

Joint Stock Company "GRINDEKS"

Reg. No. 40003034935

Address: 53 Krustpils Street, Riga, LV - 1057, Latvia

Unaudited consolidated interim condensed financial statements
for the period ended September 30, 2020 prepared in
accordance with International Financial Reporting Standards as
adopted by the European Union

	PAGE
INFORMATION ABOUT THE GROUP	3
THE SUPERVISORY COUNCIL AND THE BOARD	4 - 5
MAJOR SHAREHOLDERS	6
MANAGEMENT REPORT	7 - 10
STATEMENT OF BOARD'S RESPONSIBILITIES	11
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	12 - 13
STATEMENT OF COMPREHENSIVE INCOME	14
STATEMENT OF CHANGES IN EQUITY	15
STATEMENT OF CASH FLOWS	16
NOTES TO FINANCIAL STATEMENTS	17 - 21

JSC "GRINDEKS"
INFORMATION ABOUT THE GROUP

Name of the Parent Company	"GRINDEKS"
Legal status	JSC from 25 August 1997
Registration number, place and date	40003034935, Riga, Latvia, 11 October 1991
Business activities	Production of pharmaceutical, medical and phytochemical medicines
NACE code	21 Production of pharmaceutical, medical and phyto-chemical medicines
Legal and postal address	Krustpils Street 53, Riga, LV – 1057, Latvija
Subsidiaries	JSC "Tallinn Pharmaceutical Plant" (100 %) Tondi 33, 11316, Tallinn, Estonia
	JSC "Kalceks" (98.67%) Krustpils Street 53, Riga, LV – 1057, Latvia
	"HBM Pharma" Ltd. (100%) Sklabinska 30, 036 80, 036 80, Martina Slovakia
	"Namu apsaimniekosanas projekti" Ltd. (100%) Krustpils Street 53, Riga, LV – 1057, Latvia
	Subsidiary "Grindeks Rus" Ltd. (100%) Warsaw road 74/3, 117556, Moscow, Russia
Reporting period	01.01.2020 - 31.12.2020
Interim reporting period	01.01.2020 - 30.09.2020

JSC "GRINDEKS" THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the JSC "Grindeks"

(in compliance with the election/dismissal dates)

From January 12, 2016 to June 07, 2019

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)</u>
Kirovs Lipmans	Chairman of the Supervisory Council	None*
Anna Lipmane	Deputy Chairman of the Supervisory Council	None*
Janis Naglis	Member of the Supervisory Council	None
Arkady Vertkin	Member of the Supervisory Council	None

* K.Lipmans and A.Lipmane are not in possession of shares of JCS "Grindeks" directly; however they own shares of "Liplat Holding" Ltd.

From June 07, 2019 to the date of issue of the financial statements:

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)</u>
Kirovs Lipmans	Chairman of the Supervisory Council	None*
Anna Lipmane	Deputy Chairman of the Supervisory Council	None*
Filips Lipmans	Member of the Supervisory Council	None*
Janis Naglis	Member of the Supervisory Council	None
Arkady Vertkin	Member of the Supervisory Council	None

* K.Lipmans, A.Lipmane and F.Lipmans are not in possession of shares of JCS "Grindeks" directly; however they own shares of "Liplat Holding" Ltd.

• Kirovs Lipmans - Chairman of the Council

Born in 1940. Kirovs Lipmans has been the Chairman of the Council of "Grindeks" since 2003. Simultaneously K. Lipmans is also the Member of the Executive Committee of the Latvian Olympic Committee, the Chairman of the Council of JSC "Kalceks" and JSC "Tallinn Pharmaceutical plant", and the Chairman of the Board of "Liplat Holding" Ltd. the major JSC "Grindeks" shareholder. K. Lipmans has graduated from the Leningrad Institute of Railway and Transport Engineering and from the Faculty of Economics of the University of Latvia, obtaining a degree as an Engineer-Economist.

• Anna Lipmane - Deputy Chairman of the Council

Born in 1948. Anna Lipmane has been the Member of the Council of JSC "Grindeks" since 2008. A. Lipmane is certified doctor-neurologist and the Member of the Latvian Medical Association, the Latvian Association of Internists, the Latvian Society of Cardiology and the Latvian Association of Neurologists. Simultaneously A. Lipmane is the Member of the Council of JSC "Tallinn Pharmaceutical Plant" and a Member of the Board of "Liplat Holding" Ltd., the major JSC "Grindeks" shareholder.

• Filips Lipmans - Member of the Council

Born in 1978. Graduated from the Faculty of Economics and Management of the University of Latvia, obtaining Master's Degree in Management Science. F. Lipmans has been the Advisor to the Chairman of the Board of JSC "Grindeks" since 2004. At the same time, Mr. Lipmans is also a Member of the Council of JSC "Kalceks" and JSC "Tallinn Pharmaceutical Plant", as well as Member of the Board of "Namu apsaimniekosanas projekti" Ltd. and "Liplat Holding" Ltd. the major shareholder of JSC "Grindeks".

• Janis Naglis - Member of the Council

Born in 1958. Janis Naglis has been a member of the Council of JSC "Grindeks" since 2002. Simultaneously to the job responsibilities in JSC "Grindeks" J. Naglis is also the Member of the Council of Employers' Confederation of Latvia, the President of Latvian Auto Federation and Board member of the Association of Hotels and Restaurants of Latvia and Board member of the Latvian Sports Association, also member of other enterprises and institutions. J. Naglis has graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

• Arkady Vertkin - Member of the Council

Born in 1951. Arkady Vertkin has been the Member of the Council of JSC "Grindeks" since 2013. Professor Arkady Vertkin has been the Head of Therapy, Clinical Pharmacology and Ambulance Department at the Moscow State University of Medicine and Dentistry (MSUMD) since 1989, and the Scientific Secretary of the Scientific Council of MSUMD since 2012. Simultaneously, A. Vertkin is the President of Russian National Scientific Practical Society of Ambulance Care and International Society for the Study of Age-related involution, also he is the Member of the numerous Russian and international organizations. Dr. med. A. Vertkin is an Honored Science Worker of Russian Federation and has received several awards.

JSC "GRINDEKS"
THE SUPERVISORY COUNCIL AND THE BOARD

The Board of the JSC "Grindeks"

(in compliance with the election/dismissal dates)

From January 09, 2012 to January 21, 2020

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)</u>
Juris Bundulis	Chairman of the Board	None*
Janis Romanovskis	Board member	None*
Juris Hmelnickis	Board member	None*

* Nasdaq CSD data as of January 21, 2020

From January 21, 2020 to February 04, 2020

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)</u>
Juris Hmelnickis	Board member	None*
Janis Romanovskis	Board member	None*

* Nasdaq CSD data as of January 22, 2020

From February 04, 2020 to the date of issuing the financial statement

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)</u>
Juris Hmelnickis	Chairman of the Board	None*
Janis Romanovskis	Board member	None*

* Nasdaq CSD data as of February 4, 2020

• Juris Hmelnickis - Chairman of the Board

Born in 1980, Juris Hmelnickis has obtained a PhD in chemistry and a Master's degree in economics from the University of Latvia and a Master's degree in business management for quality assurance from Riga Technical University. He has also graduated the Swedish Institute Management Programme of Leadership and Sustainable Management. Juris Hmelnickis in JSC "Grindeks" has previously taken several managerial positions – he was the Quality Director, Certification Officer and the Member of the Board. Before his appointment as Chairman of the Board of JSC "Grindeks", Juris Hmelnickis was the Chairman of the Board of JSC "Kalceks", which is a subsidiary entity of JSC "Grindeks". Currently Juris Hmelnickis also is continuing work of JSC "Kalceks" as Member of the Board. Juris Hmelnickis is a co-author for a number of scientific publications in analytical research and chromatography.

*The Term of office - 03.02.2023

• Janis Romanovskis - Member of the Board, Chief Finance and Administrative Officer

Born in 1960, graduated from Riga Secondary School No.1, Faculty of Economics of the University of Latvia and Riga International School of Economics and Business Administration. Janis Romanovskis had also previously worked at JSC "Grindeks" as the Chairman of the Board and Chief Finance and Administrative Officer. During his career, Romanovskis has been the Chairman of the Board of pharmaceutical companies "Recipe plus" and "Sentor Farm aptiekas", as well as the Chief Finance Officer at "Komerccentrs DATI grupa" Ltd. and the Head of the Financial Management Unit of JSC "Dati".

*The Term of office – 07.01.2022

JSC "GRINDEKS"
MAJOR SHAREHOLDERS

The shareholders to the date of issuing the financial statements
(according to Nasdaq CSD data as at July 28, 2020):

	Percentage of investment (%) 09.07.2020	Percentage of investment (%) 09.07.2019
Liplat Holding Ltd.*	94,16	92,81
Other shareholders**	5,84	7,19
Total	100,00	100,00

**"Liplat Holding" Ltd. owners are Kirovs Lipmans, Anna Lipmane and Filips Lipmans.*

***for other shareholders number of shares not exceeding 5%*

Business activity

During the reporting period, the "Grindeks" Group consisted of JSC "Grindeks" and its subsidiaries: JSC "Kalceks" in Latvia, JSC "Tallinn Pharmaceutical Plant" in Estonia, "HBM Pharma" Ltd. in Slovakia and "Namu Apsaimniekosanas projekti" Ltd. in Latvia (all together hereinafter - the Group). Core business activity of the Group is research, development, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Business activity of the "Grindeks" Group during the reporting period

In the first nine months of 2020, the Group's turnover reached 137.1 million euros, which is for 30.5 million euros or 29% more than in the first nine months of 2019. In the first nine months of 2020, the Group's profit, attributable to shareholders of the parent company, was 12.1 million euros, which is for 3.2 million euros or 36% more than in the first nine months of 2019.

In the first nine months of 2020 Group's production was exported to 88 countries worldwide, a total of 128.9 million euros, which is by 29.4 million euros or 29% more than in the first nine months of 2019.

At the end of the reporting period, the amount of accounts receivable was 45.6 million euros, which is by 10.6 million euro less than accounts payable that were 56.2 million euros. The amount of current assets at the end of reporting period was 87.8 million euros, which is by 46.2 million euro more than amount of current liabilities that was 41.6 million euros.

Financial indicator	01.01.2020 - 30.09.2020	01.01.2019 - 30.09.2019
Gross profit margin ¹	56.6%	53.0%
Net profit margin ²	8.8%	8.4%
EBITDA margin ³	14.7%	14.3%
Liquidity ⁴	2.1	2.4

Covid-19 impact on Group's business activity

The global spread of the Covid-19 virus also has a significant impact on the economic activities of the "Grindeks" Group. In order to overcome the operational barriers caused by Covid-19, the Group identified three priorities: employee's health and safety, ensuring patient health needs and the continuity of economic activity.

By taking care of employees, "Grindeks" has introduced a series of health and safety measures aimed to protect employees from getting infected by virus.

The covid-19 pandemic has changed patients' needs, therefore Group is constantly following the changes in demand for medicines and is looking for flexible solutions to meet them and reorganize production in case increase of the production is necessary. As a result, "Grindeks" ability to operate in exceptional circumstances and react swiftly to demand growth, has significantly increased Group's turnover rate for the first nine months of 2020 and even created business opportunities in new markets – Spain, Belgium, Italy, Denmark, the UK and other countries.

Following the Covid-19 caused changes in the pharmaceutical market, the Group sees new business prospects in the active pharmaceuticals ingredient segment. Considering that "Grindeks" is constantly producing 25 active pharmaceutical ingredients, the years of experience and knowledge have encouraged the unique advantage of increasing the production capacity of active pharmaceutical ingredients, developing new substances and subsequently expanding the supply of final dosage forms. Moreover, the development of this segment will increase the Group's independence from raw material producers, which will benefit at national and even the European Union level regarding the medicines accessible for patients. "Grindeks" is confident of the Group's long-term gains.

¹ Gross profit margin, unit % = gross profit divided by net turnover.

² Net profit margin, unit % = profit attributable to Equity holders of the Parent entity divided by net turnover.

³ EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization Definition), unit % = (Operating Profit minus sales costs, costs of administration, other operating income, other operating expenses, plus depreciation of fixed assets) divided by net turnover.

⁴ Liquidity, unit ratios = current assets divided by the amount of short-term creditors.

The above alternative performance measures are used by the management of the Group to evaluate Group's performance for particular financial period.

Sales of final dosage forms and active pharmaceutical ingredients

"Grindeks" Group's sales volume of the final dosage forms in the first nine months of 2020 was 126.9 million euros and it has increased by 28.7 million euros or 29% in comparison to the first nine months of 2019.

In the first nine months of 2020, the sales amount in Russia, the other CIS countries and Georgia reached 62.4 million euros which is by 1.0 million euros or 2% more than in the first nine months of 2019. In comparison to the first nine months of 2019, the first nine months of 2020 significant sale growth achieved – in Uzbekistan by 30%, Georgia by 23%, Azerbaijan by 16% and Ukraine by 7%.

Sales volume of the final dosage forms in the EU countries, the UK and Norway in the first nine months of 2020 reached 58.0 million euros which is by 23.7 million euros or 69% more than in the first nine months of 2019. Sales volume in the first nine months of 2020 in comparison with the first nine months of 2019 increased – in Belgium (751 times), in Spain (81 times), in Denmark and the Netherlands (6 times), in Finland (5 times), in the Czech Republic by 50%, in Latvia by 42%, in France by 28%, and in Estonia by 23%. The high sales results in Belgium and Spain have been achieved due to the intensive work of JSC "Grindeks" subsidiary JSC "Kalceks" and the promotion of business development in EU countries.

In the first nine months of 2020, sales of active pharmaceutical ingredients reached 9.5 million euros, which is by 3.1 million euros or 47% more than in the first nine months of 2019. The largest "Grindeks" export of active pharmaceutical ingredients went to EU countries, the U.S., Japan and Canada.

In the first nine months of 2020 JSC "Grindeks" subsidiary JSC "Kalceks", which specialises in the hospital segment medicine, reached rapid increase in sales, which was achieved by increasing the number of export countries and introducing with new products. In the first nine months of 2020, "Kalceks" products were sold in amount of 31.7 million euros, which is by 23.5 million euros or 3.9 times more than in the first nine months of 2019. "Kalceks" medicines were exported to 55 countries in the first nine months of 2020 and the main outlet markets were Spain, Belgium, Israel, the Czech Republic and France.

JSC "Kalceks" has submitted seven new products this year, including Dexamethasone phosphate 4 mg/ml solutions for infusion/injection for registration in 21 European Union countries. According to the results of a study by the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA), this medicine is indicated for the treatment of coronavirus disease caused by COVID-19 for patients who need oxygen therapy.

Investment program

As part of the investment program, "Grindeks" Group implements strategically important research and development projects, including clinical trials of new investigational medicinal product metyl-GBB.

The production facility is expanding and new technological equipment is being installed at JSC "Tallinn Pharmaceutical Plant" in Estonia. Further on, the prescription ointments and gels will also be produced there.

The development of the "Grindeks" plant expansion project has been started in Latvia, which includes the introduction of complex manufacturing processes for active pharmaceuticals and the installation of a variety of technological equipment.

JSC "GRINDEKS" MANAGEMENT REPORT

JSC "Grindeks" share price development in the first nine months of 2020 (data of "Nasdaq Riga")

Since 2 January 2006 shares of JSC "Grindeks" are listed in the official list of "Nasdaq Riga". JSC "Grindeks" share price on "Nasdaq Riga" in the first nine months of 2020 ranged from 12 to 17.5 euro. In the first nine months of 2020 the average price of JSC "Grindeks" shares on "Nasdaq Riga" was 14.75 euro. The total of "Nasdaq Riga" traded shares in the first nine months of 2020 was 163 199 shares, reaching 2.21 million euro turnover. At the end of the first nine months of 2020, market capitalization of JSC "Grindeks" shares was 150.01 million euro.

In the first nine months of 2020, the Group's earnings per share (EPS factor) was 1.26 euro in comparison to 0.93 euro in the first nine months of 2019.



JSC "Grindeks" share price development in the first nine months of 2020 in comparison with Baltic market indexes (data of "Nasdaq Riga")



Future prospects for 2020

In 2020, "Grindeks" Group strategically focuses on complex solutions to meet the needs of patients, expands the range of products and develops operations in new markets. In order to reduce business risks, the Group diversifies its operations.

Priorities of the Group's business strategy for 2020:

- Business expansion in the European Union, South East Asia and the United States
- Strengthening positions in Russia and other CIS countries
- Business expansion of JSC "Kalceks"
- Increase of the Group's turnover in 2020 – by at least 25%
- Investments in 2020 – up to 10 million euro
- Successful maintenance of the new Medicines Verification System
- Overcoming the obstacles created by Covid-19

The most significant business risks that may affect the economic operations of the "Grindeks" Group are still the depreciation or devaluation of national currencies in the CIS countries, changes in the geopolitical situation, as well as the global situation caused by the spread of Covid-19 virus.

"Grindeks" Group determined following development strategy directions by 2025:

- Increasing the range of active pharmaceutical ingredients and final dosage forms
- Expanding in new markets: the EU countries, the US, Japan, South Korea, Australia and New Zealand
- Enlarging production infrastructure in Latvia, Estonia and Slovakia
- Developing the subsidiary JSC "Kalceks"

On behalf of the Group's Management:



Chairman of the Board
Ph.D. Juris Hmelnickis

November 26, 2020

The Board of JSC "Grindeks" is bearing the responsibility for preparation of the consolidated financial statements of the JSC "Grindeks" and its subsidiaries.

The consolidated financial statements, enclosed from page 12 to page 21, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as at 30 September 2020 and the results of its operations and cash flows for the period ended 30 September 2020.

The above-mentioned consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union based on going concern principle. Appropriate accounting policies are applied on a consistent basis. The management in preparation of the consolidated financial statements has made prudent and reasonable judgments and estimates.

The Board of the JSC "Grindeks" is responsible for providing accounting records, preservation of the Group's assets and the prevention and disclosure of fraud and other irregularities of the Group. The Board is responsible for the compliance with the existing legislation in the countries in which the Group's companies are operating (Latvia, Russia, Estonia, and Slovakia).

On behalf of the Board:



Chairman of the Board
Ph.D. Juris Hmelnickis

November 26, 2020

ASSETS	Notes	30.09.2020 EUR	31.12.2019 EUR
Non-current assets			
Intangible assets			
Software, patents, licences, trademarks and other rights		3 845 837	3 285 491
Advances for intangible assets and capitalized development		1 128 333	1 078 378
Total intangible assets		4 974 170	4 363 869
Goodwill		5 044 761	5 044 761
Property, plant and equipment			
Land, buildings and constructions		27 717 194	29 349 335
Equipment and machinery		26 705 272	25 594 640
Other fixed assets		1 733 514	1 682 723
Right-of-use-asset		3 440 363	4 259 987
Construction in progress		2 624 653	2 448 726
Advance payments for fixed assets		2 187 064	1 224 692
Total property, plant and equipment		64 408 060	64 560 103
Investment property		3 970 000	3 970 000
Non-current financial investments			
Other investments		77 025	77 025
Other loans		2 200 000	2 200 000
Other long-term receivables		28 990	59 028
Loans to Management and Shareholders of the Group	4	2 563 579	2 563 579
Total non-current financial investments		4 869 594	4 899 632
Total non-current assets		83 266 585	82 838 365
Current assets			
Inventories			
Raw materials		13 917 242	11 403 916
Unfinished goods		11 792 544	10 927 151
Finished goods and goods for resale		13 185 480	23 828 262
Advance payments for stock		785 489	171 182
Total inventory		39 680 755	46 330 511
Receivables			
Trade receivables		38 874 393	31 753 330
Other receivables	5	5 514 350	8 056 318
Loans to Management and Shareholders of the Group	4	153 725	140 857
Other loans		579 301	579 301
Deferred expenses		492 129	683 818
Total receivables		45 613 898	41 213 624
Cash and cash equivalents	6	2 539 571	2 106 465
Total current assets		87 834 224	89 650 600
TOTAL ASSETS		171 100 809	172 488 965

Notes are integral part of these financial statements

EQUITY AND LIABILITIES	Notes	30.09.2020 EUR	31.12.2019 EUR
Equity			
Share capital		13 419 000	13 419 000
Share premium		22 321 657	22 321 657
Other reserves		880 726	880 726
Foreign currency revaluation reserve		1 357 335	(134 823)
Retained earnings			
a) previous period retained earning		64 596 497	59 980 117
b) reporting period profit		12 075 152	13 434 580
Equity attributable to equity holders of the Parent entity		114 650 367	109 901 257
Non-controlling interest		217 370	116 069
Total equity		114 867 737	110 017 326
Liabilities			
Non-current liabilities			
Loans from credit institutions	7	6 338 677	8 356 960
Finance lease liabilities		228 307	71 102
Lease liabilities		3 194 755	3 863 911
Deferred tax liabilities		1 511 502	1 511 502
Other payables		758 738	776 874
Deferred income		2 605 597	2 628 262
Total non-current liabilities		14 637 576	17 208 611
Current liabilities			
Loans from credit institutions	7	24 809 615	24 456 050
Finance lease liabilities		25 405	46 075
Lease liabilities		230 485	362 968
Advances from customers		1 640 674	2 173 242
Trade payables to suppliers		8 885 770	12 035 767
Taxes and mandatory state social insurance contributions	8	1 818 321	2 215 053
Corporate income tax liability	8	510 361	39 754
Other payables		1 993 846	2 088 276
Accrued liabilities		1 423 671	1 340 587
Deferred income		257 348	505 256
Total current liabilities		41 595 496	45 263 028
Total liabilities		56 233 072	62 471 639
TOTAL EQUITY AND LIABILITIES		171 100 809	172 488 965

Notes are integral part of these financial statements

	Notes	01.07.2020- 30.09.2020 EUR	01.07.2019- 30.09.2019 EUR	01.01.2020 - 30.09.2020 EUR	01.01.2019 - 30.09.2019 EUR
Net sales	11	42 571 255	37 598 411	137 088 675	106 563 951
Cost of goods sold	12	(21 693 291)	(19 254 403)	(59 499 617)	(50 048 064)
Gross profit		20 877 964	18 344 008	77 589 058	56 515 887
Selling expenses	13	(7 498 383)	(8 972 746)	(22 985 747)	(24 481 301)
Administrative expenses	14	(6 186 404)	(6 995 271)	(24 670 956)	(19 829 717)
Other operating income	15	1 660 481	2 872 902	3 806 900	6 965 035
Other operating expenses	16	(9 027 354)	(3 654 479)	(20 146 192)	(9 075 591)
Interest income and similar income		30 487	31 025	103 843	103 785
Interest expenses and similar expenses		(166 229)	(181 521)	(495 503)	(392 450)
Profit before taxation		(309 438)	1 443 918	13 201 403	9 805 648
Corporate income tax		(380 681)	(177 106)	(1 024 950)	(899 745)
NET PROFIT FOR THE PERIOD		(690 119)	1 266 812	12 176 453	8 905 903

Other comprehensive income:

Foreign currency revaluation		1 251 952	(31 123)	1 492 158	(91 743)
Total other comprehensive income		1 251 952	(31 123)	1 492 158	(91 743)
TOTAL COMPREHENSIVE INCOME		561 833	1 235 689	13 668 611	8 814 160

Profit attributable to:

Equity holders of the Parent entity		(723 434)	1 251 787	12 075 152	8 898 162
Non-controlling interest		33 315	15 025	101 301	7 741
TOTAL		(690 119)	1 266 812	12 176 453	8 905 903

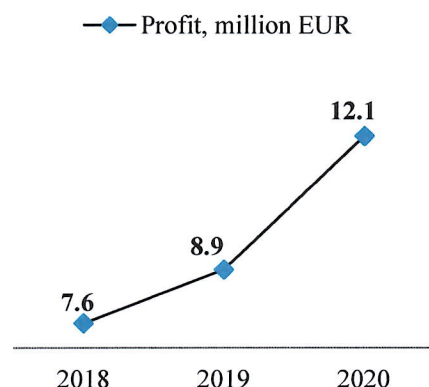
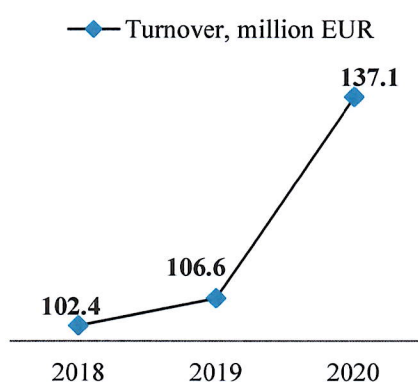
Comprehensive income attributable to:

Equity holders of the Parent entity		528 518	1 220 664	13 567 310	8 806 419
Non-controlling interest		33 315	15 025	101 301	7 741
TOTAL		561 833	1 235 689	13 668 611	8 814 160

Earnings per share attributable to the equity holders of the Parent entity (EUR per share)

	-0.08	0.13	1.26	0.93
--	-------	------	------	------

Notes are integral part of these financial statements



JSC "GRINDEKS"

STATEMENT OF CHANGES IN EQUITY FOR SIX MONTH PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Share premium	Other reserves	Foreign currency revaluation reserve	Retained profit	Equity attributable to equity holders of the parent company	Non- controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2018	13 419 000	22 321 657	880 726	158 198	72 248 917	109 028 498	98 509	109 127 007
Dividends	-	-	-	-	(12 268 800)	(12 268 800)	-	(12 268 800)
Foreign currency revaluation	-	-	-	(91 743)	-	(91 743)	-	(91 743)
Profit for the reporting period	-	-	-	-	8 898 162	8 898 162	7 741	8 905 903
30.09.2019	13 419 000	22 321 657	880 726	66 455	68 878 279	105 566 117	106 250	105 672 367
31.12.2019	13 419 000	22 321 657	880 726	(134 823)	73 414 697	109 901 257	116 069	110 017 326
Dividends	-	-	-	-	(8 818 200)	(8 818 200)	-	(8 818 200)
Foreign currency revaluation	-	-	-	1 492 158	-	1 492 158	-	1 492 158
Profit for the reporting period	-	-	-	-	12 075 152	12 075 152	101 301	12 176 453
30.09.2020	13 419 000	22 321 657	880 726	1 357 335	76 671 649	114 650 367	217 370	114 867 737

Notes are integral part of these financial statements

STATEMENT OF CASH FLOWS FOR SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	01.01.2020 - 30.09.2020 EUR	01.01.2019 - 30.09.2019 EUR
OPERATING ACTIVITIES		
Profit for the reporting period before tax	13 201 403	9 805 648
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	6 598 507	5 120 168
Loss/(profit) on disposal of fixed assets and intangible assets	(340 405)	(189 629)
Revenue from the EU funds	(360 040)	(728 049)
Interest expense	495 503	392 450
Interest income	(103 843)	(103 785)
<i>Changes in operating assets and liabilities:</i>		
(Increase)/decrease in inventories	6 649 756	(3 384 563)
(Increase)/decrease in receivables	(3 600 652)	(9 223 209)
Increase/(decrease) in payables	(3 407 559)	(212 399)
Net cash flow provided by operating activities	19 132 670	1 476 632
Corporate income tax	(381 269)	(466 190)
Net cash provided by operating activities	18 751 401	1 010 442
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(5 131 100)	(6 017 947)
Proceeds from sale of fixed assets	32 974	8 838
Net cash flow provided by investing activities	(5 098 126)	(6 009 109)
FINANCING ACTIVITIES		
Received loans from credit institutions	865 227	18 094 351
Repayment of loans and leases to credit institutions	(4 861 160)	(3 113 425)
Dividends paid	(8 818 200)	(12 268 800)
Received EU funding	89 467	217 023
Interest paid	(495 503)	(392 450)
Net cash flow provided by financing activities	(13 220 169)	2 536 699
Net increase/(decrease) in cash and cash equivalents	433 106	(2 461 968)
Cash and cash equivalents at the beginning of the reporting period	2 106 465	4 219 118
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	2 539 571	1 757 150

Notes are integral part of these financial statements

1. GENERAL INFORMATION

The principal activities of JSC "Grindeks" Group are production of pharmaceutical, medical and phytochemical medicine, real estate management. JSC "Grindeks" was incorporated in the Republic of Latvia on October 11,

The interim financial statements are presented in the currency of the European Union, the Euro, which is the Group's functional and presentation currency.

These unaudited consolidated interim condensed financial statements are approved by the Board on November 26, 2020.

2. ACCOUNTING PRINCIPLES

The consolidated interim condensed financial statements for six months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as at 30 September 2020.

The financial statements were prepared in Latvian and English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version shall prevail.

3. ACCOUNTING POLICY

JSC "Grindeks" Group hereby informs that there were no changes made in its accounting policy in January - September 2020. In unaudited financial statements for the period January - September 2020 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial statements for the year 2019, released on April 30, 2020. The Group has not applied the IFRS that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective.

4. RELATED PARTY DISCLOSURES

	30.09.2020 EUR	31.12.2019 EUR
Loans to Management and Shareholders of the Group	2 717 304	2 704 436
Total	2 717 304	2 704 436

5. OTHER RECEIVABLES

	30.09.2020 EUR	31.12.2019 EUR
Tax receivables	3 191 781	6 021 396
Other	2 322 569	2 034 922
Total	5 514 350	8 056 318

6. CASH AND CASH EQUIVALENTS

	30.09.2020 EUR	31.12.2019 EUR
Cash in bank	2 537 435	2 094 044
Cash on hand	2 136	12 421
Total	2 539 571	2 106 465

7. LOANS FROM CREDIT INSTITUTIONS

	30.09.2020 EUR	31.12.2019 EUR
Credit line from Luminor Bank AS Latvian branch	8 938 090	9 114 260
Credit line from SEB banka JSC, Latvia	4 953 719	3 314 912
Tatrabank JSC, Slovakia	2 691 114	2 691 324
Nordea Bank Finland Plc	4 833 333	5 583 333
Luminor Bank AS Latvian branch	1 750 000	3 000 000
Credit line from Tatrabank JSC, Slovakia	1 643 359	752 221
Current loans from credit institutions	24 809 615	24 456 050
Luminor Bank AS Latvian branch	1 750 000	1 750 000
Tatrabank JSC, Slovakia	4 588 677	6 606 960
Non-current loans from credit institutions	6 338 677	8 356 960
Total	31 148 292	32 813 010

8. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.09.2020 EUR	31.12.2019 EUR
Mandatory state social insurance contributions	1 335 697	1 070 187
Personal income tax	480 770	380 950
Corporate income tax	510 361	39 754
Value added tax	-	750 983
Other	1 854	12 933
Total	2 328 682	2 254 807

9. DIVIDENDS PROPOSED AND PAID

The JSC "Grindeks" shareholders extraordinary general meeting on August 18, 2020 has made a decision to pay EUR 8,818,200 (eight million eight hundred eighteen thousand two hundred euros) or EUR 0.92 (ninety-two euro cents) per one share from accumulated profit till December 31, 2017 of JSC "Grindeks" to shareholders in dividends from the undistributed profit of previous years. Dividends were paid on September 16, 2020.

10. BUSINESS SEGMENTS

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing

Based on the type of its products, the Group is divided into two main divisions – final dosage forms and active pharmaceutical ingredients business structure. Those divisions serve as the basis to report the primary segments of the Group – business segments.

JSC "GRINDEKS"
NOTES TO FINANCIAL STATEMENTS

9 Months 2020, EUR

	Final dosage forms	Active pharma- ceutical ingredients	Eliminations	Total
Revenue				
External sales	127 567 115	9 521 560	-	137 088 675
Inter-segment sales		6 127 222	(6 127 222)	-
Total revenue	127 567 115	15 648 782	(6 127 222)	137 088 675
Result				
Segment direct attributable result	46 829 641	7 773 670	-	54 603 311
Unallocated expenses				(41 010 248)
Operating profit				13 593 063
Interest income				103 843
Interest expense				(495 503)
Profit before taxation				13 201 403
Income tax expense				(1 024 950)
Profit for the period				12 176 453
Attributable to:				
Equity holders for parent Company				12 075 152
Non-controlling interest				101 301
Total				12 176 453

The Group is not allocating assets and liabilities across the above-mentioned divisions.

9 Months 2019, EUR

	Final dosage forms	Active pharma- ceutical ingredients	Eliminations	Total
Revenue				
External sales	100 094 210	6 469 741	-	106 563 951
Inter-segment sales	-	6 426 614	(6 426 614)	-
Total revenue	100 094 210	12 896 355	(6 426 614)	106 563 951
Result				
Segment direct attributable result	26 353 386	5 681 200	-	32 034 586
Unallocated expenses				(21 940 273)
Operating profit				10 094 313
Interest income				103 785
Interest expense				(392 450)
Profit before taxation				9 805 648
Income tax expense				(899 745)
Profit for the period				8 905 903
Attributable to:				
Equity holders for parent Company				8 898 162
Non-controlling interest				7 741
Total				8 905 903

The Group is not allocating assets and liabilities across the above-mentioned divisions.

11. NET SALES

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Russia	35 799 817	37 177 855
Other CIS countries	29 158 515	26 576 387
Other countries	59 291 480	31 661 745
Latvia	7 709 032	6 903 476
Lithuania	4 846 904	4 552 750
Estonia	2 425 941	1 863 849
Other sales	777 420	866 292
Gross sales	140 009 109	109 602 354
Less discounts		
Russia	(9 035)	(5 767)
Other CIS countries	(2 344 035)	(2 164 394)
Other countries	(113 685)	(48 998)
Latvia	(330 787)	(783 508)
Lithuania	(52 183)	(6 889)
Estonia	(70 709)	(28 847)
Discounts total	(2 920 434)	(3 038 403)
Total net	137 088 675	106 563 951

12. COST OF GOODS SOLD

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Raw materials and packaging	25 402 860	28 158 780
Direct labor and social security contributions	15 048 887	15 378 933
Depreciation of fixed assets and amortization of intangible assets	3 817 732	3 700 654
Depreciation of right-of-use-asset	172 070	172 040
Electricity expenses	1 671 741	1 762 727
Goods purchased for resale and contract manufacturing costs	11 617 513	855 189
Research costs	1 437 014	2 018 079
Machinery, buildings and equipment repairs	1 312 731	1 656 764
Household expenses	219 698	202 646
Transport costs	172 697	139 298
Rent of work clothing	181 698	165 329
Waste disposal	132 006	125 567
Other expenses	3 811 511	4 271 445
Internal turnover of self-manufactured raw materials	(5 498 541)	(8 559 387)
Total	59 499 617	50 048 064

13. SELLING EXPENSES

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Advertising expenses	6 372 747	8 890 534
Expenses of representative offices	3 164 286	3 358 808
Salaries and social security contributions	3 393 577	4 447 681
Distribution costs	1 489 451	1 114 112
Commissions	1 893 292	1 876 896
Depreciation of fixed assets and amortization of intangible assets	228 638	234 719
Depreciation of right-of-use-asset	641 235	615 867
Registration costs for medicine	1 465 725	728 382
Freight insurance expenses	6 555	10 345
Other expenses	4 330 241	3 203 957
Total	22 985 747	24 481 301

14. ADMINISTRATIVE EXPENSES

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Salaries and social security contributions	18 892 158	12 012 663
Professional and consultancy services	524 197	1 474 584
Depreciation of fixed assets and amortization of intangible assets	956 281	775 177
Depreciation of right-of-use-asset	187 114	111 418
Computer maintenance and repair	645 567	517 079
Security costs	401 693	378 721
Bank charges	154 963	187 163
Electricity costs	136 842	178 570
Employee insurance expenses	338 594	301 288
Transport costs	88 062	89 361
Property and liability insurance	122 630	88 546
Business trip expenses	16 513	70 850
Communication expenses	46 798	49 504
Personnel training and hiring expenses	46 368	119 636
Provisions	271 294	1 909 119
Othes expenses	1 841 882	1 566 038
Total	24 670 956	19 829 717

15. OTHER OPERATING INCOME

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Currency exchange gain	2 508 254	4 467 594
Income from EU projects	359 822	728 049
Income from services rendered	423 512	921 523
Past period's income for the reporting period	30 667	139 427
Income from sale of property, plant and equipment	23 288	8 838
Other income	461 357	699 604
Total	3 806 900	6 965 035

16. OTHER OPERATING EXPENSES

	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
	EUR	EUR
Sales discounts	6 924 511	6 655 978
Exchange rate losses	12 075 964	1 436 626
Property tax	122 488	113 827
Inventory write-off	10 681	-
Other opartaing income	1 012 548	869 160
Total	20 146 192	9 075 591

17. EVENTS AFTER THE REPORTING PERIOD

On 28 October 2020 JSC "Grindeks" signed an agreement with Luminor Bank AS Latvian branch for a loan amount of EUR 4,750,001 with a final repayment date of 31 October 2023. On November 5, 2020 JSC "Grindeks" fully repaid the remaining part of the loan in the amount of EUR 4,750,001 to Nordea Bank APB.

The JSC "Grindeks" shareholders extraordinary general meeting on November 12, 2020 has made a decision to exclude all bearer shares of JSC "Grindeks" from JSC "Nasdaq Riga" Official Main list. The decision was made with the required majority of votes.



Chairman of the Board
Ph.D. Juris Hmelnickis

November 26, 2020