

BERGS



Interim Report
1 January–31 March 2021

Q1

Interim Report

1 January–31 March 2021

FIRST QUARTER (1 JANUARY–31 MARCH)*

- Net sales increased by 12% to SEK 593 million (528). The higher net sales were mainly related to higher sales prices.
- EBITDA amounted to SEK 65 million (29), an increase primarily related to higher sales prices for products in Wood Protection and Sawn Wood. The EBITDA margin was 11.0% (5.5).
- Operating profit amounted to SEK 47 million (13), corresponding to an operating margin of 7.9% (2.5).
- Earnings for the period amounted to SEK 53 million (6).
- Earnings per share, before and after dilution, was SEK 0.15 (0.06). Earnings per share, before and after dilution, including discontinued operations, was SEK 0.02 the first quarter 2020.
- Cash flow from operating activities amounted to SEK -108 million (-6), negatively affected by seasonally high working capital.
- Financial net debt totalled SEK 94 million (695) as of 31 March 2021.
- Strategic orientation and new financial targets that reflect the Group's growth and profitability ambitions were communicated in March.

*) The Swedish sawmill business was sold on 1 September 2020 and was recognised as discontinued operations. Comparative periods in the consolidated income statement have been restated. The consolidated income statement, balance sheet (current period) and key performance indicators reflect the continuing operations, unless otherwise indicated. For more information on discontinued operations, see page 15.

The Group's key performance indicators

AMOUNTS IN SEK million	2021 Jan-Mar 3 months	2020 Jan-Mar 3 months	2020 Jan-Dec 12 months
Net sales	593	528	2,149
EBITDA	65	29	212
EBITDA margin, %	11.0	5.5	9.9
Operating profit	47	13	137
Operating margin, %	7.9	2.5	6.4
Profit for the period	53	6	169
Earnings per share, before and after dilution, SEK	0.15	0.06	0.30
Earnings per share, including discontinued operations, SEK	0.15	0.02	0.49
Equity per share, SEK	3.79	3.25	3.61

Good results and continued good market prospects

FIRST QUARTER

The year has started off well, and we report EBITDA results for the first quarter of the year of SEK 65 million, compared with SEK 29 million year-on-year. Demand for our products has been healthy, and price increases that strengthened our margins could be implemented.

PERFORMANCE BY PRODUCT AREA

Wood Protection

The market is strong, and our subsidiaries have a high delivery rate for the season. Renovation and improvement activity levels remain favourable, driving demand primarily for impregnated timber. In particular, we note increased demand for Linax, our wood treated with linseed oil, and fire-retardant wood. We are also seeing industrial construction, which slowed down a year ago, now gaining momentum. Commercial and logistics operations in the UK have increased their share of products sold from the Group's Wood Protection and Joinery product areas.

Joinery

In the Joinery product area, strong demand for garden products and outdoor furniture has been a positive factor. The trends for windows and doors are good, where we are regarded as a premium supplier in a quality-conscious market. The same applies to houses and modular houses.

Sawn Wood

Strong demand characterizes this product area, and our two sawmills in the Baltics are working at full capacity. As a consequence of the strong market, the prices for sawn products have increased. At present, we have good access to raw materials.

Other (Energy & Logistics)

The pellet operation is the area that is not living up to expectations, primarily owing to two relatively mild winters in a row that have resulted in a build-up of stock with price pressure as a consequence. There is a trend toward new areas of application such as stall bedding in parallel with initiatives in e-commerce. The port business in the UK is developing in accordance with plans.

FROM SAWMILL COMPANY TO OWNERSHIP COMPANY

One key event during the period took place in early March, when we communicated a new strategic orientation and new financial targets that reflect the Group's growth and profitability ambitions. This in turn resulted in a review of strategy occasioned by the structural transaction carried out in 2020 when the Group's Swedish sawmill business was sold thereby enabling an initiative in continuing operations.

Going forward, Bergs will serve as an active ownership company, developing independent subsidiaries with clear responsibility for results. This is an orientation the Group has pursued in recent years, but it is now being clarified. The ambition is to increase the pace of development for products and services, with a greater degree of processing and more stable margins with a more predictable market situation.

In summary, this new strategy means that:

- Bergs will own and develop independent subsidiaries with clear responsibility for results
- The existing operations in the Group's seven subsidiaries will be clarified with a division into product areas, also constituting reporting segments, which are: Wood Protection, Joinery, Sawn Wood and Other.
- Bergs intends to make significant investments for organic growth where investments identified for the next three years total SEK 500 million. Bergs will also evaluate potential corporate acquisitions
- Sustainability initiatives and digitalisation will be given high priority in Bergs

INVESTMENTS

We have planned increased investments in our existing operations to pursue organic growth. In the first quarter, we took decisions to expand the operation in our subsidiary Bitus. The investment of SEK 22 million will entail a tripling of capacity for the company's linseed oil-impregnated product Linax, where we have both strong demand and a healthy margin. Moreover, preparations are under way ahead of an expansion of capacity in our Latvian subsidiary Byko-Lat.

SUSTAINABILITY

The Group-wide sustainability strategy adopted by the Board of Directors at the end of 2020 is currently being implemented. This means that various action plans and targets are being set for our subsidiaries. A new central function is ensuring this implementation, where the aim is to strengthen business operations, and sustainable development is to be regarded from an overall perspective and is to influence future investments and business decisions.

FUTURE PROSPECTS

We judge this favourable market continuing in the second and third quarters as well. Order intake for our products is strong, and we are planning to fully utilise capacity. Interest in wood as a material is increasing and is promoting continued positive market performance for our product areas.

Vimmerby, 5 May 2021

Peter Nilsson
President and CEO



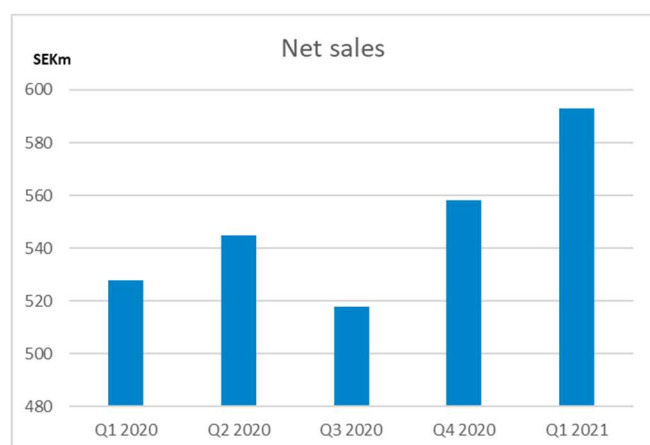
Net sales and operating profit

JANUARY–MARCH 2021 COMPARED WITH JANUARY–MARCH 2020

Net sales for the first quarter of 2021 amounted to SEK 593 million (528). The increase of SEK 65 million, corresponding to 12 per cent, is attributable primarily to higher sales prices for products in Wood Protection and Sawn Wood as well as higher sales volumes in Joinery.

EBITDA increased to SEK 65 million (29), which corresponds to an EBITDA margin of 11.0% (5.5). The increase is primarily related to higher sales prices for products in Wood Protection and Sawn Wood.

Operating profit amounted to SEK 47 million (13), which corresponds to an operating margin of 7.9% (2.5).

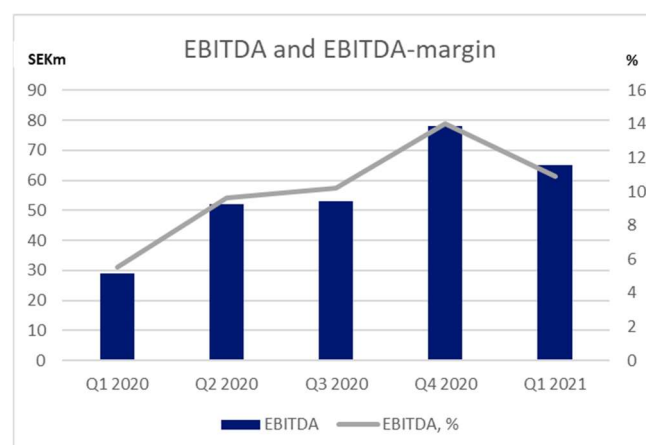


JANUARY–MARCH 2021 COMPARED WITH OCTOBER–DECEMBER 2020

Net sales amounted to SEK 593 million, compared with SEK 558 million for the fourth quarter of 2020, up SEK 35 million. Higher sales prices in Wood Protection offset lower sales prices and sales volumes for Sawn Wood.

EBITDA amounted to SEK 65 million (78), corresponding to an EBITDA margin of 11.0% (14.0). The lower earnings are related primarily to lower margins for Sawn Wood. The margin for Sawn Wood in the fourth quarter of 2020 was impacted positively by a favourable market mix and high sales volumes. Higher sales prices in Wood Protection were a positive contributing factor.

Operating profit amounted to SEK 47 million (58).



Cash flow and financing

Cash flow from operating activities for January–March amounted to SEK -108 million (-6). The cash-flow effects from changes in working capital amounted to SEK -166 million (-31). The higher tied-up capital is related primarily to seasonally higher trade receivables and stocks. Investments in property, plant and equipment amounted to SEK -17 million (-20).

The Group's net financial debt at 31 March 2021 totalled SEK 94 million, compared to SEK -32 million (net cash holdings) at 31 December 2020. The net debt/equity ratio was 0.07. The higher net debt is related primarily to seasonally higher working capital.

Loans and credit facilities at 31 March 2021, SEK million:

Loan	Limit	Repayments, years			Total utilised
		0–1	1–2	2–	
Term loans		22	162		184
Revolving credit facility	100				0
Overdraft facilities	115				29
Total		22	162	—	213

Available cash and cash equivalents, including unutilised credit facilities, totalled SEK 321 million.

Net financial items for the Group for January–March amounted to SEK 7 million (14), of which SEK 10 million (23) in unrealised positive currency exchange differences related to receivables in the Parent Company pertaining to dividends from subsidiaries.

Product areas

Bergs's operational activities consist of independent subsidiaries with clear responsibilities for results, who conduct operations in three different product areas. These are Wood Protection, Joinery and Sawn Wood. Moreover, Bergs is engaged in the production of pellets as well as port and distribution operations in the UK.

The product areas constitute reporting segments as of 2021. The figures for 2020 have been restated in accordance with the new segment division.

Product area	Wood Protection	Joinery	Sawn Wood	Other (Energy & Logistics)
Products	Treated wood (impregnated, fire-retardant, etc.) in accordance with international standards and environmental requirements. This also includes a special range of untreated and treated planed products for the DIY sector	High-quality wood products such as doors, windows, houses, outdoor furniture and garden products.	Sawn products for processing by industrial customers.	Pellets and fire logs for heating. Port and distribution operations in the UK

NET SALES

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Wood Protection	266	252	1,020
Joinery	80	59	274
Sawn Wood	227	202	841
Other	40	51	179
Internal net sales	-20	-35	-166
External net sales	593	528	2,149

EBITDA

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Wood Protection	32	8	64
Joinery	7	5	26
Sawn Wood	33	14	117
Other	0	6	18
Joint and eliminations	-7	-5	-13
EBITDA	65	29	212

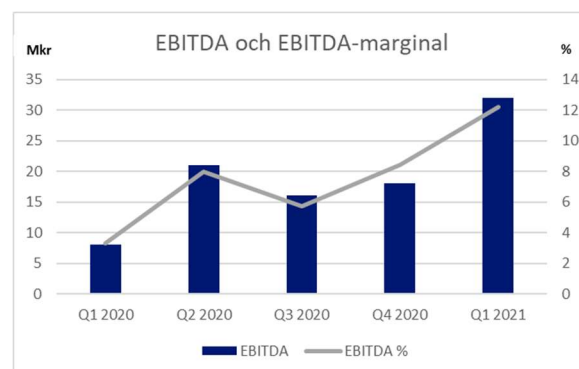
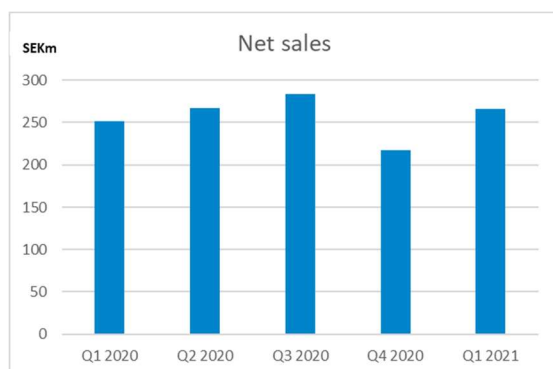
WOOD PROTECTION

Wood Protection conducts operations in wood preservatives. Operations are conducted in Sweden, Estonia and the UK. The majority of production takes place at the Byko-Lat and Bitus subsidiaries.

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	266	252	1,020
EBITDA	32	8	64
Operating profit	28	4	47
EBITDA margin, %	12.2	3.3	6.3
Operating margin, %	10.6	1.6	4.6

Net sales for the first quarter amounted to SEK 266 million (252). The increase was primarily attributable to higher sales prices as a result of healthy demand.

EBITDA amounted to SEK 32 million (8). The increase was primarily attributable to higher sales prices.

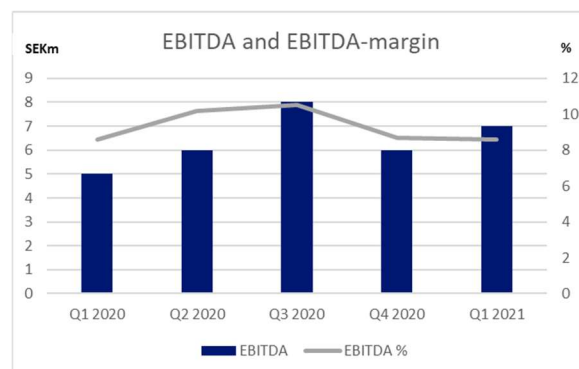
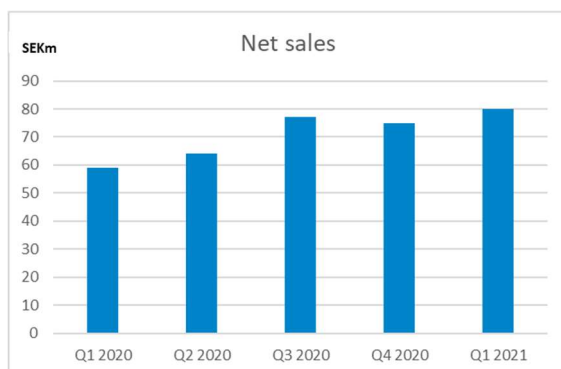
**JOINERY**

The Joinery product area manufactures processed products from wood such as houses, windows and doors as well as a broad range of garden products such as fencing, windbreaks, benches, tables and swimming pool sets.

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	80	59	274
EBITDA	7	5	26
Operating profit	5	4	19
EBITDA margin, %	8.6	8.6	9.5
Operating margin, %	6.4	6.7	6.9

Net sales for the first quarter amounted to SEK 80 million (59). The increase was primarily attributable to higher sales prices and sales volumes for garden products as well as higher sales volumes for windows and doors.

EBITDA amounted to SEK 7 million (5). The increase is primarily attributable to higher sales prices and higher sales volumes. Costs related to the start-up of the Swedish sales- and market subsidiary Woodworks by Bergs have affected the result.



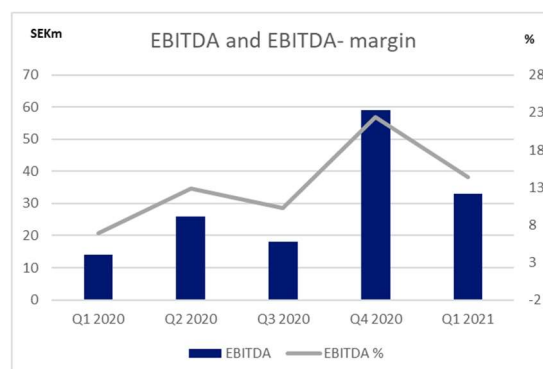
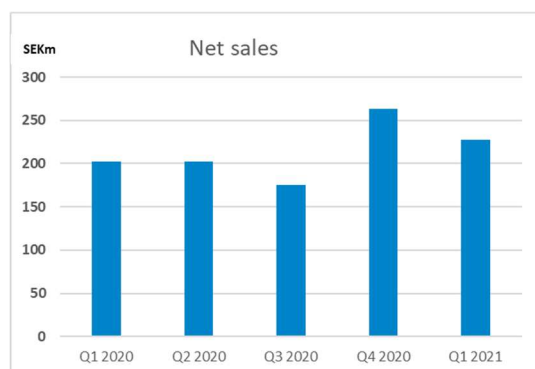
SAWN WOOD

The Sawn Wood product area produces sawn products from two subsidiaries: Vika Wood in Latvia and Laesti in Estonia. These companies process raw forestry materials into planks and boards in various dimensions, lengths and qualities.

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	227	202	841
EBITDA	33	14	117
Operating profit	25	7	87
EBITDA margin, %	14.4	6.9	13.9
Operating margin, %	11.2	3.5	10.3
Sales volumes, thousand m3	91	88	351
Production volume, thousand m3	96	92	333

Net sales for the first quarter amounted to SEK 227 million (202). The increase was primarily attributable to higher sales prices.

EBITDA amounted to SEK 33 million (14). The higher earnings are attributable primarily to higher sales prices as a result of healthy demand for sawn products. Demand has exceeded production and stock among our producers is low. The earnings for Sawn Wood in the fourth quarter of 2020 were impacted positively by a favourable market mix and high sales volumes.

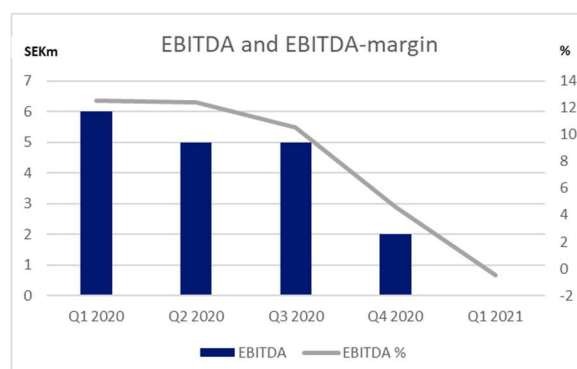
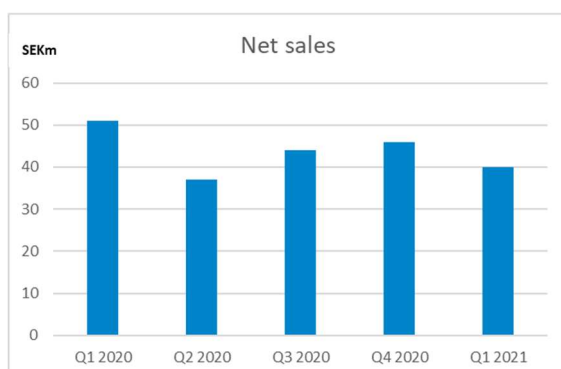
**OTHER (ENERGY & LOGISTICS)**

In addition to the three product areas, Bergs owns additional assets in the form of pellet manufacturing as well as a port and logistics facility in the UK.

Amounts in SEK m	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net sales	40	51	179
EBITDA	0	6	18
Operating profit/loss	-4	2	3
EBITDA margin, %	-0.5	12.5	9.9
Operating margin, %	-10.7	3.7	1.6

Net sales for the first quarter amounted to SEK 40 million (51). The lower net sales were attributable primarily to lower sales volumes and sales prices for pellets.

EBITDA amounted to SEK 0 million (6). The decrease is attributable to pellet operations that performed negatively as a result of the warm weather and good access to pellets in the market.



Other information

TAX

Recognised tax for the first quarter amounted to SEK -2 million (-7). The effective tax rate was 4 per cent, lower than Sweden's corporate tax rate. The lower effective tax rate was attributable to no tax having been recognised for the Baltic companies.

In Latvia and Estonia, the corporate income tax is 0 per cent on reinvested profits. Corporate tax is applicable and payable when dividends are distributed. No corporate income taxes have been recognised for the Group companies in the Baltics. Unrecognised deferred taxes regarding undistributed profits in the Baltic companies totalled approximately SEK 80 million at 31 March 2021.

SEASONAL FLUCTUATIONS

Bergs's business is subject to seasonal fluctuations. The demand for processed wood products in the construction sector is generally higher in April–October. The demand for sawn products is normally higher in March–June and September–November. Sales volumes during the winter and summer months are normally lower. The market for pellets correlates to the winter season. The production volume in the sawmills is lower in the third quarter as a result of the summer holidays and maintenance work.

EFFECTS OF COVID-19

We continue to see robust measures in all markets to slow the spread of COVID-19, even though some easing is gradually being planned. These restrictions impact parts of society in different ways. Bergs operates in market and customer segments that to date have been negatively impacted to only a lesser extent, and in our opinion this will continue to be the case. During the quarter, we had a small number of employees who fell ill with COVID-19. There have been no serious cases, and production has not been impacted.

The undersigned declare that the interim report provides a fair review of the Parent Company's and Group's operations, financial position and earnings and describes the material risks and uncertainty factors facing the Parent Company and the Group companies.

Vimmerby, 5 May 2021

Peter Nilsson

President and CEO

Further information regarding the interim report can be provided by the CEO, Peter Nilsson, on telephone number +46 70 315 09 27 or CFO, Anders Marklund, on +46 70 284 47 96.

The information in this interim report is such that Bergs Timber AB (publ) is required to disclose pursuant to the EU's Market Abuse Regulation. The information was released for publication on 5 May 2021 at 1:00 p.m. CEST. The interim report is available on the company's website, www.bergstimber.com

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EVENTS DURING THE QUARTER

In March, a strategic orientation and new financial targets were communicated that reflect the Group's growth and profitability ambitions. The financial targets are listed below.

- Annual growth of 10 per cent over a business cycle
- EBITDA margin of 9 per cent over a business cycle
- Financial net debt less than equity
- Annual dividend of normally 25–40 per cent of profit for the year after tax

EVENTS AFTER THE END OF THE QUARTER

There are no events after the end of the quarter to be reported.

PARENT COMPANY

The activities of the Parent Company pertain to the management of shares in subsidiaries, Group-wide administrative tasks and Group financing. Operating loss for the Parent Company for January–March amounted to SEK -6 million (-5).

CALENDAR

Interim Report, January–June 2021	29 July 2021
Interim Report, January–September 2021	28 October 2021

This interim report has not been subject to review by the company's auditors.

Condensed consolidated income statement

Amounts in SEK m (Pertains to continuing operations unless otherwise stated)	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months	2020 Jan–Dec 12 months
Net sales	593	528	2,149
Changes to products in process and finished goods	52	8	-30
Other operating income	3	5	5
Total	648	541	2,124
Operating expenses			
Raw materials and consumables	-425	-363	-1,311
Other external costs	-83	-87	-341
Personnel costs	-75	-62	-260
Depreciation/amortisation and impairment	-18	-16	-75
Other operating expenses	0	0	0
Total operating expenses	-601	-528	-1,987
Operating profit	47	13	137
Finance income	10	23	1
Financial expenses	-2	-9	-45
Profit after financial items	55	27	93
Tax on profit for the period	-2	-7	12
Profit for the period from continuing operations	53	20	105
Profit/loss from discontinued operations, net after tax	—	-14	64
Profit for the period	53	6	169
Attributable to			
Parent Company shareholders	53	6	169
Non-controlling interests	—	—	—
Earnings per share, before and after dilution, continuing operations, SEK	0.15	0.06	0.30
Earnings per share, before and after dilution, including discontinued operations, SEK	0.15	0.02	0.49
Average number of shares, thousands	346,728	346,728	346,728

*) When calculating earnings per share, the average number of shares held is used

Statement of comprehensive income (net after tax)

Amounts in SEK m	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months	2020 Jan–Dec 12 months
Profit for the period	53	6	169
Change in hedge reserve (net after tax)	0	-5	2
Translation differences	11	23	-22
Comprehensive income for the period	64	24	149
Attributable to:			
Parent Company shareholders	64	24	149
Non-controlling interests	—	—	—

Condensed consolidated balance sheet

Amounts in SEK m	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	190	198	187
Property, plant and equipment, incl. right-of-use assets	679	953	665
Financial assets	1	1	1
Deferred tax assets	18	19	14
Total non-current assets	888	1,171	867
Current assets			
Inventory	434	642	349
Current receivables	372	478	241
Cash and bank balances	133	84	242
Total current assets	939	1,204	832
TOTAL ASSETS	1,827	2,375	1,699
Equity and liabilities			
Equity	1,315	1,126	1,251
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	164	615	168
Other non-current liabilities and provisions	3	13	5
Deferred tax liabilities	29	35	19
Total non-current liabilities	196	663	192
Current liabilities			
Interest-bearing liabilities	63	164	42
Non-interest bearing liabilities	253	422	214
Total current liabilities	316	586	256
TOTAL EQUITY AND LIABILITIES	1,827	2,375	1,699
CHANGES IN EQUITY *)			
Amounts in SEK m	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months	2020 Jan–Dec 12 months
Equity, opening balance	1,251	1,102	1,102
Comprehensive income for the period	64	24	149
Total equity at the end of the period	1,315	1,126	1,251

*) There is no minority.

Condensed cash flow statement

Amounts in SEK m	2021 Jan–Mar 3 months	2020* Jan–Mar 3 months
Operating activities		
Profit/loss after financial items, incl. discontinued operations	54	9
Adjustments for non-cash items**	4	16
Income taxes paid	0	0
Cash flow from operating activities before changes in working capital	58	25
Change in inventories	-77	42
Change in operating receivables	-125	-142
Change in operating liabilities	36	69
Cash flow from operating activities	-108	-6
Acquisition of property, plant and equipment	-17	-20
Sale of property, plant and equipment	0	6
Change in financial assets	0	0
Cash flow from investment activities	-17	-14
Change in financial receivables and liabilities	15	15
Cash flow from financing activities	15	15
Cash flow for the period	-110	-5
Cash and cash equivalents at start of period	242	86
Translation differences in cash and cash equivalents	1	3
Cash and cash equivalents at end of period	133	84

*) The cash flow statement for 2020 is including the discontinued operations. The Swedish sawmill business was sold on 1 September 2020. All balance items have not been fully allocated to discontinued operations since the operations were run in the same legal entity as the continuing operations. Therefore, the cash flow statement includes the discontinued operations.

**) Pertains primarily to depreciation and unrealised exchange rate effects.

The Group's key performance indicators and targets

Amounts in SEK m	Financial targets	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months	2020 Jan–Dec 12 months
Net sales		593	528	2,149
EBITDA		65	29	212
EBITDA margin, %	>9	11.0	5.5	9.9
Operating profit		47	13	137
Operating margin, %		7.9	2.5	6.4
Return on capital employed, %, 12 months		—	—	8.3
Earnings per share, SEK		0.15	0.06	0.30
Earnings per share, incl. discontinued operations, SEK		0.15	0.02	0.49
Interest-bearing net debt		94	695	-32
Net debt/equity ratio	<1.0	0.07	0.62	neg
Equity/assets ratio, %		70.8	47.4	74.0
Average number of shares, thousands		346,728	346,728	346,728
Equity per share, SEK		3.79	3.25	3.61

Condensed Parent Company statement of income

Amounts in SEK m	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months
Other operating income	1	3
Total	1	3
Operating expenses		
Other external costs	-3	-5
Personnel costs	-4	-3
Depreciation	0	0
Other operating expenses	0	0
Total operating expenses	-7	-8
Operating loss	-6	-5
Finance income	8	27
Financial expenses	-2	-8
Profit after financial items	0	14
Tax on profit for the period	0	-3
Profit for the period	0	11

Condensed Parent Company balance sheet

Amounts in SEK m	2021 31 Mar	2020 31 Mar
Assets		
Property, plant and equipment	1	0
Financial assets	1,156	1,350
Total non-current assets	1,157	1,350
Receivables from Group companies	1	248
Other current receivables	10	5
Cash and bank balances	126	21
Total current assets	137	274
TOTAL ASSETS	1,294	1,624
Liabilities and equity		
Equity	922	875
Untaxed reserves	20	—
Non-current liabilities	162	606
Current liabilities	190	143
TOTAL EQUITY AND LIABILITIES	1,294	1,624

Notes

1. ACCOUNTING POLICIES

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act. Other accounting policies and calculation methods that are applied for the Group and the Parent Company conform to the principles that were used when preparing the most recent annual report for 2020; refer to pages 60–65. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere of the interim report. Amounts in brackets refer to the amount for the same period in the previous financial year, unless otherwise stated. There may be differences due to rounding.

2. EXTERNAL NET SALES BY MARKET

Income is recognised at a point in time, normally upon delivery, and after the sale of the Swedish sawmills, income essentially pertains only to sawn and processed wood products.

January–March 2021 Amounts in SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	52	4	0	12	68
UK	108	30	9	13	160
Baltics	11	2	129	3	145
Rest of Europe	89	42	33	12	176
Rest of world	3	1	40	0	44
Total external net sales	263	79	211	40	593

January–March 2020 Amounts in SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	34	1	0	14	49
UK	91	24	3	11	129
Baltics	7	0	109	6	122
Rest of Europe	90	33	32	14	169
Rest of world	7	0	52	0	59
Total external net sales	229	58	196	45	528

3. DISCONTINUED OPERATIONS

On 1 September 2020, the sale of the Swedish sawmill business to Vida Aktiebolag was completed. The transaction encompassed the sawmills in Orrefors, Vimmerby and Mörlunda. Vida also acquired the assets of the already discontinued operation at Gransjö. The Swedish sawmill business was recognised as discontinued operations. Comparative periods in the consolidated income statement are restated to reflect the classification of the Swedish sawmill business as discontinued operations. Profit for the period, net after tax, from discontinued operations are presented as a single amount in the consolidated income statement.

Net earnings from discontinued operations

Amounts in SEK m	2021 Jan–Mar 3 months	2020 Jan–Mar 3 months	2020 Jan–Dec 12 months
Net sales	—	328	858
Earnings from the disposal	—	—	87
Expenses	—	-320	-819
EBITDA	—	8	126
Depreciation	—	-26	-35
Operating profit/loss	—	-18	91
Taxes	—	4	-27
Net earnings from discontinued operations	—	-14	64

4. FINANCIAL INSTRUMENTS BY CATEGORY

Amounts in SEK m	Level	Carrying amount 31 Mar 2021	Fair value 31 Mar 2021	Carrying amount 31 Dec 2020	Fair value 31 Dec 2020
Financial assets at amortised cost					
Financial investments	—	0	0	0	0
Trade receivables	—	329	329	207	207
Other receivables	—	24	24	14	14
Cash and cash equivalents	—	133	133	242	242
Derivatives for hedge accounting					
Derivatives	2	0	0	0	0
		486	486	463	463
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	—	215	215	200	200
Accounts payable	—	144	144	96	96
Earnout	3	10	10	10	10
Other liabilities	—	38	38	25	25
Derivatives for hedge accounting					
Derivatives	2	0	0	0	0
		407	407	331	331

The Group has a framework agreement with the primary bank for trade in derivatives. Fair value of foreign exchange forward contracts and currency option contracts are equal to the market value of the contracts at the balance sheet date, which is recognised under level 2. Liabilities to credit institutions run with variable interest and a market-based credit margin, which is why fair value corresponds to carrying amount. At this closing date, the difference between the carrying amount and fair value of liabilities on Level 3 was marginal

Valuation levels:

1: Quoted prices in an active market for identical assets or liabilities, such as shares or obligations listed on the stock market.

2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either direct (as quoted market prices) or indirect (obtained from quoted market prices), such as foreign exchange forwards or rate swaps.

3: Data for the asset or liability that is not completely based on observable market data.

5. INFORMATION ON RISKS AND UNCERTAINTIES

Price trends sawn products

The price trend for sawn products is largely governed by how global consumption corresponds with global production. The cost of raw materials is a large component of the finished product's sales value, which is why the product is very sensitive to changes in prices for raw forestry materials. Raw material is best sourced locally and the supply and demand of raw material has a considerable effect on pricing in the short term.

COVID-19

The coronavirus crisis, the outcome and consequences of which are difficult to assess, has increased uncertainty and may impact the Group's performance and profitability. Bergs is working continually to minimise the risks of the spread of contagion among employees in our operations. The outbreak of COVID-19 has to date had a limited impact on Bergs.

Financial risks

Bergs is exposed to financial risks, which are primarily related to liquidity and cash flow risks in conjunction with liquidity and liability management and currency risks in export transactions. A large part of the financing is dependent on fulfilling conventional financial undertakings. Regarding exposure to exchange rate risk, the Group's policy states that certain part of the expected currency flow for the next six months can be hedged.

Cost of fixed assets

Owing to the existence of goodwill, the recognised cost of fixed assets tested for impairment. The test is based on our best assessment of the future performance. The testing performed in conjunction with the previous year-end report showed that there was no need for impairment. In light of the positive earnings performance in 2021, there are no indications of a need for impairment. A future negative deviation may affect the recognised cost of fixed assets. For a further description of impairment testing please, refer to page 77 of the 2020 Annual Report.

For a complete presentation of the identified risk as well as the company's risk management efforts, refer to pages 37–39 of the 2020 Annual Report.

6. RELATED-PARTY TRANSACTIONS

Transactions with Board members, senior executives and companies related to them have not been of such scope that they had any material impact on the Group's financial position and earnings.

The Parent Company has conducted transactions with the Group's subsidiaries in the form of sales of management and administration services. The scope of transactions with related parties has not changed compared to the information provided in the 2020 Annual Report.

In conjunction with the acquisition of the operations of the primary shareholder Norvik in the Baltics and the UK in 2018, an agreement was signed that an earnout may be paid. The remaining unpaid earnout totalling SEK 10 million pertains to earnings for 2020. The earnout will be paid by 30 June 2021 at the latest.

7. ALTERNATIVE PERFORMANCE MEASURES

Bergs Timber presents key performance indicators (KPI) in the interim report that supplement the financial measures defined according to IFRS, known as alternative performance measures (APM). The company believes that these performance measures provide valuable information to investors and the company's management since they enable, among other things, measurement of the company's performance, trends and financing. Because not all companies calculate financial key performance indicators in the same way, these are not always comparable. The alternative performance measures should be regarded as a supplement to the key performance indicators defined under IFRS. For further definitions and reasons for use, please refer to Note 32 in the 2020 Annual Report.

The estimates and reconciliation of alternative performance measures can be found on the company's website, www.bergstimber.com under Financial reports.

Definitions of key performance indicators

EBITDA	Operating profit before depreciation/amortisation and impairment of tangible and intangible assets
EBITDA margin	EBITDA as a percentage of net sales
Adjusted EBITDA	Operating profit before depreciation/amortisation and impairment of tangible and intangible assets, adjusted for items affecting comparability
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales
Operating profit	Earnings before financial items and tax
Operating margin	Operating profit as a percentage of net sales
Adjusted operating profit	Earnings before financial items and tax, adjusted for items affecting comparability
Adjusted operating margin	Adjusted operating profit as a percentage of net sales
Return on capital employed	Profit/loss after financial items plus financial expenses in relation to the average capital employed
Capital employed	Equity plus interest-bearing liabilities and provisions
Interest-bearing net debt	Interest-bearing liabilities and provisions less cash and cash equivalents and current investments
Net debt/equity ratio	Net interest-bearing liabilities in relation to equity
Equity/assets ratio	Equity as a percentage of the balance-sheet total
Equity per share	Equity in relation to the total number of shares outstanding
Items affecting comparability	Items affecting comparability comprise the financial effects from events or transactions with significant consequences that are relevant to understanding earnings when comparing between periods. Items affecting comparability encompasses items of a non-recurring nature and may be attributable to restructuring, depreciation, acquisitions and profit or loss from sales of operations.
Production volume	Nominal sawn volume in cubic metres less estimated offcuts and wastage in further internal production processes
Sales volumes	Nominal delivered volume in cubic metres (volume calculated before planing, if any)

8. QUARTERLY OUTCOME BY SEGMENT, CONTINUING OPERATIONS

Segments are monitored and reported including operating profit.

Statement of income

Amounts in SEK m	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2020 Full year
Net sales	593	558	518	545	528	2,149
Wood Protection	266	217	284	267	252	1,020
Joinery	80	75	77	64	59	274
Sawn Wood	227	263	175	202	202	841
Other	40	46	44	37	51	179
Joint and elim	-20	-43	-63	-25	-35	-166
EBITDA	65	78	53	52	29	212
Wood Protection	32	18	16	21	8	64
Joinery	7	6	8	6	5	26
Sawn Wood	33	59	18	26	14	117
Other	0	2	5	5	6	18
Joint and elim	-7	-8	6	-6	-5	-13
EBITDA margin, %	11.0	14.0	10.2	9.5	5.5	9.9
Wood Protection	12.2	8.4	5.7	8.0	3.3	6.3
Joinery	8.6	8.7	10.5	10.2	8.6	9.5
Sawn Wood	14.4	22.5	10.3	12.9	6.9	13.9
Other	-0.5	4.6	10.5	12.4	12.5	9.9
Operating profit	47	58	31	35	13	137
Wood Protection	28	14	13	17	4	47
Joinery	5	5	5	5	4	19
Sawn Wood	25	52	12	16	7	87
Other	-4	-2	1	2	2	3
Joint and elim	-7	-11	0	-5	-4	-19
Operating margin, %	7.9	10.4	6.0	6.4	2.5	6.4
Wood Protection	10.6	6.4	4.5	6.2	1.6	4.6
Joinery	6.4	6.1	6.7	8.3	6.7	6.9
Sawn Wood	11.2	19.8	6.8	7.9	3.5	10.3
Other	-10.7	-3.7	2.0	5.0	3.7	1.6

This is Bergs – an international wood products Group

Product areas



44%

Wood Protection

Treated wood (impregnated, fire-retardant, etc.) in accordance with international standards and environmental requirements. This also includes a special range of untreated and treated planed products for the DIY sector. Common applications include façade panelling, carcasses, wood decks and similar constructions where the requirements for function, sustainability and aesthetics are stringent.



12%

Joinery

High-quality wood products such as houses, doors, windows, outdoor furniture and garden products.



36%

Sawn Wood

Sawn products for further processing by another industry.

In addition to these three product areas, Bergs conducts operations in pellet production and logistics. This operation represents 8 per cent of the Group's sales.

Our operations—conducted through wholly owned subsidiaries in Sweden, Estonia, Latvia and the UK—encompass sawmills and processing as well as distribution and logistics. Bergs is listed on Nasdaq Stockholm.

SEK 2.1 billion

Sales in 2020

850

Employees

Business concept

Bergs owns and develops companies that produce and sell processed timber products to discerning customers in selected markets.

This means that:

- We own and develop companies in the wood processing industry
- Our subsidiaries develop and produce processed wood products, with the customer's needs in focus
- We have a decentralised business model
- We work sustainably throughout the value chain—with raw materials

Financial targets

- Bergs's target is to achieve annual growth of 10 per cent over a business cycle
- Bergs's target is to achieve an EBITDA margin of 9 per cent over a business cycle
- Bergs aims for financial net debt less than equity
- Bergs's target is an annual dividend of normally 25–40 per cent of profit for the year after tax

www.bergstimber.com