



**Fourth quarter and 12 months  
Interim report  
2020**

**NORDIC FIBREBOARD AS**

Consolidated Interim Report for the Fourth quarter and 12 months of 2020  
(unaudited)

Beginning of the Interim Report Period:	1.10.2020
End of the Interim Report Period:	31.12.2020
Beginning of the financial year:	1.01.2020
End of the financial year:	31.12.2020
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Auditor:	AS PricewaterhouseCoopers
Main activity:	Production and sales of fibreboards

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## COMPANY PROFILE

Nordic Fibreboard AS main activity is production and sale of building materials. Nordic Fibreboard AS is a holding company with subsidiaries Nordic Fibreboard Ltd OÜ, Pärnu Riverside Development OÜ (was established by the demerger of subsidiary in 2019) and Skano Furniture OÜ, herewith in turn Nordic Fibreboard Ltd OÜ owns a subsidiary Suomen Tuulileijona OY and Skano Furniture OÜ owns a subsidiary Skano LT UAB.

The Group, as of 31.12.2020, therefore consists of the following companies, all 100% owned:

Subsidiary	Location	Activity
Nordic Fibreboard Ltd OÜ	Estonia	Production and sales
Suomen Tuulileijona OY	Finland	Marketing
Skano Furniture OÜ	Estonia	Retail (operations ended)
UAB Skano LT	Lithuania	Retail (operations ended)
Pärnu Riverside Development OÜ	Estonia	Rental and property development

Nordic Fibreboard Ltd OÜ produces and distributes softboard products for use in many different applications, the main categories being within construction (insulation, soundproofing, and interior finishing panels for walls and ceilings) and industry (packaging, door cores, expansion joint filler, pin and notice boards, acoustic reduction, cake boards, firelighters). Suomen Tuulileijona OY is the marketing company of Nordic's Fibreboard products in Finland.

Skano Furniture OÜ is a retail company, whose activity was the sale of home furnishing furniture. The company finished its activities on 31.01.2020, when it closed the last two furniture showrooms.

Pärnu Riverside Development OÜ was established by the demerger of subsidiary on 24.04.2019, during which Pärnu Riverside Development OÜ became the owner of real estate and its buildings in Suur-Jõe street 48 Pärnu city and the company's area of activity is the management of such real estate and buildings.

The principal markets of the company are the Nordic and Baltic region. Nordic Fibreboard's customers and partners are well recognized parties within their field of expertise, and value long-term relations with Nordic Fibreboard.

The shares of Nordic Fibreboard AS are listed on the Nasdaq Tallinn Stock Exchange secondary list.

As at 31.12.2020 the Group employed 97 people (31.12.2019: 126 people).



## MANAGEMENT REPORT

### NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR FOURTH QUARTER AND 12 MONTHS OF 2020

Consolidated net sales for Q4 2020 were € 2.07 million from continuing operations (Q4 2019: € 3.23 million from continuing operations). The sales revenue of the Group's main business segment, fibreboard, for Q4 2020 were € 2.01 million (Q4 2019: € 2.78 million). The main reason for this drop in sales was due to the closure of the Püssi factory in March 2020, which came about as a result of the loss of orders from customers within the display board industry caused by the COVID-19 pandemic. Furniture retail sales revenue for Q4 2020 were € 1 thousand, the decrease in sales (compared to Q4 2019: € 390 thousand) was due to the Group exiting the furniture retail segment earlier in year 2020, with some remaining stock sales taking place during 2020. Rental and property development sales, includes the resale of utilities, in Q4 2020 were € 64 thousand, remaining practically at the same level compared to the same period last year (Q4 2019: € 63 thousand).

The Group reported consolidated EBITDA of € 137 thousand for Q4 2020 for its continuing operations (vs Q4 2019: EBITDA of € 141 thousand from continued operations). The EBITDA result for Q4 2019 includes one-off operating income of € 324 thousand from revaluation of its property subsidiary Pärnu Riverside Development, while the EBITDA result for the Q4 2020 includes one-off expense in the Group's fibreboard subsidiary of € 38 thousand for the removal of previously used office building located at the fibreboard site in Pärnu. EBITDA of the main segment, fibreboard, was for Q4 2020 positive € 139 thousand (Q4 2019: negative € 119 thousand), after the above mentioned one-off building removal expense. The main reason for such improvement in the fibreboard business' EBITDA are due to the improved efficiency of the fibreboard division. The closure of the Püssi fibreboard factory enabled us to switch the Püssi factory construction sector orders to our Pärnu factory, and we started a 4<sup>th</sup> shift in Pärnu in April 2020 as a result thereof. The Pärnu factory is now running continuously, except for a one-shift maintenance stop every month. This has led to increased machine utilisation, and gross margin for Nordic Fibreboard Ltd OÜ has therefore increased substantially, being 28% in Q4 2020 (from being 11% in Q4 2019).

After depreciation and net financial costs, the Group's net result for Q4 2020 from continuing operation was thus a profit of € 1,231 thousand (Q4 2019: a loss € 75 thousand from continuing operation). The reason for the change in profit is the refinancing of loans and overdrafts at the end of 2020, which generated a one-off financial income of € 1,237 thousand and the improvement of the efficiency of the aforementioned fibreboard division.

Consolidated net sales for 12 months 2020 from continuing operations were € 10.27 million, which is a 23% decrease compared 2019 from continuing operations (2019: € 13.33 million from continuing operations). The decrease in sales revenue is due to the reduced production volume due the closure of the Püssi factory.

Consolidated net profit for 12 months 2020 was € 1.07 million from continuing operations (2019: loss of € 1.13 million from continuing operations). The reasons for the large difference between the results of 2020 and 2019 are the previously mentioned extraordinary financial income from refinancing loans and overdrafts at the end of 2020 of 1.24 million euros, improving the efficiency of the Pärnu fibreboard factory in 2020, and the one-off loss incurred in 2019 when the Group exited its furniture wholesale business.



## DIVISIONAL REVIEW

### REVENUE BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Continued operations</b>				
Fibreboards production and sales	2,007	2,775	10,001	11,745
Furniture retail	1	390	56	1,515
Real Estate Management	64	63	212	111
Group transactions	0	(1)	(0)	(38)
<b>TOTAL from continued operations</b>	<b>2,072</b>	<b>3,226</b>	<b>10,269</b>	<b>13,333</b>
<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,215</b>
<b>TOTAL</b>	<b>2,072</b>	<b>3,226</b>	<b>10,269</b>	<b>14,548</b>

### PROFIT BY BUSINESS SEGMENTS

€ thousand	Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Continued operations</b>				
EBITDA by business units:				
Fibreboards production and sales	139	(119)	597	68
Furniture retail	(1)	(66)	(40)	(200)
Real Estate Management	3	322	0	352
Group transactions	(4)	5	(18)	104
<b>TOTAL EBITDA</b>	<b>137</b>	<b>141</b>	<b>540</b>	<b>325</b>
Depreciation	136	177	558	669
<b>TOTAL OPERATING PROFIT/ LOSS</b>	<b>0</b>	<b>(35)</b>	<b>(19)</b>	<b>(343)</b>
Net financial costs	(1,231)*	39	(1,093)*	784**
Income tax	0	0	0	0
<b>NET PROFIT/ LOSS</b>	<b>1,231</b>	<b>(75)</b>	<b>1,074</b>	<b>(1,127)</b>
<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(271)</b>
<b>TOTAL</b>	<b>1,231</b>	<b>(75)</b>	<b>1,074</b>	<b>(1,398)</b>

\* Net financial costs in Q4 2020 (also 12M 2020) include extraordinary income € 1,237 thousand from loan refinancing.

\*\* Net financial costs in 12M 2019 include extraordinary cost, loss from the sale of Skano Furniture Factory OÜ of € 540 thousand.

### NORDIC FIBREBOARD LTD: FIBREBOARD SALES

The sales revenue of fibreboard decreased by 28% in the Q4 2020 compared to the same period in 2019 (€ 2.01 million in Q4 2020 versus € 2.78 million in Q4 2019). We sold our fibreboard products to customers in 17 countries during Q4 2020. Fibreboard sales for 12 months 2020 were € 10.00 million, which is 15% decrease from year 2019 sales of € 11.75 million. The main reason for the drop in sales was the loss of display board customers, boards for this sector was produced in the Püssi factory, which we closed in March 2020. However, sales to our customers within the construction sector in our main Northern European and Russian markets have been stable. Finland, our largest market accounted for 26% of total fibreboard sales this year (up from being 22% of total sales in 12M in 2019), Denmark is



our second largest market, accounting for 22% of sales in the 12 months of 2020 (it has also increased compared to year 2019 when it accounted for 14% of sales). Sales in Estonia and Russia have remained at the same level as previous year, while we recorded sales decline in markets further afield mainly due to the negative effect in many such markets caused by the corona virus.

The fibreboard EBITDA in Q4 2020 was positive € 139 thousand (Q4 2019 negative € 119 thousand), the full-year EBITDA of fibreboard 2020 was € 597 thousand (€ 68 thousand in 2019). The main reason for the improvement in EBITDA were due to increased efficiency by achieving full machine utilisation in the Pärnu factory in 2020. Fibreboard Q4 EBITDA of € 139 thousand was down from EBITDA levels achieved in Q2 2020 and Q3 2020 of respectively € 347 thousand and € 366 thousand mainly due to the annual two week maintenance stops which took place early October 2020 and end of December 2020, such two week maintenance stops normally takes place every July and December. This year's October and December maintenance stops resulted in less production output during Q4 2020 compared to the previous two quarters when we did not have such long maintenance stops.

#### FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		€ thousand	
	Q4 2020	Q4 2019	12M 2020	12M 2019
European Union	1,633	2,036	8,327	8,656
Russia	307	376	1,240	1,545
Asia	49	115	189	544
Africa	0	103	96	523
Middle East	10	72	65	232
Other	9	74	85	245
<b>TOTAL</b>	<b>2,007</b>	<b>2,775</b>	<b>10,001</b>	<b>11,745</b>

#### SKANO FURNITURE: RETAIL SALES

Furniture retail sales in Q4 2020 were € 1 thousand (2019 Q4 € 390 thousand). However, this business has been closed down, as earlier informed, and the sales recorded in 2020 was from some remaining stock.

#### RETAIL SALES BY COUNTRIES

	€ thousand		€ thousand		Number of stores	
	Q4 2020	Q4 2019	12M 2020	12M 2019	31.12.2020	31.12.2019
Estonia	1	370	56	1,152	0	2
Latvia*	0	13	0	137	0	0
Lithuania*	0	7	0	226	0	0
<b>TOTAL</b>	<b>1</b>	<b>390</b>	<b>56</b>	<b>1,515</b>	<b>0</b>	<b>2</b>

\* Estonian stores were closed on 31.01.2020 and Latvian and Lithuanian stores were closed on 30.09.2019.

#### PÄRNU RIVERSIDE DEVELOPMENT: REAL ESTATE MANAGEMENT

Rental income, including the resale of utilities, was € 64 thousand in Q4 2020 (2019 Q4 € 63 thousand). The company's expenses consist of operating expenses and expenses related to the ongoing detail plan project, which resulted in positive EBITDA of € 3 thousand for Q4 2020. EBITDA in Q4 2019 of € 322 thousand were heavily influenced by the increased revaluation of the property of € 327 thousand. Net profit in Q4 2020 were € 3 thousand (2019 Q4: profit € 300 thousand).



The reason for the revaluation of the Pärnu Riverside development property was due to the change in the accounting policies for investment properties adopted at the end of 2019, where instead of the measured cost, investment properties were recognized in the balance sheet at fair value.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH-FLOW

As of 31.12.2020 the total assets of Nordic Fibreboard AS were € 7.7 million (31.12.2019: € 9.1 million). The liabilities of the company as of 31.12.2020 were € 5.0 million (31.12.2019: € 7.5 million), of which the company has borrowings of € 3.2 million as at 31.12.2020 (31.12.2019: € 4.6 million).

Receivables and prepayments amounted to € 0.8 million as at 31.12.2020 (31.12.2019: € 1.4 million). Inventories were € 0.5 million as of 31.12.2020 (31.12.2019: € 0.9 million). The fair value of financial assets (ie Trigon Property Development shares) increased from € 397 thousand as of 31.12.2019 to € 450 thousand as of 31.12.2020. Property, plant, equipment and intangibles were € 4.7 million as of 31.12.2020 (€ 5.2 million as of 31.12.2019). The decrease in the balance sheet volume in 2020 was affected by the closure of the Püssi factory.

During 2020 twelve months, the Group's cash flows from operating activities totalled € 165 thousand (2019 twelve months: € 516 thousand). Investment activities resulted in cash outflows in amount of € 89 thousand during 2020 twelve months, compared to outflows in amount € 153 thousand during twelve months 2019. Financing activities also resulted in cash outflows of € 58 thousand during twelve months 2020 (2019 twelve months: cash outflow € 410 thousand). Net cash effect during 2020 twelve months cash inflows of € 19 thousand, which compares to 2019 twelve months cash outflows of € 47 thousand.

#### OUTLOOK

##### NORDIC FIBREBOARD LTD

The order book from our traditional customers in our largest markets in northern Europe remains strong, with increased demand from many of these markets. This has had the effect of us having to postpone orders from customers further afield. As a result of this improved demand picture, management is now considering measures for a possible reopening of Püssi factory during second half of this year. On the other hand, we are much aware of the continuing uncertainty surrounding the COVID-19 pandemic. We expect to have a more clear picture of the demand situation and the pandemic within the next few months.

#### REAL ESTATE MANAGEMENT

We will continue to manage and develop the property on Suur-Jõe Street 48, Pärnu.

#### PEOPLE

On the 31st of December 2020, the Group employed 97 people (compared to 126 people as of 31.12.2019). The average number of personnel in Q4 2020 was 96 (Q4 2019: 125).

For twelve months of 2020, wages and salaries with taxes amounted to € 2.0 million from continuing operations (twelve months 2019: € 2.5 million from continuing operations). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were € 217 thousand in twelve months 2020 and € 173 thousand in twelve months 2019.

#### FINANCIAL HIGHLIGHTS

€ thousand



Nordic Fibreboard AS Consolidated Interim Report (unaudited)  
Fourth quarter and 12 months

Income statement	Q4 2020	Q4 2019	12M 2020	12M 2019
Revenue	2,072	3,226	10,269	13,333
EBITDA	137	141	540	325
EBITDA margin	7%	4%	5%	2%
Operating profit	0	(35)	(19)	(343)
Operating margin	0%	(1%)	(0%)	(3%)
Net profit	1,231	(75)	1,074	(1,127)
Net margin	59%	(2%)	10%	(8%)
<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(271)</b>
<b>TOTAL NET PROFIT</b>	<b>1,231</b>	<b>(75)</b>	<b>1,074</b>	<b>(1,398)</b>

Statement of financial position	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Total assets	7,650	9,045	7,650	9,045
Return on assets	14%	(12%)	14%	(12%)
Equity	2,648	1,542	2,648	1,542
Return on equity	41%	(73%)	41%	(73%)
Debt-to-equity ratio	65%	83%	65%	83%

Share	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Last Price*	0.45	0.41	0.45	0.41
Earnings per share	0.24	(0.31)	0.24	(0.31)
Price-earnings ratio	1.89	(1.32)	1.89	(1.32)
Book value of a share	0.59	0.34	0.59	0.34
Market to book ratio	0.76	1.20	0.76	1.20
Market capitalization, € thousand	2,025	1,845	2,025	1,845
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Last price / Earnings per share

Book value of a share = Equity / Total shares

Market to book ratio = Last price / Book value of a share

Market capitalization = Last price \* Total shares

\*<http://www.nasdaqbaltic.com/>





## FINANCIAL RISKS

### INTEREST RATE RISK

Nordic Fibreboard AS's interest rate risk relates to changes in EURIBOR (Euro Interbank Offered Rate) since our loans are linked to EURIBOR. At 31.12.2020 six months' EURIBOR rate was (0.526) % and at 31.12.2019 six months' EURIBOR rate was (0.324) %. As EURIBOR is negative and the negative interest in the loan agreement is equal to zero, the continued negative rate of EURIBOR does not have interest expense reducing effect. As the borrowing have a maturity of up to 6 years, management is of the opinion that the floating interest rate will not bear significant impact to Group's cash flows.

The dates for fixing interest rates on the basis of changes in EURIBOR are the 30th day of every six months for its bank loans.

The interest rate risk also depends on the overall economic situation in Estonia and in the euro zone. Nordic Fibreboard AS has a cash flow risk arising from the interest rate risk because its loans have a floating interest rate. Management believes that the cash flow risk is not significant, therefore no hedging instruments are used.

### CURRENCY RISK

The foreign exchange risk is the risk that the company may have significant loss because of fluctuating foreign exchange rates. However, Nordic Fibreboard has no operations outside of the euro zone and most of our export-import contracts to customers outside of the euro zone are nominated in euros. The production has been sold and raw materials for production has mainly been purchased in euros.

### RISK OF THE ECONOMIC ENVIRONMENT

The risk of the economic environment for the fibreboard division depends on general developments in the construction and industrial segments. In addition we have the increased risk of possible declining economic environment due to the COVID-19 pandemic.

### FAIR VALUE

The management estimates that the fair values of cash, accounts payable, short-term loans and borrowings do not materially differ from their carrying amounts. The fair values of long-term loans do not materially differ from their carrying amounts because their interest rates correspond to the interest rate risks prevailing on the market.

### LIQUIDITY RISK

The liquidity risk is a potential loss arising from the existence of limited or insufficient financial resources that are necessary for performing the obligations related to the activities of the Group. The Management Board continuously monitors cash flow movements, using the existence and sufficiency of the Group's financial resources for performing the assumed obligations and financing the strategic objectives of the Group.



## DECLARATION OF THE MANAGEMENT BOARD

The management board has prepared the management report and the consolidated financial interim statements of Nordic Fibreboard AS for the fourth quarter 2020.

The management board confirms that the management report on pages 4-10 provides a true and fair view of the business operations, financial results and financial condition of the parent company and the entities included in consolidation.

The management board confirms that according to their best knowledge the consolidated financial interim report on pages 11-32 presents a fair view of the assets, liabilities, financial position and profit or loss of the issuer and the entities involved in the consolidation as a whole according to the International Financial Reporting Standards as they are adopted by the European Union and contains a description of the main risks.

Torfinn Losvik

Chairman of the Management Board

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Pärnu, February 26, 2021



## INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

<i>€ thousand</i>	31.12.2020	31.12.2019	31.12.2018
Cash and cash equivalents (Note 2)	26	7	54
Receivables and prepayments (Note 3)	794	1,394	1,142
Inventories (Note 4)	544	894	2,255
<b>Total current assets</b>	<b>1,364</b>	<b>2,296</b>	<b>3,452</b>
Investment property (Note 5)	1,134	1,121	175
Financial assets at fair value through profit or loss (Note 8)	451	397	422
Property, plant, equipment and right-of-use assets (Note 6)	4,695	5,212	6,223
Intangible assets (Note 7)	6	19	34
<b>Total non-current assets</b>	<b>6,286</b>	<b>6,749</b>	<b>6,855</b>
<b>TOTAL ASSETS</b>	<b>7,650</b>	<b>9,045</b>	<b>10,307</b>
Borrowings (Notes 9)	256	4,547	662
Payables and prepayments (Notes 10)	1,574	2,665	2,418
Short-term provisions (Note 11)	18	20	15
<b>Total current liabilities</b>	<b>1,848</b>	<b>7,232</b>	<b>3,095</b>
Long-term borrowings (Notes 9)	2,993	92	4,102
Long-term provisions (Note 11)	161	179	210
<b>Total non-current liabilities</b>	<b>3,154</b>	<b>271</b>	<b>4,311</b>
<b>Total liabilities</b>	<b>5,002</b>	<b>7,503</b>	<b>7,406</b>
Share capital (at nominal value) (Note 12)	450	2,699	2,699
Share premium	0	364	364
Statutory reserve capital	0	288	288
Other reserves	0	84	45
Retained earnings (loss)	2,198	(1,894)	(496)
<b>Total equity</b>	<b>2,648</b>	<b>1,542</b>	<b>2,901</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,650</b>	<b>9,045</b>	<b>10,307</b>

\*The notes to the financial statements presented on pages 15 to 32 are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Continued operations</b>				
<b>Revenue (Note 14)</b>	<b>2,072</b>	<b>3,226</b>	<b>10,269</b>	<b>13,333</b>
Cost of goods sold (Note 15)	1,591	2,928	8,099	11,538
<b>Gross profit</b>	<b>481</b>	<b>298</b>	<b>2,170</b>	<b>1,796</b>
Distribution costs (Note 16)	268	381	1,283	1,698
Administrative expenses (Note 17)	176	248	605	658
Other operating income (Note 19)	18	327	42	351
Other operating expenses (Note 19)	55	31	342	134
<b>Operating profit (loss)</b>	<b>0</b>	<b>(35)</b>	<b>(19)</b>	<b>(343)</b>
Finance income (Note 20)	1,269	19	1,310	19
Finance costs (Note 20)	38	59	218	803
PROFIT (LOSS) BEFORE INCOME TAX	1,231	(75)	1,074	(1,127)
Corporate income tax	0	0	0	0
<b>NET PROFIT (LOSS) FOR THE FINANCIAL PERIOD FROM CONTINUING OPERATIONS</b>	<b>1,231</b>	<b>(75)</b>	<b>1,074</b>	<b>(1,127)</b>
NET PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUING OPERATIONS	0	0	0	(271)
<b>NET PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	<b>1,231</b>	<b>(75)</b>	<b>1,074</b>	<b>(1,398)</b>
Basic earnings per share (Note 13)	0.27	(0.02)	0.24	(0.31)
Diluted earnings per share (Note 13)	0.27	(0.02)	0.24	(0.31)

\*The notes to the financial statements presented on pages 15 to 32 are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	12M 2020	12M 2019
<b>Cash flows from operating activities</b>		
<b>Operating profit (loss)</b>	<b>(19)</b>	<b>(343)</b>
Adjustments:		
Depreciation charge (Notes 5;6;7)	560	669
Profit/loss from revaluation of real estate investment (Note 5)	(5)	(327)
Profit/loss from sale of non-current asset (Note 19)	(28)	0
Profit/loss on non-current asset write-off (Note 19)	2	2
Profit/loss from revaluation of financial assets (Note 8)	(53)	25
Non-monetary transactions: reserve for share option	32	39
Expenses of doubtful receivables (Notes 19)	12	1
Change in trade and other receivables (Note 3)	600	(651)
Change in inventories (Note 4)	350	581
Change in trade and other payables (Note 10)	(1,091)	617
Discontinued operations	0	131
<b>Cash generated from operations</b>	<b>360</b>	<b>744</b>
Interest payments (Note 20)	(192)	(221)
Net other financial income and expense	(3)	(7)
<b>Net cash generated from operating activities</b>	<b>165</b>	<b>516</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (Notes 6;7)	(110)	(133)
Disposal of property, plant and equipment and intangible assets (Note 6;7)	29	0
Purchase of investment property (Note 9)	(8)	(20)
<b>Net cash used in investing activities</b>	<b>(89)</b>	<b>(153)</b>
<b>Cash flows from financing activities</b>		
Loans received (Note 9)	1,200	0
Repayment of loans received (Note 9)	(836)	(306)
Loans received from related parties (Note 9)	549	304
Repayment of loans received from related parties (Note 9)	(569)	(284)
Finance lease payments	(62)	(96)
Change in overdraft (Note 9)	(340)	(28)
<b>Net cash (used in)/from financing activities</b>	<b>(58)</b>	<b>(410)</b>
<b>NET CHANGE IN CASH</b>	<b>19</b>	<b>(47)</b>
<b>OPENING BALANCE OF CASH (Note 2)</b>	<b>7</b>	<b>54</b>
<b>CLOSING BALANCE OF CASH (Note 2)</b>	<b>26</b>	<b>7</b>

\*The notes to the financial statements presented on pages 15 to 32 are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>€ thousand</i>	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	Total
<b>Balance at 31.12.2018</b>	<b>2,699</b>	<b>364</b>	<b>288</b>	<b>45</b>	<b>(496)</b>	<b>2,901</b>
Share options 12M 2019	0	0	0	39	0	39
<i>Net profit/loss for 12M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1,398)</i>	<i>(1,398)</i>
<i>Other comprehensive income for 12M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 12M 2019	0	0	0	0	(1,398)	(1,398)
<b>Balance at 31.12.2019</b>	<b>2,699</b>	<b>364</b>	<b>288</b>	<b>84</b>	<b>(1,894)</b>	<b>1,542</b>
Share options 12M 2020	0	0	0	(84)	116	32
Other changes	0	(364)	(288)	0	652	0
Change in share capital	(2,250)	0	0	0	2,250	0
<i>Net profit/loss for 12M 2020</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,074</i>	<i>1,074</i>
<i>Other comprehensive income for 12M 2020</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 12M 2020	0	0	0	0	1,074	1,074
<b>Balance at 31.12.2020</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,198</b>	<b>2,648</b>

\*The notes to the financial statements presented on pages 15 to 32 are an integral part of these consolidated financial statements.



## NOTES TO THE CONSOLIDATED INTERIM REPORT

### NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT BASES

#### GENERAL INFORMATION

Nordic Fibreboard AS (the Company) (registration number: 11421437; address: Suur-Jõe 48, Pärnu), is an entity registered in the Republic of Estonia. It operates in Estonia and through its subsidiaries in Lithuania and Finland.

The Group's main activities are production and sale of softboard and to a minor extent, the Group also handles real estate management.

Nordic Fibreboard AS was established on 19 September 2007 in the demerger of the former Skano Group AS, currently AS Trigon Property Development, as a result of which the manufacturing units, i.e. the building materials division and furniture division were spun off and transferred to the new entity.

The Group's shares were listed in the Main List of the Tallinn Stock Exchange until 2nd of April 2018, when the shares were moved from the Main List to the Secondary List. Until November 2009, the ultimate controlling party of Nordic Fibreboard AS was TDI Investments KY. The Group has since November 2009 not had any ultimate controlling party. Its largest shareholder today is Pärnu Holdings OÜ (owning 59.62%), of which the main investors with the largest holdings in Pärnu Holdings OÜ have significant influence over the Group as at 31 December 2020 Stetind OÜ (47%) and Joakim Johan Helenius (46%), as of 31 December 2019 AS Trigon Capital (46%) and Stetind OÜ (47%).

#### BASIS FOR PREPARATION

The Condensed Consolidated Interim Accounts of Nordic Fibreboard AS has been prepared in accordance with the International Financial Reporting Standard (IFRS) Interim Financial Reporting as adopted by the European Union. The same accounting policies were applied for both the Interim Report and the Annual Report for the financial year that ended on 31.12.2019. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. The functional and presentation currency of Nordic Fibreboard AS is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

According to the assessment of the Management Board Nordic Fibreboard AS is a going concern and the Interim Report for the 4th quarter of 2020 gives a true and fair view of the financial position of Nordic Fibreboard AS and the results of its operations.

This Condensed Consolidated Interim Report has not been audited or otherwise reviewed by auditors.

#### IMPORTANT CHANGES IN ACCOUNTING POLICIES

The following new or revised standards and interpretations became effective for the Group on or after 1 January 2019 and which the Group has not earlier adopted.

##### IFRS 16, LEASES

IFRS 16 „Leases“ (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the



classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. As at 31 December 2018, the Group had long-term commitments from operating lease contracts.

The impact of new standard:

- The new standard will affect virtually all commonly used financial ratios and performance metrics such as gearing, current ratio, asset turnover, interest cover, EBITDA, EBIT, operating profit, net income, EPS, ROCE, ROE and operating cash flows.
- Balance sheets will grow, gearing ratios will increase, and capital ratios will decrease.

The Group had as of 31.12.2018 the future minimum lease payments in relation to non-cancellable operating leases in the amount € 567 thousand. Starting from 1 January 2019, the Group recognised € 73 thousand on the Group's statement of financial position as right-of-use assets and lease liabilities, thus increasing the total of the statement of financial position of the Group. Future minimum lease payments in the amount € 492 thousand as at 31 December 2018 were not recognised as right-of-use assets or financial lease due to the fact that at the beginning of 2019 the Group had known and partially received agreements with lessors on early termination of lease agreements. The premature termination of all leases was due to the closure of the retail furniture business.

Lease liabilities that are recognised in the statement of financial position on initial application, are presented below:

	<i>€ thousand</i>
<b>Future minimum lease payments in relation to non-cancellable operating leases as at 31 December 2018 (IAS 17)</b>	<b>567</b>
(Less): short-term leases and leases which early termination was known not recognised as a liability	(492)
Discounted using the lessee's incremental borrowing rate of at the date of initial application 2,19-2,49%	73
Effect from discounting using the lessee's incremental borrowing rate at the date of initial application	(2)
<b>Lease liability recognised in the statement of financial position as at 1 January 2019 (IFRS 16)</b>	<b>73</b>

On initial application as at 01 January 2019, the Group has measured the associated right-of-use asset at the amount equal to the liability.

The Group has recognised in the statement of financial position the following adjustments as at 1 January 2019:

	<i>€ thousand</i>
Right-of-use assets - increase	73
Lease liabilities - increase	73
<b>The net impact on retained loss on 1 January 2019</b>	<b>0</b>





Certain new or revised standards and interpretations have been issued that are mandatory for the Group's annual periods beginning on or after 1 January 2020, and which the Group has early not adopted.

AMENDMENTS TO THE CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING (effective for annual periods beginning on or after 1 January 2020; not yet adopted by the EU).

The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group is currently assessing the impact of the new amendment.

DEFINITION OF A BUSINESS – AMENDMENTS TO IFRS 3 (effective for annual periods beginning on or after 1 January 2020; not yet adopted by the EU).

The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). The Group is currently assessing the impact of the new amendment.

DEFINITION OF MATERIALITY – AMENDMENTS TO IAS 1 AND IAS 8 (effective for annual periods beginning on or after 1 January 2020; not yet adopted by the EU).

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Group is currently assessing the impact of the new amendment.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) INTERPRETATION COMMITTEE AGENDA DECISION REGARDING DEFERRED TAX RELATED TO INVESTMENTS IN SUBSIDIARIES

According to the paragraphs 52A and 57A of IAS 12 (International Accounting Standard 12), no current or deferred tax liability shall be recognised until a liability to pay dividends is recognised. In Estonia, such accounting principle has been applied consistently to all undistributed profits regardless of whether such profits arose in the parent or in a subsidiary. In June 2020, IFRS Interpretation Committee made an agenda decision where it concluded that the principle set out in the paragraphs 52A and 57A of the Standard IAS 12 only applies to undistributed profits accumulated in a parent company and does not apply to undistributed profits accumulated in the subsidiaries. Instead, the principles described in



the paragraphs 39-40 of the Standard IAS 12 should be followed in respect of undistributed profits in subsidiaries, explaining that the deferred tax shall be recognized for all taxable differences associated with investments in subsidiaries unless it is probable that the profits will not be distributed in the foreseeable future.

Nordic Fibreboard has assessed the potential impact of the IFRS Interpretation Committee agenda decision on its financial statements and will reflect the impact in its 2020 annual financial statements.

The Group presents financial information in interim report in the same format as it was presented in the annual financial statements of Nordic Fibreboard AS for the year ended 31 December 2019.

The other new and revised standards are interpretations that are not yet effective are not expected to have a material impact on the Group.

#### CHANGE IN THE GROUP'S ACCOUNTING POLICY

From 2019 the company changed the accounting policy for recognizing investment properties retrospectively. Investment properties are now recognized at the fair value instead of the previously used adjusted cost principle. The change was made because it is the opinion of the Management that the fair value principle better reflects the value position of the Group's investment properties. Mainly because when subsidiary Pärnu Riverside Development OÜ was established by the demerger of subsidiary, then the new subsidiary became the new owner of the land and is dealing with the realization of the development potential on the land plot. Valuation of investment property in Suur-Jõe street 48 at fair value was based on an expert valuation report conducted by an independent valuer in 2019 and valuation of investment property in Rääma street 31 at fair value was based on a decision on the Management and an expert evaluation report prepared by an independent valuer in 2016.

At the end of 2020, a new expert evaluation report was performed on the Rääma street 31 property by an independent valuer and on 31.12.2020 the investment property at Rääma street 31 was recognized in the balance sheet at the new fair value.

#### NOTE 2 CASH AND CASH EQUIVALENTS

€ thousand	31.12.2020	31.12.2019	31.12.2018
Cash on hand	0	1	2
Bank Accounts	26	6	52
<b>TOTAL</b>	<b>26</b>	<b>7</b>	<b>54</b>

#### NOTE 3 TRADE AND OTHER RECEIVABLES

€ thousand	31.12.2020	31.12.2019	31.12.2018
Customer receivables	677	1,186	911
Prepaid taxes	92	185	150
Other receivables	9	7	65
Prepaid services	16	16	16
<b>TOTAL</b>	<b>794</b>	<b>1,394</b>	<b>1,142</b>

Impairment losses of receivables and their reversal are included in the income statement lines *Other Operating income* and *Other Operating expenses*, see also Note 19.



ANALYSIS OF TRADE RECEIVABLES BY AGING:

<i>thousand €</i>	31.12.2020	31.12.2019	31.12.2018
<b>Not past due</b>	<b>650</b>	<b>1,034</b>	<b>777</b>
incl receivables from customers who also have receivables past due	75	551	207
incl receivables from customers who have no receivables past due	575	483	570
<b>Past due but not impaired</b>	<b>27</b>	<b>152</b>	<b>134</b>
Overdue up to 90 days	20	140	132
Overdue more than 90 days	7	12	2
<b>TOTAL</b>	<b>677</b>	<b>1,186</b>	<b>911</b>

NOTE 4 INVENTORIES

<i>€ thousand</i>	31.12.2020	31.12.2019	31.12.2018
Raw materials and other materials	181	218	439
Work-in-progress	91	130	358
Finished goods	264	568	1,264
Goods purchased for resale	0	59	163
Goods in transit	0	0	133
Prepayments to suppliers	48	18	7
Write-off reserve for inventories	(41)	(100)	(109)
<b>TOTAL</b>	<b>544</b>	<b>894</b>	<b>2,255</b>

NOTE 5 INVESTMENT PROPERTY

	<i>thousand €</i>
<b>Carrying amount 31.12.2018</b>	<b>175</b>
Capitalized cost	20
Fair value revaluation	327
Reclassification from fixed assets (Suur-Jõe 48)	599
<b>Carrying amount 31.12.2019</b>	<b>1,121</b>
Capitalized cost	8
Fair value revaluation	5
<b>Carrying amount 31.12.2020</b>	<b>1,134</b>

The investment properties consist of the real estate owned by Pärnu Riverside OÜ in Pärnu, Suur-Jõe street 48 and the part of the real estate owned by Nordic Fibreboard Ltd OÜ, Rääma street 31.

The amount of expenses related to the management of investments properties with resold expenses during the 12M 2020 were € 196 thousand and € 143 thousand in 12M 2019. Rental income from investment properties, including utilities, for 12M 2020 was € 212 thousand and € 111 thousand in 12M 2019. Capitalized cost of investment property during 2020 are related to expenses of Suur-Jõe 48, Pärnu detail plan.



thousand €

<b>31.12.2018</b>	
Share of registered immovable property at Suur-Jõe 48, Pärnu	5
Share of registered immovable property at Rääma Street 31, Pärnu	170
<b>31.12.2019</b>	
Share of registered immovable property at Suur-Jõe 48, Pärnu	951
Share of registered immovable property at Rääma Street 31, Pärnu	170
<b>31.12.2020</b>	
Share of registered immovable property at Suur-Jõe 48, Pärnu	959
Share of registered immovable property at Rääma Street 31, Pärnu	175

## NOTE 6 PROPERTY PLANT EQUIPMENT

thousand €	Land	Buildings and facilities	Machinery and equipment	Other fixtures	Construction-in-progress	Right-of-use asset	TOTAL
<b>Cost at 31.12.2018</b>	<b>223</b>	<b>4,970</b>	<b>14,500</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>19,857</b>
<b>Accumulated depreciation at 31.12.2018</b>	<b>0</b>	<b>(3,308)</b>	<b>(10,169)</b>	<b>(157)</b>	<b>0</b>	<b>0</b>	<b>(13,634)</b>
<b>Carrying amount at 31.12.2018</b>	<b>223</b>	<b>1,662</b>	<b>4,331</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>6,223</b>
Additions	0	0	47	0	86	0	133
Right-of-use assets additions	0	0	0	0	0	211	211
Reclassification	(32)	(2,397)	16	0	(16)	0	(2,429)
Change in accounting policies	0	0	0	0	0	73	73
Disposals and write-offs (Note 19)	0	0	(3,790)	(69)	0	(17)	(3,876)
Accumulated depreciation of fixed assets written off	0	0	3,701	68	0	17	3,786
Accumulated depreciation of reclassification assets written off	0	1,772	0	0	0	0	1,772
Depreciation (Notes 15;16;17)	0	(113)	(470)	(2)	0	(96)	(681)
<b>Cost at 31.12.2019</b>	<b>191</b>	<b>2,573</b>	<b>10,773</b>	<b>95</b>	<b>70</b>	<b>267</b>	<b>13,969</b>
<b>Accumulated depreciation at 31.12.2019</b>	<b>0</b>	<b>(1,649)</b>	<b>(6,938)</b>	<b>(91)</b>	<b>0</b>	<b>(79)</b>	<b>(8,757)</b>
<b>Carrying amount at 31.12.2019</b>	<b>191</b>	<b>924</b>	<b>3,835</b>	<b>4</b>	<b>70</b>	<b>188</b>	<b>5,212</b>
Additions	0	0	33	0	77	0	110
Reclassification	0	0	116	0	(116)	0	0
Disposals and write-offs (Note 19)	0	(32)	(176)	(6)	0	(137)	(351)
Accumulated depreciation of fixed assets written off	0	31	175	6	0	60	271
Depreciation (Notes 15;16;17)	0	(83)	(401)	(2)	0	(62)	(548)
<b>Cost at 31.12.2019</b>	<b>191</b>	<b>2,541</b>	<b>10,747</b>	<b>89</b>	<b>31</b>	<b>130</b>	<b>13,728</b>
<b>Accumulated depreciation at 31.12.2019</b>	<b>0</b>	<b>(1,701)</b>	<b>(7,165)</b>	<b>(87)</b>	<b>0</b>	<b>(81)</b>	<b>(9,034)</b>
<b>Carrying amount at 31.12.2019</b>	<b>191</b>	<b>840</b>	<b>3,582</b>	<b>3</b>	<b>31</b>	<b>49</b>	<b>4,694</b>



In 2020, the apartments registered as property, plant and equipment in Püssi were sold. The written-off acquisition cost of sold fixed assets was € 19.8 thousand, the written-off depreciation € 17.9 thousand. The profit from the sale of fixed assets was € 27.6 thousand, in 2019 there were no sales of property, plant and equipment.

#### NOTE 7 INTANGIBLE ASSETS

<i>thousand €</i>	Computer software
<b>Cost at 31.12.2018</b>	<b>129</b>
<b>Accumulated amortisation at 31.12.2018</b>	<b>(96)</b>
<b>Carrying amount 31.12.2018</b>	<b>34</b>
Additions 12M 2019	0
Disposals and write-offs (Note 19)	(42)
Accumulated depreciation of fixed assets written off	41
Amortisation charge (Notes 15;16;17)	(14)
<b>Cost at 31.12.2019</b>	<b>87</b>
<b>Accumulated amortisation at 31.12.2019</b>	<b>(69)</b>
<b>Carrying amount 31.12.2019</b>	<b>18</b>
Additions 12M 2020	0
Disposals and write-offs (Note 19)	(10)
Accumulated depreciation of fixed assets written off	10
Amortisation charge (Notes 15;16;17)	(12)
<b>Cost at 31.12.2020</b>	<b>77</b>
<b>Accumulated amortisation at 31.12.2020</b>	<b>(71)</b>
<b>Carrying amount 31.12.2020</b>	<b>6</b>

#### NOTE 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>thousand €</i>	31.12.2020	Change 12M 2020	31.12.2019	31.12.2018
Non-current assets				
Listed securities - Equity securities - cost at	410	0	410	410
Revaluation	40	53	(13)	12
<b>Fair value as at</b>	<b>451</b>	<b>53</b>	<b>397</b>	<b>422</b>

Financial assets at fair value through profit or loss (Trigon Property Development OÜ shares) have been revaluated to reflect fair value based on last price at 31.12.2020, 31.12.2019 and 31.12.2018 as shown on Nasdaq Tallinn Stock Exchange.

#### NOTE 9 BORROWINGS

At the end of 2020, loans and overdrafts were refinanced, resulting in a decrease in short-term liabilities of € 3.87 million, of which € 2.98 million changed from current liabilities to long-term liabilities. Before refinancing the overdraft and loans, Nordic Fibreboard AS paid loan repayments in the amount of € 4 thousand. Financial income from the refinancing of overdrafts and loans amounted to € 1.24 million.



Until March 2020 the loan agreements contain covenants whereby the debt to EBITDA ratio of the group on a 12-month basis may be up to 5, the DSCR must be maintained at least 1.4 at all times and the annual capital expenditures are capped at 300 thousand €.

<i>thousand €</i>	Interest rate	31.12.2020	31.12.2019	31.12.2018
<b>Current borrowings</b>				
Current portion of long-term loan (Swedbank)	6 month euribor+5%	217	4,090	294
Current portion of short-term financial lease	6 month euribor+ margin (2.19-2.49%)	40	97	0
Short term loan from related parties	5%	0	20	0
Bank overdrafts	5%	0	340	368
<b>Total</b>		<b>256</b>	<b>4,547</b>	<b>662</b>
<b>Non-current borrowings</b>				
Current portion of long-term loan (Swedbank)	6 month euribor+5%	983	0	4,102
Current portion of long-term loan (MES)	Until 30.12.2022 2%, later 4%	2,000	0	0
Non-current financial lease	6 month euribor+ margin (2.19-2.49%)	10	92	0
<b>Total</b>		<b>2,993</b>	<b>92</b>	<b>4,102</b>
<b>Total borrowings</b>		<b>3,249</b>	<b>4,639</b>	<b>4,763</b>

\* As at 26.02.2021 the short-term loan balance with related parties is € 10 thousand.

#### CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

<b>Changes in liabilities arising from financing activities</b> <i>thousand €</i>	31.12.2019	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Other	31.12.2020
Current portion of long-term loan (Swedbank)	4,090	(825)	(2,000)	173	(173)	(1,048)	217
Current portion of long-term financial lease	97	(62)	(32)	3	(3)	37	40
Short term loan from related parties	20	(20)	0	1	(0)	0	0
Bank overdrafts	340	(151)	0	16	(16)	(189)	0
Non-current loans (Swedbank)	0	983	0	0	0	0	983
Non-current loans (MES)	0	0	2,000	0	0	0	2,000
Non-current financial lease	92	0	(45)	0	0	(37)	10
<b>Total liabilities from financing activities</b>	<b>4,639</b>	<b>(75)</b>	<b>(78)</b>	<b>192</b>	<b>(192)</b>	<b>(1,237)</b>	<b>3,250</b>



CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities thousand €	31.12.2018	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Other	31.12.2019
Current portion of long-term loan (Swedbank)	294	(306)	0	196	(196)	4,102	4,090
Current portion of long-term financial lease	0	(96)	193	5	(5)	0	97
Short term loan from related parties	0	20	0	0	0	0	20
Bank overdrafts	368	(28)	0	20	(20)	0	340
Non-current loans (Swedbank)	4,102	0	0	0	0	(4,102)	0
Non-current financial lease	0	0	8	0	0	85	92
<b>Total liabilities from financing activities</b>	<b>4,763</b>	<b>(409)</b>	<b>200</b>	<b>221</b>	<b>(221)</b>	<b>85</b>	<b>4,639</b>

NOTE 10 TRADE AND OTHER PAYABLES

<i>thousand €</i>	31.12.2020	31.12.2019	31.12.2018
Trade payables	1,110	2,226	1,768
Payables to employees incl. accrued holiday pay reserve	138	163	223
	33	36	53
Tax liabilities incl. social security and unemployment insurance	128	162	257
personal income tax	82	101	145
contribution to mandatory funded pension	35	42	51
value added tax	3	4	6
other taxes	0	5	45
Prepayments received	8	10	9
Other payables	162	82	147
	36	32	23
<b>TOTAL</b>	<b>1,574</b>	<b>2,665</b>	<b>2,418</b>

NOTE 11 PROVISIONS

Provisions are made in relation to the compensations for loss of working capacity of former employees after work accidents. The total amount of the provision has been estimated considering the number of persons receiving the compensation, extent of their disability, their former level of salary, level of pension payments and estimations of the remaining period of payments.



<i>thousand €</i>	
<b>Balance at 31.12.2018</b>	<b>225</b>
incl. current portion of provision	15
incl. non-current portion of provision	210
<b>Movements 2019 12M:</b>	
Use of provision	(22)
Interest cost (Note 20)	7
Decrease of reserve	(10)
<b>Balance at 31.12.2019</b>	<b>199</b>
incl. current portion of provision	20
incl. non-current portion of provision	179
<b>Movements 2020 12M:</b>	
Use of provision	(24)
Interest cost (Note 20)	3
Decrease of reserve	0
<b>Balance at 31.12.2020</b>	<b>179</b>
incl. current portion of provision	18
incl. non-current portion of provision	161

## NOTE 12 EQUITY

	Nominal value €	Number of shares pcs	Share capital <i>thousand €</i>
Balance at 31.12.2020	0.10	4,499,061	450
Balance at 31.12.2019	0.60	4,499,061	2,699
Balance at 31.12.2018	0.60	4,499,061	2,699

As of 31.12.2020 the share capital of Nordic Fibreboard AS totalled 449,906.10 euros which consisted of 4,449,061 no par value registered shares with a book value of 0.10 euros per share. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends. The minimum share capital outlined in the Articles of Association is 250,000 euros and the maximum share capital is 1,000,000 euros.

At the regular General Meeting of Shareholders held on 10.08.2020, a decision made to introduce no-par value shares and to reduce the share capital of Nordic Fibreboard AS by 2,249,530.50 euros, from 2,699,436.60 euros to 449,906.10 euros by reducing the book value of shares. The number of shares remained the same, but the book value of the share decreased from 0.60 euros to 0.10 euros. The list of shareholders participating in the reduction of share capital was fixed 24th August 2020 as at end of the working day of the Nasdaq CSD securities settlement system.

In addition, decisions were made to make changes to the minimum and maximum capital of the Group and the minimum and maximum number of shares.





As at 31.12.2020 the Group had 485 shareholders (31.12.2019: 430 shareholders) of which with more than 5% ownership interest were:

- Pärnu Holdings OÜ with 2,682,192 shares or 59.62% (31.12.2019: 59.62%)
- Gamma Holding Investment OÜ with 374,968 shares or 8.06% (31.12.2019: 7.69%)

The number of Nordic Fibreboard AS shares owned by the members of the Management Board and Supervisory Board of Nordic Fibreboard AS was as follows:

- Joakim Johan Helenius 20,000 shares (31.12.2019: 20.000 shares)
- Trond Brekke 0 shares (31.12.2019: 0 shares)
- Sakari Wallin 0 shares (31.12.2019: 0 shares)
- Torfinn Losvik 0 shares (31.12.2019: 0 shares)

Both Joakim Johan Helenius and Torfinn Losvik have indirect ownership through parent company Pärnu Holdings OÜ. Torfinn Losvik owns shares through Stetind OÜ in the amount of 44,206 shares (2019 44,206 shares).

Until 31.12.2020, Torfinn Losvik had a share option agreement for a total of 300,000 share options, such share option agreement was signed 11 October 2017. Strike price was higher (€ 0.506) compared to the market price (€ 0.45 as of 31.12.2020) the option agreement was not used, thus the option reserve was released and accounted in retained earnings.

The agreement provided:

- Torfinn Losvik shall be entitled to use the issued option starting from the 37th (thirty-seventh) calendar month after issue of the option. He shall lose the right to use the share option if he leaves from the management board of Nordic Fibreboard AS upon own initiative prior to the thirty-seventh calendar month after the issue of the option or if his board member contract is terminated upon the initiative of the supervisory board within 12 months after the issue of the option. He shall have the right to use the share option to the extent of 1/3 if his board member contract is terminated within 13-24 months after the issue of the option and to the extent of 2/3 if his or her board member contract is terminated within 25-36 months after the issue of the option.
- Torfinn Losvik shall not have the right to transfer the share options issued thereto.
- Up to 300 000 (three hundred thousand) shares of Nordic Fibreboard AS shall be emitted to fulfil the conditions of the share option.
- The price of one share option is 0.506 EUR (calculated as the average closing price of the Nordic Fibreboard shares for the last 60 trading days before the announcement of given AGM on 12.04.2017).
- The final term of the share programme is 31.12.2020. The specific schedule of the share programme and the procedure for sale shall be determined by the supervisory board.
- The pre-emptive right of shareholders to subscribe to new shares emitted to fulfil the conditions of the share option shall be precluded.

Based on Nordic Fibreboard AS share historical volatility of 85% over past 4 years (2014-2017), the management has evaluated value of the call option of the option agreement to be of 77% compared to agreed strike price.



## NOTE 13 EARNINGS PER SHARE

	31.12.2020	31.12.2019	31.12.2018
Net profit (-loss) (in thousands of euros)	1,074	(1,398)	(891)
Weighted average number of shares (units)	4,499	4,499	4,499
Basic earnings per share	0.24	(0.31)	(0.20)
Weighted average number of shares used for calculating the diluted earnings per shares (units)	4,499	4,630	4,630
Diluted earnings per share	0.24	(0.30)	(0.19)
Book value of share	0.59	0.34	0.64
Price/earnings ratio (P/E)	1.89	(1.32)	(1.81)
Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange at 31.12.2020, 31.12.2019, 31.12.2018	0.45	0.41	0.36
Weighted average number of shares used as the denominator (units)			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	4,499	4,499	4,499
Adjustments for calculation of diluted earnings per share:			
Share options (2017 program)	0	131	131
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,499	4,630	4,630

Diluted earnings (loss) per share is calculated based on the net profit (loss) and the number of shares plus contingent shares corresponding with the Group's option programs. Nordic Fibreboard share price on average has been lower than the exercise price of options granted to Torfinn Losvik. The share options were valid until 31.12.2020 with strike price of € 0.506. Since the Strike price was higher compared to the market price the option agreement was not used, thus the option reserve was released and accounted in retained earnings.

The share of Nordic Fibreboard AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

## NOTE 14 SEGMENTS

Operating segments have been determined based on the reports reviewed by the Management Board that are used to make strategic decision. The Management Board considers the business based on the types of products and services as follows:

- Fibreboard manufacturing and sale (Nordic Fibreboard Ltd OÜ and Suomen Tuulileijona Oy) - manufacture general construction boards based on soft wood fibre boards and interior finishing boards in Pärnu and Püssi factories and wholesale of those boards.
- Furniture manufacturing and sale (Skano Furniture Factory OÜ) - the production and wholesale of household furniture in the factory located in Pärnu.\*
- Furniture retail sale (Skano Furniture OÜ, SIA Skano and UAB Skano LT) - retail sales of furniture in Estonia, Latvia, Lithuania. \*\*
- Real Estate Management (Pärnu Riverside Development OÜ).

\* Discontinued operations, the subsidiary was sold on 05.09.2019.

\*\* Furniture retail finished its activities on 31.01.2020.



The Management Board assesses the performance of operating segments based on operating profit and EBITDA as a primary measure. As a secondary measure, the Management Board also reviews net revenue.

All amounts provided to the Management Board are measured in a manner consistent with that of the financial statements. Inter-segment sales are carried out at arm's length.

BUSINESS SEGMENTS:

12 months 2020 thousand €	Fibreboard manu- facturing and wholesale	Rental Estate Manage- ment	Furniture retail sale	Group's general expenses and eliminations	CONTINUED SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
Revenue from external customers	10,001	212	56	0	10,269	0	10,269
Inter-segment revenue	0	0	0	(0)	0	0	0
Operating profit/-loss	39	0	(40)	(18)	(19)	0	(19)
Amortisation/ depreciation (Notes 6; 7)	558	0	0	1	558	0	558
Segment assets	6,751	1,011	11	(122)	7,650	0	7,650
Non-current assets of the segment (Note 5;6;7;8)	5,325	959	0	1	6,286	0	6,286
Segment liabilities	4,795	45	483	(322)	5,002	0	5,002
Additions to non- current assets (Note 6;7)	110	8	0	0	118	0	118
Interest expenses (Note 20)	178	0	0	17	194	0	194



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12 months 2019 thousand €	Fibreboard manu- facturing and wholesale	Real Estate Manage- ment	Furniture retail sale	Group's general expenses and eliminations	SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
Revenue from external customers	11,745	77	1,511	0	13,333	1,215	14,548
Inter-segment revenue	0	34	4	(38)	0	0	0
Operating profit/-loss	(540)	294	(202)	104	(344)	(253)	(597)
Amortisation/ depreciation (Notes 6; 7)	609	58	2	0	669	78	746
Segment assets	8,058	992	75	(80)	9,045	0	9,045
Non-current assets of the segment (Note 6;7)	5,865	951	0	(67)	6,749	0	6,749
Segment liabilities	6,899	27	509	69	7,503	0	7,503
Additions to non- current assets (Note 6;7)	400	347	0	0	747	0	747
Interest expenses (Note 20)	204	0	0	6	210	17	227

BUSINESS SEGMENT BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

<i>thousand €</i>	12M 2020					
	Fibreboard manu- facturing and wholesale	Real Estate Manage- ment	Furniture retail sale	CONTINUED SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
European Union	8,327	212	56	8,594	0	8,594
Russia	1,240	0	0	1,240	0	1,240
Asia	189		0	189	0	189
Africa	96	0	0	96	0	96
Other	85	0	0	85	0	85
Middle East	65	0	0	65	0	65
<b>TOTAL</b>	<b>10,001</b>	<b>212</b>	<b>56</b>	<b>10,269</b>	<b>0</b>	<b>10,269</b>



<i>thousand €</i>	12M 2019					
	Fibreboard manu- facturing and wholesale	Real Estate Manage- ment	Furniture retail sale	CONTINUED SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
European Union	8,656	77	1,511	10,244	637	10,881
Russia	1,545	0	0	1,545	458	2,003
Asia	544	0	0	544	0	544
Africa	523	0	0	523	0	523
Other	245	0	0	245	48	293
Middle East	232	0	0	232	72	304
<b>TOTAL</b>	<b>11,745</b>	<b>77</b>	<b>1,511</b>	<b>13,333</b>	<b>1,215</b>	<b>14,548</b>

#### NOTE 15 COST OF GOODS SOLD

<i>thousand €</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Raw materials and main materials	566	925	2,689	4,435
Electricity and heat	555	866	2,717	3,216
Labour expenses (Note 18)	356	488	1,601	1,833
Depreciation (Note 6;7)	136	154	557	591
Purchased goods	0	377	69	809
Change in balances of finished goods and work in progress	(56)	0	257	353
Other expenses	34	118	211	302
<b>TOTAL</b>	<b>1,591</b>	<b>2,928</b>	<b>8,099</b>	<b>11,538</b>

#### NOTE 16 DISTRIBUTION COSTS

<i>thousand €</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Transportation expenses	182	255	921	995
Labour expenses (Note 18)	47	58	192	327
Marketing expense	0	2	3	57
Commission fees	37	23	146	61
Depreciation (Note 6;7)	0	0	0	1
Other expenses	2	42	21	256
<b>TOTAL</b>	<b>268</b>	<b>381</b>	<b>1,283</b>	<b>1,698</b>

#### NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES

<i>thousand €</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Labour expenses (Note 18)	56	77	248	348
Purchased services	92	83	285	136
Office supplies	3	4	10	7
Depreciation (Note 6;7)	0	22	1	59
Other expenses	24	62	60	108
<b>TOTAL</b>	<b>176</b>	<b>248</b>	<b>605</b>	<b>658</b>



## NOTE 18 LABOUR EXPENSES

<i>thousand €</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>12M 2020</b>	<b>12M 2019</b>
Wages and salaries	348	473	1,551	1,911
Social security and unemployment insurance	111	150	490	597
Fringe benefits paid to employees	7	9	18	31
<b>TOTAL</b>	<b>466</b>	<b>632</b>	<b>2,059</b>	<b>2,539</b>

## NOTE 19 OTHER OPERATING INCOME AND EXPENSES

### OTHER OPERATING INCOME

<i>thousand €</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>12M 2020</b>	<b>12M 2019</b>
Compensation from insurance	5	0	5	22
Profit from sale of fixed assets	6	0	28	0
Other operating income	7	327*	9	329*
<b>TOTAL</b>	<b>18</b>	<b>327</b>	<b>42</b>	<b>351</b>

\*Q4 2019 includes other operating income from revaluation of investment property.

### OTHER OPERATING EXPENSES

<i>thousand €</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>12M 2020</b>	<b>12M 2019</b>
Sales bonuses	0	10	0	38
Reclamations	0	0	19	6
Contract and factoring fees	2	0	3	1
Membership fees	0	0	3	4
Insurance	0	0	0	5
Doubtful receivables	12	1	12	1
Penalties paid	1	19	72	75
Loss from sales of fixed assets	1	2	2	2
Other costs	39*	0	231**	0
<b>TOTAL</b>	<b>55</b>	<b>31</b>	<b>342</b>	<b>134</b>

\* Other operating expenses in the 2020 include the closure cost of the Püssi factory in the Q1 of € 187 thousand and in the Q4 a one-time cost of € 38 thousand for the demolition of the building that was not used.

## NOTE 20 FINANCIAL INCOME AND EXPENSES

### FINANCIAL INCOME

<i>thousand €</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>12M 2020</b>	<b>12M 2019</b>
Interests received	0	0	1	0
Other financial income	1,269*	19	1,309*	19
<b>TOTAL</b>	<b>1,269</b>	<b>19</b>	<b>1,310</b>	<b>19</b>

\*Other financial income of Q4 2020 includes financial income of € 1,237 thousand from refinancing of loans and overdrafts.

### FINANCIAL EXPENSE

<i>thousand €</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>12M 2020</b>	<b>12M 2019</b>
Interest expenses	38	55	194	210
including interest expenses related to provisions (Note 13)	0	2	3	7
Other finance cost	0	3	24	593
<b>TOTAL</b>	<b>38</b>	<b>59</b>	<b>218</b>	<b>803</b>

\*Other financial expenses for 2019 12M is the result of a sale of a subsidiary.



## NOTE 21 RELATED PARTIES

The following parties are considered to be related parties:

- Parent company Pärnu Holdings OÜ and owners of the parent company;
- Other entities in the same consolidation group;
- Members of the Management, the Management Board and the Supervisory Board of Nordic Fibreboard AS and their close relatives;
- Entities under the control of the members of the Management Board and Supervisory Board;
- Individuals with significant ownership unless these individuals lack the opportunity to exert significant influence over the business decisions of the Group.

As of 31 December 2020, the largest shareholder of Pärnu Holdings OÜ and the entities with significant influence over the Group are: Joakim Johan Helenius (46%) and Stetind OÜ (47%), as of 31 December 2019 AS Trigon Capital (46%) and Stetind OÜ (47%). The owner of Stetind OÜ is Torfinn Losvik and the owner of AS Trigon Capital is Joakim Helenius.

BENEFITS (INCL. TAX EXPENSES) TO THE MEMBERS OF THE MANAGEMENT ALL CONSOLIDATION GROUP ENTITIES:

<i>thousand €</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Membership fees	45	18	163	130
Social tax	15	6	54	43
<b>Total</b>	<b>59</b>	<b>24</b>	<b>217</b>	<b>173</b>

The member of the Management Board of Nordic Fibreboard AS will receive severance pay to three months' remuneration according to the contract. No payments were made to members of Supervisory Board.

NORDIC FIBREBOARD AS HAS SOLD GOODS AND PURCHASED RENTAL, CONSULTATION AND OTHER SERVICES FROM RELATED PARTIES:

<i>thousand €</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
Goods sold	0	0	9	0
Purchased services	7	1	20	17
<b>Total</b>	<b>7</b>	<b>1</b>	<b>29</b>	<b>17</b>

Transactions with related parties are made on market terms.

BALANCES WITH RELATED PARTIES AS OF:

<i>thousand €</i>	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Purchased services	17	0	17	0
Short-term loan	0	20	0	20
Short-term loan interest	1	0	1	0
<b>Total</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>20</b>

\*As at 26.02.2021 the short-term loan balance with related parties is € 10 thousand.



## NOTE 22 DISCONTINUED OPERATIONS

Based on the resolution of the supervisory board, Nordic Fibreboard AS sold its fully owned furniture manufacturing and wholesale subsidiary Skano Furniture Factory OÜ to Wood Export OÜ in September 2019. The purchase price for buying 100% of the share capital of Skano Furniture Factory OÜ is € 100,000. However, after adjustments between the sale price and the liabilities of Skano Furniture Factory OÜ, no monetary payment was made by the buyer. There are no related between members of Nordic Fibreboard AS supervisory board and management board. Wood Export for a many years has been a supplier to Skano Furniture Factory OÜ.

### STATEMENT OF PROFIT OR LOSS OF DISCONTINUED OPERATIONS

<i>€ thousand</i>	Q4 2020	Q4 2019	12M 2020	12M 2019
<b>Revenue (note14)</b>	0	0	0	1,215
Gost of goods sold (Note 15)	0	0	0	1,350
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(134)</b>
Distribution costs (Note 16)	0	0	0	70
Administrative expenses (Note 17)	0	0	0	82
Other operating income (Note 19)	0	0	0	38
Other operating expenses (Note 19)	0	0	0	4
<b>Operating profit/loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(253)</b>
Finance income (Note 20)	0	0	0	0
Finance costs (Note 20)	0	0	0	18
PROFIT (LOSS) BEFORE INCOME TAX	0	0	0	(271)
Corporate income tax	0	0	0	0
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(271)</b>

## NOTE 23 EVENTS AFTER BALANCE SHEET DATE

As the demand for Nordic Fibreboard products has increased in the markets and the Pärnu factory will not be able to meet the entire volume of demand, the management is considering measures for the possible reopening of the Püssi factory, which closed in March 2020, during second half of this year.

In the meantime, management is paying especial attention to enable the Group to pay its invoices and working closely with key suppliers so to ensure continuity in securing the Group's operational efficiency.

