



Press Release
27 October 2023 07:45:00 CEST

Statement from the Board of Directors of Bergs Timber in relation to Norvik's public takeover offer to the shareholders of Bergs Timber

Background

This statement is made by the independent members of the Board of Directors (the "Board") of Bergs Timber AB (publ) ("Bergs Timber" or the "Company") pursuant to section II.19 of the Nasdaq Stockholm takeover rules (the "Takeover Rules").

On 27 October 2023, Norvik hf, through the wholly-owned subsidiary Kivron AB (the "Bidder"), announced a public takeover offer to Bergs Timber's shareholders, whereby the Bidder offers SEK 44.50 in cash for each share in Bergs Timber (the "Offer"). The total value of the Offer, based on all outstanding shares in Bergs Timber, amounts to approximately SEK 1.54 billion.

The Board notes that the price per share that the Bidder is offering represents a premium of:

- 86.2 per cent compared to the closing price of SEK 23.90 for Bergs Timber's B-share on Nasdaq Stockholm on 26 October 2023, which was the last trading day prior to the announcement of the Offer;
- 79.2 per cent compared to the volume-weighted average share price of SEK 24.83 for Bergs Timber's B-share on Nasdaq Stockholm during the last 30 trading days prior to the announcement of the Offer; and
- 65.4 per cent compared to the volume-weighted average share price of SEK 26.91 for Bergs Timber's B-share on Nasdaq Stockholm during the last 90 trading days prior to the announcement of the Offer.

The Bidder is currently the largest shareholder in Bergs Timber, holding shares corresponding to approximately 58,67 per cent of the shares and votes in the Company.

The Offer is *inter alia* conditional upon:

- the Offer is accepted to the extent that Norvik becomes the holder of shares corresponding to more than 90 per cent of the outstanding shares in Bergs Timber, and
- the receipt of all necessary regulatory, governmental, or similar clearances, approvals, decisions and other actions from authorities or similar, including from competition authorities, in each case on terms which, in Norvik's opinion, are acceptable.

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Norvik has reserved the right to waive, in whole or in part, the conditions for the Offer. The Offer is not conditional upon financing. For more information about the Offer and its terms and conditions, please see Norvik's press release announced today.

The Board has appointed Handelsbanken Capital Markets, Corporate Finance as financial advisor (the "Financial Advisor") and Advokatfirman Vinge as legal advisor in relation to the Offer.

The Financial Advisor has at the request of the Board provided a fairness opinion according to which the Offer, including with respect to the terms and conditions for the Offer, is fair to Bergs Timber's shareholders from a financial point of view (subject to the assumptions and considerations set out in the opinion) (the "Opinion"). The Opinion is attached to this statement. For providing the Opinion, the Financial Advisor will receive a fixed fee which is not contingent on the size of the Offer consideration, the acceptance level of the Offer or whether it is completed.

The Board members Jon Helgi Gudmundsson and Gudmundur H Jónsson have, due to conflict of interest, not participated in the Board's deliberations or decisions relating to the Offer. Consequently, Section III of the Takeover Rules is applicable to the Offer, entailing, *inter alia*, that Bergs is required to obtain and publish a fairness opinion regarding the Offer.

Voting rights restriction and statement from the Swedish Securities Council

In connection with Bergs' acquisition of Norvik's former subsidiaries with operations in the wood products industry in 2018 and Norvik's subsequent increase of its shareholding in Bergs Timber, Norvik undertook to *inter alia* limit its influence in Bergs Timber such that Norvik would not represent a majority of the votes at general meetings in Bergs, regardless of its majority shareholding in the Company (the "Voting Restriction").^[1]

The Swedish Securities Council (Sw. Aktiemarknadsnämnden) has in its ruling AMN 2023:49 confirmed that from the point of view of good practice on the stock market, Norvik's undertaking *inter alia* may terminate at the earliest six months after announcement of such termination. The ruling in its entirety is available at www.aktiemarknadsnamnden.se.

In connection with the Offer, Bergs Timber and Norvik have agreed that if the Offer is accepted to such extent that Norvik, directly or indirectly, becomes the owner of shares representing more than 90 per cent of the total number of outstanding shares in Bergs Timber, the Voting Restriction shall lapse immediately, or otherwise the Voting Restriction shall lapse on 30 April 2024.

The Offer's impact on employees etc.

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Under the Takeover Rules, the Board is required, based on the Bidder's statements in the Offer, to present its opinion regarding the impact that the implementation of the Offer may have on Bergs Timber, particularly in terms of employment, and its opinion regarding the Bidder's strategic plans for Bergs Timber and the anticipated effects such plans will have on employment and on the locations where the Company conducts its business.

In its press release, the Bidder stated the following:

"Considering the current market conditions, and given Norvik's current knowledge of Bergs, Norvik does not intend to implement any changes regarding the Company's business or its management and employees, including their terms of employment, or regarding occupation and the locations where Bergs conducts its operations. Nor does Norvik currently have any strategic plans for Bergs which may have an impact on employment or the locations where the Company conducts its operations."

The Board assumes that this description is correct and has in relevant respects no reason to take a different view.

The Board's evaluation and recommendation

The Board's opinion of the Offer is based on an assessment of a number of factors that the Board has considered relevant for the evaluation of the Offer. These factors include, but are not limited to, the Company's strategic and financial position, current and anticipated market conditions as well as the Company's expected future performance and long-term value creation, including the associated opportunities and risks.

In evaluating the Offer, the Board has analysed the Offer using methods normally used for evaluating public takeover offers for listed companies, including the value of Bergs Timber relative to comparable listed companies and transactions, bid premiums in previous public takeover offers, estimated transaction value of the separate entities that comprise the group, previous material transactions in the share as well as the Board's view on the Company's long-term value based on the Company's expected cash flow generation.

The assessment is also based on the Financial Advisor's Opinion as to the fairness of the Offer from a financial point of view for the shareholders in Bergs Timber. According to the Opinion, the Offer, subject to the conditions and assumptions stated in the Opinion, is fair from a financial point of view for the shareholders in Bergs Timber.

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Even if the Board is of the view, which is supported by the Financial Advisor's fairness opinion, that the price in the Offer can be considered fair from a financial perspective, it nevertheless notes that the price in the Offer is in the lower range of what the Board considers to be a fair price per share. This is particularly true considering the Company's long-term potential. The Board has however also taken into account when evaluating the Offer, the fact that the Company's share price is currently trading at low levels and that the Offer is made in a challenging economic environment.

The Board further notes that the Bidder currently controls approximately 58.67 per cent of the total number of shares in the Company and that it is not unlikely that the Bidder through the Offer may become the holder of an even greater share of the Company. This holding may be lower than 90 per cent of the total number of shares in the event the Bidder decides to waive the condition on obtaining a 90 per cent acceptance in the Offer. The Board therefore wishes to highlight that the liquidity of the Company's share may become more limited than previously, meaning it could become more difficult for shareholders in Bergs Timber to trade their shares in the Company on the market.

Further, it should be mentioned that the Board, following the Bidder's conditions for making the Offer public, and based on the statement from the Swedish Securities Council and subject to the conditions prescribed therein, has found it reasonable to waive the limitations with respect to inter alia voting rights that the Bidder assumed in the original agreement entered into in 2018, as is further described in the Bidder's press release.

Following an overall assessment, the Board is of the opinion that the shareholders in Bergs Timber should be presented with the opportunity to consider the Offer and decided to recommend the shareholders of Bergs Timber to accept the Offer. The board member Åke Bergh has made a reservation against the decision and has informed the Board that he cannot recommend the Offer, since he believes that there is more value potential in the Company.

This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by Swedish courts.

Stockholm, 27 October 2023

The Board of Bergs Timber AB (publ)

For further information, please contact:

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This information is information that Bergs Timber AB (publ) is obliged to make public pursuant to the Takeover Rules. The information was submitted for publication, through the agency of the contact person set out above, on 27 October 2023, at 07:45 CEST.

Appendix 1 – Fairness Opinion

[1] At the time, the Swedish Securities Council granted Norvik exemption from the mandatory bid requirements, AMN 2018:05.

About Bergs - An international wood products Group

The Bergs Group consists of independent subsidiaries, with clear responsibilities for results, that develop, produce and market processed wood for various applications.

With years of experience in wood and a great deal of competence in processing, Bergs promotes building a sustainable society based on renewable raw materials from sustainably cultivated forests in the Baltic Sea region. Operations are conducted in Sweden, Latvia, Poland and the UK, and the Group's products are sold in some 20 countries.

The largest markets consist of Scandinavia, the Baltic countries, the UK and France. The head office and Group management are located in Sweden.

The company's share has been listed on Nasdaq Stockholm since 1984.

Attachments

[Statement from the Board of Directors of Bergs Timber in relation to Norvik's public takeover offer to the shareholders of Bergs Timber](#)
[ENG Fairness Opinion 20231027](#)

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