

# BERGS



## INTERIM REPORT

1 JANUARY – 30 SEPTEMBER 2021

# Q3



# Interim Report

## 1 January–30 September 2021

### THIRD QUARTER (1 JULY–30 SEPTEMBER)\*

- Net sales increased by 63% to SEK 846 million (518). The increase in net sales was mainly related to higher sales prices. The newly acquired PTP Group contributed with SEK 86 million.
- EBITDA amounted to SEK 186 million (53), an increase primarily related to higher sales prices for products in Wood Protection and Sawn Wood. The EBITDA margin was 22.0% (10.2).
- Operating profit amounted to SEK 166 million (31), corresponding to an operating margin of 19.6% (6.0).
- Profit for the period amounted to SEK 158 million (95).
- Earnings per share, before and after dilution, was SEK 0.46 (0.08).
- Cash flow from operating activities amounted to SEK 63 million (167), negatively affected by a higher level of working capital due to higher sales- and raw material prices.
- Financial net debt totalled SEK 256 million (11) as of 30 September 2021, corresponding to a net debt/equity ratio of 0.17 (0.01).

### INTERIM PERIOD (1 JANUARY–30 SEPTEMBER)\*

- Net sales increased by 42% to SEK 2,265 million (1,591). The increase in net sales was mainly related to higher sales prices, but also higher sales volumes in Joinery contributed positively.
- EBITDA amounted to SEK 397 million (134), an increase primarily related to higher sales prices for products in Wood Protection and Sawn Wood. The EBITDA margin was 17.5% (8.4).
- Operating profit amounted to SEK 341 million (79), corresponding to an operating margin of 15.1% (5.0).
- Profit for the period amounted to SEK 329 million (125).
- Earnings per share, before and after dilution, was SEK 0.95 (0.18).
- Cash flow from operating activities amounted to SEK -18 million (304), negatively affected by a higher level of working capital due to higher sales- and raw material prices.
- A strategic orientation and new financial targets that reflect the Group's growth and profitability ambitions were publicised in March.
- The acquisition of the Performance Timber Products Group in the UK was completed in June. Transaction costs of SEK 5 million affected the result for the second quarter.

\*) 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 16.

### The Group's key performance indicators

AMOUNTS IN SEK million	2021 Jul-Sep 3 months	2020 Jul-Sep 3 months	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Net sales	846	518	2,265	1,591	2,149
EBITDA	186	53	397	134	212
EBITDA margin, %	22.0	10.2	17.5	8.4	9.9
Operating profit	166	31	341	79	137
Operating margin, %	19.6	6.0	15.1	5.0	6.4
Profit for the period	158	95	329	125	169
Earnings per share, before and after dilution, SEK	0.46	0.08	0.95	0.18	0.30
Earnings per share, including discontinued operations, SEK	0.46	0.27	0.95	0.36	0.49
Equity per share, SEK	4.39	3.54	4.39	3.54	3.61

# Stable quarter with growth and profitability

## THIRD QUARTER

The third quarter has developed well and we report an EBITDA result of SEK 186 million, which can be compared with SEK 53 million the previous year. Net sales during the third quarter amounted to SEK 846 million, an increase of SEK 328 million compared with the previous year.

The strong market for new construction and renovation has led to good demand for our products with price increases as a result. At the same time, capacity utilization has been high, which in combination with price increases has contributed to the strong earnings trend.

The exceptionally strong wood products market in 2021 created a deficit during the summer and prices for mainly sawn wood products rose to new record levels in Europe. At the same time, prices in the US have fallen from high levels. What we are seeing for the winter is a certain reduction and price rebound in Europe, at the same time as US prices are rising again. With continued good demand behind it, we now expect timber prices to find a new, more stable and sustainable level.

Prices for the sawmills' raw material, saw logs, are rising and the assessment is that the sawmills' production volumes will decrease slightly during the winter. Like the rest of the business community, we have been affected by a lack of access to transport with increased costs. In our favourable market, the increased costs have largely been absorbed by our customers.

## PERFORMANCE BY PRODUCT AREA

### *Wood Protection*

The traditional wood protection business has continued to develop well with good margins. A certain slowdown in demand has taken place after the summer as a result of shortages of materials and manpower leading to delays and shifts in projects. The increased interest in fire protection-impregnated wood and linseed oil impregnation continues and we expect a continued favourable market.

### *Joinery*

We continue to have good demand for windows, doors, garden products and houses. The capacity is sold out for 2021 and we see a good order intake for next year. During the quarter, we had some disruptions in component deliveries, mainly glass and fittings. The PTP Group, acquired in England during the summer, delivers according to plan and contributes to growth in our product area Joinery.

### *Sawn Wood*

Demand for sawn wood products has been good during the quarter and with high margins in the business. During the quarter, our Vika Wood sawmill in Latvia had a six-week planned production stoppage for rebuilding the saw line. The rebuilding has gone according to plan and production is now back at full speed. After sharply increased prices for sawn wood products, we now see a price correction. We currently have a very low finished

goods inventory and good supply of raw materials, which provides a favourable situation for the winter.

### *Other (Energy & Logistics)*

The market for pellets has been weak during 2020 and the first half of 2021. The situation for our operations in Fågelfors has been unsatisfactory and loss-making. We are now seeing a clear improvement in the market after the summer with increased delivery volumes and declining inventories. Demand and increased prices are driven by the generally increased cost of energy and the use of pellets for both heating and electricity production.

## ACQUISITIONS AND INVESTMENTS

In October, a decision was made to become a partner in the Värmland-based innovation company Wood Tube. The company has developed a patented paper stud for interior walls and furniture frames. Bergs's initial ownership share will be 25 percent. Our investment is SEK 8.5 million and, together with regional support, creates the conditions for constructing a first industrial production facility. We believe that the product has good properties and will be well received in market.

Investment in increased production capacity for Linax (linseed oil impregnation) in Sweden and expansion of our window and door production in Latvia are proceeding according to plan.

## CAPITAL MARKET DAY

To increase knowledge of Bergs's various product areas and strategy, we intend to organize a capital market day in Stockholm on 8 December 2021. A separate invitation will be sent out.

## FUTURE PROSPECTS

According to available public forecasts, activity for construction and renovation will continue to develop well into 2022. The supply of raw materials for production of wood products is not expected to increase. At the same time, interest in wood as a building material in both single-family houses and larger buildings is increasing. This means that we have every reason to look positively on the future.

We see continued good demand for the Group's products and expect continued good capacity utilization. The price adjustments of sawn wood products that are now taking place will have a negative effect on the profitability of Wood Protection and Sawn Wood in the fourth quarter.

The last quarter of the year is seasonally our weakest quarter. After several exceptionally good quarters, we now expect a return to more normal margins.

Vimmerby, 28 October 2021

**Peter Nilsson, President and CEO**



## Net sales and operating profit

### JULY-SEPTEMBER 2021 COMPARED WITH JULY-SEPTEMBER 2020

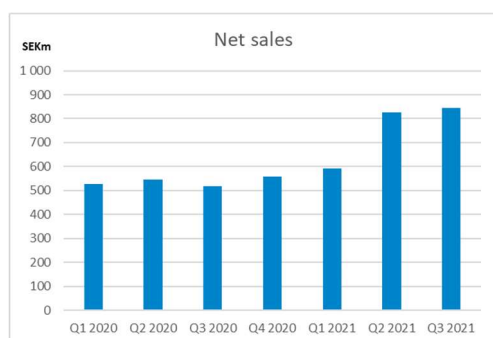
Net sales for the third quarter of 2021 amounted to SEK 846 million (518). The increase of SEK 328 million, corresponding to 63 per cent, is attributable primarily to higher sales prices for products in Wood Protection and Sawn Wood. Higher sales volumes in Joinery contributed positively, where the newly acquired PTP Group contributed with SEK 86 million.

EBITDA increased to SEK 186 million (53), which corresponds to an EBITDA margin of 22.0 % (10.2). The increase is primarily related to higher sales prices for products in Wood Protection and Sawn Wood, but also higher volumes in Joinery contributed positively.

Operating profit amounted to SEK 166 million (31), which corresponds to an operating margin of 19.6 % (6.0).

### JANUARY-SEPTEMBER 2021 COMPARED WITH JANUARY-SEPTEMBER 2020

Net sales amounted to SEK 2,265 million (1,591). The increase of SEK 674 million, corresponding to 42 per cent, is attributable primarily to higher sales prices for products in Wood Protection and Sawn Wood. Sales volumes in Joinery contributed positively.



EBITDA increased to SEK 397 million (134), which corresponds to an EBITDA margin of 17.5% (8.4). The increase is primarily related to higher sales prices for products in Wood Protection and Sawn Wood. Higher volumes in Joinery contributed positively.

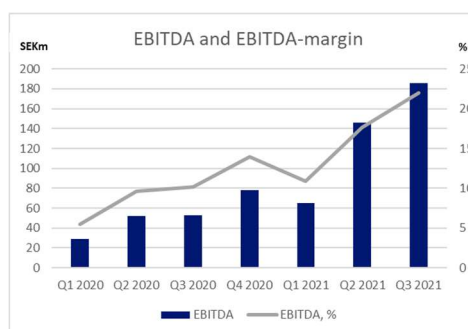
Operating profit amounted to SEK 341 million (79), which corresponds to an operating margin of 15.1 % (5.0).

### JULY-SEPTEMBER 2021 COMPARED WITH APRIL-JUNE 2021

Net sales amounted to SEK 846 million, compared with SEK 826 million for the second quarter of 2021, up SEK 20 million. The increase is attributable to higher sales volumes in Joinery.

EBITDA amounted to SEK 186 million (146), corresponding to an EBITDA margin of 22.0 % (17.7). The increase is primarily related to higher sales prices for products in Wood Protection and higher sales volumes in Joinery.

Operating profit amounted to SEK 166 million (128).



## Cash flow and financing

Cash flow from operating activities for the period January–September amounted to SEK -18million (304). The cash-flow effects from changes in working capital amounted to SEK -395 million (159). The increase in working capital was attributable to higher sales- and purchasing prices. Last year's cash flow was significantly affected by reduced raw material stock in the divested Swedish sawmill business. Investments in property, plant and equipment amounted to SEK -99 million (-58).

The Group's net financial debt at 30 September 2021 totalled SEK 256 million, compared to SEK -32 million (net cash holdings) at 31 December 2020. The net debt/equity ratio was 0.17. The higher net debt is attributable to higher working capital, dividends paid and the acquisition of Performance Timber Products Group. The acquisition was primarily financed by a new term loan of SEK 100

million.

Loans and credit facilities on 30 September 2021, SEK million:

Loan	Limit	Repayments, years			Total utilised
		0–1	1–2	2–	
Term loans		270			270
Revolving credit facility	100	53			53
Overdraft facilities	115	30			30
<b>Total</b>		<b>353</b>	<b>—</b>	<b>—</b>	<b>353</b>

Available cash and cash equivalents, including unutilised credit facilities, totalled SEK 244 million.

Net financial items for the Group for January–September amounted to SEK -2 million (-22), of which SEK 6 million (5) 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, conducting 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 numbers for 2020 have been restated in accordance with the new segment division.

Product area	Wood Protection	Joinery	Sawn Wood	Other (Energy & Logistics)
<b>Products</b>	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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Wood Protection	418	284	1,105	803
Joinery	157	77	339	200
Sawn Wood	271	175	811	579
Other	48	44	118	132
Internal net sales	-48	-63	-108	-123
<b>External net sales</b>	<b>846</b>	<b>518</b>	<b>2,265</b>	<b>1,591</b>

## EBITDA

Amounts in SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Wood Protection	101	16	212	45
Joinery	18	8	33	19
Sawn Wood	82	18	195	58
Other	-2	5	-7	16
Joint and eliminations	-13	6	-36	-5
<b>EBITDA</b>	<b>186</b>	<b>53</b>	<b>397</b>	<b>134</b>

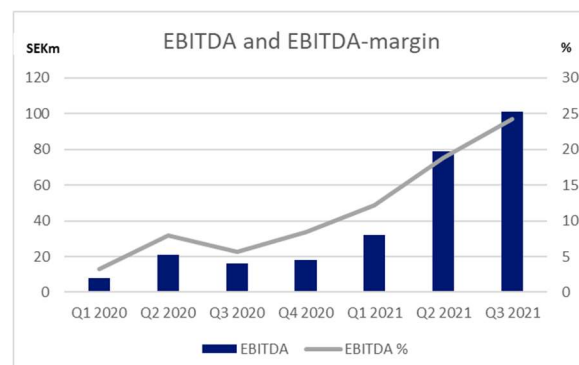
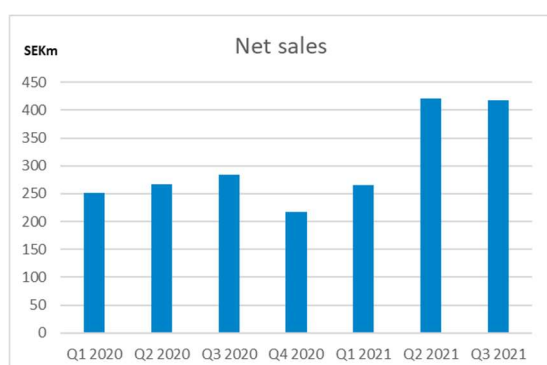
## WOOD PROTECTION

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

Amounts in SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	418	284	1,105	803
EBITDA	101	16	212	45
Operating profit	98	13	200	34
EBITDA margin, %	24.2	5.6	19.2	5.6
Operating margin, %	23.4	4.6	18.1	4.2

Net sales for the third quarter amounted to SEK 418 million (284). The increase was primarily attributable to higher sales prices as a result of healthy demand.

EBITDA amounted to SEK 101 million (16). The increase was primarily attributable to higher sales prices.



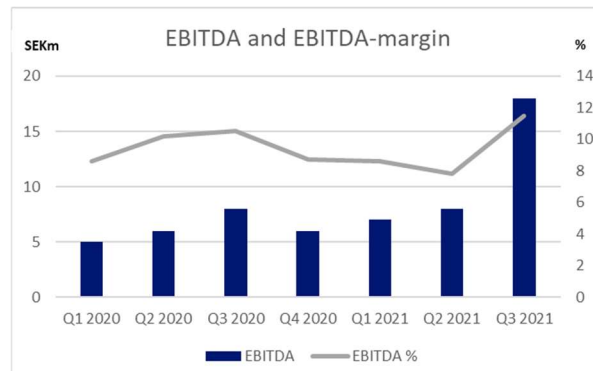
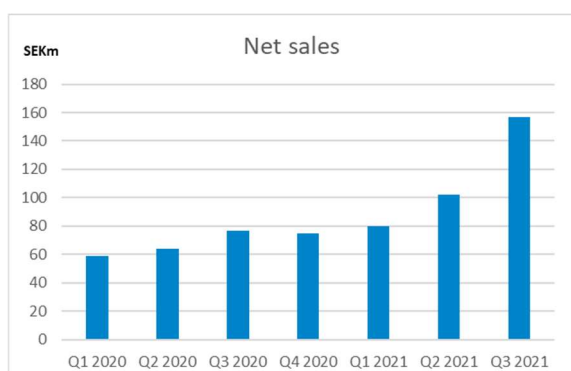
## JOINERY

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. The production facilities are located in Latvia and the UK.

Amounts in SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	157	77	339	200
EBITDA	18	8	33	19
Operating profit	14	5	25	14
EBITDA margin, %	11.5	10.4	9.7	9.5
Operating margin, %	8.9	6.5	7.4	7.0

Net sales for the third quarter amounted to SEK 157 million (77). The increase was primarily attributable to higher sales volumes for garden products, windows and doors. The newly acquired PTP Group contributed with SEK 86 million.

EBITDA amounted to SEK 18 million (8). The increase is primarily attributable to higher sales volumes. PTP Group contributed with SEK 8 million. Costs related to the start-up of the Swedish sales and market subsidiary Woodworks by Bergs affected the result by SEK -1 million (-2).



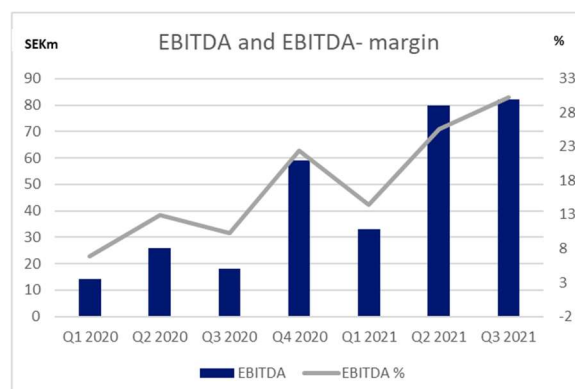
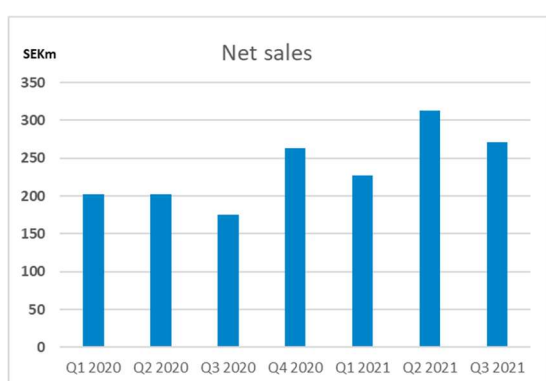
**SAWN WOOD**

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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	271	175	811	579
EBITDA	82	18	195	58
Operating profit	74	12	173	35
EBITDA margin, %	30.3	10.3	24.0	10.0
Operating margin, %	27.3	6.9	21.3	6.0
Sales volumes, '000 m3	61	77	254	254
Production volume, '000 m3	60	70	259	249

Net sales for the third quarter amounted to SEK 271 million (175). The increase was attributable to higher sales prices. During the quarter, a production stoppage at Vika Wood was made for an investment in the saw line that affected the sales- and production volumes negatively.

EBITDA amounted to SEK 82 million (18). The higher earnings are attributable primarily to higher sales prices because of healthy demand for sawn products. Demand have exceeded production and stock levels among producers have been low.

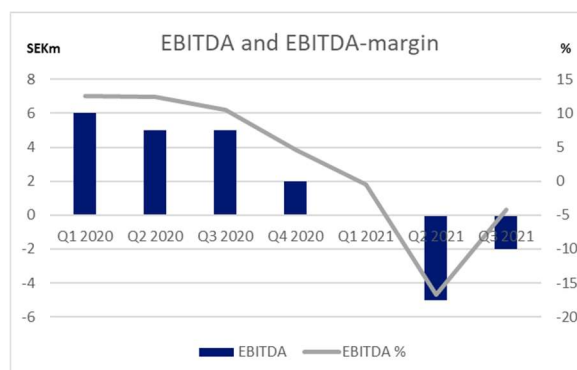
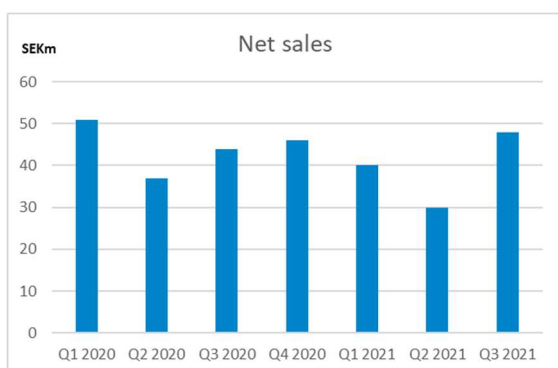
**OTHER (ENERGY & LOGISTICS)**

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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	48	44	118	132
EBITDA	-2	5	-7	16
Operating profit/loss	-7	1	-22	5
EBITDA margin, %	-4.2	11.4	-5.9	12.1
Operating margin, %	-14.6	2.3	-18.6	3.8

Net sales for the third quarter amounted to SEK 48 million (44). The increase in net sales were attributable primarily to higher sales volumes of pellets.

EBITDA amounted to SEK -2 million (5). The decrease is attributable to pellet operations that performed negatively because of the warm weather and good access to pellets in the market.



## Other information

### TAX

Recognised tax for the period January–September amounted to SEK -10 million (4). The effective tax rate was 3 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 140 million at 30 September 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 have seen restrictions being eased in most markets as infection rates decline and vaccination programs are implemented. However, the situation is still uncertain. Bergs operates in market and customer segments that to date have been negatively impacted to only a lesser extent; 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.

### ACQUISITION OF PERFORMANCE TIMBER PRODUCTS GROUP

On 23 June 2021, Bergs acquired all shares in the UK-based Performance Timber Products Group (PTPG). The company manufactures, markets, and sells bespoke windows and doors in the premium segment and in 2020 had sales of approximately GBP 22 million.

With this acquisition, Bergs gains access to a number of robust brands, extensive marketing and logistics knowledge, and a reputable producer of high-quality wooden windows and doors. The transaction consolidates Berg's position in the UK and creates opportunities for further expansion in the Joinery product area.

A significant proportion of PTPG's products have been supplied for many years by Berg's subsidiary Byko-Lat in Latvia. This collaboration will now be developed further, combining local market presence and knowledge of customer needs in the UK market with efficient production of high-quality windows and doors. The transaction creates opportunities for Byko-Lat to implement its plans for further expansion and development of the manufacture of windows and doors.

The acquired business is recognised in Bergs as of 23 June 2021 and is included in the Joinery product area. The acquisition is expected to contribute with a turnover of approximately SEK 250 million per year and an EBITDA margin in line with the Group's targets. In addition to a favourable cash flow, the acquisition is expected to make a positive contribution to earnings per share already during the current year.

The purchase price on a debt-free basis amounted to SEK 142 million. The purchase price for the shares was SEK 113 million and was paid in cash. The acquisition was largely financed by a new loan within the framework of the existing loan agreement with Danske Bank and the Swedish Export Credit Corporation. Through the acquisition, Berg's reported goodwill and other intangible fixed assets have increased by SEK 112 million.

For further information about the acquisition, see note 5 on page 17.

### EVENTS AFTER THE END OF THE QUARTER

In October, an agreement was made to become a partner in the Värmland-based innovation company Wood Tube. The company has developed a patented paper stud for interior walls and furniture frames. Bergs's initial ownership share will be 25 percent.

### PARENT COMPANY

The activities of the Parent Company pertain to the management of shares in subsidiaries, Group-wide administrative tasks and Group financing. Loss after financial items for the Parent Company for January–September amounted to SEK -20 million (-17).

### 2022 ANNUAL GENERAL MEETING

The annual general meeting for the 2021 financial year will be held on 5 May 2022. Additional information on time and venue will be released later.

### CALENDAR

Year-end report for 2021	3 February 2022
Interim report, January–March 2022	5 May 2022
Interim report, January–June 2022	25 July 2022
Interim report, January–September 2022	27 October 2022
Year-end report for 2022	2 February 2023



The undersigned certify that the interim report gives a true and fair view of the Company's and Group's operations, financial position and result of operations, and describes material risks and uncertainties facing the Company and the companies included in the Group.

Vimmerby, 28 October 2021  
Bergs Timber AB (publ)

**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 28 October 2021 at 1:00 p.m. CEST. The interim report is available on the company's website, [www.bergstimber.com](http://www.bergstimber.com)

**Bergs Timber AB (publ), corporate registration number:** 556052-2798, Stora Torget 3, SE-598 37 Vimmerby, Sweden.  
Tel: +46 10 199 84 00

## Review Report

Bergs Timber AB (publ), corp. reg. no. 556052-2798

### INTRODUCTION

We have reviewed the interim condensed financial information (interim report) for Bergs Timber (publ) for 30 September 2021 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Kalmar, 28 October 2021

Deloitte AB

Magnus Andersson  
Authorised Public Accountant

# Condensed consolidated income statement

Amounts in SEK m (Pertains to continuing operations unless otherwise stated)	2021 Jul-Sep 3 months	2020 Jul-Sep 3 months	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Net sales	846	518	2,265	1,591	2,149
Changes to products in process and finished goods	16	9	77	-20	-30
Other operating income	1	0	7	4	5
<b>Total</b>	<b>863</b>	<b>527</b>	<b>2,349</b>	<b>1,575</b>	<b>2,124</b>
<b>Operating expenses</b>					
Raw materials and consumables	-464	-298	-1,386	-1,002	-1,311
Other external costs	-102	-106	-290	-252	-341
Personnel costs	-111	-70	-276	-187	-260
Depreciation/amortisation and impairment	-20	-22	-56	-55	-75
<b>Total operating expenses</b>	<b>-697</b>	<b>-496</b>	<b>-2,008</b>	<b>-1,496</b>	<b>-1,987</b>
<b>Operating profit</b>	<b>166</b>	<b>31</b>	<b>341</b>	<b>79</b>	<b>137</b>
Finance income	2	0	7	0	1
Financial expenses	-4	-5	-9	-22	-45
<b>Profit after financial items</b>	<b>164</b>	<b>26</b>	<b>339</b>	<b>57</b>	<b>93</b>
Tax on profit for the period	-6	2	-10	4	12
<b>Profit for the period from continuing operations</b>	<b>158</b>	<b>28</b>	<b>329</b>	<b>61</b>	<b>105</b>
<b>Profit/loss from discontinued operations, net after tax</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>64</b>	<b>64</b>
<b>Profit for the period</b>	<b>158</b>	<b>95</b>	<b>329</b>	<b>125</b>	<b>169</b>
Attributable to					
Parent Company shareholders	158	95	329	125	169
Non-controlling interests	-	-	-	-	-
Earnings per share, before and after dilution, continuing operations, SEK	0.46	0.08	0.95	0.18	0.30
Earnings per share, before and after dilution, including discontinued operations, SEK	0.46	0.27	0.95	0.36	0.49
Average number of shares, thousands	346,728	346,728	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 Jul-Sep 3 months	2020 Jul-Sep 3 months	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Profit for the period	158	95	329	125	169
Change in hedge reserve (net after tax)	-	-2	-	2	2
Translation differences	6	0	12	-3	-22
<b>Comprehensive income for the period</b>	<b>164</b>	<b>93</b>	<b>341</b>	<b>124</b>	<b>149</b>
Attributable to:					
Parent Company shareholders	164	93	341	124	149
Non-controlling interests	—	—	—	—	—

# Condensed consolidated balance sheet

Amounts in SEK m	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	327	193	187
Property, plant and equipment, incl. right-of-use assets	773	698	665
Financial assets	1	1	1
Deferred tax assets	23	25	14
<b>Total non-current assets</b>	<b>1,124</b>	<b>917</b>	<b>867</b>
<b>Current assets</b>			
Inventory	708	294	349
Current receivables	399	356	241
Cash and bank balances	114	204	242
<b>Total current assets</b>	<b>1,221</b>	<b>854</b>	<b>832</b>
<b>TOTAL ASSETS</b>	<b>2,345</b>	<b>1,771</b>	<b>1,699</b>
<b>Equity and liabilities</b>			
Equity	1,523	1,226	1,251
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	15	180	168
Other non-current liabilities and provisions	14	6	5
Deferred tax liabilities	29	32	19
<b>Total non-current liabilities</b>	<b>58</b>	<b>218</b>	<b>192</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	355	35	42
Non-interest bearing liabilities	409	292	214
<b>Total current liabilities</b>	<b>764</b>	<b>327</b>	<b>256</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,345</b>	<b>1,771</b>	<b>1,699</b>

## Changes in equity (no minority exists)

Amounts in SEK m	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Equity, opening balance	1,251	1,102	1,102
Comprehensive income for the period	341	124	149
Dividend paid	-69	0	0
<b>Total equity at the end of the period</b>	<b>1,523</b>	<b>1,226</b>	<b>1,251</b>



# Condensed cash flow statement

Amounts in SEK m	2021 Jul-Sep 3 months	2020* Jul-Sep 3 months	2021 Jan-Sep 9 months	2020* Jan-Sep 9 months	2020* Jan-Dec 12 months
<b>Operating activities</b>					
Profit after financial items, incl. discontinued operations	164	121	339	148	184
Adjustments for non-cash items**	12	-69	44	-3	39
Income taxes paid	1	0	-6	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>178</b>	<b>52</b>	<b>377</b>	<b>145</b>	<b>223</b>
Change in inventories	-197	45	-339	251	181
Change in operating receivables	88	137	-130	-30	79
Change in operating liabilities	-6	-67	74	-62	-128
<b>Cash flow from operating activities</b>	<b>63</b>	<b>167</b>	<b>-18</b>	<b>304</b>	<b>355</b>
<b>Sale of industry segment</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>390</b>	<b>390</b>
<b>Business combination</b>	<b>-</b>	<b>-</b>	<b>-73</b>	<b>-</b>	<b>-</b>
Acquisition of property, plant and equipment	-55	-16	-99	-58	-69
Sale of property, plant and equipment	0	0	0	6	6
Change in financial assets	0	0	0	0	0
<b>Cash flow from investment activities</b>	<b>-55</b>	<b>374</b>	<b>-172</b>	<b>338</b>	<b>327</b>
Change in financial receivables and liabilities	5	-448	130	-525	-524
Paid dividend	-	-	-69	-	-
<b>Cash flow from financing activities</b>	<b>5</b>	<b>-448</b>	<b>61</b>	<b>-525</b>	<b>-524</b>
<b>Cash flow for the period</b>	<b>13</b>	<b>93</b>	<b>-129</b>	<b>117</b>	<b>158</b>
Cash and cash equivalents at start of period	101	110	242	86	86
Translation differences in cash and cash equivalents	0	1	1	1	-2
<b>Cash and cash equivalents at end of period</b>	<b>114</b>	<b>204</b>	<b>114</b>	<b>204</b>	<b>242</b>

\*) 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 Jul-Sep 3 months	2020 Jul-Sep 3 months	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Net sales		846	518	2,265	1,591	2,149
EBITDA		186	53	397	134	212
EBITDA margin, %	>9	22.0	10.2	17.5	8.4	9.9
Operating profit		166	31	341	79	137
Operating margin, %		19.6	6.0	15.1	5.0	6.4
Return on capital employed, %, 12 months		-	-	-	-	8.3
Earnings per share, SEK		0.46	0.08	0.95	0.18	0.30
Earnings per share, incl. discontinued operations, SEK		0.46	0.27	0.95	0.36	0.49
Interest-bearing net debt		256	11	256	11	-32
Net debt/equity ratio	<1.0	0.17	0.01	0.17	0.01	neg
Equity/assets ratio, %		64.9	69.2	64.9	69.2	74.0
Average number of shares, thousands		346,728	346,728	346,728	346,728	346,728
Equity per share, SEK		4.39	3.54	4.39	3.54	3.61

# Condensed Parent Company statement of income

Amounts in SEK m	2021 Jan–Sep 9 months	2020 Jan–Sep 9 months
Other operating income	4	8
<b>Total</b>	<b>4</b>	<b>8</b>
<b>Operating expenses</b>		
Other external costs	-11	-10
Personnel costs	-14	-10
Depreciation	0	0
Other operating expenses	0	0
<b>Total operating expenses</b>	<b>-25</b>	<b>-20</b>
<b>Operating loss</b>	<b>-21</b>	<b>-12</b>
Finance income	8	18
Financial expenses	-7	-23
<b>Loss after financial items</b>	<b>-20</b>	<b>-17</b>
Tax on profit for the period	3	2
<b>Loss for the period</b>	<b>-17</b>	<b>-15</b>

# Condensed Parent Company balance sheet

Amounts in SEK m	2021 30 Sep	2020 30 Sep
<b>Assets</b>		
Property, plant and equipment	1	0
Financial assets	1,236	1,239
<b>Total non-current assets</b>	<b>1,237</b>	<b>1,239</b>
Receivables from Group companies	2	54
Other current receivables	10	4
Cash and bank balances	72	44
<b>Total current assets</b>	<b>84</b>	<b>102</b>
<b>TOTAL ASSETS</b>	<b>1,321</b>	<b>1,341</b>
<b>Liabilities and equity</b>		
Equity	836	850
Untaxed reserves	20	0
Non-current liabilities	0	176
Current liabilities	465	315
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,321</b>	<b>1,341</b>

# 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–September 2021 Amounts in SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	214	26	0	23	263
UK	419	159	46	42	666
Baltics	37	6	421	9	473
Rest of Europe	394	143	126	43	706
Rest of world	16	1	139	1	157
<b>Total external net sales</b>	<b>1,080</b>	<b>335</b>	<b>732</b>	<b>118</b>	<b>2,265</b>

January–September 2020 Amounts in SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	143	7	0	24	174
UK	267	79	12	32	390
Baltics	27	1	311	15	354
Rest of Europe	263	113	85	39	500
Rest of world	20	0	153	0	173
<b>Total external net sales</b>	<b>720</b>	<b>200</b>	<b>561</b>	<b>110</b>	<b>1,591</b>

## 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 Jul-Sep 3 months	2020 Jul-Sep 3 months	2021 Jan-Sep 9 months	2020 Jan-Sep 9 months	2020 Jan-Dec 12 months
Net sales	—	194	—	858	858
Earnings from the disposal	—	87	—	87	87
Expenses	—	-185	—	-819	-819
EBITDA	—	96	—	126	126
Depreciation	—	-1	—	-35	-35
<b>Operating profit/loss</b>	<b>—</b>	<b>95</b>	<b>—</b>	<b>91</b>	<b>91</b>
<b>Taxes</b>	<b>—</b>	<b>-28</b>	<b>—</b>	<b>-27</b>	<b>-27</b>
<b>Net earnings from discontinued operations</b>	<b>—</b>	<b>67</b>	<b>—</b>	<b>64</b>	<b>64</b>



## 4. FINANCIAL INSTRUMENTS BY CATEGORY

Amounts in SEK m	Level	Carrying amount 30 Sep 2021	Fair value 30 Sep 2021	Carrying amount 31 Dec 2020	Fair value 31 Dec 2020
<b>Financial assets at amortised cost</b>					
Financial investments	—	0	0	0	0
Trade receivables	—	352	352	207	207
Other receivables	—	16	16	14	14
Cash and cash equivalents	—	114	114	242	242
<b>Derivatives for hedge accounting</b>					
Derivatives	2	0	0	0	0
		<b>482</b>	<b>482</b>	<b>463</b>	<b>463</b>
<b>Financial liabilities measured at amortised cost</b>					
Liabilities to credit institutions	—	355	355	200	200
Accounts payable	—	156	156	96	96
Earnout	3	-	-	10	10
Other liabilities	—	63	63	25	25
<b>Derivatives for hedge accounting</b>					
Derivatives	2	0	0	0	0
		<b>574</b>	<b>574</b>	<b>331</b>	<b>331</b>

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.

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. ACQUISITIONS

On 23 June 2021, Bergs acquired all shares in the UK-based company Performance Timber Products Group (PTPG). The company manufactures, markets, and sells bespoke windows and doors in the premium segment. The acquired business is recognised in Bergs from 23 June 2021 and is included in the Joinery product area.

## Purchase price allocation

The purchase method has been used for reporting of the acquisition. A preliminary purchase price allocation has been prepared as shown in the table below. Trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 26 million.

Amounts in SEK million

Purchase consideration, cash			113
<b>Acquired assets and liabilities</b>	<b>Book value</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
Goodwill and other intangible assets	26	86	112
Trademarks	-	26	26
Property, plant and equipment	54		54
Inventories	14		14
Other current assets	24		24
Cash and cash equivalents	40		40
Provisions	-12		-12
Other operating liabilities	-145		-145
	<b>1</b>	<b>112</b>	<b>113</b>

**Cash flow effect**

Amounts in SEK m

Purchase consideration, cash	-113
Cash and cash equivalents in acquired company	40
Transaction costs	-5
	<b>-78</b>

Transaction costs amounted to SEK 5 million and are included in Other external costs in the income statement.

The acquired company was consolidated as of 23 June 2021 and contributed SEK 86 million in net sales and SEK 6 million in operating profit for the period 23 June-30 September 2021. If the company had been consolidated as of 1 January 2021, it would have contributed SEK 243 million in net sales and SEK 20 million in operating profit.

**6. 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 is 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.

**7. 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, was paid in June 2021.

## 8. 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](http://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)

## 9. QUARTERLY OUTCOME BY SEGMENT, CONTINUING OPERATIONS

Segments are monitored and reported including operating profit.

### Statement of income

Amounts in SEK m	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2020 Full year
<b>Net sales</b>	<b>846</b>	<b>826</b>	<b>593</b>	<b>558</b>	<b>518</b>	<b>545</b>	<b>528</b>	<b>2,149</b>
Wood Protection	418	421	266	217	284	267	252	1,020
Joinery	157	102	80	75	77	64	59	274
Sawn Wood	271	313	227	263	175	202	202	841
Other	48	30	40	46	44	37	51	179
Joint and elim	-48	-40	-20	-43	-63	-25	-35	-166
<b>EBITDA</b>	<b>186</b>	<b>146</b>	<b>65</b>	<b>78</b>	<b>53</b>	<b>52</b>	<b>29</b>	<b>212</b>
Wood Protection	101	79	32	18	16	21	8	64
Joinery	18	8	7	6	8	6	5	26
Sawn Wood	82	80	33	59	18	26	14	117
Other	-2	-5	0	2	5	5	6	18
Joint and elim	-13	-16	-7	-8	6	-6	-5	-13
<b>EBITDA margin, %</b>	<b>22.0</b>	<b>17.7</b>	<b>11.0</b>	<b>14.0</b>	<b>10.2</b>	<b>9.5</b>	<b>5.5</b>	<b>9.9</b>
Wood Protection	24.2	18.8	12.2	8.4	5.7	8.0	3.3	6.3
Joinery	11.5	7.8	8.6	8.7	10.5	10.2	8.6	9.5
Sawn Wood	30.3	25.6	14.4	22.5	10.3	12.9	6.9	13.9
Other	-4.2	-16.7	-0.5	4.6	10.5	12.4	12.5	9.9
<b>Operating profit</b>	<b>166</b>	<b>128</b>	<b>47</b>	<b>58</b>	<b>31</b>	<b>35</b>	<b>13</b>	<b>137</b>
Wood Protection	98	74	28	14	13	17	4	47
Joinery	14	6	5	5	5	5	4	19
Sawn Wood	74	74	25	52	12	16	7	87
Other	-7	-11	-4	-2	1	2	2	3
Joint and elim	-13	-15	-7	-11	0	-5	-4	-19
<b>Operating margin, %</b>	<b>19.6</b>	<b>15.5</b>	<b>7.9</b>	<b>10.4</b>	<b>6.0</b>	<b>6.4</b>	<b>2.5</b>	<b>6.4</b>
Wood Protection	23.4	17.6	10.6	6.4	4.5	6.2	1.6	4.6
Joinery	8.9	5.9	6.4	6.1	6.7	8.3	6.7	6.9
Sawn Wood	27.3	23.6	11.2	19.8	6.8	7.9	3.5	10.3
Other	-14.6	-36.7	-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.

*Note: The numbers are based on Group sales in 2020*

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

**950**

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 from responsibly cultivated forests—all the way to completed product and delivery

## 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](http://www.bergstimber.com)