Company	Nordic Fibreboard AS
Type	Company Release
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Attachments:
- NordicFibr-10004424491-en.pdf (http://oam.fi.ee/en/download?id=5031)
- NordicFibr-10004424493-et.pdf (http://oam.fi.ee/en/download?id=5032)

Currency

Title Unaudited financial results of Nordic Fibreboard AS for the third quarter of 2020

Management report

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

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

The Group`s consolidated EBITDA has improved compared to the same period last year, the main reason being the much improved performance of the fibreboard division. The closure of the Püssi fibreboard factory enabled us to switch the

Püssi factory construction sector orders to our Pärnu factory, and we started a 4(th) shift in Pärnu in April 2020 as a result thereof. The Pärnu factory is now running all the time, except for a one-shift maintenance stop every month. This has led to increased machine utilisation, and gross margin for Nordic Fibreboard Ltd OÜ has therefore increased substantially, being 29% in Q3 2020 (from being 18% in Q3 2019).

Divisional review

Revenue by business segments

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

Profit by business segments

	EUR thousand		EUR thousand	
	Q3 2020	Q3 2019	9M 2020	9M 2019
EBITDA by business units:				
Fibreboards production and sales	370	152	458	188
Furniture retail	(0)	(95)	(39)	(134)
Real Estate Management	1	14	(2)	30

Group transactions	(5)	49	(13)	100
TOTAL EBITDA	366	120	403	184
Depreciation	135	176	422	492
TOTAL OPERATING PROFIT/ LOSS	231	(57)	(19)	(308)
Net financial costs	49	615	139	744
NET PROFIT/ LOSS	183	(671)	(158)	(1,052)

Discontinued operations	0	(29)	0	(271)

TOTAL	183	(700)	(158)	(1,324)

NORDIC FIBREBOARD Ltd: Fibreboard sales

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

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

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	EUR thousand		EUR thousand	
	Q3 2020	Q3 2019	9M 2020	9M 2019

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

SKANO FURNITURE: retail sales

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

RETAIL SALES BY COUNTRIES

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

* Latvian and Lithuanian stores were closed on 30.09.2019

PÄRNU RIVERSIDE DEVELOPMENT: real estate management

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

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

OUTLOOK

Nordic Fibreboard Ltd

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

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

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

Pärnu Riverside Development

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

PEOPLE

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

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

FINANCIAL HIGHLIGHTS

EUR thousand

Income statement	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	2,512	3,344	8,197	10,108

EBITDA	366	120	403	184
EBITDA margin	15%	4%	5%	2%
Operating profit	231	(57)	(19)	(308)
Operating margin	9%	(2%)	(0%)	(3%)
Net profit	183	(671)	(158)	(1,052)
Net margin	7%	(20%)	(2%)	(10%)

Discontinued operations	0	(29)	0	(271)

TOTAL NET PROFIT	183	(700)	(158)	(1,324)

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

Share	30.09.2020	31.12.2019	30.09.2019	31.12.2018
Last Price*	0.40	0.41	0.41	0.36
Earnings per share	(0.04)	(0.31)	(0.23)	(0.20)
Price-earnings ratio	(11.48)	(1.32)	(1.74)	(1.81)

Book value of a share	0.31	0.34	0.36	0.64
Market to book ratio	1.28	1.20	1.14	0.56
Market capitalization, EUR thousand	1,809	1,845	1,845	1,620
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization
EBITDA margin = EBITDA / Revenue
Operating margin = Operating profit / Revenue
Net margin = Net profit / Revenue
Return on assets = Net profit / Total assets
Return on equity = Net profit / Equity
Debt-to-equity ratio = Liabilities / Total assets
Earnings per share = Net profit / Total shares
Price-earnings ratio = Last price / Earnings per share
Book value of a share = Equity / Total shares
Market to book ratio = Last price / Book value of a share
Market capitalization = Last price * Total shares
*http://www.nasdaqbaltic.com/

Consolidated statement of financial positions

EUR thousand	30.09.2020	31.12.2019	30.09.2019
Cash and cash equivalents (Note 2)	4	7	44
Receivables and prepayments (Note 3)	1,008	1,394	1,781
Inventories (Note 4)	410	894	1,068
Total current assets	1,423	2,296	2,893
Investment property (Note 5)	1,126	1,121	816
Available-for-sale financial assets (Note 8)	418	397	378
Property, plant and equipment (Note 6)	4,777	5,212	5,306
Intangible assets (Note 7)	10	19	24
Total non-current assets	6,331	6,749	6,525
TOTAL ASSETS	7,753	9,045	9,418

Borrowings (Notes 9)	4,436	4,547	531
Payables and prepayments (Notes 10)	1,674	2,665	2,789
Short-term provisions (Note 11)	4	20	5
Total current liabilities	6,114	7,232	3,325
Long-term borrowings (Notes 9)	47	92	4,277
Long-term provisions (Note 11)	179	179	210
Total non-current liabilities	226	271	4,486
Total liabilities	6,340	7,503	7,811
Share capital (at nominal value) (Note 12)	450	2,699	2,699
Share premium	0	364	364
Statutory reserve capital	0	288	288
Other reserves	114	84	75
Retained earnings (loss)	850	(1,894)	(1,819)
Total equity	1,414	1,542	1,606
TOTAL LIABILITIES AND EQUITY	7,753	9,045	9,418

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

Consolidated statement of profit or loss and other comprehensive income

EUR thousand	Q3 2020	Q3 2019	9M 2020	9M 2019
Continued operations				
Revenue (Note 14)	2,512	3,344	8,197	10,108

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

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

Consolidated statement of cash flows

EUR thousand	9M 2020	9M 2019
Cash flows from operating activities		
Operating profit (loss)	(19)	(308)
Adjustments:		
Depreciation charge (Notes 5;6;7)	424	492
Profit/loss from disposal of fixed assets (Note 19)	(21)	0
Write down of fixed assets (Note 6)	0	(747)
Currency translation differences	(1)	0
Profit/loss from disposal of available-for-sale financial assets (Notes 8)	(21)	44
Non-monetary transactions: reserve for share option (Note 12)	29	29
Change in trade and other receivables (Note 3)	387	(1,038)
Change in inventories (Note 4)	484	406
Change in trade and other payables (Note 10)	(991)	741
Discontinued operations	0	933
Cash generated from operations	271	552
Interest payments (Note 20)	(155)	(167)
Net other financial income and expense	(1)	(50)
Net cash generated from operating activities	115	335
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (Notes 6;7)	(58)	(87)
Disposal of property, plant and equipment and intangible		

assets (Note 6;7)	24	0
Purchase of investment property	(5)	(20)
Net cash used in investing activities	(39)	(107)
Cash flows from financing activities		
Repayment of loans received (Note 9)	(4)	(223)
Loans received from related parties (Note 9)	475	223
Repayment of loans received from related parties (Note 9)	(495)	(193)
Finance lease payments (Note 9)	(50)	(67)
Change in overdraft (Note 9)	(5)	22
Net cash (used in)/from financing activities	(79)	(238)
NET CHANGE IN CASH	(3)	(10)
OPENING BALANCE OF CASH (Note 2)	7	54
CLOSING BALANCE OF CASH (Note 2)	4	44

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

Consolidated statement of changes in equity

EUR thousand	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	Total
Balance at 31.12.2018	2,699	364	288	45	(496)	2,901
Share options 9M 2019	0	0	0	29	0	29

Net profit/loss for 9M 2019	0	0	0	0	(1,324)	(1,324)
Other comprehensive income for 9M 2019	0	0	0	0	0	0
Total comprehensive profit/loss for 9M 2019	0	0	0	0	(1,324)	(1,324)
Balance at 30.09.2019	2,699	364	288	75	(1,819)	1,606
Balance at 31.12.2019	2,699	364	288	84	(1,894)	1,542
Share options 9M 2020	0	0	0	29	0	29
Retained earnings	(2,250)	(364)	(288)	0	2,902	0
Net profit/loss for 9M 2020	0	0	0	0	(158)	(158)
Other comprehensive income for 9M 2020	0	0	0	0	0	0
Total comprehensive profit/loss for 9M 2020	0	0	0	0	(158)	(158)
Balance at 30.09.2020	450	0	0	114	850	1,414

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