

Company Nordic Fibreboard AS
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Attachments:

- Nordic Fibreboard AS Interim Report Q4 2020_ENG.pdf (<http://oam.fi.ee/en/download?id=5233>)
- Nordic Fibreboard vahearuanne 2020 Q4_EST.pdf (<http://oam.fi.ee/en/download?id=5234>)

Currency

Title NORDIC FIBREBOARD AS unaudited consolidated interim report for the fourth quarter and

Management report

NORDIC FIBREBOARD AS UNAUDITED results for fourth QUARTER and 12 months of 2020

Consolidated net sales for Q4 2020 were EUR 2.07 million from continuing operations (Q4 2019: EUR 3.23 million from continuing operations). The sales revenue of the Group's main business segment, fibreboard, for Q4 2020 were EUR 2.01 million (Q4 2019: EUR 2.78 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 Q4 2020 were EUR 1 thousand, the decrease in sales (compared to Q4 2019: EUR 390 thousand) was due to the Group exiting the furniture retail segment earlier in year 2020, with some remaining stock sales taking place during 2020. Rental and property development sales, includes the resale of utilities, in Q4 2020 were EUR 64 thousand, remaining practically at the same level compared to the same period last year (Q4 2019: EUR 63 thousand).

The Group reported consolidated EBITDA of EUR 137 thousand for Q4 2020 for its continuing operations (vs Q4 2019: EBITDA of EUR 141 thousand from continued operations). The EBITDA result for Q4 2019 includes one-off operating income of EUR 324 thousand from revaluation of its property subsidiary Pärnu Riverside Development, while the EBITDA result for the Q4 2020 includes one-off expense in the Group's fibreboard subsidiary of EUR 38 thousand for the removal of previously used office building located at the fibreboard site in Pärnu. EBITDA of the main segment, fibreboard, was for Q4 2020 positive EUR 139 thousand (Q4 2019: negative EUR 119 thousand), after the above mentioned one-off building removal expense. The main reason for such improvement in the fibreboard business' EBITDA are due to the improved efficiency 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 continuously, 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 28% in Q4 2020 (from being 11% in Q4 2019).

After depreciation and net financial costs, the Group's net result for Q4 2020 from continuing operation was thus a profit of EUR 1,231 thousand (Q4 2019: a loss EUR 75 thousand from continuing operation). The reason for the change in profit is the refinancing of loans and overdrafts at the end of 2020, which generated a one-off financial income of EUR 1,237 thousand and the improvement of the efficiency of the aforementioned fibreboard division.

Consolidated net sales for 12 months 2020 from continuing operations were EUR 10.27 million, which is a 23% decrease compared 2019 from continuing operations (2019: EUR 13.33 million from continuing operations). The decrease in sales revenue is due to the reduced production volume due the closure of the Püssi factory.

Consolidated net profit for 12 months 2020 was EUR 1.07 million from continuing operations (2019: loss of EUR 1.13 million from continuing operations). The reasons for the large difference between the results of 2020 and 2019 are the previously mentioned extraordinary financial income from refinancing loans and overdrafts at the end of 2020 of 1.24 million euros, improving the efficiency of the Pärnu fibreboard factory in 2020, and the one-off loss incurred in 2019 when the Group exited its furniture wholesale business.

DIVISION REVIEW

Revenue by business segments

	EUR thousand		EUR thousand	
	Q4 2020	Q4 2019	12M 2020	12M 2019
Continued operations				
Fibreboards production and sales	2,007	2,775	10,001	11,745
Furniture retail	1	390	56	1,515
Real Estate Management	64	63	212	111
Group transactions	0	(1)	(0)	(38)
TOTAL from continued operations	2,072	3,226	10,269	13,333



Discontinued operations	0	0	0	1,215
TOTAL	2,072	3,226	10,269	14,548

Profit by business segments

EUR thousand	Q4 2020	Q4 2019	12M 2020	12M 2019
Continued operations				
EBITDA by business units:				
Fibreboards production and sales	139	(119)	597	68
Furniture retail	(1)	(66)	(40)	(200)
Real Estate Management	3	322	0	352
Group transactions	(4)	5	(18)	104
TOTAL EBITDA	137	141	540	325
Depreciation	136	177	558	669
TOTAL OPERATING PROFIT/ LOSS	0	(35)	(19)	(343)
Net financial costs	(1,231)*	39	(1,093)*	784**
Income tax	0	0	0	0
NET PROFIT/ LOSS	1,231	(75)	1,074	(1,127)
Discontinued operations	0	0	0	(271)
TOTAL	1,231	(75)	1,074	(1,398)

* Net financial costs in Q4 2020 (also 12M 2020) include extraordinary income EUR 1,237 thousand from loan refinancing.



** Net financial costs in 12M 2019 include extraordinary cost, loss from the sale of Skano Furniture Factory OÜ of EUR 540 thousand.

NORDIC FIBREBOARD LTD: FIBREBOARD SALES

The sales revenue of fibreboard decreased by 28% in the Q4 2020 compared to the same period in 2019 (EUR 2.01 million in Q4 2020 versus EUR 2.78 million in Q4 2019). We sold our fibreboard products to customers in 17 countries during Q4 2020. Fibreboard sales for 12 months 2020 were EUR 10.00 million, which is 15% decrease from year 2019 sales of EUR 11.75 million. 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 and Russian markets have been stable. Finland, our largest market accounted for 26% of total fibreboard sales this year (up from being 22% of total sales in 12M in 2019), Denmark is our second largest market, accounting for 22% of sales in the 12 months of 2020 (it has also increased compared to year 2019 when it accounted for 14% of sales). Sales in Estonia and Russia have remained at the same level as previous year, while we recorded sales decline in markets further afield mainly due to the negative effect in many such markets caused by the corona virus.

The fibreboard EBITDA in Q4 2020 was positive EUR 139 thousand (Q4 2019 negative EUR 119 thousand), the full-year EBITDA of fibreboard 2020 was EUR 597 thousand (EUR 68 thousand in 2019). The main reason for the improvement in EBITDA were due to increased efficiency by achieving full machine utilisation in the Pärnu factory in 2020. Fibreboard Q4 EBITDA of EUR 139 thousand was down from EBITDA levels achieved in Q2 2020 and Q3 2020 of respectively EUR 347 thousand and EUR 366 thousand mainly due to the annual two week maintenance stops which took place early October 2020 and end of December 2020, such two week maintenance stops normally takes place every July and December. This year's October and December maintenance stops resulted in less production output during Q4 2020 compared to the previous two quarters when we did not have such long maintenance stops.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	EUR thousand		EUR thousand	
	Q4 2020	Q4 2019	12M 2020	12M 2019
European Union	1,633	2,036	8,327	8,656
Russia	307	376	1,240	1,545
Asia	49	115	189	544
Africa	0	103	96	523
Middle East	10	72	65	232



Other	9	74	85	245
TOTAL	2,007	2,775	10,001	11,745

SKANO FURNITURE: RETAIL SALES

Furniture retail sales in Q4 2020 were EUR 1 thousand (2019 Q4 EUR 390 thousand). However, this business has been closed down, as earlier informed, and the sales recorded in 2020 was from some remaining stock.

RETAIL SALES BY COUNTRIES

	EUR thousand		EUR thousand		Number of stores	
	Q4 2020	Q4 2019	12M 2020	12M 2019	31.12.2020	31.12.2019
Estonia	1	370	56	1,152	0	2
Latvia*	0	13	0	137	0	0
Lithuania*	0	7	0	226	0	0
TOTAL	1	390	56	1,515	0	2

* Estonian stores were closed on 31.01.2020 and 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 64 thousand in Q4 2020 (2019 Q4 EUR 63 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 3 thousand for Q4 2020. EBITDA in Q4 2019 of EUR 322 thousand were heavily influenced by the increased revaluation of the property of EUR 327 thousand. Net profit in Q4 2020 were EUR 3 thousand (2019 Q4: profit EUR 300 thousand).

The reason for the revaluation of the Pärnu Riverside development property was due to the change in the accounting policies for investment properties adopted at the end of 2019, where instead of the measured cost, investment properties were recognized in the balance sheet at fair value.

Consolidated statement of financial position and cash-flow

As of 31.12.2020 the total assets of Nordic Fibreboard AS were EUR 7.7 million (31.12.2019: EUR 9.1 million). The liabilities of the company as of 31.12.2020 were EUR 5.0 million (31.12.2019: EUR 7.5 million), of which the company has borrowings of EUR 3.2 million as at 31.12.2020 (31.12.2019: EUR 4.6 million).



Receivables and prepayments amounted to EUR 0.8 million as at 31.12.2020 (31.12.2019: EUR 1.4 million). Inventories were EUR 0.5 million as of 31.12.2020 (31.12.2019: EUR 0.9 million). The fair value of financial assets (ie Trigon Property Development shares) increased from EUR 397 thousand as of 31.12.2019 to EUR 450 thousand as of 31.12.2020. Property, plant, equipment and intangibles were EUR 4.7 million as of 31.12.2020 (EUR 5.2 million as of 31.12.2019). The decrease in the balance sheet volume in 2020 was affected by the closure of the Püssi factory.

During 2020 twelve months, the Group's cash flows from operating activities totalled EUR 165 thousand (2019 twelve months: EUR 516 thousand). Investment activities resulted in cash outflows in amount of EUR 89 thousand during 2020 twelve months, compared to outflows in amount EUR 153 thousand during twelve months 2019. Financing activities also resulted in cash outflows of EUR 58 thousand during twelve months 2020 (2019 twelve months: cash outflow EUR 410 thousand). Net cash effect during 2020 twelve months cash inflows of EUR 19 thousand, which compares to 2019 twelve months cash outflows of EUR 47 thousand.

OUTLOOK

NORDIC FIBREBOARD LTD

The order book from our traditional customers in our largest markets in northern Europe remains strong, with increased demand from many of these markets. This has had the effect of us having to postpone orders from customers further afield. As a result of this improved demand picture, management is now considering measures for a possible reopening of Püssi factory during second half of this year. On the other hand, we are much aware of the continuing uncertainty surrounding the COVID-19 pandemic. We expect to have a more clear picture of the demand situation and the pandemic within the next few months.

REAL ESTATE MANAGEMENT

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

PEOPLE

On the 31st of December 2020, the Group employed 97 people (compared to 126 people as of 31.12.2019). The average number of personnel in Q4 2020 was 96 (Q4 2019: 125).

For twelve months of 2020, wages and salaries with taxes amounted to EUR 2.0 million from continuing operations (twelve months 2019: EUR 2.5 million from continuing operations). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were EUR 217 thousand in twelve months 2020 and EUR 173 thousand in twelve months 2019.



FINANCIAL HIGHLIGHTS

EUR thousand				
Income statement	Q4 2020	Q4 2019	12M 2020	12M 2019
Revenue	2,072	3,226	10,269	13,333
EBITDA	137	141	540	325
EBITDA margin	7%	4%	5%	2%
Operating profit	0	(35)	(19)	(343)
Operating margin	0%	(1%)	(0%)	(3%)
Net profit	1,231	(75)	1,074	(1,127)
Net margin	59%	(2%)	10%	(8%)
Discontinued operations	0	0	0	(271)
TOTAL NET PROFIT	1,231	(75)	1,074	(1,398)
Statement of financial position	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Total assets	7,650	9,045	7,650	9,045
Return on assets	14%	(12%)	14%	(12%)
Equity	2,648	1,542	2,648	1,542
Return on equity	41%	(73%)	41%	(73%)
Debt-to-equity ratio	65%	83%	65%	83%
Share	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Last Price*	0.45	0.41	0.45	0.41



Earnings per share		0.24		(0.31)		0.24		(0.31)	
Price-earnings ratio		1.89		(1.32)		1.89		(1.32)	
Book value of a share		0.59		0.34		0.59		0.34	
Market to book ratio		0.76		1.20		0.76		1.20	
Market capitalization, EUR thousand		2,025		1,845		2,025		1,845	
Number of shares, piece		4,499,061		4,499,061		4,499,061		4,499,061	

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin = 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		31.12.2020		31.12.2019		31.12.2018	
Cash and cash equivalents (Note 2)		26		7		54	
Receivables and prepayments (Note 3)		794		1,394		1,142	
Inventories (Note 4)		544		894		2,255	
Total current assets		1,364		2,296		3,452	
Investment property (Note 5)		1,134		1,121		175	
Financial assets at fair value through profit or loss (Note 8)		451		397		422	
Property, plant, equipment and right-of-use assets (Note 6)		4,695		5,212		6,223	



Intangible assets (Note 7)	6	19	34
Total non-current assets	6,286	6,749	6,855
TOTAL ASSETS	7,650	9,045	10,307
Borrowings (Notes 9)	256	4,547	662
Payables and prepayments (Notes 10)	1,574	2,665	2,418
Short-term provisions (Note 11)	18	20	15
Total current liabilities	1,848	7,232	3,095
Long-term borrowings (Notes 9)	2,993	92	4,102
Long-term provisions (Note 11)	161	179	210
Total non-current liabilities	3,154	271	4,311
Total liabilities	5,002	7,503	7,406
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	0	84	45
Retained earnings (loss)	2,198	(1,894)	(496)
Total equity	2,648	1,542	2,901
TOTAL LIABILITIES AND EQUITY	7,650	9,045	10,307

*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	Q4 2020	Q4 2019	12M 2020	12M 2019
Continued operations				
Revenue (Note 14)	2,072	3,226	10,269	13,333
Cost of goods sold (Note 15)	1,591	2,928	8,099	11,538
Gross profit	481	298	2,170	1,796
Distribution costs (Note 16)	268	381	1,283	1,698
Administrative expenses (Note 17)	176	248	605	658
Other operating income (Note 19)	18	327	42	351
Other operating expenses (Note 19)	55	31	342	134
Operating profit (loss)	0	(35)	(19)	(343)
Finance income (Note 20)	1,269	19	1,310	19
Finance costs (Note 20)	38	59	218	803
PROFIT (LOSS) BEFORE INCOME TAX	1,231	(75)	1,074	(1,127)
Corporate income tax	0	0	0	0
NET PROFIT (LOSS) FOR THE FINANCIAL PERIOD FROM CONTINUING OPERATIONS	1,231	(75)	1,074	(1,127)
NET PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUING OPERATIONS	0	0	0	(271)
NET PROFIT (LOSS) FOR THE FINANCIAL PERIOD	1,231	(75)	1,074	(1,398)
Basic earnings per share (Note 13)	0.27	(0.02)	0.24	(0.31)



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Diluted earnings per share (Note 13)		0.27	(0.02)	0.24 (0.31)
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