

Company Nordic Fibreboard AS
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Attachments:

- Nordic Fibreboard Interim Report 2021 Q2 and 6M_ENG.pdf (<http://oam.fi.ee/en/download?id=5727>)
- Nordic Fibreboard Vahearuanne 2021 2.kvartal ja 6 kuud_EST.pdf (<http://oam.fi.ee/en/download?id=5728>)

Currency

Title Unaudited financial results of Nordic Fibreboard AS for the second quarter and 6 months of

MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR SECOND QUARTER AND 6 MONTH OF 2021

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

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

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

DIVISIONAL REVIEW



Revenue by business segments

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

Profit by business segments

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

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

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

NORDIC FIBREBOARD LTD: Fibreboard production and sales



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

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

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

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

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

PÄRNU RIVERSIDE DEVELOPMENT: Real estate management

Pärnu Riverside Development owns the property located at Suur-Jõe 48 in Pärnu. The property has some rental tenants and rental income from real estate management, including the resale of utilities, was EUR 64 thousand in Q2 2021, (Q2 2020: EUR 44 thousand).

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



SKANO FURNITURE: Retail sales

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

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

STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

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

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

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

OUTLOOK

NORDIC FIBREBOARD LTD

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

PÄRNU RIVERSIDE DEVELOPMENT

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



PEOPLE

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

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

FINANCIAL HIGHLIGHTS

EUR thousand				
Income statement	Q2 2021	Q2 2020	6M 2021	6M 2020
Revenue	2,576	2,479	5,422	5,685
EBITDA	502	347	986	37
EBITDA margin	19%	14%	18%	1%
Operating profit (EBIT)	378	211	730	(250)
Operating margin (EBIT margin)	15%	9%	13%	(4%)
Net profit	606	194	1,157	(340)
Net margin	24%	8%	21%	(6%)
Statement of financial position	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Total assets	8,140	7,650	8,077	9,045
Return on assets	14%	14%	(4%)	(12%)
Equity	3,805	2,648	1,222	1,542
Return on equity	30%	41%	(28%)	(73%)
Debt-to-equity ratio	53%	65%	85%	83%
Share	30.06.2021	31.12.2020	30.06.2020	31.12.2019



Last Price*	1.74	0.45	0.32	0.41
Earnings per share	0.26	0.24	(0.08)	(0.31)
Price-earnings ratio	6.77	1.89	(4.26)	(1.32)
Book value of a share	0.85	0.59	0.27	0.34
Market to book ratio	2.06	0.76	1.19	1.20
Market capitalization, EUR thousand	7,828	2,025	1,449	1,845
Number of shares, piece	4,499,061	4,499,061	4,499,061	4,499,061

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin (EBIT margin) = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Last price / Earnings per share

Book value of a share = Equity / Total shares

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

Market capitalization = Last price * Total number of shares

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

Consolidated statement of financial positions

EUR thousand	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Cash and cash equivalents (Note 2)	38	26	5	7
Receivables and prepayments (Note 3)	977	794	1,175	1,394
Inventories (Note 4)	526	544	443	894
Total current assets	1,541	1,364	1,623	2,296
Investment property (Note 5)	1,136	1,134	1,125	1,121
Financial assets at fair value				



through profit or loss (Note 8)	933	451	414	397
Property, plant and equipment (Note 6)	4,527	4,695	4,902	5,212
Intangible assets (Note 7)	3	6	12	19
Total non-current assets	6,599	6,286	6,454	6,749
TOTAL ASSETS	8,140	7,650	8,077	9,045
Borrowings (Notes 9)	70	756	4,462	4,547
Payables and prepayments (Notes 10)	927	1,574	2,158	2,665
Short-term provisions (Note 11)	9	18	9	20
Total current liabilities	1,006	2,348	6,629	7,232
Long-term borrowings (Notes 9)	3,168	2,493	47	92
Long-term provisions (Note 11)	161	161	179	179
Total non-current liabilities	3,329	2,654	226	271
Total liabilities	4,335	5,002	6,855	7,503
Share capital (at nominal value) (Note 12)	450	450	2,699	2,699
Share premium	0	0	0	364
Statutory reserve capital	0	0	0	288
Other reserves	0	0	104	84
Retained earnings (loss)	3,355	2,198	(1,582)	(1,894)
Total equity	3,805	2,648	1,222	1,542



TOTAL LIABILITIES AND EQUITY	8,140	7,650	8,077	9,045

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

Consolidated statement of profit or loss and other comprehensive income

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

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



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