

Company Nordic Fibreboard AS
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Category Management interim statement or quaterly financial report
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Attachments:

- NORDIC FIBREBOARD AS_Interim Report Q3 2023.pdf (<http://oam.fi.ee/en/download?id=7894>)
- NORDIC FIBREBOARD AS Vahearuanne 3kvartal 2023.pdf (<http://oam.fi.ee/en/download?id=7895>)

Currency

Title Nordic Fibreboard AS unaudited results for third quarter of 2023

MANAGEMENT REPORT

Consolidated net sales for Q3 2023 were EUR 1.79 million (Q3 2022: EUR 2.79 million). The main business area is Nordic Fibreboard Ltd, the production and wholesale of fibreboard, which recorded sales in Q3 2023 of EUR 1.78 million, (Q3 2022: EUR 2.78 million). The remaining business area is Pärnu Riverside Development, real estate management of the property owned in Suur-Jõe street in Pärnu, who recorded sales of EUR 11 thousand in Q3 2023 (Q3 2022: EUR 9 thousand).

The decline in Nordic Fibreboard's Q3 2023 sales revenue continues to be impacted by global economic uncertainty, which has led to a lack of confidence among end users of building materials, including the company's fiberboard. Nordic Fibreboard Ltd had sales of EUR 1.78 million in Q3 2023, down 12% from Q2 2023 and down 23% from Q1 2023, which shows that the decline in sales revenue is abating.

The consolidated EBITDA of Nordic Fibreboard for Q3 2023 was EUR 238 thousand, the EBITDA margin was 13% (Q3 2022: EBITDA was EUR 193 thousand and the EBITDA margin was 7%). Compared to the Q3 2022 the Group's gross margin increased from 19% to 27% in the Q3 2023, which indicates that the Group's profitability in the Q3 2023 has increased compared to the same period last year.

Financial expenses for the Q3 2023 were EUR 79 thousand, of which EUR 55 thousand were loan interest costs and EUR 24 thousand were losses from the revaluation of Trigon Property Development (TPD) shares. Total financial income of EUR 49 thousand was recorded in Q3 2022, which consist of the profit from the revaluation of shares (TPD) in the amount of EUR 79 thousand and the interest expense of loan obligations in the amount of EUR 30 thousand.

Group's consolidated net profit for Q3 2023 was EUR 37 thousand (Q3 2022: profit EUR



117 thousand).

DIVISIONAL REVIEW

Revenue by business segments

	EUR thousand			EUR thousand	
	Q3 2023	Q3 2022		9M 2023	9M 2022
Fibreboards production and sales	1,775	2,782		6,358	9,015
Real Estate Management	11	9		34	28
TOTAL	1,786	2,791		6,392	9,043

Profit by business segments

	EUR thousand			EUR thousand	
	Q3 2023	Q3 2022		9M 2023	9M 2022
EBITDA by business units:					
Fibreboards production and sales	246	201		383	1,114
Real Estate Management	(2)	(6)		(19)	(18)
Group transactions	(6)	(2)		(30)	(25)
TOTAL EBITDA	238	193		334	1,071
Depreciation	(122)	(125)		(367)	(372)
TOTAL OPERATING PROFIT/ LOSS	116	68		(33)	699
Extraordinary expenses	0	0		(406)	0
Net financial income/ costs	(79)	49		(128)	149
NET PROFIT/ LOSS	37	117		(567)	848

NORDIC FIBREBOARD LTD: Fibreboard production and sales



Fibreboard sales in Q3 2023 were EUR 1.78 million (Q3 2022: EUR 2.78 million). In Q3 2023, the main reason for the decrease in sales revenue compared to Q3 2022 was the loss of a key customer in Denmark, resulting in a loss of 30% of sales compared to Q3 2022. In addition, sales in Finland decreased by 50% in Q3 2023 compared to the same period in 2022. But as positive news, it has been possible to revive relations with former export customers and found new customers both in the Middle East and in the European Union, for example Bulgaria and France. As a result, sales to the Middle East, Asia, Africa and other regions have improved in Q3 2023 compared to Q3 2022. Sales to European Union countries have decreased in the 3rd quarter of 2023 compared to the 3rd quarter of 2022. However, if we look at the countries of the European Union separately, sales to Sweden and Latvia have increased, and sales in Estonia have remained at the same level.

The EBITDA of the fiberboard segment for the Q3 2023 was a positive EUR 246 thousand, which is a quarterly improvement compared to the EBITDA for the Q3 2022, which was a positive EUR 201 thousand, but when comparing EBITDA for the first nine months of 2023 with the 2022 with the same period, the drop is 66%. The reason for the decline was the too high fixed electricity price, which was signed with the electricity supplier at the end of 2022. The electricity contract was cancelled on 31.3.2023, and a new less onerous electricity contract came into force on 01.04.2023.

Fibreboard sales by geographical segments

	EUR thousand		EUR thousand	
	Q3 2023	Q3 2022	9M 2023	9M 2022
European Union	1,537	2,723	5,855	8,425
Middle East	68	47	96	73
Asia	48	0	102	69
Africa	40	0	133	0
Russia	0	0	0	427
Other	82	12	172	21
TOTAL	1,775	2,782	6,358	9,015

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 Q3 2023, (Q3 2022: EUR 9 thousand).

The real estate management EBITDA for Q3 2023 were negative EUR 2 thousand and net loss EUR 2 thousand (Q3 2021: EBITDA negative EUR 6 thousand and net loss EUR 6 thousand).

STATEMENT OF FINANCIAL POSITION AND CASH FLOW STATEMENT

As of 30.09.2023 the total assets of Nordic Fibreboard AS were EUR 8.9 million (30.09.2022: EUR 9.4 million). The liabilities of the company as of 30.09.2023 were EUR 4.4 million (30.09.2022: EUR 4.7 million), of which the Group has payables of EUR 0.9 million as at 30.09.2023 (30.09.2022: EUR 1.0 million) and borrowings of EUR 3.0 million as at 30.09.2023 (30.09.2022: EUR 3.1 million).

Receivables and prepayments amounted to EUR 0.8 million as at 30.09.2023 (30.09.2022: EUR 1.3 million). Inventories were EUR 1.0 million as of 30.09.2023 (30.09.2022: EUR 0.9 million). Fixed assets were EUR 7.1 million as of 30.09.2023 (EUR 6.7 million as of 30.09.2022).

During 2023 9M, the Group's cash flows from operating activities totalled cash inflow of EUR 472 thousand (2022 9M: cash inflow EUR 617 thousand). Cash outflows due to investment activities was EUR 215 thousand during 9M 2023, consisting of investments into production assets (9M 2022: cash outflow EUR 93 thousand). Cash outflows due to financing activities was EUR 213 thousand during 9M 2023 (9M 2023: cash outflow EUR 111 thousand). Net cash effect during 9M 2023 showed cash inflows of EUR 44 thousand, (2022 9M: cash inflows EUR 413 thousand).

OUTLOOK

Nordic Fibreboard Ltd

The overall demand picture continues to be challenging, and the short-term outlook remains uncertain due to headwinds coming from macro factors, such as increasing interest rates, global economic uncertainty, and the ongoing wars in Ukraine and in Israel. All have led to a construction/renovation market slowdown and a lack of confidence among end users of building materials, including the use of the company's fibreboards.

Main operation issue remains the ongoing preparation of upgrading the company's wood-based boiler house in Pärnu so to meet the new emission requirements coming into force in 01.01.2025.

Pärnu Riverside Development

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

Financial highlights



EUR thousand

Income statement	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue	1,786	2,791	6,392	9,043
EBITDA	238	193	334	1,071
EBITDA margin	13%	7%	5%	12%
Operating profit	116	68	(33)	699
Operating margin	6%	2%	(1%)	8%
Net profit	37	117	(567)	848
Net margin	2%	4%	(9%)	9%
Statement of financial position	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Total assets	8,897	9,408	9,389	8,063
Return on assets	(6%)	13%	9%	15%
Equity	4,517	5,084	4,698	3,850
Return on equity	(13%)	24%	18%	31%
Debt-to-total assets ratio	49%	46%	50%	52%
Share	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Last Price*	1.00	1.60	1.74	1.95
Earnings per share	(0.04)	0.27	0.18	0.27
Price-earnings ratio	(24.78)	5.83	9.54	7.30
Book value of a share	1.00	1.13	1.04	0.86
Market to book ratio	1.00	1.42	1.67	2.28
Market capitalization, EUR thousand	4,499	7,198	7,828	8,773



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-total assets 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	30.09.2023	31.12.2022	30.09.2022
Cash and cash equivalents	46	2	470
Receivables and prepayments (Note 2)	776	559	1 345
Inventories (Note 3)	971	1 672	874
Total current assets	1,793	2,233	2,689
Investment property (Note 4)	1,859	1,859	1,156
Financial assets at fair value through profit or loss (Note 7)	674	644	787
Property, plant and equipment (Note 5)	4,570	4,670	4,755
Intangible assets (Note 6)	1	2	2
Total non-current assets	7,104	7,175	6,700
TOTAL ASSETS	8,897	9,408	9,389



Borrowings (Note 8)	318	290	38
Payables and prepayments (Note 9)	1,109	1,014	1,410
Short-term provisions (Note 10)	3	18	4
Total current liabilities	1,430	1,322	1,452
Long-term borrowings (Note 8)	2,684	2,875	3,094
Long-term payables and prepayments (Note 9)	139	0	0
Long-term provisions (Note 10)	127	127	145
Total non-current liabilities	2,950	3,002	3,239
Total liabilities	4,380	4,323	4,691
Share capital (at nominal value) (Note 11)	450	450	450
Statutory reserve capital	45	45	45
Retained earnings (loss)	4,022	4,589	4,203
Total equity	4,517	5,084	4,698
TOTAL LIABILITIES AND EQUITY	8,897	9,408	9,389

*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	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue (Note 13)	1,786	2,791	6,392	9,043
Cost of goods sold (Note 14)	1,433	2,387	5,497	7,134



Gross profit	353	404	895	1,909
Distribution costs (Note 15)	133	278	536	919
Administrative expenses (Note 16)	100	90	374	315
Other operating income (Note 18)	0	33	0	33
Other operating expenses (Note 18)	4	1	18	9
Operating profit (loss)	116	68	(33)	699
Extraordinary expenses	0	0	406	0
Finance income (Note 19)	0	79	74	248
Finance costs (Note 19)	79	30	202	99
Profit (loss) before income tax	37	117	(567)	848
Net profit (loss) for the period	37	117	(567)	848
Basic earnings per share (Note 12)	0.01	0.03	(0.13)	0.19
Diluted earnings per share (Note 12)	0.01	0.03	(0.13)	0.19

*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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