

Company Nordic Fibreboard AS
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 22 Nov 2022 08:00:00 +0200

Attachments:

- NORDIC FIBREBOARD AS_Interim Report Q3 2022.pdf (<http://oam.fi.ee/en/download?id=6920>)
- NORDIC FIBREBOARD AS_Vahearuanne 2022 3. kvartal.pdf (<http://oam.fi.ee/en/download?id=6921>)

Currency

Title Unaudited financial results of Nordic Fibreboard AS for the third quarter of 2022

MANAGEMENT REPORT

Consolidated net sales for Q3 2022 were EUR 2.79 million (Q3 2021: EUR 2.33 million). The main business area is the production and wholesale of fibreboard, which recorded sales in Q3 2022 of EUR 2.78 million, an increase of 23% compared to Q3 2021. The remaining business area is real estate management of the property owned in Suur-Jõe street in Pärnu, who recorded sales of EUR 9 thousand in Q3 2022 (Q3 2021: 65 thousand).

The reason for the increase in sales revenue in Q3 2022 for Nordic Fibreboard Ltd was the ongoing strong demand for building materials in the construction sector, as reflected in both volume growth and price increases. That being said, towards the end of Q3 2022 we started to see a reduction in customers orders, reflecting the softening of business confidence as a result of negative macro factors, such as increasing interest rates, energy crisis, and higher food prices. As a result of these sentiments, Nordic Fibreboard is announcing the layoff of 8 production workers and is therefore reducing production capacity to keep up with the decline in demand.

The consolidated EBITDA of Nordic Fibreboard for Q3 2022 was EUR 193 thousand, the EBITDA margin was 7% (Q3 2022: EBITDA was EUR 356 thousand and the EBITDA margin was 15%). Compared to the Q3 2021 the Group's gross margin decreased from 32% to 19% in the Q3 2022. The main reason for this reduction in profitability was due to the sharp increase in raw material costs, ie woodchips and energy, experienced during Q3 2022, which more than offset our price increases.

Total financial income of EUR 49 thousand was recorded in Q3 2022, which consist of the profit from the revaluation of Trigon Property Development (TPD) shares in the amount of EUR 79 thousand and the interest expense of loan obligations in the amount of EUR 30 thousand. In Q3 2021, the financial cost was EUR 159 thousand,



which consisted of the loss of EUR 128 thousand from the revaluation of TPD shares and the interest expense of loan obligations in the amount of EUR 31 thousand.

Group`s consolidated net profit for Q3 2022 was EUR 117 thousand (Q3 2021: profit EUR 73 thousand).

DIVISIONAL REVIEW

Revenue by business segments

	EUR thousand			EUR thousand	
	Q3 2022	Q3 2021		9M 2022	9M 2021
Fibreboards production and sales	2,782	2,270		9,015	7,539
Real Estate Management	9	65		28	218
TOTAL	2,791	2,334		9,043	7,757

Profit by business segments

	EUR thousand			EUR thousand	
	Q3 2022	Q3 2021		9M 2022	9M 2021
EBITDA by business units:					
Fibreboards production and sales	201	344		1,114	1,337
Real Estate Management	(6)	11		(18)	10
Group transactions	(2)	1		(25)	(5)
TOTAL EBITDA	193	356		1,071	1,341
Depreciation	(125)	(123)		(372)	(380)
TOTAL OPERATING PROFIT	68	232		699	962
Net financial income/ costs	49	(159)		149*	267**
NET PROFIT	117	73		848	1,229

* Includes financial income of EUR 143 thousand in the first 9 months of 2022, received from the revaluation of the shareholding owned by the group in the real estate development company Trigon Property Development AS, and the dividends received from these (TPD) shares in the amount of EUR 105 thousand.

** Includes financial financial income of EUR 354 thousand in the first 9 months



of 2021 from the revaluation of TPD shares..

NORDIC FIBREBOARD LTD: Fibreboard production and sales

Fibreboard sales in Q3 2022 were EUR 2.78 million (Q3 2021: EUR 2.27 million). In addition to demand for construction materials remaining strong, the increase in sales revenue was also influenced by the price increases implemented during Q2 2022. The price increase was inevitable, as there has been a continuous increase in the price of raw materials and energy throughout 2022. Despite the decline in Estonian industrial production in the Q3 2022, the fibreboard order volume remained stable throughout the Q3 2022, which shows the strength of local north European markets.

The largest sales growth in Q3 2022, compared to Q3 2021, was reflected in the markets of Finland, Denmark and Latvia. Sales to Russia ended in May 2022 due to the sanctions imposed as a result of Russia's war on Ukraine.

The operating profitability, ie EBITDA, of the fibreboard activities in Q3 2022 was EUR 201 thousand, a decrease of 42% compared to the same period last year. This being caused by increased cost prices for woodchips, our main raw material, as well as higher electricity prices during Q3 2022.

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	EUR thousand		EUR thousand	
	Q3 2022	Q3 2021	9M 2022	9M 2021
European Union	2,723	1,980	8,425	6,233
Middle East	47	13	73	13
Russia	0	269	427	1,083
Asia	0	0	69	124
Africa	0	0	0	46
Other	12	8	21	40
TOTAL	2,782	2,270	9,015	7,539

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 was EUR 9 thousand in Q3 2022, (Q3 2021: EUR 65 thousand). The reason for the decrease in sales revenue was caused by the loss of the largest tenant at the end of 2021.



The real estate management EBITDA for Q3 2022 were negative EUR 6 thousand and net loss EUR 6 thousand (Q3 2021: EBITDA positive EUR 11 thousand and net profit EUR 11 thousand).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 30.09.2022 the total assets of Nordic Fibreboard AS were EUR 9.4 million (30.09.2021: EUR 8.3 million). The liabilities of the company as of 30.09.2022 were EUR 4.7 million (30.09.2021: EUR 4.4 million), of which the Group has payables of EUR 1.0 million as at 30.09.2022 (30.09.2021: EUR 0.6 million) and borrowings of EUR 3.1 million as at 30.09.2022 (30.09.2021: EUR 3.3 million).

Receivables and prepayments amounted to EUR 1.3 million as at 30.09.2022 (30.09.2021: EUR 1.1 million). Inventories were EUR 0.9 million as of 30.09.2022 (30.09.2021: EUR 0.4 million). Fixed assets were EUR 6.7 million as of 30.09.2022 (EUR 6.6 million as of 30.09.2021).

During 2022 9M, the Group's cash flows from operating activities totalled cash inflow of EUR 617 thousand (2021 9M: cash inflow EUR 512 thousand). Cash outflows due to investment activities was EUR 93 thousand during 9M 2022, mainly consisting of investments into production assets of EUR 194 thousand and dividend received from TPD shares of EUR 105 thousand (9M 2021: cash outflow EUR 243 thousand). Cash outflows due to financing activities was EUR 111 thousand during 9M 2022, consisting of loans repaid of EUR 76 thousand and finance lease payments of EUR 35 thousand (9M 2022: cash outflow EUR 91 thousand). Net cash effect during 9M 2021 showed cash inflows of EUR 413 thousand, (2021 9M: cash inflows EUR 178 thousand).

OUTLOOK

NORDIC FIBREBOARD LTD

Demand for fibreboards was stabile during Q3 2022, however we are now experiencing a decline in customer orders. As a result of such drop in demand, we intend to reduce our production capacity and lay off 8 production workers. It has been an ongoing rise in the price of woodchips, our main input material, and at this stage the future outlook for woodchip prices remain unclear. Demand for woodchips has risen as a result of power plants now using more biomass, and sale of wood pellets have also increased as a result of increased heating costs. The uncertainty this autumn of the direction of the electricity market forced us to lock in electricity prices for period 1.1.2023 to 30.6.2024. We alleviated the impact of higher electricity prices in 2023, as a result of the new fixed electricity contract, by increasing our prices during Q4 2022.

PÄRNU RIVERSIDE DEVELOPMENT

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



FINANCIAL HIGHLIGHTS

EUR thousand

Income statement	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	2,791	2,334	9,043	7,757
EBITDA	193	356	1,071	1,341
EBITDA margin	7%	15%	12%	17%
Operating profit	68	232	699	962
Operating margin	2%	10%	8%	12%
Net profit	117	73	848	1,229
Net margin	4%	3%	9%	16%
Statement of financial position	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Total assets	9,389	8,063	8,301	7,650
Return on assets	9%	15%	15%	14%
Equity	4,698	3,850	3,878	2,648
Return on equity	18%	31%	32%	41%
Debt-to-equity ratio	50%	52%	53%	65%
Share	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Last Price*	1.74	1.95	2.20	0.45
Earnings per share	0.18	0.27	0.55	0.24
Price-earnings ratio	9.54	7.30	4.02	1.89
Book value of a share	1,04	0.86	0.86	0.59
Market to book ratio	1.67	2.28	2.55	0.76



Market capitalization, EUR thousand	7,828	8,773	9,898	2,025
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 = 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 positions

EUR thousand	30.09.2022	31.12.2021	30.09.2021
Cash and cash equivalents	470	57	204
Receivables and prepayments (Note 2)	1,345	902	1,118
Inventories (Note 3)	874	390	390
Total current assets	2,689	1,349	1,712
Investment property (Note 4)	1,156	1,152	1,139
Available-for-sale financial assets (Note 7)	787	644	805
Property, plant and equipment (Note 5)	4,755	4,915	4,642
Intangible assets (Note 6)	2	3	3
Total non-current assets	6,700	6,714	6,589
TOTAL ASSETS	9,389	8,063	8,301
Borrowings (Notes 8)	38	146	36



Payables and prepayments (Notes 9)	1,410	829	1,002
Short-term provisions (Note 10)	4	19	4
Total current liabilities	1,452	994	1,042
Long-term borrowings (Notes 8)	3,094	3,074	3,220
Long-term provisions (Note 10)	145	145	161
Total non-current liabilities	3,239	3,219	3,381
Total liabilities	4,691	4,213	4,423
Share capital (at nominal value) (Note 11)	450	450	450
Statutory reserve capital	45	0	0
Retained earnings (loss)	4,203	3,400	3,428
Total equity	4,698	3,850	3,878
TOTAL LIABILITIES AND EQUITY	9,389	8,063	8,301

*The notes to the financial statements presented on pages 14 to 24 are an integral part of these consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

EUR thousand	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue (Note 13)	2,791	2,334	9,043	7,757
Cost of goods sold (Note 14)	2,387	1,721	7,134	5,451
Gross profit	404	613	1,909	2,306
Distribution costs (Note 15)	278	251	919	891
Administrative expenses (Note 16)	90	131	315	445



Other operating income (Note 18)	33	2	33	5
Other operating expenses (Note 18)	1	1	9	13
Operating profit	68	232	699	962
Finance income (Note 19)	79	0	248	354
Finance costs (Note 19)	30	159	99	87
Profit before income tax	117	73	848	1,229
Corporate income tax	0	0	0	0
Net profit for the period	117	73	848	1,229
Basic earnings per share (Note 12)	0.03	0.02	0.19	0.27
Diluted earnings per share (Note 12)	0.03	0.02	0.19	0.27

*The notes to the financial statements presented on pages 14 to 24 are an integral part of these consolidated financial statements.

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