



**3rd Quarter
Interim Report
2020**

NORDIC FIBREBOARD AS

Consolidated Interim Report for the
Third Quarter of 2020

Beginning of the Interim Report Period:	1.07.2020
End of the Interim Report Period:	30.09.2020
Beginning of the financial year:	1.01.2020
End of the financial year:	31.12.2020
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Auditor:	AS PricewaterhouseCoopers
Main activity:	Production and sales of fibreboards

CONTENTS

COMPANY PROFILE	3
MANAGEMENT REPORT	4
DECLARATION OF THE MANAGEMENT BOARD	10
INTERIM FINANCIAL STATEMENTS	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS	11
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	12
CONSOLIDATED STATEMENT OF CASH FLOWS.....	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE CONSOLIDATED INTERIM REPORT	15
NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT BASES	15
NOTE 2 CASH AND CASH EQUIVALENTS.....	18
NOTE 3 TRADE AND OTHER RECEIVABLES	18
NOTE 4 INVENTORIES.....	18
NOTE 5 INVESTMENT PROPERTY.....	19
NOTE 6 PROPERTY PLANT EQUIPMENT AND RIGHT-OF-USE ASSETS	20
NOTE 7 INTANGIBLE ASSETS	21
NOTE 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS.....	21
NOTE 9 BORROWINGS.....	22
NOTE 10 TRADE AND OTHER PAYABLES	23
NOTE 11 PROVISIONS.....	23
NOTE 12 EQUITY.....	24
NOTE 13 EARNINGS PER SHARE	26
NOTE 14 SEGMENTS.....	26
NOTE 15 COST OF GOODS SOLD	28
NOTE 16 DISTRIBUTION COSTS	29
NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES	29
NOTE 18 LABOUR EXPENSES	29
NOTE 19 OTHER OPERATING INCOME AND EXPENSES.....	29
NOTE 20 FINANCIAL INCOME AND EXPENSES	30
NOTE 21 RELATED PARTIES	30
NOTE 22 DISCONTINUED OPERATIONS.....	31
NOTE 23 EVENTS AFTER BALANCE SHEET DATE.....	32

COMPANY PROFILE

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

The Group, as of 30.09.2020, therefore consists of the following companies, all 100% owned:

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

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

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

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

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

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

As at 30.09.2020 the Group employed 99 people (30.09.2019: 128 people from continuing operations).



MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED THIRD QUARTER 2020 RESULTS

Consolidated net sales for Q3 2020 were € 2.51 million from continuing operations (Q3 2019: € 3.34 million from continuing operations). The sales revenue of the Group's main business segment, fibreboard, for Q3 2020 were € 2.48 million (Q3 2019: € 3.06 million). The main reason for this drop in sales was due to the closure of the Püssi factory in March 2020, which came about as a result of the loss of orders from customers within the display board industry caused by the COVID-19 pandemic. Furniture retail sales revenue for Q3 2020 were € 0 thousand, the decrease in sales (compared to Q3 2019: € 265 thousand) was due to the Group exiting the furniture retail segment earlier this year, with some remaining stock sales taking place during Q1 and Q2 2020. Rental and property development sales, includes the resale of utilities, in Q3 2020 were € 36 thousand (Q3 2019: € 32 thousand). Revenue from rental and property development increased due to more tenants being secured for the premises in Suur-Jõe 48, Pärnu.

Group EBITDA for Q3 2020 was positive € 366 thousand from continuing operations (Q3 2019: € 120 thousand from continuing operations), of which the fibreboard division EBITDA was positive € 370 thousand (Q3 2019: positive € 152 thousand). After depreciation and interest, group net profit for Q3 2020 was € 183 thousand from continuing operations (Q3 2019 net loss of € 671 thousand from continuing operations). The main reason for the loss in the Q3 2019 was the extraordinary loss of € 540 thousand received from the sale of the subsidiary Skano Furniture Factory OÜ.

The Group's consolidated EBITDA has improved compared to the same period last year, the main reason being the much improved performance of the fibreboard division. The closure of the Püssi fibreboard factory enabled us to switch the Püssi factory construction sector orders to our Pärnu factory, and we started a 4th shift in Pärnu in April 2020 as a result thereof. The Pärnu factory is now running all the time, except for a one-shift maintenance stop every month. This has led to increased machine utilisation, and gross margin for Nordic Fibreboard Ltd OÜ has therefore increased substantially, being 29% in Q3 2020 (from being 18% in Q3 2019).

DIVISIONAL REVIEW

REVENUE BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q3 2020	Q3 2019	9M 2020	9M 2019
<i>Continued operations</i>				
Fibreboards production and sales	2,477	3,064	7,994	8,970
Furniture retail	0	265	55	1,126
Real Estate Management	36	32	148	48
Group transactions	0	(17)	0	(37)
TOTAL from continued operations	2,512	3,344	8,197	10,108
<i>Discontinued operations</i>				
	0	262	0	1,215
TOTAL	2,512	3,606	8,197	11,323



PROFIT BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q3 2020	Q3 2019	9M 2020	9M 2019
EBITDA by business units:				
Fibreboards production and sales	370	152	458	188
Furniture retail	(0)	(95)	(39)	(134)
Real Estate Management	1	14	(2)	30
Group transactions	(5)	49	(13)	100
TOTAL EBITDA	366	120	403	184
Depreciation	135	176	422	492
TOTAL OPERATING PROFIT/ LOSS	231	(57)	(19)	(308)
Net financial costs	49	615	139	744
NET PROFIT/ LOSS	183	(671)	(158)	(1,052)
Discontinued operations	0	(29)	0	(271)
TOTAL	183	(700)	(158)	(1,324)

NORDIC FIBREBOARD LTD: FIBREBOARD SALES

Fibreboard sales in Q3 2020 were € 2.48 million, which are 19% lower than in the same period last year (2019: € 3.06 million). We sold our products to customers in 19 countries during Q3 2020. The main reason for the drop in sales was the loss of display board customers, boards for this sector was produced in the Püssi factory, which we closed in March 2020. However, sales to our customers within the construction sector in our main northern European markets have been stable. Finland, our largest market accounted for 27% of total fibreboard sales this year (up from being 26% of total sales in 9M in 2019). In the Q3 2020 compared to the Q3 2019, we recorded sales growth in the next large markets for us, these being Denmark and Estonia, while we recorded sales decline in markets further afield mainly due to the negative effect in many such markets caused by the corona virus.

By adding a 4th shift in our Pärnu production, and thus achieving full machine utilisation, has led to a strong increase in Fibreboard's gross margin from being 18% in Q3 2019 to now reaching 29% in Q3 2020. Overhead costs for Q3 2020 was down 16% compared to Q3 2019, and EBITDA for Q3 2020 was thus positive € 370 thousand (15% of sales in Q3 2020), compared to Q3 2019 EBITDA positive € 152 thousand.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		€ thousand	
	Q3 2020	Q3 2019	9M 2020	9M 2019
European Union	2,003	2,291	6,693	6,620
Russia	360	417	934	1,169
Asia	62	157	140	400
Middle East	10	34	55	160
Africa	8	122	96	421
Other	32	43	77	200
TOTAL	2,477	3,064	7,994	8,970



SKANO FURNITURE: RETAIL SALES

There was no retail sales revenue of furniture in the Q3 2020 (2019 Q3 € 265 thousand). However, this business has been closed down, as earlier informed, and the sales recorded in 9 months 2020 was from some remaining stock.

RETAIL SALES BY COUNTRIES

	€ thousand		€ thousand		Number of stores	
	Q3 2020	Q3 2019	9M 2020	9M 2019	30.09.2020	30.09.2019
Estonia	0	162	55	783	0	3
Latvia*	0	40	0	125	0	0
Lithuania*	0	63	0	218	0	0
TOTAL	0	265	55	1,126	0	3

* Latvian and Lithuanian stores were closed on 30.09.2019

PÄRNU RIVERSIDE DEVELOPMENT: REAL ESTATE MANAGEMENT

Rental income, including the resale of utilities, was € 36 thousand in Q3 2020 (2019 Q3 € 32 thousand). The company's expenses consist of operating expenses and expenses related to the ongoing detail plan project, which resulted in positive EBITDA of € 1 thousand for Q3 2020 (2019 Q3 positive € 14 thousand). Real Estate Management net profit in Q3 2020 were € 1 thousand (2019 Q3: loss € 8 thousand).

The reason for the change in EBITDA and net profit/loss is the change in the accounting policies for investment properties adopted at the end of 2019, where instead of the measured cost, investment properties were recognized in the balance sheet at fair value.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 30.09.2020 the total assets of Nordic Fibreboard AS were € 7.8 million (30.09.2019: € 9.4 million). The liabilities of the company as of 30.09.2020 were € 6.3 million (30.09.2019: € 7.8 million), of which Group has borrowings of € 4.5 million as at 30.09.2020 (30.09.2019: € 4.8 million).

Receivables and prepayments amounted to € 1.0 million as at 30.09.2020 (30.09.2019: € 1.8 million). Inventories were € 0.4 million as of 30.09.2020 (30.09.2019: € 1.1 million). Investment property increased due to a change in accounting policies from € 816 thousand as at 30.09.2019 to € 1.1 million as at 30.09.2020. Financial investments (i.e. Trigon Property Development shares) increased from € 378 thousand as at 30.09.2019 to € 418 thousand as at 30.09.2020. Property, plant, equipment and intangibles were € 4.8 million as of 30.09.2020 (€ 5.3 million as of 30.09.2019).

During 2020 9M, the Group's cash flows from operating activities totalled cash inflow of € 115 thousand (2019 6M: cash inflow € 335 thousand). Investment activities resulted in cash outflows in amount of € 39 thousand during 2020 9M, compared to outflows in amount € 107 thousand during 9M 2019. Financing activities also resulted in cash outflows of € 79 thousand during 9M 2020 (2019 9M: cash outflow € 238 thousand). Net cash effect during 2020 9M showed cash outflows of € 3 thousand, (2019 9M: cash outflows € 10 thousand).



OUTLOOK

NORDIC FIBREBOARD LTD

The order book from our traditional customers in our largest markets in northern Europe remains strong, although it is very difficult to predict what will happen in the future due to the continuing uncertainty surrounding the COVID-19 pandemic.

Nordic Fibreboard Ltd recorded net loss in October 2020 of € 27 thousand, such loss was mainly the result of the factory's planned 2 week stoppages in early October. The production workers did not take their annual 2 week holiday during summer due to large order backlog we had at that time, instead it was moved to the early part of October. Thus, Pärnu factory's output in October was reduced as a result thereof, which impacted sales negatively, and thus resulted in the aforementioned net loss of € 27 thousand.

Next planned production holiday will take place in latter part of December which will also affect negatively compared to the results achieved during Q3 when there were no production holiday.

PÄRNU RIVERSIDE DEVELOPMENT

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

PEOPLE

On the 30th of September 2020, the Group employed 99 people (compared to 128 people as of 30.09.2019 from continuing operations). The average number of personnel in Q3 2020 was 94 (Q3 2019: 123 from continuing operations). The reason for the decline in the number of employees compared to the same quarter last year is the closure of a factory in Püssi in March this year.

For nine months of 2020, wages and salaries with taxes amounted to € 1.6 million from continuing operations (nine months 2019: € 1.9 million from continuing operations). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were € 158 thousand during 9M 2020 and € 148 thousand during 9M 2019.



FINANCIAL HIGHLIGHTS

€ thousand

Income statement	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	2,512	3,344	8,197	10,108
EBITDA	366	120	403	184
EBITDA margin	15%	4%	5%	2%
Operating profit	231	(57)	(19)	(308)
Operating margin	9%	(2%)	(0%)	(3%)
Net profit	183	(671)	(158)	(1,052)
Net margin	7%	(20%)	(2%)	(10%)
Discontinued operations	0	(29)	0	(271)
TOTAL NET PROFIT	183	(700)	(158)	(1,324)

Statement of financial position	30.09.2020	31.12.2019	30.09.2019	31.12.2018
Total assets	7,753	9,045	9,418	10,307
Return on assets	(2%)	(12%)	(11%)	(3%)
Equity	1,414	1,542	1,606	2,901
Return on equity	(11%)	(73%)	(66%)	(12%)
Debt-to-equity ratio	82%	83%	83%	72%

Share	30.09.2020	31.12.2019	30.09.2019	31.12.2018
Last Price*	0.40	0.41	0.41	0.36
Earnings per share	(0.04)	(0.31)	(0.23)	(0.20)
Price-earnings ratio	(11.48)	(1.32)	(1.74)	(1.81)
Book value of a share	0.31	0.34	0.36	0.64
Market to book ratio	1.28	1.20	1.14	0.56
Market capitalization, € thousand	1,809	1,845	1,845	1,620
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Last price / Earnings per share

Book value of a share = Equity / Total shares

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

Market capitalization = Last price * Total shares

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



FINANCIAL RISKS

INTEREST RATE RISK

Nordic Fibreboard AS's interest rate risk relates to changes in EURIBOR (Euro Interbank Offered Rate) since our loans are linked to EURIBOR. At 30.09.2020 six months' EURIBOR rate was (0.480)% and at 30.09.2019 six months' EURIBOR rate was (0.394)%. As EURIBOR is negative and in the loan agreements it is set to 0%, the continued negative rate of EURIBOR does not have interest expense reducing effect. As the borrowing have a maturity of up to 1 years or less, management is in 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 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 and goods purchased for resale in our retail operations are 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. In addition we have the increased risk of possible declining economic environment due to the COVID-19 pandemic.

FAIR VALUE

The management estimates that the fair values of cash, accounts 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 2020.

The Management Board confirms that the management report on pages 4-9 provides a true and fair view of the business operations, financial results and financial condition of the parent company and the entities included in consolidation.

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

Torfinn Losvik

Chairman of the Management Board

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Pärnu, November 27, 2020



INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

<i>€ thousand</i>	30.09.2020	31.12.2019	30.09.2019
Cash and cash equivalents (Note 2)	4	7	44
Receivables and prepayments (Note 3)	1,008	1,394	1,781
Inventories (Note 4)	410	894	1,068
Total current assets	1,423	2,296	2,893
Investment property (Note 5)	1,126	1,121	816
Available-for-sale financial assets (Note 8)	418	397	378
Property, plant and equipment (Note 6)	4,777	5,212	5,306
Intangible assets (Note 7)	10	19	24
Total non-current assets	6,331	6,749	6,525
TOTAL ASSETS	7,753	9,045	9,418
Borrowings (Notes 9)	4,436	4,547	531
Payables and prepayments (Notes 10)	1,674	2,665	2,789
Short-term provisions (Note 11)	4	20	5
Total current liabilities	6,114	7,232	3,325
Long-term borrowings (Notes 9)	47	92	4,277
Long-term provisions (Note 11)	179	179	210
Total non-current liabilities	226	271	4,486
Total liabilities	6,340	7,503	7,811
Share capital (at nominal value) (Note 12)	450	2,699	2,699
Share premium	0	364	364
Statutory reserve capital	0	288	288
Other reserves	114	84	75
Retained earnings (loss)	850	(1,894)	(1,819)
Total equity	1,414	1,542	1,606
TOTAL LIABILITIES AND EQUITY	7,753	9,045	9,418

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



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	Q3 2020	Q3 2019	9M 2020	9M 2019
Continued operations				
Revenue (Note 14)	2,512	3,344	8,197	10,108
Cost of goods sold (Note 15)	1,892	2,764	6,508	8,610
Gross profit	620	581	1,689	1,498
Distribution costs (Note 16)	282	460	1,015	1,317
Administrative expenses (Note 17)	126	156	430	410
Other operating income (Note 19)	22	2	24	24
Other operating expenses (Note 19)	3	23	287	103
Operating profit (loss)	231	(57)	(19)	(308)
Finance income (Note 20)	4	0	41	0
Finance costs (Note 20)	53	614	179	744
Loss before income tax	183	(671)	(158)	(1,052)
Corporate income tax	0	0	0	0
Net profit (loss) for the financial period from continuing operations	183	(671)	(158)	(1,052)
Net profit (loss) for the period from discontinuing operations	0	(29)	0	(271)
Net profit (loss) for the financial period	183	(700)	(158)	(1,324)
Basic earnings per share (Note 13)	0.04	(0.16)	(0.04)	(0.29)
Diluted earnings per share (Note 13)	0.04	(0.16)	(0.04)	(0.29)

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



CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	9M 2020	9M 2019
Cash flows from operating activities		
Operating profit (loss)	(19)	(308)
Adjustments:		
Depreciation charge (Notes 5;6;7)	424	492
Profit/loss from disposal of fixed assets (Note 19)	(21)	0
Write down of fixed assets (Note 6)	0	(747)
Currency translation differences	(1)	0
Profit/loss from disposal of available-for-sale financial assets (Notes 8)	(21)	44
Non-monetary transactions: reserve for share option (Note 12)	29	29
Change in trade and other receivables (Note 3)	387	(1,038)
Change in inventories (Note 4)	484	406
Change in trade and other payables (Note 10)	(991)	741
Discontinued operations	0	933
Cash generated from operations	271	552
Interest payments (Note 20)	(155)	(167)
Net other financial income and expense	(1)	(50)
Net cash generated from operating activities	115	335
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 6;7)	(58)	(87)
Disposal of property, plant and equipment and intangible assets (Note 6;7)	24	0
Purchase of investment property	(5)	(20)
Net cash used in investing activities	(39)	(107)
Cash flows from financing activities		
Repayment of loans received (Note 9)	(4)	(223)
Loans received from related parties (Note 9)	475	223
Repayment of loans received from related parties (Note 9)	(495)	(193)
Finance lease payments (Note 9)	(50)	(67)
Change in overdraft (Note 9)	(5)	22
Net cash (used in)/from financing activities	(79)	(238)
NET CHANGE IN CASH	(3)	(10)
OPENING BALANCE OF CASH (Note 2)	7	54
CLOSING BALANCE OF CASH (Note 2)	4	44

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>€ thousand</i>	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	Total
Balance at 31.12.2018	2,699	364	288	45	(496)	2,901
Share options 9M 2019	0	0	0	29	0	29
<i>Net profit/loss for 9M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1,324)</i>	<i>(1,324)</i>
<i>Other comprehensive income for 9M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 9M 2019	0	0	0	0	(1,324)	(1,324)
Balance at 30.09.2019	2,699	364	288	75	(1,819)	1,606
Balance at 31.12.2019	2,699	364	288	84	(1,894)	1,542
Share options 9M 2020	0	0	0	29	0	29
Retained earnings	(2,250)	(364)	(288)	0	2,902	0
<i>Net profit/loss for 9M 2020</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(158)</i>	<i>(158)</i>
<i>Other comprehensive income for 9M 2020</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 9M 2020	0	0	0	0	(158)	(158)
Balance at 30.09.2020	450	0	0	114	850	1,414

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



NOTES TO THE CONSOLIDATED INTERIM REPORT

NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT BASES

GENERAL INFORMATION

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

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

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

The Group's shares were listed in the Main List of the Tallinn Stock Exchange until 2nd of April 2019, when the shares were moved from the Main List to the Secondary List. Until November 2009, the ultimate controlling party of Nordic Fibreboard AS was TDI Investments KY. The Group has since November 2009 not had any ultimate controlling party. Its largest shareholder today is Pärnu Holdings OÜ (owning 59.62%), of which the main investors with the largest holdings in Pärnu Holdings OÜ have significant influence over the Group as at 30 June 2020 and 30 June 2019, these being AS Trigon Capital (46%) and Stetind OÜ (47%).

BASIS FOR PREPARATION

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

According to the assessment of the Management Board Nordic Fibreboard AS is a going concern and the Interim Report for the 3rd quarter of 2020 gives a true and fair view of the financial position of Nordic Fibreboard AS and the results of its operations.

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

IMPORTANT CHANGES IN ACCOUNTING POLICIES

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

IFRS 16, LEASES

IFRS 16 „Leases“ (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead,



introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. As at 31 December 2018, the Group had long-term leases that meet such conditions.

Impact on first-time adoption of new standard on 1 January 2019:

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

CHANGE IN THE GROUP'S ACCOUNTING POLICY

From 2019 the company changed the accounting policy for recognizing investment properties retrospectively. Investment properties are now recognized at the fair value instead of the previously used adjusted cost principle. The change was made because it is the opinion of the Management that the fair value principle better reflects the value position of the Group's investment properties. Mainly because when subsidiary Pärnu Riverside Development OÜ was established by the demerger of



subsidiary, then the new subsidiary became the new owner of the land and is dealing with the realization of the development potential of the land plot. Valuation of investment property in Suur-Jõe street 48 at fair value was based on an expert valuation report conducted by an independent valuer in 2019 and valuation of investment property in Rääma street 31 at fair value was based on a decision on the Management and an expert evaluation report prepared by an independent valuer in 2016.

NOTE 2 CASH AND CASH EQUIVALENTS

<i>€ thousand</i>	30.09.2020	31.12.2019	30.09.2019
Cash on hand	0	1	3
Bank Accounts	4	6	41
TOTAL	4	7	44

NOTE 3 TRADE AND OTHER RECEIVABLES

<i>€ thousand</i>	30.09.2020	31.12.2019	30.09.2019
Customer receivables	921	1,186	1,534
Prepaid taxes	72	185	190
Other receivables	6	7	16
Prepaid services	8	16	42
TOTAL	1,008	1,394	1,781

ANALYSIS OF TRADE RECEIVABLES BY AGING:

<i>thousand €</i>	30.09.2020	31.12.2019	30.09.2019
Not past due	848	1,033	1,491
incl receivables from customers who also have receivables past due	393	388	431
incl receivables from customers who have no receivables past due	455	646	1,060
Past due but not impaired	73	152	43
Overdue up to 90 days	55	140	43
Overdue more than 90 days	19	12	0
TOTAL	921	1,186	1,534

NOTE 4 INVENTORIES

<i>€ thousand</i>	30.09.2020	31.12.2019	30.09.2019
Raw materials and other materials	135	218	214
Work-in-progress	80	130	125
Finished goods	220	568	592
Goods purchased for resale	0	59	139
Goods in transit	0	0	40
Prepayments to suppliers	18	18	14
Write-off reserve for inventories	(42)	(100)	(56)
TOTAL	410	894	1,068



NOTE 5 INVESTMENT PROPERTY

	<i>thousand €</i>
Carrying amount 31.12.2018	175
Capitalized cost	20
Reclassification from fixed assets (Suur-Jõe 48)	621
Carrying amount 30.09.2019	816
Carrying amount 31.12.2019	1,121
Capitalized cost	5
Carrying amount 30.09.2020	1,126

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.

Costs of maintenance for 9M 2020 were € 150 thousand and € 18 thousand in 9M 2019. Rental income from investment properties, including utilities, for 9M 2020 was € 148 thousand and € 48 thousand in 9M 2019. Acquisitions of investment property during 2020 are related to expenses of Suur-Jõe 48, Pärnu detail plan.

INVESTMENT PROPERTY BY LOCATION:

	<i>thousand €</i>
31.12.2018	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	5
Share of registered immovable property at Rääma Street 31, Pärnu	170
30.09.2019	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	646
Share of registered immovable property at Rääma Street 31, Pärnu	170
31.12.2019	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	951
Share of registered immovable property at Rääma Street 31, Pärnu	170
30.09.2020	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	956
Share of registered immovable property at Rääma Street 31, Pärnu	170



NOTE 6 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
Cost at 31.12.2018	223	4,970	14,500	164	0	0	19,857
Accumulated depreciation at 31.12.2018	0	(3,308)	(10,169)	(157)	0	0	(13,634)
Carrying amount at 31.12.2018	223	1,662	4,331	7	0	0	6,223
Additions	0	0	23	0	64	0	86
Right-of-use assets additions	0	0	0	0	0	210	210
Reclassification	(32)	(2,397)	16	0	(16)	0	(2,429)
Change in accounting policies	0	0	0	0	0	73	73
Disposals and write-offs (Note 19)	0	0	(3,787)	(65)	0	(17)	(3,868)
Accumulated depreciation of fixed assets written off	0	0	3,698	64	0	17	3,778
Accumulated depreciation of reclassification assets written off	0	1,772	0	0	0	0	1,772
Depreciation (Notes 15;16;17)	0	(92)	(368)	(1)	0	(78)	(540)
Cost at 30.09.2019	191	2,573	10,752	99	48	266	13,929
Accumulated depreciation at 30.09.2019	0	(1,629)	(6,839)	(94)	0	(61)	(8,623)
Carrying amount at 30.09.2019	191	945	3,913	5	48	205	5,306
Cost at 31.12.2019	191	2 573	10,773	95	70	267	13,969
Accumulated depreciation at 31.12.2019	0	(1,649)	(6,938)	(91)	0	(79)	(8,757)
Carrying amount at 31.12.2019	191	924	3,835	4	70	188	5,212
Additions	0	0	25	0	32	0	58
Reclassification	0	0	80	0	(80)	0	0
Disposals and write-offs (Note 19)	0	(15)	(9)	(2)	0	(137)	(162)
Accumulated depreciation of fixed assets written off	0	14	8	2	0	60	84
Depreciation (Notes 15;16;17)	0	(62)	(300)	(1)	0	(51)	(414)
Cost at 30.09.2020	191	2,559	10,870	93	23	130	13,864
Accumulated depreciation at 30.09.2020	0	(1,698)	(7,230)	(90)	0	(69)	(9,087)
Carrying amount at 30.09.2020	191	861	3 639	3	23	60	4,777



NOTE 7 INTANGIBLE ASSETS

<i>thousand €</i>	Computer software
Cost at 31.12.2018	129
Accumulated amortisation at 31.12.2018	(96)
Carrying amount 31.12.2018	34
Disposals and write-offs 9M 2019	(39)
Amortisation charge of fixed assets written off	39
Amortisation charge (Notes 15;16;17)	(11)
Cost at 30.09.2019	90
Accumulated amortisation at 30.09.2019	(67)
Carrying amount 30.09.2019	23
Cost at 31.12.2019	88
Accumulated amortisation at 31.12.2019	(69)
Carrying amount 31.12.2019	19
Amortisation charge 9M 2020 (Notes 15;16;17)	(9)
Cost at 30.09.2020	88
Accumulated amortisation at 30.09.2020	(78)
Carrying amount 30.09.2020	10

NOTE 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>thousand €</i>	30.09.2020	Change 9M 2020	31.12.2019	31.12.2018
Non-current assets				
Listed securities - Equity securities - cost as at	410	0	410	410
Revaluation	8	21	(13)	12
Fair value as at	418	21	397	422

**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 30.09.2020 as shown on Nasdaq Tallinn Stock Exchange.*



NOTE 9 BORROWINGS

Until September 2020 the loan agreements contain covenants whereby the debt to EBITDA ratio of the group on a 12-month basis may be up to 5, the DSCR must be maintained at least 1.4 at all times and the annual capital expenditures are capped at 300 thousand €. Waiver was obtained from lender in respect of breaching the financial covenants as at 31 December 2018 and the loan repayment term extended until 30.09.2020, provided that the lender assesses the borrower's solvency every three months. Negotiations are currently underway with lenders to extend the loan for a long period time.

<i>thousand €</i>	Interest rate	30.09.2020	31.12.2019	30.09.2019
Current borrowings				
Current portion of long-term bank loan	6 month euribor+4.55%	4,086	4,090	83
Current portion of long-term financial lease	6 month euribor+margin (2.19-2.49%)	14	97	28
Short term loan from related parties	5%	0	20	30
Bank overdrafts	5%	335	340	390
Total		4,436	4,547	531
Non-current borrowings				
Current portion of long-term bank loan	6 month euribor+4.55%	0	0	4,090
Non-current financial lease	6 month euribor+margin (2.19-2.49%)	47	92	187
Total		47	92	4,277
Total borrowings		4,483	4,639	4,808

* As at 28.10.2020 the short-term loan balance with related parties is € 0.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2019	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Reclassification	30.09.2020
Current portion of long-term bank loan	4,090	(4)	0	142	(142)	0	4,086
Current portion of long-term financial lease	97	(50)	(32)	1	(1)	0	14
Short term loan from related parties	20	(20)	0	0	0	0	0
Bank overdrafts	340	(5)	0	12	(12)	0	335
Non-current bank loans	0	0	0	0	0	0	0
Non-current financial lease	92	0	(45)	0	0	0	47
Total liabilities from financing activities	4,639	(79)	(78)	155	(155)	0	4,483



CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2018	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Reclassification	30.09.2019
Current portion of long-term bank loan	284	(223)	0	148	(148)	22	83
Current portion of long-term financial lease	0	(67)	96	3	(3)	0	28
Short term loan from related parties	0	30	0	0	0	0	30
Bank overdrafts	368	22	0	15	(15)	0	390
Non-current bank loans	4,112	0	0	0	0	(22)	4,090
Non-current financial lease	0	0	187	0	0	0	187
Total liabilities from financing activities	4,763	(238)	282	167	(167)	0	4,808

NOTE 10 TRADE AND OTHER PAYABLES

<i>thousand €</i>	30.09.2020	31.12.2019	30.09.2019
Trade payables (Note 3)	1,225	2,226	2,189
Payables to employees incl. accrued holiday pay reserve	149 36	163 36	174 52
Tax liabilities incl. social security and unemployment insurance	186 133	162 101	191 140
personal income tax	40	42	53
contribution to mandatory funded pension	3	4	6
value added tax	0	5	119
other taxes	9	10	19
Prepayments received	43	82	172
Other payables (Note 3)	72	32	63
TOTAL	1,674	2,665	2,789

NOTE 11 PROVISIONS

Provisions are made in relation to the compensations for loss of working capacity of former employees after work accidents. The total amount of the provision has been estimated considering the number of persons receiving the compensation, extent of their disability, their former level of salary, level of pension payments and estimations of the remaining period of payments. In 2019 the provision reserve decreased by € 10 thousand due to the death of one such former employee.



<i>thousand €</i>	
Balance at 31.12.2018	225
incl. current portion of provision	15
incl. non-current portion of provision	210
Movements 2019 9M:	
Use of provision	(10)
Interest cost (Note 20)	5
Balance at 30.09.2019	215
incl. current portion of provision	5
incl. non-current portion of provision	210
Balance at 31.12.2019	199
incl. current portion of provision	20
incl. non-current portion of provision	179
Movements 2020 9M:	
Use of provision	(17)
Interest cost (Note 20)	2
Balance at 30.09.2020	183
incl. current portion of provision	4
incl. non-current portion of provision	179

NOTE 12 EQUITY

	Nominal value	Number of shares	Share capital
	€	pcs	<i>thousand €</i>
Balance at 30.09.2020	0.10	4,499,061	450
Balance at 31.12.2019	0.60	4,499,061	2,699
Balance at 30.09.2019	0.60	4,499,061	2,699
Balance at 31.12.2018	0.60	4,499,061	2,699

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

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

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



As at 30.09.2020 the Group had 463 shareholders (30.09.2019: 434 shareholders) of which with more than 5% ownership interest were:

- Pärnu Holdings OÜ with 2,682,192 shares or 59.62% (30.09.2019: 59.62%)
- Gamma Holding Investment OÜ with 358,300 shares or 7.96% (30.09.2019: 8.06%)

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 (30.09.2019: 20.000 shares)
- Jan Peter Ingman 0 shares (30.09.2019: 0 shares)
- Trond Brekke 0 shares (30.09.2019: 0 shares)
- Sakari Wallin 0 shares (30.09.2019: 0 shares)
- Torfinn Losvik 0 shares (30.09.2019: 0 shares)

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

As of 30.09.2019 Torfinn Losvik has a share option agreement with up to maximum 300,000 share options, such share option agreement was signed 11 October 2017. The agreement stipulates as follow:

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

Based on Nordic Fibreboard AS share historical volatility of 85% over past 4 years (2014-2017), the management has evaluated value of the call option of the option agreement to be of 77% compared to agreed strike price. As a result, a monthly reserve of € 3 thousand is accounted for the next 36 months starting from November 2017.



NOTE 13 EARNINGS PER SHARE

	30.09.2020	31.12.2019	31.12.2018
Net profit (-loss) (in thousands of euros)	(158)	(1,398)	(891)
Weighted average number of shares (th units)	4,499	4,499	4,499
Basic earnings per share	(0.04)	(0.31)	(0.20)
Weighted average number of shares used for calculating the diluted earnings per shares (units)	4,630	4,630	4,630
Diluted earnings per share	(0.03)	(0.30)	(0.19)
Book value of share	0.31	0.34	0.64
Price/earnings ratio (P/E)	(11.48)	(1.32)	(1.81)
Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange on 30.09.2020, 31.12.2019, 31.12.2018	0.40	0.41	0.36
Weighted average number of shares used as the denominator (units)			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	4,499	4,499	4,499
Adjustments for calculation of diluted earnings per share:			
Share options (2017 program)	131	131	131
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,630	4,630	4,630

Diluted earnings (loss) per share is calculated based on the net profit (loss) and the number of shares plus contingent shares corresponding with the Group's option program started from 2015. Nordic Fibreboard AS share price on average has been lower than the exercise price of options granted to Gregory Devine Grace. The share options were valid until 31.12.2018 with strike price of € 1.10. Since the Strike price was higher compared to the market price the option agreement was not used, thus the option reserve was released and accounted in retained earnings.

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

NOTE 14 SEGMENTS

Operating segments have been determined based on the reports reviewed by the Management Board that are used to make strategic decision. The Management Board considers the 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.
- Furniture manufacturing and sale (Skano Furniture Factory OÜ) - the production and wholesale of household furniture in the factory located in Pärnu.*
- Furniture retail sale (Skano Furniture OÜ, SIA Skano, UAB Skano LT) - retail sales of furniture in Estonia, Latvia and Lithuania.
- Real Estate Management (Pärnu Riverside Development OÜ).

* Discontinued operations, the subsidiary was sold on 05.09.2019.

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 2020 <i>thousand €</i>	Fibreboard manu- facturing and wholesale	Real Estate Manage ment	Furni- ture retail sale	Group's general expenses and eliminations	CONTINUED SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
Revenue from external customers	7,994	148	55	0	8,197	0	8,197
Inter-segment revenue	0	0	0	(0)	0	0	0
Operating profit/-loss	36	(2)	(39)	(14)	(19)	0	(19)
Amortisation* (Notes 6; 7)	422	0	0	0	422	0	422
Segment assets	6,862	995	8	(112)	7,753	0	7,753
Non-current assets of the segment* (Note 5;6;7;8)	5,373	956	0	1	6,331	0	6,331
Segment liabilities	5,833	32	480	(5)	6,340	0	6,340
Additions to non-current assets* (Note 5;6;7)	58	5	0	0	63	0	63
Interest expenses (Note 20)	143	0	0	13	156	0	156

9 months 2019 <i>thousand €</i>	Fibreboard manu- facturing and wholesale	Real Estate Manage ment	Furni- ture retail sale	Group's general expenses and eliminations	CONTINUED SEGMENTS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
Revenue from external customers	8,970	15	1,122	0	10,108	1,215	11,323
Inter-segment revenue	0	33	4	(37)	0	0	0
Operating profit/-loss	(266)	(6)	(135)	99	(308)	(253)	(562)
Amortisation* (Notes 6; 7)	454	36	1	0	492	78	570
Segment assets	8,461	689	348	(80)	9,418	0	9,418
Non-current assets of the segment* (Note 5;6;7;8)	5,943	646	2	(66)	6,525	0	6,525
Segment liabilities	7,004	24	715	69	7,811	0	7,811
Additions to non-current assets* (Note 6;7)	297	641	0	0	937	0	937
Interest expenses (Note 20)	153	0	1	1	155	17	172

* Property, plant and equipment of the segment



BUSINESS SEGMENT BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

<i>thousand €</i>	9M 2020					
	Fibreboard manufacturing and wholesale	Real Estate Management	Retail	CONTINUING OPERATIONS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
European Union	6,693	148	55	6,897	0	6,897
Russia	934	0	0	934	0	934
Middle East	55	0	0	55	0	55
Asia	140	0	0	140	0	140
Africa	96	0	0	96	0	96
Other	77	0	0	77	0	77
Grand Total	7,994	148	55	8,197	0	8,197

<i>thousand €</i>	9M 2019					
	Fibreboard manufacturing and wholesale	Real Estate Management	Retail	CONTINUING OPERATIONS TOTAL	Discontinued operations (furniture manufacturing and wholesale)	SEGMENTS TOTAL
European Union	6,620	15	1,122	7,758	637	8,395
Russia	1,169	0	0	1,169	458	1,627
Middle East	160	0	0	160	72	232
Asia	429	0	0	429	0	429
Africa	421	0	0	421	0	421
Other	171	0	0	171	48	219
Grand Total	8,970	15	1,122	10,108	1,215	11,323

NOTE 15 COST OF GOODS SOLD

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Raw materials and main materials	677	1,075	2,123	3,022
Electricity and heat	584	837	2,150	2,350
Labour expenses (Note 18)	405	469	1,244	1,345
Depreciation (Note 6;7)	135	154	421	454
Purchased goods	0	200	69	919
Change in balances of finished goods and work in progress	35	(21)	313	353
Other expenses	56	51	189	166
TOTAL	1,892	2,764	6,508	8,610



NOTE 16 DISTRIBUTION COSTS

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Transportation expenses	189	253	739	741
Labour expenses (Note 18)	43	102	145	269
Operating Lease	0	0	0	0
Marketing expense	0	14	2	55
Commission fees	47	16	110	38
Depreciation (Note 6;7)	0	0	0	1
Other expenses	3	75	19	213
TOTAL	282	460	1,015	1,317

NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Labour expenses (Note 18)	63	90	193	271
Purchased services	50	26	193	53
Office supplies	1	2	7	3
Depreciation (Note 6;7)	0	22	1	37
Other expenses	12	15	36	46
TOTAL	126	156	430	410

NOTE 18 LABOUR EXPENSES

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Wages and salaries	388	503	1,203	1,438
Social security and unemployment insurance	123	158	379	448
Fringe benefits paid to employees	3	7	11	21
TOTAL	513	668	1,593	1,907

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Compensation from insurance	(1)	0	0	22
Profit from sale of fixed assets	21	0	21	0
Other operating income	2	2	3	2
IncomeTOTAL	22	2	24	24

OTHER OPERATING EXPENSES

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Sales bonuses	0	12	0	28
Reclamations	0	0	19	6
Commission, factoring fees	0	1	2	1
Membership fees	0	0	3	4
Insurance	0	0	0	5
Penalties paid	(1)	11	71	56
Loss from sales of fixed assets	1	0	1	0
Other costs	3	0	192*	0
TOTAL	3	24	287	103

* Other costs for 9M 2020 include extraordinary costs of Püssi factory closure € 187 thousand.



NOTE 20 FINANCIAL INCOME AND EXPENSES

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Financial income:				
Other financial income	4*	0	41*	0
Total financial income	4	0	41	0
Financial cost				
Interest expenses	53	53	156	154
including interest expenses related to provisions (Note 13)	1	1	2	5
Loss from sale of subsidiary	0	540**	0	540**
Other finance cost	0	21*	23	50*
Total financial cost	53	614	179	744

* Other financial income and other financial cost includes revaluation of TPD shares.

** Other financial expenses for Q3 2019 and for 2019 9M is the result of sale of a subsidiary.

NOTE 21 RELATED PARTIES

The following parties are considered to be related parties:

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

As of 30 September 2020, the largest shareholder of Pärnu Holdings OÜ and the entities with significant influence over the Group are: AS Trigon Capital (46%) and Stetind OÜ (47%). The owner of Stetind OÜ is Torfinn Losvik and the owner of AS Trigon Capital is Joakim Helenius.

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

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

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Membership fees	41	28	118	112
Resignation compensation	0	0	0	0
Social tax	14	9	40	37
Total	54	37	158	148

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 sold goods to related parties and purchased rental, consultation and other services. Transactions with related parties are based on market terms.

<i>thousand €</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Sales	9	0	9	0
Purchased services	4	4	13	12
Total	13	4	22	12

BALANCES WITH RELATED PARTIES AS OF

<i>thousand €</i>	30.09.2020	31.12.2019	30.09.2019	31.12.2018
Purchased services	11	0	0	1
Short-term loan	0	20	30	0
Total	11	20	30	1

* As at 27.11.2020 the short-term loan balance with related parties is € 0 thousand.

NOTE 22 DISCONTINUED OPERATIONS

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

STATEMENT OF PROFIT OR LOSS OF DISCONTINUED OPERATIONS

<i>€ thousand</i>	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue (note14)	0	262	0	1,215
Gost of goods sold (Note 15)	0	287	0	1,350
Gross profit	0	(25)	0	(134)
Distribution costs (Note 16)	0	12	0	70
Administrative expenses (Note 17)	0	19	0	82
Other operating income (Note 19)	0	33	0	38
Other operating expenses (Note 19)	0	2	0	4
Operating profit/loss	0	(24)	0	(253)
Finance income (Note 20)	0	0	0	0
Finance costs (Note 20)	0	5	0	18
PROFIT (LOSS) BEFORE INCOME TAX	0	(29)	0	(271)
Corporate income tax	0	0	0	0
NET PROFIT (LOSS) FOR THE PERIOD	0	(29)	0	(271)



NOTE 23 EVENTS AFTER BALANCE SHEET DATE

The Group had negative working capital as at the 30.09.2020 in amount 4 691 thousand euros, of which the Group's short-term bank borrowings were 4 436 thousand euros. Management is currently in negotiations with existing and possibly new lenders, which we hope should result in a refinancing of the Group, with the result that the Group's bank borrowings will be long-term, thus substantially improving the Group's working capital position.

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

