NORDIC FIBREBOARD AS

CONSOLIDATED ANNUAL REPORT 2024

Beginning of the financial year:	01.01.2024
End of the financial year:	31.12.2024
Business name:	Nordic Fibreboard AS
Registry code:	11421437
Legal form of entity:	Public limited liability company
Address:	Rääma 31, Pärnu 80044, Estonia
Country of incorporation:	Republic of Estonia
Telephone:	+372 44 78 323
E-mail:	group@nordicfibreboard.com
Homepage:	www.nordicfibreboard.com
Auditor:	AS PricewaterhouseCoopers
Main activity:	Production and sales of fibreboards

NORDIC FIBREBOARD

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Translation of the company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Tallinn Stock Exchange and digitally signed (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100092503/reports)

COMPANY PROFILE

THE GROUP IN BRIEF

Nordic Fibreboard AS is a holding company with subsidiaries Nordic Fibreboard Ltd OÜ and Pärnu Riverside Development OÜ.

The main activity of the Nordic Fibreboard AS group includes the production and wholesale of building materials. In addition, the group owns a real estate management company.

The Group, as of 31.12.2024, therefore consists of the following companies, all 100% owned:

Subsidiary	Location	Activity
Nordic Fibreboard Ltd OÜ	Estonia	Production and sales
Pärnu Riverside Development OÜ	Estonia	Rental and property development

Nordic Fibreboard Ltd OÜ manufactures and sells adhesive- and chemical-free wood fibreboards for the construction and industrial sectors.

Pärnu Riverside Development OÜ owns and manages a property located at 48 Suur-Jõe Street in the city of Pärnu and offers commercial premises rental services. A detailed plan for residential land development has been established for the property.

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

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

As at 31.12.2024 the Group employed 68 people (31.12.2023: 67 employees).

MANAGEMENT REPORT

OVERVIEW OF OPERATING RESULTS

REVENUE AND OPERATING RESULTS

Consolidated net sales for 2024 were € 7.59 million, which is a decrease of 1.5% compared to 2023 sales of € 7.71 million. The sales revenue from the production of fibreboard was € 7.57 million in 2024 (2023: € 7.66 million). Sales revenue in 2024 remained at the same level compared to 2023. Changes occurred in market shares, as the 2023 sales revenue included 17% sales to a major Danish customer, with whom cooperation ended in June 2023. The loss of this volume has been successfully compensated by the growth of orders from industrial customers and the addition of new other customers in 2024. The main markets – Finland, Sweden and the Baltics – have maintained a stable sales level throughout 2024. Sales to Asian and African markets have shown growth in 2024. The sales revenue in 2024 from real estate management was € 25 thousand (2023: € 47 thousand).

The consolidated EBITDA of Nordic Fibreboard AS for 2024 was negative € 0.03 million (2023: € positive 0.58 million). EBITDA margin in 2024 was 0% representing a decrease of 8% compared to 2023 (2023: 8%). The significant decrease in EBITDA in the Q4 2024 compared to the same period last year was mainly due to the revaluations of investment properties in Pärnu Riverside Development OÜ and Nordic Fibreboard Ltd OÜ at the end of 2023, where the Group received a one-time income of € 404 thousand from the revaluation of investment properties. In the 2024, the fair value of real investment properties did not change. In addition, EBITDA was negatively impacted by the forced shutdown of the factory due to force majeure situation in December. During the shutdown, personnel costs, factory maintenance costs and repair costs continued to be covered, which had a negative effect on EBITDA. At the end of November, production at the Nordic Fibreboard factory had to be temporarily suspended due to adverse weather conditions, as excessive loads on the factory roof caused structural damage. To ensure the safety of employees, production was suspended and repair work began, the factory was reopened for production on 02.01.2025.The increase in input costs and the increase in marketing and product development costs also had some impact. The increase in marketing and product development costs has been a strategic investment aimed at strengthening sales activities and supporting sales revenue growth in future periods.

The consolidated net loss of Nordic Fibreboard AS for 2024 was € 0.79 million (2023: net loss € 0.68 million).

GROUP`S REVENUE BY ACTIVITY

	€ thousand		*% of net sales*	
Activity	**2024**	**2023**	**2024**	**2023**
Fibreboards production and sales	7,567	7,657	100%	99%
Real Estate Management	25	47	0%	1%
TOTAL	**7,592**	**7,704**	**100%**	**100%**

GROUPS`S REVENUE BY REGIONS

	€ thousand		*% of net sales*	
Region	**2024**	**2023**	**2024**	**2023**
European Union	6,921	7,021	91%	91%
Asia	212	114	3%	1%
Africa	305	197	4%	3%
Middle East	139	137	2%	2%
Other regions	15	235	0%	3%
TOTAL	**7,592**	**7,704**	**100%**	**100%**

PROFIT/-LOSS BY BUSINESS SEGMENTS

€ thousand	2024	2023
EBITDA by business units:		
Fibreboards production and sales	26	510
Real Estate Management	(48)	113
Group eliminations	(3)	(44)
TOTAL EBITDA	**(25)**	**579**
Extraordinary other operating expenses	0	(406)
Depreciation	(522)	(489)
TOTAL OPERATING PROFIT/LOSS	**(547)**	**(316)**
Net financial cost	(239)	(366)
NET PROFIT/LOSS	**(786)**	**(682)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 31.12.2024 the total assets of Nordic Fibreboard AS were € 8.3 million (31.12.2023: 8.5 million). The liabilities of the company as of 31.12.2024 were € 4.6 million (31.12.2023: € 4.1 million), of which the Group has payables of € 0.4 million (31.12.2023: € 0.5 million) and borrowings of € 3.7 million (31.12.2023: € 3.2 million).

Receivables and prepayments amounted to € 0.6 million as at 31.12.2024 (31.12.2023: € 0.5 million). Inventories were € 0.6 million as of 31.12.2024 (31.12.2023: € 0.7 million). Fixed assets were € 7.0 million as of 31.12.2024 (€ 7.2 million as of 31.12.2023).

The Group's operating result in 2024 was negative cash flow of € 174 thousand (positive cash flow of € 266 thousand in 2023). Cash outflows due to investment activities was € 289 thousand in 2024, mainly consisting of investments into production assets of € 178 thousand and real estate investments of € 111 thousand (2023: cash outflow € 257 thousand). Financing activities also resulted in cash inflows of € 509 thousand in 2024 (2023: cash outflow € 4 thousand). Net cash effect in 2024 cash inflow of € 46 thousand, (2023: cash inflow € 5 thousand).

PERFORMANCE OF BUSINESS UNITS

NORDIC FIBREBOARD LTD: FIBREBOARD PRODUCTION AND SALES

Nordic Fibreboard manufactures and supplies high-quality wood fibreboards, including wind barrier, insulation, and flooring underlayment boards, as well as ceiling and wall panels. The company focuses on producing environmentally friendly and sustainable materials, offering natural and durable products that are versatile and suitable for various construction and industrial solutions.

Nordic Fibreboard Ltd OÜ sales for 2024 were € 7.57 million, which remained practically at the same level compared to the previous year (2023: € 7.66 million), decreasing by only 1%.

The EBITDA of Nordic Fibreboard Ltd OÜ was € 0.03 million in 2024 (2023: € 0.51 million). The negative EBITDA in Q4 2024 compared to the same period last year was mainly due to the forced shutdown of the factory due to force majeure in December. During the shutdown, personnel costs, factory maintenance costs and repair costs continued to be covered, which negatively affected the EBITDA result. The increase in input costs and the increase in marketing and product development costs also had some impact. The increase in marketing and product development costs has been a strategic investment aimed at strengthening sales activities and supporting sales revenue growth in future periods. Net loss for 2024 was € 0.73 million, (2023: net loss € 0.72 million).

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	€ thousand		% of net sales	
Region	2024	2023	2024	2023
European Union	6,896	6,974	91%	91%
Asia	212	114	3%	1%
Africa	305	197	4%	3%
Middle East	139	137	2%	2%
Other regions	15	235	0%	3%
TOTAL	**7,567**	**7,657**	**100%**	**100%**

PÄRNU RIVERSIDE DEVELOPMENT: REAL ESTATE MANAGEMENT

Rental income was € 27 thousand in 2024 (2023 € 47 thousand). All sales revenue for 2024 and 2023 are within Estonia. The sales revenue decreased due to the termination of rental agreements in August 2024. The decision to terminate the rental agreements was due to the specific characteristics of the production building complex, which caused high communal costs, and which could not be covered by rental income. The main goal of Pärnu Riverside Development OÜ is not to earn rental income from the investment property, but to develop the investment property.

EBITDA in 2024 was negative € 48 thousand, (2023: EBITDA positive € 113 thousand). The Company's net loss in 2024 was € 54 thousand euros, (2023: net profit was € 110 thousand). The impact of such a large change in EBITDA and net profit is due to the fair value revaluation of the real estate investment object located at Suur-Jõe Street 48 in Pärnu, in 2023 income from the fair value revaluation was € 142 thousand, the value of the property did not change in the fair value of the investment property as at the end of 2024.

FORECAST AND DEVELOPMENT

BUSINESS ENVIRONMENT 2024

In 2024, the Estonian economy was characterized by a gradual recovery following the previous economic downturn, though several sectors, including industry, faced significant challenges. While overall economic growth was positive, it was not evenly distributed across all sectors, requiring industrial companies in particular to adapt to the difficult economic conditions. According to the Eesti Pank the economy grew by 1.6% in 2024, with a significant contribution coming from an increase in export volume. Despite this, the growth in domestic demand remained modest, which we also felt as a company – consumer purchasing power remained weak and households and companies were low in their willingness to invest.

The industrial sector had a challenging year in 2024. According to Statistics Estonia, the volume of industrial production fell by 4% in a year, with the wood industry experiencing a particularly large decline, with production decreasing by 10.7%. This decline was driven by global market shifts, fluctuations in energy prices, and ongoing uncertainty in the construction sector, which affected the demand for wood materials. Industrial companies also had to adapt to the European Union's green transition measures, which brought additional regulatory obligations and costs. The economic environment was also affected by tax policy changes and continued inflationary pressure. Inflation remained at 3.6% during the year, a significant part of which was accounted for by tax increases. This had an impact on both consumer behavior and companies' operating costs. Although the European Central Bank's interest rate cuts provided some relief, its impact was not immediately noticeable, but rather will be felt over the long term.

Despite the difficult circumstances, the improvement in exports gave hope for the recovery of the sectors.

NORDIC FIBREBOARD LTD:

Sales figures for Q4 2024 indicated moderate growth, but 2025 is expected to be challenging, especially for the construction sector. The largest foreign market, Finland, which accounts for over 30% of total sales, continues to be in a difficult economic situation. As the construction sector in other European countries is not expected to recover quickly in the near future, the company is shifting our focus to new markets and industry sectors to ensure sustainable growth. Increasing sales volumes remains the Company's top priority in 2025.

The marketing activities and new brand image initiated in 2024 will help to strengthen the Company market position and make the Company's external image more modern. The Company continues to actively develop products to expand and update its product range, providing solutions for both the construction and industrial sectors. The growing interest in Nordic Fibreboard products, the increased number of price inquiries and the commitment to sales and marketing activities give the Company reason to enter 2025 with cautious optimism.

Despite the challenging economic environment, Nordic Fibreboard has been forward-looking and plan to renew and improve its digital solutions and invest in the modernization of the factory's energy solutions. The focusing is also on planning factory upgrades to ensure high-quality production and modern technical solutions.

For the Company, employees are one of the most valuable assets. The Company has attracted top specialists to the team and intend to continue doing so to support the company's growth and development in the desired direction.

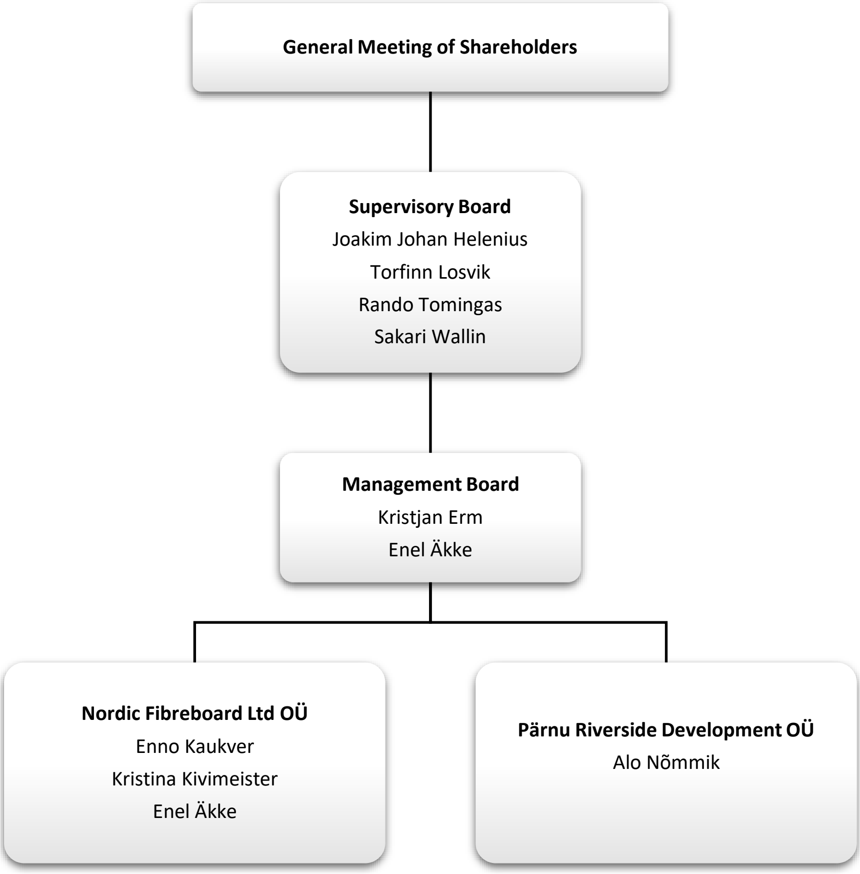
Like many businesses, Nordic Fibreboard believes that the deepest point of the economic downturn has passed and that a gradual recovery will begin in 2025. This positive outlook is supported by the continued decline in interest rates and the overall stabilization of the economy.

PÄRNU RIVERSIDE DEVELOPMENT

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

ELECTION AND POWERS OF MANAGEMENT BODIES AND PERSONNEL

The management bodies of Nordic Fibreboard AS as of 31.12.2024:



THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting is the highest directing body of the Company. Annual General Meeting shall be called within six months after the end of the financial year at the latest at the company's registered place of business. An extraordinary General Meeting shall be called if it is required by law.

The General Meeting of Nordic Fibreboard AS for 2025 will be held on 16 June 2025 in the Company's head office in Pärnu.

SUPERVISORY BOARD

The Supervisory Board plans the Company's (i.e. Nordic Fibreboard group) activities, organises its management, supervises the activities of the Management Board and adopts resolutions in matters provided by law or the Articles of Association. According to the Articles of Association, the Supervisory Board consists of up to seven members. Members of the Supervisory Board are elected by the General Meeting for a term of five years. The Supervisory Board of Nordic Fibreboard AS has four members. As at the balance sheet date, the Supervisory Board was comprised of the chairman of the Supervisory Board Joakim Johan Helenius and members of the Supervisory Board Torfinn Losvik, Rando Tomingas and Sakari Wallin.

INFORMATION ABOUT MEMBERS OF THE SUPERVISORY BOARD

Joakim Johan Helenius (relected into office until 09.10.2028), member of the Supervisory Board since 1999. Joakim Johan Helenius was born in 27.11.1957 in Finland and he obtained a degree from Cambridge University in England. Joakim Helenius is the owner and chairman of the board of AS Trigon

Capital, and the owner and chairman of the council of companies such as AS Trigon Property Development, Trigon Carbon Negative Agriculture OÜ, AS Väätsa Agro and Fenestra AS. Joakim Johan Helenius owns 40 000 Nordic Fibreboard shares. In addition, it owns 100% of NFB Pärnu Holdings OÜ, which owns 49.24% of the shares of Nordic Fibreboard AS, and 100% of NFB Ventures OÜ, which owns 18.73% of the shares of Nordic Fibreboard AS.

As of 31.12.2024, the Group was controlled by Joakim Johan Helenius, the owner of NFB Pärnu Holdings OÜ (indirect and direct holding in the company in total 68.86%).

Sakari Wallin (re-elected into office until 26.07.2028), member of the Supervisory Board since 2018. Sakari Wallin was born in 03.05.1954 in Finland and he obtained Bachelor’s Degree in Engineering from Polytechnik Turku. Sakari Wallin holds Managing Director’s position in Finnish Fibreboard LTD. Sakari Wallin is Chairman of the Board of Finnish Fibreboard (UK) Ltd and Managing director of Finnish Fibreboard Filial Sverige. Sakari Wallin does not own shares in Nordic Fibreboard AS.

Rando Tomingas (elected into office until 27.06.2028), member of the Supervisory Board since 2023. Rando Tomingas has obtained his Bachelor´s and Master´s degree (cum laude) in finance from Tallinn University of Technology and has worked in the Trigon Capital group since 2014. Rando Tomingas does not own any shares of Nordic Fibreboard AS but Triangel Kapital OÜ, a company 100% owned by Rando Tomingas, owns 1,000 Nordic Fibreboard AS shares.

Torfinn Losvik (elected into office until 22.11.2028), member of the Supervisory Board since 2023. Before being elected to the member of the Supervisory Board, Torfinn Losvik was a Chairman of the Board of Nordic Fibreboard AS in 2017-2023. Torfinn Losvik is a Norwegian citizen, active in the Estonian business scene since 1998. Torfinn has extensive management experience in production-related companies, having been operations manager at Marat AS (2003-2014) and Finnwear OY (1998-2002) and Chairman of the Board at Particia Group OY (since 2002). In addition, he has approximately ten years of experience in investment banking. Torfinn Losvik does not own shares in Nordic Fibreboard AS.

MANAGEMENT BOARD

The powers of the Management Board of the Company are provided in the Commercial Code and are limited as established in the Company’ Articles of Association. The members of the Management Board have no powers to issue shares. Members of the Management Board are appointed by the Company’s Supervisory Board for three years. Members of the Management Board are appointed and recalled by simple majority voting of the Supervisory Board.

There are no agreements between Nordic Fibreboard AS and members of the Management Board as provided in Chapter 19 of the Securities Market Act. In accordance with the Articles of Association, the Management Board consists of up to seven members. As at the end of the financial year and at the approval of this annual report, the Management Board of Nordic Fibreboard AS has two member, Kristjan Erm and Enel Äkke.

PERSONNEL

In 2024, the average number of employees in the Group was 65 (2023: the average number of employees was 68). At the end of the financial year, the Group employed 68 employees of whom 47 were workers and 21 were specialists and executives (2023: number of employees was 67, of which 48 workers and 19 specialists and executives). The average age of the Group’s employees in both 2024 and 2023 was 53 years.

In 2024, employee wages and salaries with all applicable taxes totalled € 1.6 million (2023: also € 1.6 million). In 2024, payments made to management and supervisory board members of all group companies including all subsidiaries with relevant taxes were € 203 thousand (€ 274 thousand in 2023).

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

AUDIT COMMITTEE

The Audit Committee is a body advising the Supervisory Board in the area of accounting, auditing control, risk management, internal control and internal auditing, performance of supervision and budgeting and the legality of the activities of the Supervisory Board. Audit Committee has two members and as at balance sheet date includes Kristi Aarmaa and Kairi Ratas.

ELECTION OF AUDITOR

The company prioritized a balance between the price and quality of audit services, as well as professionalism, when selecting an auditor. In 2024, a competition was held to choose the auditor, and as a result, AS PricewaterhouseCoopers was selected. This decision was confirmed at the company's regular shareholders' meeting on June 18, 2024, where AS PricewaterhouseCoopers was appointed as the company's auditor, and an annual contract was signed with them for auditing the financial year 2024.

OTHER INFORMATION

The Group's Management Board publishes the annual report once a year and interim reports during the financial year. The information provided in reports is based on the reporting of financial indicators of intra-Group units that are monitored regularly. Reports are supplemented on a continuous basis in a process during which indicators influencing the achievement of agreed objectives are analysed. Shareholders are presented an annual report signed by the members of the Management Board and the Supervisory Board for consideration.

FINANCIAL RATIOS

€ thousand		
Income statement	**2024**	**2023**
Revenue	7,592	7,704
EBITDA	(25)	579
EBITDA margin	0%	8%
Operating profit	(547)	(316)
Operating margin	(7%)	(4%)
Net profit/-loss	(786)	(682)
Net margin	(10%)	(9%)

€ thousand		
Statement of financial position	**31.12.2024**	**31.12.2023**
Total assets	8,252	8,505
Return on assets	(10%)	(8%)
Equity	3,616	4,402
Return on equity	(22%)	(16%)
Debt-to-equity-ratio	56%	48%

Share	**31.12.2024**	**31.12.2023**
Last price (€)*	0.90	0.90
Earnings per share (€)	(0.17)	(0.15)
Price-earnings ratio	(5.15)	(5.93)
Book value of a share (€)	0.80	0.98
Market to book ratio	1.12	0.92
Market capitalization, (ths €)	4,049	4,049
Number of shares (piece)	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization
EBITDA margin = EBITDA / Revenue
Operating margin = Operating profit / Revenue
Net margin = Net profit / Revenue
Return on assets = Net profit / Total assets
Return on equity = Net profit / Equity
Debt-to-equity ratio = Liabilities / Total assets
Earnings per share = 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/

SHARE

SHARE

Nordic Fibreboard AS has one type of shares and the Company's Statute have no provisions on restriction of sales of the Company's shares. The Company does not have shares that grant specific control rights, and the Company has no information about agreements on restricting the voting rights of shareholders. The Company and shareholders have not entered into agreements between themselves that would restrict sale of shares.

VALUE OF SHARE

€	2024	2023	2022	2021	2020
Opening price €	0.94	1.61	1.98	0.45	0.41
Highest price €	1.05	1.65	2.24	2.42	0.51
Lowest price €	0.75	0.80	1.45	0.43	0.30
Last price €	0.90	0.90	1.60	1.95	0.45
Turnover, thousand shares	169	231	470	1,477	524
Turnover, thousand €	154	289	870	2,042	208
Market cap, million €	4.05	4.05	7.2	8.77	2.02

The following graph show the movements of Nordic Fibreboard AS share price and turnovers for the years 2020 to 2024.

SHAREHOLDERS

SHARE CAPITAL BY THE NUMBER OF SHARES AS OF 31.12.2024:

Number of shares	Number of shareholders	% from shareholders	Number of shares	% from share capital
1 - 99	545	55.22%	12,588	0.28%
100 - 999	302	30.60%	88,076	1.96%
1 000 - 9 999	122	12.36%	318,365	7.08%
10 000 - 99 999	15	1.52%	351,925	7.82%
100 000 - 999 999	2	0.20%	1,512,773	33.62%
1 000 000 - 9 999 999	1	0.10%	2,215,334	49.24%
TOTAL	**987**	**100.00%**	**4,499,061**	**100.00%**

SHARE CAPITAL GEOGRAPHICALLY AS OF 31.12.2024:

	Number of shareholders	% from shareholders	Number of shares	% from share capital
Estonia	951	96.35%	4,362,842	96.97%
Finland	10	1.01%	7,470	0.17%
Latvia	5	0.51%	22,522	0.50%
Lithuania	5	0.51%	45,918	1.02%
Germany	4	0.41%	45,841	1.02%
Other	12	1.22%	14,468	0.32%
TOTAL	**987**	**100.00%**	**4,499,061**	**100.00%**

SHARE CAPITAL BY THE TYPE OF THE OWNERS AS OF 31.12.2024:

The type of the owners	Number of shareholders	% from shareholders	Number of shares	% from share capital
Private individuals	928	94.02%	611,236	13.59%
Institutional investors	59	5.98%	3,887,825	86.41%
TOTAL	**987**	**100.00%**	**4,499,061**	**100.00%**

LIST OF THE SHAREHOLDERS WITH THE OWNERSHIP MORE THAN 1% AS OF 31.12.2024:

Shareholder	Number of shares	Shareholding %
NFB Pärnu Holdings OÜ	2,215,334	49.24%
NFB Ventures OÜ	842,640	18.73%
OÜ Kõik või Mittemidagi	670,133	14.89%
REGO PURIN	60,814	1.35%
TOIVO KULDMÄE	49,231	1.09%

Direct ownership of the members of the Management and Supervisory Boards as at 31.12.2024:

- Joakim Johan Helenius – 40,000 shares, i.e. 0.89%
- Rando Tomingas – does not hold any shares
- Sakari Wallin – does not hold any shares
- Torfinn Losvik – does not hold any shares
- Enel Äkke – does not hold any shares
- Kristjan Erm – does not hold any shares

AS of 31.12.2024 Joakim Johan Helenius has indirect ownership through companies NFB Pärnu Holdings OÜ and NFB Ventures OÜ (as of 31.12.2023 has indirect ownership through companies NFB Pärnu Holdings OÜ and Pärnu Holdings OÜ). As of 31.12.2024, Torfinn Losvik did not have a stake in Nordic Fibreboard AS, but as of 31.12.2023 Torfinn Losvik had an indirect stake through the company

Pärnu Holdings OÜ and shares through Stetind OÜ, amounting to 44,206 shares. As of 31.12.2024 Rando Tomingas owns shares through Triangel Kapital OÜ in the amount of 1,000 shares (31.12.2023: 36,762 shares).

DIVIDEND POLICY

As a rule, payment of dividends is decided annually and depends on the Group's performance and possible investment needs. The method of payment of the dividend shall be determined by a resolution of the general meeting. Dividends or advances are distributed proportionally among the shareholders, according to the list of shareholders, which is fixed on the 10th trading day after the general meeting where the decision was made to distribute the profit or make advances.

RISKS

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. The interest rate risk of Nordic Fibreboard AS depends on a possible change in EURIBOR (Euro Interbank Offered Rate), since some of the Group`s loans are linked to EURIBOR, the Group`s financial cost also increases when the interest rate increases. At 31.12.2024 six months' EURIBOR rate was 2.568% and at 31.12.2023 3.861%. The loan from the Rural Development Foundation is concluded with a fixed interest rate, thus bear no interest rate risk. However, the Company loan from Coop Pank AS and one of the loan agreements concluded with related parties have a floating interest rate, but the management is of the opinion that the floating interest rate will not bear significant impact to Company's cash flows.

The dates for fixing interest rates on the basis of changes in EURIBOR are the 30th day of every six months for its bank loans.

The interest rate risk also depends on the overall economic situation in Estonia and in the eurozone. Nordic Fibreboard AS has a cash flow risk arising from the interest rate risk, as part of the loans have a floating interest rate. Management believes that the cash flow risk is not significant, therefore no hedging instruments are used.

CURRENCY RISK

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

RISK OF THE ECONOMIC ENVIRONMENT

The Group's main economic risks are related to developments in the construction and industrial sectors and broader global economic trends. Slower-than-expected economic growth is exerting strong pressure on the company's revenues and profitability, requiring rapid adaptation and effective cost management. In addition to slow economic growth, geopolitical tensions and continued consumer uncertainty continue to be important risk factors. Instability in international markets also affects the stability of raw material prices and supply chains, which creates additional pressures on companies. Fluctuating energy prices and regulatory changes add further uncertainty, forcing companies to adjust their strategies and diversify risks.

The management is aware of the risks in the economic environment and is implementing strategic measures to mitigate them. The focus is on flexibility, ensuring liquidity and expanding into new markets to strengthen the company's resilience and ensure sustainable growth in changing economic conditions.

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. The fair values of investment property do not materially differ from their carrying amounts.

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.

CORPORATE GOVERNANCE RECOMMENDATIONS REPORT

The Corporate Governance Recommendations is a set of guidelines and recommended rules to be carried out primarily by entities whose shares have been admitted to trading on a regulated market in Estonia. From 1 January 2006, the listed entities are required to follow the principle “Comply or Explain”.

The Corporate Governance Recommendations lay down the principles of calling and conducting general meetings of shareholders, composition, activities and responsibilities of Supervisory and Management Boards, disclosures and financial reporting.

As the principles outlined in the Corporate Governance Recommendations are recommended, the Company does not have to comply with all of them but needs to explain in the Corporate Governance Recommendations Report why these requirements are not complied with.

In its business, Nordic Fibreboard AS adheres to prevailing laws and legislative provisions. As a public entity, Nordic Fibreboard AS also follows the requirements of the Tallinn Stock Exchange and the principles of equal treatment of shareholders and investors. Pursuant to this, the Company follows most of the guidelines set out in the Recommendations. Below are arguments for noncompliance of the Recommendations that the Company does not comply with.

Clause 1.3.2 Members of the Management Board, the Chairman of the Supervisory Board and if possible, all members of the Supervisory Board and at least one of the auditors shall participate in the General Meeting. Supervisory Board member candidates who have not formerly been a Supervisory Board member and candidates for auditor shall participate in the General Meeting.

The attendance of the above persons depends on the matters to be decided at the meeting. At the General Meeting of Shareholders held on 18th of June 2024, Enel Äkke, a Member of the Management Board of Nordic Fibreboard AS, and Rando Tomingas, a Member of the Supervisory Board, participated. The auditor was not present at the meeting, because the Management Board did not consider the auditor’s participation necessary, as there were not any issues on the agenda that might have needed the auditor's comments. The auditor has expressed his opinion in the auditor’s report, stating that the consolidated financial statements of the Group give a true and fair view, in all material respects of the financial position of the Group as at 31.12.2023 and the financial results and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union. In accordance with good practice, shareholders had the opportunity to ask questions to the members of the Management Board during the meeting.

Clause 1.3.3 The Issuer shall make participation in the General Meeting possible by means of communication equipment (Internet) if the technical equipment is available and where doing so is not too cost prohibitive to the Issuer.

The Issuer does not make it possible to follow a general meeting by means of communication equipment, as all shareholders can vote electronically on items on the agenda.

Clause 2.2.7 Basic wages, performance pay, termination benefits, other payable benefits and bonus schemes of a member of the Management Board as well as their essential features (incl. features based on comparison, incentives and risk) shall be published in a clear and unambiguous form on the website of the Issuer and in the Corporate Governance Recommendations Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of expense to the Issuer or the amount of foreseeable expense as at the day of disclosure.

The Issuer has disclosed the remuneration policy and remuneration of a member of the Management Board in the Remuneration Report, which is a part of the 2024 annual report of Nordic Fibreboard AS.

Clause 3.2.5 The amount of remuneration of a member of the Supervisory Board appointed at the meeting and the procedure for his payment shall be published in the Corporate Governance Recommendations Report, outlining separately basic and additional remuneration (incl. termination and other payable benefits).

The Issuer does not pay any remuneration to the members of the Supervisory Board.

Clause 6.2.1 Together with Notice Calling the General Meeting the Supervisory Board shall make available to shareholders information on a candidate for auditor, including information on their business connections specified below. If it is desired to appoint an auditor who has audited the Issuer's reports for the previous financial year, the Supervisory Board shall pass judgement on his work.

At the annual regular general meeting of shareholders, the auditor for the next financial year is confirmed. When selecting the auditor, the company considers the significant balance between the price and quality of audit services, as well as professionalism. The auditor is remunerated according to the contract signed. If the council wishes to continue cooperation with the auditor, it expresses satisfaction with the current auditor's work, without separately assessing the auditor's performance.

The activities of the Issuer comply with the requirements of the Corporate Governance Recommendations in all other aspects.

REMUNERATION REPORT

This remuneration report has been prepared in accordance with the Estonian Securities Market Act and provides an overview of the remuneration paid to the members of the board of AS Nordic Fibreboard according to the remuneration principles for the 2024 financial year.

In the context of the Estonian Securities Market Act, as of 31.12.2024, the Management Board members of AS Nordic Fibreboard were Enel Äkke and Kristjan Erm. Their responsibilities and remuneration principles are specified in their respective employment agreements. Management board member Enel Äkke does not receive remuneration under the Management Board member agreement – she has not been assigned a basic or performance-based remuneration. Her remuneration is provided under an employment contract with the subsidiary Nordic Fibreboard Ltd OÜ, where the company's main operations take place. Management board member Kristjan Erm did not receive remuneration from the Nordic Fibreboard Group. His management services were purchased from a related party, Trigon Capital AS.

Remuneration of members of the Executive Board:

€ thousand	**2020**	**2021**	**2022**	**2023**	**2024**
Enel Äkke (from October 2023)					
Total remuneration	**-**	**-**	**-**	11	48
Incl. basic remuneration	-	-	-	*11*	*48*
Incl. performance pay	-	-	-	-	-
Kevin Gustasson (from June 2023 until July 2024)					
Total remuneration	**-**	**-**	**-**	31	34
Incl. basic remuneration	-	-	-	*28*	*27*
Incl. performance pay	-	-	-	*3*	*7*
Torfinn Losvik (until November 2023)					
Total remuneration	72	72	72	61	**-**
Incl. basic remuneration	*72*	*72*	*72*	*61*	-
Incl. performance pay	-	-	-	-	-

In 2024, the member of the management board Enel Äkke was paid a monthly basic salary of 4 thousand euros under an employment contract, which amounted to a total annual salary of 48 thousand euros. Kevin Gustasson was paid a monthly basic salary of 4 thousand euros during the period of the employment contract, the total amount of which in 2024 was 27 thousand euros. In addition, he was awarded performance bonuses for sales development totaling 7 thousand euros.

Annual change in the remuneration of members of the Executive Board, performance of the Group, and average remuneration of full-time employees of the Group:

€ thousand	**2020**	**2021**	**2022**	**2023**	**2024**
Net profit grow	(176.8%)	11.9%	2.7%	(155.3%)	(15.1%)
Increase in managers remuneration	28.9%	0.0%	0.0%	42.7%	(20.1%)
Increase in the average remuneration of full-time employees	(6.0%)	9.0%	10.1%	(0.1%)	(7.2%)

COMPATIBILITY OF REMUNERATION WITH THE REMUNERATION PRINCIPLES

The basic remuneration of a managers is determined on the basic remuneration would be sufficiently motivating for the managers to act in the best interests of Nordic Fibreboard, fairly and in accordance with the law, and to refrain from acting in the personal or other interests.

ENVIRONMENTAL POLICY

According to the Environmental Pollution Prevention and Control Act, both the Pärnu and Püssi factories have environmental permits of indefinite duration for special water use and air pollution. Adherence to the requirements of the permits ensures that production activity has a minimal impact on the environment, the requirements set out in the environmental permit ensure the protection of water and air in an environmentally generated waste in an environmentally sound manner. As of 01.01.2020, the amended Waste Act is in force, on basis of which § 73 (2) a waste permit is required for the generation of waste only upon extraction or enrichment of mineral resources. Consequently, Nordic Fibreboard is not obliged to have a waste permit for waste generation.

To meet the requirements of the Packaging Act, in 2005 the Company entered into a contract with the Estonian Recovery Organisation (ERO). Under the contract, all responsibilities of Nordic Fibreboard AS related to packaging collection, recovery and related reporting were transferred to ERO. The contract ensures that all end consumers may return the packaging free of charge to containers bearing the Green Point sign.

The Forest Stewardship Council (FSC) is an international non-profit independent organisation the goal of which is foster environmentally friendly forest management. By possessing the FSC certificate we support such forest management goals that will preserve biodiversity, productivity and natural processes of forests. Upon implementation of the FSC policy, Nordic Fibreboard AS precludes the use of such timber that has been felled illegally; that comes from genetically modified trees, that comes from regions where traditional or civil rights are violated and timber which is not certified in old growth forests with high conservation value. The soft fibre factories hold the FSC certificate since 14 January 2011. The FSC Certificate is valid to 13th of January 2026.

From 3rd of December 2024 Nordic Fibreboard Ltd OÜ has once again assessed and certified as meet the requirements of PEFC standard. The PEFC Certificate is valid to 2nd of December 2029.

WATER USAGE AND WASTEWATER DISCHARGE

thousands of m³	**2024**	**2023**	**Change %**
Water usage	54.5	45.0	21%
incl. groundwater (own bore wells)	21.0	14.5	45%
incl. surface water	33.5	30.5	10%
Water discharge	34.4	33.9	2%
incl. conditionally clean wastewater	8.6	8.1	7%
incl. Wastewater	25.8	25.8	0%
Water loss	10.3	11.1	(7%)

€ thousand	**2024**	**2023**	**Change %**
Water usage	3.1	2.1	47%
incl. groundwater (own bore wells)	2.1	1.2	74%
incl. surface water	1.0	0.9	10%
Water discharge	47.7	47.8	0%
incl. Wastewater	47.7	47.8	0%
Total expenses	**50.8**	**49.9**	**2%**

MAIN POLLUTANTS

tons	**2024**	**2023**	**Change %**
Volatile organic components	4.4	3.8	18%
Organic dust	29.4	24.6	20%
Total	**33.9**	**28.3**	**20%**

WASTE HANDLING

€ thousand	**2024**	**2023**	**Change %**
Handling of hazardous waste	0.1	0.0	0%
Handling of non-hazardous waste	6.5	16.0	(59%)
Total expenses	**6.6**	**16.0**	**(59%)**

€ thousand	**2024**	**2023**	**Change %**
Sales of metal waste	2.6	4.5	(41%)
Total conditional income	**2.6**	**4.5**	**(41%)**

DECLARATION OF THE MANAGEMENT BOARD

The Management Board has prepared the management report and the consolidated financial statements of Nordic Fibreboard AS for the financial year ended 31 December 2024.

The Management Board confirms that the management report, Corporate Governance Recommendations Report 2024 and remuneration report on pages 4-20 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 as a whole and confirms their correctness and completeness.

The Management Board confirms that according to their best knowledge the consolidated financial report on pages 22-56 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 and doubts.

/signed digitally/

Enel Äkke

Member of the Management Board

/signed digitally/

Kristjan Erm

Member of the Management Board

Pärnu, April 24, 2025

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand	**31.12.2024**	**31.12.2023**
Cash and cash equivalents	53	7
Receivables and prepayments (Note 5)	571	534
Inventories (Note 6)	624	728
Total current assets	**1,248**	**1,269**
Investment property (Note 7)	2,380	2,269
Financial assets at fair value through profit or loss (Note 9)	499	491
Property, plant, equipment and right-of use assets (Note 8)	4,122	4,475
Intangible assets (Note 8)	3	1
Total non-current assets	**7,004**	**7,236**
TOTAL ASSETS	**8,252**	**8,505**
Borrowings (Note 10)	1,111	556
Payables and prepayments (Note 11)	788	756
Short-term provisions (Note 12)	21	21
Total current liabilities	**1,920**	**1,333**
Long-term borrowings (Note 10)	2,613	2,659
Long-term provisions (Note 12)	94	111
Other long-term liabilities	9	0
Total non-current liabilities	**2,716**	**2,770**
Total liabilities	**4,636**	**4,103**
Share capital (at nominal value) (Note 13)	450	450
Statutory reserve capital	45	45
Retained earnings	3,121	3,907
Total equity	**3,616**	**4,402**
TOTAL LIABILITIES AND EQUITY	**8,252**	**8,505**

*The notes to the financial statements presented on pages 26 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€ thousand	**2024**	**2023**
Revenue (Note 21)	7,592	7,704
Cost of goods sold (Note 15)	(6,820)	(6,810)
Gross profit	**771**	**894**
Distribution costs (Note 16)	(935)	(673)
Administrative expenses (Note 17)	(381)	(514)
Other operating income (Note 19)	8	404
Other operating expenses (Note 19)	(11)	(427)
Operating loss	**(547)**	**(316)**
Finance income (Note 20)	8	0
Finance costs (Note 20)	(247)	(366)
LOSS BEFORE INCOME TAX	(786)	(682)
NET LOSS FOR THE PERIOD	**(786)**	**(682)**
Basic earnings per share (Note 14)	(0.17)	(0.15)
Diluted earnings per share (Note 14)	(0.17)	(0.15)

*The notes to the financial statements presented on pages 26 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	**2024**	**2023**
Cash flow from operating activities		
Operating loss	**(547)**	**(316)**
Adjustments:		
Depreciation charge (Note 8)	522	489
Profit from revaluation of real estate investment (Note 7)	0	(404)
Change in trade and other receivables (Note 5)	(37)	25
Change in inventories (Note 6)	103	944
Change in trade and other payables (Note 11)	32	(258)
Cash generated from operations	**73**	**480**
Interest payments (Note 20)	(202)	(181)
Net other financial income and expense (Note 20)	(45)	(33)
Net cash generated from operating activities	**(174)**	**266**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (Note 8)	(178)	(251)
Purchase of real estate investment (Note 7)	(111)	(6)
Net cash used in investing activities	**(289)**	**(257)**
Cash flow from financing activities		
Repayment of loans received (Note 10)	(210)	(408)
Loans received from related parties (Note 10)	400	200
Finance lease payments (Note 10)	(23)	(50)
Change in overdraft (Note 10)	342	254
Net cash (used in)/from financing activities	**509**	**(4)**
NET CHANGE IN CASH	**46**	**5**
OPENING BALANCE OF CASH	**7**	**2**
CLOSING BALANCE OF CASH	**53**	**7**

*The notes to the financial statements presented on pages 26 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	**Share capital**	**Statutory reserve capital**	**Retained earnings**	**Total**
Balance at 31.12.2022	**450**	**45**	**4,589**	**5,084**
Net loss for 2023	*0*	*0*	*(682)*	*(682)*
Total comprehensive loss for 2023	0	0	(682)	(682)
Balance at 31.12.2023	**450**	**45**	**3,907**	**4,402**
Net loss for 2024	*0*	*0*	*(786)*	*(786)*
Total comprehensive loss for 2024	0	0	(786)	(786)
Balance at 31.12.2024	**450**	**45**	**3,121**	**3,616**

*The notes to the financial statements presented on pages 26 to 56 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Nordic Fibreboard AS AS (hereinafter the Company), (registration number: 11421437; address: Rääma 31, Pärnu), is an entity registered in the Republic of Estonia, whose activities take place in Estonia. The consolidated financial statements prepared for the financial year ended 31 December 2024 include the financial information of the Company and its 100% subsidiaries (together referred to as the Group):

	Nordic Fibreboard Ltd OÜ	Pärnu Riverside Development OÜ
Domicile	Estonia	Estonia
Share %	100	100

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 Nasdaq Tallinn until 2nd of April 2018, when the shares were moved from the Main List to the Secondary List. The Group`s largest shareholder is NFB Pärnu Holdings OÜ (owning 49.24%), whose sole owner as of 31 December 2024 is Joakim Johan Helenius. As of 31 December 2023, the largest shareholder of the Group was also NFB Pärnu Holdings OÜ (owning 38.90%).

In addition to the production and sale of soft fibreboards, the Group also handles real estate management to a small extent.

The Management Board of Nordic Fibreboard AS authorised these consolidated financial statements for issue on 24 April 2025. Pursuant to the Commercial Code of the Republic of Estonia, the financial statements are subject to approval by the Supervisory Board of Nordic Fibreboard AS and the General Meeting of Shareholders. Shareholders have the right not to approve the annual report prepared and approved by the Management Board, and request preparation of a new annual report.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

A. BASIS OF PREPARATION

The 2024 consolidated financial statements of Nordic Fibreboard AS have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS).The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in accordance with IFRS requires management to make assumptions and pass judgements, which affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on the historical experience and several other factors that are believed to be relevant and that are based on circumstances which help define principles for the evaluation of assets and liabilities and which are not directly available from other sources. Actual results may not coincide with these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised prospectively after the period in which a change in the estimate occurred. Note 4 includes those areas which require more complicated estimates and where accounting estimates and assumptions have a material impact on the information recognised in the financial statements.

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 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The Group assesses that there is no material impact of application of the amendments to its financial statements.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024).

These amendments clarify that liabilities are classified as either current or non-current, 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. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. 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 Group assesses that there is no material impact of application of the amendments to its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024).

In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

The Group assesses that there is no material impact of application of the amendments to its financial statements.

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 01.01.2024 have no significant 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 01.01.2025, and which the Group has not early adopted.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective date to be determined, not yet adopted by the EU).

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group will analyse and disclose the impact of this change after implementation.

Annual Improvements to IFRS Accounting Standards (effective date to be determined, not yet adopted by the EU).

IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

The Group will analyse and disclose the impact of this change after implementation.

IFRS 18 Presentation and Disclosure in Financial Statements (effective date to be determined, not yet adopted by the EU).

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group will analyse and disclose the impact of this change after implementation.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective date to be determined, not yet adopted by the EU).

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group will analyse and disclose the impact of this change after implementation.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective date to be determined by the IASB; not yet adopted by the EU).

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

The Group will analyse and disclose the impact of this change after implementation.

B. COMPARABILITY

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their effect is explained in the respective notes.

When the presentation of items in the financial statements or their classification method has been amended, then also the comparative information of previous periods has been restated.

C. SIGNIFICANT ACCOUNTING POLICIES

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of their primary economic environment (the functional currency). The consolidated financial statements are presented in euros (€), which is the functional currency of the parent and the presentation currency of the Group.

The consolidated financial statements are presented in thousands of euros (€), which is in compliance with the requirements of the Nasdaq Tallinn.

(B) PRINCIPLES OF CONSOLIDATION AND ACCOUNTING FOR SUBSIDIARIES

All subsidiaries have been consolidated in the Group's financial statements. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (parent company) shall be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company, the same accounting policies have been used as in preparing the consolidated financial statements. The accounting policy for accounting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the Annual Report in conjunction with IAS 27 "Separate Financial Statements". In the parent separate primary financial statements, disclosed in these consolidated financial statements (see Note 26 Supplementary disclosures on the Group`s parent), the investments into the shares of subsidiaries are accounted for at cost less any impairment recognised.

(C) FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss);
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

All Group's debt instruments are classified in amortised cost measurement category.

As at 1 January 2024 and 31 December 2024, the following financial assets of the Group were classified in this category:

- trade receivables;
- cash and cash equivalents.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has made an irrevocable election to present in OCI the fair value gains and losses on equity investments that are not held for trading, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(expenses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables without a significant financing component the Group applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Group uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

(D) TRADE RECEIVABLES

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest method, less expected credit losses.

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Company uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

Trade receivables are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

(E) INVENTORIES

The weighted average cost method is used for the evaluation of inventories at the Group.

(F) INVESTMENT PROPERTY

Real estate properties (land, buildings) that the Group owns or leases to earn lease income or for capital appreciation, and that are not used for the Group's operating activities, are classified as investment property.

Real estate properties consist of land owned by the Group that is not used by the Group for its own economic activities (plots of Suur-Jõe 48 and Rääma 31).

Investment property is initially measured at its cost, including related transaction costs. Investment properties are subsequently carried at fair value, which based on yearly market price set by an independent valuer or market, based in the prices of recent transactions for similar items (adjusting for estimates for differences) or using the discounted cash flow method. Changes in fair value are recognized in the income statement in line item "Other operating income".

(G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are non-current assets used in the operating activities of the Group with a useful life of over one year and with a cost of 1,000 euro. An item of property, plant and equipment is initially recognised at its cost.

Depreciation is calculated based on useful lives of items of property, plant and equipment, using the straight-line method. The annual depreciation rates applied to individual assets by groups of property, plant and equipment are as follows (per cent):

- buildings and facilities 2 – 15%
- machinery and equipment 3– 50%
- motor vehicles 10 – 40%
- other fixtures and fittings 7 – 50%
- information technology equipment 30 – 50%
- land is not depreciated.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation and amortisation, and assets with unlimited useful lives (land) are reviewed for any indication of impairment. Whenever such indication exists, the recoverable amount of the asset is estimated and compared with the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If the fair value of an asset less sales expenses cannot be determined, the recoverable amount of the asset is its market value. The value in use of assets is determined as the current value of estimated cash flows generated in the future. Impairment of assets is estimated if following possible circumstances exist:

- market value of similar assets has decreased;
- general economic environment and the market situation has deteriorated which makes it probable that revenue generated from assets will decrease;

- interest rates of market have increased;
- physical condition of assets has suddenly deteriorated;
- income received from assets are lower than planned;
- results of some areas of activity are worse than expected;
- activities of certain money-earning units are planned to be terminated.

An impairment test is also carried out if the Group identifies other circumstances indicating loss of value of assets.

At the end of every reporting period it is assessed whether there are circumstances indicating that the impairment loss of assets recognised in previous years no longer exists or it has decreased. If any such circumstance exists, the recoverable amount of the asset is re-evaluated. In accordance with the results of the test, the impairment can be reversed in part or in full. Earlier loss is reversed only to the degree where the carrying amount does not exceed the carrying amount of such assets considering normal amortization of earlier years.

(I) LEASES

The Group leases and records machines and equipment used in economic activities as right-of-use assets. The contracts do not contain significant renewal and termination options. Short-term leases with a lease period of less than 12 months and low-value assets are not recognized as right-of-use assets, and their lease payments are recognized as an expense in the income statement under the other expenses. Low-value assets include IT equipment and smaller items of office furniture.

(J) FINANCIAL LIABILITIES

Financial liabilities (trade payables, borrowings, accrued expenses and other short and long-term borrowings) are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method. Upon the initial recognition of such financial liabilities which are not accounted for at fair value through profit or loss, the transactions costs directly attributable to the acquisition are deducted from their fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are charged to period financial expenses.

(K) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in the statement of financial position when the Group has a present legal or contractual obligation which has arisen as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the liability can be reliably estimated.

The provisions are recognised based on management's (or independent experts') estimates regarding the amount and timing of the expected outflows. Risks and uncertainties are taken into consideration when measuring provisions; the provisions for which the effect of the time value of money is significant are discounted. The increase of the provision due to the passage of time is recognised as an interest expense. Provisions are recorded in the separate statement of financial position as current and non-current liabilities in the line item provisions. More detailed information on provisions is disclosed in note 12.

Other commitments that in certain circumstances may become obligations, but it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability are disclosed in the notes to the financial statements as contingent liabilities.

Provision for long-term disability compensations

Under law, the Group is obliged to pay compensation to employees for permanent injuries incurred during their employment at the Group. The level of the benefit depends on the extent of disability, the average monthly salary of the employee prior to injury, and the changes in pension payments by the state. The level of the benefit does not depend on the length of service. For the Group, the obligation to pay benefits arises at the time when the degree of the employee's incapacity for work is determined.

Disability compensation is recognised in the statement of financial position in its discounted present value. In measuring the liability, management has used demographic assumptions (such as mortality), and financial assumptions (e.g. the discount rate and future benefit levels).

The rate used to discount the obligation is determined by reference to market yields at the balance sheet date on high quality corporate bonds, the currency and term of which are consistent with the currency and estimated term of the obligation.

(L) LIABILITIES TO EMPLOYEES

Payables to employees contain the contractual right arising from employment contracts and performance-based pay which is calculated on the basis of Group's financial results and meeting of objectives set for the employees. Performance-based pay is included in period expenses and as a liability if it is paid out in the next financial year.

Pursuant to employment contracts and current legislation, payables to employees also include an accrued holiday pay liability as at the balance sheet date. This liability also includes accrued social and unemployment taxes calculated on it.

Disability compensation (see accounting policy K).

(M) TAXATION

Corporate income tax and deferred corporate income tax

According to the current legislation, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business-related disbursements and adjustments of the transfer price. The tax rate on distributed profits is 22%, i.e. 22/78 of the net amount of dividends paid out. Under certain conditions, it is possible to redistribute the dividends received without additional income tax expenses. The prerequisite for tax exemption is the condition that the company that received and repays the dividend had a holding of at least 10% in the respective company at the time of receiving the dividends. The lower tax rate of 14%, i.e. 14/86 of the net amount of dividends, which previously applied to regular dividends, will no longer be applicable as of 1 January 2025. Upon the redistribution of dividends taxed at a lower tax rate received before this date, it is possible to apply a transitional provision. The corporate income tax arising from the payment of dividends is recognised as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. An income tax liability is due on the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. However, according to the decision of the IFRS Interpretation Committee in June 2020, the parent is required to recognize an income tax liability on the profits on the subsidiary unless profits are not planned to be distributed to parent company in the foreseeable future. The Group does not plan to take dividends from the Pärnu Riverside Development OÜ in 2023, as the profit is obtained from the revaluation of the fair value of the real estate investment, Pärnu Riverside Development OÜ had a loss in 2024. Nordic Fibreboard Ltd OÜ had a loss in 2024 and there is also a loss from previous years, then no deferred tax liability has been recognized for the profits of the subsidiary in the Group's consolidated financial statements. The maximum income tax liability which would accompany the distribution of the Group's retained earnings is disclosed in the notes to the financial statements.

As at 31.12.2024 and 31.12.2023, the subsidiaries did not have any deferred tax assets and liabilities. The management of the Group estimates that the realisation of the income tax asset is not reliably assessable, thus it is not recorded in the financial statements.

(N) REVENUE

Revenue is income arising in the course of the Group's ordinary activities. Revenue is measured in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a good or service to a customer.

Sale of goods – wholesale

The Group manufactures and sells fibreboard products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Fibreboard products are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable the wholesaler in relation to sales made until the end of the reporting period.

No significant element of financing is deemed present as the sales are made with a credit term of 15-150 days, which is consistent with market practice. In rare cases a prepayment is received, but the period between the prepayment and the delivery of goods to the customer is less than 12 months.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

If the Company provides any additional services to the customer after control over the goods has passed, revenue from such services is considered to be a separate performance obligation and is recognised over the time of the service rendering.

Financing component

Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(O) CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash flows from operating activities are determined by adjusting the net profit for the financial year through elimination of the effect of non-monetary transactions, changes in the balances of assets and liabilities related to operating activities and revenue and expenses related to investing or financing activities. Cash flows from investing or financing activities are recognised under the direct method.

(P) STATUTORY RESERVE CAPITAL

Statutory reserve capital is formed from annual net profit allocations as well as other provisions which are entered in reserve capital pursuant to legislation or articles of association. The amount of reserve capital is stipulated in the articles of association and it cannot be less than 1/10 of share capital. Each financial year, at least 1/20 of net profit shall be entered in the reserve capital. When reserve capital reaches the level required by the articles of association, the allocations to reserve capital from the net profit may be terminated.

Based on the decision of the General Meeting of Shareholders, the statutory legal reserve may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from the statutory legal reserve.

(Q) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the financial year attributable to the equity holders of the parent by the period's weighted average number of outstanding ordinary shares. Diluted earnings per share are calculated by dividing the net profit for the financial year attributable to the equity holders of the parent by the weighted average number of outstanding ordinary shares, adjusted for the effect of dilutive potential ordinary shares.

(R) SEGMENT REPORTING

Operating segments have been determined and information about operating segments has been disclosed in a manner consistent with preparation of reporting for making management decisions and analysing the results. Segment reporting is in compliance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board of Nordic Fibreboard AS.

Segment results, assets and liabilities include items which are directly related to the segment or can be allocated to it on a reasonable basis.

NOTE 3 RISK MANAGEMENT

3.1. FINANCIAL RISKS

The operations of the Group expose it to several financial risks: credit risk, liquidity risk, fair value risk, capital management risk and market risk (which involves foreign currency exchange risk and interest rate risk of cash flows). The general risk management programme of the Group focuses on unpredictability of the financial market and attempts to minimise any possible negative effects on the financial activities of the Group. The Group's financial instruments include cash for funding operating activities and receivables from debtors and payables to creditors arising in operating activities as well as loans. Management defines risk as a potential deviation from the expected results. The Group's risk management is based on the requirements of the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies as well as compliance with Corporate Governance Recommendations and the Group's internal regulations. All financial assets of the Group in the categories of "Cash and cash equivalents" and "Receivables" and all financial liabilities in the categories "Borrowings" and "Payables" are recorded at amortised cost.

The Group has also financial assets in the category financial assets at fair value through profit or loss, carried at fair value through profit or loss statement.

€ thousand	**31.12.2024**	**31.12.2023**
Financial assets		
Cash and cash equivalents	**53**	**7**
Receivables (Note 5)	**459**	**450**
inc. trade receivables	458	443
inc. other receivables	1	7
Financial assets at fair value through profit or loss (Note 9)	**499**	**491**
Total financial assets	**1,011**	**948**
Financial liabilities		
Borrowings (Note 10)	**3,679**	**3,147**
Financial lease (Note 10)	**45**	**69**
Payables (Note 11)	**493**	**523**
inc. trade payables	443	500
inc. other payables	50	23
Total financial liabilities	**4,217**	**3,739**

(A) CREDIT RISK

Nordic Fibreboard AS's credit risk is the risk of the inability of its business partners to meet their contractual obligations. The Group's credit risk arises from cash and cash equivalents, deposits in banks and financial institutions as well as receivables exposed to risk.

Cash and cash equivalents

The Group approves banks and financial institutions with the credit ratings of "A" and "B" as its long-term collaboration partners, however, for short period banks without a credit rating are also approved. The Group has current accounts in two banks, in the table below the bank account balances are divided according to the ratings of the banks as follows:

€ thousand	**31.12.2024**	**31.12.2023**
Credit rating "Aa3"	53	7
Total	**54**	**7**

The credit rating is derived from the website of Moody's Investor Service.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as at 31 December 2023 and 31 December 2024.

Receivables

Pursuant to the Group's credit policy, no security is required from wholesale customers to ensure collection of receivables, but focus is laid on monitoring collection, balances of accounts receivable and compliance with payment terms on a continuous basis. In riskier markets, complete or partial prepayment, credit limits and shorter payment terms are applied.

As at the balance sheet date, the Group was not aware of any major risks related to accounts receivable, which had been deemed as uncollectible, see Notes 5 and 19. The Group monitors the financial position of its current and potential partners and their ability to meet the obligations they have assumed.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis described above, the loss allowance as at 31 December 2024 and 31 December 2023 was determined immaterial.

Key customers and their share

Key customers are defined as those to whom the sales amount to more than 10% of the Group's revenue. The Group has one external customer whose revenue exceeds the previously pointed condition and whose revenue in 2024 amounted to € 926 thousand (2023: € 656 thousand). The balance of receivables from key customers was € 95 thousand as of 31.12.2024 and € 117 thousand as of 31.12.2023, and there were no overdue receivables from key customers as of 31.12.2024 and 31.12.2023.

See also Note 5 for additional information regarding receivables.

As of 31.12.2024, outstanding receivables from large customers as of 28.02.2025 amounted to € 9 thousand. Of the invoices not received from buyers as of 31.12.2024, € 55 thousand were outstanding as of 28.02.2025, but had not exceeded the payment deadline.

There were no doubtful receivables from customers in 2024 and 2023.

(B) LIQUIDITY RISK

Liquidity risk is a potential loss arising from limited or insufficient monetary funds necessary for the meeting of obligations arising from the Group's operations. Management constantly monitors cash flow forecasts, evaluating the existence and availability of the Group's monetary resources to meet the obligations assumed and to fund the Group's strategic goals.

Analysis of financial liabilities by maturity as at 31.12.2024:

	Balance at	**Undiscounted cash flows**			
€ thousand	**31.12.2024**	**Up to 3 months**	**4-12 months**	**2-5 years**	**Total**
Borrowings and financial lease (Note10)	3,724	329	964	2,769	**4,062**
Trade payables (Note 11)	443	443	0	0	**443**
Other payables (Note 11)	50	50	0	0	**50**
TOTAL	**4,217**	**822**	**964**	**2,769**	**4,555**

Analysis of financial liabilities by maturity as at 31.12.2023:

	Balance at	**Undiscounted cash flows**			
€ thousand	**31.12.2023**	**Up to 3 months**	**4-12 months**	**2-5 years**	**Total**
Borrowings and financial lease (Note10)	3,215	98	278	2,972	3,348
Trade payables (Note 11)	500	500	0	0	500
Other payables (Note 11)	23	23	0	0	23
TOTAL	**3,738**	**621**	**278**	**2,972**	**3,871**

Interest rates on borrowings are set out in Note 10.

For determining cash flows for interest bearing borrowings which are based on floating interest rate, the spot interest rate in effect at the balance sheet date has been used.

As of 31.12.2024 and 31.12.2023, the Group had a valid overdraft agreement. The Group’s working capital position was negative by € 671 thousand as at the year end 31 December 2024 (negative by € 64 thousand as at 31 December 2023). For more information on working capital, see Note 24.

(C) MARKET RISK

Interest rate risk of cash flows

The interest rate risk of the Group’s cash flows is mainly related to long-term debt obligations with a floating interest rate.

The Group is exposed to cash flow risk affected by interest rate changes, as one of the loans has a variable interest rate. The management estimates that the cash flow risk related to changes in interest rates is not material, therefore financial instruments are not used to hedge risks.

The dates for fixing interest rates on the basis of changes in EURIBOR are the 30th day of every month. Six month’s EURIBOR is fixed every six months.

The interest rate risk of Nordic Fibreboard AS depends mainly on possible changes in EURIBOR (Euro Interbank Offered Rate), because the one of the Group’s loans are tied to 6-month EURIBOR. As at 31.12.2024, 6-month EURIBOR was 2.568% (31.12.2023: 6-month was 3.861%). The loan from the Rural Development Foundation (RDF) is concluded with a fixed interest rate, thus bear no interest rate risk. However, our loan from Coop Pank AS and one of the loan agreements concluded with related parties have a floating interest rate, but the management is of the opinion that the floating interest rate will not bear significant impact to Group’s cash flows.

A sensitivity analysis is used to assess a Group’s interest rate risk, which describes the impact of interest rate risk on a Group’s profits through estimated fluctuations in the market interest rate. If the 6-month EURIBOR had been 1% higher/lower during 2024, the Group's financial year loss for the financial year would have increased/decreased and equity would have decreased/increased by 17.9 thousand euros, provided that all other variables remain the same. If the 6-month EURIBOR had been 1% higher/lower during 2023, the Group’s financial year loss for the financial year would have increased/decreased and equity would have decreased/increased by 5.6 thousand euros, provided that all other variables remain the same.

Loan and lease obligations by type of interest rate and loan terms:

€ thousand	**31.12.2024**	**% of total loans**	**31.12.2023**	**% of total loans**
Variable rate borrowings	1,901	51%	1,258	39%
Fixed rate borrowings - maturity dates				
Less than 1 years	335	9%	135	4%
1-5 years	1,488	40%	1,822	57%
TOTAL	**3,724**	**100%**	**3,215**	**100%**

As at 31.12.2024, the total carrying amount of the long-term loans were € 2,592 thousand and as at 31.12.2023 € 2,614 thousand. The residual value of the long-term lease obligations as of 31.12.2024 were € 21 thousand (as of 31.12.2023 € 45 thousand).

As of 31.12.2024 Nordic Fibreboard had a valid agreement with a limit of € 700 thousand, of which € 666 thousand has been used as of 31.12.2024 (as of 31.12.2023 limit € 700 thousand, of which € 324 thousand has been used). As almost half, or 49%, of the loan liability is with fixed interest, the interest rate risk is insignificant for the Group.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the Group may incur a significant loss because of fluctuations in foreign currency exchange rates. Group’s foreign currency rate exchange risk from export-import transactions is very low because most of the contracts have been concluded in Euro.

During the reporting year, the Group had only one small transactions in currencies not directly or indirectly tied to the Euro.

As the effect of currency risk is marginal, the Group has not acquired any derivative financial instruments to manage the currency risk.

As the Group had only one small transactions in a foreign currency during 2024 and there was no balance in a foreign currency at the end of 2024 no currency position and sensitivity analyses have been prepared as of the balance sheet date. In 2023, there were no transactions and balances in foreign currencies.

Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet as financial assets at fair value through profit or loss. The Group owns Trigon Property Development shares. The shares are publicly traded, with rather small volumes and therefore poor liquidity. The share price has had an average volatility over last 3 years (2022-2024) of 252%. The table below shows potential impact on post tax profit with assumptions of 10%, 25%, 50%, 75% of sensitivity.

€ thousand	**Fair Value as at 31.12.2024**	**Impact on after-tax-profit (2024)**	**Fair Value as at 31.12.2023**	**Impact on after-tax-profit (2023)**
TPD shares				
- current value (Note 9)	499		491	
Impact:				
- change by 10%		50		49
- change by 25%		125		123
- change by 50%		249		245
- change by 75%		374		368

3.2. CAPITAL MANAGEMENT

In capital risk management, the Group's main goal is to ensure the Group's sustainability of operations to generate returns to its shareholders and benefits to other stakeholders, thereby maintaining the optimal capital structure to lower the cost of capital. To preserve or improve the capital structure, the Group can regulate the dividends payable to shareholders, reimburse the paid in capital, issue new shares or sell assets to lower its liabilities. The management monitors capital based on the debt to capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated financial position statement) less cash and cash equivalents. Total capital is calculated as the sum of equity as shown in the consolidated financial position statement and net debt.

€ thousand	**31.12.2024**	**31.12.2023**
Borrowings (Note10)	3,724	3,215
Cash and cash equivalents (Note 3)	53	7
Net debt	3,671	3,208
Total equity (Note 13)	3,616	4,402
Total capital	7,287	7,610
Debt to capital ratio	50%	42%

As at 31.12.2024 and 31.12.2023 the Group's equity was in compliance with the requirements of the Commercial Code. Agreements related to borrowings include covenants, one of which relates to equity. As of 31.12.2024, two of the three covenants remained unfulfilled, but confirmation of the acceptance of non-fulfillment of the covenants has been received from the lender as of 31.12.2024. On 31.12.2022, also two of the three covenants remained unfulfilled.

3.3. FAIR VALUE

The Group divides financial instruments into three levels depending on their revaluation:

- Level 1: Financial instruments that are valued using unadjusted price from the stock Exchange or some other active regulated market.
- Level 2: Financial instruments that are evaluated by assessment methods based on monitored inputs. This level includes, for instance, financial instruments that are assessed by using prices of similar instruments in an active regulated market or financial instruments that are re-assessed by using the price on the regulated market, which have low market liquidity.
- Level 3: The valuation of financial assets and liabilities that are accounted as amortised cost is made on level 3.

Trade receivable, trade payable and short-term loans are recorded at amortised cost, categorized as level 3, and since trade receivable, trade payable and short-term loans are short-term, management estimates that their carrying amounts are close to their fair values.

The fair values of long-term loans and borrowings do not significantly differ from their carrying value because the floating interest rates of loans correspond to fluctuation of the interest rates prevailing in the market. The risk margin of loans is dependent on ratio of total debt and EBITDA; therefore, the performance of the company's operations is reflected also in the risk margin. Long-term loans and debt obligations are categorized as level 3.

Taking the previous information into account, the management estimates that the fair values of long-term liabilities do not materially differ from their carrying amounts. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For financial assets at fair value through profit or loss, (ie Trigon Property Development shares) are carried in the balance sheet at fair value based on the price valid on the Nasdaq Tallinn and are categorized as level 1.

Real estate investments are initially taken into account at their acquisition cost, which also includes acquisition-related transaction fees. Further, real estate investments are recorded at fair value, which is based on the annual market price determined by an independent appraiser or management, based on recent transaction prices for similar objects or using the discounted cash flow method.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make accounting estimates. Management also needs to pass judgement regarding the choice of accounting policies and their application.

Management judgements and estimates are reviewed on an ongoing basis and they are based on historical experience and other factors such as forecasts of future events which are considered reasonable under current circumstances.

The areas which require more significant or complex management decisions and estimates, and which have a major effect on the financial statements, include estimation of recoverable value of property, plant and equipment (Note 8) and valuation of the fair value of investment property (Note 7).

IMPAIRMENT TESTING OF NON-CURRENT ASSETS

If there exist any indications that an asset may be impaired, the Group estimates the recoverable amount (higher of the asset's fair value (less costs to sell) and its value in use) of the asset (see also the accounting policy in Section 2 I).

If the cash flows used in the asset value test are uncertain, external experts are used to estimate the value of the fixed assets. The Püssi factory was closed in March 2020 and will continue to be closed as of the end of 2024. Since the opening time of the factory and thus the forecasted cash flows are too vague for the asset's recoverable amount test, the management has estimated the recoverable amount of the fixed assets (land, buildings and equipment and machinery) based on the fair value, from which selling costs have been deducted. The management has partly used external valuation experts to value the Püssi factory fixed assets. The valuation of land and buildings is based on the valuation report prepared on 18.12.2023 based on the comparable transactions method. Valuation of machinery and equipment takes into account a number of inputs such as the age and location of the production line, the cost and replacement value of the new production line less the cost of restarting the plant and the selling price of similar assets. The valuation report for machinery and equipment was compiled on 20.12.2024. Management believes that the valuation reports provide an overview of the value of the assets and is of the opinion that as of 31.12.2024, the value of the assets has not fallen below their carrying amount.

Regarding the tangible assets of the Pärnu factory, in 2024 and in 2023, a test of the recoverable value of the fixed assets was carried out using the discounted cash flow method. An after-tax discount rate of 16.7% (2023: 16.1%) was used. The recoverable amount for 2024 has been found based on the value in use, for which detailed after-tax cash flow forecasts for the period 2025-2029 have been used (2023: period 2024-2028). In finding the value in use, the following key assumptions have been used, which are based on the management's actual results of previous years and forecasts for future periods and future growth rates. The key assumptions used:

- average revenue growth during the period: 10.8% per year (2023: 9.9% per year);
- average gross profit growth during the period: 22% per year (2023: 19% per year);
- average EBITDA growth during the period: 187% per year (2023: 30% per year);
- terminal growth rate: 2.5% (2023 2.5%).

In 2024, the recoverable value test was positive (2023 was also positive), so there is no need for impairment of fixed assets.

In the event of a +/- 1 percent change in significant inputs, the recoverable amount would not fall below the book value of fixed assets as at 31.12.2024 and 31.12.2023.

FAIR VALUE OF INVESTMENT PROPERTY

Management has determined the fair value of investment properties using previous valuation results from independent experts and adjusted them to the extent of capitalized expenses incurred during the reporting year. More specifically, information on the fair value measurement of investment properties is disclosed in Note 7.

NOTE 5 TRADE AND OTHER RECEIVABLES

€ thousand	**31.12.2024**	**31.12.2023**
Customer receivables	458	443
Prepaid taxes	99	71
Prepaid services	13	13
Other receivables	1	7
TOTAL	**571**	**534**

No write-downs of receivables have been made in 2024 or 2023.

ANALYSIS OF TRADE RECEIVABLES BY AGING

€ thousand	**31.12.2024**	**31.12.2023**
Not past due	**438**	**412**
incl. Receivables from customers who also have receivables past due	51	0
incl. Receivables from customers who have no receivables past due	387	412
Past due but not impaired	**20**	**31**
Overdue up to 90 days	20	31
TOTAL	**458**	**443**

NOTE 6 INVENTORIES

€ thousand	**31.12.2024**	**31.12.2023**
Raw materials and other materials	340	177
Work-in -progress	19	30
Finished goods	302	561
Prepayments to suppliers	1	0
Write-off reserve for inventories	(38)	(40)
TOTAL	**624**	**728**

In the year 2024, finished and work-in-progress goods were written off at acquisition cost of € 6.5 thousand (2023: € 26.9 thousand), no write-off of raw materials was performed in 2024 and in 2023. The inventory write-down reserve decreased by € 2 thousand in 2024 and did not change in 2023.

Inventory are pledged as part of the commercial pledge (Note 10).

NOTE 7 INVESTMENT PROPERTY

The property belonging to Pärnu Riverside Development OÜ, Suur-Jõe street 48 in Pärnu and the part of the property belonging to Nordic Fibreboard Ltd OÜ, Rääma street 31 are recorded as investment properties.

Value of investment property	*€ thousand*
Carrying amount 31.12.2022	**1,859**
Capitalized cost	6
Fair value revaluation	404
Carrying amount 31.12.2023	**2,269**
Capitalized cost	111
Fair value revaluation	0
Carrying amount 31.12.2024	**2,380**

Capitalized cost of investment property in the amount € 111 thousand during 2024 are related to expenses of Suur-Jõe 48, Pärnu detail plan (2023: € 6 thousand, as well as expenses related to the detailed plan of Suur-Jõe 48).

Investment properties are recognized using the fair value method. The fair value of the property no. 1409705 located at Suur-Jõe Street 48 in Pärnu and the property no. 14096005 located at Rääma Street 31 was estimated by the management as of 31.12.2024. The revaluation was based on expert assessments prepared by an independent appraiser on 24.01.2024 using the comparative method and adjusted for the capitalized cost incurred in 2024, as other changes were insignificant compared to the fair value presented in the latest valuation report of the independent appraiser.

Investment properties are encumbered with mortgages (Note 10).

INVESTMENT PROPERTY BY LOCATION

Investment property by location	*€ thousand*
31.12.2022	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	1,684
Share of registered immovable property at Rääma Street 31, Pärnu	175
31.12.2023	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	1,832
Share of registered immovable property at Rääma Street 31, Pärnu	437
31.12.2024	
Share of registered immovable property at Suur-Jõe Street 48, Pärnu	1,929
Share of registered immovable property at Rääma Street 31, Pärnu	451

NOTE 8 PROPERTY PLANT EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

PROPERTY PLANT EQUIPMENT AND RIGHT-OF-USE ASSETS

€ thousand	Land	Buildings and facilities	Machinery and equipment	Other fixtures	Right-of-use-assets	Constructi on-in-progress	TOTAL
Cost at 31.12.2022	**184**	**2,560**	**11,030**	**89**	**119**	**405**	**14,387**
Accumulated depreciation at 31.12.2022	**0**	**(1,857)**	**(7,716)**	**(88)**	**(57)**	**0**	**(9,717)**
Carrying amount 31.12.2022	**184**	**703**	**3,314**	**1**	**62**	**405**	**4,670**
Additions	0	0	17	0	56	226	299
Reclassification	0	0	295	0	0	(295)	0
Disposals and write-offs (Note 19)	0	(3)	(158)	(8)	(75)	0	(244)
Accumulated depreciation of fixed assets written off	0	3	158	8	69	0	238
Depreciation (Note 15)	0	(79)	(373)	(0)	(36)	0	(488)
Cost at 31.12.2023	**184**	**2,557**	**11,184**	**81**	**100**	**336**	**14,442**
Accumulated depreciation at 31.12.2023	**0**	**(1,933)**	**(7,931)**	**(80)**	**(24)**	**0**	**(9,967)**
Carrying amount 31.12.2023	**184**	**624**	**3,253**	**1**	**76**	**336**	**4,475**
Additions	0	7	27	0	0	134	168
Reclassification	0	0	140	0	0	(140)	0
Disposals and write-offs (Note 19)	0	0	(82)	(1)	0	0	(83)
Accumulated depreciation of fixed assets written off	0	0	82	1	0	0	83
Depreciation (Note 15)	0	(79)	(414)	(0)	(27)	0	(520)
Cost at 31.12.2024	**184**	**2,564**	**11,269**	**80**	**100**	**330**	**14,527**
Accumulated depreciation at 31.12.2024	**0**	**(2,012)**	**(8,263)**	**(79)**	**(51)**	**0**	**(10,405)**
Carrying amount 31.12.2024	**184**	**552**	**3,006**	**1**	**49**	**330**	**4,122**

In 2024, depreciated and not in use machinery and equipment were written off at measured cost of € 82 thousand and accumulated depreciation of machinery and equipment was written off in the amount of € 82 thousand. In 2024, depreciated and not in use other fixtures were written off at measured cost of € 1 thousand and accumulated depreciation of other fixtures was written off in the amount of € 1 thousand.

In 2024, total payments for the acquisition of fixed assets in the amount of € 178 thousand have been made.

As at 31.12.2024, the cost of fully depreciated property, plant and equipment still in use amounted to € 5.32 million and as at 31.12.2023, the respective amount was € 5.30 million.

CONSTRUCTION-IN-PROGRESS

As at 31.12.2024 the construction-in-progress included investment in production technology in the amount of € 330 thousand, (31.12.2023: € 336 thousand). During 2024, investments in production technology amounted to € 134 thousand and € 140 thousand was reclassified to the group of machinery and equipment.

INTANGIBLE ASSETS

€ thousand	**Computer software**
Cost at 31.12.2022	**13**
Accumulated depreciation at 31.12.2022	**(11)**
Carrying amount 31.12.2022	**2**
Amortisation charge (Note 15)	(1)
Cost at 31.12.2023	**13**
Accumulated depreciation at 31.12.2023	**(12)**
Carrying amount 31.12.2023	**1**
Additions	3
Amortisation charge (Note 15)	(1)
Cost at 31.12.2024	**16**
Accumulated depreciation at 31.12.2024	**(13)**
Carrying amount 31.12.2024	**3**

Tangible and intangible fixed assets include both movable assets that are pledged and form part of a commercial pledge, as well as real estate used in the Group`s economic activities that is encumbered with mortgages (Note 10).

As at 31.12.2024, the carrying amount of non-current assets pledged as mortgages (investment property, land, buildings and facilities) was € 3.12 million and as at 31.12.2023 € 3.08 million. The remaining non-current assets are part of the commercial pledge; see also Note 10.

NOTE 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ thousand	**31.12.2024**	**Change 2024**	**31.12.2023**
Non-current assets			
Listed securities - Equity securities - cost as at	338	0	338
Revaluation	161	8	153
Fair value	**499**	**8**	**491**

** Financial assets at fair value through profit or loss (i.e. Trigon Property Development shares) have been revaluated to reflect fair value based on last price as at 31.12.2024 as shown on Nasdaq Tallinn.*

NOTE 10 BORROWINGS AND LEASE LIABILITIES

Nordic Fibreboard AS subsidiary Nordic Fibreboard Ltd OÜ has loan obligations to Coop Pank AS and Rural Development Foundation (RDF). The term of the loan received from Coop Pank AS is 5 years with a 10-year amortization schedule, and as of 31.12.2024 the loan interest was 6 month EURIBOR+3.5% per annum. The term of the loan received from RDF is 6 years and from 31.12.2022 the loan interest is 4% per annum. There is also a 1.5 year overdraft agreement with Coop Bank AS with a limit of € 700 thousand, the overdraft interest rate is 6 months EURIBOR+2.9% per annum. AS of the end of 2024, € 666 thousand of overdraft facilities had been drawn.

In 2024, Nordic Fibreboard AS received a long-term loan total of € 400 thousand at an interest rate of month EURIBOR+6.5% per year from Trigon Carbon Negative Agriculture OÜ, a related party.

In 2024, repayments of lease obligations in the amount of € 23 thousand were made and and interest on lease obligations of € 3 thousand were made.

INFORMATION REGARDING BORROWINGS AS AT:

€ thousand	**Interest rate**	**31.12.2024**	**31.12.2023**
Current borrowings			
Current portion of long-term loan (Coop Bank)	6-month EURIBOR+3.5%	110	98
Current portion of long-term loan (RDF)	4%	111	111
Current portion of long-term loan from related parties	8%	200	0
Current portion of long-term lease liabilities	2.49%	24	23
Bank overdrafts (Coop Bank)	6-month EURIBOR+2.9%	666	324
Total		**1,111**	**556**
Non-current borrowings			
Non-current portion of long-term loan (Coop Bank)	6-month EURIBOR+3.5%	725	836
Non-current portion of long-term loan (RDF)	4%	1,467	1,578
Long-term loan from related parties	8%	0	200
Long-term loan from related parties	6-month EURIBOR+6.5%	400	0
Non-current portion of long-term lease liabilities	2.49%	21	45
Total		**2,613**	**2,659**
Total borrowings		**3,724**	**3,215**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES 2024:

€ thousand	**31.12.2023**	**Cash flows**	**Interest accrued**	**Interest paid**	**Reclassi-fied**	**31.12.2024**
Current portion of long-term loan (Coop)	98	(99)	95	(95)	111	110
Current portion of long-term loan (RDF)	111	(111)	66	(66)	111	111
Current portion of long-term loan from related parties	0	0	28	0	200	200
Current portion of long-term lease liabilities	23	(23)	3	(3)	24	24
Bank overdrafts (Coop Bank)	324	342	38	(38)	0	666
Non-current portion of long-term loan (Coop Bank)	836	0	0	0	(111)	725
Non-current portion of long-term loan (RDF)	1,578	0	0	0	(111)	1,467
Long-term loan from related parties	200	0	0	0	(200)	0
Long-term loan from related parties	0	400	9	0	0	400
Non-current portion of long-term lease liabilities	45	0	0	0	(24)	21
Total liabilities from financing activities	**3,215**	**509**	**239**	**(202)**	**0**	**3,724**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES 2023:

€ thousand	31.12.2022	Cash flows	Non-monetary settlements	Interest accrued	Interest paid	Reclassi-fied	31.12.2023
Current portion of long-term loan (Coop Bank)	106	(97)	0	99	(99)	90	98
Current portion of long-term loan (RDF)	83	(111)	0	76	(76)	139	111
Current portion of long-term lease liabilities	31	(50)	19	3	(3)	23	23
Bank overdrafts (Coop Bank)	70	254	0	3	(3)	0	324
Non-current portion of long-term loan (Coop Bank)	926	0	0	0	0	(90)	836
Non-current portion of long-term loan (RDF)	1 917	(200)	0	0	0	(139)	1,578
Long-term loan from related parties	0	200	0	0	0	0	200
Non-current portion of long-term lease liabilities	32	0	35	0	0	(23)	45
Total liabilities from financing activities	**3,165**	**(4)**	**54**	**181**	**(181)**	**0**	**3,215**

Undiscounted future cash flows of loan payments are provided in section (B) of Clause 3.1 of Note 3. The borrowings of the Group have been secured as follows:

- commercial pledge in the total amount of € 2.0 million;
- mortgages amount of € 2.6 million;
- Rular Development Foundation (RDF) guaranteed Coop Bank loan in the amount of 80% of the outstanding loan amount to Coop Bank AS.

Information regarding financial risks arising from borrowings is disclosed in Note 3. Information regarding the carrying amounts of assets pledged as collateral for bank loans is disclosed in Notes 5, 6, 7 and 8.

€ thousand	
In the statement of cash flows:	
Lease liability repayments	(23)
Loan repayment to Coop Bank	(100)
Loan repayment to RDF	(111)
Loans received from related parties	400
Change in overdraft payments	342
Total	**509**
In the statement of financial position	
Borrowings at 31.12.2023	3,216
Borrowings at 31.12.2024	3,724
Change	**509**

NOTE 11 PAYABLES AND PREPAYMENTS

€ thousand	**31.12.2024**	**31.12.2023**
Trade payables	443	500
Payables to employees	119	99
incl. accrued holiday pay reserve	*33*	*27*
Tax liabilities	112	97
incl. social security and unemployment insurance	*71*	*64*
incl. personal income tax	*34*	*27*
incl. contribution mandatory funded pension	*1*	*1*
incl. other taxes	*6*	*5*
Payments received	64	37
Other payables	50	23
TOTAL	**788**	**756**

NOTE 12 PROVISIONS

Provisions are made in relation to the compensations for loss of working capacity of former employees after work accidents. The total amount of the provision has been estimated considering the number of persons receiving the compensation, extent of their disability, their former level of salary, level of pension payments and estimations of the remaining period of payments.

€ thousand	
Balance at 31.12.2022	**145**
incl. current portion of provision	18
incl. non-current portion of provision	127
Movements 2023	
Use of provision	(24)
Interest cost (Note 20)	7
Increase of reserve	4
Balance at 31.12.2023	**132**
incl. current portion of provision	21
incl. non-current portion of provision	111
Movements 2024	
Use of provision	(26)
Interest cost (Note 20)	5
Increase of reserve	4
Balance at 31.12.2024	**115**
incl. current portion of provision	21
incl. non-current portion of provision	94

NOTE 13 EQUITY

	31.12.2024	**31.12.2023**
Nominal value (€)	0.1	0.1
Number of shares (pcs)	4,499,061	4,499,061
Share capital (€)	449,906	449,906

As of 31.12.2024 the share capital of Nordic Fibreboard AS totalled 449,906.10 euros which consisted of 4,449,061 no par value registered shares with a book value of 0.10 euros per share. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends. The minimum share capital outlined in the Articles of Association is 250,000 euros and the maximum share capital is 1,000,000 euros.

As at 31.12.2024 the Group had 987 shareholders of which with more than 5% ownership interest were:

Shareholder	Number of shares (pcs)	Ownership interest (%)
NFB Pärnu Holdings OÜ	2,215,334	49.24
NFB Ventures OÜ	842,640	18.73
OÜ Kõik või Mittemidagi	670,133	14.90

As at 31.12.2023 the Group had 1,103 shareholders of which with more than 5% ownership interest were:

Shareholder	Number of shares (pcs)	Ownership interest (%)
NFB Pärnu Holdings OÜ	1,750,135	38.90
NFB Ventures OÜ	842,640	18.73
OÜ Kõik või Mittemidagi	646,399	14.37

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 as of 31.12.2024:

- Joakim Johan Helenius 40 000 shares (31.12.2023: 20 000 shares)
- Rando Tomingas 0 shares (31.12.2023: 0 shares)
- Sakari Wallin 0 shares (31.12.2023: 0 shares)
- Torfinn Losvik 0 shares (31.12.2023: 0 shares)
- Enel Äkke 0 shares (31.12.2023: 0 shares)
- Kristjan Erm 0 shares (31.12.2023: 0 shares)

AS of 31.12.2024 Joakim Johan Helenius has indirect ownership through companies NFB Pärnu Holdings OÜ and NFB Ventures OÜ (as of 31.12.2023 has indirect ownership through companies NFB Pärnu Holdings OÜ and Pärnu Holdings OÜ). As of 31.12.2024, Torfinn Losvik did not have a stake in Nordic Fibreboard AS, but as of 31.12.2023 Torfinn Losvik had an indirect stake through the company Pärnu Holdings OÜ and shares through Stetind OÜ, amounting to 44,206 shares. Rando Tomingas owns shares through Triangel Kapital OÜ in the amount of 1,000 shares (31.12.2023: 36,762 shares).

NOTE 14 EARNINGS PER SHARE

	31.12.2024	31.12.2023
Net profit (-loss) (in thousands of euros)	(786)	(682)
Weighted average number of shares (th pcs)	4,499	4,499
Basic earnings per share (in euros)	(0.17)	(0.15)
Weighted average number of shares used for calculating the diluted earnings per shares (th pcs)	4,499	4,499
Diluted earnings per share (in euros)	(0.17)	(0.15)
Book value of share (in euros)	0.80	0.98
Price/earnings ratio (P/E)	(5.15)	(5.93)
Last price on the share of Nordic Fibreboard AS on Tallinn Stock Exchange (in euros)	0.90	0.90

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

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

NOTE 15 COST OF GOODS SOLD

€ thousand	**2024**	**2023**
Electricity, heat and water	2,368	2,367
Raw materials and main materials	1,977	1,749
Labour expenses (Note 18)	1,242	1,189
Depreciation (Note 8)	522	488
Purchased goods	170	156
Change in balances of finished goods and work in progress	261	690
Other expenses	280	172
TOTAL	**6,820**	**6,810**

NOTE 16 DISTRIBUTION COST

€ thousand	**2024**	**2023**
Transportation expenses	473	400
Labour expenses (Note 18)	214	192
Agency fees	143	66
Management fee	36	0
Marketing expenses	28	2
Other expenses	41	13
TOTAL	**935**	**673**

NOTE 17 ADMINISTRATIVE AND GENERAL EXPENSES

€ thousand	**2024**	**2023**
Labour expenses (Note 18)	156	224
Consulting and management fees	54	14
Audit expenses*	49	36
Purchased services	38	105
Office supplies	39	63
Other expenses	45	72
TOTAL	**381**	**514**

**The fee calculated for the audit of the Group's 2024 financial year report was € 18.4 thousand, and the fee calculated for the audit of the subsidiary's 2024 financial year was € 30.3 thousand.*

NOTE 18 LABOUR EXPENSES

€ thousand	**2024**	**2023**
Wages and salaries (Note 15, 16, 17, 22)	1,214	1,206
Social security and unemployment insurance	399	399
Fringe benefits paid to employees	17	15
TOTAL	**1,630**	**1,620**

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

€ thousand	**2024**	**2023**
Profit from revaluation of real estate investments	0	404
Other income	8	0
TOTAL	**8**	**404**

OTHER OPERATING EXPENSES

€ thousand	**2024**	**2023**
Penalties paid	3	5
Contract fees	2	4
Membership fees	6	5
Reclamations	0	2
Other costs	0	7
Extraordinary other operating expenses	0	406
TOTAL	**11**	**427**

NOTE 20 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

€ thousand	**2024**	**2023**
Profit from the revaluation of TPD shares	8	0
TOTAL	**8**	**0**

FINANCIAL EXPENSES

€ thousand	**2024**	**2023**
Interest expenses	247	209
incl. interest expenses related to provisions (Note 12)	5	7
Loss from the revaluation of TPD shares	0	153
Other finance cost	0	4
TOTAL	**247**	**366**

NOTE 21 OPERATING 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) - manufacture general construction boards based on soft wood fibre boards and interior finishing boards in the Pärnu factory and wholesale of those boards.
- Real Estate Management (Pärnu Riverside Development OÜ) – real estate management and development on Suur-Jõe Street 48, Pärnu.

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. The Group defines EBITDA as profit before extraordinary other operating costs and net finance costs and tax, depreciation and impairment charges. As extraordinary other business expenses, the Group has treated one-time expenses that have not arisen in the course of normal business activities, but have arisen from some extraordinary circumstances. EBITDA is not a performance measure defined in IFRS. The Group`s definition of EBITDA may not be comparable to similarly titled operating profit measures and disclosures by other entities.

All amounts provided to the Management Board are measured in a manner consistent with that of the financial statements.

2024 *€ thousand*	**Fibreboard manufacturing and wholesale**	**Real estate Management**	**Group`s general expenses and eliminations**	**SEGMENTS TOTAL**
Revenue from external customers	7,567	25	0	7,592
EBITDA	26	(48)	(3)	(25)
Depreciation (Note 8)	(522)	0	0	(522)
Operating loss	(495)	(48)	(4)	(547)
Finance income (Note 20)	8	0	0	8
Finance costs (Note 20)	(238)	(6)	(3)	(247)
Net loss	(725)	(55)	(6)	(786)
Segment assets	6,257	1,942	53	8,252
Non-current assets of the segment (Note 7, 8, 9)	5,075	1,929	0	7,004
Segment liabilities	4,299	234	103	4,636
Additions to non-current assets (Note 7, 8)	184	97	0	281

2023 *€ thousand*	**Fibreboard manufacturing and wholesale**	**Real estate Management**	**Group`s general expenses and eliminations**	**SEGMENTS TOTAL**
Revenue from external customers	7,657	47	0	7,704
EBITDA	510	113	(44)	579
Depreciation (Note 8)	(489)	0	0	(489)
Operating loss	(384)	113	(45)	(316)
Extraordinary other operating expenses	(406)	0	0	(406)
Finance income (Note 20)	30	0	(30)	0
Finance costs (Note 20)	(361)	(3)	(2)	(366)
Net loss	(715)	110	(77)	(682)
Segment assets	6,665	1,836	5	8,505
Non-current assets of the segment (Note 7, 8, 9)	5,404	1,832	0	7,236
Segment liabilities	3,981	73	49	4,103
Additions to non-current assets (Note 7, 8)	298	6	0	304

SALES REVENUE OF BUSINESS BY THE GEOGRAPHICAL LOCATION OF CUSTOMERS:

€ thousand	**2024**			**2023**		
Region	**Fibreboard manufacturing and wholesale**	**Real estate manage-ment**	**SEGMENTS TOTAL**	**Fibreboard manufacturing and wholesale**	**Real estate manage-ment**	**SEGMENTS TOTAL**
European Union	6,896	25	**6,921**	6,974	47	**7,021**
Asia	212	0	**212**	114	0	**114**
Africa	305	0	**305**	197	0	**197**
Middle East	139	0	**139**	137	0	**137**
Other regions	15	0	**15**	235	0	**235**
TOTAL	**7,567**	**25**	**7,592**	**7,657**	**47**	**7,704**

NOTE 22 RELATED PARTIES

The following parties are considered to be related parties:

- 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 2024, Joakim Johan Helenius, the owner of NFB Pärnu Holdings OÜ, had significant influence over the Group (indirect and direct shareholding of 68.86% in the Company). As of 31 December 2023, Joakim Johan Helenius, the owner of NFB Pärnu Holdings OÜ, also had significant influence over the Group (indirect and direct shareholding of 48.71% in the Company).

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

€ thousand	**2024**	**2023**
Membership fees	151	204
Compensation for use of personal automobile	1	1
Social tax	51	69
TOTAL	**203**	**274**

In 2024 short term benefits in the amount of € 151 thousand were paid to members of the Management Board of all consolidated group companies (2023: € 204 thousand). No short-term benefits were paid for Supervisory Board members neither during 2024 nor 2023.

Nordic Fibreboard Group has purchased consulting and management services from related parties, and related parties have also mediated expenses incurred on real estate investment properties. Transactions with related parties are based on market terms.

€ thousand	**2024**	**2023**
Received long-term loan	400	200
Purchased services	112	21
Capitalized expenses of real estate investment	42	0
TOTAL	**554**	**221**

In 2024, Nordic Fibreboard AS received a loan in the amount of 400 thousand euros from the related party Trigon Carbon Negative Agriculture OÜ, with an interest rate of 6-month EURIBOR+6,5% per annum. In 2023, Nordic Fibreboard Ltd OÜ received a loan in the amount of 200 thousand euros with interest rate of 8% per annum from the related party Pärnu Holdings OÜ.

The balance of the short-term loan with interest obligation to related parties was € 228 thousand as of 31.12.2024 and € 0 as of 31.12.2023. The balance of the long-term loan with interest obligation to related parties was € 409 thousand as of 31.12.2024 and € 200 thousand as of 31.12.2023.

€ thousand	**31.12.2024**	**31.12.2023**
Short-term loan with interest obligation	228	0
Long-term loan with interest obligation	409	200
Purchased services	38	7
TOTAL	**675**	**207**

NOTE 23 CONTINGENT LIABILITIES

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and upon establishing errors, may impose additional tax assessments and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

CONTINGENT INCOME TAX LIABILITY

Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. However, according to the decision of the IFRS Interpretation Committee in June 2020, the parent is required to recognize an income tax liability on the profits on the subsidiary unless profits are not planned to be distributed to parent company in the foreseeable future. As both Pärnu Riverside Development OÜ and Nordic Fibreboard Ltd OÜ resulted in a loss in 2024, no deferred tax liability has been recognized for the profits of the subsidiary in the Group’s consolidated financial statements.

The maximum potential income tax liability of Nordic Fibreboard AS would be € 624 thousand. The maximum potential income tax liability is calculated under the assumption that the distributable net dividends and the amount of the income tax expense on dividends cannot exceed the distributable retained earnings as at the balance sheet date.

NOTE 24 NEGATIVE NET WORKING CAPITAL

As of 31.12.2024, the Group's working capital was negative € 671 thousand. This situation was caused by the Group's negative financial results in 2024. On 31.01.2025, the repayment term of the short-term loan of 200 thousand euros received from related parties was extended until 31.01.2027, as a result of which the loan liability became long-term. On 21.02.2025, 804,552 AS Trigon Property Development shares owned by Nordic Fibreboard Ltd OÜ were sold at a closing price of 0.67 euros per share, for a total amount of € 539,049.84. These activities helped to improve the Group's working capital, and as of 31.03.2025, the Group's working capital was positive € 36 thousand.

The situation in the construction materials market has been and remains difficult and the Group's management continues to pay close attention to monitoring the Group's cash flows. Considering that the Group is also planning significant investments in more environmentally friendly technology in 2025, if the Group does not have sufficient funds to make the necessary investments or to pay the liabilities that will be realised within 12 months from the date of preparation of the financial statements, the Management has considered the possibility of taking an additional loan or realize investment properties not related to the main activity or partially the land that is recorded as property, plant and equipment.

NOTE 25 EVENTS AFTER BALANCE SHEET DATE

On February 21,2025, Nordic Fibreboard Ltd OÜ entered into a sales agreement, by which Nordic Fibreboard Ltd OÜ sold 804,552 shares in AS Trigon Property Development to Trigon Carbon Negative Agriculture OÜ. Nordic Fibreboard Ltd OÜ sold the shares at the closing price on 19.02.2025, i.e 0.67 euros per share (total amount 539,049.84 euros).

At the beginning of 2025, the Suur-Jõe 48 property owned by Pärnu Riverside Development OÜ was distributed based on the approved detailed plan and during land operations, on the basis of which 10 separate real estates were created, of which 5 real estates are residential land (Admirali1/3, Admirali 5/7, Admirali 9/11, Admirali 2/4/6 and Admirali 13/15), 1 commercial land (Suur-Jõe 48), 3 transport land (Admirali street T1, T2 and T3) and 1 land for public buildings (Admirali tn.11A). In 2025, work will continue on designing roads, utility networks, and buildings for the planned commercial and residential district to apply for building permits.

NOTE 26 SUPPLEMENTARY DISCLOSURES ON THE GROUP`S PARENT

The financial information on the parent is included in the separate primary financial statements (pages 55 to 56), the disclosure of which in the notes to the consolidated financial statements is required by the Estonian Accounting Act. The separate financial statements of the parent have been prepared using the same accounting policies as for the consolidated financial statements, except for measurement of investment in subsidiaries, which are stated at cost (less any impairment losses).

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

€ thousand	**31.12.2024**	**31.12.2023**
Cash and cash equivalents	52	3
Receivables and prepayments	263	68
Total current assets	**315**	**72**
Shares in subsidiaries	798	798
Receivables from subsidiaries	159	0
Total non-current assets	**957**	**798**
TOTAL ASSETS	**1,272**	**870**
Payables and prepayments	14	3
Short-term provisions	17	17
Total current liabilities	**31**	**20**
Long-term borrowings	400	0
Long-term provisions	84	96
Other long-term liabilities	9	0
Total non-current liabilities	**493**	**96**
Total liabilities	**524**	**116**
Share capital (at nominal value)	450	450
Retained earnings (loss)	298	304
Total equity	**748**	**754**
TOTAL LIABILITIES AND EQUITY	**1,272**	**870**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE PARENT COMPANY

€ thousand	**2024**	**2023**
Revenue	37	2
Includes sales to subsidiary	*37*	*2*
Gross profit	**37**	**2**
Administrative expenses	(40)	(47)
Operating loss	**(3)**	**(45)**
Finance income	9	3
Finance costs	(12)	(35)
LOSS BEFORE INCOME TAX	(6)	(77)
NET LOSS FOR THE FINANCIAL YEAR	**(6)**	**(77)**
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	**(6)**	**(77)**

CASH FLOW STATEMENT OF THE PARENT COMPANY

€ thousand	**2024**	**2023**
Cash flow from operating activities		
Operating profit (-loss)	**(3)**	**(45)**
Change in trade and other receivables	6	(14)
Change in trade and other payables	8	(52)
Cash generated from operations	**11**	**(111)**
Net other financial income and expense	(12)	(5)
Net cash generated from operating activities	**(1)**	**(116)**
Cash flow from investing activities		
Loans to related parties	(380)	(36)
Repayment of loans by related parties	20	3
Interest received from related parties	10	3
Received payout from equity	0	360
Net cash used in investing activities	**(350)**	**330**
Cash flow from financing activities		
Loans received from related parties	428	75
Repayment of loans received from related parties	(28)	(256)
Interest payments to related parties	0	(30)
Net cash (used in)/from financing activities	**400**	**(211)**
NET CHANGE IN CASH	**(49)**	**(3)**
OPENING BALANCE OF CASH	**3**	**0**
CLOSING BALANCE OF CASH	**52**	**3**

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

€ thousand	**Share capital**	**Retained earnings**	**Total**
Adjusted unconsolidated equity at 31.12.2022	**450**	**4,634**	**5,084**
Net loss for 2023	*0*	*(77)*	***(77)***
Other comprehensive income for 2023	*0*	*0*	***0***
Total comprehensive loss for 2023	0	(77)	**(77)**
Balance at 31.12.2023	**450**	**304**	**754**
Carrying amount of investment under control and significant influence	0	(798)	**(798)**
Value of investment under control and significant influence under equity method	0	4,446	**4,446**
Adjusted unconsolidated equity at 31.12.2023	**450**	**3,952**	**4,402**
Net loss for 2024	*0*	*(6)*	***(6)***
Other comprehensive income for 2024	*0*	*0*	***0***
Total comprehensive loss for 2024	0	(6)	**(6)**
Balance at 31.12.2024	**450**	**298**	**748**
Carrying amount of investment under control and significant influence	0	(798)	**(798)**
Value of investment under control and significant influence under equity method	0	3,666	**3,666**
Adjusted unconsolidated equity at 31.12.2024	**450**	**3,166**	**3,616**

Adjusted unconsolidated equity is the maximum amount that can be distributed to shareholders according to Estonian legislation.

Independent auditor's report

To the Shareholders of Nordic Fibreboard AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nordic Fibreboard AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 24 April 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statements of financial positions as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

During the period from 1 January 2024 to 31 December 2024 we have not provided any non-audit services to the Company and its subsidiaries.

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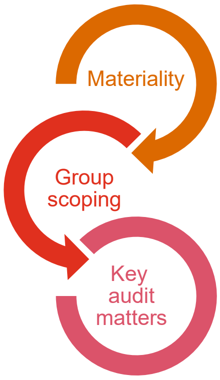
Our audit approach

Overview



- Overall Group audit materiality is EUR 75 thousand, which represents approximately 1% of the Group`s consolidated revenue.

- We performed a full scope audit for the Company and its subsidiary Nordic Fibreboard Ltd OÜ and specific audit procedures over material profit or loss and balance sheet items for its subsidiary Pärnu Riverside Development OÜ.

- Revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 75 thousand
How we determined it	Overall Group materiality represents approximately 1% of the Group`s consolidated revenue.
Rationale for the materiality benchmark applied	We have applied revenue for benchmark, as in our view Group`s revenue is a key performance indicator and is monitored by management, investors and other stakeholders.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to Note 2 "Summary of significant accounting policies" and Note 21 "Operating segments".* In 2024, the Group recognised net revenue in the amount of EUR 7,592 thousand, which mostly comprises of wholesale revenue from sale of goods. In our view, the vast majority of the Group's revenue transactions are non-complex, with no significant judgment required to be applied in respect of the timing of revenue or amounts recorded. However, revenue is subject to considerable inherent risk due to: • the users' ongoing attention to this financial reporting line item as a performance measure, • its sizeable amount in value terms, • essential associated risks of material misstatement due to both fraud and error. As such, revenue recognition requires significant time and resource to audit due to its magnitude, and is, therefore, considered to be a key audit matter.	We assessed the consistency of the application of the revenue recognition policy by performing following procedures: • We updated our understanding of the revenue accounting policy and evaluated it against the requirements of IFRS. • We updated our understanding of the revenue process and controls and observed key management controls related to recognition and measurement of revenue. • We assessed the opportunity or incentive for management override of controls and tested certain journal entries impacting revenue, which were selected using professional judgement. • We performed, on a sample basis, confirmations with customers regarding unsettled revenue transactions. • We reconciled a sample of revenue transactions with receipts of payments and underlying source documents. • We have applied principles of unpredictability in planning and performing audit procedures relating to revenue.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of a number of entities that are further disclosed in Note 1 of financial statements. Based on the size and risk characteristics, we performed a full scope audit of the financial information for Nordic Fibreboard AS and Nordic Fibreboard Ltd OÜ.

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In addition, specific audit procedures, including analytical procedures, were performed in respect of subsidiary Pärnu Riverside Development OÜ. At the Group level, we audited the consolidation process and performed procedures to assess that the audits of the Group entities and of specified account balances covered all material items in the Group's consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Company profile, Management Report, Corporate Governance Recommendations Report, Remuneration Report, Environmental Policy and Revenue of the parent company by EMTAK classificators (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based our agreement by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of Nordic Fibreboard AS for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group’s' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of Nordic Fibreboard AS, as a public interest entity, for the financial year ended 31 December 2007. Our appointment has been renewed by tenders and shareholder resolutions in the intermediate years, representing the total period of our uninterrupted engagement appointment for Nordic Fibreboard AS, as a public interest entity, of 18 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Nordic Fibreboard AS can be extended for up to the financial year ending 31 December 2026.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Jüri Koltsov
Certified auditor in charge, auditor’s certificate no.623

24 April 2025
Tallinn, Estonia

Translation note:

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PROPOSAL FOR COVERNING LOSS

The board of Nordic Fibreboard AS proposes to the General Meeting of shareholders to cover the loss of 2024 as follows:

	€ thousand
Retained earning at 31.12.2023	**3,907**
Net loss in 2024	(786)
Proposal:	
To cover the cumulative loss of 2024 from retained earnings of previous periods	
Retained earnings after profit allocation	**3,121**

/signed digitally/

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Enel Äkke

Member of the Management Board

/signed digitally/

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Kristjan Erm

Member of the Management Board

SIGNATURE OH THE MANAGEMENT BOARD AND SUPERVISORY BOARD TO THE 2024 ANNUAL REPORT

The Management Board has prepared the Company's Annual Report for 2024. The Annual Report (pages 1 to 67) consists of the management report, remuneration report, financial statements, auditor's report and proposal for profit allocation. The Supervisory Board has reviewed the Annual Report prepared by the Management Board and approved it for presentation at the General Meeting of Shareholders.

Member of the Management Board	Enel Äkke	____________
24.04.2025		/signed digitally/
Member of the Management Board	Kristjan Erm	____________
24.04.2025		/signed digitally/
Chairman of the Supervisory Board	Joakim Johan Helenius	____________
Member of the Supervisory Board	Torfinn Losvik	____________
Member of the Supervisory Board	Rando Tomingas	____________
Member of the Supervisory Board	Sakari Wallin	____________

REVENUE OF THE PARENT COMPANY BY EMTAK CLASSIFICATORS

€ thousand	**2024**	**2023**
96099 other services	**37**	**2**