

2022



Fågelfors - Pellets



Tillverkad av rent trä

Säcken innehåller pellets tillverkad av enbart pressat såg- och kutterspån. Vår pellets kommer från svenska råvaror och håller mycket hög kvalitet.

Innehåll:

16 kg 8 mm

Fabrik data:

För aktuell information angående torrhalt, energivärde och askhalt, se separat datablad.

Energiinnehåll:

4,8kWh/kg

Återvinning:

Förpackningen är tillverkad av polyetenplast och kan med fördel användas som soppsäcke eller sorteras som mjukplast vid din återvinningsstation. Vid förbränning bildas enbart koldioxid och vatten.

Kontakt:

Fogelfors.se



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Year-end report

1 January – 31 December 2022

FOURTH QUARTER (1 OCTOBER–31 DECEMBER)

- Net sales decreased by 19% to SEK 640 million (790). The decrease in net sales was mainly related to lower sales prices and sales volumes in Wood Protection and Sawn Wood.
- EBITDA amounted to SEK 30 million (106), a decrease primarily related to lower sales prices and sales volumes in Wood Protection and lower sales prices and higher raw material costs in Sawn Wood. Higher sales prices and sales volumes in the pellet business contributed positively. The EBITDA margin was 4.7% (13.4).
- Operating profit amounted to SEK 6 million (85), corresponding to an operating margin of 0.9% (10.8).
- Loss/profit for the period amounted to SEK –7 million (88).
- Earnings per share, before and after dilution, was SEK –0.20 (2.54).
- Cash flow from operating activities amounted to SEK 80 million (83), positively affected by a lower level of working capital.
- Net cash position totalled SEK 29 million (net debt: 223) as of 31 December 2022, corresponding to a net debt/equity ratio of –0.02 (0.14).
- The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share. The total proposed dividend is approximately SEK 69 million. Due to the strong financial position, it is the Board's intention to propose a share repurchase program to the annual general meeting.

FULL-YEAR (1 JANUARY–31 DECEMBER)

- Net sales increased by 7% to SEK 3,267 million (3,055). The increase in net sales was mainly related to higher sales volumes of windows and doors within Joinery, higher sales prices for Sawn Wood and higher sales prices and sales volumes of pellets.
- EBITDA amounted to SEK 331 million (503), a decrease primarily related to lower sales volumes and higher raw material costs in Wood Protection. Higher sales volumes of windows and doors and higher sales prices and sales volumes in the pellet business contributed positively. The EBITDA margin was 10.1% (16.5).
- Operating profit amounted to SEK 241 million (426), corresponding to an operating margin of 7.4% (13.9).
- Profit for the period amounted to SEK 231 million (417).
- Earnings per share, before and after dilution, was SEK 6.66 (12.03).
- Cash flow from operating activities amounted to SEK 491 million (65), positively affected by a lower level of working capital.
- 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.
- Acquisitions of window and door companies was made in the UK and Polen.
- A consolidation of shares (reverse split) was made in May, whereby ten (10) shares were consolidated into one (1) share.

The Group's key performance indicators

AMOUNTS IN SEK million	2022 Oct–Dec 3 months	2021 Oct–Dec 3 months	2022 Jan–Dec 12 months	2021 Jan–Dec 12 months
Net sales	640	790	3,267	3,055
EBITDA	30	106	331	503
EBITDA margin, %	4.7	13.4	10.1	16.5
Operating profit	6	85	241	426
Operating margin, %	0.9	10.8	7.4	13.9
Profit/loss for the period	–7	88	231	417
Earnings per share, SEK*	–0.20	2.54	6.66	12.03
Equity per share, SEK*	53.12	46.61	53.12	46.61

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

First page: The group's unit Fågelfors manufactures pellets and heating logs. Demand has been good in 2022.

A decent year despite the weak timber market in the second half of the year

FOURTH QUARTER

The last quarter of the year was affected by the deteriorating wood product market. Net sales decreased to SEK 640 million compared to SEK 790 million the previous year, mainly because of lower sales prices and sales volumes within Wood Protection and Sawn Wood. Operating profit before depreciation and amortisations, EBITDA, amounted to SEK 30 million compared to SEK 106 million the previous year. The lower result was explained by continued weak development for Wood Protection and lower result for Sawn Wood. The development for pellets and our growing window and door business within the Joinery product area continued to be good. Cash flow for the quarter amounted to SEK 80 million, mainly an effect of inventory reductions within Wood Protection.

FULL YEAR

For the full year, EBITDA amounted to SEK 331 million compared to SEK 503 million the previous year. The year's EBITDA margin amounted to 10.1%. Net sales amounted to SEK 3,267 million compared to SEK 3,055 million. The year's cash flow was strong and amounted to SEK 491 million, which resulted in a net cash position of SEK 29 million at the end of the year.

The board of Bergs has approved an investment in a new boiler in Vika Wood, providing the sawmill with significantly improved environmental parameters and a potential capacity increase as well as cost savings. The investment will be concluded in 2025 and amounts to about SEK 125 million.

The board proposes a dividend of SEK 2.00 (3.00) per share. The proposed dividend totals approximately SEK 69 million. Taking into account the Group's financial position, it is the board's intention to propose a share repurchase program to the annual general meeting.

MARKET

The economic situation is uncertain, which results in a continued weakening of the construction market and the demand for wood products. During the second half of the year, the reduced demand resulted in an oversupply of wood products with price pressure as a result. At the same time, the customers have reduced purchases, which has resulted in more balanced stocks and increased buying interest ahead of coming spring.

We see a continued good development of our market for bespoke windows and doors, where the order situation for the spring is good. Likewise, the market for pellets remains strong.

PERFORMANCE BY PRODUCT AREA

WOOD PROTECTION

Demand for wood protection products remained weak during the fourth quarter. Our stocks have continued to decrease during the quarter and are now at a more normal level for the season, which is a signal of an improved situation. At the same time, cost-saving measures have been taken and, among other things, our Latvian workforce has been reduced by approximately 100 employees.

The transition towards more highly refined products is following plan and, among other things, the production and sale of heat-treated wood has started at our facility in Nybro.

JOINERY

Our market for windows and doors is still good with normal order intake and order backlog. The target of continued volume growth in 2023 remains. As part of this, during the year we will increase the number of showrooms in our Timber Windows dealer network by five to 50 in total.

Demand for garden products shows a corresponding decrease as wood protection products. Here, too, cost savings and inventory reductions have been implemented during the quarter. We see signs of improved demand ahead of the upcoming spring season.

SAWN WOOD

The market for sawn wood products has continued to develop weakly during the fourth quarter. At the same time, there are indications that the buyer side has carried out stock reductions and will need to increase purchases during the spring. Inventories at our own sawmills are still low and production is basically only made to order. The price for timber raw material is now decreasing in the Baltics. This, in combination with increased prices for by-products, is expected to gradually strengthen margins during the spring.

At our Estonian sawmill, production curtailments and cost saving measures were implemented in the fourth quarter due to the weaker market. Our Latvian sawmill produced at normal levels.

OTHER (ENERGY & LOGISTICS)

Demand for pellets remains good. The market during the autumn can be described as nervous with partly very high spot prices. What we now see ahead of the rest of the winter season is a more balanced market, although with a price level that continues to provide a good margin.

FUTURE PROSPECTS

The economic situation remains uncertain, which will further reduce construction activity in Europe. At the same time, there are indications that the important American construction market has bottomed out. We expect the market for energy-saving measures, such as window and door replacement, to continue to be favourable.

As inventory levels for sawn timber products decrease at customers, the impact of the lack of Russian exports will now be fully felt. The timber market remains difficult to assess, but some signals point in the direction of an improvement during the spring.

Profitability for the product area Wood Protection and garden products is seasonally weak during the first quarter. Volumes will also be lower compared to the corresponding record quarters of 2021 and 2022. The effects of cost savings and lower raw material costs are expected to gradually improve margins.

Business for windows, doors and pellets will continue to develop favourably during the winter and spring.

Stockholm, 2 February 2023

Peter Nilsson
President and CEO



Net sales and operating profit

OCTOBER–DECEMBER 2022, COMPARED WITH OCTOBER–DECEMBER 2021

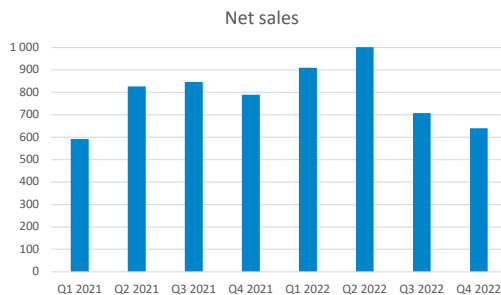
Net sales for the fourth quarter of 2022 amounted to SEK 640 million (790). The decrease of SEK 150 million, corresponding to 19 per cent, is attributable primarily to lower sales prices and sales volumes in Wood Protection and Sawn Wood. Higher sales volumes of windows and doors and higher sales prices and sales volumes of pellets contributed positively.

EBITDA decreased to SEK 30 million (106), which corresponds to an EBITDA margin of 4.7% (13.4). The decrease is primarily related to lower sales prices and sales volumes in Wood Protection and lower sales prices and higher raw material costs in Sawn Wood. Higher sales volumes of windows and doors and higher sales prices and sales volumes in the pellet business contributed positively.

Operating profit amounted to SEK 6 million (85), which corresponds to an operating margin of 0.9% (10.8).

JANUARY–DECEMBER 2022 COMPARED WITH JANUARY–DECEMBER 2021

Net sales amounted to SEK 3,267 million (3,055). The increase of SEK 212 million, corresponding to 7 per cent, is attributable primarily to higher sales volumes of windows and doors within Joinery, higher sales prices for Sawn Wood and higher sales prices and sales volumes of pellets. Lower sales volumes in Wood Protection contributed negatively.



EBITDA decreased to SEK 331 million (503), which corresponds to an EBITDA margin of 10.1% (16.5). The decrease is primarily related to lower sales volumes and higher raw material costs in Wood Protection. Higher sales volumes of windows and doors and higher sales prices and sales volumes in the pellet business contributed positively.

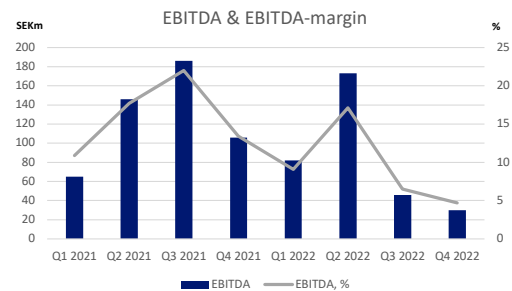
Operating profit amounted to SEK 241 million (426), which corresponds to an operating margin of 7.4% (13.9).

OCTOBER–DECEMBER 2022 COMPARED WITH JULY–SEPTEMBER 2022

Net sales amounted to SEK 640 million, compared with SEK 708 million for the third quarter of 2022, down SEK 68 million. The decrease is primarily attributable to lower sales prices and sales volumes in Wood Protection and Sawn Wood.

EBITDA amounted to SEK 30 million (46), corresponding to an EBITDA margin of 4.7% (6.5). The decrease is primarily related to lower sales prices and sales volumes in Sawn Wood. Higher sales prices and sales volumes for pellets contributed positively.

Operating profit amounted to SEK 6 million (23).



Cash flow and financing

Cash flow from operating activities for the period January–December amounted to SEK 491 million (65). The cash-flow effects from changes in working capital amounted to SEK 199 million (–414). The decrease in working capital was attributable to lower stocks and debtors. Last year's cash flow was negatively affected by higher sales- and purchasing prices. Investments in property, plant and equipment amounted to SEK –107 million (–143).

The Group's net financial debt at 31 December 2021 totalled SEK –29 million (net cash position), compared to SEK 223 million at 31 December 2021. The net debt/equity ratio was –0.02. The lower net debt is attributable to strong cash flow, positively affected by lower working capital.

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 the end of 2022, the credit facilities were prolonged one year. In addition, the Group has an overdraft facility with Danske Bank of SEK 50 million.

Loans and credit facilities on 31 December 2022, SEK million:

LOAN	Limit	Repayments, years			Total utilised
		0–1	1–2	2–	
Term loans		25	25	181	231
Revolving credit facility	400				0
Overdraft facilities	50				0
Total		25	25	181	231

Available cash and cash equivalents, including unutilised credit facilities, totalled SEK 718 million.

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

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	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Wood Protection	101	287	981	1,392
Joinery	205	156	836	495
Sawn Wood	239	306	1,292	1,117
Other	102	72	287	190
Internal net sales	-7	-31	-129	-139
External net sales	640	790	3,267	3,055

EBITDA

AMOUNTS IN SEK m	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Wood Protection	-23	37	-42	249
Joinery	16	9	77	42
Sawn Wood	6	64	238	259
Other	36	1	83	-6
Joint and eliminations	-5	-5	-25	-41
EBITDA	30	106	331	503

WOOD PROTECTION

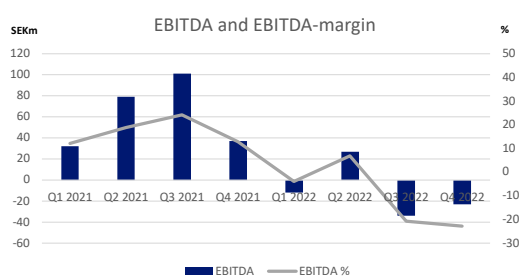
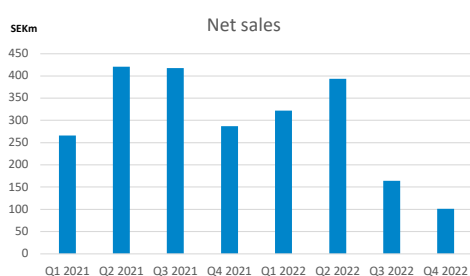
Wood Protection conducts operations in wood treatment. Operations are located in Sweden, Latvia and the UK. The majority of production takes place at the Byko-Lat and Bitus subsidiaries.

AMOUNTS IN SEK m	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	101	287	981	1,392
EBITDA	-23	37	-42	249
Operating profit/loss	-29	32	-62	232
EBITDA margin, %	-22.8	12.9	-4.3	17.9
Operating margin, %	-28.7	11.1	-6.3	16.7

Net sales for the fourth quarter amounted to SEK 101 million (287). The decrease was attributable to lower sales prices and sales volumes.

EBITDA amounted to SEK -23 million (37). The decrease was primarily attributable to lower sales prices and sales volumes.

The reduced loss compared with the third quarter 2022 was attributable to lower raw material costs.



JOINERY

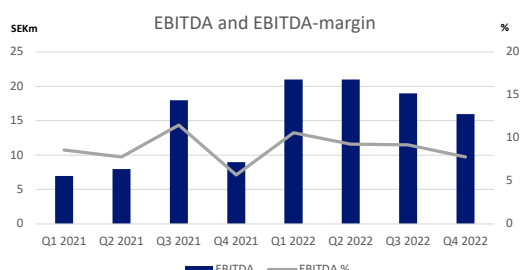
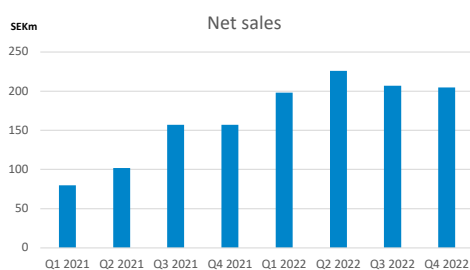
The Joinery product area manufactures processed products from wood such as houses, windows and doors as well as a broad range of garden products such as fencing, windbreaks, benches, tables and swimming pool sets. The production facilities are located in Latvia, Poland and the UK.

AMOUNTS IN SEK m	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	205	156	836	495
EBITDA	16	9	77	42
Operating profit	11	7	59	32
EBITDA margin, %	7.8	5.8	9.2	8.5
Operating margin, %	5.4	4.5	7.1	6.5

Net sales for the fourth quarter amounted to SEK 205 million (156). The increase was primarily attributable to higher sales volumes for windows and doors. Garden products contributed negatively.

EBITDA amounted to SEK 16 million (9). The increase is primarily attributable to higher sales volumes of windows and doors. Garden products contributed negatively.

The lower result compared to the third quarter 2022 is explained by lower result for the house business.



SAWN WOOD

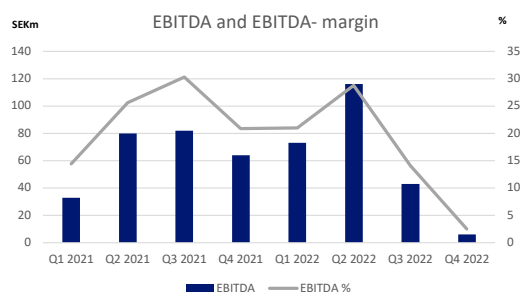
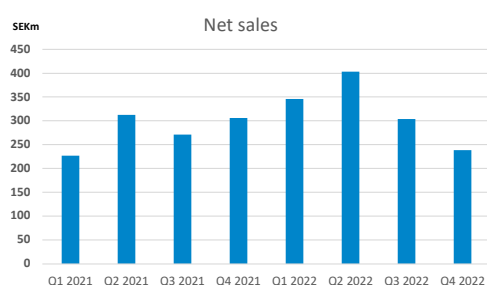
The Sawn Wood product area produces sawn products from two subsidiaries: Vika Wood in Latvia and Laesti in Estonia. These companies process raw forestry materials into planks and boards in various dimensions, lengths and qualities.

AMOUNTS IN SEK m	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	239	306	1,292	1,117
EBITDA	6	64	238	259
Operating profit/loss	-4	56	203	229
EBITDA margin, %	2.5	20.9	18.4	23.2
Operating margin, %	-1.7	18.3	15.7	20.5
Sales volumes, '000 m ³	66	84	324	338
Production volume, '000 m ³	63	87	329	346

Net sales for the fourth quarter amounted to SEK 239 million (306). The decrease was attributable to lower sales prices and lower sales volumes.

EBITDA amounted to SEK 6 million (64). The lower earnings are attributable primarily to lower sales prices, lower sales- and production volumes and higher raw material costs. At the sawmill in Estonia, production curtailments and cost saving measures were implemented and affected the result negatively.

The lower result compared to the third quarter 2022 was mainly explained by lower sales prices and lower sales- and production volumes.



OTHER (ENERGY & LOGISTICS)

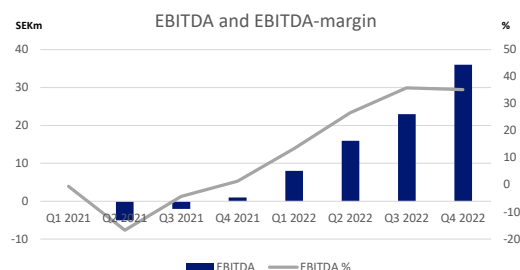
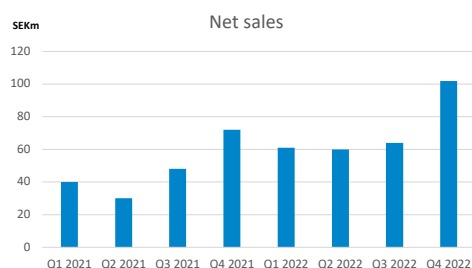
In addition to the three product areas, Bergs owns additional assets in the form of pellet manufacturing as well as a port and logistics facility in the UK.

AMOUNTS IN SEK m	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	102	72	287	190
EBITDA	36	1	83	-6
Operating profit/loss	30	-4	62	-26
EBITDA margin, %	35.3	1.4	28.9	-3.2
Operating margin, %	29.4	-5.6	21.6	-13.7

Net sales for the fourth quarter amounted to SEK 102 million (72). The increase in net sales were attributable primarily to higher sales prices and sales volumes of pellets.

EBITDA amounted to SEK 36 million (1). The increase was attributable to higher sales prices and sales volumes of pellets.

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



Other information

TAX

Recognised tax for the period January–December amounted to SEK –13 million (–6). The effective tax rate was 5 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 31 December 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

Bergs is affected by the war in Ukraine through its effects on economic development and price development for, among other things, timber, saw logs, energy and other inputs. We see higher interest rates and inflation that will cool down the economy and, in the short term, affect the demand for our products. There is also a risk that credit risks will increase in the business.

The Group complies with applicable sanctions and regulations and has suspended all purchases from Russia and Belarus. Bergs has previously had raw material supply to our unit in Latvia within Wood Protection from Russia and Belarus. These volumes have been compensated by increased purchases from other established suppliers in the Baltics and Scandinavia. Bergs has not had any sales to Russia or Belarus.

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 SEK 12 million on a cash and debt free basis. Goodwill and other surplus values amounted to SEK 8 million. See note 4 for further information.

Pinus

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 SEK 37 million. Goodwill and other surplus values amounted to SEK 11 million. See note 4 for further information.

EVENTS AFTER THE END OF THE QUARTER

There are no events after the quarter to report.

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–December amounted to SEK –15 million (–29).

PROPOSED DIVIDEND

The Board of Directors proposes that the Annual General Meeting resolve a dividend of SEK 2.00 (3.00) per share. The total proposed dividend is approximately SEK 69 million.

2023 ANNUAL GENERAL MEETING

The annual general meeting for the 2022 financial year will be held on 4 May 2023. Additional information on time and venue will be released later.

CALENDAR

Interim report, January–March 2023	4 May 2023
Annual general meeting	4 May 2023
Interim report, January–June 2023	25 July 2023
Interim report, January–September 2023	26 October 2023
Year-end report for 2023	31 January 2024

This year-end report has not been subject to review by the company's auditors.

The undersigned certify that the year-end 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, February 2, 2023
Bergs Timber AB (publ)

Peter Nilsson
President and CEO

Further information regarding the year-end 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.

This information in this year-end 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 2 February 2023 at 1:00 p.m. CET. The year-end report is available on the company's website, www.bergstimber.com

Bergs Timber AB (publ), corporate registration no: 556052-2798, Västra Trädgårdsgatan 15, SE-111 53 Stockholm, Sweden. Tel: +46 (0)10-199 84 00

Condensed consolidated income statement

AMOUNTS IN SEK m	2022 Oct-Dec 3 months	2021 Oct-Dec 3 months	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Net sales	640	790	3,267	3,055
Changes to products in process and finished goods	-21	-12	-7	65
Other operating income	8	12	20	19
Total	627	790	3,280	3,139
Operating expenses				
Raw materials and consumables	-364	-482	-1,975	-1,868
Other external costs	-123	-107	-551	-397
Personnel costs	-110	-95	-422	-371
Profit from shares in associated companies	0	0	-1	0
Depreciation/amortisation and impairment	-24	-21	-90	-77
Total operating expenses	-621	-705	-3,039	-2,713
Operating profit	6	85	241	426
Finance income	6	2	20	9
Financial expenses	-6	-3	-17	-12
Profit after financial items	6	84	244	423
Tax on profit for the period	-13	4	-13	-6
Profit/loss for the period	-7	88	231	417
Attributable to				
Parent Company shareholders	-7	88	231	417
Non-controlling interests	-	-	-	-
Earnings per share, SEK*	-0.20	2.54	6.66	12.03
Average number of shares, thousands	34,673	346,728	34,673	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 Oct-Dec 3 months	2021 Oct-Dec 3 months	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Profit for the period	-7	88	231	417
Change in hedge reserve (net after tax)	-18	-	11	-
Translation differences	22	5	88	17
Comprehensive income for the period	-3	93	330	434
Attributable to:				
Parent Company shareholders	-3	93	330	434
Non-controlling interests	-	-	-	-

Condensed consolidated balance sheet

AMOUNTS IN SEK m	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Intangible assets	355	329
Property, plant and equipment, incl. right-of-use assets	888	800
Financial assets	10	7
Deferred tax assets	22	22
Total non-current assets	1,275	1,158
Current assets		
Inventory	705	733
Current receivables	219	331
Cash and bank balances	268	94
Total current assets	1,192	1,158
TOTAL ASSETS	2,467	2,316
Equity and liabilities		
Equity	1,842	1,616
Liabilities		
Non-current liabilities		
Interest-bearing liabilities	211	12
Other non-current liabilities and provisions	5	5
Deferred tax liabilities	35	30
Total non-current liabilities	251	47
Current liabilities		
Interest-bearing liabilities	29	305
Non-interest bearing liabilities	345	348
Total current liabilities	374	653
TOTAL EQUITY AND LIABILITIES	2,467	2,316

Changes in equity (no minority exists)

AMOUNTS IN SEK m	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Equity, opening balance	1,616	1,251
Comprehensive income for the period	330	434
Dividend paid	-104	-69
Total equity at the end of the period	1,842	1,616

Condensed cash flow statement

AMOUNTS IN SEK m	2022 Oct-Dec 3 months	2021 Oct-Dec 3 months	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Operating activities				
Profit after financial items	6	84	244	423
Adjustments for non-cash items*	18	15	66	59
Income taxes paid	-3	-4	-18	-3
Cash flow from operating activities before changes in working capital	21	95	292	479
Change in inventories	16	-23	94	-362
Change in operating receivables	103	72	157	-58
Change in operating liabilities	-60	-61	-52	6
Cash flow from operating activities	80	83	491	65
Investing activities				
Business combination	-	-	-45	-73
Acquisition of property, plant and equipment	-33	-44	-107	-143
Sale of property, plant and equipment	18	0	18	0
Change in financial assets	-2	-6	-3	-6
Cash flow from investment activities	-17	-50	-137	-222
Financing activities				
Change in financial receivables and liabilities	-106	-53	-80	77
Paid dividend	-	-	-104	-69
Cash flow from financing activities	-106	-53	-184	8
Cash flow for the period	-43	-20	170	-149
Cash and cash equivalents at start of period	310	114	94	242
Translation differences in cash and cash equivalents	1	0	4	1
Cash and cash equivalents at end of period	268	94	268	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 Oct-Dec 3 months	2021 Oct-Dec 3 months	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Net sales		640	790	3,267	3,055
EBITDA		30	106	331	503
EBITDA margin, %	>9	4.7	13.4	10.1	16.5
Operating profit		6	85	241	426
Operating margin, %		0.9	10.8	7.4	13.9
Return on capital employed, %, 12 months		–	–	13.0	25.6
Earnings per share, SEK*		–0.20	2.54	6.66	12.03
Interest-bearing net debt		–29	223	–29	223
Net debt/equity ratio	<1.0	–0.02	0.14	–0.02	0.14
Equity/assets ratio, %		74.7	69.8	74.7	69.8
Average number of shares, thousands		34,673	346,728	34,673	346,728
Equity per share, SEK*		53.12	46.61	53.12	46.61

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

Condensed Parent Company statement of income

AMOUNTS IN SEK m	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Other operating income	5	6
Total	5	6
Operating expenses		
Other external costs	-16	-14
Personnel costs	-16	-22
Depreciation	0	0
Total operating expenses	-32	-36
Operating loss	-27	-30
Finance income	28	11
Financial expenses	-16	-10
Loss after financial items	-15	-29
Appropriations	39	30
Profit before tax	24	1
Tax on profit for the period	-4	-1
Profit/loss for the period	20	0

Condensed Parent Company balance sheet

AMOUNTS IN SEK m	31 Dec 2022	31 Dec 2021
Assets		
Property, plant and equipment	0	0
Financial assets	1,230	1,221
Total non-current assets	1,230	1,221
Receivables from Group companies	111	122
Other current receivables	7	11
Cash and bank balances	217	5
Total current assets	335	138
TOTAL ASSETS	1,565	1,359
Liabilities and equity		
Equity	769	852
Untaxed reserves	28	21
Non-current liabilities	206	0
Current liabilities	562	486
TOTAL EQUITY AND LIABILITIES	1,565	1,359

Notes

1. ACCOUNTING POLICIES

This year-end 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–December 2022 AMOUNTS IN SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	178	40	0	59	277
UK	266	569	45	72	952
Baltics	29	6	673	16	724
Rest of Europe	409	214	208	138	969
Rest of world	32	2	309	2	345
Total external net sales	914	831	1,235	287	3,267

January–December 2021 AMOUNTS IN SEK m	Wood Protection	Joinery	Sawn Wood	Other	Group total
Sweden	239	34	0	36	309
UK	508	256	52	59	875
Baltics	48	7	567	30	652
Rest of Europe	521	200	195	65	981
Rest of world	24	1	211	2	238
Total external net sales	1,340	498	1,025	192	3,055

3. FINANCIAL INSTRUMENTS BY CATEGORY

AMOUNTS IN SEK m	Level	Carrying amount 31 Dec 2022	Fair value 31 Dec 2022	Carrying amount 30 Sep 2022	Fair value 30 Sep 2022
Financial assets at amortised cost					
Non-current receivables	–	5	5	3	3
Trade receivables	–	150	150	249	249
Other receivables	–	21	21	24	24
Cash and cash equivalents	–	268	268	310	310
Derivatives for hedge accounting					
Derivatives	2	15	15	36	36
		459	459	622	622
Financial liabilities measured at amortised cost					
Non-current interest-bearing liabilities	–	211	211	218	218
Accounts payable	–	103	103	136	136
Current interest-bearing liabilities	–	29	29	127	127
Other liabilities	–	38	38	40	40
Derivatives for hedge accounting					
Derivatives	2	0	0	0	0
		381	381	521	521

Fair value of electricity derivatives are equal to the market value 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, electricity futures or rate swaps.
- 3: Data for the asset or liability that is not completely based on observable market data.

4. ACQUISITIONS

On July 5 2022, Bergs acquired the Polish company Pinus. The company manufactures bespoke windows and doors for the premium segment. The acquired company is recognised in Bergs from 5 July 2022 and is included in the Joinery segment.

Purchase price allocation

The purchase method has been used for the reporting of the acquisition. A purchase price allocation has been prepared as shown in the table below.

Amounts in SEK million

Purchase consideration, cash		37	
Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill and other intangible assets	0	11	11
Property, plant and equipment	24		24
Inventories	14		14
Other current assets	13		13
Cash and cash equivalents	2		2
Non-current liabilities	-2		-2
Current liabilities	-25		-25
	26	11	37

Cash flow effect

Amounts in SEK m

Purchase consideration, cash	-37
Cash and cash equivalents in acquired company	2
Transaction costs	-2
	-37

Transaction costs amounted to SEK 2 million and are included in other external costs in the income statement. The acquired company was consolidated as of 5 July 2022 and contributed SEK 42 million in net sales and SEK 0 million in operating profit for the period 5 July–31 December 2022. If the company had been consolidated as of 1 January 2022, it would have contributed SEK 90 million in net sales and SEK 3 million in operating profit.

On 13 January 2022, PTPG acquired all shares in the English company P&P Holdings Limited. The company sells, distributes and installs windows and doors in Surrey and South West London. The company is reported in the Joinery segment.

Purchase price allocation

The purchase method has been used for the reporting of the acquisition. A purchase price allocation has been prepared as shown in the table below.

Amounts in SEK million

Purchase consideration, cash		12	
Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill and other intangible assets	–	8	8
Property, plant and equipment	13		13
Inventories	6		6
Other current assets	5		5
Cash and cash equivalents	3		3
Non-current liabilities	-1		-1
Current liabilities	-22		-22
	4	8	12

Cash flow effect

Amounts in SEK m

Purchase consideration, cash	-12
Cash and cash equivalents in acquired company	3
Transaction costs	-1
	-10

Transaction costs amounted to SEK 1 million and are included in other external costs in the income statement.

The acquired company was consolidated as of 13 January 2022 and contributed SEK 101 million in net sales and SEK 4 million in operating profit for the period 13 January–31 December 2022.

5. INFORMATION ON RISKS AND UNCERTAINTIES

Business cycle

Bergs operates in a competitive and cyclical market. Prices and volumes for wood products are largely dependent on the balance between supply and demand on a global level with large variations over time. The cost of raw materials constitutes a large part of the product's value and makes Bergs sensitive to price development and access to raw material. The raw material is preferably sourced in the immediate area and the supply and demand of the raw material affects pricing to a large extent in the short term.

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

Bergs is affected by the war in Ukraine through its effects on economic development and price development for, among other things, timber, saw logs, energy and other inputs. We see higher interest rates and inflation that will cool down the economy and, in the short term, affect the demand for our products. There is also a risk that credit risks will increase in the business.

The Group complies with applicable sanctions and regulations and has suspended all purchases from Russia and Belarus. Bergs has previously had raw material supply to our unit in Latvia within Wood Protection from Russia and Belarus. These volumes have been compensated by increased purchases from other established suppliers in the Baltics and Scandinavia. Bergs has not had any sales to Russia or Belarus.

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. We have not identified any need for impairment during the current year despite a negative earnings trend in the Wood Protection segment. The business has shown good profitability over time but was negatively affected by lower demand during the current year. 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.

6. RELATED-PARTY TRANSACTIONS

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

The Parent Company has conducted transactions with the Group's subsidiaries in the form of sales of management and administration services. The scope of transactions with related parties has not changed compared to the information provided in the 2021 Annual Report.

7. 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.

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)

RECONCILIATION TABLE

AMOUNTS IN SEK m	2022 Oct-Dec 3 months	2021 Oct-Dec 3 months	2022 Jan-Dec 12 months	2021 Jan-Dec 12 months
Equity	–	–	1,842	1,616
Interest-bearing liabilities	–	–	240	317
Provisions	–	–	6	5
Capital employed	–	–	2,088	1,938
Profit after financial items	–	–	244	423
Financial expenses	–	–	17	12
Total	–	–	261	435
Average capital employed	–	–	2,013	1,701
Return on capital employed, %	–	–	13.0	25.6
Interest-bearing liabilities, non-current	211	12	211	12
Interest-bearing liabilities, current	29	305	29	305
Total interest-bearing liabilities	240	317	240	317
Cash and cash equivalents	–268	–94	–268	–94
Interest-bearing net debt	–29	223	–29	223
Interest-bearing net debt	–29	223	–29	223
Equity	1,842	1,616	1,842	1,616
Net debt/equity ratio	–0.02	0.14	–0.02	0.14
Equity	1,842	1,616	1,842	1,616
Total assets	2,467	2,316	2,467	2,316
Equity/assets ratio, %	74.7	69.8	74.7	69.8
Operating profit/loss	6	85	241	426
Depreciation, amortisation and impairment	24	21	90	77
EBITDA	30	106	331	503
Net sales	640	790	3,267	3,055
EBITDA margin, %	4.7	13.4	10.1	16.5
Operating profit/loss	6	85	241	426
Net sales	640	790	3,267	3,055
Operating margin, %	0.9	10.8	7.4	13.9

8. QUARTERLY OUTCOME BY SEGMENT

Segments are monitored and reported including operating profit.

STATEMENT OF INCOME

AMOUNTS IN SEK m	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2022 Full year	2021 Full year
Net sales	640	708	1,009	910	790	846	826	593	3,267	3,055
Wood Protection	101	164	394	322	287	418	421	266	981	1,392
Joinery	205	207	226	198	156	157	102	80	836	495
Sawn Wood	239	304	403	346	306	271	313	227	1,292	1,117
Other	102	64	60	61	72	48	30	40	287	190
Joint and elim	-7	-31	-74	-17	-31	-48	-40	-20	-129	-139
EBITDA	30	46	173	82	106	186	146	65	331	503
Wood Protection	-23	-34	27	-12	37	101	79	32	-42	249
Joinery	16	19	21	21	9	18	8	7	77	42
Sawn Wood	6	43	116	73	64	82	80	33	238	259
Other	36	23	16	8	1	-2	-5	0	83	-6
Joint and elim	-5	-5	-7	-8	-5	-13	-16	-7	-25	-41
EBITDA margin, %	4.7	6.5	17.1	9.0	13.4	22.0	17.7	11.0	10.1	16.5
Wood Protection	-22.8	-20.7	6.9	-3.7	12.9	24.2	18.8	12.2	-4.3	17.9
Joinery	7.8	9.2	9.3	10.6	5.8	11.5	7.8	8.6	9.2	8.5
Sawn Wood	2.5	14.1	28.8	21.1	20.9	30.3	25.6	14.4	18.4	23.2
Other	35.3	35.9	26.7	13.1	1.4	-4.2	-16.7	-0.5	28.9	-3.2
Operating profit	6	23	151	61	85	166	128	47	241	426
Wood Protection	-29	-38	22	-17	32	98	74	28	-62	232
Joinery	11	14	17	17	7	14	6	5	59	32
Sawn Wood	-4	34	108	65	56	74	74	25	203	229
Other	30	18	11	3	-4	-7	-11	-4	62	-26
Joint and elim	-2	-5	-7	-7	-6	-13	-15	-7	-21	-41
Operating margin, %	0.9	3.2	15.0	6.7	10.8	19.6	15.5	7.9	7.4	13.9
Wood Protection	-28.7	-23.2	5.6	-5.3	11.1	23.4	17.6	10.6	-6.3	16.7
Joinery	5.4	6.8	7.5	8.6	4.5	8.9	5.9	6.4	7.1	6.5
Sawn Wood	-1.7	11.2	26.8	18.8	18.3	27.3	23.6	11.2	15.7	20.5
Other	29.4	28.1	18.3	4.9	-5.6	-14.6	-36.7	-10.7	21.6	-13.7

This is Bergs – an international wood products Group

Product areas



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.



Joinery

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



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–December 2022.

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, Poland and the UK – encompass sawmills and processing as well as distribution and logistics. Bergs is listed on Nasdaq Stockholm.

Sales in 2022

SEK 3.3 billion

Employees

1,100

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

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