



**3rd Quarter
Interim Report
2022**

NORDIC FIBREBOARD AS

Consolidated Interim Report for the Third Quarter of 2022
(unaudited)

Beginning of the Interim Report Period:	1.07.2022
End of the Interim Report Period:	30.09.2022
Beginning of the financial year:	1.01.2022
End of the financial year:	31.12.2022
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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 wholesale of building materials. In addition it owns a real estate company with one real estate project ongoing in Pärnu, Estonia. Nordic Fibreboard AS is a holding company with subsidiaries Nordic Fibreboard Ltd OÜ, Pärnu Riverside Development OÜ and Skano Furniture OÜ (this subsidiary has had no activities for the last couple of years and is now undergoing a liquidation process). Nordic Fibreboard Ltd OÜ owned a subsidiary Suomen Tuulileijona OY, which was liquidated on 06.06.2022.

The Group, as of 30.09.2022, therefore consists of the following companies, all 100% owned:

Subsidiary	Location	Activity
Nordic Fibreboard Ltd OÜ	Estonia	Production and sales
Pärnu Riverside Development OÜ	Estonia	Rental and property development
Skano Furniture OÜ	Estonia	Retail (operations ended)

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).

Pärnu Riverside Development OÜ owns and manages real estate located at Suur-Jõe street 48 in Pärnu, the company provides rental service to local companies.

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 30.09.2022 the Group employed 88 people (30.09.2021: 93 employees).



MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED THIRD QUARTER 2022 RESULTS

Consolidated net sales for Q3 2022 were € 2.79 million (Q3 2021: € 2.33 million). The main business area is the production and wholesale of fibreboard, which recorded sales in Q3 2022 of € 2.78 million, an increase of 23% compared to Q3 2021. The remaining business area is real estate management of the property owned in Suur-Jõe street in Pärnu, who recorded sales of € 9 thousand in Q3 2022 (Q3 2021: 65 thousand).

The reason for the increase in sales revenue in Q3 2022 for Nordic Fibreboard Ltd was the ongoing strong demand for building materials in the construction sector, as reflected in both volume growth and price increases. That being said, towards the end of Q3 2022 we started to see a reduction in customers orders, reflecting the softening of business confidence as a result of negative macro factors, such as increasing interest rates, energy crisis, and higher food prices. As a result of these sentiments, Nordic Fibreboard is announcing the layoff of 8 production workers and is therefore reducing production capacity to keep up with the decline in demand.

The consolidated EBITDA of Nordic Fibreboard for Q3 2022 was € 193 thousand, the EBITDA margin was 7% (Q3 2022: EBITDA was € 356 thousand and the EBITDA margin was 15%). Compared to the Q3 2021 the Group's gross margin decreased from 32% to 19% in the Q3 2022. The main reason for this reduction in profitability was due to the sharp increase in raw material costs, ie woodchips and energy, experienced during Q3 2022, which more than offset our price increases.

Total financial income of € 49 thousand was recorded in Q3 2022, which consist of the profit from the revaluation of Trigon Property Development (TPD) shares in the amount of € 79 thousand and the interest expense of loan obligations in the amount of € 30 thousand. In Q3 2021, the financial cost was € 159 thousand, which consisted of the loss of € 128 thousand from the revaluation of TPD shares and the interest expense of loan obligations in the amount of € 31 thousand.

Group's consolidated net profit for Q3 2022 was € 117 thousand (Q3 2021: profit € 73 thousand).

DIVISIONAL REVIEW

REVENUE BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q3 2022	Q3 2021	9M 2022	9M 2021
Fibreboards production and sales	2,782	2,270	9,015	7,539
Real Estate Management	9	65	28	218
TOTAL	2,791	2,334	9,043	7,757

PROFIT BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q3 2022	Q3 2021	9M 2022	9M 2021
EBITDA by business units:				
Fibreboards production and sales	201	344	1,114	1,337
Real Estate Management	(6)	11	(18)	10
Group transactions	(2)	1	(25)	(5)
TOTAL EBITDA	193	356	1,071	1,341
Depreciation	(125)	(123)	(372)	(380)
TOTAL OPERATING PROFIT	68	232	699	962
Net financial income/ costs	49	(159)	149*	267**
NET PROFIT	117	73	848	1,229



* Includes financial income of € 143 thousand in the first 9 months of 2022, received from the revaluation of the shareholding owned by the group in the real estate development company Trigon Property Development AS, and the dividends received from these (TPD) shares in the amount of € 105 thousand.

** Includes financial income of € 354 thousand in the first 9 months of 2021 from the revaluation of TPD shares..

NORDIC FIBREBOARD LTD: FIBREBOARD PRODUCTION AND SALES

Fibreboard sales in Q3 2022 were € 2.78 million (Q3 2021: € 2.27 million). In addition to demand for construction materials remaining strong, the increase in sales revenue was also influenced by the price increases implemented during Q2 2022. The price increase was inevitable, as there has been a continuous increase in the price of raw materials and energy throughout 2022. Despite the decline in Estonian industrial production in the Q3 2022, the fibreboard order volume remained stable throughout the Q3 2022, which shows the strength of local north European markets.

The largest sales growth in Q3 2022, compared to Q3 2021, was reflected in the markets of Finland, Denmark and Latvia. Sales to Russia ended in May 2022 due to the sanctions imposed as a result of Russia's war on Ukraine.

The operating profitability, ie EBITDA, of the fibreboard activities in Q3 2022 was € 201 thousand, a decrease of 42% compared to the same period last year. This being caused by increased cost prices for woodchips, our main raw material, as well as higher electricity prices during Q3 2022.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		€ thousand	
	Q3 2022	Q3 2021	9M 2022	9M 2021
European Union	2,723	1,980	8,425	6,233
Middle East	47	13	73	13
Russia	0	269	427	1,083
Asia	0	0	69	124
Africa	0	0	0	46
Other	12	8	21	40
TOTAL	2,782	2,270	9,015	7,539

PÄRNU RIVERSIDE DEVELOPMENT: REAL ESTATE MANAGEMENT

Pärnu Riverside Development owns the property located at Suur-Jõe 48 in Pärnu. The property has some rental tenants and rental income from real estate management was € 9 thousand in Q3 2022, (Q3 2021: € 65 thousand). The reason for the decrease in sales revenue was caused by the loss of the largest tenant at the end of 2021.

The real estate management EBITDA for Q3 2022 were negative € 6 thousand and net loss € 6 thousand (Q3 2021: EBITDA positive € 11 thousand and net profit € 11 thousand).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 30.09.2022 the total assets of Nordic Fibreboard AS were € 9.4 million (30.09.2021: € 8.3 million). The liabilities of the company as of 30.09.2022 were € 4.7 million (30.09.2021: € 4.4 million), of which the Group has payables of € 1.0 million as at 30.09.2022 (30.09.2021: € 0.6 million) and borrowings of € 3.1 million as at 30.09.2022 (30.09.2021: € 3.3 million).

Receivables and prepayments amounted to € 1.3 million as at 30.09.2022 (30.09.2021: € 1.1 million). Inventories were € 0.9 million as of 30.09.2022 (30.09.2021: € 0.4 million). Fixed assets were € 6.7 million as of 30.09.2022 (€ 6.6 million as of 30.09.2021).



During 2022 9M, the Group's cash flows from operating activities totalled cash inflow of € 617 thousand (2021 9M: cash inflow € 512 thousand). Cash outflows due to investment activities was € 93 thousand during 9M 2022, mainly consisting of investments into production assets of € 194 thousand and dividend received from TPD shares of € 105 thousand (9M 2021: cash outflow € 243 thousand). Cash outflows due to financing activities was € 111 thousand during 9M 2022, consisting of loans repaid of € 76 thousand and finance lease payments of € 35 thousand (9M 2022: cash outflow € 91 thousand). Net cash effect during 9M 2021 showed cash inflows of € 413 thousand, (2021 9M: cash inflows € 178 thousand).

PEOPLE

On the 30th of September 2022, the Group employed 88 people (compared to 93 people as of 30.09.2021). The average number of personnel in Q3 2022 was 86 (Q3 2021: the average number of personnel was 90).

Labour costs were € 0.51 million including taxes in Q3 2022 and € 1.53 million for first nine months of 2022 (Q3 2021: € 0.49 million, 9M 2021: € 1.45 million). Group fees for the members of the management boards of holding company and its subsidiaries, together with taxes, were € 65 thousand in Q3 2022 and € 196 thousand for first nine months of 2022 (Q3 2021: € 55 thousand, 9M 2021: € 166 thousand).

The Group's definition of labour costs includes payroll expenses (incl. holiday pay) with additional remuneration fees, payroll taxes, special benefits and taxes calculated on special benefits.

OUTLOOK

NORDIC FIBREBOARD LTD

Demand for fibreboards was stable during Q3 2022, however we are now experiencing a decline in customer orders. As a result of such drop in demand, we intend to reduce our production capacity and lay off 8 production workers. It has been an ongoing rise in the price of woodchips, our main input material, and at this stage the future outlook for woodchip prices remain unclear. Demand for woodchips has risen as a result of power plants now using more biomass, and sale of wood pellets have also increased as a result of increased heating costs. The uncertainty this autumn of the direction of the electricity market forced us to lock in electricity prices for period 1.1.2023 to 30.6.2024. We alleviated the impact of higher electricity prices in 2023, as a result of the new fixed electricity contract, by increasing our prices during Q4 2022.

PÄRNU RIVERSIDE DEVELOPMENT

We will continue to manage and develop the property on Suur-Jõe Street 48, Pärnu. A detail plan for the property is ongoing, with the intention of converting the property into a private residential property.



FINANCIAL HIGHLIGHTS

€ thousand

Income statement	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	2,791	2,334	9,043	7,757
EBITDA	193	356	1,071	1,341
EBITDA margin	7%	15%	12%	17%
Operating profit	68	232	699	962
Operating margin	2%	10%	8%	12%
Net profit	117	73	848	1,229
Net margin	4%	3%	9%	16%
Statement of financial position	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Total assets	9,389	8,063	8,301	7,650
Return on assets	9%	15%	15%	14%
Equity	4,698	3,850	3,878	2,648
Return on equity	18%	31%	32%	41%
Debt-to-equity ratio	50%	52%	53%	65%
Share	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Last Price*	1.74	1.95	2.20	0.45
Earnings per share	0.18	0.27	0.55	0.24
Price-earnings ratio	9.54	7.30	4.02	1.89
Book value of a share	1,04	0.86	0.86	0.59
Market to book ratio	1.67	2.28	2.55	0.76
Market capitalization, € thousand	7,828	8,773	9,898	2,025
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 = Trailing twelve months (TTM) 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

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The interest rate risk of Nordic Fibreboard AS depends on a possible change in EURIBOR (Euro Interbank Offered Rate), since some of the Group's loans are linked to EURIBOR, the Group's financial cost also increase when the interest rate increases. At 30.09.2022 six months' EURIBOR rate was 1,809% and at 30.09.2021 six months' EURIBOR rate was (0.528)%. For the last six years, EURIBOR has remained negative, which means that EURIBOR has been equated to zero in loan agreements. When it comes to the publicly predicted EURIBOR increases at the time of preparing the report, the Group estimates that the aforementioned interest rate increases will not have a significant impact on the financial results of the Group in 2022.

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 eurozone. 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. Nordic Fibreboard has no operations outside of the euro zone and most of our export-import contracts to customers outside of the eurozone are nominated in EUR. Raw materials for production purchased mainly in EUR.

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. The economic environment in the 2022 has been most affected by Russia's aggression against Ukraine, which has had an impact on the world economy, especially in Europe. Commodities prices have therefore been volatile, supply chains have been disturbed, and the negative impact of the sanctions imposed on Russia is gradually being felt.

FAIR VALUE

The management estimates that the fair values of cash, accounts receivables and payables, 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 third quarter 2022.

The Management Board confirms that the management report on pages 4-8 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 10-24 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, November 22, 2022



INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

<i>€ thousand</i>	30.09.2022	31.12.2021	30.09.2021
Cash and cash equivalents	470	57	204
Receivables and prepayments (Note 2)	1,345	902	1,118
Inventories (Note 3)	874	390	390
Total current assets	2,689	1,349	1,712
Investment property (Note 4)	1,156	1,152	1,139
Available-for-sale financial assets (Note 7)	787	644	805
Property, plant and equipment (Note 5)	4,755	4,915	4,642
Intangible assets (Note 6)	2	3	3
Total non-current assets	6,700	6,714	6,589
TOTAL ASSETS	9,389	8,063	8,301
Borrowings (Notes 8)	38	146	36
Payables and prepayments (Notes 9)	1,410	829	1,002
Short-term provisions (Note 10)	4	19	4
Total current liabilities	1,452	994	1,042
Long-term borrowings (Notes 8)	3,094	3,074	3,220
Long-term provisions (Note 10)	145	145	161
Total non-current liabilities	3,239	3,219	3,381
Total liabilities	4,691	4,213	4,423
Share capital (at nominal value) (Note 11)	450	450	450
Statutory reserve capital	45	0	0
Retained earnings (loss)	4,203	3,400	3,428
Total equity	4,698	3,850	3,878
TOTAL LIABILITIES AND EQUITY	9,389	8,063	8,301

*The notes to the financial statements presented on pages 14 to 24 are an integral part of these consolidated financial statements



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>€ thousand</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue (Note 13)	2,791	2,334	9,043	7,757
Cost of goods sold (Note 14)	2,387	1,721	7,134	5,451
Gross profit	404	613	1,909	2,306
Distribution costs (Note 15)	278	251	919	891
Administrative expenses (Note 16)	90	131	315	445
Other operating income (Note 18)	33	2	33	5
Other operating expenses (Note 18)	1	1	9	13
Operating profit	68	232	699	962
Finance income (Note 19)	79	0	248	354
Finance costs (Note 19)	30	159	99	87
Profit before income tax	117	73	848	1,229
Corporate income tax	0	0	0	0
Net profit for the period	117	73	848	1,229
Basic earnings per share (Note 12)	0.03	0.02	0.19	0.27
Diluted earnings per share (Note 12)	0.03	0.02	0.19	0.27

*The notes to the financial statements presented on pages 14 to 24 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	9M 2022	9M 2021
Cash flows from operating activities		
Operating profit (loss)	699	962
Adjustments:		
Depreciation charge (Notes 5; 6)	372	380
Profit/loss from disposal of fixed assets (Note 18)	1	(2)
Change in trade and other receivables (Note 2)	(443)	(324)
Change in inventories (Note 3)	(484)	154
Change in trade and other payables (Note 9)	581	(572)
Change in provisions (Note 10)	(15)	0
Cash generated from operations	711	598
Interest payments (Note 8; 19)	(91)	(82)
Net other financial income and expense	(3)	(4)
Net cash generated from operating activities	617	512
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 5;6)	(194)	(240)
Disposal of property, plant and equipment and intangible assets (Note 5;6)	0	2
Purchase of investment property (Note 4)	(4)	(5)
Dividends received	105	0
Net cash used in investing activities	(93)	(243)
Cash flows from financing activities		
Loans received (Note 8)	0	1,200
Repayment of loans received (Note 8)	(76)	(1,242)
Loans received from related parties (Note 8)	0	503
Repayment of loans received from related parties (Note 8)	0	(503)
Finance lease payments (Note 8)	(35)	(49)
Net cash (used in)/from financing activities	(111)	(91)
NET CHANGE IN CASH	413	178
OPENING BALANCE OF CASH	57	26
CLOSING BALANCE OF CASH	470	204

*The notes to the financial statements presented on pages 14 to 24 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>€ thousand</i>	Share capital	Statutory reserve capital	Retained earnings	Total
Balance at 31.12.2020	450	0	2,198	2,648
<i>Net profit for 9M 2021</i>	<i>0</i>	<i>0</i>	<i>1,229</i>	<i>1,229</i>
Total comprehensive profit for 9M 2020	0	0	1,229	1,229
Balance at 30.09.2021	450	0	3,428	3,878
Balance at 31.12.2021	450	0	3,400	3,850
Other changes	0	45	(45)	0
<i>Net profit for 9M 2022</i>	<i>0</i>	<i>0</i>	<i>848</i>	<i>848</i>
Total comprehensive profit for 9M 2022	0	0	848	848
Balance at 30.09.2022	450	45	4,203	4,698

*The notes to the financial statements presented on pages 14 to 24 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: Rääma 31, Pärnu), is an entity registered in the Republic of Estonia, whose activities take place in Estonia.

The Group's main activities are production and wholesale of softboard, 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 separated and transferred to subsidiaries established at the same time. The real estate management activities were added to the Group in 2019.

The Group's shares were listed in the Main List of the Nasdaq Tallinn until 2nd of April 2018, when the shares were moved from the Main List to the Secondary List. The Group's largest shareholder is Pärnu Holdings OÜ (owning 57.63%), and its largest owners are OÜ Stetind 50% and Joakim Johan Helenius 50% by the time of compiling these financial statements.

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 31.12.2021. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. The Condensed Interim Financial Statements do not contain all the information presented in the annual financial statements and should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2021.

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 3rd quarter of 2022 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.

NOTE 2 TRADE AND OTHER RECEIVABLES

<i>€ thousand</i>	30.09.2022	31.12.2021	30.09.2021
Customer receivables	1,080	729	973
Prepaid taxes	253	151	133
Prepaid services	12	22	12
Other receivables	0	1	0
TOTAL	1,345	902	1,118



ANALYSIS OF TRADE RECEIVABLES BY AGING:

<i>thousand €</i>	30.09.2022	31.12.2021	30.09.2021
Not past due	1,075	678	952
incl receivables from customers who also have receivables past due	310	95	404
incl receivables from customers who have no receivables past due	765	583	548
Past due but not impaired	5	51	21
Overdue up to 90 days	2	51	21
Overdue more than 90 days	3	0	0
TOTAL	1,080	729	973

NOTE 3 INVENTORIES

<i>€ thousand</i>	30.09.2022	31.12.2021	30.09.2021
Raw materials and other materials	425	303	175
Work-in-progress	129	41	116
Finished goods	303	32	44
Goods in transit	0	11	0
Prepayments to suppliers	57	43	95
Write-off reserve for inventories	(40)	(40)	(40)
TOTAL	874	390	390

NOTE 4 INVESTMENT PROPERTY

INVESTMENT PROPERTY BY LOCATION:

	<i>thousand €</i>
31.12.2020	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	959
Share of registered immovable property at Rääma Street 31, Pärnu	175
30.09.2021	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	964
Share of registered immovable property at Rääma Street 31, Pärnu	175
31.12.2021	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	977
Share of registered immovable property at Rääma Street 31, Pärnu	175
30.09.2022	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	981
Share of registered immovable property at Rääma Street 31, Pärnu	175

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 for Q3 2022 were € 15 thousand and expenses together with resold expenses were € 54 thousand in Q3 2021. Rental income from investment properties for Q3 2022 was € 9 thousand and rental income including utilities in Q3 2021 were € 65 thousand.



thousand €

Carrying amount 31.12.2020	1,134
Capitalized cost	5
Carrying amount 30.09.2021	1,139
Carrying amount 31.12.2021	1,152
Capitalized cost	4
Carrying amount 30.09.2021	1,156

NOTE 5 PROPERTY PLANT EQUIPMENT AND RIGHT-OF-USE ASSETS

thousand €	Land	Buildings and facilities	Machinery and equipment	Other fixtures	Construct ion-in-progress	Right-of-use asset	TOTAL
Cost at 30.09.2020	191	2,541	10,747	89	31	130	13,728
Accumulated depreciation at 30.09.2020	0	(1,701)	(7,165)	(87)	0	(81)	(9,034)
Carrying amount at 30.09.2020	191	840	3,582	3	31	49	4,694
Additions	0	0	37	0	200	104	341
Disposals and write-offs (Note 18)	0	0	(29)	0	0	(120)	(148)
Accumulated depreciation of fixed assets written off	0	0	29	0	0	100	129
Depreciation (Notes 14)	0	(59)	(279)	(1)	0	(36)	(374)
Cost at 30.09.2021	191	2,541	10,755	89	231	114	13,921
Accumulated depreciation at 30.09.2021	0	(1,760)	(7,415)	(88)	0	(16)	(9,279)
Carrying amount at 30.09.2021	191	781	3,340	1	231	98	4,642
Cost at 31.12.2021	191	2,556	10,845	89	473	114	14,268
Accumulated depreciation at 31.12.2021	0	(1,779)	(7,459)	(88)	0	(28)	(9,353)
Carrying amount at 31.12.2021	191	777	3,387	1	473	86	4,916
Additions	0	0	44	0	151	44	239
Reclassification	0	0	265	0	(255)	(10)	0
Reclassification of acumulated deprication	0	0	(10)	0	0	10	0
Disposals and write-offs (Note 18)	(7)	0	(80)	0	0	(29)	(116)
Accumulated depreciation of fixed assets written off	0	0	80	0	0	9	89
Depreciation (Note 14)	0	(59)	(278)	(0)	0	(35)	(372)
Cost at 30.09.2022	184	2,556	11,074	89	369	120	14,391
Accumulated depreciation at 30.09.2022	0	(1,837)	(7,666)	(88)	0	(45)	(9,636)
Carrying amount at 30.09.2022	184	718	3,408	1	369	74	4,755



NOTE 6 INTANGIBLE ASSETS

<i>thousand €</i>	Computer software
Cost at 31.12.2020	77
Accumulated amortisation at 31.12.2020	(71)
Carrying amount 31.12.2020	6
Additions 9M 2021	3
Amortisation charge (Note 14)	(6)
Cost at 30.09.2021	80
Accumulated amortisation at 30.09.2021	(77)
Carrying amount 30.09.2021	3
Cost at 31.12.2021	13
Accumulated amortisation at 31.12.2021	(10)
Carrying amount 31.12.2021	3
Amortisation charge (Note 14)	(1)
Cost at 30.09.2022	13
Accumulated amortisation at 30.09.2022	(11)
Carrying amount 30.09.2022	2

NOTE 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>thousand €</i>	30.09.2022	Change 9M 2022	31.12.2021	31.12.2020
Non-current assets				
Listed securities - Equity securities - cost as at	338	0	338	410
Revaluation	449	143	306	40
Fair value as at	787	143	644	451

*Financial assets at fair value through profit or loss (i.e. Trigon Property Development shares) have been revaluated to reflect fair value based on last price as at 30.09.2022 as shown on Nasdaq Tallinn Stock Exchange.

NOTE 8 BORROWINGS

INFORMATION REGARDING BORROWINGS AS AT:

<i>thousand €</i>	Interest rate	30.09.2022	31.12.2021	30.09.2021
Current borrowings				
Current portion of long-term loan (Coop Bank)	6 month EURIBOR+margin 3.5%	27	100	24
Current portion of long-term lease liability	6 month EURIBOR+margin 2,49%	11	46	12
Total		38	146	37
Non-current borrowings				
Non-current loans (Coop Bank)	6 month EURIBOR+margin 3.5%	1,031	1,034	1,134
Non-current loans (RDF)	Until 30.12.2022 2%, later 4%	2,000	2,000	2,000
Non-current lease liability	6 month EURIBOR+margin 2,49%	63	40	86
Total		3,094	3,074	3,220
Total borrowings		3,132	3,220	3,256



In the second quarter of 2021, Nordic Fibreboard AS and its subsidiary Nordic Fibreboard Ltd entered into loan agreements with Coop Bank for the full refinancing of Swedbank AS Group loan. The loan provided by Coop Bank AS has a duration of 5 years with 10 year amortisation schedule, the interest rate was initially 6M EURIBOR + 4.5% margin per annum, in March 2022 Coop Bank AS lowered the margin to 3.5% per annum. There is also a one-year overdraft agreement with Coop Bank AS entered into in the second quarter of 2022 with a limit of € 200 thousand. The interest rate on the overdraft is 6M EURIBOR + 3.5% margin per annum.

In Q3 2022, repayments of lease obligations in the amount of € 11 thousand were made.

INFORMATION REGARDING MOVEMENT OF BORROWINGS (TABLE SHOWING CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES) AS OF 30.09.2022:

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2021	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Reclassification	30.09.2022
Current portion of long-term loan (Coop Bank)	100	(76)	0	32	(32)	3	27
Current portion of long-term lease liability	46	(35)	0	1	(1)	0	11
Bank overdrafts (Coop Bank)	0	0	0	1	(1)	0	0
Non-current loans (Coop Bank)	1,034	0	0	0	0	(3)	1,031
Non-current loans (RDF)	2,000	0	0	57	(57)	0	2,000
Non-current lease liability	40	0	23	0	0	0	63
Total liabilities from financing activities	3,220	(111)	23	91	(91)	0	3,132

INFORMATION REGARDING MOVEMENT OF BORROWINGS (TABLE SHOWING CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES) AS OF 30.09.2021:

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2020	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Reclassification	30.09.2021
Current portion of long-term loan (Swedbank)	717	(717)	0	23	(23)	0	0
Current portion of long-term loan (Coop Bank)	0	1,158	0	29	(29)	(1,134)	24
Current portion of long-term lease liability	39	(49)	22	(1)	1	0	12
Bank overdrafts (Coop Bank)	0	0	0	1	(1)	0	0
Non-current loans (Swedbank)	483	(483)	0	0	0	0	0
Non-current loans (Coop Bank)	0	0	0	0	0	1,134	1,134
Non-current loans (RDF)	2,000	0	0	30	(30)	0	2,000
Non-current lease liability	10	0	76	0	0	0	86
Total liabilities from financing activities	3,249	(91)	98	82	(82)	0	3,256



NOTE 9 TRADE AND OTHER PAYABLES

<i>thousand €</i>	30.09.2022	31.12.2021	30.09.2021
Trade payables (Note 3)	965	367	610
Payables to employees	152	149	135
incl. accrued holiday pay reserve	46	46	33
Tax liabilities	140	137	122
incl. social security and unemployment insurance	86	87	78
personal income tax	41	40	34
contribution to mandatory funded pension	2	2	2
value added tax	0	0	1
other taxes	11	8	7
Prepayments received	99	152	71
Other payables	54	24	64
TOTAL	1,410	829	1,002

NOTE 10 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>	
Balance at 31.12.2020	179
incl. current portion of provision	18
incl. non-current portion of provision	161
Movements 2021 9M:	
Use of provision	(18)
Interest cost (Note 19)	5
Balance at 30.09.2021	165
incl. current portion of provision	4
incl. non-current portion of provision	161
Balance at 31.12.2021	164
incl. current portion of provision	19
incl. non-current portion of provision	145
Movements 2022 9M:	
Use of provision	(19)
Interest cost (Note 19)	4
Balance at 30.09.2022	149
incl. current portion of provision	4
incl. non-current portion of provision	145



NOTE 11 EQUITY

	Nominal value	Number of shares	Share capital
	€	pcs	thousand €
Balance at 30.09.2022	0.10	4,499,061	450
Balance at 31.12.2021	0.10	4,499,061	450
Balance at 30.09.2021	0.10	4,499,061	450
Balance at 31.12.2020	0.10	4,499,061	450

As of 30.09.2022 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.

As at 30.09.2022 the Group had 1,140 shareholders of which with more than 5% ownership interest were:

Shareholder	Number of shares (pcs)	Ownership interest (%)
Pärnu Holdings OÜ	2,592,775	57.63
OÜ Kõik või Mittemidagi	613,991	13.65

As at 30.06.2021 the Group had 875 shareholders of which with more than 5% ownership interest were:

Shareholder	Number of shares (pcs)	Ownership interest (%)
Pärnu Holdings OÜ	2,592,775	57.63
Gamma Holding Investment OÜ	606,784	13.49

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 (30.09.2021: 20.000 shares)
- Trond Brekke 0 shares (30.09.2021: 0 shares)
- Sakari Wallin 0 shares (30.09.2021: 0 shares)
- Torfinn Losvik 0 shares (30.09.2021: 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 (2020 44,206 shares).

NOTE 12 EARNINGS PER SHARE

Diluted earnings (loss) per share is calculated based on the net profit (loss) and the number of shares. Basic earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period, taking into account the number of shares potentially issued. As the Group has no option programs valid from 31.12.2020, the Group does not own any potential shares.

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



	30.09.2022	31.12.2021	31.12.2020
Net profit (-loss) (in thousands of euros)	848	1,202	1,074
Weighted average number of shares (units)	4,499	4,499	4,499
Basic earnings per share	0.19	0.27	0.24
Weighted average number of shares used for calculating the diluted earnings per shares (thousand units)	4,499	4,499	4,499
Diluted earnings per share	0.19	0.27	0.24
Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange	1.74	1.95	0.45

NOTE 13 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 current business based on the types of products and services as follows:

- Fibreboard manufacturing and sale (Nordic Fibreboard Ltd OÜ) - manufacture general construction boards based on soft wood fibre boards and interior finishing boards in the Pärnu factory and wholesale of those boards.
- Real Estate Management (Pärnu Riverside Development OÜ) – real estate management and development on Suur-Jõe Street 48, Pärnu.
- Furniture retail sale (Skano Furniture OÜ) – furniture retail ceased active operations in Estonia in the first quarter of 2020, this segment is no longer significant and no relevant in the 2022 Q3 interim report.

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.

SEGMENT INFORMATION FOR OPERATING SEGMENTS:

9 months 2022 thousand €	Fibreboard manufacturing and wholesale	Real Estate Management	Group's general expenses and eliminations	SEGMENTS TOTAL
Revenue from external customers	9,015	27	0	9,043
Operating profit/-loss	743	(18)	(26)	699
Amortisation/ depreciation* (Notes 5; 6)	372	0	0	372
Segment assets	8,599	985	(195)	9,389
Non-current assets of the segment* (Note 4;5;6;7)	5,718	981	1	6,700
Segment liabilities	4,544	24	123	4,691
Additions to non-current assets* (Note 4; 5; 6)	239	4	0	243
Interest expenses (Note 20)	92	0	3	95



9 months 2021 thousand €	Fibreboard manufacturing and wholesale	Real Estate Management	Group's general expenses and eliminations	SEGMENTS TOTAL
Revenue from external customers	7,539	218	0	7,757
Operating profit/-loss	958	10	(6)	962
Amortisation/ depreciation* (Notes 5; 6)	379	0	1	380
Segment assets	7,435	998	(132)	8,301
Non-current assets of the segment* (Note 4;5;6;7)	5,624	964	1	6,589
Segment liabilities	4,251	23	149	4,423
Additions to non-current assets* (Note 5;6)	344	5	0	349
Interest expenses (Note 19)	83	0	4	87

* Property, plant and equipment of the segment

BUSINESS SEGMENTS SALES BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

thousand €	9M 2022			9M 2021		
	Fibreboard manufacturing and wholesale	Real Estate Management	SEGMENTS TOTAL	Fibreboard manufacturing and wholesale	Real Estate Management	SEGMENTS TOTAL
European Union	8,425	28	8,453	6,233	218	6,451
Russia	427	0	427	1,083	0	1,083
Middle East	73	0	73	13	0	13
Asia	69	0	69	124	0	124
Africa	0	0	0	46	0	46
Other	21	0	21	40	0	40
TOTAL	9,015	28	9,043	7,539	218	7,757

NOTE 14 COST OF GOODS SOLD

thousand €	Q3 2022	Q3 2021	9M 2022	9M 2021
Raw materials and main materials	1,073	553	2,924	1,875
Electricity and heat, water	964	532	2,821	1,739
Labour expenses (Note 17)	409	389	1,207	1,145
Depreciation (Note 6;7)	124	123	372	379
Change in balances of finished goods and work in progress	(235)	91	(348)	194
Other expenses	52	34	158	119
TOTAL	2,387	1,722	7,134	5,451

NOTE 15 DISTRIBUTION COSTS

thousand €	Q3 2022	Q3 2021	9M 2022	9M 2021
Transportation expenses	206	186	709	656
Labour expenses (Note 17)	46	44	138	131
Commission fees	24	19	57	83
Other expenses	2	2	13	21
TOTAL	278	251	919	891



NOTE 16 ADMINISTRATIVE AND GENERAL EXPENSES

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Labour expenses (Note 17)	54	54	173	160
Purchased services	15	66	70	246
Office supplies	12	2	35	8
Depreciation (Note 6;7)	0	0	0	1
Other expenses	9	9	37	30
TOTAL	90	131	315	445

NOTE 17 LABOUR EXPENSES

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Wages and salaries	384	368	1,147	1,086
Social security and unemployment insurance	124	119	371	350
Fringe benefits paid to employees	2	3	8	11
TOTAL	510	490	1,526	1,447

NOTE 18 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Compensation from insurance	33	0	33	0
Profit from sale of fixed assets	0	2	0	2
Other operating income	0	0	0	3
TOTAL	33	2	33	5

OTHER OPERATING EXPENSES

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Reclamations	0	0	3	1
Commission and contract fees	0	0	1	7
Membership fees	0	1	1	1
Penalties paid	1	0	3	4
Loss from sales of fixed assets	0	0	1	0
TOTAL	1	1	9	13

NOTE 19 FINANCIAL INCOME AND EXPENSES

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Financial income:				
Received dividends	0	0	105	0
Revaluation of TPD shares	79	0	143	354
Total financial income	79	0	248	354

Financial cost:				
Interest expenses	30	31	95	87
including interest expenses related to provisions (Note 10)	1	2	4	5
Revaluation of TPD shares	0	128	0	0
Other finance cost	0	0	4	0
Total financial cost	30	159	99	87



NOTE 20 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 30 September 2022, the largest shareholder of Pärnu Holdings OÜ and the entities with significant influence over the Group are: Stetind OÜ (50%) and Joakim Johan Helenius (50%). The owner of Stetind OÜ is Torfinn Losvik.

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

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Membership fees	49	41	147	124
Social tax	16	14	49	42
Total	65	55	196	166

Benefits (incl. tax expenses) include payments of parent and subsidiary company Management Board and Supervisory Board fees paid within the period. 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.

TRANSACTIONS WITH RELATED PARTIES:

Nordic Fibreboard AS has purchased consultation services from related parties. Transactions with related parties are based on market terms.

<i>thousand €</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
Purchased services	4	4	12	12
Total	4	4	12	12

BALANCES WITH RELATED PARTIES AS OF:

<i>thousand €</i>	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Purchased services	1	1	1	17
Short-term loan interest	0	0	0	1
Total	1	1	1	18

NOTE 21 EVENTS AFTER BALANCE SHEET DATE

Towards the end of Q3 2022 we started to see a reduction in customers orders, reflecting the softening of business confidence as a result of negative macro factors, such as increasing interest rates, energy crisis, and higher food prices. As a result of these sentiments, Nordic Fibreboard announces to lay off 8 workers in the production during Q4 and thus reduces production capacity to reflect the drop in demand.

