



Fourth quarter and 12 months Interim report 2019

NORDIC FIBREBOARD AS

Consolidated Interim Report for the Fourth quarter and 12 months of 2019
(unaudited)

Beginning of the Interim Report Period:	1.10.2019
End of the Interim Report Period:	31.12.2019
Beginning of the financial year:	1.01.2019
End of the financial year:	31.12.2019
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Auditor:	AS PricewaterhouseCoopers
Main activity:	Production and sales of fibreboards and furniture

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COMPANY PROFILE

Nordic Fibreboard AS main activity at the start of the 4th Quarter 2019 consisted of production and sale of building materials and furniture, retail trade of furniture and household furnishing. Nordic Fibreboard AS is a holding company with subsidiaries Nordic Fibreboard Ltd OÜ, Pärnu Riverside Development OÜ and Skano Furniture OÜ, herewith in turn Nordic Fibreboard Ltd OÜ owns a subsidiary Suomen Tuulileijona OY.

On 05.09.2019 Nordic Fibreboard AS sold its subsidiary Skano Furniture Factory OÜ, thereby ending its production and wholesale of furniture. Nordic Fibreboard AS became the direct mother company of Skano Furniture OÜ after the sale of the Skano Furniture Factory OÜ. Skano Furniture OÜ owns two retail furniture shop subsidiaries Skano SIA and Skano LT UAB, which both ended their operations in September 2019. Skano SIA were deregistered on 27.11.2019 while Skano LT UAB remains as a dormant company.

The Group, as of 31.12.2019, 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
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 Factory OÜ produced original, premium price level home furniture made of timber. Skano Furniture OÜ consisted of a furniture retail store chain operating in Estonia, Latvia and Lithuania.

The principal markets of the company are Finland, Russia, and the Baltics.

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

As at 31.12.2019 the Group employed 126 people (31.12.2018: 216 people).



MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR FOURTH QUARTER AND 12 MONTHS OF 2019

Consolidated net sales for Q4 2019 were € 3.23 million, up 14% when comparing sales of continued operations for the same period last year (Q4 2018: € 2.83 million). Fibreboard sales of € 2.78 million were up 16% due to new customers in the display board and door core segments. Furniture retail sales declined as a result of closure of its shops in Tartu (shop closed in November 2019), Vilnius, and Riga. The remaining retail shops in Tallinn and Pärnu will close on 31.01.2020.

The Group recorded EBITDA of € 141 thousand for Q4 2019 for its continuing operations (vs Q4 2018: EBITDA of € 190 thousand from continued operations). The Q4 EBITDA result for 2019 includes one-off operating income of € 324 thousand from revaluation of its property subsidiary Pärnu Riverside Development.

Fibreboard activities in Q4 2019 resulted in EBITDA being negative € 119 thousand (Q4 2018: negative € 69 thousand). Fibreboard profitability was negatively impacted due to leakages in one of its driers, which resulted in substantial higher consumption of energy during Q4. The replacement of elements in the drier is taking place in Q1 2020, which should result in energy consumption going back to normal levels. Furniture Retail EBITDA for Q4 2019 was negative € 66 thousand (Q4 2018: negative € 24 thousand). The reason for this loss was caused by declining sales and reduced sales margin from the closure of the Tartu shop and initiating closure sales from the remaining two shops, in Tallinn and Pärnu. Pärnu Riverside Development recorded Q4 2019 EBITDA of € 322 thousand, which included a one-off operating income of € 324 thousand resulting from the revaluation of the property

After depreciation and net financial costs, the Group's net result for Q4 2019 from continuing operation was thus a loss of € 75 thousand (Q4 2018: net profit € 11 thousand from continuing operation).

Consolidated net sales for 12 months 2019 from continuing operations were € 13.33 million, being a 6% increase compared to the same period in 2018 from continuing operations (2018: € 12.53 million). Fibreboard activities showed sales of € 11.75 million in 2019, this being 7% sales increase from previous year, due to securing new customers in display board and door core segments. Furniture Retail sales in 2019 from its continuing shops in Tallinn and Pärnu of € 1.52 million were 1% lower than previous year. Sales from our new property subsidiary was € 111 thousand in 2019 (2018: no activities).

Group net loss for 12 months 2019 of € 1.13 million from continuing operations (2018: loss of € 360 thousand from continuing operations) were substantially influenced by the net loss of € 540 thousand recorded from the disposal of Skano Furniture Factory.



DIVISIONAL REVIEW

REVENUE BY BUSINESS SEGMENTS

	€ thousand		€ thousand	
	Q4 2019	Q4 2018	12M 2019	12M 2018
Continued operations				
Fibreboards production and sales	2,775	2,404	11,745	11,007
Furniture retail	390	441	1,515	1,536
Real Estate Management	63	0	111	0
Group transactions	(1)	(10)	(38)	(15)
TOTAL from continued operations	3,226	2,835	13,333	12,528
Discontinued operations	0	594	1,215	2,270
TOTAL	3,226	3,429	14,548	14,797

PROFIT BY BUSINESS SEGMENTS

€ thousand	Q4 2019	Q4 2018	12M 2019	12M 2018
Continued operations				
EBITDA by business units:				
Fibreboards production and sales	(119)	(69)	51	280
Furniture retail	(66)	(24)	(200)	(104)
Real Estate Management	322	0	352	0
Group transactions	5	283	104	253
TOTAL EBITDA	141	190	308	428
Depreciation	177	135	652	558
TOTAL OPERATING PROFIT/ LOSS	(35)	55	(344)	(130)
Net financial costs	39	42	783*	228
Income tax	0	2		2
NET PROFIT/ LOSS	(75)	11	(1,127)	(360)
Discontinued operations	0	(397)	(271)	(532)
TOTAL	(75)	(386)	(1,398)	(891)

* Discontinued operations, the subsidiary has been sold on 05.09.2019 which we incurred a loss of € 540 thousand on sale of Skano Furniture Factory.

NORDIC FIBREBOARD LTD: FIBREBOARD SALES

Fibreboard sales in Q4 2019 were € 2.78 million, up 16% from Q4 2018. We recorded sales increase in emerging markets in Asia and Africa while also continuing sales growth in EU due to securing new customers. Finland, our largest market, continued to experience sales decline despite Nordic Fibreboard keeping its market share within soft density fibreboard segment, thus reflecting the growth of other materials for use in the construction sector, mainly in new build of apartment houses. The increase in energy cost in the last quarter caused by leakages in one of our driers had a negative impact on our profitability, resulting in EBITDA for Q4 2019 being negative € 119 thousand (Q4 2018 EBITDA was negative € 69 thousand).



Fibreboard sales for 12 months 2019 were € 11.75 million, which is 7% increase from year 2018 sales of € 11.01 million. Sales growth in the EU were mainly driven by securing new customers in both the display board and the door core segments. Sales to Russia showed a modest increase in 2019, reflecting the slight increase in business confidence and business activity in that market. Middle East markets continue to experience subdued economic environment. In Asia we secured new customers in new countries, and in Africa we benefitted from a loss of a key competitor. Fibreboard recorded EBITDA of € 51 thousand for full year 2019 (2018: € 280 thousand), the reduced profitability in 2019 compared to 2018 were due to extra start-up costs being incurred as a result of working with new products for customers in the door core and display board segment, as well as the aforementioned increase in energy costs due to leakage in one of our driers.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		€ thousand	
	Q4 2019	Q4 2018	12M 2019	12M 2018
European Union	2,036	1,843	8,656	8,297
Russia	376	362	1,545	1,531
Asia	115	8	544	294
Africa	103	31	523	168
Middle East	72	64	232	312
Other	74	95	245	404
TOTAL	2,775	2,404	11,745	11,006

SKANO FURNITURE FACTORY: FURNITURE PRODUCTION AND WHOLESALE

Furniture wholesale had no sales in Q4 2019, because the Furniture company was sold on 05.09.2019.

FURNITURE WHOLESALE SALES BY COUNTRIES

	€ thousand		€ thousand	
	Q4 2019	Q4 2018	12M 2019	12M 2018
Russia	0	325	627	1,217
Finland	0	202	335	798
Skano Retail	0	203	476	733
Other countries	0	69	265	258
TOTAL	0	799	1,703	3,006

SKANO FURNITURE: RETAIL SALES

Furniture retail sales in Q4 2019 were € 390 thousand, down 13% (2018 Q4 € 441 thousand) from same period last year. The sales decline was mainly due to closure of Latvia, Lithuania and Tartu shops. The last two stores in Estonia were closed on 31.01.2020. These shops closures marks the end of the furniture retail business.

RETAIL SALES BY COUNTRIES

	€ thousand		€ thousand		Number of stores	
	Q4 2019	Q4 2018	12M 2019	12M 2018	31.12.2019	31.12.2018
Estonia	370	260	1,152	962	2	4
Latvia*	13	77	137	272	0	1
Lithuania*	7	104	226	302	0	1
TOTAL	390	441	1,515	1,536	2	6

* Latvian and Lithuanian stores were closed on 30.09.2019.



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 which resulted in rental income, ie sales, of € 62 thousand in Q4 2019 (12 months 2019 sales were € 111 thousand). Q4 EBITDA was € 322 thousand, and included a one-off income of € 324 thousand due to the revaluation of the property. EBITDA for 12 months 2019 was € 352 thousand.

BALANCE SHEET AND CASH-FLOW

As of 31.12.2019 the total assets of Nordic Fibreboard AS were € 9.1 million (31.12.2018: € 10.3 million). The liabilities of the company as of 31.12.2019 were € 7.5 million (31.12.2018: € 7.4 million), of which the company has borrowings of € 4.6 million as at 31.12.2019 (31.12.2018: € 4.8 million).

Receivables and prepayments amounted to € 1.4 million as at 31.12.2019 (31.12.2018: € 1.1 million). Inventories were € 0.9 million as of 31.12.2019 (31.12.2018: € 2.3 million). Fixed assets were € 6.6 million as of 31.12.2019 (€ 6.8 million as of 31.12.2018). The decrease in balance sheet volume in 2019 is due to the sale of subsidiary.

As a result of the adoption of IFRS 16 as of 1 January 2019, the assets and liabilities amount has increased as date 31.12.2019 € 180 thousand. In addition in the consolidated statement of comprehensive income in 2019 fixed asset depreciation increased by € 77 thousand.

During 2019 twelve months, the Group's cash flows from operating activities totalled cash inflow of € 443 thousand (2018 twelve months: cash outflow € 507 thousand). Investment activities resulted in cash outflows in amount of € 173 thousand during 2019 twelve months, compared to outflows in amount € 275 thousand during twelve months 2018. Financing activities also resulted in cash outflows of € 316 thousand during twelve months 2019 (2018 twelve months: cash outflow € 252 thousand). Net cash effect during 2019 twelve months cash outflows of € 47 thousand, which compares to 2018 twelve months cash outflows of € 20 thousand.

OUTLOOK

NORDIC FIBREBOARD LTD

Fibreboard sales is continuing its growth due to our expansion into door core and display board segments, which have secured more sales as a result of new customers and new markets. We are continuing our search for additional applications for our products, where our products environmentally beneficial properties could be applied. The recent exit from our furniture activities will provide management with more time and focus on the development of the growth and profitability of the fibreboard business.

REAL ESTATE MANAGEMENT

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

PEOPLE

On the 31st of December 2019, the Group employed 126 people (compared to 216 people as of 31.12.2018). The average number of personnel in Q4 2019 was 125 (Q4 2018: 212).

For twelve months of 2019, wages and salaries with taxes amounted to € 2.5 million from continuing operations (twelve months 2018: € 2.3 million from continuing operations). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were € 173 thousand in twelve months 2019 and € 187 thousand in twelve months 2018.



FINANCIAL HIGHLIGHTS

€ thousand

Income statement	Q4 2019	Q4 2018	12M 2019	12M 2018
Revenue	3,226	2,835	13,333	12,528
EBITDA	141	190	308	428
EBITDA margin	4%	7%	2%	3%
Operating profit	(35)	47	(344)	(130)
Operating margin	(1%)	2%	(3%)	(1%)
Net profit	(75)	11	(1,127)	(360)
Net margin	(2%)	0%	(8%)	(3%)
Discontinued operations	0	(397)	(271)	(532)
TOTAL NET PROFIT	(75)	(386)	(1,398)	(891)

Statement of financial position	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Total assets	9,045	10,307	9,045	10,307
Return on assets	(1%)	0%	(12%)	(3%)
Equity	1,542	2,901	1,542	2,901
Return on equity	(5%)	0%	(73%)	(12%)
Debt-to-equity ratio	83%	72%	83%	72%

Share	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Last Price*	0.41	0.36	0.41	0.36
Earnings per share	(0.02)	(0.09)	(0.31)	(0.20)
Price-earnings ratio	(24.74)	(4.18)	(1.32)	(1.81)
Book value of a share	0.34	0.64	0.34	0.64
Market to book ratio	1.20	0.56	1.20	0.56
Market capitalization, € thousand	1,845	1,611	1,845	1,611
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Last price / Earnings per share

Book value of a share = Equity / Total shares

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

Market capitalization = Last price * Total shares

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



FINANCIAL RISKS

INTEREST RATE RISK

Nordic Fibreboard AS's interest rate risk relates to changes in EURIBOR (Euro Interbank Offered Rate) since our loans are linked to EURIBOR. At 31.12.2019 six months' EURIBOR rate was (0.324) % and at 31.12.2018 six months' EURIBOR rate was (0.362) %. 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 2 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 euro zone. Nordic Fibreboard AS has a cash flow risk arising from the interest rate risk because its loans have a floating interest rate. Management believes that the cash flow risk is not significant, therefore no hedging instruments are used.

CURRENCY RISK

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

RISK OF THE ECONOMIC ENVIRONMENT

The risk of the economic environment for the fibreboard division depends on general developments in the construction and industrial segments.

FAIR VALUE

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



DECLARATION OF THE MANAGEMENT BOARD

The management board has prepared the management report and the consolidated financial interim statements of Nordic Fibreboard AS for the fourth quarter 2019.

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

The management board confirms that according to their best knowledge the consolidated financial interim report on pages 12-33 presents a fair view of the assets, liabilities, financial position and profit or loss of the issuer and the entities involved in the consolidation as a whole according to the International Financial Reporting Standards as they are adopted by the European Union and contains a description of the main risks.

Torfinn Losvik

Chairman of the Management Board

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Pärnu, February 26, 2020



INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

<i>€ thousand</i>	31.12.2019	31.12.2018	31.12.2017
Cash and cash equivalents (Note 2)	7	54	74
Receivables and prepayments (Note 3)	1,394	1,142	1,214
Inventories (Note 4)	894	2,255	2,336
Total current assets	2,296	3,452	3,624
Investment property (Note 5)	1,121	175	170
Available-for-sale financial assets (Note 8)	397	422	182
Other shares and issues	0	0	6
Property, plant and equipment (Note 6)	5,212	6,223	6,908
Intangible assets (Note 7)	19	34	47
Total non-current assets	6,749	6,855	7,313
TOTAL ASSETS	9,045	10,307	10,937
Borrowings (Notes 9)	4,547	652	593
Payables and prepayments (Notes 10)	2,665	2,418	1,956
Short-term provisions (Note 11)	20	15	13
Total current liabilities	7,232	3,085	2,562
Long-term borrowings (Notes 9)	92	4,112	4,422
Long-term provisions (Note 11)	179	210	200
Total non-current liabilities	271	4,321	4,622
Total liabilities	7,503	7,406	7,184
Share capital (at nominal value) (Note 12)	2,699	2,699	2,699
Share premium	364	364	364
Statutory reserve capital	288	288	288
Other reserves	84	45	8
Unrealised currency differences	0	0	0
Retained earnings (loss)	(1,894)	(496)	393
Total equity	1,542	2,901	3,753
TOTAL LIABILITIES AND EQUITY	9,045	10,307	10,937

*The notes to the financial statements presented on pages 16 to 33 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	Q4 2019	Q4 2018	12M 2019	12M 2018
Continued operations				
Revenue (Note 14)	3,226	2,835	13,333	12,528
Cost of goods sold (Note 15)	2,928	2,452	11,538	10,480
Gross profit	298	383	1,795	2,047
Distribution costs (Note 16)	381	479	1,698	1,898
Administrative expenses (Note 17)	248	150	658	498
Other operating income (Note 19)	327	1	351	14
Other operating expenses (Note 19)	31	(292)	133	(205)
Operating profit (loss) (Note 11)	(35)	47	(344)	(130)
Finance income (Note 20)	19	22	19	14
Finance costs (Note 20)	59	56	803	243
LOSS BEFORE INCOME TAX	(75)	13	(1,127)	(358)
Corporate income tax	0	2	0	2
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(75)	11	(1,127)	(360)
NET PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUING OPERATIONS	0	(397)	(271)	(532)
NET PROFIT (LOSS) FOR THE PERIOD	(75)	(386)	(1,398)	(891)
Basic earnings per share (Note 13)	(0.02)	(0.09)	(0.31)	(0.20)
Diluted earnings per share (Note 13)	(0.02)	(0.09)	(0.31)	(0.20)

*The notes to the financial statements presented on pages 16 to 33 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	12M 2019	12M 2018
Cash flows from operating activities		
Operating profit (loss)	(597)	(636)
Adjustments:		
Depreciation charge (Notes 6;7)	652	558
Profit/loss from revaluation of real estate investment (Note 5)	(327)	0
Profit from disposal of non-current asset (Note 19)	2	0
Loss on non-current asset change in accounting policies (Note 19)	(256)	0
Non-monetary transactions: profit/loss from disposal of subsidiary	540	0
Non-monetary transactions: reserve for share option (Note 12)	39	38
Expenses of doubtful receivables (Notes 19)	1	0
Change in trade and other receivables (Note 3)	(651)	1,678
Change in inventories (Note 4)	581	79
Change in trade and other payables (Note 10)	617	271
Discontinued operations	106	(1,239)
Cash generated from operations	705	749
Interest payments (Note 20)	(222)	(241)
Net other financial income and expense	(39)	(1)
Net cash generated from operating activities	443	507
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 6;7)	(173)	(35)
Acquisition of available-for-sale financial assets (Note 8)	0	(240)
Net cash used in investing activities	(173)	(275)
Cash flows from financing activities		
Loans received (Note 9)	20	0
Repayment of loans received (Note 9)	(306)	(246)
Repayment of financial lease	(3)	0
Change in overdraft (Note 9)	(28)	137
Change in factoring (Note 9)	0	(143)
Net cash (used in)/from financing activities	(316)	(252)
NET CHANGE IN CASH	(47)	(20)
Effect of exchange rate changes on cash and cash equivalents	0	0
OPENING BALANCE OF CASH (Note 2)	54	74
CLOSING BALANCE OF CASH (Note 2)	7	54

*The notes to the financial statements presented on pages 16 to 33 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 31.12.2017	2,699	364	288	8	393	3,753
Share options 12M 2018	0	0	0	37	0	37
Other changes	0	0	0	0	2	2
<i>Net profit/loss for 12M 2018</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(891)</i>	<i>(891)</i>
<i>Other comprehensive income for 12M 2018</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 12M 2018	0	0	0	0	(891)	(891)
Balance at 31.12.2018	2,699	364	288	45	(496)	2,901
Balance at 31.12.2018	2,699	364	288	45	(496)	2,901
Share options 12M 2019	0	0	0	39	0	39
<i>Net profit/loss for 12M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1,398)</i>	<i>(1,398)</i>
<i>Other comprehensive income for 12M 2019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive profit/loss for 12M 2019	0	0	0	0	(1,398)	(1,398)
Balance at 31.12.2019	2,699	364	288	84	(1,894)	1,541

*The notes to the financial statements presented on pages 16 to 33 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 Latvia, Lithuania, and Finland.

The Group's main activities were production and distribution of furniture and softboard made of wood, however the Group ended its production of furniture when it sold its furniture production company Skano Furniture Factory on 5 September 2019.

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

The Group's shares were listed in the Main List of the Tallinn Stock Exchange until 2nd of April 2018, when the shares were moved from the Main List to the Secondary List. Until November 2009, the ultimate controlling party of Nordic Fibreboard AS was TDI Investments KY. The Group has since November 2009 not had any ultimate controlling party. Its largest shareholder today is OÜ Trigon Wood (owning 59.62%), of which the main investors with the largest holdings in OÜ Trigon Wood have significant influence over the Group as at 31 December 2019 and 31 December 2018, 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 Annual Report for the financial year that ended on 31.12.2018. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting. The functional and presentation currency of Nordic Fibreboard AS is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

According to the assessment of the Management Board Nordic Fibreboard AS is a going concern and the Interim Report for the 4th quarter of 2019 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.

IMPORTANT CHANGES IN ACCOUNTING POLICIES

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

IFRS 16, LEASES

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



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

The impact of new standard:

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

Thus, there were impact to the Group from 1 January 2019 at the initial application of the new standard.

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

The following new or revised standards and interpretations became effective for the Group from January 1, 2018:

IFRS 15 „REVENUE FROM CONTRACTS WITH CUSTOMERS“

IFRS 15 „Revenue from Contracts with Customers“ (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers must be capitalised and amortised over the period when the benefits of the contract are consumed. The new standard did not have material impact on the Group’s financial statements.

Revenue from Contracts with Customers – Amendments to IFRS 15 (effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new standard. The new standard did not have material impact on the Group’s financial statements.

IFRS 9, FINANCIAL INSTRUMENTS

IFRS 9, Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:



- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stages' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The new standard did impact on the Group's financial statements with the reclassification from financial assets available for sale (Trigon Property Development shares) into financial assets at fair value through profit or loss (€ 182 thousand as at 1 January 2018, see also Note 8). There were no fair value gains/losses to be transferred from AFS reserve to retained earnings on 1 January 2018.

From 2019 the company changed the accounting policy for investment properties retroactively. Investment properties are now recognized at the fair value.

NOTE 2 CASH AND CASH EQUIVALENTS

<i>€ thousand</i>	31.12.2019	31.12.2018	31.12.2017
Cash on hand	1	2	4
Bank Accounts	6	52	70
TOTAL	7	54	74



NOTE 3 TRADE AND OTHER RECEIVABLES

€ thousand	31.12.2019	31.12.2018	31.12.2017
Customer receivables	1,186	911	934
Prepaid taxes	185	150	210
Other receivables	7	65	44
Prepaid services	16	16	25
TOTAL	1,394	1,142	1,215

*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:

thousand €	31.12.2019	31.12.2018	31.12.2017
Not past due	1,033	777	762
incl receivables from customers who also have receivables past due	388	207	239
incl receivables from customers who have no receivables past due	646	569	523
Past due but not impaired	152	134	172
Overdue up to 90 days	140	132	161
Overdue more than 90 days	12	2	11
TOTAL	1,186	910	934

NOTE 4 INVENTORIES

€ thousand	31.12.2019	31.12.2018	31.12.2017
Raw materials and other materials	218	439	588
Work-in-progress	130	358	495
Finished goods	568	1,264	1,116
Goods purchased for resale	59	163	154
Goods in transit	0	133	68
Prepayments to suppliers	18	7	25
Write-off reserve for inventories	(100)	(109)	(109)
TOTAL	894	2,255	2,336



NOTE 5 INVESTMENT PROPERTY

	<i>thousand €</i>
Cost 31.12.2017	229
Accumulated depreciation at 31.12.2017	(59)
Carrying amount 31.12.2017	170
Acquisition	5
Cost 31.12.2018	234
Accumulated depreciation at 31.12.2018	(59)
Carrying amount 31.12.2018	175
Acquisition	20
Real estate revaluation	327
Depreciation	(58)
Reclassification	657
Cost 31.12.2019	912
Accumulated depreciation at 31.12.2019	210
Carrying amount 31.12.2019	1,121

The Company obtained a valuation of its Pärnu Riverside Development's property from an independent expert valuation company, which resulted in an increase in the value of the property from its past method of using cost based valuation.

Costs of maintenance for 12M 2019 were € 21 thousand and € 0 thousand in 12M 2018. Rental income from investment properties for 12M 2019 was € 18 thousand and € 1 thousand in 12M 2018. Acquisitions of investment property during 2019 are related to expenses of Suur-Jõe 48, Pärnu detail plan.

	<i>thousand €</i>
31.12.2017	
Share of registered immovable property at Suur-Jõe 48, Pärnu	0
Share of registered immovable property at Rääma Street 31, Pärnu	170
31.12.2018	
Share of registered immovable property at Suur-Jõe 48, Pärnu	5
Share of registered immovable property at Rääma Street 31, Pärnu	170
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



NOTE 6 PROPERTY PLANT EQUIPMENT

<i>thousand €</i>	Land	Buildings and facilities	Machinery and equipment	Other fixtures	Construct ion-in-progress	Right-of-use asset	TOTAL
Cost at 31.12.2017	223	4,950	14,247	136	0	0	19,556
Accumulated depreciation at 31.12.2017	0	(3,113)	(9,407)	(127)	0	0	(12,648)
Carrying amount at 31.12.2017	223	1,836	4,840	8	0	0	6,908
Additions	0	0	27	2	0	0	30
Reclassification	0	0	0	0	0	0	0
Disposals and write-offs (Note 19)	0	0	(16)	(21)	0	0	(37)
Accumulated depreciation of fixed assets written off	0	0	16	21	0	0	37
Depreciation (Notes 15;16;17)	0	(174)	(537)	(3)	0	0	(714)
Cost at 31.12.2018	223	4,950	14,259	117	0	0	19,548
Accumulated depreciation at 31.12.2018	0	(3,287)	(9,928)	(109)	0	0	(13,325)
Carrying amount at 31.12.2018	223	1,662	4,331	7	0	0	6,223
Additions	0	0	57	0	86	0	143
Reclassification	(32)	(2,397)	16	0	(16)	0	(2,429)
Change in accounting policies	0	0	0	0	0	256	256
Disposals and write-offs (Note 19)	0	0	(3,790)	(69)	0	0	(3,859)
Accumulated depreciation of fixed assets written off	0	0	3,701	68	0	0	3,769
Accumulated depreciation of reclassification assets written off	0	1,772	0	0	0	0	1,772
Depreciation (Notes 15;16;17)	0	(113)	(472)	(2)	0	(77)	(664)
Cost at 31.12.2019	191	2,553	10,542	48	70	256	13,660
Accumulated depreciation at 31.12.2019	0	(1,629)	(6,699)	(43)	0	(77)	(8,448)
Carrying amount at 31.12.2019	191	924	3,843	4	70	180	5,212

As a result of the new standard IFRS 16, leases were recognized as property, plant and equipment in the balance sheet (column "right-of-use asset").



NOTE 7 INTANGIBLE ASSETS

<i>thousand €</i>	Computer software
Cost at 31.12.2017	169
Accumulated amortisation at 31.12.2017	(122)
Carrying amount 31.12.2017	47
Additions 12M 2018	3
Disposals and write-offs (Note 19)	(48)
Accumulated depreciation of fixed assets written off	48
Amortisation charge (Notes 15;16;17)	(16)
Cost at 31.12.2018	125
Accumulated amortisation at 31.12.2018	(91)
Carrying amount 31.12.2018	34
Additions 12M 2019	0
Disposals and write-offs (Note 19)	(42)
Accumulated depreciation of fixed assets written off	41
Amortisation charge (Notes 15;16;17)	(14)
Cost at 31.12.2019	82
Accumulated amortisation at 31.12.2019	(64)
Carrying amount 31.12.2019	18

NOTE 8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>thousand €</i>	31.12.2019	Change 12M 2019	31.12.2018	31.12.2017
Non-current assets				
Listed securities - Equity securities - cost as at	410	0	410	182
Revaluation	(13)	(25)	12	0
Fair value as at	397	(25)	422	182

**Available-for-sale financial assets (i.e. Trigon Property Development shares) have been revaluated to reflect fair value based on last price as at 31.12.2019 as shown on Nasdaq Tallinn Stock Exchange.*

NOTE 9 BORROWINGS

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



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<i>thousand €</i>	Interest rate	31.12.2019	31.12.2018	31.12.2017
Current borrowings				
Current portion of long-term bank loan	6 month euribor+4.55%	4,090	284	220
Current portion of short-term financial lease	6 month euribor+2.49%	93	0	0
Short term loan from related parties	5%	20	0	0
Bank overdrafts	5%	340	368	231
Factoring	1 month euribor+3.5%	0	0	143
Total		4,544	651	593
Non-current borrowings				
Current portion of long-term bank loan	6 month euribor+4.55%	0	4,113	4,422
Non-current financial lease	6 month euribor+2.49%	92	0	0
Total		92	4,113	4,422
Total borrowings		4,636	4,765	5,016

* Factoring contract ended at 19th of august 2018. As at 26.02.2020 the short-term loan balance with related parties is € 20 thousand.

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	Other	31.12.2019
Current portion of long-term bank loan	284	(306)	0	196	(196)	4,112	4,090
Current portion of short-term financial lease	0	(3)	(75)	6	(6)	172	93
Short term loan from related parties	0	20	0	0	0	0	20
Bank overdrafts	368	(28)	0	20	(20)	0	340
Factoring	0	0	0	0	0	0	0
Non-current bank loans	4,113	0	0	0	0	(4,113)	0
Non-current financial lease	0	0	8	0	0	85	92
Total liabilities from financing activities	4,765	(316)	(68)	222	(222)	255	4,636



CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities <i>thousand €</i>	31.12.2017	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Other	31.12.2018
Current portion of long-term bank loan	220	(246)	0	209	(209)	309	284
Short term loan from related parties	0	0	0	0	(0)	0	0
Bank overdrafts	231	137	0	18	(18)	0	368
Factoring	143	(143)	0	13	(13)	0	0
Short-term financial lease	0	0	0	0	0	0	0
Non-current bank loans	4,422	0	0	0	0	(309)	4,113
Non-current financial lease	0	0	0	0	0	0	0
Total liabilities from financing activities	5,016	(252)	0	241	(241)	0	4,764

NOTE 10 TRADE AND OTHER PAYABLES

<i>thousand €</i>	31.12.2019	31.12.2018	31.12.2017
Trade payables	2,226	1,768	1,071
Payables to employees	163	223	225
incl. accrued holiday pay reserve	36	53	52
Tax liabilities	162	257	281
incl. social security and unemployment insurance	101	145	147
personal income tax	42	51	61
contribution to mandatory funded pension	4	6	6
value added tax	5	45	51
other taxes	10	9	16
Prepayments received	82	147	330
Other payables	32	23	48
TOTAL	2,665	2,418	1,956



NOTE 11 PROVISIONS

thousand €

Balance at 31.12.2017	213
incl. current portion of provision	13
incl. non-current portion of provision	200
Movements 2018 12M:	
Use of provision	(22)
Interest cost (Note 20)	7
Increase of reserve	26
Balance at 31.12.2018	225
incl. current portion of provision	15
incl. non-current portion of provision	210
Movements 2019 12M:	
Use of provision	(22)
Interest cost (Note 20)	7
Decrease of reserve	(10)
Balance at 31.12.2019	199
incl. current portion of provision	20
incl. non-current portion of provision	179

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.

NOTE 12 EQUITY

	Nominal value €	Number of shares pcs	Share capital thousand €
Balance at 31.12.2019	0.60	4,499,061	2,699
Balance at 31.12.2018	0.60	4,499,061	2,699
Balance at 31.12.2017	0.60	4,499,061	2,699

The share capital of Nordic Fibreboard AS totalled 2,699,436.60 euros that were made up of 4,499,061 shares with the nominal value of 0.60 euros each. The maximum share capital outlined in the Articles of Association is 10,797,744 euros. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends.

As at 31.12.2019. The Group had 430 shareholders (31.12.2018: 445 shareholders) of which with more than 5% ownership interest were:

- Trigon Wood OÜ with 2,682,192 shares or 59.62% (31.12.2018: 59.47%)
- Gamma Holding Investment OÜ with 362,581 shares or 8.06% (31.12.2018: 7.69%)



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

- Joakim Johan Helenius 20,000 shares (31.12.2018: 20.000 shares)
- Jan Peter Ingman 0 shares (31.12.2018: 0 shares)
- Trond Brekke 0 shares (31.12.2018: 0 shares)
- Sakari Wallin 0 shares (31.12.2018: 0 shares)
- Torfinn Losvik 0 shares (31.12.2018: 0 shares)

Both Joakim Johan Helenius and Torfinn Losvik have indirect ownership through parent company OÜ Trigon Wood. Torfinn Losvik owns shares through Stetind OÜ in the amount of 44.206 shares (2018 11.980 shares).

As of 31.12.2017 Gregory Devine Grace had a share option agreement with the total amount of 33,333 share options. The share options were valid until 31.12.2018 with strike price of € 1.10 per share. 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.

As of 31.12.2019 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 follows:

- 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

	31.12.2019	31.12.2018	31.12.2017
Net profit (-loss) (in thousands of euros)	(1,398)	(891)	(127)
Weighted average number of shares (units)	4,499	4,499	4,499
Basic earnings per share	(0.31)	(0.20)	(0.03)
Weighted average number of shares used for calculating the diluted earnings per shares (units)	4,630	4,630	4,521
Diluted earnings per share	(0.30)	(0.19)	(0.03)
Book value of share	0.34	0.64	0.83
Price/earnings ratio (P/E)	(1.32)	(1.81)	(21.74)
Last price of the share of Nordic Fibreboard AS on Tallinn Stock Exchange at 31.12.2019, 31.12.2018, 31.12.2017*	0.41	0.36	0.62
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	22
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,630	4,630	4,521

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

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

* 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.

BUSINESS SEGMENTS:

12 months 2019 thousand €	Fibreboard manufactur ing and sale	Real Estate Managem ent	Furniture retail sale	Group's general expenses and eliminations	CONTINUED SEGMENTS TOTAL	Discontin ued operation s	SEGMENTS TOTAL
Revenue from external customers	11,745	77	1,511	0	13,333	1,215	14,548
Inter- segment revenue	0	34	4	(38)	0	0	0
Operating profit/-loss	(540)	294	(202)	104	(344)	(253)	(597)
Amortisation /depreciation (Notes 6; 7)	591	58	2	0	651	78	729
Segment assets	8,058	992	75	(80)	9,045	0	9,045
Non-current assets of the segment (Note 5;6;7;8)	5,865	951	0	(67)	6,749	0	6,749
Segment liabilities	6,899	27	509	69	7,503	0	7,503
Additions to non-current assets (Note 6;7)	400	347	0	0	747	0	747
Interest expenses (Note 20)	204	0	0	6	210	17	227



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12 months 2018 thousand €	Fibreboard manufacturing and sale	Real Estate Management	Furniture retail sale	Group's general expenses and eliminations	SEGMENTS TOTAL	Discontinued operations	SEGMENTS TOTAL
Revenue from external customers	11 004	0	1 524	0	12 528	2 270	14 797
Inter-segment revenue	4	0	12	(15)	(0)	0	(0)
Operating profit/-loss	(277)	0	(106)	253	(130)	(506)	(636)
Amortisation /depreciation (Notes 6; 7)	556	0	2	0	558	172	730
Segment assets	8 307	0	418	(437)	8 288	2 019	10 307
Non-current assets of the segment (Note 5;6;7;8)	5 391	0	0	0	5 391	832	6 223
Segment liabilities	6 406	0	690	(644)	6 452	954	7 406
Additions to non-current assets (Note 6;7)	22	0	3	0	25	10	35
Interest expenses (Note 20)	214	0	0	3	216	34	250

BUSINESS SEGMENT BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

thousand €	12M 2019					
	Fibreboard	Real estate management	Retail	TOTAL	Discontinued operations	SEGMENTS TOTAL
European Union	8,656	77	1,511	10,244	637	10,881
Russia	1,545	0	0	1,545	458	2,003
Asia	544	0	0	544	0	544
Africa	523	0	0	523	0	523
Other	245	0	0	245	48	293
Middle East	232	0	0	232	72	304
TOTAL	11,745	77	1,511	13,333	1,215	14,548



thousand €	12M 2018					SEGMENTS TOTAL
	Fibreboard	Real estate management	Retail	TOTAL	Discontinued operations	
European Union	8,296	0	1,524	9,820	897	10,716
Russia	1,531	0	0	1,531	1,217	2,748
Asia	294	0	0	294	0	294
Africa	168	0	0	168	0	168
Other	404	0	0	404	99	503
Middle East	312	0	0	312	57	369
TOTAL	11,004	0	1,524	12,528	2,270	14,797

NOTE 15 COST OF GOODS SOLD

thousand €	Q4 2019	Q4 2018	12M 2019	12M 2018
Raw materials and main materials	925	1,033	4,435	3,847
Electricity and heat	866	681	3,216	2,888
Labour expenses (Note 18)	488	388	1,833	1,619
Depreciation (Note 6;7)	154	134	591	556
Purchased goods	377	123	809	536
Change in balances of finished goods and work in progress	(0)	0	353	633
Other expenses	118	92	302	401
Continued operations TOTAL	2,928	2,452	11,538	10,480
Discontinued operations	0	633	1,350	2,284
TOTAL	2,928	3,085	12,888	12,765

NOTE 16 DISTRIBUTION COSTS

thousand €	Q4 2019	Q4 2018	12M 2019	12M 2018
Transportation expenses	255	197	995	973
Labour expenses (Note 18)	58	107	327	359
Operating Lease	73	0	0	0
Marketing expense	2	26	57	112
Commission fees	23	12	61	39
Depreciation (Note 6;7)	0	0	1	1
Other expenses	(31)	137	256	414
Continued operations TOTAL	381	479	1,698	1,898
Discontinued operations	0	14	70	55
TOTAL	381	493	1,768	1,953



NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Labour expenses (Note 18)	77	92	348	346
Purchased services	83	30	136	67
Office supplies	4	0	7	1
Operating Lease	0	4	6	14
Depreciation (Note 6;7)	22	0	59	1
Other expenses	62	24	102	68
Continued operations TOTAL	248	150	658	498
Discontinued operations	0	36	82	134
TOTAL	248	185	740	632

NOTE 18 LABOUR EXPENSES

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Wages and salaries	473	441	1,911	1,763
Social security and unemployment insurance	150	146	597	561
Fringe benefits paid to employees	9	12	31	37
Continued operations TOTAL	632	599	2,539	2,361
Discontinued operations	0	318	796	1,301
TOTAL	632	917	3,335	3,662

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Compensation from insurance	0	0	22	0
Other operating income	327*	1	329*	13
Continued operations TOTAL	327	1	351	14
Discontinued operations	0	0	38	1
TOTAL	327	1	389	14

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



OTHER OPERATING EXPENSES

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Contract fees	0	0	0	51
Sales bonuses	10	4	38	20
Reclamations	0	(0)	6	5
Commission, factoring fees	0	0	1	2
Membership fees	0	0	4	2
Insurance	0	0	5	1
Doubtful receivables	1	0	1	0
Penalties paid	19	5	75	7
Loss from sales of fixed assets	2	0	2	0
Other costs	0	(300)*	0	(292)*
Continued operations TOTAL	31	(292)	133	(205)
Discontinued operations		300*	4	302*
TOTAL	31	9	137	97

* Other operating expenses for 2018 arise from the elimination of intra-subsidary transactions.

NOTE 20 FINANCIAL INCOME AND EXPENSES

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Financial income:				
Other financial income	19*	22*	19*	22*
Total financial income	19	22	19	22
Discontinued operations	0	0	0	0
TOTAL	19	22	19	22

*Other financial income includes revaluation of TPD shares

Financial cost				
Interest expenses	55	53	210	242
including interest expenses related to provisions (Note 11)	2	2	8	7
Other finance cost	3	4	593**	26*
Total financial cost	59	56	803	268
Discontinued operations	0	8	18	8
TOTAL	59	64	820	276

*Other financial expenses for 2018 12M includes revaluation of TPD shares

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

NOTE 21 RELATED PARTIES

The following parties are considered to be related parties:

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



As of 31 December 2019, the largest shareholder of OÜ Trigon Wood 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:

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Membership fees	18	39	130	140
Resignation compensation	0	0	0	0
Social tax	6	13	43	46
Total	24	51	173	187

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 RENTAL, CONSULTATION AND OTHER SERVICES FROM RELATED PARTIES:

<i>thousand €</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Purchased services	1	3	17	15
Total	1	3	17	15

BALANCES WITH RELATED PARTIES AS OF:

balance with related parties <i>thousand €</i>	31.12.2019	31.12.2018	31.12.2018	31.12.2017
Purchased services	0	1	1	0
Short-term loan	20	0	0	0
Short-term loan interest	0	0	0	0
Total	20	1	1	0

*As at 26.02.2020 the short-term loan balance with related parties is € 20 thousand.



NOTE 22 STATEMENT OF PROFIT OR LOSS OF DISCONTINUED OPERATIONS

PROFIT AND LOSS

<i>€ thousand</i>	Q4 2019	Q4 2018	12M 2019	12M 2018
Revenue (Note 14)	0	594	1,215	2,270
Cost of goods sold (Note 15)	0	633	1,350	2,284
Gross profit	0	(39)	(134)	(15)
Distribution costs (Note 16)	0	14	70	55
Administrative expenses (Note 17)	0	36	82	134
Other operating income (Note 19)	0	0	38	1
Other operating expenses (Note 19)	0	300	4	302
Operating profit (loss)	0	(389)	(253)	(506)
Finance income (Note 20)	0	0	0	8
Finance costs (Note 20)	0	8	18	34
LOSS BEFORE INCOME TAX	0	(397)	(271)	(532)
Corporate income tax	0	0	0	0
NET PROFIT (LOSS) FOR THE PERIOD	0	(397)	(271)	(532)

NOTE 23 BUSINESS CONTINUITY

Apart from focusing on improving the company's profitability, the current objective is also on improving the company's financial liquidity and net working capital. Management is currently in discussions with financial lenders on these financial issues.

