of itself	97.67 %**	100 %**
Address	Vilniaus str. 10, Grigiškės, Vilnius	Nemuno str. 2, Klaipėda	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+370 5 243 5801	+370 46 39 5601	+370 5 243 5838
Fax	+370 5 243 5802	+370 46 39 5600	-
E-mail	info@grigeo.lt	info.klaipeda@grigeo.lt	info.packaging@grigeo.lt
Internet address	http://www.grigeo.lt/en	http://www.grigeo.lt/en	http://www.grigeo.lt/en
Legal form	Public Limited Liability Company	Public Limited Liability Company	Private Limited Liability Company
Date of registration	23 May, 1991	22 September, 1994	10 April, 2009
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers
Status	Subsidiary	Subsidiary	Subsidiary
Name	Grigeo Baltwood UAB	Grigeo Recycling UAB	Grigeo Recycling SIA
Company's ID No.	126199731	302529158	40203001091
Authorised capital	4,000,000 Eur	2,960,000 Eur	500,000 Eur
Shares directly or indirectly controlled by Grigeo AB	100 %*	100 %*****	100 %****
Address	Vilniaus str. 10, Grigiškės, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius	Ēdoles str. 5, Riga, Latvia
Phone	+370 5 243 5900	+370 5 243 3393	+370 5 243 3393
Fax	+370 5 243 5910	-	-
E-mail	info.baltwood@grigeo.lt	info.recycling@grigeo.lt	info.recycling@grigeo.lt
Internet address	http://www.grigeo.lt/en	http://www.grigeo.lt/en	-
Legal form	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	10 April, 2003	16 July, 2010	16 June, 2016
Administrator of the register	State Enterprise Centre of Registers	State Enterprise Centre of Registers	Latvian Republic register of enterprises

Status	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Name	Mena Pak AT	Grigeo investicijų valdymas UAB	Naujieji Verkiai UAB	Grigiškių energija UAB
Company's ID No.	00383260	302416687	300015674	302674488
Authorised capital	4,011,470 UAH	19,329,776 Eur	28,962 Eur	2,900 Eur
Shares directly or indirectly controlled by Grigeo AB	100 %***	100 %*	100 %*	100 %*
Address	Koshevo str. 6, Chernihiv region, Mena, Ukraine	Vilniaus str. 10, Grigiškės, Vilnius	Popieriaus str. 15, Vilnius	Vilniaus str. 10, Grigiškės, Vilnius
Phone	+380 4644 21341	+370 698 87433	+370 5 243 5933	+370 5 243 5933
Fax	+380 4644 21084	-	+370 5 243 5802	+370 5 243 5802
E-mail	menapack@ukr.net	info.giv@grigeo.lt	info@grigeo.lt	vigmantas.kazukauskas@grigeo.lt
Internet address	www.menapack.com.ua	-	-	-
Legal form	Public Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company	Private Limited Liability Company
Date of registration	30 December, 1993	10 July, 2009	6 April, 2004	7 October, 2011
Administrator of the register	Chernihiv region, Mena distr. Public administration	State Enterprise Centre of Registers	State Enterprise Centre of Registers	State Enterprise Centre of Registers

* - Shares directly controlled by AB Grigeo.

** - Shares directly controlled by UAB Grigeo investicijų valdymas.

*** - Shares directly controlled by AB Grigeo Klaipėda.

**** - Shares directly controlled by UAB Grigeo Recycling.

***** - Shares directly semi-controlled by AB Grigeo and UAB Grigeo investicijų valdymas.

4. MISSION, VISSION, VALUES OF THE GROUP COMPANIES

By creating and producing, we always think of you - our customers, employees, partners, colleagues... What is important for you, and how we can make your and your surroundings welfare.

Mission – to develop and produce environmentally friendly products, improving quality of life.

Vission – Recognized as the European manufacturer.

Values



5. NATURE OF CORE ACTIVITIES OF THE GROUP COMPANIES

Core business activity of Grigeo AB is manufacturing of tissue paper.

Core business activities of Grigeo Klaipėda AB are as follows: manufacturing of the raw materials for production of corrugated board – Testliner and Fluting. Beside the main activity, Grigeo Klaipėda AB also produces paper honeycomb used in furniture industry.

Core business activities of Grigeo Packaging UAB are as follows: manufacturing of corrugated board, products from corrugated board.

Core business activities of Grigeo Baltwood UAB are as follows: manufacturing self-coloured and painted hardboard.

Core business activities of Grigeo Recycling UAB are as follows: second-hand paper collection and preparation for recycling.

Core business activities of Grigeo Recycling SIA are as follows: second-hand paper collection and preparation for recycling.

Core business activities of Mena Pak AT (In Ukrainian – *акціонерне товариство „МЕНА ПАК“*) are as follows: manufacturing of corrugated board, products from corrugated board.

Core business activities of Grigeo investicijų valdymas UAB are as follows: investment activities and corporate governance.

Core business activities of Naujieji Verkiai UAB are as follows: building and development of real estate.

Core business activity of Grigiškių energija UAB is planned to be a business of heat production and sale. The company has not been operating in year 2020.

6. CONTRACTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES AND CREDIT INSTITUTIONS

The Company has signed a contract with Šiaulių bankas AB (bank) (tel. 1813 (+370 37 301337 when calling from abroad), kc@sb.lt) on payment of dividend to the shareholders for previous financial years.

The Company has signed a contract with Orion Securities UAB (financial brokerage company) (A. Tumėno str. 4, Vilnius, tel. (8~5) 231 3833, fax: (8~5) 231 3840, info@orion.lt) on the handling of securities issued by the Company and for making the market for the shares of Grigeo AB.

7. AUTHORISED CAPITAL OF THE ISSUER

7.1. The authorized capital registered at the Register of Legal Persons

7.1.1. Table. Structure of the authorized capital

Tape of shares	Number of shares	Par value, EUR	Total value, EUR	Interest in the authorised capital, %
Ordinary registered shares	65,700,000	0.29	19,053,000	100

All shares of the Issuer are fully paid up.

7.2. Information on the prospective increase of the authorized capital by converting issued debt securities or derivative securities into shares

The issuer has not issued any debt securities or derivative securities to be converted into shares.

7.3. Rights and obligations conferred by the shares

The shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit - dividend;
- 2) to receive the Company's funds when the authorized capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive shares without payment if the authorized capital is increased out of the Company funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the general meeting decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders in the manner prescribed by Law on Companies of the Republic of Lithuania;
- 5) to lend to the Company in the manner prescribed by laws of the Republic of Lithuania; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
- 6) to receive a part of assets of the Company in liquidation;

- 7) to bequeath all or a part of the shares to the ownership of the other people;
- 8) to transfer all or part of the shares to ownership of other people;
- 9) to attend the general meetings of shareholders;
- 10) to vote at general meetings of the shareholders according to voting rights carried by their shares (each fully paid share of the nominal value of 0.29 EUR gives its holder one vote at the general meeting);
- 11) to receive information on the Company according to the procedure laid down in the laws of the Republic of Lithuania and the Articles of Association of the Company;
- 12) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company manager and Board members of their obligations prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the Company as well as in other cases laid down by laws of the Republic of Lithuania;
- 13) to authorize a person to vote on his/her behalf at the general meeting of the shareholders;
- 14) to exercise other property and non-property rights provided by laws of the Republic of Lithuania.

8. SHAREHOLDERS

8.1. Number of shareholders of the Company

On the 30th of September 2020 there were 3,385 shareholders of Grigeo AB.

8.2. Main shareholders owning in excess of 5 per cent of the authorised capital of the Issuer

8.2. table. Shareholders owning in excess of 5 per cent of the authorised capital of the Issuer on the 30th of September 2020 and/or the 31st of December 2019.

Shareholder's name (company's name, type, headquarters address, corporate ID number)	30 September 2020			31 December 2019		
	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, %
UAB „GINVILDOS INVESTICIJA“* 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 Ginvildos investicija UAB.

8.3. Shareholders holding special controlling rights

There are no shareholders holding special controlling rights.

8.4. Restrictions of the voting rights

There are no restrictions of the voting rights.

8.5. Agreements between/among the shareholders

The Issuer is not aware of any agreements between/among the shareholders likely to result in the restriction of securities transfer and (or) voting rights.

9. INFORMATION ON TRADING WITH ISSUER'S SECURITIES ON THE REGULATED MARKETS

Registered ordinary shares of Grigeo AB are listed on the Baltic Main List of Nasdaq Vilnius stock exchange (ticker – GRG1L).

9.1. Key characteristics of the shares of the Company

9.1. table. Key characteristics of the shares of the Company

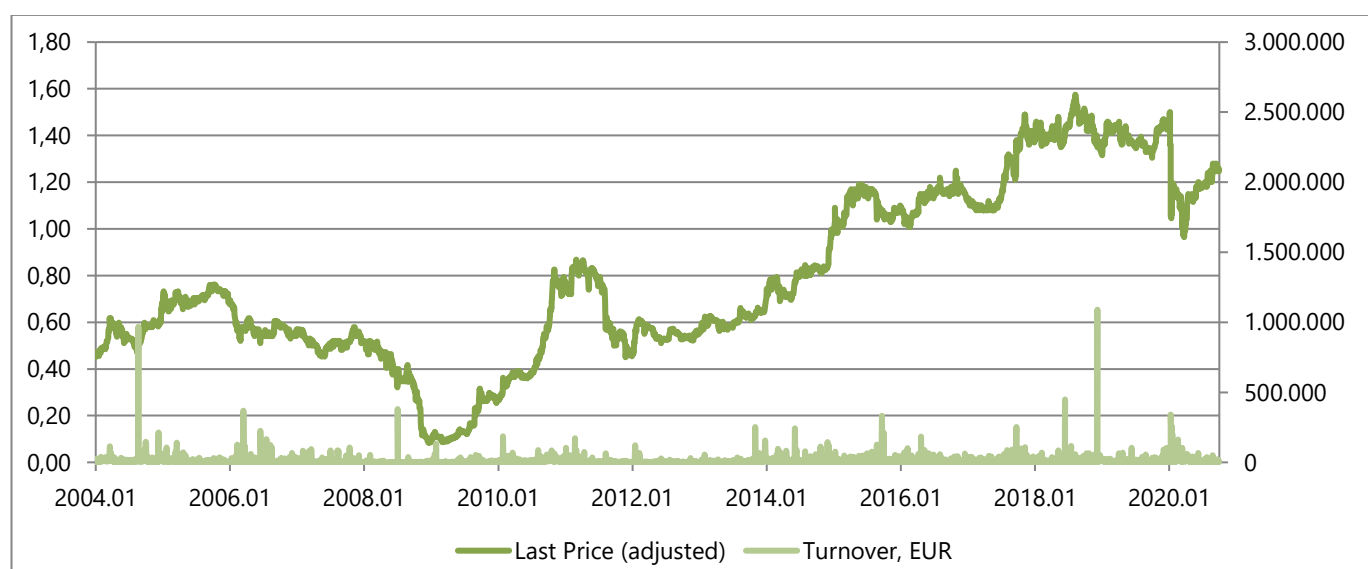
Type of shares	Securities ISIN code	Number of shares	Par value, EUR	Total par value, EUR
Registered ordinary shares	LT0000102030	65,700,000	0.29	19,053,000

9.2. Share trading information

9.2. table. Share trading information

Reported period	Price, EUR				Turnover, EUR			Total turnover	
	Max.	Min.	Last session	Average	Max.	Min.	Last session	Units	EUR
2016	1.250	1.010	1.130	1.119	183,659	0	15,898	2,887,745	3,230,284
2017, I Q	1.130	1.080	1.090	1.099	39,634	0	3,017	496,998	546,188
2017, II Q	1.130	1.080	1.130	1.100	47,155	0	4,209	488,357	537,049
2017, III Q	1.380	1.150	1.350	1.275	251,837	0	10,143	1,305,203	1,663,852
2017, IV Q	1.490	1.340	1.390	1.403	107,228	0	3,636	906,108	1,271,658
2017	1.490	1.080	1.390	1.257	251,837	0	3,636	3,196,666	4,018,748
2018, I Q	1.460	1.355	1.410	1.406	69,059	0	13,250	606,716	853,330
2018, II Q	1.480	1.350	1.440	1.441	449,125	0	288	975,739	1,376,401
2018, III Q	1.575	1.435	1.500	1.499	116,826	0	18,801	732,650	1,098,258
2018, IV Q	1.500	1.325	1.325	1.377	1,089,964	0	14,277	1,452,506	1,999,768
2018	1.575	1.325	1.325	1.414	1,089,964	0	14,277	3,767,611	5,327,757
2019, I Q	1.460	1.315	1.440	1.406	26,314	0	5,517	360,604	507,184
2019, II Q	1.460	1.355	1.360	1.390	103,995	0	1,715	628,442	873,498
2019, III Q	1.395	1.305	1.305	1.353	55,746	266	33,354	377,514	510,790
2019, IV Q	1.470	1.320	1.445	1.419	104,495	42	13,623	628,797	892,451
2019	1.470	1.305	1.445	1.395	104,495	0	13,623	1,995,357	2,783,923
2020, I Q	1.500	0.964	1.060	1.108	342,036	310	23,212	3,120,293	3,458,776
2020, II Q	1.200	1.020	1.185	1.135	67,608	11	6,651	815,180	925,039
2020, III Q	1.280	1.180	1.255	1.231	50,999	151	2,737	492,652	606,631

9.2. figure. Share price and turnover 01.01.2004 – 30.09.2020.



9.3. Capitalisation of the Company's shares

9.3. table. Capitalisation of the Company's shares

Last session date	Capitalisation, EUR
31.12.2015	72,270,000
31.03.2016	70,956,000
30.06.2016	75,555,000
30.09.2016	77,526,000
31.12.2016	74,241,000
31.03.2017	71,613,000
30.06.2017	74,241,000
30.09.2017	88,695,000
31.12.2017	91,323,000
31.03.2018	92,637,000
30.06.2018	94,608,000
30.09.2018	98,550,000
31.12.2018	87,052,500
31.03.2019	94,608,000
30.06.2019	89,352,000
30.09.2019	85,738,500
31.12.2019	94,936,500
31.03.2020	69,642,000
30.06.2020	77,854,500
30.09.2020	82,453,500

9.4. Issuer's share trading on other stock exchanges and regulated markets

The Company's shares are not traded on other stock exchanges and regulated markets.

9.5. Own shares buy out

The Company and the Group have not bought out own shares and have not acquired any shares of themselves.

9.6. Restrictions on shares transfer.

There are no restrictions on shares transfer.

9.7. Official takeover bid

Official takeover bid for the Company's shares has not been declared. The Company also hasn't declared official takeover bid for shares of other companies.

10. EMPLOYEES

Over the nine months of the year 2020 there were no significant changes in number of employees or salary. The number of the Group employees fluctuated naturally. The change of average salary was mostly caused by the following factors: consistent salary increase policy and recruitment of workers of higher competences.

10.1. table. Number of employees of the Group

	30.09.2020	31.12.2019
Number of employees	866	869

10.2. table. Number of employees of the Company

	30.09.2020	31.12.2019
Number of employees	294	295

10.3. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2020.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,659	67	220	263	23
Specialists	1,996	151	34	19	-
Managers	4,560	75	5	6	-
Total	2,043	293	259	288	23

10.4. table. Average number of employees, salary and grouping of employees by education of the Group during the nine months of 2019.

Employees	Average salary*	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,526	69	219	258	24
Specialists	1,917	132	29	28	-
Managers	4,474	67	2	6	-
Total	1,893	268	250	292	24

10.5. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2020.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,805	24	62	92	8
Specialists	2,071	57	11	9	-
Managers	5,287	30	1	1	-
Total	2,254	111	74	102	8

10.6. table. Average number of employees, salary and grouping of employees by education of the Company during the nine months of 2019.

Employees	Average salary	Employees by education			
		University	College	Secondary	Basic
Workpeople	1,641	25	60	87	10
Specialists	1,997	47	7	14	-
Managers	4,870	29	1	1	-
Total	2,082	101	68	102	10

* - information on the average wage is provided without Mena Pak AT data to show the precise group average wages unaffected by fluctuations of Ukrainian currency.

11. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ISSUER

The Articles of Association of the Issuer are amended in the procedure prescribed by legal acts of the Republic of Lithuania.

12. INFORMATION ON THE MANAGING BODIES OF THE ISSUER

The Company has the general meeting of shareholders, the sole-person managing body – the head of the Company (the President), the collegial managing bodies – supervisory council and audit committee and the collegial managing body – the board.

The supervisory council is comprised of 5 members. The members to the supervisory council are elected by the general meeting of shareholders for a period of 4 years. The supervisory council elects and revokes the members of the board. The board of the Company consists of 5 members. The supervisory council elects and revokes the members of the Audit committee. The Audit committee of the Company consists of 3 members.

The Supervisory Board represents the shareholders and together with the Audit Committee performs supervisory functions.

The board of the Company elects and revokes the head of the Company, fixes his salary, awards bonuses to and imposes penalties on the head of the Company.

12.1. Members of the managing bodies

12.1. table. Members of the supervisory council, audit committee and board, head, and their capital share and votes

Full names	Positions	Education	Tenure	Capital share and votes, %
SUPERVISORY COUNCIL				
Norimantas Stankevičius	Chairman	University	Since 26 April 2019 until the annual General Meeting, to be held in 2023	4.42
Vilius Oškeliūnas	Independent member	University		-
Romualdas Degutis	Member	University		0.03
Normantas Paliokas	Member	University		-
Daiva Duksienė	Independent member	University		-
AUDIT COMMITTEE				
Daiva Duksienė	Chairwoman	University	Since 26 April 2019 until the annual General Meeting, to be held in 2023	-
Norimantas Stankevičius	Member	University		4.42
Vilius Oškeliūnas	Member	University		-
BOARD				
Gintautas Pangonis	Chairman	University	Since 26 April 2019 until the annual General Meeting, to be held in 2023	Indirectly 43.5*
Algimantas Variakojis	Independent member (since 13 July 2020)	University		-
Vigmantas Kažukauskas	Member	University		0.85
Saulius Martinkevičius	Member	University		0.12
Tomas Jozonis	Member	University		-
HEAD OF THE COMPANY				
Gintautas Pangonis	President	University	-	Indirectly 43.5*

*Ginvildos investicija UAB has 43.5 % shares of the Company. Gintautas Pangonis owns 100 % of the shares of Ginvildos investicija UAB.

12.2. Information of the Chairman of the Board, President

Gintautas Pangonis – Chairman of the Board, president. Education – university degree. Profession – multichannel telecommunication engineer. Workplaces during the last 10 years:

Employers	Positions
Grigeo AB	Director general, chairman of the board
Grigeo AB	President, chairman of the board

12.3. Information on the participation in the activities of other enterprises, agencies and organisations (name of the enterprise, agency or organisation and position thereat, capital interest and votes in excess of 5 per cent)

12.3. table. Participation of the members of the supervisory council and board, head in the activities of other enterprises, agencies and organisations

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
Norimantas Stankevičius	Grigeo AB	Chairman of the supervisory council, member of the audit committee	Grigeo AB	4.42
	Didma UAB	Project director	Didma UAB	51.0
			Statybų namai UAB	62.0
			Technikos namai UAB	62.0
Vilius Oškeliūnas	Grigeo AB	Independent member of the supervisory council, member of the audit committee		
	Atelier Investment Management UAB	Director, member of the board		
	Gerovės valdymas UAB	Wealth manager		
	IM investment UAB	Director		
	Ars Lab Limited, IE	Chairman of the board		
	Gerovės partneriai KŪB	True member		
	Invalda privatus kapitalas AB	Member of the board		
Romualdas Degutis	WB Invest UAB	Director		
	Grigeo AB	Member of the supervisory council	Grigeo AB	0.03
	Telesat sprendimai UAB	Member of the board	Telesat sprendimai UAB	50.0
	Antena UAB	Chairman of the board	Antena UAB	35.0
	InComSystems UAB	Chairman of the board	InComSystems UAB	60.0
Normantas Paliokas	InComSystems UAB	Director general		
	Elnorma UAB	Director	Elnorma UAB	100.0
Daiva Duksienė	Grigeo AB	Member of the supervisory council		
	Grigeo AB	Independent member of the supervisory council, chairwoman of the audit committee		
	Autodina UAB	Chief accountant		
	Vilturas UAB	Chief accountant		
Gintautas Pagonis	Autovizija LT UAB	Chief accountant		
	Grigeo AB	President		
	Ginvildos investicija UAB	Director	Ginvildos investicija UAB	100.0
	Grigeo AB	Chairman of the board		
	Grigeo Klaipėda AB	Member of the board		
	Naujieji Verkiai UAB	Chairman of the board		
	Grigeo Baltwood UAB	Chairman of the board		
	Grigeo Packaging UAB	Member of the board		
	Grigiškių energija UAB	Chairman of the board		
	Grigeo Recycling UAB	Chairman of the board		
	Grigeo investicijų valdymas UAB	Chairman of the board		

Name	Business participation		Capital interest	
	Name of enterprise, agency and organisation	Positions	Name of enterprise, agency and organisation	Capital share and votes, %
	Mena Pak AT	Member of the Supervisory council		
	Grigeo Recycling SIA	Chairman of the Supervisory council		
Vigmantas Kažukauskas	Grigeo AB	Vice president, Business Development	Grigeo AB	0.85
	Grigeo AB	Member of the board		
	Grigeo Klaipėda AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Naujieji Verkiai UAB	Director		
	Naujieji Verkiai UAB	Member of the board		
	Grigeo Packaging UAB	Member of the board		
	Grigiškių energija, UAB	Director		
	Grigiškių energija, UAB	Member of the board		
	Grigeo investicijų valdymas UAB	Member of the board		
	Mena Pak AT	Member of the supervisory council		
Algimantas Variakojis	Grigeo AB	Independent member of the board		
	Alro kapitalas UAB	Director	Alro kapitalas UAB	100.0
	Verslo praktika UAB	Director	Mes Invest UAB	33.0
	Verslo angelų fondas I KŪB	Partner, True member	Grain Services UAB	40.0
	Nailtex UAB	Member of the board		
	Volimeda UAB	Member of the board		
	Chipper blades center UAB	Member of the board		
	Mes Invest UAB	Chairman of the board		
Saulius Martinkevičius	Grigeo AB	Vice president, Purchasing & Logistics	Grigeo AB	0.12
	Grigeo AB	Member of the board		
	Grigeo Baltwood UAB	Member of the board		
	Grigeo Packaging UAB	Member of the board		
	Grigeo Klaipėda AB	Member of the board		
	Naujieji Verkiai UAB	Member of the board		
	Grigiškių energija, UAB	Member of the board		
	Grigeo investicijų valdymas UAB	Member of the board		
Tomas Jozonis	Grigeo AB	Director General		
	Grigeo AB	Member of the board		
	Grigeo Recycling UAB	Member of the board		
	Grigeo Recycling SIA	Member of the supervisory council		
	Grigiškių energija UAB	Member of the board		

12.4. Data on the commencement and expiration of the tenure of each managing body

The Supervisory Council of Grigeo AB was elected on the 26th of April 2019 for a 4 years' period (ending in 2023). The Board of the Company was elected on the 26th of April 2019 for a 4 years' period (ending in 2023). The Supervisory board of AB Grigeo has removed Board member Nina Šilerienė from her position in the Company before the end of her term of office and has elected Algimantas Variakojis as a new independent member of the Board instead of her, until the end of the term of office of the current Board of the Company.

13. 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 2019](#) has not undergone any changes.

14. REVIEW OF ACTIVITY OF THE GROUP COMPANIES

14.1. Material events in the Issuer's activities

This section contains summary of all GRIGEO AB published reports on material event. Full text of reports could be found on the Company's [website](#).

- 08.01.2020** AB Grigeo confirms the information that appeared in the public domain that a search was conducted at AB Grigeo Klaipėda on the 7 January 2020 in order to collect the information required for the pre-trial investigation conducted by the Klaipėda District Prosecutor's Office of Klaipėda County Prosecutor's Office regarding the possible release of untreated sewage into the Curonian Lagoon by AB Grigeo Klaipėda.
- 09.01.2020** In BNS Press Conference Room took place the conference on the situation on the events in Klaipėda.
- 10.01.2020** The G. Pagonis's, President's of AB Grigeo comments regarding the incident at Grigeo Klaipėda.
- 15.01.2020** Grigeo AB received a notification from the managers/related persons on the transactions in issuer's securities.
- 15.01.2020** By the decision of the prosecutor of Klaipėda Regional Prosecutor's Office as of 10 January 2020 in pre-trial criminal investigation case, on 13 January 2020 AB Grigeo Klaipėda has been subject to a temporary restriction on the ownership rights. Real property, owned by AB Grigeo Klaipėda, located in Dumpiai Village and Nemuno str. 2, Klaipėda was seized, a restriction to use part of the seized property was additionally imposed.
- 17.01.2020** The company has filed a fixed-term application to temporarily suspend trading in Grigeo AB shares.
- 17.01.2020** Allegations have been made by the Klaipėda Regional Prosecutor's Klaipėda District Prosecutor's Office against AB Grigeo Klaipėda and three of its former and current employees in pre-trial criminal investigation case.
- 20.01.2020** On 16 Jan 2020, AB Grigeo Klaipėda's request to allow the company to use part of the seized property filed by AB Grigeo Klaipėda on 14 Jan 2020 was granted by the prosecutor of the Klaipėda Regional Prosecutor's Klaipėda District Prosecutor's Office issuing a decision in pre-trial criminal investigation case.
- 27.01.2020** On 24 January of this year Grigeo AB published a press release about its intention to disclose information related to the monitoring of sewage, air and water.
- 12.02.2020** Klaipėda Regional Prosecutor's Klaipėda District Prosecutor's Office has delivered its notice of allegations against the former chairman of the board of AB Grigeo Klaipėda Gintautas Pagonis in pre-trial investigation proceedings commenced around the possible pollution on the environment by AB Grigeo Klaipėda.
- 25.02.2020** During 2019, the Group achieved the consolidated sales turnover of EUR 140.3 million. During the same period, the Company's sales amounted to EUR 65.1 million. During the reporting period, the Group earned EUR 15.9 million and the Company earned EUR 18.1 million.

- 02.03.2020** Grigeo AB received a notification from the managers/related persons on the transactions in issuer's securities.
- 03.03.2020** AB Grigeo Klaipėda, a subsidiary of AB Grigeo, has signed an agreement with Pöyry Management Consulting Oy (trading as AFRY), an international engineering, design, and consulting company, which will carry out an audit of environmental, occupational health and safety, and operational processes at the company.
- 06.03.2020** In order to improve the quality of its products and to increase production efficiency, AB Grigeo plans to install a new hygiene paper converting line.
- 07.04.2020** Regarding the publication of audited consolidated and separate financial statements of AB Grigeo for the year 2019 and postponing of the convening of the Annual General Meeting of Shareholders.
- 07.04.2020** AB Grigeo revises the calendar of preparation and publication of interim information in 2020.
- 16.04.2020** The possible impact of coronavirus (COVID-19) on the activities of AB Grigeo group of companies.
- 13.05.2020** AB Grigeo Klaipėda and Klaipėda University have signed a letter of intent regarding the provision of EUR 500,000 aid for the development of solutions intended for the reduction of environmental pollution and the training of environmental specialists.
- 13.05.2020** AB Grigeo Klaipėda temporarily suspends its production activities from 15 May 2020 until the beginning of June 2020, because AB Klaipėdos Vanduo did not renew the sewage treatment agreement concluded with AB Grigeo Klaipėda.
- 26.05.2020** During the three months of 2020, the Group achieved the consolidated sales turnover of EUR 36.2 million. During the same period in question, the Company's sales amounted to EUR 17.6 million.
During the reporting period, the Group earned EUR 4.2 million and the Company earned EUR 2.3 million profit before taxes.
- 05.06.2020** AB Grigeo Klaipėda has signed a sewage treatment agreement with AB Klaipėdos vanduo and therefore resumes its production activities.
- 30.06.2020** Regarding postponement of publication of audited consolidated and separate financial statements of AB Grigeo for the year 2019 and of the convening of the Ordinary Annual General Meeting of Shareholders.
- 30.06.2020** AB Grigeo revises the calendar of preparation and publication of interim information in 2020.
- 13.07.2020** The Annual General Meeting of Shareholders of AB Grigeo is convened by initiative and the decision of the Board of the Company on 4 August, 2020, at 11.00 a.m.
- 13.07.2020** AB Grigeo presented Consolidated and Separate Financial Statements, Consolidated Annual and Independent Auditor's Reports for the year 2019.
- 14.07.2020** An independent member of the Board Algimantas Variakojis has been elected at AB Grigeo on the 13 July 2020.
- 04.08.2020** The General Meeting of shareholders of Grigeo AB made the following decisions:
- To approve the set of consolidated and separate financial statements of the Company for the year 2019.
 - To approve the appropriation of the Company's profit for the year 2019 according to the draft of profit appropriation presented for the Annual General Meeting of Shareholders.
 - To approve the Remuneration Policy of the Company.
- 25.08.2020** During the 1st half of 2020, the Group achieved the consolidated sales turnover of EUR 65.1 million. During the same period in question, the Company's sales amounted to EUR 32.4 million.
During the reporting period, the Group earned EUR 6.3 million and the Company earned EUR 4.3 million profit before taxes.

14.2. Newest events in the Issuer's activities

This section contains summary of all GRIGEO AB published newest reports on material event.

- 13.10.2020** Grigeo AB notified on the disposal of voting rights.

06.11.2020 The Extraordinary General Meeting of Shareholders of AB Grigeo is convened by initiative and the decision of the Board of the Company on 30 November 2020, at 9.00 a.m.

14.3. Offices and branches

Group has Country sales representatives operating in Latvia and Estonia. No new offices or branches are planned to open in 2020.

14.4. Risk factors

Information about financial risk management is provided in [note No.3](#) of annual audited consolidated statements and annual report's [chapter No. 8](#) for the year 2019. There are no material changes in financial risk management during nine months of year 2020.

14.5. Suppliers

14.5. table. Countries of suppliers of main raw materials and materials for the Company over the nine months of the year

Supplier's country	2020	2019
	%	%
Lithuania	56.3	55.5
Finland	19.4	18.0
Estonia	9.9	17.3
Germany	3.6	2.2
Russia	3.2	0.6
Sweden	3.0	2.7
Poland	2.8	1.1
Italy	0.5	0.2
Latvia	0.4	0.7
United Kingdom	0.4	0.2
Other countries	0.5	1.5
TOTAL	100.0	100.0

14.6. Segment information

For decision taking purposes, the Group are organized into three operating business units based on their products produced and have three reportable segments: paper and paper products, hardboard, raw material for corrugated cardboard and related production. 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. Segment information about these business segments is presented below:

14.6.1. table. Consolidated segments of the Group over the nine months of the year 2020

	Paper and paper products	Hardboard	Raw material for corrugated cardboard and related production	Total disclosed segments	Unallocated	Eliminations	TOTAL
Sales	44,286,518	12,939,982	38,160,084	95,386,584	1,651,227	-	97,037,811
Sales between segments	(2,337,429)	(483,670)	(10,151,098)	(12,972,197)	(2,619,250)	15,591,447	-
Non-consolidated segment sales	46,623,947	13,423,652	48,311,181	108,358,780	4,270,477	(15,591,447)	97,037,811
Cost of sales	(32,221,751)	(10,564,872)	(29,764,588)	(72,551,211)	(1,495,465)	-	(74,046,676)
Gross profit	12,064,767	2,375,110	8,395,496	22,835,373	155,762	-	22,991,135
Depreciation and amortization	3,468,291	532,537	4,412,827	8,413,655	676,404	-	9,090,059
Segment property, plant and equipment and intangible assets	22,744,937	3,181,831	40,183,842	66,110,609	6,784,977	-	72,895,585
Goodwill	-	-	3,001,072	3,001,072	-	-	3,001,072
Segment capital expenditure	1,153,261	403,954	1,908,168	3,465,383	193,785	-	3,659,168

14.6.2. table. Consolidated segments of the Group over the nine months of the year 2019

	Paper and paper products	Hardboard	Raw material for corrugated cardboard and related production	Total disclosed segments	Unallocated	Eliminations	TOTAL
Sales	44,617,227	12,142,050	47,802,908	104,562,186	1,717,387	-	106,279,573
Sales between segments	-	(498,234)	(7,624,628)	(8,122,861)	(11,961,984)	20,084,845	-
Non-consolidated segment sales	44,617,227	12,640,284	55,427,536	112,685,047	13,679,371	(20,084,845)	106,279,573
Cost of sales	(36,138,123)	(10,918,748)	(35,466,953)	(82,523,824)	(463,518)	-	(82,987,343)
Gross profit	8,479,104	1,223,302	12,335,955	22,038,361	1,253,869	-	23,292,230
Depreciation and amortization	3,496,141	739,183	3,731,614	7,966,938	882,220	-	8,849,157
Segment property, plant and equipment and intangible assets	25,293,952	4,634,930	42,501,994	72,430,876	8,361,488	-	80,792,364
Goodwill	-	-	3,001,072	3,001,072	-	-	3,001,072
Segment capital expenditure	777,708	496,550	4,586,837	5,861,095	1,227,445	-	7,088,540

14.6.3. table. Group's and Company's countries of sales

Country	Group				Company			
	nine months of 2020		nine months of 2019		nine months of 2020		nine months of 2019	
	thousand euros	%	thousand euros	%	thousand euros	%	thousand euros	%
Lithuania	27,831	28.68	35,562	33.46	14,184	29.72	16,419	33.28
Latvia	8,607	8.87	10,309	9.70	5,472	11.47	5,106	10.35
Poland	16,935	17.45	21,685	20.40	7,545	15.81	9,372	19.00
Sweden	6,778	6.98	3,399	3.20	3,339	7.00	2,568	5.21
Denmark	8,141	8.39	5,126	4.82	5,037	10.55	4,302	8.72
Estonia	3,748	3.86	7,441	7.00	3,215	6.74	2,783	5.64
The Netherlands	5,205	5.36	2,113	1.99	1,659	3.48	1,006	2.04
Finland	3,581	3.69	6,136	5.77	2,757	5.78	3,076	6.24
Great Britain	715	0.74	1,191	1.12	-	-	432	0.87
Norway	563	0.58	380	0.36	562	1.18	380	0.77
Czech Republic	303	0.31	360	0.34	-	-	-	-
Germany	1,953	2.01	1,538	1.45	962	2.02	286	0.58
Belarus	2,773	2.86	2,487	2.34	682	1.43	834	1.69
Ukraine	6,020	6.20	6,226	5.86	1,462	3.06	2,089	4.23
Russia	979	1.01	906	0.85	537	1.13	411	0.83
Austria	2,364	2.44	711	0.67	53	0.11	32	0.06
Other countries	541	0.56	460	0.43	259	0.54	240	0.49
Total	97,038	100.00	106,280	100.00	47,725	100.00	49,337	100.00

14.7. Strategy of the activity and plans for the close future

The Company plans investments into a new paper converting line which will amount to approximately EUR 4.9 million. The project will be implemented during 2020 and will be financed by the Company's own funds. The fully automated line will be put in the renovated building owned by the Company in Grigiškės and will produce approximately 12 thousand tonnes paper production annually. Hygienic paper products for business use will update and supplement the Company's range of products. Plans are also made for the Company's subsidiary Grigeo Packaging UAB to invest in 2020 approximately EUR 1.8 million into two new production lines of corrugated cardboard packaging. This investment will lead to increased production of corrugated cardboard boxes, expansion of product range and improvement of quality.

14.8. Financial indicators of the Group and the Company

Items	Group			Company		
	nine months of 2020	nine months of 2019	Change, %	nine months of 2020	nine months of 2019	Change, %
EBITDA	18,661,971	20,082,876	-7.1	10,787,960	7,778,292	38.7
Profitability ratios						
EBITDA profitability	19.2 %	18.9 %	0.3	22.6 %	15.8 %	6.8
Gross margin	23.7 %	21.9 %	1.8	25.3 %	18.1 %	7.2
Operating margin	10.3 %	11.1 %	-0.8	14.3 %	8.2 %	6.1
Net margin	8.5 %	9.9 %	-1.4	11.9 %	34.2 %	-22.3
ROE profitability	10.4 %	15.2 %	-4.8	10.4 %	37.7 %	-27.3
ROA profitability	7.0 %	8.9 %	-1.9	7.8 %	23.4 %	-15.6
Liquidity ratio, %						
Current ratio	2.10	1.38	72	2.13	1.26	87
Quick ratio	1.65	1.04	61	1.75	0.98	77
Capital structure ratio						
Debt to equity ratio	0.36	0.63	-27	0.26	0.42	-16
Debt to total assets ratio	0.26	0.39	-13	0.21	0.30	-9
Market value ratio						
P/E	10.06	8.17	23.1	14.47	5.09	184.3
Earnings per share	0.125	0.160	-22.0	0.087	0.256	-66.1

The indicators are calculated in accordance with the Nasdaq Vilnius recommended formulas:

EBITDA profitability = EBITDA / revenue. EBITDA to revenue ratio shows the overview of operational efficiency and cash flows.

Gross margin = Gross profit / sales revenue. Gross profit margin shows ability to earn profit from operating activity, control the level of sales revenue and cost.

Operating margin = Profit from operations / sales revenue. Monetary value of the coefficient shows operating margin to 1 sales EUR. Higher ratio shows higher profitability.

Net margin = Net profit from operations / sales revenue. The ratio describing profitability of the final total operational result.

ROE profitability = Net profit / average equity. This ratio estimates shareholders' return on investment.

ROA profitability = Net profit / average assets. Return on assets shows how effectively assets are used to generate profit.

Current ratio = Current assets / current liabilities. The ratio shows the ability to cover current liabilities with current assets.

Quick ratio = (Current assets – Inventories)/ current liabilities. Liquidity describing the ability to fulfil current liabilities from quickly realisable current assets.

Debt to equity ratio = Liabilities / equity. The ratio estimates the combination of fund resources in the balance and compares funds from owners and those that were borrowed.

Debt ratio = Liabilities / assets. The ratio shows the asset share financed from borrowed funds. The lower the value, the more borrowings are covered with assets.

P/E = the market price of share / total of attributable profit. The ratio shows how much investors pay for one EUR of profit.

Earnings per share = (Net profit – preferred stock dividends)/ weighted average number of ordinary shares in circulation. The calculated profit shows the earned net profit per share.

14.9. Related party transactions

All transactions with related persons were carried out at market prices.

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 – company related to the members of Supervisory Council.

Grigeo Packaging UAB – subsidiary of Grigeo AB.

Naujieji Verkiai 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.

14.9.1. table. Group's transactions with related persons over the nine months of 2020. Balances of amounts receivable/payable in relation thereto on the 30th of September 2020 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	12,710	-	2,420
Subsidiaries	-	-	-	-
Other related companies	9,124	-	-	-
Total	9,124	12,710	-	2,420

*Amounts receivable include prepayments for goods and services.

14.9.2. table. Company's transactions with related persons over the nine months of 2020. Balances of amounts receivable/payable in relation thereto on the 30th of September 2020 (EUR)

	Sale of goods and services	Purchase of goods and services	Amounts receivable*	Amounts payable
Entities with significant influence	-	12,710	-	2,420
Subsidiaries	3,028,951	4,965,941	394,531	620,878
Other related companies	9,124	-	-	-
Total	3,038,075	4,978,651	394,531	623,298

15. FINANCIAL INFORMATION

15.1. Statement of financial position

	Notes	The Group		The Company	
		30.09.2020	31.12.2019	30.09.2020	31.12.2019
ASSETS					
Non-current assets:					
Property, plant and equipment	15.7	70,840,844	76,273,764	27,118,676	29,181,575
Investment property	15.8	1,483,658	1,520,839	1,483,658	1,520,839
Intangible assets	15.9	3,572,155	3,797,777	354,362	520,883
Investments into subsidiaries	15.10	-	-	23,050,705	25,150,705
Investments into other companies		487	487	-	-
Non-current receivables		94,695	94,101	91,799	91,205
Deferred income tax assets		-	768,956	-	377,066
TOTAL NON-CURRENT ASSETS		75,991,839	82,455,924	52,099,200	56,842,273
CURRENT ASSETS:					
Inventories	15.13	8,313,841	10,142,424	3,788,501	4,355,836
Accounts receivable	15.11	14,946,647	15,041,302	8,506,414	8,386,267
Other current assets		436,381	235,713	124,043	155,533
Advance income tax		58,151	-	-	-
Cash and cash equivalents	15.12	15,037,770	8,648,601	8,454,083	1,581,080
TOTAL CURRENT ASSETS		38,792,790	34,068,040	20,873,041	14,478,716
TOTAL ASSETS		114,784,629	116,523,964	72,972,241	71,320,989
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15.14	19,053,000	19,053,000	19,053,000	19,053,000
Share premium		1,118,906	1,118,906	1,118,906	1,118,906
Legal reserve		1,905,300	1,905,300	1,905,300	1,905,300
Hedging reserve		4,859	(17,227)	(4,790)	(11,792)
Foreign currency translation reserve		(2,352,859)	(1,794,676)	-	-
Retained earnings		63,455,096	55,986,052	35,378,963	30,002,167
Non-controlling interests		582,632	618,548	-	-
TOTAL EQUITY		83,766,934	76,869,903	57,451,379	52,067,581
NON-CURRENT LIABILITIES:					
Grants and subsidies		1,834,578	1,494,097	1,155,605	1,101,041
Non-current borrowings	15.15	7,630,085	5,176,637	2,836,257	2,836,257
Long-term lease liabilities		2,699,650	2,739,811	1,475,288	822,333
Loans from subsidiaries		-	-	-	1,028,658
Finance lease obligations		27,987	27,987	7,261	7,261
Deferred income tax liability		159,721	-	163,131	-
Fair value of financial instruments		7,505	33,002	4,790	11,792
Non-current employee benefits		191,841	155,737	88,530	67,604
Long-term trade payables and other non-current liabilities		4,960	4,985	-	-
TOTAL NON-CURRENT LIABILITIES		12,556,327	9,632,256	5,730,862	5,874,946
CURRENT LIABILITIES:					
Current portion of long term loans	15.15	1,675,093	11,029,287	649,123	3,270,674
Lease liabilities		6,834	12,767	54,322	229,649
Current portion of financial lease obligations		5,398	21,486	1,438	5,724
Liabilities arising from derivative financial instruments		3,411	-	-	-
Income tax payable		576,486	249,435	519,356	-
Trade and other payables	15.16	16,194,146	18,708,830	8,565,761	9,872,415
TOTAL CURRENT LIABILITIES		18,461,368	30,021,805	9,790,000	13,378,462
TOTAL EQUITY AND LIABILITIES		114,784,629	116,523,964	72,972,241	71,320,989

15.2. Statements of comprehensive income

	Notes	The Group		The Company	
		January – September 2020	January – September 2019	January – September 2020	January – September 2019
Revenue		97,037,811	106,279,573	47,725,423	49,336,687
Cost of sales		74,046,676	82,987,343	35,641,736	40,420,410
Gross profit		22,991,135	23,292,230	12,083,687	8,916,277
Other operating income	15.17	723,251	1,640,058	775,464	1,537,599
Selling and distribution expenses		8,846,339	8,203,027	3,635,123	3,909,458
General and administrative expenses		5,594,866	4,518,060	2,323,915	2,244,313
Other operating expenses	15.18	41,752	399,421	375,924	254,743
Profit from operations		9,231,429	11,811,782	6,524,189	4,045,362
Other finance income		71,589	8,802	3,109	12,930,960
Other finance expenses		228,038	286,318	90,949	127,646
Profit before income tax		9,074,980	11,534,265	6,436,349	16,848,676
Income tax		1,694,282	957,354	1,059,553	-
NET PROFIT		7,380,698	10,576,911	5,376,796	16,848,676
Other comprehensive income:					
Exchange differences on translation of foreign operations		(558,183)	349,974	-	-
Cash flow hedges – effective portion of changes in fair value		22,086	15,766	7,002	18,958
Total comprehensive income, net of tax		6,844,601	10,942,651	5,383,798	16,867,634
Profit attributable to:					
The shareholders of the Company		7,416,614	10,494,764	5,376,796	16,848,676
Non-controlling interests		(35,916)	82,147	-	-
Total of attributable profit		7,380,698	10,576,911	5,376,796	16,848,676
Basic and diluted earnings per share		0,113	0,160	0,082	0,256
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)		17,867,842	20,082,876	10,465,932	7,778,292

15.3. Statement of changes in equity

The Group	Share capital	Share premium	Legal reserve	Hedging reserve	Foreign currency translation reserve	Non-controlling interest	Retained earnings	Total
31 December 2018	19,053,000	1,118,906	1,905,300	(75,292)	(2,144,191)	648,602	46,379,729	66,886,054
Net profit	-	-	-	-	-	116,367	13,508,422	13,624,789
Other comprehensive income (expenses)	-	-	-	58,065	349,515	-	39,901	447,481
Dividends approved	-	-	-	-	-	-	(3,942,000)	(3,942,000)
Transactions with non-controlling interest	-	-	-	-	-	(146,421)	-	(146,421)
31 December 2019	19,053,000	1,118,906	1,905,300	(17,227)	(1,794,676)	618,548	55,986,052	76,869,903
Net profit	-	-	-	-	-	(35,916)	7,416,614	7,380,698
Other comprehensive income (expenses)	-	-	-	22,086	(558,183)	-	52,430	(483,667)
Dividends approved	-	-	-	-	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	-	-
30 September 2020	19,053,000	1,118,906	1,905,300	4,859	(2,352,859)	582,632	63,455,096	83,766,934

The Company	Share capital	Share premium	Legal reserve	Hedging reserve	Retained earnings	Total
31 December 2018	19,053,000	1,118,906	1,905,300	(43,029)	16,762,776	38,796,953
Net profit	-	-	-	-	17,181,391	17,181,391
Other comprehensive income (expenses)	-	-	-	31,237	-	31,237
Dividends approved	-	-	-	-	(3,942,000)	(3,942,000)
31 December 2019	19,053,000	1,118,906	1,905,300	(11,792)	30,002,167	52,067,581
Net profit	-	-	-	-	5,376,796	5,376,796
Other comprehensive income (expenses)	-	-	-	7,002	-	7,002
Dividends approved	-	-	-	-	-	-
30 September 2020	19,053,000	1,118,906	1,905,300	(4,790)	35,378,963	57,451,379

15.4. Statements of cash flows

	The Group		The Company	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
CASH FLOWS FROM (TO) OPERATING ACTIVITIES				
Profit before income tax	9,074,980	10,494,764	6,436,349	16,848,676
Adjustments for non-cash items				
Depreciation and amortisation net of grants	8,636,413	8,271,094	3,941,743	3,732,930
Elimination of finance (income) expenses	(437,472)	261,289	87,840	(12,803,201)
Loss (gain) on disposal and write-off of property, plant and equipment	(56,546)	(273,072)	(34,308)	(5,034)
Allowance for impairment of doubtful receivables (reversal)	39,267	(31,327)	-	(30,139)
TOTAL	17,256,642	18,722,748	10,431,624	7,743,232
Changes in working capital				
(Increase) decrease in trade and other receivables	54,769	(1,599,220)	(120,741)	(1,680,263)
(Increase) decrease in inventories	1,810,455	3,283,129	549,207	1,343,630
(Increase) decrease in other assets	(200,668)	23,135	31,490	107,682
Increase (decrease) in trade and other payables	(2,417,667)	333,987	(1,268,258)	(205,580)
TOTAL	(753,111)	2,041,031	(808,302)	(434,531)
Interest (paid)	(183,759)	(268,010)	(54,381)	(109,744)
Income tax (paid)	(293,186)	(611,219)	-	-
Net cash flows from (to) operating activities	16,026,586	19,884,550	9,568,941	7,198,957
CASH FLOWS FROM (TO) INVESTING ACTIVITIES				
(Acquisition) of property, plant and equipment and intangible assets	(3,619,225)	(7,839,575)	(1,346,492)	(1,961,487)
(Increase) decrease in investments into subsidiaries	-	-	1,061,847	(1,065,600)
Proceeds from sale of property, plant and equipment	120,203	503,308	83,431	57,362
Grants and subsidies received	794,129	-	322,028	-
Dividends received	-	-	-	3,900,000
Net cash flows from (to) investing activities	(2,704,893)	(7,336,267)	120,814	930,275
CASH FLOWS FROM (TO) FINANCING ACTIVITIES				
Dividends (paid)	(8,417)	(3,879,129)	(7,657)	(3,879,129)
Loans (repaid)	(6,900,746)	(7,881,910)	(2,621,551)	(2,908,160)
Proceeds from borrowings	-	4,000,000	-	4,000,000
Received (repaid) credit lines	-	(2,369,662)	-	(2,340,843)
Loans received (repaid) from (to) subsidiaries and related companies	-	-	-	(800,139)
Lease (payments)	(23,361)	(28,040)	(187,544)	(8,987)
Net cash flows from financing activities	(6,932,524)	(10,158,741)	(2,816,752)	(5,937,258)
Net increase (decrease) in cash and cash equivalents	6,389,169	2,389,542	6,873,003	2,191,974
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,648,601	4,950,151	1,581,080	1,515
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15,037,770	7,339,693	8,454,083	2,193,489

15.5. Basis of preparation

The financial statements of the Group and the Company are prepared in accordance with International Financial Reporting Standards effective as at 30 September 2020 that have been adopted for use in the European Union. These financial statements have been prepared on a historical cost basis, except of the financial instruments used for hedging, which are accounted at fair value.

Changes in accounting policies

The Group and the Company have consistently applied the accounting policies to all periods presented in these consolidated and separate financial statements. A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these consolidated financial statements. Of these pronouncements, the following will potentially have an impact on the Group's and the Company's financial statements. The Group and the Company do not plan to adopt these amendments, new Standards and Interpretations earlier.

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Definition of a Business (Amendments to IFRS 3) (not yet endorsed by EU);
- IFRS 17 Insurance Contracts (not yet endorsed by EU);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (not yet endorsed by EU);
- IFRS 14 Regulatory Deferral Accounts (not yet endorsed by EU).

Going concern

These financial statements for the year ended 30 September 2020 have been prepared under the assumption that the Group and the Company will continue as a going concern.

15.6. Accounting policies

Basis of consolidation

The consolidated financial statements of the Group include Grigeo AB and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company or the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units (refer to Note 2.24).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When a company is split by way of a spin-off or split-off, its assets and liabilities are transferred to newly established or other operating companies, and a decrease in assets, liabilities and equity is registered in the accounting of the split company.

The difference in value of assets and liabilities of the spin-off or split-off companies provided in the conditions of the split determine the equity amount of the newly established or operating companies, and in their accounting equity it is registered in the account of the authorised capital and other equity accounts as at the date of reception and transfer according to the conditions of the split. If the conditions of the split do not provide in which equity accounts the difference in value of assets and liabilities should be registered, it is registered in the account of the formed authorised capital and share premium or the account of retained earnings (loss).

Presentation currency

The amounts shown in these financial statements are presented in euro, unless otherwise stated.

The functional currency of the Company and its subsidiaries operating in Lithuania is euro. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position. Non-cash items carried at cost are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign subsidiaries are translated into euro at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in the statement of comprehensive income.

Investments in subsidiaries (the Company)

Investments in subsidiaries in the Company's separate financial statements are carried at cost, less impairment.

Discontinued operations

A discontinued operation is a component of the Group's or the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and the Company and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Intangible assets other than goodwill

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is stated at fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite.

After initial recognition, intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives:

Licenses, patents and etc.	3–5 years
Software	3–6 years
Other intangible assets	3–6 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

The Group and the Company do not have any intangible assets with infinite useful life other than goodwill.

Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost – see below) less accumulated depreciation and impairment losses.

Before 31 December 2010, buildings were accounted as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and impairment losses.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and impairment losses.

As at 31 December 2010, according to the exception available under IFRS 1, part of buildings, acquired before 1 January 1996, were measured at fair values, determined as at that date by independent property valuator, and these values were used as deemed cost at that date.

After 31 December 2010 all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Land lease right	2–90 years
Buildings and structures	8–91 years
Machinery and equipment	5–15 years
Vehicles	4–8 years
Other equipment and other assets	4–6 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

Investment property

Investment property, including part of buildings and structures, is held for earning rentals and / or for capital appreciation rather than for use in the production, provision of services, or for administration purposes or sale.

Investment property is stated at historical cost less accumulated depreciation and adjusted for impairment loss, if any. Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life: 10-50 years.

Transfers to and from investment property are made only when there is an evidence of change in an asset's use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use. If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The deemed cost for subsequent investment property accounting is the carrying value at the time of assets' transfer.

Disposed assets

Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets are classified as held for sale when its carrying amount value will be recovered after its sale and when such sale is highly probable. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current tangible and intangible assets once classified as held for sale are not depreciated or amortised.

Emission allowances

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period; the third – for 8 years from 2013 to 2020. The scheme works

on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme. Revenue from emission allowances is presented in the statement of cash flows under cash flows from operating activities.

This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tonnes of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

Member States are required to allocate allowances to installations by 28 February each year according to the NAP (a certain number of allowances are kept in reserve for new installations).

Member States must ensure that by 30 April of the following year at the latest, that the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year.

The Group and the Company apply the net liability approach in accounting for the emission allowances received. It records the emission allowances granted to it at a nominal (nil) amount. When actual emissions exceed allocated emission allowances, the obligation of purchasing additional allowances is recognised as a provision measured at the market value of the allowances as at the reporting date. The Group and the Company have chosen a system that measures deficits on the basis of an annual allocation of emission allowances.

The outright sale of emission allowances is recorded as a sale at the fair value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit, an additional liability is recognised in the statement of financial position.

Borrowing costs

Borrowing costs are interest and other costs that the Company and the Group incur in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as costs when incurred.

A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale.

Borrowing costs may include:

- interest expenses calculated using the effective interest, and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The commencement date for capitalisation is the date when all of the following three conditions are met:

- expenditures for the asset are incurred,
- borrowing costs are incurred,
- activities necessary to bring the asset into its intended use or sale are undertaken.

Capitalising of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and initial measurement

The Group and the Company recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. When financial instruments are recognised initially, they are measured at fair value equal to the fair value of the compensation paid, including transaction costs, except for financial assets measured at fair value through profit or loss.

Classification and subsequent measurement

The Group and the Company qualify financial assets to one of the following categories:

- measured at amortised cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss,
- hedging financial instruments.

The Group and the Company qualify financial assets to the appropriate category depending on the business model of financial assets management and on the characteristics of contractual cash flows for a given financial asset.

The Group and the Company attribute to assets, measured at amortised cost, trade accounts receivable, loans granted, other accounts receivable of financial assets, and cash and cash equivalents.

At the initial recognition the Group and the Company attribute equity instruments, i.e. shares of other entities, to financial instruments measured at fair value through other comprehensive income.

The Group and the Company attribute to assets measured at fair value through profit or loss the financial derivatives not used for hedge accounting and hedging instruments measured in accordance with the hedge accounting principles.

The Group and the Company qualify financial liabilities to one of the following categories:

- measured at amortised cost,
- measured at fair value through profit or loss,
- hedging financial instruments.

The Group and the Company attribute to financial liabilities, measured at amortised cost, trade liabilities, other accounts payable and loans received.

Liabilities of derivative financial instruments not designated for hedge accounting and measured by the Group and the Company at fair value in profit or loss.

Measurement of financial assets at amortised cost

The Group and the Company apply the effective interest rate method to measure financial assets at amortised cost.

Trade receivables initially are measured at amortised cost using the effective interest rate method, including impairment losses, while trade receivables with a maturity date of less than 12 months from the date of recognition (i.e., not containing a financing element) and not designated to factoring, are not discounted and are measured at nominal value.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Measurement of financial assets at fair value through other comprehensive income

Gains and losses on a financial asset constituting an equity instrument for which the option of fair value was applied for other comprehensive income is recognised in other comprehensive income, except for revenues from received dividends.

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss. Gains or losses on assets at fair value through profit or loss also include interest or dividend income.

The Group and the Company do not have any financial instruments at fair value through profit or loss as at 30 September 2020.

Derivative financial instruments and hedge accounting

The Group and the Company holds derivative financial instruments to hedge their interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives initially are measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for the hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Derecognition in the statement of financial position

Financial assets (or, where appropriate, part of financial assets or part of the group of similar financial assets) are derecognised when:

- the rights to cash flows from the assets expire;
- the Group / the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group / the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group / the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's / the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group / the Company could be required to repay.

The Group / the Company derecognises financial liabilities when, and only when the Group's / the Company's liabilities are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

IFRS 9 contains a new model for calculation of impairment of financial assets measured at amortised cost or FVOCI (except for investments in equity instruments, and to contract assets). The impairment model is based on the calculated possible losses.

The Group and the Company apply the following models for determining impairment write-offs:

- general model (basic),
- simplified model.

The general model is applied by the Group and the Company for financial assets measured at amortised cost – other than trade receivables and for assets measured at fair value through other comprehensive income.

In the general model, the Group and the Company monitor changes in the level of credit risk associated with a given financial asset and classify financial assets to one of the three stages for determining impairment allowances based on the observation of the change in the credit risk level in relation to the initial recognition of the instrument.

Depending on the classification to individual stages, the impairment allowance is estimated in the 12-month horizon (stage 1) or in the life horizon of the instrument (stage 2 and stage 3).

On each day ending the reporting period, the Group and the Company analyse the occurrence of indications leading to the classification of financial assets for individual stages of determining impairment allowances. The indications can include changes in the debtor's rating, serious financial problems of the debtor, occurrence of a significant unfavourable change in its economic, legal or market environment.

For the purpose of estimating the expected credit loss, the Group and the Company apply default probability levels, implied from market quotes of credit derivatives, for entities with a given rating and from a given sector.

The Group and the Company include information about the future in the parameters of the expected loss estimation model by calculating the probability of insolvency parameters based on current market quotes.

The simplified model is applied by the Group and the Company for trade receivables.

In the simplified model, the Group and the Company do not monitor changes in the credit risk level during the life of the instrument and estimate the expected credit loss in the horizon until maturity of the instrument.

For the purpose of estimating the expected credit loss, the Group and the Company use the provision matrix estimated on the basis of historical levels of repayment and recoveries from receivables from contractors.

The Group and the Company include information about the future in the parameters used in the expected loss estimation model through the management adjustment of the basic insolvency probability parameters.

For the purpose of calculating the expected credit loss, the Group and the Company determine default probability levels for liabilities of accounts receivable, calculated based on historical analysis of the number of unpaid invoices, and default levels for liabilities of accounts receivable, calculated based on historical analysis of the value of unpaid invoices.

The expected credit loss is calculated when the receivable is recognised in the statement of financial position and is updated on each subsequent day ending the reporting period, depending on the number of overdue days of the receivable.

Losses (reversal of losses) due to impairment of financial instruments

The losses due to impairment of financial instruments (including reversal of losses) include, in particular, losses (reversal of losses) due to impairment of trade receivables and losses (reversal of losses) due to impairment of granted loans.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. The costs of inventories are determined based on FIFO principle. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity.

Financial and operating leases

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Non-current employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Group or the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

The past service costs are recognised as an expense in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in profit or loss as incurred.

The above-mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position.

Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

Financial guarantee contracts

Financial guarantees provided for the liabilities of the Group companies (i.e. companies controlled by the same parent) during the initial recognition are accounted at estimated fair value as injection of capital and financial liability in the balance sheet.

Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the group company's financial liability to the bank. If there is a possibility that the group company may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 9 Financial Instruments.

Grants and subsidies

Grants and subsidies (hereinafter “grants”) intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In profit or loss, a relevant expense account is reduced by the amount of grant amortisation. Grants are accounted at the fair value of the assets received.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax calculations are based on annual profit net of deferred income tax. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and Ukraine.

Income tax rate of 15% has been introduced starting from 1 January 2010 for companies operating in the Republic of Lithuania. Standard income tax rate in Ukraine for the year 2019 was 18% (2018: 18%).

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments and for the losses accumulated in the Ukrainian company (under the Ukrainian law, losses can be carried forward for 4 years). Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

From 2014 tax losses carried forward can cover not more than 70 percent of the taxable profit of a taxable period according to Lithuanian laws.

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. When it is probable that a portion of deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements.

Revenue recognition

Revenue of the Group and the Company is recognised in accordance with the provisions of IFRS 15, i.e. the Group and the Company recognise revenue at the time and to such an extent so that the transfer of goods or services to customers would show the amount which corresponds to the compensation that the Company expects to receive in exchange for the goods or services. When applying the standard, the Company takes into consideration the terms of the contract and all significant facts and circumstances. Revenue is recognised in the Company using the five-step model.

Identification requirements for contracts with customers

The contract with the customer meets its definition when all of the following criteria are met: the parties of the contract concluded a contract and are required to perform their duties; the Group and the Company are able to identify the rights of each party regarding goods or services to be transferred; the Group and the Company are able to identify the payment terms for goods or services to be transferred; the contract has economic substance and it is probable that the Group and the Company will receive a remuneration which they will be entitled to in exchange for goods or services that will be transferred to the customer. Contracts with customers can be combined or separated into several contracts by maintaining the criteria of the previous contracts. Such combination or separation constitutes an amendment of the contract.

Identification of performance obligations

At the time of concluding the contract, the Group and the Company evaluate the goods or services promised in the contract with the client and identify as a commitment to perform any promise to transfer to the client: good or service (or a package of goods or services) that can be separated or groups of separate goods or services which are basically the same and for which the transfer to the client is of the same nature.

Determination of transaction price

In order to determine the transaction price, the Group and the Company take into account the terms of the contract and the customary business practices. The transaction price is the amount of consideration which, according to the Group's and the Company's expectation, will be due in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties. The consideration specified in the contract with the customer may include fixed amounts, variable amounts or both.

When calculating variable amounts, the Group and the Company reached the decision to apply the most probable value method for contracts with one threshold or the expected value method for contracts where there are more value thresholds from which the customer receives a discount.

Allocation of the transaction price for each performance obligation

The Group and the Company allocate the transaction price to each performance obligation (or distinct good or service) at an amount that reflects the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue recognition when all performance obligations are fulfilled

The Group and the Company recognise revenue when the Group and the Company fulfils an obligation by transferring to the customer the promised goods or services (i.e. the customer obtains control of the assets). Revenues are recognised as amounts equal to the transaction price that was assigned to a given performance obligation.

The Group and the Company transfer control over good or service over time and thus satisfy the performance obligation and recognise revenues over time if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits from performance of obligation as the Group and the Company performs it,
- the asset is created or enhanced as a result of the performance, and the customer controls the asset as it is created or enhanced,
- as a result of the performance of the service, an alternative component for the Group and the Company is not created, and the Group and the Company have an enforceable right to payment for performance completed until a certain date.

Impairment of non-financial assets

Non-financial assets, except for goodwill, inventories and deferred tax, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. If such conditions exist, the asset's recoverable amount is estimated. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of profit or loss as the impairment loss. An impairment loss of the goodwill is recognised in profit or loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date and within the next financial year. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation, amortisation, impairment of buildings, non-current employee benefits, impairment evaluation of goodwill, recognition of deferred income tax asset, impairment evaluation of other assets and rights to lease of premises and land. Future events may occur which will cause the assumptions used in arriving at the estimates to change. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurement

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability:

- Investment property
- Financial instruments – fair values and risk management

Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business acquisitions. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Subsequent events

Subsequent events that provide additional information about the Group's / the Company's position at the date of statements of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to the financial statements when material.

15.7. Non-current assets

The Group	Land	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost							
31 December 2019	3,694,906	47,326,260	112,333,217	2,336,984	2,534,920	2,343,519	170,569,806
Additions	-	19,255	179,600	135,697	213,992	3,069,267	3,617,811
Change of use values	(28,056)	-	-	-	-	-	(28,056)
Disposals	(2,483)	(11,595)	(536,500)	(121,999)	(43,637)	-	(716,214)
Transfers	-	249,932	1,471,290	-	92,497	(1,813,719)	-
Transfer from inventories (to inventories)	-	-	18,128	-	-	-	18,128
Reclassifications	-	-	249,023	99,151	(348,174)	8,070	8,070
Rate of exchange influence	(5,908)	(140,434)	(264,363)	(7,429)	(4,050)	(14,951)	(437,135)
30 September 2020	3,658,459	47,443,418	113,450,395	2,442,404	2,445,548	3,592,186	173,032,410
Accumulated depreciation and impairment							
31 December 2019	408,200	17,716,256	73,304,248	1,466,387	1,400,951	-	94,296,042
Depreciation	44,260	1,894,456	6,353,780	234,235	267,962	-	8,794,693
Disposals	(2,483)	(11,595)	(513,476)	(83,359)	(41,644)	-	(652,557)
Reclassifications	-	-	-	13,569	(13,568)	-	1
Rate of exchange influence	(1,056)	(105,002)	(131,495)	(6,005)	(3,055)	-	(246,613)
30 September 2020	448,921	19,494,115	79,013,057	1,624,827	1,610,646	-	102,191,566
Carrying amount							
31 December 2019	3,286,706	29,610,004	39,028,969	870,597	1,133,969	2,343,519	76,273,764
30 September 2020	3,209,538	27,949,303	34,437,338	817,577	834,902	3,592,186	70,840,844

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

On the 30th of September 2020, the part of the Group's property, plant and equipment with a carrying value of 53,155 thousand Euros (31 December 2019 – 60,698 thousand Euros) is pledged as a security for repayment of the loans granted by banks.

The Company	Land	Buildings and constructions	Machinery and Equipment	Vehicles	Other assets	Construction in progress and prepayments	Total
Modified cost							
31 December 2019	1,281,631	17,475,514	55,161,853	587,030	1,042,430	532,330	76,080,788
Additions	-	-	45,722	63,400	67,526	1,101,712	1,278,360
Change of use values	665,139	-	-	-	-	-	665,139
Disposals	(2,483)	(2,201)	(342,096)	(79,283)	(33,730)	-	(459,793)
Transfers	-	36,916	40,172	-	62,841	(139,929)	-
Transfer from inventories (to inventories)	-	-	18,128	-	-	-	18,128
Reclassifications	-	-	-	-	-	8,070	8,070
30 September 2020	1,944,287	17,510,229	54,923,779	571,147	1,139,067	1,502,183	77,590,692
Accumulated depreciation and impairment							
31 December 2019	243,372	5,947,233	39,673,065	321,179	714,364	-	46,899,213
Depreciation	188,338	710,204	2,904,561	64,001	116,368	-	3,983,472
Disposals	(2,483)	(2,201)	(323,967)	(50,004)	(32,014)	-	(410,669)
30 September 2020	429,227	6,655,236	42,253,659	335,176	798,718	-	50,472,016
Carrying amount							
31 December 2019	1,038,259	11,528,281	15,488,788	265,851	328,066	532,330	29,181,575
30 September 2020	1,515,060	10,854,993	12,670,120	235,971	340,349	1,502,183	27,118,676

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

On the 30th of September 2020, the part of the Company's property, plant and equipment with a carrying value of 19,106 thousand Euros (31 December 2019 – 21,507 thousand Euros) is pledged as a security for repayment of the loans granted by banks.

15.8. Investment property

Group / Company	Buildings and constructions	Construction in progress and prepayments	Total
Modified cost			
31 December 2019	1,774,915	40,404	1,815,319
Additions	-	30,102	30,102
Disposals	-	-	-
Reclassifications	-	(8,070)	(8,070)
30 September 2020	1,774,915	62,436	1,837,351
Accumulated depreciation and impairment			
31 December 2019	294,480	-	294,480
Depreciation	59,213	-	59,213
Reclassifications	-	-	-
30 September 2020	353,693	-	353,693
Carrying amount			
31 December 2019	1,480,435	40,404	1,520,839
30 September 2020	1,421,222	62,436	1,483,658

15.9. Intangible assets

The Group	Licenses, patents	Software	Prestige	Other assets and prepayments	Total
Cost					
31 December 2019	150,122	2,192,132	3,001,072	531,272	5,874,598
Additions	-	11,255	-	-	11,255
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Rate of exchange influence	-	(903)	-	-	(903)
30 September 2020	150,122	2,202,484	3,001,072	531,272	5,884,950
Accumulated amortization					
31 December 2019	51,680	1,495,810	-	529,331	2,076,821
Amortization	25,357	210,103	-	693	236,153
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Rate of exchange influence	-	(179)	-	-	(179)
30 September 2020	77,037	1,705,734	-	530,024	2,312,795
Carrying amount					
31 December 2019	98,442	696,322	3,001,072	1,941	3,797,777
30 September 2020	73,085	496,750	3,001,072	1,248	3,572,155

The Company	Licenses and patents	Software	Other assets and prepayments	Total
Cost				
31 December 2019	150,122	993,662	9,980	1,153,764
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
30 September 2020	150,122	993,662	9,980	1,153,764
Accumulated amortization				
31 December 2019	51,680	573,162	8,039	632,881
Amortization	25,357	140,471	693	166,521
Disposals	-	-	-	-
Transfers	-	-	-	-
30 September 2020	77,037	713,633	8,732	799,402
Carrying amount				
31 December 2019	98,442	420,500	1,941	520,883
30 September 2020	73,085	280,029	1,248	354,362

15.10. Investments into subsidiaries

	The Company	
	30.09.2020	31.12.2019
Grigeo Baltwood UAB	2,555,466	4,655,466
Grigeo investicijų valdymas UAB	19,426,743	19,426,743
Grigeo Recycling UAB	1,065,600	1,065,600
Grigiškių energija UAB	2,896	2,896
Total investments in subsidiaries	23,050,705	25,150,705

15.11. Account receivables

	The Group		The Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Trade receivables, gross	14,426,808	14,301,603	8,389,600	8,200,736
Other non-current receivables	91,799	94,101	91,799	91,205
Other receivables, gross	675,946	856,539	188,563	257,280
	15,194,553	15,252,243	8,669,962	8,549,221
Less: allowance for doubtful trade receivables	(156,107)	(116,840)	(71,749)	(71,749)
Total accounts receivable, net	15,038,446	15,135,403	8,598,213	8,477,472
from this amount:				
Total non-current receivables	91,799	94,101	91,799	91,205
Total current receivables	14,946,647	15,041,302	8,506,414	8,386,267

The carrying amount of the Group's and the Company's trade and other receivables approximates their fair value.

The movement for 2020 in the allowance for doubtful amounts receivable consisted of the following, EUR:

	The Group		The Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
On the 1st of January	116,840	147,856	71,749	131,568
Impairment for the period	45,133	(1,336)	-	-
Reversed during the period	-	-	-	-
Receivables written off as uncollectible	(5,866)	(29,680)	-	(29,680)
Transferred with disposed business	-	-	-	(30,139)
At the end of the period	156,107	116,840	71,749	71,749

15.12. Cash and cash equivalents

	The Group		The Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Cash at bank	15,037,741	8,648,548	8,454,083	1,581,080
Cash on hand	29	53	-	-
Total	15,037,770	8,648,601	8,454,083	1,581,080

15.13. Inventories

	The Group		The Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Materials	4,265,706	4,059,606	1,097,085	1,081,625
Work in progress	1,111,507	1,402,637	806,901	735,669
Finished goods	2,798,381	4,447,088	1,823,337	2,424,532
Goods for resale	63,882	78,411	47,178	77,728
Goods in transit	-	22,024	-	-
Prepayments	74,365	132,658	14,000	36,282
Total	8,313,841	10,142,424	3,788,501	4,355,836

As at 30th of September 2020, the cost of the Group's and the Company's inventories was decreased by EUR 333 thousand and EUR 168 thousand, respectively (31 December 2019: EUR 276 thousand and EUR 193 thousand, respectively) to net realisable value. Net realisable value adjustment was accounted for under cost of sales.

On the 30th of September 2020, the Group's and the Company's inventories with carrying amount of 1,158 thousand Euros and 1,158 thousand Euros respectively are pledged as a security for the loan granted by the bank (31 December 2019 – the Group's and the Company's inventories were pledged respectively 1,158 thousand Euros and 1,158 thousand Euros).

15.14. Share capital and legal reserve

On the 30th of September 2020 share capital consisted of 65,700,000 ordinary shares at a par value of EUR 0.29 each. All shares were fully paid.

On the 30th of September 2020 shareholders of the Company were as follows:

	Number of shares	Proportion of ownership, %
Lithuanian legal entities	31,134,674	47.4
Lithuanian individuals	30,252,023	46.0
Foreign legal entities	2,681,555	4.1
Foreign individuals	1,631,748	2.5
Total	65,700,000	100.0

On the 30th of September 2020 shareholders of the Company (by country) were as follows:

	Number of shares	Proportion of ownership, %
Lithuania	61,386,697	93.4
Estonia	1,426,898	2.2
United States	1,267,319	1.9
Other countries	1,619,086	2.5
Total	65,700,000	100.0

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 per cent of the net profit are required until the legal reserve reach 10 per cent of the statutory capital. The appropriation is restricted to reduction of the accumulated deficit.

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

15.15. Non-current and current borrowings

	The Group		The Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Non-current borrowings:				
Bank borrowings secured by the Group's/Company's assets	7,630,085	5,176,637	2,836,257	2,836,257
	7,630,085	5,176,637	2,836,257	2,836,257
Current borrowings:				
Current portion of non-current bank borrowings secured by the Group's/Company's assets	1,675,093	11,029,287	649,123	3,270,674
Current bank borrowings secured by the Group's/Company's assets	-	-	-	-
	1,675,093	11,029,287	649,123	3,270,674
TOTAL:	9,305,178	16,205,924	3,485,380	6,106,931

15.16. Trade and other payables

	Group		Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Trade payables	11,380,699	14,820,771	6,353,693	8,382,444
Taxes, salaries and social insurance	3,008,926	1,983,912	1,420,740	954,873
Advances received	162,825	173,044	37,784	70,305
Other payables	1,641,696	1,731,103	753,544	464,793
TOTAL:	16,194,146	18,708,830	8,565,761	9,872,415
From this amount:				
Financial liabilities	13,022,396	16,551,873	7,107,237	8,847,237
Non-financial liabilities	3,171,751	2,156,956	1,458,524	1,025,178

15.17. Other operating income

	The Group		The Company	
	01.01.2020-30.09.2020	01.01.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Income from disposal of emission rights	491,050	1,194,509	304,500	1,050,509
Rent income	55,761	28,560	-	-
Gain from disposal of fixed assets	64,126	294,058	34,705	110,238
Scrap metal recognition	37,470	54,684	15,702	15,095
Insurance compensation	10,601	29,255	5,220	11,728
Other income	64,243	38,992	415,337	350,029
Total	723,251	1,640,058	775,464	1,537,599

15.18. Other operating expenses

	The Group		The Company	
	01.01.2020-30.09.2020	01.01.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Rent expenses	-	103	-	103
Insurance expenses	9,876	10,218	5,088	4,027
Other expenses	31,876	389,100	370,836	250,613
Total	41,752	399,421	375,924	254,743

15.19. Off balance articles

Emission rights movement for the nine months of 2020

	Amount, pcs.	
	The Group	The Company
31 December 2019	(4,834)	(6,859)
Emission rights allocated	56,953	34,997
Purchase of emission rights	-	-
Emission rights used	(15,415)	(4,667)
Sale of emission rights	(20,500)	(14,000)
30 September 2020	16,204	9,471

15.20. Court and arbitration proceedings

Over the nine months of 2020 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.

15.21. Pre-trial proceedings

On 7 January 2020, the Group were informed that a pre-trial investigation was initiated in the Klaipeda District Prosecutor's office regarding the actions of the Group's subsidiary, Grigeo Klaipėda AB, related to wastewater management. In the investigation, the subsidiary is suspected in that incompletely treated wastewater generated in the production process, in the period from 2012 (the exact time was not determined during the pre-trial investigation) to 7 January 2020, was discharged into the semi-cleaned wastewater collection collector of AB Klaipėdos vanduo. Also, a temporary restriction of the right of ownership has been applied to the subsidiary by the decision of the Prosecutor of the Klaipėda Regional Prosecutor's Office, renewed by the ruling of Klaipėda District Court, and assets with the carrying amount of 24.2 mio euros as at 30 September 2020 (26.6 mio euros as at 31 December 2019) were seized till 29 January 2021. Also, by the ruling of Klaipėda District Court, until 15 February, 2021 AB Grigeo Klaipėda has been subject to a temporary restriction on its activities – a ban to treat sewage generated in the production process at the sewage treatment plant located in Dumpiai village, Klaipėda district.