

Company Nordic Fibreboard AS
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Attachments:

- NORDIC FIBREBOARD AS Interim Report Q4 2022_ENG.pdf (<http://oam.fi.ee/en/download?id=7083>)
- NORDIC FIBREBOARD AS vahearuanne 2022 4 kvartal_EST.pdf (<http://oam.fi.ee/en/download?id=7084>)

Currency

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

MANAGEMENT REPORT

Consolidated net sales for Q4 2022 were EUR 2.03 million (down from EUR 2.34 million in Q4 2021). The main business area of production and wholesale of fibreboard recorded sales in Q4 2022 of EUR 2.02 million, 12% down from sales in Q4 2021. The remaining business area is real estate management of the property owned in Suur-Jõe Street in Pärnu, who recorded sales of EUR 11 thousand in Q4 2022 (Q4 2021: 36 thousand).

Consolidated sales for the full year 2022 was EUR 11.07 million, which is an increase of 10% compared to 2021 full year sales of EUR 10.10 million. The reason for such sales increase is due to increased sales of fibreboards in our key markets such as Finland, Denmark, Estonia and Latvia. However, the Group's gross margin fell from 33% for full year 2021 to becoming 23% for full year 2022, the main reasons being the increased prices of raw materials in the fibreboard production, these being woodchips and energy.

The consolidated EBITDA of Nordic Fibreboard AS was EUR 661 thousand for Q4 2022 (Q4 2021: EBITDA EUR 215 thousand). The increase in EBITDA in Q4 2022 was due to the revaluation of the fair value of the investment property in the real estate management segment, adding EUR 697 thousand to EBITDA and thus increasing EBITDA margin in Q4 2022 compared to Q4 2021 from 9% to 33%. The Fibreboard segment reported negative EBITDA of EUR 23 thousand in Q4 2022 (Q4 2021: EUR 218 thousand) due to higher woodchip prices and less output due to slowdown in demand at the end of the year. The consolidated EBITDA for the full year 2022 was EUR 1.73 million, which is an increase of 11% compared to full year 2021.

Consolidated net profit for Q4 2022 was EUR 386 thousand, which includes dividend income of EUR 24 thousand from the fibreboard division's 20% ownership stake in Trigon Property Development AS (TPD). In Q4 2021, we recorded a loss EUR 27



thousand on the revaluation of this shareholding. Net profit for full year 2022 was EUR 1.23 million, which includes total year 2022 dividend income from TPD shares of EUR 129 thousand (full year 2021: profit EUR 1.20 million).

DIVISIONAL REVIEW

Revenue by business segments

EUR thousand	Q4 2022	Q4 2021	12M 2022	12M 2021
Fibreboards production and sales	2,020	2,304	11,035	9,842
Real Estate Management	11	36	39	254
TOTAL	2,031	2,339	11,074	10,096

Profit by business segments

EUR thousand	Q4 2022	Q4 2021	12M 2022	12M 2021
EBITDA by business units:				
Fibreboards production and sales	(23)	218	1,092	1,555
Real Estate Management	690	5	672	15
Group transactions	(6)	(8)	(32)	(13)
TOTAL EBITDA	661	215	1,732	1,557
Depreciation	(125)	(118)	(497)	(498)
TOTAL OPERATING PROFIT/ LOSS	536	97	1,235	1,059
Net financial costs	(150)	(124)	(1)	143
NET PROFIT/ LOSS	386	(27)	1,234	1,202

NORDIC FIBREBOARD LTD: Fibreboard production and sales

Fibreboard sales in Q4 2022 were EUR 2.02 million (Q4 2021: EUR 2.30 million). The decrease in sales in Q4 2022 was due to a substantial reduction in demand in our main local markets, such drop being a reflection of the uncertainty created by the war in Ukraine, increased interest rates, and higher energy prices.

The operating profitability, ie EBITDA, of the Nordic Fibreboard Ltd activities



in Q4 2022 was negative EUR 23 thousand (Q4 2021: positive EUR 218 thousand). This being caused by increased cost prices for woodchips, company's main raw material, as well as higher electricity prices in the second half of 2022.

The EBITDA of fibreboard for the full year in 2021 was EUR 1.09 million (full year in 2021: EUR 1.55 million).

FIBREBOARD SALES BY GEOGRAPHICAL SEGMENTS

	EUR thousand		EUR thousand	
	Q4 2022	Q4 2021	12M 2022	12M 2021
European Union	1,871	1,992	10,297	8,225
Middle East	82	0	154	13
Russia	0	273	427	1,356
Asia	0	23	69	147
Africa	0	0	0	46
Other	67	16	88	55
TOTAL	2,020	2,304	11,035	9,842

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 11 thousand in Q4 2022, (Q4 2021: EUR 36 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 Q4 2022 were EUR 690 thousand (Q4 2021: EUR 5 thousand). The reason for such a large change in EBITDA is the income received from the fair value revaluation of the real estate investment object located at Suur-Jõe Street 48 in Pärnu in the amount of EUR 697 thousand at the end of 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 31.12.2022 the total assets of Nordic Fibreboard AS were EUR 9.4 million (31.12.2021: 8.1 million). The liabilities of the company as of 31.12.2022 were EUR 4.3 million (31.12.2021: EUR 4.2 million), of which the Group has payables of EUR 0.5 million as at 31.12.2022 (31.12.2021: EUR 0.4 million) and borrowings of EUR 3.2 million as at 31.12.2022 (31.12.2021: also EUR 3.2 million).

Receivables and prepayments amounted to EUR 0.6 million as at 31.12.2022



(31.12.2021: EUR 0.9 million). Inventories were EUR 1.7 million as of 31.12.2022 (31.12.2021: EUR 0.4 million). Fixed assets were EUR 7.2 million as of 31.12.2022 (EUR 6.7 million as of 31.12.2021).

During 2022 twelve months, the Group's cash flows from operating activities totalled EUR 152 thousand (2021 twelve months: EUR 730 thousand). Cash outflows due to investment activities was EUR 129 thousand during 2022, mainly consisting of investments into production assets of EUR 254 thousand and dividend received from TPD shares of EUR 129 thousand (2021: cash outflow EUR 587 thousand). Financing activities also resulted in cash outflows of EUR 78 thousand during 2022 (2021: cash outflow EUR 112 thousand). Net cash effect during 2022 twelve months cash outflow of EUR 55 thousand, (2021: cash inflow EUR 31 thousand).

OUTLOOK

NORDIC FIBREBOARD LTD

As a result of the declining demand during Q4 2022, company decided to undertake major maintenance work of the factory at the start of 2023, thus delaying reopening of the production line until 20 February 2023. This also gave the opportunity to sell off excessive inventory. During the last few weeks, before the release of the report, we have observed an increase in demand, which we attribute to more market macro certainties, such as less unpredictable energy prices and a downturn in inflation. The pricing of the company's main raw material, woodchips, seem to be easing somewhat from end of last year while pricing of second largest input cost, electricity, is fixed at a high price. The company's previous electricity contract ended 31.12.2022, and a new contract was concluded for period 1.1.2023 to 30.6.2024, at a higher price than the old contract (see further notes in Financial Risks section below).

The company had a longer maintenance period at start of year 2023, from mid-December 2022 to 19(th) February 2023. Production was restarted only on 20(th) February. With no output during this period, while having to carry the normal costing during the maintenance period, the company expect 2023 Q1 financial results to be poor. That being said, the building materials market tend to be more active during the Spring months (ie Q2) and at this stage it does look like this will be case also this year.

PÄRNU RIVERSIDE DEVELOPMENT

The company will continue to manage and develop the property on Suur-Jõe Street 48, Pärnu. A detail plan for the property is ongoing (expected to be approved this Spring), with the intention of converting the property into a private residential property.

FINANCIAL HIGHLIGHTS



EUR thousand

Income statement	Q4 2022	Q4 2021	12M 2022	12M 2021
Revenue	2,031	2,339	11,074	10,096
EBITDA	661	215	1,732	1,557
EBITDA margin	33%	9%	16%	15%
Operating profit/-loss	536	97	1,235	1,059
Operating margin	26%	4%	11%	10%
Net profit/-loss	386	(27)	1,234	1,202
Net margin	19%	(1%)	11%	12%

Statement of financial position	31.12.2022	31.12.2021
Total assets	9,408	8,063
Return on assets	13%	15%
Equity	5,084	3,850
Return on equity	24%	31%
Debt-to-equity ratio	46%	52%

Share	31.12.2022	31.12.2021
Last Price*	1.60	1.95
Earnings per share	0.27	0.27
Price-earnings ratio	5.83	7.30
Book value of a share	1.13	0.86
Market to book ratio	1.42	2.28
Market capitalization, EUR thousand	7,198	8,773
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 positions

EUR thousand	31.12.2022	31.12.2021	31.12.2020
Cash and cash equivalents	2	57	26
Receivables and prepayments (Note 2)	559	902	794
Inventories (Note 3)	1,672	390	544
Total current assets	2,233	1,349	1,364
Investment property (Note 4)	1,859	1,152	1,134
Financial assets at fair value through profit or loss (Note 7)	644	644	451
Property, plant, equipment and right-of-use assets (Note 5)	4,670	4,915	4,695
Intangible assets (Note 6)	2	3	6
Total non-current assets	7,175	6,714	6,286
TOTAL ASSETS	9,408	8,063	7,650
Borrowings (Notes 8)	290	146	756
Payables and prepayments (Notes 9)	1,014	829	1,574



Short-term provisions (Note 10)	18	19	18
Total current liabilities	1,322	994	2,348
Long-term borrowings (Notes 8)	2,875	3,074	2,493
Long-term provisions (Note 10)	127	145	161
Total non-current liabilities	3,002	3,219	2,654
Total liabilities	4,324	4,213	5,002
Share capital (at nominal value) (Note 11)	450	450	450
Statutory reserve capital	45	0	0
Retained earnings (loss)	4,589	3,400	2,198
Total equity	5,084	3,850	2,648
TOTAL LIABILITIES AND EQUITY	9,408	8,063	7,650

*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 2022	Q4 2021	12M 2022	12M 2021
Revenue (Note 13)	2,031	2,339	11,074	10,096
Cost of goods sold (Note 14)	1,890	1,843	9,024	7,294
Gross profit	141	496	2,050	2,802
Distribution costs (Note 15)	193	277	1,112	1,168
Administrative expenses (Note 16)	109	120	424	565



Other operating income (Note 18)	697	0	730	5
Other operating expenses (Note 18)	0	2	9	15
Operating profit (loss)	536	97	1,235	1,059
Finance income (Note 19)	24	0	129	265
Finance costs (Note 19)	174	124	130	122
PROFIT (LOSS) BEFORE INCOME TAX	386	(27)	1,234	1,202
NET PROFIT (LOSS) FOR THE PERIOD	386	(27)	1,234	1,202
Basic earnings per share (Note 12)	0.09	(0.01)	0.27	0.27
Diluted earnings per share (Note 12)	0.09	(0.01)	0.27	0.27

*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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