

BERGS

**Interim Report
1 January – 30 June**

**2022
Q2**



Interim Report

1 January – 30 June 2022

SECOND QUARTER (1 APRIL–30 JUNE)

- Net sales increased by 22% to SEK 1,009 million (826). The increase was related to higher sales prices for all products and higher sales volumes in Joinery.
- EBITDA amounted to SEK 173 million (146). The increase was explained by higher sales prices for Sawn Wood, increased sales volumes within Joinery and improved earnings for the pellet business. Lower sales volumes and higher raw material costs lowered the result for Wood Protection. The EBITDA margin was 17.1% (17.7).
- Operating profit amounted to SEK 151 million (128), corresponding to an operating margin of 15.0% (15.5).
- Profit for the period amounted to SEK 153 million (118).
- Earnings per share, before and after dilution, were SEK 4.41 (3.40).
- Cash flow from operating activities amounted to SEK –18 million (27), negatively affected by a higher level of working capital.
- Financial net debt totalled SEK 278 million (263) as of 30 June, corresponding to a net debt/equity ratio of 0.16 (0.19).
- A consolidation of shares (reverse split) was made in May, whereby ten (10) shares were consolidated into one (1) share.

INTERIM PERIOD (1 JANUARY–30 JUNE)

- Net sales increased by 35% to SEK 1,919 million (1,416). The increase was related to higher sales prices for all products and higher sales volumes in Joinery.
- EBITDA amounted to SEK 255 million (211). The increase was explained by higher sales prices for Sawn Wood, increased sales volumes within Joinery and improved earnings for the pellet business. Wood Protection was negatively affected by lower sales volumes and higher raw material costs. The EBITDA margin was 13.3% (14.9).
- Operating profit amounted to SEK 212 million (175), corresponding to an operating margin of 11.0% (12.3).
- Profit for the period amounted to SEK 216 million (171).
- Earnings per share, before and after dilution, were SEK 6.23 (4.93).
- Cash flow from operating activities amounted to SEK 106 million (–81).
- A new loan agreement was made with Danske Bank and SEB. The total credit facilities amount to SEK 650 million and have a three-year term.
- Performance Timber Products Group acquired all shares in the English company P&P Holdings Limited that sells, distributes and installs windows and doors in Surrey and South West London.

The Group's key performance indicators

AMOUNTS IN SEK million	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Net sales	1,009	826	1,919	1,419	3,055
EBITDA	173	146	255	211	503
EBITDA margin, %	17.1	17.7	13.3	14.9	16.5
Operating profit	151	128	212	175	426
Operating margin, %	15.0	15.5	11.0	12.3	13.9
Profit for the period	153	118	216	171	417
Earnings per share, SEK*	4.41	3.40	6.23	4.93	12.03
Equity per share, SEK*	51.08	39.19	51.08	39.19	46.61

* Earnings per share and Equity per share have been adjusted retroactively for the reverse split 1:10 in May 2022.

First page: On July 5, the Polish company Pinus was acquired. The company, which manufactures bespoke windows and doors in the premium segment, will contribute to the Groups production capacity and enabling further growth.

Strong quarter despite increased uncertainty

SECOND QUARTER

The second quarter of the year was strong in terms of profitability and EBITDA amounted to SEK 173 million compared with SEK 146 million the previous year. Net sales during the quarter amounted to SEK 1,009 million, compared with SEK 826 million last year, an increase of 22%. The higher net sales are explained by higher sales prices for all products and increased sales volumes in the Joinery product area.

The improved result compared to the previous year is explained by higher sales prices for Sawn Wood, increased sales volumes within Joinery and improved earnings for the pellet business as a result of higher sales prices and volumes. Lower demand in the do-it-yourself market along with higher raw material costs lowered the result for Wood Protection.

MARKET

The market has been characterized by increased concern about the effects of the war in Ukraine, high inflation rates and rising interest rates. During the quarter, we see a decrease in activity in the do-it-yourself segment compared to the previous year. At the same time, the activity in construction and renovation has remained good.

The market for sawn timber products continues to be volatile. After the winter's sharp price increases, we now have a market with falling prices. The sanctions for Russian timber products decided on in March did not enter into force until the beginning of July. This has meant that timber deliveries from Russia continued at a normal pace in Q2, which has partly been a surprise to the market. The market impact of the sanctions will therefore be seen in the second half of 2022.

As an effect of increased energy costs, we see an increased interest in heating pellets where prices rise sharply.

Bergs has a good raw material situation and supply to all units and non-delivery of Russian wood products is compensated by increased deliveries from other established suppliers.

PERFORMANCE BY PRODUCT AREA

WOOD PROTECTION

Increased raw material costs and the decline in the do-it-yourself market had a negative impact on margins during the quarter. The market for professional construction remains good and order intake is normal for the autumn. Our efforts towards increased market presence and product development continue. The strategy for our Latvian wood protection business, which has had a large part of its raw material supply from Russia and Belarus, will be reviewed in the autumn with the aim of further focusing the activities towards a more developed product range.

JOINERY

Demand for windows and doors remains good and order intake remains at a good level. Increased costs for raw materials and logistics have been offset by increased selling prices. We continue the expansion of our Timber Windows brand and the plan for five new showrooms during the year remains in place. Demand for garden products remains good although we are seeing some decline from the do-it-yourself sector.

SAWN WOOD

High sales prices and high capacity utilization characterized the business during the quarter. Even though raw material prices in the Baltics have risen during the winter and spring, the margin in the business is good. Our finished goods inventories remain low. However, the market for sawn timber products is more uncertain for the autumn and prices are falling. The effect of this is expected to be partially offset by reduced raw material prices and increased prices for by-products such as wood chips and sawdust.

OTHER (ENERGY & LOGISTICS)

In the wake of increased costs for energy, the market for pellets has improved markedly during the first half of the year. Inventory levels are very low and prices are rising. After a weak development in 2021, we now see improved margins for our pellet business.

ACQUISITIONS

On July 5, we acquired the Polish company Pinus. The company, which manufactures bespoke windows and doors for the premium segment, has a turnover of approximately SEK 80 million and has about 100 employees. Pinus has for about 20 years been a supplier to our English subsidiary Timber Windows. The acquisition represents an investment in a new geographic market for Bergs. The acquisition, combined with the recently expanded production capacity in Latvia, enables Bergs's continued expansion of the window and door business, which now has annual sales of approximately SEK 600 million.

OUTLOOK

There is clear uncertainty about how the world economy will develop during the rest of the year. Interest rates will certainly be raised in the autumn. Even if the increases are from a low level, this will cool down the economy and in the short term affect the demand for our products as well.

We continue to have a good order backlog for most of our products. At the same time, we are prepared to adapt production and costs to a possible decline in demand.

The market for sawn timber products is affected by lower demand. At the same time, it is difficult to assess the market effects of non-delivery from Russia and lower production volumes in Central Europe and Canada. Our market for windows and doors is currently showing no signs of slowing down and this also applies to pellets that benefit from rising energy prices.

We expect a positive cash flow for the rest of the year.

Stockholm, 25 July 2022

Peter Nilsson
President and CEO



Net sales and operating profit

APRIL-JUNE 2022 COMPARED WITH APRIL-JUNE 2021

Net sales for the second quarter of 2022 amounted to SEK 1,009 million (826). The increase of SEK 183 million, corresponding to 22 per cent, is attributable to higher sales prices for all products and higher sales volumes in Joinery.

EBITDA increased to SEK 173 million (146), which corresponds to an EBITDA margin of 17.1% (17.7). The increase was explained by higher sales prices for Sawn Wood, increased sales volumes within Joinery and improved earnings for the pellet business. Lower demand in the do-it-yourself market along with higher raw material costs lowered the result for Wood Protection.

Operating profit amounted to SEK 151 million (128), which corresponds to an operating margin of 15.0% (15.5).

JANUARY-JUNE 2022 COMPARED WITH JANUARY-JUNE 2021

Net sales for the first half year of 2022 amounted to SEK 1,919 million (1,419). The increase of SEK 500 million, corresponding to 35 per cent, is attributable to higher sales prices for all products and higher sales volumes in Joinery.

EBITDA increased to SEK 255 million (211), which corresponds to an EBITDA margin of 13.3% (14.9). The increase was explained by higher sales prices for Sawn Wood, increased sales volumes within Joinery and improved earnings for the pellet business. Lower demand in the do-it-yourself market along with higher raw material costs lowered the result for Wood Protection.

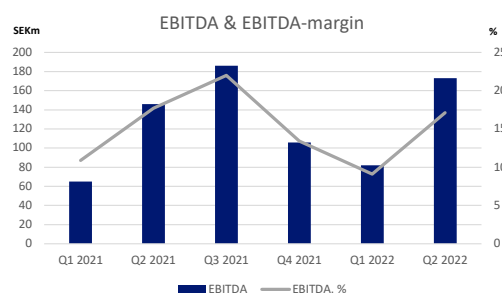
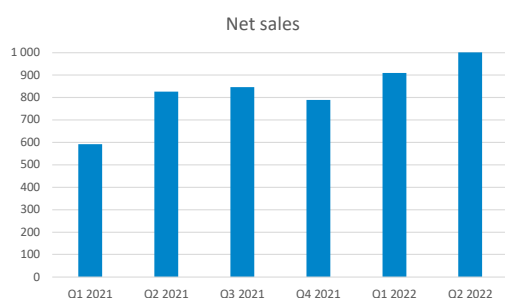
Operating profit amounted to SEK 212 million (175), which corresponds to an operating margin of 11.0% (12.3).

APRIL-JUNE 2022 COMPARED WITH JANUARY-MARCH 2022

Net sales amounted to SEK 1,009 million, compared with SEK 910 million for the first quarter of 2022, up SEK 99 million. The increase is attributable to higher sales prices for all products and higher sales volumes in Joinery and Wood Protection.

EBITDA amounted to SEK 173 million (82), corresponding to an EBITDA margin of 17.1% (9.0). The increase is primarily related to higher sales prices for Sawn Products, higher sales prices and lower raw material costs in Wood Protection and higher sales prices for pellets.

Operating profit amounted to SEK 151 million (61), corresponding to an operating margin of 15.0% (6.7)



Cash flow and financing

Cash flow from operating activities for the period January–June amounted to SEK 106 million (–81). The cash-flow effects from changes in working capital amounted to SEK –120 million (–280). Investments in property, plant and equipment amounted to SEK –51 million (–44).

The Group's net financial debt at 30 June 2022 totalled SEK 278 million, compared to SEK 223 million at 31 December 2021. The net debt/equity ratio was 0.16.

In January, Bergs entered a new loan agreement with Danske Bank and SEB regarding among other things, refinancing of the major part of the Group's existing loans. The new credit facilities in the total of SEK 650 million have a three-year term and include one term loan of SEK 250 million and a revolving loan facility of SEK 400 million. In addition, the Group has an overdraft facility with Danske Bank of SEK 50 million.

Loans and credit facilities on 30 June 2022, SEK million:

LOAN	Limit	Repayments, years			Total utilised
		0–1	1–2	2–	
Term loans		25		219	244
Revolving credit facility	400	200			200
Overdraft facilities	50				0
Total		225	–	219	444

Available cash and cash equivalents, including unutilised credit facilities, totalled SEK 422 million.

Net financial items for the Group for January–June amounted to SEK 3 million (0).

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.

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	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Wood Protection	394	421	716	687
Joinery	226	102	424	182
Sawn Wood	403	313	749	540
Other	60	30	121	70
Internal net sales	-74	-40	-91	-60
External net sales	1,009	826	1,919	1,419

EBITDA

AMOUNTS IN SEK m	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Wood Protection	27	79	15	111
Joinery	21	8	42	15
Sawn Wood	116	80	189	113
Other	16	-5	24	-5
Joint and eliminations	-7	-16	-15	-23
EBITDA	173	146	255	211

WOOD PROTECTION

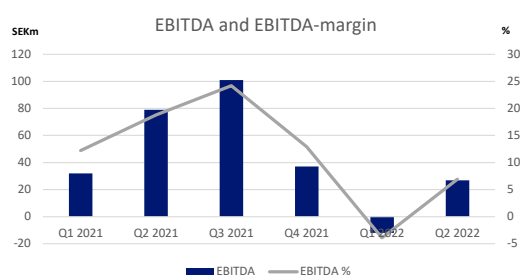
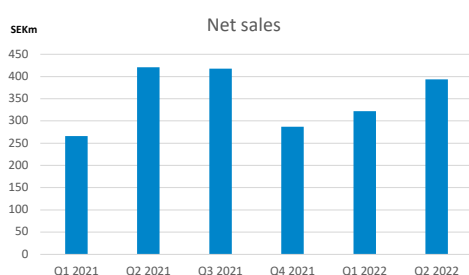
Wood Protection conducts operations in wood preservatives. Operations are located in Sweden, Latvia and the UK. The majority of production takes place at the Byko-Lat and Bitus subsidiaries.

AMOUNTS IN SEK m	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Net sales	394	421	716	687
EBITDA	27	79	15	111
Operating profit	22	74	5	102
EBITDA margin, %	6.9	18.8	2.1	16.2
Operating margin, %	5.6	17.6	0.7	14.8

Net sales for the second quarter amounted to SEK 394 million (421). The decrease was attributable to lower sales volumes.

EBITDA amounted to SEK 27 million (79). The decrease was attributable to higher raw material costs and lower demand in the do-it-yourself market.

The higher result compared with the first quarter 2022 was attributable to higher sales prices, lower raw material costs and seasonally higher sales volumes.



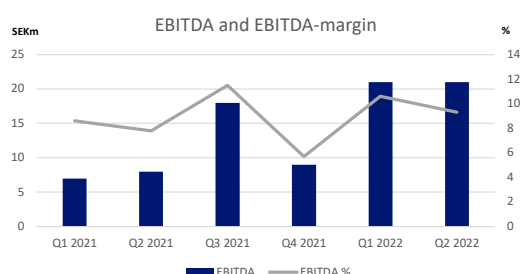
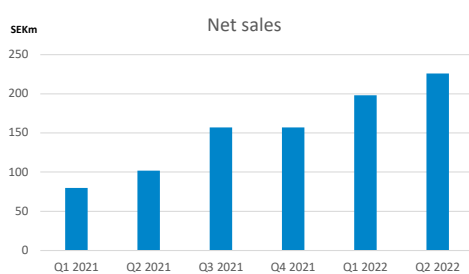
JOINERY

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	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Net sales	226	102	424	182
EBITDA	21	8	42	15
Operating profit	17	6	34	11
EBITDA margin, %	9.3	7.8	9.9	8.2
Operating margin, %	7.5	5.9	8.0	6.0

Net sales for the second quarter amounted to SEK 226 million (102). The increase was primarily attributable to higher sales volumes for windows and doors related to the acquisition of PTP Group that was made in June 2021.

EBITDA amounted to SEK 21 million (8). The increase is primarily attributable to higher sales volumes. Costs related to the start-up of the Swedish sales and market subsidiary Woodworks by Bergs affected the result by SEK –4 million (–3).



SAWN WOOD

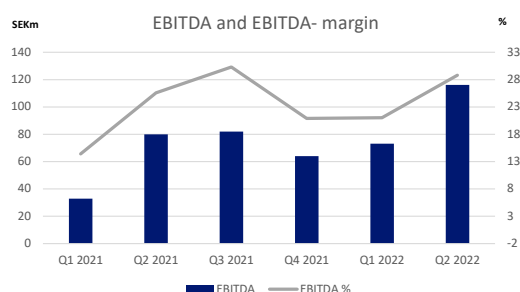
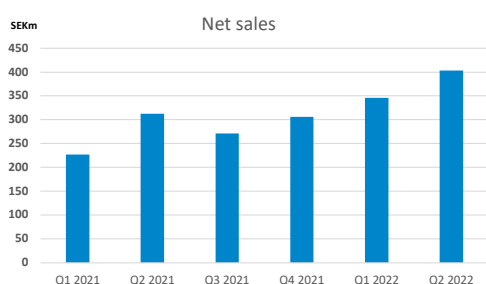
The Sawn Wood product area produces sawn products from two subsidiaries: Vika Wood in Latvia and Laesti in Estonia. These companies process raw forestry materials into planks and boards in various dimensions, lengths and qualities.

AMOUNTS IN SEK m	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Net sales	403	313	749	540
EBITDA	116	80	189	113
Operating profit	108	74	173	99
EBITDA margin, %	28.8	25.6	25.2	20.9
Operating margin, %	26.8	23.6	23.1	18.3
Sales volumes, '000 m ³	91	102	185	193
Production volume, '000 m ³	92	103	185	199

Net sales for the second quarter amounted to SEK 403 million (313). The increase was attributable to higher sales prices.

EBITDA amounted to SEK 116 million (80). The higher earnings are attributable primarily to higher sales prices that have compensated higher raw material costs and lower sales volumes.

The higher result compared to the first quarter 2022 was explained by higher sales prices.



OTHER (ENERGY & LOGISTICS)

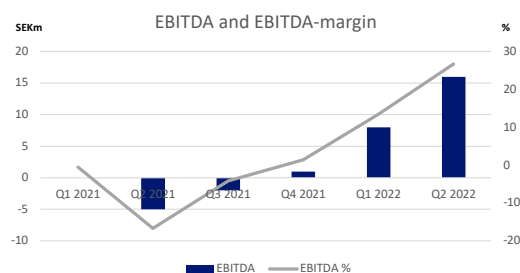
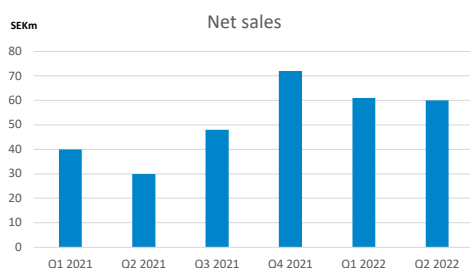
In addition to the three product areas, Bergs owns additional assets in the form of pellet manufacturing as well as a port and logistics facility in the UK.

AMOUNTS IN SEK m	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Net sales	60	30	121	70
EBITDA	16	-5	24	-5
Operating profit/loss	11	-11	14	-15
EBITDA margin, %	26.7	-16.7	19.8	-7.1
Operating margin, %	18.3	-36.7	11.6	-21.4

Net sales for the second quarter amounted to SEK 60 million (30). The increase in net sales was attributable to higher sales volumes and sales prices for pellets.

EBITDA amounted to SEK 16 million (-5). The improved profit was explained by higher sales volumes and sales prices for pellets.

The higher result compared to the first quarter 2022 was explained by higher sales prices for pellets.



Other information

TAX

Recognised tax for the period January–June amounted to SEK 1 million (–4), positive tax cost. The effective tax rate was 0 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 210 million at 30 June 2022.

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.

GEOPOLITICAL SITUATION

Given the tragic development of the war in Ukraine, we can assume that most companies will be affected in some way. We see increased interest and inflation rates that will cool down the economy and affect the demand of our products in the short run.

The sanctions for Russian timber products decided on in March did not enter into force until the beginning of July. This has meant that timber deliveries from Russia continued at a normal pace in Q2. The market impact of the sanctions will therefore be seen in the second half of 2022.

Bergs has had raw material supply for our unit in Latvia within Wood Protection from Russia and Belarus. The volumes have been compensated during the second quarter by increased deliveries from other established suppliers in the Baltics and Scandinavia.

ACQUISITIONS

P&P Holdings Ltd

On 13 January 2022, Performance Timber Products Group acquired all shares in the English company P&P Holdings Limited with annual sales of approximately GBP 7 million (SEK 85 million). P&P sells, distributes and installs windows and doors in Surrey and South West London. The companies have been working closely together for several years, where P&P sells windows and doors under the name Timber Windows, which is PTPG's network of showrooms for retail sales.

The purchase price was about SEK 12 million on a cash and debt free basis. Goodwill and other surplus values are preliminary estimated to about SEK 8 million. The company was consolidated as of 13 January 2022 and contributed SEK 47 million in net sales and SEK 2 million in operating profit for the period ending 30 June 2022.

EVENTS AFTER THE END OF THE QUARTER

On July 5, Bergs Timber AB acquired the Polish company Pinus. The company, which manufactures bespoke windows and doors for the premium segment, has a turnover of approximately SEK 80 million and has about 100 employees.

The purchase price for the shares was about SEK 36 million and financed by existing cash and credit facilities. Goodwill and other surplus values are preliminary estimated to about SEK 10 million.

CONSOLIDATION OF SHARES

In May, a consolidation of shares in Bergs Timber AB (reverse split) was made, whereby ten (10) shares were consolidated into one (1) share.

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–June amounted to SEK –5 million (–12).

CALENDAR

Interim report, January–September 2022	27 October 2022
Year-end report for 2022	2 February 2023

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

The Board of Directors and the CEO certify that the half-year 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.

Stockholm, July 25, 2022
Bergs Timber AB (publ)

Michael Bertorp
Chairman of the Board

Åke Bergh
Board member

Ingrida Bluma
Board member

Jón Helgi Gudmundsson
Board member

Gudmundur H Jónsson
Board member

Anna Rasmuson
Board member

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 25 July 2022 at 8:00 a.m. CET. The interim report is available on the company's website, www.bergstimber.com

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Tel: +46 (0)10-199 84 00

Condensed consolidated income statement

AMOUNTS IN SEK m	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Net sales	1,009	826	1,919	1,419	3,055
Changes to products in process and finished goods	20	9	15	61	65
Other operating income	3	3	5	6	19
Total	1,032	838	1,939	1,486	3,139
Operating expenses					
Raw materials and consumables	-596	-497	-1,181	-922	-1,868
Other external costs	-156	-105	-295	-188	-397
Personnel costs	-107	-90	-208	-165	-371
Profit from shares in associated companies	0	-	0	-	0
Depreciation/amortisation and impairment	-22	-18	-43	-36	-77
Total operating expenses	-881	-710	-1,727	-1,311	-2,713
Operating profit	151	128	212	175	426
Finance income	7	0	10	5	9
Financial expenses	-2	-8	-7	-5	-12
Profit after financial items	156	120	215	175	423
Tax on profit for the period	-3	-2	1	-4	-6
Profit for the period	153	118	216	171	417
Attributable to					
Parent Company shareholders	153	118	216	171	417
Non-controlling interests	-	-	-	-	-
Earnings per share, before and after dilution, SEK*	4.41	3.40	6.23	4.93	12.03
Average number of shares, thousands	34,673	346,728	34,673	346,728	346,728

*) Earnings per share has been adjusted retroactively for the reverse split 1:10 in May 2022. When calculating earnings per share, the average number of shares held is used.

Statement of comprehensive income (net after tax)

AMOUNTS IN SEK m	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Profit for the period	153	118	216	171	417
Translation differences	37	–5	44	6	17
Comprehensive income for the period	190	113	260	177	434
Attributable to:					
Parent Company shareholders	190	113	260	177	434
Non-controlling interests	–	–	–	–	–

Condensed consolidated balance sheet

AMOUNTS IN SEK m	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	340	327	329
Property, plant and equipment, incl. right-of-use assets	844	735	800
Financial assets	7	1	7
Deferred tax assets	24	22	22
Total non-current assets	1,214	1,085	1,158
Current assets			
Inventory	818	509	733
Current receivables	467	486	331
Cash and bank balances	172	101	94
Total current assets	1,457	1,096	1,158
TOTAL ASSETS	2,671	2,181	2,316
Equity and liabilities			
Equity	1,771	1,359	1,616
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	223	15	12
Other non-current liabilities and provisions	6	16	5
Deferred tax liabilities	30	29	30
Total non-current liabilities	259	60	47
Current liabilities			
Interest-bearing liabilities	227	349	305
Non-interest bearing liabilities	414	413	348
Total current liabilities	641	762	653
TOTAL EQUITY AND LIABILITIES	2,671	2,181	2,316

Changes in equity (no minority exists)

AMOUNTS IN SEK m	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Equity, opening balance	1,686	1,315	1,616	1,251	1,251
Comprehensive income for the period	190	113	260	177	434
Dividend paid	-104	-69	-104	-69	-69
Total equity at the end of the period	1,771	1,359	1,771	1,359	1,616

Condensed cash flow statement

AMOUNTS IN SEK m	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Operating activities					
Profit after financial items	156	120	215	175	423
Adjustments for non-cash items*	16	28	35	32	59
Income taxes paid	-12	-7	-24	-7	-3
Cash flow from operating activities before changes in working capital	160	141	226	199	479
Change in inventories	-124	-65	-56	-142	-362
Change in operating receivables	-35	-93	-124	-218	-58
Change in operating liabilities	-19	44	60	80	6
Cash flow from operating activities	-18	27	106	-81	65
Investing activities					
Business combination	-	-73	-9	-73	-73
Acquisition of property, plant and equipment	-29	-27	-51	-44	-143
Sale of property, plant and equipment	0	0	0	0	0
Change in financial assets	0	0	0	0	-6
Cash flow from investment activities	-29	-100	-60	-117	-222
Financing activities					
Change in financial receivables and liabilities	194	110	133	125	77
Paid dividend	-104	-69	-104	-69	-69
Cash flow from financing activities	90	41	29	56	8
Cash flow for the period	43	-32	75	-142	-149
Cash and cash equivalents at start of period	126	133	94	242	242
Translation differences in cash and cash equivalents	3	0	3	1	1
Cash and cash equivalents at end of period	172	101	172	101	94

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

The Group's key performance indicators and targets

AMOUNTS IN SEK m	Financial targets	2022 Apr–Jun 3 months	2021 Apr–Jun 3 months	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months	2021 Jan–Dec 12 months
Net sales		1,009	826	1,919	1,419	3,055
EBITDA		173	146	255	211	503
EBITDA margin, %	>9	17.1	17.7	13.3	14.9	16.5
Operating profit		151	128	212	175	426
Operating margin, %		15.0	15.5	11.0	12.3	13.9
Return on capital employed, %, 12 months		–	–	–	–	25.6
Earnings per share, SEK*		4.41	3.40	6.23	4.93	12.03
Interest-bearing net debt		278	263	278	263	223
Net debt/equity ratio	<1.0	0.16	0.19	0.16	0.19	0.14
Equity/assets ratio, %		66.3	62.3	66.3	62.3	69.8
Average number of shares, thousands		34,673	346,728	34,673	346,728	346,728
Equity per share, SEK*		51.08	39.19	51.08	39.19	46.61

* Earnings per share and Equity per share have been adjusted retroactively for the reverse split 1:10 in May 2022.

Condensed Parent Company statement of income

AMOUNTS IN SEK m	2022 Jan–Jun 6 months	2021 Jan–Jun 6 months
Other operating income	3	2
Total	3	2
Operating expenses		
Other external costs	-8	-7
Personnel costs	-8	-8
Depreciation	0	0
Total operating expenses	-16	-15
Operating loss	-13	-13
Finance income	15	5
Financial expenses	-7	-4
Loss after financial items	-5	-12
Tax on profit for the period	2	2
Profit/loss for the period	-3	-10

Condensed Parent Company balance sheet

AMOUNTS IN SEK m	30 Jun 2022	30 Jun 2021
Assets		
Property, plant and equipment	0	1
Financial assets	1,178	1,238
Total non-current assets	1,178	1,239
Receivables from Group companies	166	1
Other current receivables	12	24
Cash and bank balances	98	68
Total current assets	276	93
TOTAL ASSETS	1,454	1,332
Liabilities and equity		
Equity	745	842
Untaxed reserves	21	20
Non-current liabilities	219	0
Current liabilities	469	470
TOTAL EQUITY AND LIABILITIES	1,454	1,332

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 2021; refer to pages 64–69.

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 income essentially pertains only to sawn and processed wood products.

January–June 2022 AMOUNTS IN SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	125	14	0	15	153
UK	191	301	25	41	558
Baltics	20	1	388	8	417
Rest of Europe	315	99	117	61	592
Rest of world	20	1	176	1	198
Total external net sales	671	415	706	126	1,919

January–June 2021 AMOUNTS IN SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	158	14	0	16	188
UK	253	62	23	27	365
Baltics	21	5	298	5	329
Rest of Europe	234	97	83	22	436
Rest of world	7	1	92	1	101
Total external net sales	673	179	496	71	1,419

3. FINANCIAL INSTRUMENTS BY CATEGORY

AMOUNTS IN SEK m	Level	Carrying amount 30 Jun 2022	Fair value 30 Jun 2022	Carrying amount 31 Mar 2022	Fair value 31 Mar 2022
Financial assets at amortised cost					
Financial investments	–	0	0	0	0
Trade receivables	–	412	412	383	383
Other receivables	–	26	26	13	13
Cash and cash equivalents	–	172	172	126	126
		610	610	522	522
Financial liabilities measured at amortised cost					
Non-current interest-bearing liabilities	–	223	223	229	229
Accounts payable	–	181	181	193	193
Current interest-bearing liabilities	–	227	227	27	27
Other liabilities	–	39	39	50	50
		670	670	499	499

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.

4. 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.

Geopolitical risks

Given the tragic development of the war in Ukraine, we can assume that most companies will be affected in some way. We see increased interest and inflation rates that will cool down the economy and affect the demand of our products in the short run. The sanctions for Russian timber products decided on in March did not enter into force until the beginning of July. This has meant that timber deliveries from Russia continued at a normal pace in Q2. The market impact of the sanctions will therefore be seen in the second half of 2022. Bergs has had raw material supply for our unit in Latvia within Wood Protection from Russia and Belarus. The volumes have been compensated during the second quarter by increased deliveries from other established suppliers in the Baltics and Scandinavia.

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 2022, 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 81 of the 2021 Annual Report.

For a complete presentation of the identified risk as well as the company's risk management efforts, refer to pages 41–43 of the 2021 Annual Report.

5. 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 2021 Annual Report.

6. ALTERNATIVE PERFORMANCE MEASURES

Bergs 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 30 in the 2021 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
Operating profit	Earnings before financial items and tax
Operating margin	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
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)

7. QUARTERLY OUTCOME BY SEGMENT

Segments are monitored and reported including operating profit.

STATEMENT OF INCOME

AMOUNTS IN SEK m	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 Full year
Net sales	1,009	910	790	846	826	593	3,055
Wood Protection	394	322	287	418	421	266	1,392
Joinery	226	198	156	157	102	80	495
Sawn Wood	403	346	306	271	313	227	1,117
Other	60	61	72	48	30	40	190
Joint and elim	-74	-17	-31	-48	-40	-20	-139
EBITDA	173	82	106	186	146	65	503
Wood Protection	27	-12	37	101	79	32	249
Joinery	21	21	9	18	8	7	42
Sawn Wood	116	73	64	82	80	33	259
Other	16	8	1	-2	-5	0	-6
Joint and elim	-7	-8	-5	-13	-16	-7	-41
EBITDA margin, %	17.1	9.0	13.4	22.0	17.7	11.0	16.5
Wood Protection	6.9	-3.7	12.9	24.2	18.8	12.2	17.9
Joinery	9.3	10.6	5.8	11.5	7.8	8.6	8.5
Sawn Wood	28.8	21.1	20.9	30.3	25.6	14.4	23.2
Other	26.7	13.1	1.4	-4.2	-16.7	-0.5	-3.2
Operating profit	151	61	85	166	128	47	426
Wood Protection	22	-17	32	98	74	28	232
Joinery	17	17	7	14	6	5	32
Sawn Wood	108	65	56	74	74	25	229
Other	11	3	-4	-7	-11	-4	-26
Joint and elim	-7	-7	-6	-13	-15	-7	-41
Operating margin, %	15.0	6.7	10.8	19.6	15.5	7.9	13.9
Wood Protection	5.6	-5.3	11.1	23.4	17.6	10.6	16.7
Joinery	7.5	8.6	4.5	8.9	5.9	6.4	6.5
Sawn Wood	26.8	18.8	18.3	27.3	23.6	11.2	20.5
Other	18.3	4.9	-5.6	-14.6	-36.7	-10.7	-13.7

This is Bergs – an international wood products Group

Product areas



36%

Wood Protection

In the Wood Protection product area, wood raw material is processed through impregnation, finishing and painting with the aim of improving the characteristics of the wood in terms of service life span and to create effective protection against moisture, fire and microorganisms. Aesthetic aspects as a result of these refining processes is also of great importance when choosing materials for constructions by designers and architects.



21%

Joinery

The product area comprises high-quality windows and doors, houses, including the so-called Attefall-houses, as well as a wide range of garden products such as outdoor furniture, windbreaks, playground equipment and wooden decking and paneling for swimming pools and similar details for gardens and public outdoor environment.



37%

Sawn Wood

In the product area, sawmill operations are conducted at two facilities in Latvia respectively Estonia. Some of the production is further refined by other subsidiaries in the group to high-quality products such as windows and doors. Remaining production is mainly sold to other industrial customers in Europe for further processing.

Note: The numbers are based on Group sales for the period January-June 2022.

In addition to these three product areas, Bergs conducts operations in pellet production and logistics. This operation represents 6 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.

Sales in 2021

SEK 3.1 billion

Employees

950

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