



**Second quarter
Interim Report
2021**

NORDIC FIBREBOARD AS

Consolidated Interim Report for the second quarter of 2021
(unaudited)

Beginning of the Interim Report Period:	1.04.2021
End of the Interim Report Period:	30.06.2021
Beginning of the financial year:	1.01.2021
End of the financial year:	31.12.2021
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Auditor:	AS PricewaterhouseCoopers
Main activity:	Production and sales of fibreboards

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COMPANY PROFILE

Nordic Fibreboard AS main activity is production and sale of building materials. Nordic Fibreboard AS is a holding company with subsidiaries Nordic Fibreboard Ltd OÜ, Pärnu Riverside Development OÜ and Skano Furniture OÜ, the last of which, Skano Furniture OÜ is in liquidation. Nordic Fibreboard Ltd OÜ owns a subsidiary Suomen Tuulileijona OY and Skano Furniture OÜ owned a subsidiary Skano LT UAB, which was liquidated on 17.03.2021.

The Group, as of 30.06.2021, 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)
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 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. Skano LT UAB was liquidated on 17.03.2021 and at the time of submitting the report, Skano Furniture OÜ is also in liquidation.

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

The principal markets of the company are the Nordic, Russia 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 30.06.2021 the Group employed 93 people (30.06.2020: 97 employees).



MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR SECOND QUARTER OF 2021

Consolidated net sales for Q2 2021 were € 2.58 million (Q2 2020: € 2.48 million). The reason for the increase in sales revenue in Q2 2021 was the recovery in the construction sector, which led to increased demand for construction materials. Fibreboard sales revenue for Q2 2021 were € 2.51 million (Q2 2020: € 2.43 million). Real Estate Management sales, including the resale of utilities, in Q2 2021 were € 64 thousand, which was a 45% increase over the same period last year (Q2 2020: € 44 thousand). There was no sales from furniture retail in the Q2 2021, as Skano Furniture terminated its active operations at the beginning of 2020, when the last sales of the discount campaign took place, which generated sales revenue of € 8 thousand in the Q2 2020.

Group EBITDA for Q2 2021 was positive € 502 thousand (Q2 2020: € 347 thousand), of which the fibreboard division EBITDA was € 497 thousand (Q2 2020: € 342 thousand). We recorded extraordinary financial income of € 257 thousand in Q2 2021 from the shares we own in the listed property company Trigon Property Development AS due to its strong share price appreciation during Q2 2021. Group net profit for Q2 2021 was € 606 thousand (Q2 2020 net profit € 194 thousand).

We are in the process of liquidating Skano Furniture OÜ (our previous furniture retail unit) which led us to book a gain of € 485 thousand in write-off of intra-group liabilities in Q2 2021 (see table below, Profit by Business Segment) for Skano Furniture OÜ, such gain being mostly offset by corresponding loss of € 471 thousand in Group transactions.

DIVISIONAL REVIEW

REVENUE BY BUSINESS SEGMENTS

€ thousand	Q2 2021	Q2 2020	6M 2021	6M 2020
Fibreboards production and sales	2,513	2,426	5,269	5,517
Real Estate Management	64	44	153	113
Furniture retail	0	8	0	55
Group transactions	0	0	0	(0)
TOTAL	2,576	2,479	5,422	5,685

PROFIT BY BUSINESS SEGMENTS

€ thousand	Q2 2021	Q2 2020	6M 2021	6M 2020
EBITDA by business units:				
Fibreboards production and sales	497	342	993	88
Furniture retail	485*	8	474*	(39)
Real Estate Management	(9)	(1)	(1)	(3)
Group transactions	(471)*	(2)	(480)*	(9)
TOTAL EBITDA	502	347	986	37
Depreciation	(123)	(135)	(256)	(287)
TOTAL OPERATING PROFIT/ LOSS	379	212	730	(250)
Net financial costs	227	(18)	427	(90)
NET PROFIT/ LOSS	606	194	1.157	(340)

* Includes other operating income from the write-off of intra-group liabilities in the retail sale of furniture in the Q2 of 2021 due to the liquidation of Skano Furniture OÜ in the amount of € 485 thousand.

**Includes financial income of € 257 thousand in Q2 of 2021 and € 482 thousand in the first 6 months of 2021, received from the revaluation of the shares of the real estate development company Trigon Property Development AS owned by Nordic Fibreboard Ltd OÜ.



NORDIC FIBREBOARD LTD: FIBREBOARD PRODUCTION AND SALES

Fibreboard sales in Q2 2021 were € 2.51 million (2020: € 2.43 million). The reason for the increase in sales revenue was the general growth in the construction sector in 2021, which led to increased demand for construction materials. Increased demand has led to the Pärnu factory operating at full capacity, and us prioritising the orders from our key customers in the Nordic, Baltic, and Russia. Thus, customers in Asia, Middle East and Africa have had their orders postponed since we have not been able to offer them any boards due to our capacity being mainly dedicated for customers in our local markets.

EBITDA in Q2 2021 was € 497 thousand, which is an increase of 45% compared to the same period in last year (Q2 2020 € 342 thousand). The improvement has been achieved due to increased efficiency by achieving full machine utilisation in the Pärnu factory and a result of increased demand in the construction materials market.

Fibreboard net profit for Q2 2021 was € 603 thousand (Q2 2020: net profit € 195 thousand). The result includes the € 257 thousand upward value adjustment to Fibreboard's shareholding in Trigon Property Development.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		€ thousand	
	Q2 2021	Q2 2020	6M 2021	6M 2020
European Union	2,094	2,115	4,253	4,856
Russia	381	276	814	486
Asia	22	22	124	60
Middle East	0	6	0	45
Africa	0	0	46	34
Other	16	7	32	36
TOTAL	2,513	2,426	5,269	5,517

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, including the resale of utilities, was € 64 thousand in Q2 2021, (Q2 2020: € 44 thousand).

The real estate management EBITDA for Q2 2021 were negative € 9 thousand (Q2 2020: negative € 1 thousand). The real estate management net loss for Q2 2021 was € 9 thousand (Q2 2020: net loss € 1 thousand).

SKANO FURNITURE: RETAIL SALES

Skano Furniture finished its activities on 31.01.2020, when it closed the last two furniture showrooms, thus the retail sale of furniture did not have any sales revenue in Q2 2021 (Q2 2020 sales revenue was € 8 thousand).

EBITDA for furniture retail for Q2 2021 were positive € 485 thousand, which was due to write-off of liabilities in the amount of € 489 thousand due to start of liquidation of Skano Furniture OÜ to the parent company and another company belonging to the same consolidation group (Q2 2020 EBITDA was positive € 8 thousand). The furniture retail net profit for Q2 2021 was € 485 thousand (Q2 2020 net profit was € 7 thousand).



STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 30.06.2021 the total assets of Nordic Fibreboard AS were € 8.1 million (30.06.2020: € 8.1 million). The liabilities of the company as of 30.06.2021 were € 4.3 million (30.06.2020: € 6.9 million), of which Group has payables amounted to € 0.5 million as at 30.06.2021 (30.06.2020: € 1.6 million) and borrowings of € 3.2 million as at 30.06.2021 (30.06.2020: € 4.5 million).

Receivables and prepayments amounted to € 1.0 million as at 30.06.2021 (30.06.2020: € 1.2 million). Inventories were € 0.5 million as of 30.06.2021 (30.06.2020: € 0.4 million). Fixed assets were € 6.6 million as of 30.06.2021 (€ 6.5 million as of 30.06.2020).

During 6M 2021, the Group's cash flows from operating activities totalled cash inflow of € 110 thousand (6M 2020: cash inflow € 104 thousand). Investment activities resulted in cash outflows in amount of € 58 thousand during 6M 2021, compared to outflows in amount € 53 thousand during 6M 2020. Financing activities also resulted in cash outflows of € 40 thousand during 6M 2021 (6M 2020: cash outflow € 53 thousand). Net cash effect during 6M 2021 showed cash inflows of € 12 thousand, (6M 2020: cash outflows € 2 thousand).

OUTLOOK

NORDIC FIBREBOARD LTD

Demand for fibreboards continue to be strong, reflecting the growth in the building material market, as well as the growing awareness of the green credentials of soft density fibreboards, as produced by Nordic Fibreboard Ltd.

PÄRNU RIVERSIDE DEVELOPMENT

We will continue to manage and develop the property on Suur-Jõe Street 48, Pärnu. We expect the current detail planning application for residential development of the Suur-Jõe 48 landplot to be nearing its successful conclusion within the next few months.

PEOPLE

On the 30th of June 2021, the Group employed 93 people (compared to 97 people as of 30.06.2020). The average number of personnel in Q2 2021 was 93 (Q2 2020: 97 people).

For six months of 2021, wages and salaries with taxes amounted to € 1.0 million (six months 2020: € 1.1 million). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were € 110 thousand during 6M 2020 and € 104 thousand during 6M 2020.



FINANCIAL HIGHLIGHTS

€ thousand

Income statement	Q2 2021	Q2 2020	6M 2021	6M 2020
Revenue	2,576	2,479	5,422	5,685
EBITDA	502	347	986	37
EBITDA margin	19%	14%	18%	1%
Operating profit (EBIT)	378	211	730	(250)
Operating margin (EBIT margin)	15%	9%	13%	(4%)
Net profit	606	194	1,157	(340)
Net margin	24%	8%	21%	(6%)
Statement of financial position	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Total assets	8,140	7,650	8,077	9,045
Return on assets	14%	14%	(4%)	(12%)
Equity	3,805	2,648	1,222	1,542
Return on equity	30%	41%	(28%)	(73%)
Debt-to-equity ratio	53%	65%	85%	83%
Share	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Last Price*	1.74	0.45	0.32	0.41
Earnings per share	0.26	0.24	(0.08)	(0.31)
Price-earnings ratio	6.77	1.89	(4.26)	(1.32)
Book value of a share	0.85	0.59	0.27	0.34
Market to book ratio	2.06	0.76	1.19	1.20
Market capitalization, € thousand	7,828	2,025	1,449	1,845
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin (EBIT 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 number of 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 30.06.2021 six months' EURIBOR rate was (0.515)% and at 30.06.2020 (0.308)%. As EURIBOR is negative and the negative interest in the loan agreement is equal to zero, the continued negative rate of EURIBOR does not have interest expense reducing effect.

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 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. Over the past year, the risk of a possible deterioration in the economic environment has been exacerbated by the COVID-19 pandemic. Europe is still in the throes of a coronavirus pandemic, the impact of the pandemic on the economy is multi-layered and its duration is quite difficult to assess.

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 second quarter 2021.

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 10-28 presents a fair view of the assets, liabilities, financial position and profit 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, August 30, 2021



INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

<i>€ thousand</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Cash and cash equivalents (Note 2)	38	26	5	7
Receivables and prepayments (Note 3)	977	794	1,175	1,394
Inventories (Note 4)	526	544	443	894
Total current assets	1,541	1,364	1,623	2,296
Investment property (Note 5)	1,136	1,134	1,125	1,121
Financial assets at fair value through profit or loss (Note 8)	933	451	414	397
Property, plant and equipment (Note 6)	4,527	4,695	4,902	5,212
Intangible assets (Note 7)	3	6	12	19
Total non-current assets	6,599	6,286	6,454	6,749
TOTAL ASSETS	8,140	7,650	8,077	9,045
Borrowings (Notes 9)	70	756	4,462	4,547
Payables and prepayments (Notes 10)	927	1,574	2,158	2,665
Short-term provisions (Note 11)	9	18	9	20
Total current liabilities	1,006	2,348	6,629	7,232
Long-term borrowings (Notes 9)	3,168	2,493	47	92
Long-term provisions (Note 11)	161	161	179	179
Total non-current liabilities	3,329	2,654	226	271
Total liabilities	4,335	5,002	6,855	7,503
Share capital (at nominal value) (Note 12)	450	450	2,699	2,699
Share premium	0	0	0	364
Statutory reserve capital	0	0	0	288
Other reserves	0	0	104	84
Retained earnings (loss)	3,355	2,198	(1,582)	(1,894)
Total equity	3,805	2,648	1,222	1,542
TOTAL LIABILITIES AND EQUITY	8,140	7,650	8,077	9,045

*The notes to the financial statements presented on pages 14 to 28 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>€ thousand</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Revenue (Note 14)	2,576	2,479	5,422	5,685
Cost of goods sold (Note 15)	1,750	1,798	3,729	4,617
Gross profit	826	681	1,693	1,068
Distribution costs (Note 16)	298	306	640	733
Administrative expenses (Note 17)	142	129	314	304
Other operating income (Note 19)	1	1	3	2
Other operating expenses (Note 19)	8	35	12	283
Operating profit (loss)	379	212	730	(250)
Finance income (Note 20)	257	36	483	37
Finance costs (Note 20)	30	54	56	127
PROFIT (LOSS) BEFORE INCOME TAX	606	194	1,157	(340)
NET PROFIT (LOSS) FOR THE PERIOD	606	194	1,157	(340)
Basic earnings per share (Note 13)	0.13	0.04	0.26	(0.08)
Diluted earnings per share (Note 13)	0.13	0.04	0.26	(0.08)

*The notes to the financial statements presented on pages 14 to 28 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	6M 2021	6M 2020
Cash flows from operating activities		
Operating profit (loss)	730	(250)
Adjustments:		
Depreciation charge (Notes 6;7)	256	288
Profit/loss from revaluation of financial assets	0	(17)
Non-monetary transactions: reserve for share option (Note 12)	0	19
Change in trade and other receivables (Note 3)	(182)	220
Change in inventories (Note 4)	18	451
Change in trade and other payables (Note 10)	(656)	(506)
Cash generated from operations	166	205
Interest payments (Note 20)	(50)	(102)
Interest received	0	1
Net other financial income and expense	(6)	0
Net cash generated from operating activities	110	104
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 6;7)	(56)	(49)
Purchase of real estate investment (Note 5)	(2)	(4)
Net cash used in investing activities	(58)	(53)
Cash flows from financing activities		
Loans received (Note 9)	1,200	0
Repayment of loans received (Note 9)	(1,218)	(4)
Loans received from related parties (Note 9)	503	170
Repayment of loans received from related parties (Note 9)	(503)	(190)
Finance lease payments (Note 9)	(22)	(39)
Change in overdraft (Note 9)	0	10
Net cash (used in)/from financing activities	(40)	(53)
NET CHANGE IN CASH	12	(2)
OPENING BALANCE OF CASH	26	7
CLOSING BALANCE OF CASH	38	5

*The notes to the financial statements presented on pages 14 to 28 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 31.12.2019	2,699	364	288	84	(1,894)	1,542
Share options 6M 2020	0	0	0	20	0	20
Other changes	0	(364)	(288)	0	652	0
<i>Net loss for 6M 2020</i>	0	0	0	0	(340)	(340)
<i>Other comprehensive income for 6M 2020</i>	0	0	0	0	0	0
Total comprehensive loss for 6M 2020	0	0	0	0	(340)	(340)
Balance at 30.06.2020	2,699	0	0	104	(1,582)	1,222
Balance at 31.12.2020	450	0	0	0	2,198	2,648
<i>Net profit for 6M 2021</i>	0	0	0	0	1,157	1,157
<i>Other comprehensive income for 6M 2021</i>	0	0	0	0	0	0
Total comprehensive profit for 6M 2021	0	0	0	0	1,157	1,157
Balance at 30.06.2021	450	0	0	0	3,355	3,805

*The notes to the financial statements presented on pages 14 to 28 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 a subsidiary in Finland.

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

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

The Group's shares were listed in the Main List of the Tallinn Stock Exchange until 2nd of April 2018, when the shares were moved from the Main List to the Secondary List. The Group's largest shareholder is Pärnu Holdings OÜ (owning 58.80%), and its largest owners as of 30 June 2021 are OÜ Stetind (48.72%) and Joakim Johan Helenius (48.72%).

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 31.12.2020. 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 second quarter of 2021 gives a true and fair view of the financial position of Nordic Fibreboard AS and the results of its operations. The present Interim Report has not been audited.

CHANGES IN ACCOUNTING POLICIES

a) Adoption of New or Revised Standards and Interpretations

The following new or revised standards and interpretations became effective for the Group from 1 January 2020:

International Financial Reporting Standards (IFRS) Interpretation Committee Agenda decision regarding deferred tax related to investments in subsidiaries

According to the paragraphs 52A and 57A of IAS 12 (International Accounting Standard 12), no current or deferred tax liability shall be recognised until a liability to pay dividends is recognised. In Estonia, such accounting principle has been applied consistently to all undistributed profits regardless of whether such profits arose in the parent or in a subsidiary. In June 2020, IFRS Interpretation Committee made an agenda decision where it concluded that the principle set out in the paragraphs 52A and 57A of the Standard IAS 12 only applies to undistributed profits accumulated in a parent company and does not apply to undistributed profits accumulated in the subsidiaries. Instead, the principles described in the paragraphs 39-40 of the Standard IAS 12 should be followed in respect of undistributed profits in subsidiaries, explaining that the deferred tax shall be recognized for all taxable differences associated



with investments in subsidiaries unless it is probable that the profits will not be distributed in the foreseeable future.

Nordic Fibreboard has assessed the potential impact of the IFRS Interpretation Committee agenda decision on its financial statements and has found that there is no impact because the following exception is used:

- Profits will not be redistributed in the foreseeable future.

The exception can be used due to the fact that the Group's subsidiaries have incurred losses in previous years, as a result of which the parent company does not have sufficient funds to pay dividends. In addition, as a result of the refinancing of the loans this year, the conditions for the payment of dividends have been set by the lender in the new loan agreement.

There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2020 that would be expected to have a material impact to the Group.

b) New accounting pronouncements

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 2021, and which the Group has not early adopted.

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023; not yet adopted by the EU).

These narrow scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Company expects that there will not be a material impact on the Group's financial position, performance nor cash flows.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Effective for annual periods beginning on or after 1 January 2022; not yet adopted by the EU).

The amendment to **IAS 16** prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The



amendment to IAS 16 also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to **IAS 37** clarifies the meaning of ‘costs to fulfil a contract’. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to **IFRS 9** addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies **IFRS 16** was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under **IAS 41** was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

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



NOTE 2 CASH AND CASH EQUIVALENTS

<i>€ thousand</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Cash on hand	0	1	0	1
Bank Accounts	38	25	5	6
TOTAL	38	26	5	7

NOTE 3 TRADE AND OTHER RECEIVABLES

<i>€ thousand</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Customer receivables	882	677	1,094	1,186
Prepaid taxes	74	92	69	185
Prepaid services	14	17	11	16
Other receivables	7	9	1	7
TOTAL	977	795	1,175	1,394

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

ANALYSIS OF TRADE RECEIVABLES BY AGING:

<i>thousand €</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Not past due	860	650	1,038	1,034
incl receivables from customers who also have receivables past due	93	75	419	388
incl receivables from customers who have no receivables past due	766	575	619	646
Past due but not impaired	23	27	56	152
Overdue up to 90 days	23	20	45	140
Overdue more than 90 days	0	7	12	12
TOTAL	882	677	1,094	1,186

NOTE 4 INVENTORIES

<i>€ thousand</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Raw materials and other materials	208	181	149	218
Work-in-progress	179	91	56	130
Finished goods	71	264	282	568
Goods purchased for resale	0	0	0	59
Goods in transit	0	0	0	0
Prepayments to suppliers	108	48	2	18
Write-off reserve for inventories	(40)	(41)	(46)	(100)
TOTAL	526	544	443	894



NOTE 5 INVESTMENT PROPERTY

	<i>thousand €</i>
Carrying amount 31.12.2019	1,121
Capitalized cost 6M 2020	4
Carrying amount 30.06.2020	1,125
Carrying amount 31.12.2020	1,134
Capitalized cost 6M2021	2
Carrying amount 30.06.2021	1,136

Costs of maintenance for 6M 2021 were € 134 thousand and € 115 thousand in 6M 2020. Rental income from investment properties, including utilities, for 6M 2021 was € 153 thousand and € 113 thousand in 6M 2020. Acquisitions of investment property during 2021 and 2020 are related to expenses of Suur-Jõe 48, Pärnu detail plan.

	<i>thousand €</i>
31.12.2019	
Share of registered immovable property at Suur-Jõe 48, Pärnu	951
Share of registered immovable property at Rääma Street 31, Pärnu	170
30.06.2020	
Share of registered immovable property at Suur-Jõe 48, Pärnu	955
Share of registered immovable property at Rääma Street 31, Pärnu	170
31.12.2020	
Share of registered immovable property at Suur-Jõe 48, Pärnu	959
Share of registered immovable property at Rääma Street 31, Pärnu	175
30.06.2021	
Share of registered immovable property at Suur-Jõe 48, Pärnu	961
Share of registered immovable property at Rääma Street 31, Pärnu	175



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 31.12.2019	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	18	0	30	0	49
Disposals and write-offs (Note 19)	0	0	(6)	(2)	0	(137)	(145)
Accumulated depreciation of fixed assets written off	0	0	6	2	0	60	68
Depreciation (Notes 15;16;17)	0	(42)	(200)	(1)	0	(39)	(282)
Cost at 30.06.2020	191	2,573	10,785	93	101	130	13,872
Accumulated depreciation at 30.06.2020	0	(1,691)	(7,132)	(89)	0	(58)	(8,971)
Carrying amount at 30.06.2020	191	882	3,653	3	101	72	4,902
Cost at 31.12.2020	191	2,541	10,747	89	31	130	13,728
Accumulated depreciation at 31.12.2019	0	(1,701)	(7,165)	(87)	0	(81)	(9,034)
Carrying amount at 31.12.2019	191	840	3,582	3	31	49	4,694
Additions	0	0	23	0	31	29	83
Disposals and write-offs (Note 19)	0	0	(2)	0	0	(23)	(25)
Accumulated depreciation of fixed assets written off	0	0	2	0	0	23	25
Depreciation (Notes 15;16;17)	0	(39)	(189)	(1)	0	(21)	(250)
							0
Cost at 30.06.2021	191	2,541	10,767	89	62	136	13,786
Accumulated depreciation at 30.06.2021	0	(1,740)	(7,352)	(87)	0	(79)	(9,259)
Carrying amount at 30.06.2021	191	801	3,415	2	62	57	4,527



NOTE 7 INTANGIBLE ASSETS

<i>thousand €</i>	Computer software
Cost at 31.12.2019	87
Accumulated amortisation at 31.12.2019	(69)
Carrying amount 31.12.2019	18
Additions 6M 2020	0
Amortisation charge	(6)
Cost at 30.06.2020	87
Accumulated amortisation at 30.06.2020	(75)
Carrying amount 30.06.2020	12
Cost at 31.12.2020	77
Accumulated amortisation at 31.12.2020	(71)
Carrying amount 31.12.2020	6
Additions 6M 2021	3
Amortisation charge	(6)
Cost at 30.06.2021	80
Accumulated amortisation at 30.06.2021	(77)
Carrying amount 30.06.2021	3

NOTE 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>thousand €</i>	30.06.2021	Change 6M 2021	31.12.2020	30.06.2020	31.12.2019
Non-current assets					
Listed securities - Equity securities - cost as at	410	0	410	410	410
Revaluation*	524	484	40	4	(13)
Fair value as at	933	484	451	414	397

*Available-for-sale financial assets (i.e. Trigon Property Development shares) have been revaluated to reflect fair value based on last price as at 30.06.2021 as shown on Nasdaq Tallinn Stock Exchange.

The increase in the share price of Trigon Property Development started in January 2021. As of 30.06.2021, the share price of TPD is € 1.16.

NOTE 9 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, and carry an interest rate of 4.5% per annum. The refinancing of the Swedbank AS loan by Coop Bank AS will envisage annual interest cost saving of € 6,000 and annual reduction of principal loan repayment of € 60,000 due to the longer amortisation schedule provided by the loan from Coop Bank AS.

The loan agreements set special conditions according to which the total debt/EBITDA ratio of Nordic Fibreboard Ltd OÜ may be a maximum of 4.0 during term of the loan agreement and the debt-service



coverage ratio DSCR would be at least 1.3 in each measurement period and the the annual capital expenditures are capped at € 300 thousand. Nordic Fibreboard Ltd OÜ must also ensure that the share of net assets in the total amount of assets is at least 30% during the term of the agreement.

<i>thousand €</i>	Interest rate	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Current borrowings					
Current portion of long-term loan (Swedbank)	6 month euribor+5%	0	717	4,086	4,090
Current portion of long-term loan (Coop Bank)	6 month euribor+4.5%	48	0	0	0
Current portion of long-term lease liability	6 month EURIBOR +margin 2,49%	22	39	25	97
Short term loan from related parties	5%	0	0	0	20
Bank overdrafts (Swedbank)	5%	0	0	350	340
Total		70	756	4,462	4,547
Non-current borrowings					
Non-current loans (Swedbank)	6 month euribor+5%	0	483	0	0
Non-current loans (Coop Bank)	6 month euribor+4.5%	1,134	0	0	0
Non-current loans (MES)	Until 30.12.2022 2%, later 4%	2,000	2,000	0	0
Non-current lease liability	6 month EURIBOR +margin 2,49%	34	10	47	92
Total		3,168	2,493	47	92
Total borrowings		3,238	3,249	4,509	4,639

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2020	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Other	30.06.2021
Current portion of long-term loan (Swedbank)	717	(717)	0	22	(22)	0	0
Current portion of long-term loan (Coop Bank)	0	1 182	0	7	(7)	(1,134)	48
Current portion of short-term financial lease	39	(22)	5	1	(1)	0	22
Non-current loans (Swedbank)	483	(483)	0	0	0	0	0
Non-current loans (Coop Bank)	0	0	0	0	0	1,134	1,134
Non-current loans (MES)	2,000	0	0	20	(20)	0	2,000
Non-current lease liability	10	0	24	0	0	0	35
Total liabilities from financing activities	3,249	(40)	29	50	(50)	0	3,239



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	Other	30.06.2020
Current portion of long-term bank loan	4,090	(4)	0	94	(94)	0	4,086
Current portion of short-term financial lease	97	(39)	(32)	0	0	0	25
Short term loan from related parties	20	(20)	0	0	0	0	0
Bank overdrafts	340	10	0	8	(8)	0	350
Non-current financial lease	92	0	(45)	0	0	0	47
Total liabilities from financing activities	4,639	(53)	(78)	102	(102)	0	4,509

NOTE 10 PAYABLES AND PREPAYMENTS

<i>thousand €</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Trade payables	510	1,110	1,612	2,226
Payables to employees incl. accrued holiday pay reserve	141 32	138 33	137 36	163 36
Tax liabilities incl. social security and unemployment insurance personal income tax contribution to mandatory funded pension value added tax other taxes	132 82 37 3 1 9	128 82 35 3 0 8	218 151 51 5 2 9	162 101 42 4 5 10
Prepayments received	82	162	112	82
Other payables	62	36	79	32
TOTAL	927	1,574	2,158	2,665

NOTE 11 PROVISIONS

<i>thousand €</i>	
Balance at 31.12.2019	199
incl. current portion of provision	20
incl. non-current portion of provision	179
Movements 2020 6M:	
Use of provision	(11)
Interest cost (Note 20)	1
Balance at 30.06.2020	188
incl. current portion of provision	9
incl. non-current portion of provision	179



thousand €

Balance at 31.12.2020	179
incl. current portion of provision	18
incl. non-current portion of provision	161
Movements 2021 6M:	
Use of provision	(9)
Interest cost (Note 20)	3
Balance at 30.06.2021	170
incl. current portion of provision	9
incl. non-current portion of provision	161

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.

NOTE 12 EQUITY

	Nominal value	Number of shares	Share capital
	€	pcs	thousand €
Balance at 30.06.2021	0.10	4,499,061	450
Balance at 31.12.2020	0.10	4,499,061	450
Balance at 30.06.2020	0.60	4,499,061	2,699
Balance at 31.12.2019	0.60	4,499,061	2,699

As of 30.06.2021 the share capital of Nordic Fibreboard AS totalled 449,906.10 euros which consisted of 4,449,061 no par value registered shares with a book value of 0.10 euros per share. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends. The minimum share capital outlined in the Articles of Association is 250,000 euros and the maximum share capital is 1,000,000 euros.

As at 30.06.2021 the Group had 875 shareholders (30.06.2020: 462 shareholders) of which with more than 5% ownership interest were:

- Pärnu Holdings OÜ with 2,645,430 shares or 58.80% (30.06.2020: 59.62%)
- Gamma Holding Investment OÜ with 547,113 shares or 12.16% (30.06.2020: 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 (30.06.2020: 20.000 shares)
- Trond Brekke 0 shares (30.06.2020: 0 shares)
- Sakari Wallin 0 shares (30.06.2020: 0 shares)
- Torfinn Losvik 0 shares (30.06.2020: 0 shares)

Both Joakim Johan Helenius and Torfinn Losvik have indirect ownership through parent company Pärnu Holdings OÜ. Torfinn Losvik owns shares through Stetind OÜ in the amount of 44.206 shares (2020 44.206 shares).

Until 31.12.2020, Torfinn Losvik had a share option agreement for a total of 300,000 share options, such share option agreement was signed 11 October 2017. Strike price was higher (€ 0.506) compared



to the market price (€ 0.45 as of 31.12.2020) and the option agreement was not used, thus the option reserve was released and accounted in retained earnings.

NOTE 13 EARNINGS PER SHARE

	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Net profit (-loss) (in thousands of euros)	1,157	1,074	(340)	(1,398)
Weighted average number of shares (th pc)	4,499	4,499	4,499	4,499
Basic earnings per share	0.26	0.24	(0.08)	(0.31)
Weighted average number of shares used for calculating the diluted earnings per shares (th pc)	4,499	4,499	4,630	4,630
Diluted earnings per share	0.26	0.24	(0.07)	(0.30)
Book value of share	0.85	0.59	0.27	0.34
Price/earnings ratio (P/E)	6.77	1.89	(4.26)	(1.32)
Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange	1.74	0.45	0.32	0.41
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 (th pc)	4,499	4,499	4,499	4,499
Adjustments for calculation of diluted earnings per share:				
Share options (2017 program)	0	0	131	131
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (th pc)	4,499	4,499	4,630	4,630

Diluted earnings (loss) per share is calculated based on the net profit (loss) and the number of shares plus contingent shares corresponding with the Group's option program started from 2017. Nordic Fibreboard's share price on average has been lower than the exercise price of options granted to Torfinn Losvik. The share options were valid until 31.12.2020 with strike price of € 0.506. Since the Strike price was higher compared to the market price the option agreement was not used, thus the option reserve was released and accounted in retained earnings.

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

NOTE 14 SEGMENTS

Operating segments have been determined based on the reports reviewed by the Management Board that are used to make strategic decision. The Management Board considers the 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.
- Furniture retail sale (Skano Furniture OÜ) - retail sales of furniture in Estonia, ceased active operations in the first quarter of 2020.

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



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

BUSINESS SEGMENTS:

6 months 2021 thousand €	Fibreboard manufactur ing and wholesale	Real Estate Manage- ment	Furniture retail sale	Group's general expenses and eliminations	SEGMENTS TOTAL
Revenue from external customers	5,269	153	0	0	5,422
Inter-segment revenue	0	0	0	0	0
Operating profit/-loss	737	(1)	474	(480)	730
Amortisation/ depreciation (Notes 6; 7)	256	0	0	0	256
Segment assets	7,281	987	1	(127)	8,140
Non-current assets of the segment (Note 5; 6; 7; 8)	5,637	961	0	1	6,599
Segment liabilities	4,159	22	0	154	4,335
Additions to non-current assets (Note 6;7)	83	2	0	0	85
Interest expenses (Note 20)	54	0	0	2	56

6 months 2020 thousand €	Fibreboard manufactur ing and wholesale	Real Estate Manage- ment	Furniture retail sale	Group's general expenses and eliminations	SEGMENTS TOTAL
Revenue from external customers	5,517	112	55	0	5,685
Inter-segment revenue	0	0	0	(0)	0
Operating profit/-loss	(199)	(3)	(39)	(8)	(250)
Amortisation/ depreciation (Notes 6; 7)	287	0	0	0	287
Segment assets	7,167	994	8	(92)	8,077
Non-current assets of the segment (Note 5;6;7;8)	5,497	955	0	2	6,454
Segment liabilities	6,338	32	480	6	6,855
Additions to non-current assets (Note 6;7)	49	4	0	0	53
Interest expenses (Note 20)	95	0	0	8	103

BUSINESS SEGMENT BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

thousand €	6M 2021				6M 2020			
	Fibreboard manufactur ing and wholesale	Real Estate Manage- ment	Furniture retail sale	SEGMENTS TOTAL	Fibreboard manufactu ring and wholesale	Real Estate Manage- ment	Furniture retail sale	SEGMENTS TOTAL
European Union	4,253	153	0	4,406	4,856	113	55	5,024
Russia	814	0	0	814	487	0	0	487
Asia	124	0	0	124	60	0	0	60
Africa	46	0	0	46	35	0	0	35
Middle East	0	0	0	0	45	0	0	45
Other	32	0	0	32	36	0	0	36
Grand Total	5,269	153	0	5,422	5,517	113	55	5,685



NOTE 15 COST OF GOODS SOLD

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Raw materials and main materials	673	691	1,322	1,446
Electricity and heat	536	569	1,140	1,496
Labour expenses (Note 18)	397	381	756	839
Depreciation (Note 6;7)	123	136	256	286
Purchased goods	0	0	0	69
Change in balances of finished goods, goods in transit and work in progress	(63)	(55)	104	278
Other expenses	83	76	152	203
TOTAL	1,750	1,798	3,729	4,616

NOTE 16 DISTRIBUTION COSTS

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Transportation expenses	218	222	470	550
Labour expenses (Note 18)	44	46	87	102
Marketing expense	0	0	0	2
Commission fees	30	36	64	63
Other expenses	6	2	19	16
TOTAL	298	306	640	733

NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Labour expenses (Note 18)	54	63	106	130
Purchased services	79	56	181	146
Office supplies	2	2	6	6
Depreciation (Note 6;7)	0	0	0	1
Other expenses	7	9	21	20
TOTAL	142	129	314	304

NOTE 18 LABOUR EXPENSES

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Wages and salaries	374	371	718	815
Social security and unemployment insurance	120	118	231	257
Fringe benefits paid to employees	2	3	7	8
TOTAL	497	492	957	1,079

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Compensation from insurance	0	1	0	1
Other operating income	1	0	3	1
TOTAL	1	1	3	2



OTHER OPERATING EXPENSES

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Reclamations	0	2	1	19
Commission, factoring fees	7	0	7	2
Membership fees	0	2	1	2
Penalties paid	1	29	3	71
Other costs	0	2	0	189*
TOTAL	8	35	12	283

* Other costs for Q1 2020 include extraordinary costs of Püssi factory closure € 187 thousand.

NOTE 20 FINANCIAL INCOME AND EXPENSES

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Financial income:				
Received income	0	0	0	1
Revaluation of TPD shares	257	36	483	36
Total financial income	257	36	483	37
Financial cost				
Interest expenses	30	52	56	103
<i>including interest expenses related to provisions (Note 11)</i>	2	1	3	1
Revaluation of TPD shares	0	0	0	19
Other finance cost	0	1	0	4
Total financial cost	30	54	56	127

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 June 2021, the largest shareholder of Pärnu Holdings OÜ and the entities with significant influence over the Group are: Stetind OÜ (48.72%) and Joakim Johan Helenius (48.72%). 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>	Q2 2021	Q2 2020	6M 2021	6M 2020
Membership fees	41	40	83	78
Social tax	14	13	28	26
Total	55	54	110	104

Benefits (incl. Tax expenses) include remuneration paid to the members of the Management Board and Supervisory Board of the parent companies and subsidiaries during the period and resignation fees of previous members of the Management Board and Supervisory Board. The member of the



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

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

TRANSACTIONS WITH RELATED PARTIES:

<i>thousand €</i>	Q2 2021	Q2 2020	6M 2021	6M 2020
Purchased services	4	4	8	9
Total	4	4	8	9

BALANCES WITH RELATED PARTIES AS OF:

<i>thousand €</i>	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Purchased services	2	17	9	0
Short-term loan	0	0	0	20
Short-term loan interest	0	1	0	0
Total	2	18	9	20

