

Company Nordic Fibreboard AS
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 18 Feb 2022 15:52:27 +0200

Attachments:

- Nordic Fibreboard AS Interim Report Q4 2021_ENG.pdf (<http://oam.fi.ee/en/download?id=6040>)
- Nordic Fibreboard vahearuanne 2021 Q4_EST.pdf (<http://oam.fi.ee/en/download?id=6041>)

Currency

Title Unaudited financial results of Nordic Fibreboard AS for the fourth quarter and 12 months of

MANAGEMENT REPORT

NORDIC FIBREBOARD AS UNAUDITED RESULTS FOR FOURTH QUARTER AND 12 MONTHS OF 2021

Consolidated net sales for Q4 2021 were EUR 2.34 million, which was 13% higher than in the same period of previous year (Q4 2020: EUR 2.07 million), of which the sales revenue of fibreboard was EUR 2.30 million and the sales revenue of real estate management was EUR 0.04 million.

Consolidated sales for the full year 2021 was EUR 10.10 million, a slight decline from 2020 full year sales of EUR 10.27 million. Main reason for such decline was due to the closure of the second fibreboard factory in March 2020 triggered by the COVID-19 pandemic, which led to a decline of fibreboard sales in year 2021 from year 2020 of EUR 0.16 million.

Fibreboard sales in Q4 2021 of EUR 2.31 million was ahead of Q4 2020 sales with EUR 0.29 million, which was due to fewer production maintenance days during Q4 2021 compared to Q4 2020. In the real estate management subsidiary Pärnu Riverside Development, sales in Q4 2021 of EUR 0.04 million was a decrease of EUR 0.03 million from Q4 2020, this being caused by the loss of the largest rental tenant in Q4 2021.

The consolidated EBITDA of Nordic Fibreboard AS was EUR 215 thousand for Q4 2021 (Q4 2020: EBITDA was EUR 137 thousand). The improvement in EBITDA was due to slightly improved gross margin as well as less overhead costs in the fibreboard division during Q4 2021 compared to Q4 2020. Overhead costs were lower due to the one-off expense incurred in Q4 2020 for the removal of the old unused office building located at the fibreboard site in Pärnu.

Consolidated net loss for Q4 2021 was EUR 27 thousand (Q4 2020: net profit EUR



1,231 thousand). The main reasons for the change in net 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 in Q4 2020. In addition, the net loss for the Q4 2021 includes the loss from the revaluation of the Group's shareholding in the Nasdaq listed real estate company Trigon Property Development AS ("TPD") in the amount of EUR 89 thousand (TPD shareholding showed a profit of EUR 32 thousand during Q4 2020).

Net profit for full year 2021 was EUR 1.20 million (full year 2020: EUR 1.07 million, after adjusting for the one-off financial income of EUR 1.24 million from the refinancing at the end of year 2020).

DIVISIONAL REVIEW

Revenue by business segments

EUR thousand	Q4 2021	Q4 2020	12M 2021	12M 2020
Fibreboards production and sales	2,304	2,007	9,842	10,001
Real Estate Management	36	64	254	212
Furniture retail	0	1	0	56
Group transactions	(0)	0	(0)	(0)
TOTAL	2,339	2,072	10,096	10,269

Profit by business segments

EUR thousand	Q4 2021	Q4 2020	12M 2021	12M 2020
EBITDA by business units:				
Fibreboards production and sales	218	139	1,555	597
Real Estate Management	5	3	15	0
Furniture retail	0	(1)	474	(40)
Group transactions	(8)	(4)	(487)	(18)
TOTAL EBITDA	215	137	1,557	540
Depreciation	(118)	(136)	(498)	(558)
TOTAL OPERATING PROFIT/ LOSS	97	0	1,059	(19)



Net financial costs	(124)		1,231*		143		1,092*
NET PROFIT/ LOSS	(27)		1,231		1,202		1,074

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

NORDIC FIBREBOARD LTD: FIBREBOARD

Fibreboard sales in Q4 2021 was EUR 2.30 million reflects full capacity utilisation of our Pärnu factory. Apart from having usual monthly one-day maintenance periods, we also had the usual year-end longer maintenance period of 14 days, allowing us to make more extensive production machinery maintenance and updates. Demand remained strong during Q4 2021 period, and main priority was given to our usual key customers in the local markets of Finland, Denmark, Estonia, Russia, Sweden, and Latvia. Customers in these key markets accounted for about 90% of our total sales in Q4 2021.

The EBITDA of the fibreboard division in Q4 2021 was EUR 218 thousand (Q4 2020: EUR 139 thousand), the EBITDA of fibreboard for the full year in 2021 was EUR 1,555 thousand (full year in 2020: EUR 597 thousand). The main reasons for such annual EBITDA improvement were due to an increase in gross margin and lower overhead costs. Gross margin improvement was due to higher capacity utilisation caused by focusing on fewer product thicknesses, which allowed for longer production runs for each produced thickness, which let to improved production profitability. Overhead costs was reduced in 2021 compared to 2020 mainly due to the March 2020 closure of the loss-making Püssi factory, as well as the one-off expense incurred when demolishing the old unused office building located on the Pärnu fibreboard site.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	EUR thousand		EUR thousand	
	Q4 2021	Q4 2020	12M 2021	12M 2020
European Union	1,992	1,633	8,225	8,327
Russia	273	307	1,356	1,240
Asia	23	49	147	189
Africa	0	0	46	95
Middle East	0	10	13	65
Other	16	9	55	85



TOTAL 2,304 | 2,007 | 9,842 | 10,001

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. Sales in Q4 2021 was EUR 36 thousand (2020 Q4: EUR 64 thousand). The reason for the decrease in sales revenue was caused by the loss of the largest tenant.

The real estate management EBITDA for Q4 2021 were positive EUR 5 thousand (Q4 2020: positive EUR 3 thousand). The real estate management net profit for Q4 2021 was EUR 5 thousand (Q4 2020: net profit EUR 3 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 Q4 2021 (Q4 2020, the revenue was EUR 1 thousand). We are in the process of liquidating Skano Furniture OÜ.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH-FLOW

As of 31.12.2021 the total assets of Nordic Fibreboard AS were EUR 8.1 million (31.12.2020: EUR 7.7 million). The liabilities of the company as of 31.12.2021 were EUR 4.2 million (31.12.2020: EUR 5.0 million), of which the Group has payables of EUR 0.4 million as at 31.12.2021 (31.12.2020: EUR 1.1 million) and borrowings of EUR 3.2 million as at 31.12.2021 (31.12.2020: also EUR 3.2 million).

Receivables and prepayments amounted to EUR 0.9 million as at 31.12.2021 (31.12.2020: EUR 0.8 million). Inventories were EUR 0.4 million as of 31.12.2021 (31.12.2020: EUR 0.5 million). Fixed assets were EUR 6.7 million as of 31.12.2021 (EUR 6.3 million as of 31.12.2020).

During 2021 twelve months, the Group's cash flows from operating activities totalled EUR 730 thousand (2020 twelve months: EUR 150 thousand). Investment activities resulted in cash outflows in amount of EUR 587 thousand during 2021 twelve months, which was mainly due to improvements in production machinery (2020 twelve months: outflow EUR 56 thousand). Financing activities also resulted in cash outflows of EUR 112 thousand during twelve months 2021 (2020 twelve months: cash outflow EUR 75 thousand). Net cash effect during 2021 twelve months cash inflow of EUR 31 thousand, which compares to 2020 twelve months cash inflows of EUR 19 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.

Management is working on preparing the Pärnu based factory's boiler house to meet the new emission requirements coming into force in 01.01.2025.

Preparations is also being undertaken in upgrading the company's second factory, located in Püssi, so that the factory's technical capabilities is adequate for possible restarting of the factory. The factory's main energy source is gas, and the current high gas prices is therefore making it untenable to consider restarting this factory in the near future.

REAL ESTATE MANAGEMENT

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

PEOPLE

On the 31st of December 2021, the Group employed 91 people (compared to 97 people as of 31.12.2020). The average number of personnel in Q4 2021 was 96 (Q4 2020: 96).

For twelve months of 2021, wages and salaries with taxes amounted to EUR 2.0 million (twelve months 2019: also EUR 2.0 million). Payments made to management board members of all group companies including all subsidiaries with relevant taxes were EUR 245 thousand in twelve months 2021 and EUR 217 thousand in twelve months 2020.

FINANCIAL HIGHLIGHTS

EUR thousand				
Income statement	Q4 2021	Q4 2020	12M 2021	12M 2020
Revenue	2,339	2,072	10,096	10,269
EBITDA	215	137	1,557	540
EBITDA margin	9%	7%	15%	5%
Operating profit	97	0	1,059	(19)
Operating margin	4%	0%	10%	(0%)
Net profit	(27)	1,231	1,202	1,074
Net margin	(1%)	59%	12%	10%



Statement of financial position	31.12.2021	31.12.2020
Total assets	8,063	7,650
Return on assets	15%	14%
Equity	3,850	2,648
Return on equity	31%	41%
Debt-to-equity ratio	52%	65%
Share	31.12.2021	31.12.2020
Last Price*	1.95	0.45
Earnings per share	0.27	0.24
Price-earnings ratio	7.30	1.89
Book value of a share	0.86	0.59
Market to book ratio	2.28	0.76
Market capitalization, EUR thousand	8,773	2,025
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 = Trailing twelve months (TTM) 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 POSITION

EUR thousand	31.12.2021	31.12.2020	31.12.2019
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Cash and cash equivalents	57	26	7
Receivables and prepayments (Note 2)	902	794	1,394
Inventories (Note 3)	390	544	894
Total current assets	1,349	1,364	2,296
Investment property (Note 4)	1,152	1,134	1,121
Financial assets at fair value through profit or loss (Note 7)	644	451	397
Property, plant, equipment and right-of-use assets (Note 5)	4,915	4,695	5,212
Intangible assets (Note 6)	3	6	19
Total non-current assets	6,714	6,286	6,749
TOTAL ASSETS	8,063	7,650	9,045
Borrowings (Notes 8)	146	756	4,547
Payables and prepayments (Notes 9)	829	1,574	2,665
Short-term provisions (Note 10)	19	18	20
Total current liabilities	994	2,348	7,232
Long-term borrowings (Notes 8)	3,074	2,493	92
Long-term provisions (Note 10)	145	161	179
Total non-current liabilities	3,219	2,654	271
Total liabilities	4,213	5,002	7,503
Share capital (at nominal value) (Note 11)	450	450	2,699



Share premium	0	0	364
Statutory reserve capital	0	0	288
Other reserves	0	0	84
Retained earnings (loss)	3,400	2,198	(1,894)
Total equity	3,850	2,648	1,542
TOTAL LIABILITIES AND EQUITY	8,063	7,650	9,045

*The notes to the financial statements presented on pages 14 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR thousand	Q4 2021	Q4 2020	12M 2021	12M 2020
Revenue (Note 13)	2,339	2,072	10,096	10,269
Cost of goods sold (Note 14)	1,843	1,591	7,294	8,099
Gross profit	496	481	2,802	2,170
Distribution costs (Note 15)	277	268	1,168	1,283
Administrative expenses (Note 16)	120	176	565	605
Other operating income (Note 18)	0	18	5	42
Other operating expenses (Note 18)	2	55	15	342
Operating profit (loss)	97	0	1,059	(19)
Finance income (Note 19)	0	1,269	265	1,291
Finance costs (Note 19)	124	38	122	199
Profit (Loss) before income tax	(27)	1,231	1,202	1,074



NET PROFIT (LOSS) FOR THE PERIOD	(27)	1,231	1,202	1,074
Basic earnings per share (Note 12)	(0.01)	0.27	0.27	0.24
Diluted earnings per share (Note 12)	(0.01)	0.27	0.27	0.24

*The notes to the financial statements presented on pages 14 to 25 are an integral part of these consolidated financial statements.

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(https://www.globenewswire.com/Tracker?data=iAD_e0uSK_TCldXbBSENa-cYLR8OVWKXL189xJQxG_OEuIfON2Gh2LQKTBPZa_lKFXNm2pffWfxykf0M0agIvVE8XTmLlBkEf5aubRu-rQ1k8E2R2tOtH2oIR0o6azyleM6GXtwS9Bjmlm90FCr2gkosX29cORsWF7d87m2JsF2CW9ca8JyVkmOa28biBouHAEVKCEiL7R-FCbhqkpZfOJjwi3pDasB5zJiPQqxT-0k95y_2VRebvNHIMNk-8jg-_3u4alcBvEqusX8FFVliiqnsPSb5DtHbXcEXrI8EpR506a-xpOi2BqkJbLmhVsROQdvtZWqjsfCuOzeodrDP86b6jI6ywa3MlH9mvMUD2RuEZPFBJR_nWNXoN5PcTmROTsj56oxXl-6JRPhtVdLT7Gy9fkn9PG62y3HmWRrJ5x5dKIF_wwDwGslO02T1XYMAFabWZ3IX_T0rEKrwrBz3UlKYN_KewK6CS83plguxVqrJwAKt6F7_elb0kibhy2y7VPzyGBokFXGlgUEZ-ZIZrxklqsJlAUCyNf7Y6Of_fj90Kj4vfi7zFfnRXO_vRZuzv3xuel65QmKHrb9D6fvOw==)

