



## Fourth quarter and 12 months Interim report 2022

### **NORDIC FIBREBOARD AS**

Consolidated Interim Report for the Fourth quarter and 12 months of 2022  
(unaudited)

|   |  |
|---|--|
| Beginning of the Interim Report Period: | 1.10.2022                                |
| End of the Interim Report Period:       | 31.12.2022                               |
| Beginning of the financial year:        | 1.01.2022                                |
| End of the financial year:              | 31.12.2022                               |
| Business name:                          | Nordic Fibreboard AS                     |
| Registry code:                          | 11421437                                 |
| Address:                                | Rääma 31, 80044 Pärnu, Estonia           |
| Country of incorporation:               | Republic of Estonia                      |
| Telephone:                              | +372 44 78 323                           |
| E-mail:                                 | group@nordicfibreboard.com               |
| Homepage:                               | www.nordicfibreboard.com                 |
| Auditor:                                | AS PricewaterhouseCoopers                |
| Main activity:                          | Production and wholesales 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. Skano Furniture OÜ has had no activities for the last couple of years and was liquidated after the balance sheet date of 31.12.2022 on 18.01.2023.

The Group, as of 31.12.2022, 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 (liquidated on 18.01.2023) |

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 31.12.2022 the Group employed 74 people (31.12.2021: 91 people).



## MANAGEMENT REPORT

### NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR FOURTH QUARTER AND 12 MONTHS OF 2022

Consolidated net sales for Q4 2022 were € 2.03 million (down from € 2.34 million in Q4 2021). The main business area of production and wholesale of fibreboard recorded sales in Q4 2022 of € 2.02 million, 12% down from sales in Q4 2021. The remaining business area is real estate management of the property owned in Suur-Jõe Street in Pärnu, who recorded sales of € 11 thousand in Q4 2022 (Q4 2021: 36 thousand).

Consolidated sales for the full year 2022 was € 11.07 million, which is an increase of 10% compared to 2021 full year sales of € 10.10 million. The reason for such sales increase is due to increased sales of fibreboards in our key markets such as Finland, Denmark, Estonia and Latvia. However, the Group's gross margin fell from 33% for full year 2021 to becoming 23% for full year 2022, the main reasons being the increased prices of raw materials in the fibreboard production, these being woodchips and energy.

The consolidated EBITDA of Nordic Fibreboard AS was € 661 thousand for Q4 2022 (Q4 2021: EBITDA € 215 thousand). The increase in EBITDA in Q4 2022 was due to the revaluation of the fair value of the investment property in the real estate management segment, adding € 697 thousand to EBITDA and thus increasing EBITDA margin in Q4 2022 compared to Q4 2021 from 9% to 33%. The Fibreboard segment reported negative EBITDA of € 23 thousand in Q4 2022 (Q4 2021: € 218 thousand) due to higher woodchip prices and less output due to slowdown in demand at the end of the year. The consolidated EBITDA for the full year 2022 was € 1.73 million, which is an increase of 11% compared to full year 2021.

Consolidated net profit for Q4 2022 was € 386 thousand, which includes dividend income of € 24 thousand from the fibreboard division's 20% ownership stake in Trigon Property Development AS (TPD). In Q4 2021, we recorded a loss € 27 thousand on the revaluation of this shareholding. Net profit for full year 2022 was € 1.23 million, which includes total year 2022 dividend income from TPD shares of € 129 thousand (full year 2021: profit € 1.20 million).

### DIVISIONAL REVIEW

#### REVENUE BY BUSINESS SEGMENTS

| <i>€ thousand</i>                | Q4 2022      | Q4 2021      | 12M 2022      | 12M 2021      |
|----------------------------------|--------------|--------------|---------------|---------------|
| Fibreboards production and sales | 2,020        | 2,304        | 11,035        | 9,842         |
| Real Estate Management           | 11           | 36           | 39            | 254           |
| <b>TOTAL</b>                     | <b>2,031</b> | <b>2,339</b> | <b>11,074</b> | <b>10,096</b> |

#### PROFIT BY BUSINESS SEGMENTS

| <i>€ thousand</i>                   | Q4 2022    | Q4 2021     | 12M 2022     | 12M 2021     |
|-------------------------------------|------------|-------------|--------------|--------------|
| EBITDA by business units:           |            |             |              |              |
| Fibreboards production and sales    | (23)       | 218         | 1,092        | 1,555        |
| Real Estate Management              | 690        | 5           | 672          | 15           |
| Group transactions                  | (6)        | (8)         | (32)         | (13)         |
| <b>TOTAL EBITDA</b>                 | <b>661</b> | <b>215</b>  | <b>1,732</b> | <b>1,557</b> |
| Depreciation                        | (125)      | (118)       | (497)        | (498)        |
| <b>TOTAL OPERATING PROFIT/ LOSS</b> | <b>536</b> | <b>97</b>   | <b>1,235</b> | <b>1,059</b> |
| Net financial costs                 | (150)      | (124)       | (1)          | 143          |
| <b>NET PROFIT/ LOSS</b>             | <b>386</b> | <b>(27)</b> | <b>1,234</b> | <b>1,202</b> |



## NORDIC FIBREBOARD LTD: FIBREBOARD PRODUCTION AND SALES

Fibreboard sales in Q4 2022 were € 2.02 million (Q4 2021: € 2.30 million). The decrease in sales in Q4 2022 was due to a substantial reduction in demand in our main local markets, such drop being a reflection of the uncertainty created by the war in Ukraine, increased interest rates, and higher energy prices.

The operating profitability, ie EBITDA, of the Nordic Fibreboard Ltd activities in Q4 2022 was negative € 23 thousand (Q4 2021: positive € 218 thousand). This being caused by increased cost prices for woodchips, company's main raw material, as well as higher electricity prices in the second half of 2022.

The EBITDA of fibreboard for the full year in 2021 was € 1.09 million (full year in 2021: € 1.55 million).

### FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

|                | € thousand   |              | € thousand    |              |
|----------------|--------------|--------------|---------------|--------------|
|                | Q4 2022      | Q4 2021      | 12M 2022      | 12M 2021     |
| European Union | 1,871        | 1,992        | 10,297        | 8,225        |
| Middle East    | 82           | 0            | 154           | 13           |
| Russia         | 0            | 273          | 427           | 1,356        |
| Asia           | 0            | 23           | 69            | 147          |
| Africa         | 0            | 0            | 0             | 46           |
| Other          | 67           | 16           | 88            | 55           |
| <b>TOTAL</b>   | <b>2,020</b> | <b>2,304</b> | <b>11,035</b> | <b>9,842</b> |

## 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 € 11 thousand in Q4 2022, (Q4 2021: € 36 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 Q4 2022 were € 690 thousand (Q4 2021: € 5 thousand). The reason for such a large change in EBITDA is the income received from the fair value revaluation of the real estate investment object located at Suur-Jõe Street 48 in Pärnu in the amount of € 697 thousand at the end of 2022.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH-FLOW

As of 31.12.2022 the total assets of Nordic Fibreboard AS were € 9.4 million (31.12.2021: 8.1 million). The liabilities of the company as of 31.12.2022 were € 4.3 million (31.12.2021: € 4.2 million), of which the Group has payables of € 0.5 million as at 31.12.2022 (31.12.2021: € 0.4 million) and borrowings of € 3.2 million as at 31.12.2022 (31.12.2021: also € 3.2 million).

Receivables and prepayments amounted to € 0.6 million as at 31.12.2022 (31.12.2021: € 0.9 million). Inventories were € 1.7 million as of 31.12.2022 (31.12.2021: € 0.4 million). Fixed assets were € 7.2 million as of 31.12.2022 (€ 6.7 million as of 31.12.2021).

During 2022 twelve months, the Group's cash flows from operating activities totalled € 152 thousand (2021 twelve months: € 730 thousand). Cash outflows due to investment activities was € 129 thousand during 2022, mainly consisting of investments into production assets of € 254 thousand and dividend received from TPD shares of € 129 thousand (2021: cash outflow € 587 thousand). Financing activities also resulted in cash outflows of € 78 thousand during 2022 (2021: cash outflow € 112 thousand). Net cash effect during 2022 twelve months cash outflow of € 55 thousand, (2021: cash inflow € 31 thousand).



## PEOPLE

On the 31st of December 2022, the Group employed 74 people (compared to 91 people as of 31.12.2021). The average number of personnel in Q4 2022 was 82 (Q4 2021: 96).

Labour costs were € 0.52 million including taxes in Q4 2022 and € 2.05 million for twelve months of 2022 (Q4 2021: € 0.52 million, 12M 2021: € 1.97 million). Group fees for the members of the management boards of holding company and its subsidiaries, together with taxes, were € 70 thousand in Q4 2022 and € 267 thousand for twelve months of 2022 (Q4 2021: € 79 thousand, 12M 2021: € 245 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

As a result of the declining demand during Q4 2022, company decided to undertake major maintenance work of the factory at the start of 2023, thus delaying reopening of the production line until 20 February 2023. This also gave the opportunity to sell off excessive inventory. During the last few weeks, before the release of the report, we have observed an increase in demand, which we attribute to more market macro certainties, such as less unpredictable energy prices and a downturn in inflation. The pricing of the company's main raw material, woodchips, seem to be easing somewhat from end of last year while pricing of second largest input cost, electricity, is fixed at a high price. The company's previous electricity contract ended 31.12.2022, and a new contract was concluded for period 1.1.2023 to 30.6.2024, at a higher price than the old contract (see further notes in Financial Risks section below).

The company had a longer maintenance period at start of year 2023, from mid-December 2022 to 19<sup>th</sup> February 2023. Production was restarted only on 20<sup>th</sup> February. With no output during this period, while having to carry the normal costing during the maintenance period, the company expect 2023 Q1 financial results to be poor. That being said, the building materials market tend to be more active during the Spring months (ie Q2) and at this stage it does look like this will be case also this year.

### REAL ESTATE MANAGEMENT

The company will continue to manage and develop the property on Suur-Jõe Street 48, Pärnu. A detail plan for the property is ongoing (expected to be approved this Spring), with the intention of converting the property into a private residential property.

## FINANCIAL HIGHLIGHTS

€ thousand

| Income statement       | Q4 2022 | Q4 2021 | 12M 2022 | 12M 2021 |
|------------------------|---------|---------|----------|----------|
| Revenue                | 2,031   | 2,339   | 11,074   | 10,096   |
| EBITDA                 | 661     | 215     | 1,732    | 1,557    |
| EBITDA margin          | 33%     | 9%      | 16%      | 15%      |
| Operating profit/-loss | 536     | 97      | 1,235    | 1,059    |
| Operating margin       | 26%     | 4%      | 11%      | 10%      |
| Net profit/-loss       | 386     | (27)    | 1,234    | 1,202    |
| Net margin             | 19%     | (1%)    | 11%      | 12%      |

| Statement of financial position | 31.12.2022 | 31.12.2021 |
|---------------------------------|------------|------------|
| Total assets                    | 9,408      | 8,063      |
| Return on assets                | 13%        | 15%        |
| Equity                          | 5,084      | 3,850      |
| Return on equity                | 24%        | 31%        |
| Debt-to-equity ratio            | 46%        | 52%        |

| Share                             | 31.12.2022 | 31.12.2021 |
|-----------------------------------|------------|------------|
| Last Price*                       | 1.60       | 1.95       |
| Earnings per share                | 0.27       | 0.27       |
| Price-earnings ratio              | 5.83       | 7.30       |
| Book value of a share             | 1.13       | 0.86       |
| Market to book ratio              | 1.42       | 2.28       |
| Market capitalization, € thousand | 7,198      | 8,773      |
| Number of shares, piece           | 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 31.12.2022 six months' EURIBOR rate was 2,693 % and at 31.12.2021 six months' EURIBOR rate was (0.546) %. For the last six years, EURIBOR has remained negative, which means that EURIBOR has been equated to zero in loan agreements. The loan from the Rural Development Foundation is concluded with a fixed interest rate, thus bear no interest rate risk. However, our loan from Coop Pank AS does have a floating interest rate, but the 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 one loan 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 euro zone are nominated in EUR. 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. 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 has been felt.

We entered into our new electricity contract, fixed for period 1.1.2023 to 30.6.2024 and the contract was signed at a time when the electricity pricing was much higher and pricing outlook was most unpredictable. The recent weeks have shown market pricing of electricity being much lower so far this year than envisaged when we signed the contract. Management is in dialogue with the electricity supplier to try to find ways to alleviate the impact of the fixed price contract.

### 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 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 10-25 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 28, 2023

## INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

| <i>€ thousand</i>  | 31.12.2022   | 31.12.2021   | 31.12.2020   |
|--|--------------|--------------|--------------|
| Cash and cash equivalents                                      | 2            | 57           | 26           |
| Receivables and prepayments (Note 2)                           | 559          | 902          | 794          |
| Inventories (Note 3)   | 1,672        | 390          | 544          |
| <b>Total current assets</b>                                    | <b>2,233</b> | <b>1,349</b> | <b>1,364</b> |
| Investment property (Note 4)                                   | 1,859        | 1,152        | 1,134        |
| Financial assets at fair value through profit or loss (Note 7) | 644          | 644          | 451          |
| Property, plant, equipment and right-of-use assets (Note 5)    | 4,670        | 4,915        | 4,695        |
| Intangible assets (Note 6)                                     | 2            | 3            | 6            |
| <b>Total non-current assets</b>                                | <b>7,175</b> | <b>6,714</b> | <b>6,286</b> |
| <b>TOTAL ASSETS</b>  | <b>9,408</b> | <b>8,063</b> | <b>7,650</b> |
| Borrowings (Notes 8)   | 290          | 146          | 756          |
| Payables and prepayments (Notes 9)                             | 1,014        | 829          | 1,574        |
| Short-term provisions (Note 10)                                | 18           | 19           | 18           |
| <b>Total current liabilities</b>                               | <b>1,322</b> | <b>994</b>   | <b>2,348</b> |
| Long-term borrowings (Notes 8)                                 | 2,875        | 3,074        | 2,493        |
| Long-term provisions (Note 10)                                 | 127          | 145          | 161          |
| <b>Total non-current liabilities</b>                           | <b>3,002</b> | <b>3,219</b> | <b>2,654</b> |
| <b>Total liabilities</b>                                       | <b>4,324</b> | <b>4,213</b> | <b>5,002</b> |
| Share capital (at nominal value) (Note 11)                     | 450          | 450          | 450          |
| Statutory reserve capital                                      | 45           | 0            | 0            |
| Retained earnings (loss)                                       | 4,589        | 3,400        | 2,198        |
| <b>Total equity</b>  | <b>5,084</b> | <b>3,850</b> | <b>2,648</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                            | <b>9,408</b> | <b>8,063</b> | <b>7,650</b> |

\*The notes to the financial statements presented on pages 14 to 25 are an integral part of these consolidated financial statements.



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

| <i>€ thousand</i>                       | Q4 2022      | Q4 2021      | 12M 2022      | 12M 2021      |
|---|--------------|--------------|---------------|---------------|
| <b>Revenue (Note 13)</b>                | <b>2,031</b> | <b>2,339</b> | <b>11,074</b> | <b>10,096</b> |
| Cost of goods sold (Note 14)            | 1,890        | 1,843        | 9,024         | 7,294         |
| <b>Gross profit</b>                     | <b>141</b>   | <b>496</b>   | <b>2,050</b>  | <b>2,802</b>  |
| Distribution costs (Note 15)            | 193          | 277          | 1,112         | 1,168         |
| Administrative expenses (Note 16)       | 109          | 120          | 424           | 565           |
| Other operating income (Note 18)        | 697          | 0            | 730           | 5             |
| Other operating expenses (Note 18)      | 0            | 2            | 9             | 15            |
| <b>Operating profit (loss)</b>          | <b>536</b>   | <b>97</b>    | <b>1,235</b>  | <b>1,059</b>  |
| Finance income (Note 19)                | 24           | 0            | 129           | 265           |
| Finance costs (Note 19)                 | 174          | 124          | 130           | 122           |
| PROFIT (LOSS) BEFORE INCOME TAX         | 386          | (27)         | 1,234         | 1,202         |
| <b>NET PROFIT (LOSS) FOR THE PERIOD</b> | <b>386</b>   | <b>(27)</b>  | <b>1,234</b>  | <b>1,202</b>  |
| Basic earnings per share (Note 12)      | 0.09         | (0.01)       | 0.27          | 0.27          |
| Diluted earnings per share (Note 12)    | 0.09         | (0.01)       | 0.27          | 0.27          |

\*The notes to the financial statements presented on pages 14 to 25 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| € thousand  | 12M 2022     | 12M 2021     |
|---|--------------|--------------|
| <b>Cash flows from operating activities</b>                                 |              |              |
| <b>Operating profit (loss)</b>  | <b>1,235</b> | <b>1,059</b> |
| Adjustments:  |              |              |
| Depreciation charge (Notes 5;6)   | 498          | 497          |
| Profit/loss from revaluation of real estate investment (Note 4)             | (697)        | 0            |
| Profit/loss from sale of non-current asset (Note 18)                        | 1            | (2)          |
| Change in trade and other receivables (Note 2)                              | 343          | (108)        |
| Change in inventories (Note 3)  | (1,282)      | 154          |
| Change in trade and other payables (Note 9)                                 | 185          | (745)        |
| <b>Cash generated from operations</b>                                       | <b>283</b>   | <b>855</b>   |
| Interest payments (Note 19)   | (120)        | (118)        |
| Net other financial income and expense (Note 19)                            | (11)         | (7)          |
| <b>Net cash generated from operating activities</b>                         | <b>152</b>   | <b>730</b>   |
| <b>Cash flows from investing activities</b>                                 |              |              |
| Purchase of property, plant and equipment and intangible assets (Notes 5;6) | (254)        | (643)        |
| Disposal of property, plant and equipment and intangible assets (Notes 5;6) | 6            | 2            |
| Purchase of real estate investment (Note 4)                                 | (10)         | (18)         |
| Received dividends  | 129          | 0            |
| Payout from share capital reduction   | 0            | 72           |
| <b>Net cash used in investing activities</b>                                | <b>(129)</b> | <b>(587)</b> |
| <b>Cash flows from financing activities</b>                                 |              |              |
| Loans received (Note 8)   | 0            | 1,200        |
| Repayment of loans received (Note 8)  | (102)        | (1,266)      |
| Loans received from related parties (Note 8)                                | 0            | 503          |
| Repayment of loans received from related parties (Note 8)                   | 0            | (503)        |
| Repayment of principal element of lease liabilities (Note 8)                | (46)         | (46)         |
| Change in overdraft (Note 8)  | 70           | 0            |
| <b>Net cash (used in)/from financing activities</b>                         | <b>(78)</b>  | <b>(112)</b> |
| <b>NET CHANGE IN CASH</b>   | <b>(55)</b>  | <b>31</b>    |
| <b>OPENING BALANCE OF CASH</b>  | <b>57</b>    | <b>26</b>    |
| <b>CLOSING BALANCE OF CASH</b>  | <b>2</b>     | <b>57</b>    |

\*The notes to the financial statements presented on pages 14 to 25 are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>€ thousand</i>                   | Share capital | Statutory<br>reserve capital | Retained<br>earnings | Total        |
|-------------------------------------|---------------|------------------------------|----------------------|--------------|
| <b>Balance at 31.12.2020</b>        | <b>450</b>    | <b>0</b>                     | <b>2,198</b>         | <b>2,648</b> |
| <i>Net profit for 2021</i>          | <i>0</i>      | <i>0</i>                     | <i>1,202</i>         | <i>1,202</i> |
| Total comprehensive income for 2021 | 0             | 0                            | 1,202                | 1,202        |
| <b>Balance at 31.12.2021</b>        | <b>450</b>    | <b>0</b>                     | <b>3,400</b>         | <b>3,850</b> |
| Other changes                       | 0             | 45                           | (45)                 | 0            |
| <i>Net profit for 2022</i>          | <i>0</i>      | <i>0</i>                     | <i>1,234</i>         | <i>1,234</i> |
| Total comprehensive income for 2022 | 0             | 0                            | 1,234                | 1,234        |
| <b>Balance at 31.12.2022</b>        | <b>450</b>    | <b>45</b>                    | <b>4,589</b>         | <b>5,084</b> |

\*The notes to the financial statements presented on pages 14 to 25 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 4th 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>    | <b>31.12.2022</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|----------------------|-------------------|-------------------|-------------------|
| Customer receivables | 391               | 729               | 677               |
| Prepaid taxes        | 150               | 151               | 92                |
| Prepaid services     | 17                | 21                | 16                |
| Other receivables    | 1                 | 1                 | 9                 |
| <b>TOTAL</b>         | <b>559</b>        | <b>902</b>        | <b>794</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 18.

ANALYSIS OF TRADE RECEIVABLES BY AGING:

| <i>thousand €</i>  | <b>31.12.2022</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|--|-------------------|-------------------|-------------------|
| <b>Not past due</b>  | <b>373</b>        | <b>678</b>        | <b>650</b>        |
| incl receivables from customers who also have receivables past due | 236               | 95                | 75                |
| incl receivables from customers who have no receivables past due   | 137               | 583               | 575               |
|  |                   |                   |                   |
| <b>Past due but not impaired</b>                                   | <b>18</b>         | <b>51</b>         | <b>27</b>         |
| Overdue up to 90 days  | 16                | 51                | 20                |
| Overdue more than 90 days  | 2                 | 0                 | 7                 |
| <b>TOTAL</b>   | <b>391</b>        | <b>729</b>        | <b>677</b>        |

NOTE 3 INVENTORIES

| <i>€ thousand</i>                 | <b>31.12.2022</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|-----------------------------------|-------------------|-------------------|-------------------|
| Raw materials and other materials | 401               | 303               | 181               |
| Work-in-progress                  | 228               | 41                | 91                |
| Finished goods                    | 1,081             | 32                | 264               |
| Goods in transit                  | 0                 | 11                | 0                 |
| Prepayments to suppliers          | 2                 | 43                | 48                |
| Write-off reserve for inventories | (40)              | (40)              | (41)              |
| <b>TOTAL</b>                      | <b>1,672</b>      | <b>390</b>        | <b>544</b>        |

NOTE 4 INVESTMENT PROPERTY

|                                   | <i>thousand €</i> |
|-----------------------------------|-------------------|
| <b>Carrying amount 31.12.2020</b> | <b>1,134</b>      |
|                                   |                   |
| Capitalized cost                  | 18                |
| <b>Carrying amount 31.12.2021</b> | <b>1,152</b>      |
|                                   |                   |
| Capitalized cost                  | 10                |
| Fair value revaluation            | 697               |
| <b>Carrying amount 31.12.2022</b> | <b>1,859</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 for Q4 2022 were € 18 thousand and expenses together with resold expenses were € 30 thousand in Q4 2021. Rental income from investment properties for Q4 2022 was € 11 thousand and rental income including utilities in Q4 2021 were € 36 thousand.

In 2022, a new expert appraisal was performed on the registered immovable (no 1409705) at Suur-Jõe Street 48 property using a comparison method by an the independent valuer, and on the 31.12.2022, the Suur-Jõe Street 48 investment property was recognized in the balance sheet at the new fair value. In selecting the valuating method, the valuer has assumed that the valuer is aware of the purchase and sale transactions of similar assets to be valued from competing market areas, which was a sufficient basis for using the comparison method.

FAIR VALUE OF INVESTMENT PROPERTY BY OBJECTS:

|  | <i>thousand €</i> |
|--|-------------------|
| <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               |
| <b>31.12.2021</b>  |                   |
| Share of registered immovable property at Suur-Jõe 48, Pärnu     | 977               |
| Share of registered immovable property at Rääma Street 31, Pärnu | 175               |
| <b>31.12.2022</b>  |                   |
| Share of registered immovable property at Suur-Jõe 48, Pärnu     | 1,684             |
| Share of registered immovable property at Rääma Street 31, Pärnu | 175               |

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

| <i>thousand €</i>                                     | Land | Buildings and facilities | Machinery and equipment | Other fixtures | Construction-in-progress | Right-of-use asset | TOTAL   |
|---|------|--------------------------|-------------------------|----------------|--------------------------|--------------------|---------|
| <b>Cost at 31.12.2020</b>                             | 191  | 2,541                    | 10,747                  | 89             | 31                       | 130                | 13,728  |
| <b>Accumulated depreciation at 31.12.2020</b>         | 0    | (1,701)                  | (7,165)                 | (87)           | 0                        | (81)               | (9,034) |
| <b>Carrying amount at 31.12.2020</b>                  | 191  | 840                      | 3,582                   | 3              | 31                       | 49                 | 4,694   |
| Additions   | 0    | 0                        | 48                      | 0              | 580                      | 104                | 732     |
| Reclassification                                      | 0    | 15                       | 123                     | 0              | (138)                    | 0                  | 0       |
| Disposals and write-offs (Note 18)                    | 0    | 0                        | (72)                    | 0              | 0                        | (120)              | (192)   |
| Accumulated depreciation of fixed assets written off  | 0    | 0                        | 72                      | 0              | 0                        | 100                | 172     |
| Depreciation (Notes 14;16)                            | 0    | (78)                     | (365)                   | (1)            | 0                        | (47)               | (491)   |
| <b>Cost at 31.12.2021</b>                             | 191  | 2,556                    | 10,845                  | 89             | 473                      | 114                | 14,268  |
| <b>Accumulated depreciation at 31.12.2021</b>         | 0    | (1,779)                  | (7,459)                 | (88)           | 0                        | (28)               | (9,353) |
| <b>Carrying amount at 31.12.2021</b>                  | 191  | 777                      | 3,387                   | 1              | 473                      | 86                 | 4,915   |
| Additions   | 0    | 4                        | 44                      | 0              | 187                      | 44                 | 279     |
| Reclassification                                      | 0    | 0                        | 265                     | 0              | (255)                    | (10)               | 0       |
| Accumulated depreciation of reclassified fixed assets | 0    | 0                        | (10)                    | 0              | 0                        | 10                 | 0       |
| Disposals and write-offs (Note 18)                    | (7)  | 0                        | (124)                   | 0              | 0                        | (29)               | (160)   |
| Accumulated depreciation of fixed assets written off  | 0    | 0                        | 124                     | 0              | 0                        | 9                  | 133     |
| Depreciation (Notes 14;16)                            | 0    | (78)                     | (371)                   | 0              | 0                        | (48)               | (497)   |
| <b>Cost at 31.12.2022</b>                             | 184  | 2,560                    | 11,030                  | 89             | 405                      | 119                | 14,387  |
| <b>Accumulated depreciation at 31.12.2022</b>         | 0    | (1,857)                  | (7,716)                 | (88)           | 0                        | (57)               | (9,717) |
| <b>Carrying amount at 31.12.2022</b>                  | 184  | 703                      | 3,314                   | 1              | 405                      | 62                 | 4,670   |





## NOTE 6 INTANGIBLE ASSETS

| <i>thousand €</i>                                    | Computer software |
|--|-------------------|
| <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>          |
| Additions 2021                                       | 2                 |
| Disposals and write-offs (Note 18)                   | (66)              |
| Accumulated depreciation of fixed assets written off | 66                |
| Amortisation charge (Notes 14;16)                    | (5)               |
| <b>Cost at 31.12.2021</b>                            | <b>13</b>         |
| <b>Accumulated amortisation at 31.12.2021</b>        | <b>(10)</b>       |
| <b>Carrying amount 31.12.2021</b>                    | <b>3</b>          |
| Amortisation charge (Notes 14;16)                    | (1)               |
| <b>Cost at 31.12.2022</b>                            | <b>13</b>         |
| <b>Accumulated amortisation at 31.12.2022</b>        | <b>(11)</b>       |
| <b>Carrying amount 31.12.2022</b>                    | <b>2</b>          |

## NOTE 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| <i>thousand €</i>                               | 31.12.2022 | Change 12M 2021 | 31.12.2021 | 31.12.2020 |
|---|------------|-----------------|------------|------------|
| Non-current assets                              |            |                 |            |            |
| Listed securities - Equity securities - cost at | 338        | 0               | 338        | 410        |
| Revaluation                                     | 306        | 0               | 306        | 40         |
| <b>Fair value as at</b>                         | <b>644</b> | <b>0</b>        | <b>644</b> | <b>451</b> |

Financial assets at fair value through profit or loss (Trigon Property Development AS shares) have been revaluated to reflect fair value based on last price at 31.12.2022, 31.12.2021 and 31.12.2020 as shown on Nasdaq Tallinn Stock Exchange.

## NOTE 8 BORROWINGS

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 Q4 2022, repayments of lease obligations in the amount of € 11 thousand were made and during the 12M 2022 € 46 thousand.



Nordic Fibreboard AS Consolidated Interim Report (unaudited)  
Fourth quarter and 12 months 2022

INFORMATION REGARDING BORROWINGS AS AT:

| <i>thousand €</i>                                  | Interest rate                    | 31.12.2022   | 31.12.2021   | 31.12.2020   |
|--|----------------------------------|--------------|--------------|--------------|
| <b>Current borrowings</b>                          |                                  |              |              |              |
| Current portion of long-term loan (Swedbank)       | 6 month EURIBOR+5%               | 0            | 0            | 717          |
| Current portion of long-term loan (Coop Bank)      | 6 month EURIBOR+3.5%             | 106          | 100          | 0            |
| Current portion of long-term loan (RDF)            | Until 30.12.2022 2%,<br>later 4% | 83           | 0            | 0            |
| Current portion of long-term lease liabilities     | 6 month<br>EURIBOR+2.49%         | 31           | 46           | 39           |
| Bank overdrafts (Coop Pank)                        | 3.5%                             | 70           | 0            | 0            |
| <b>Total</b>                                       |                                  | <b>290</b>   | <b>146</b>   | <b>756</b>   |
| <b>Non-current borrowings</b>                      |                                  |              |              |              |
| Non-current portion of long-term loan (Swedbank)   | 6 month EURIBOR+5%               | 0            | 0            | 483          |
| Non-current portion of long-term loan (Coop Pank)  | 6 month EURIBOR+3.5%             | 926          | 1,034        | 0            |
| Non-current portion of long-term loan (RDF)        | Until 30.12.2022 2%,<br>later 4% | 1,917        | 2,000        | 2,000        |
| Non-current portion of long-term lease liabilities | 6 month<br>EURIBOR+2.49%         | 32           | 40           | 10           |
| <b>Total</b>                                       |                                  | <b>2,875</b> | <b>3,074</b> | <b>2,493</b> |
| <b>Total borrowings</b>                            |                                  | <b>3,165</b> | <b>3,221</b> | <b>3,249</b> |

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES IN 2022

| <b>Changes in liabilities arising from financing activities</b><br><i>thousand €</i> | 31.12.2021   | Cash flows  | Non-monetary settlements | Interest accrued | Interest paid | Reclassification | 31.12.2022   |
|--|--------------|-------------|--------------------------|------------------|---------------|------------------|--------------|
| Current portion of long-term loan (Coop Bank)  | 100          | (102)       | 0                        | 81               | (81)          | 108              | 106          |
| Current portion of long-term loan (RDF)  | 0            | 0           | 0                        | 0                | 0             | 83               | 83           |
| Current portion of long-term lease liabilities                                       | 46           | (46)        | 0                        | 1                | (1)           | 31               | 31           |
| Bank overdrafts (Coop Pank)  | 0            | 70          | 0                        | 2                | (2)           | 0                | 70           |
| Non-current portion of long-term loan (Coop Pank)                                    | 1,034        | 0           | 0                        | 0                | 0             | (108)            | 926          |
| Non-current portion of long-term loan (RDF)  | 2,000        | 0           | 0                        | 37               | (37)          | (83)             | 1,917        |
| Non-current portion of long-term lease liabilities                                   | 40           | 0           | 23                       | 0                | 0             | (31)             | 32           |
| <b>Total liabilities from financing activities</b>                                   | <b>3,220</b> | <b>(78)</b> | <b>23</b>                | <b>120</b>       | <b>(120)</b>  | <b>0</b>         | <b>3,165</b> |



CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES IN 2021

| Changes in liabilities arising from financing activities<br><i>thousand €</i> | 31.12.2020   | Cash flows   | Non-monetary settlements | Interest accrued | Interest paid | Reclassification | 31.12.2021   |
|---|--------------|--------------|--------------------------|------------------|---------------|------------------|--------------|
| Current portion of long-term loan (Swedbank)                                  | 717          | (717)        | 0                        | 26               | (26)          | 0                | 0            |
| Current portion of long-term loan (Coop Bank)                                 | 0            | (66)         | 0                        | 49               | (49)          | 166              | 100          |
| Current portion of long-term lease liabilities                                | 39           | (46)         | (12)                     | 2                | (2)           | 65               | 46           |
| Bank overdrafts (Coop Bank)   | 0            | 0            | 0                        | 1                | (1)           | 0                | 0            |
| Non-current portion of long-term loan (Swedbank)                              | 483          | (483)        | 0                        | 0                | 0             | 0                | 0            |
| Non-current portion of long-term loan (Coop Bank)                             | 0            | 1,200        | 0                        | 0                | 0             | (166)            | 1,034        |
| Non-current portion of long-term loan (MES)                                   | 2,000        | 0            | 0                        | 40               | (40)          | 0                | 2,000        |
| Non-current portion of long-term lease liabilities                            | 10           | 0            | 95                       | 0                | 0             | (65)             | 40           |
| <b>Total liabilities from financing activities</b>                            | <b>3,249</b> | <b>(112)</b> | <b>83</b>                | <b>118</b>       | <b>(118)</b>  | <b>0</b>         | <b>3,220</b> |

NOTE 9 TRADE AND OTHER PAYABLES

| <i>thousand €</i>   | 31.12.2022                | 31.12.2021                | 31.12.2020                |
|---|---------------------------|---------------------------|---------------------------|
| Trade payables  | 471                       | 367                       | 1,110                     |
| Payables to employees<br>incl. accrued holiday pay reserve  | 145<br>50                 | 149<br>46                 | 138<br>33                 |
| Tax liabilities<br>incl. social security and unemployment insurance<br>personal income tax<br>contribution to mandatory funded pension<br>other taxes | 133<br>83<br>40<br>2<br>8 | 137<br>87<br>40<br>2<br>8 | 128<br>82<br>35<br>3<br>8 |
| Prepayments received  | 246                       | 152                       | 162                       |
| Other payables  | 19                        | 24                        | 36                        |
| <b>TOTAL</b>  | <b>1,014</b>              | <b>829</b>                | <b>1,574</b>              |

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>                      |            |
|--|------------|
| <b>Balance at 31.12.2020</b>           | <b>179</b> |
| incl. current portion of provision     | 18         |
| incl. non-current portion of provision | 161        |
| <b>Movements 2021:</b>                 |            |
| Use of provision                       | (25)       |
| Interest cost (Note 19)                | 7          |
| Increase of reserve                    | 3          |
| <b>Balance at 31.12.2021</b>           | <b>164</b> |
| incl. current portion of provision     | 19         |
| incl. non-current portion of provision | 145        |
| <b>Movements 2022:</b>                 |            |
| Use of provision                       | (25)       |
| Interest cost (Note 19)                | 6          |
| <b>Balance at 31.12.2022</b>           | <b>145</b> |
| incl. current portion of provision     | 18         |
| incl. non-current portion of provision | 127        |

## NOTE 11 EQUITY

|                       | Nominal value<br>€ | Number of shares<br>pcs | Share capital<br><i>thousand €</i> |
|-----------------------|--------------------|-------------------------|------------------------------------|
| Balance at 31.12.2022 | 0.10               | 4,499,061               | 450                                |
| Balance at 31.12.2021 | 0.10               | 4,499,061               | 450                                |
| Balance at 31.12.2010 | 0.10               | 4,499,061               | 450                                |

As of 31.12.2022 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 31.12.2022 the Group had 1,130 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 | 617,291                | 13.72                  |

As at 31.12.2021 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 | 605,300                | 13.45                  |

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 (31.12.2021: 20,000 shares)
- Trond Brekke 0 shares (31.12.2021: 0 shares)
- Sakari Wallin 0 shares (31.12.2021: 0 shares)
- Torfinn Losvik 0 shares (31.12.2021: 0 shares)

Both Joakim Johan Helenius and Torfinn Losvik have indirect ownership through parent company Pärnu Holdings OÜ. In addition Torfinn Losvik owns shares in Nordic Fibreboard AS directly through Stetind OÜ in the amount of 44,206 shares (2021: 44,206 shares).

#### NOTE 12 EARNINGS PER SHARE

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 (loss) per share is calculated based on the net profit (loss) and the number of shares.

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.

|   | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|------------|------------|------------|
| Net profit (-loss) (in thousands of euros)  | 1,234      | 1,202      | 1,074      |
| Weighted average number of shares (th pc)   | 4,499      | 4,499      | 4,499      |
| Basic earnings per share (in euros)   | 0.27       | 0.27       | 0.24       |
| Weighted average number of shares used for calculating the diluted earnings per shares (th pc)                                | 4,499      | 4,499      | 4,499      |
| Diluted earnings per share (in euros)   | 0.27       | 0.27       | 0.24       |
| Book value of share (in euros)  | 1.13       | 0.86       | 0.59       |
| Price/earnings ratio (P/E)  | 5.83       | 7.30       | 1.72       |
| Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange at 31.12.2022, 31.12.2021 and 31.12.2020 (in euros) | 1.60       | 1.95       | 0.41       |

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

#### 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 and Suomen Tuulileijona Oy) - 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 48, Pärnu.

In 2022, the furniture retail sales in Estonia (Skano Furniture OÜ) has not treated separately since the said subsidiary ceased active operations in the first quarter of 2020, so this segment is no longer important. Skano Furniture OÜ was liquidated after the balance sheet date of 31.12.2022 on 18.01.2023.

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.

Nordic Fibreboard AS Consolidated Interim Report (unaudited)  
Fourth quarter and 12 months 2022

BUSINESS SEGMENTS:

| <b>12 months 2022</b><br>thousand €                  | <b>Fibreboard<br/>manufacturing<br/>and wholesale</b> | <b>Real Estate<br/>Management</b> | <b>Group's<br/>general<br/>expenses and<br/>eliminations</b> | <b>SEGMENTS<br/>TOTAL</b> |
|--|---|-----------------------------------|--|---------------------------|
| Revenue from external customers                      | 11,035  | 39                                | 0  | <b>11,074</b>             |
| Operating profit/-loss                               | 595   | 672                               | (32)   | <b>1,235</b>              |
| Amortisation/ depreciation (Notes 5; 6)              | 497   | 0                                 | 0  | <b>497</b>                |
| Segment assets                                       | 7,934   | 1,688                             | (214)  | <b>9,408</b>              |
| Non-current assets of the segment (Notes 4; 5; 6; 7) | 5,491   | 1,684                             | 0  | <b>7,175</b>              |
| Segment liabilities                                  | 4,175   | 36                                | 113  | <b>4,324</b>              |
| Additions to non-current assets (Notes 5;6)          | 279   | 10                                | 0  | <b>289</b>                |
| Interest expenses (Note 19)                          | 121   | 0                                 | 4  | <b>126</b>                |

| <b>12 months 2021</b><br>thousand €                  | <b>Fibreboard<br/>manufacturing<br/>and wholesale</b> | <b>Real Estate<br/>Manage-<br/>ment</b> | <b>Group's general<br/>expenses and<br/>eliminations</b> | <b>SEGMENTS<br/>TOTAL</b> |
|--|---|---|--|---------------------------|
| Revenue from external customers                      | 9,842   | 254                                     | 0  | <b>10,096</b>             |
| Operating profit/-loss                               | 1,057   | 15                                      | (13)   | <b>1,059</b>              |
| Amortisation/ depreciation (Notes 5; 6)              | 496   | 0                                       | 1  | <b>497</b>                |
| Segment assets                                       | 7,209   | 994                                     | (140)  | <b>8,063</b>              |
| Non-current assets of the segment (Notes 4; 5; 6; 7) | 5,736   | 977                                     | 1  | <b>6,714</b>              |
| Segment liabilities                                  | 4,049   | 14                                      | 150  | <b>4,213</b>              |
| Additions to non-current assets (Notes 5;6)          | 734   | 18                                      | 0  | <b>752</b>                |
| Interest expenses (Note 19)                          | 117   | 0                                       | 5  | <b>122</b>                |

BUSINESS SEGMENT BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

| <i>thousand €</i> | <b>12M 2022</b>                                       |   |                           | <b>12M 2021</b>                                       |   |                           |
|-------------------|---|---|---------------------------|---|---|---------------------------|
|                   | <b>Fibreboard<br/>manufacturing<br/>and wholesale</b> | <b>Real Estate<br/>Manage-<br/>ment</b> | <b>SEGMENTS<br/>TOTAL</b> | <b>Fibreboard<br/>manufacturing<br/>and wholesale</b> | <b>Real Estate<br/>Manage-<br/>ment</b> | <b>SEGMENTS<br/>TOTAL</b> |
| European Union    | 10,297  | 39                                      | <b>10,336</b>             | 8,225   | 254                                     | <b>8,478</b>              |
| Russia            | 427   | 0                                       | <b>427</b>                | 1,356   | 0                                       | <b>1,356</b>              |
| Middle East       | 154   | 0                                       | <b>154</b>                | 13  | 0                                       | <b>13</b>                 |
| Asia              | 69  | 0                                       | <b>69</b>                 | 147   | 0                                       | <b>147</b>                |
| Africa            | 0   | 0                                       | <b>0</b>                  | 46  | 0                                       | <b>46</b>                 |
| Other             | 88  | 0                                       | <b>88</b>                 | 55  | 0                                       | <b>55</b>                 |
| <b>TOTAL</b>      | <b>11,035</b>   | <b>39</b>                               | <b>11,074</b>             | <b>9,842</b>  | <b>254</b>                              | <b>10,096</b>             |



#### NOTE 14 COST OF GOODS SOLD

| <i>thousand €</i>   | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|---|----------------|----------------|-----------------|-----------------|
| Raw materials and main materials                          | 1,132          | 608            | 4,056           | 2,483           |
| Electricity, heat and water                               | 1,049          | 590            | 3,870           | 2,329           |
| Labour expenses (Note 17)                                 | 414            | 387            | 1,621           | 1,532           |
| Depreciation (Note 5; 6)                                  | 125            | 118            | 497             | 497             |
| Change in balances of finished goods and work in progress | (877)          | 75             | (1,225)         | 269             |
| Other expenses  | 47             | 65             | 205             | 184             |
| <b>TOTAL</b>  | <b>1,890</b>   | <b>1,843</b>   | <b>9,024</b>    | <b>7,294</b>    |

#### NOTE 15 DISTRIBUTION COSTS

| <i>thousand €</i>         | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|---------------------------|----------------|----------------|-----------------|-----------------|
| Transportation expenses   | 122            | 181            | 831             | 837             |
| Labour expenses (Note 17) | 48             | 68             | 186             | 199             |
| Marketing expense         | 1              | 1              | 1               | 1               |
| Commission fees           | 19             | 24             | 77              | 107             |
| Other expenses            | 3              | 3              | 17              | 24              |
| <b>TOTAL</b>              | <b>193</b>     | <b>277</b>     | <b>1,112</b>    | <b>1,168</b>    |

#### NOTE 16 ADMINISTRATIVE AND GENERAL EXPENSES

| <i>thousand €</i>         | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|---------------------------|----------------|----------------|-----------------|-----------------|
| Labour expenses (Note 17) | 53             | 60             | 226             | 220             |
| Purchased services        | 21             | 31             | 80              | 266             |
| Office supplies           | 16             | 5              | 51              | 13              |
| Depreciation (Note 5; 6)  | 0              | 0              | 0               | 1               |
| Other expenses            | 19             | 24             | 67              | 65              |
| <b>TOTAL</b>              | <b>109</b>     | <b>120</b>     | <b>424</b>      | <b>565</b>      |

#### NOTE 17 LABOUR EXPENSES

| <i>thousand €</i>                          | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|--|----------------|----------------|-----------------|-----------------|
| Wages and salaries                         | 389            | 392            | 1,537           | 1,478           |
| Social security and unemployment insurance | 126            | 123            | 496             | 473             |
| Fringe benefits paid to employees          | 4              | 8              | 12              | 19              |
| <b>TOTAL</b>                               | <b>519</b>     | <b>523</b>     | <b>2,045</b>    | <b>1,970</b>    |

#### NOTE 18 OTHER OPERATING INCOME AND EXPENSES

##### OTHER OPERATING INCOME

| <i>thousand €</i>   | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|---|----------------|----------------|-----------------|-----------------|
| Compensation from insurance                                 | 0              | 0              | 33              | 0               |
| Profit from sale of fixed assets                            | 0              | 0              | 0               | 2               |
| Profit from revaluation of real estate investments (Note 4) | 697            | 0              | 697             | 0               |
| Other operating income                                      | 0              | 0              | 0               | 3               |
| <b>TOTAL</b>  | <b>697</b>     | <b>0</b>       | <b>730</b>      | <b>5</b>        |



#### OTHER OPERATING EXPENSES

| <i>thousand €</i>               | Q4 2022  | Q4 2021  | 12M 2022 | 12M 2021  |
|---------------------------------|----------|----------|----------|-----------|
| Reclamations                    | 0        | 0        | 3        | 1         |
| Commission                      | 0        | 0        | 1        | 8         |
| Membership fees                 | 0        | 0        | 1        | 1         |
| Penalties paid                  | 0        | 2        | 3        | 5         |
| Loss from sales of fixed assets | 0        | 0        | 1        | 0         |
| <b>TOTAL</b>                    | <b>0</b> | <b>2</b> | <b>9</b> | <b>15</b> |

#### NOTE 19 FINANCIAL INCOME AND EXPENSES

| <i>thousand €</i>         | Q4 2022   | Q4 2021  | 12M 2022   | 12M 2021   |
|---------------------------|-----------|----------|------------|------------|
| Financial income:         |           |          |            |            |
| Revaluation of TPD shares | 0         | 0        | 0          | 265        |
| Received dividends        | 24        | 0        | 129        | 0          |
| <b>TOTAL</b>              | <b>24</b> | <b>0</b> | <b>129</b> | <b>265</b> |

| <i>thousand €</i>  |            |            |            |            |
|--|------------|------------|------------|------------|
| Financial cost:  |            |            |            |            |
| Interest expenses  | 31         | 35         | 126        | 122        |
| <i>including interest expenses related to provisions (Note 10)</i> | 2          | 2          | 6          | 7          |
| Revaluation of TPD shares  | 143        | 89         | 0          | 0          |
| Other finance cost   | 0          | 0          | 4          | 0          |
| <b>TOTAL</b>   | <b>174</b> | <b>124</b> | <b>130</b> | <b>122</b> |

#### 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 31 December 2022 and 31 December 2021, the largest shareholder of Pärnu Holdings OÜ and the entities with significant influence over the Group are: Joakim Johan Helenius (50%) and Stetind OÜ (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> | Q4 2022   | Q4 2021   | 12M 2022   | 12M 2021   |
|-------------------|-----------|-----------|------------|------------|
| Membership fees   | 53        | 59        | 200        | 184        |
| Social tax        | 17        | 20        | 67         | 61         |
| <b>Total</b>      | <b>70</b> | <b>79</b> | <b>267</b> | <b>245</b> |



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.

SALES AND PURCHASES FROM RELATED PARTIES:

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

| <i>thousand €</i>  | <b>Q4 2022</b> | <b>Q4 2021</b> | <b>12M 2022</b> | <b>12M 2021</b> |
|--------------------|----------------|----------------|-----------------|-----------------|
| Purchased services | 5              | 5              | 17              | 17              |
| <b>Total</b>       | <b>5</b>       | <b>5</b>       | <b>17</b>       | <b>17</b>       |

BALANCES WITH RELATED PARTIES AS OF:

| <i>thousand €</i>  | <b>31.12.2022</b> | <b>31.12.2021</b> |
|--------------------|-------------------|-------------------|
| Purchased services | 1                 | 1                 |
| <b>Total</b>       | <b>1</b>          | <b>1</b>          |

