



Interim Report Q3 2021

MANAGEMENT COMMENTARY

September 8 was a sad day in Bergkvist Siljan's history when one of our co-workers died in a work-related accident, falling from the lumber intake in Mora. Despite the Group's strong commitment to health and safety matters, this tragic incident occurred. We are together processing the grief.

We take the incident very seriously and understand that the Group as a whole must continue focusing on our joint safety-related efforts, to ensure that similar incidents do not occur in the future.

BUSINESS HIGHLIGHTS Q3 2021

Similar to the previous quarters during the year, the trend with favourable market conditions has continued during the third quarter. This trend, in combination with production throughout the summer at all three mills, has generated a strong result for the period. Key highlights from a business perspective included:

- Increasing prices on sawn wood products in the Group's markets
- Continued price increases on raw material compared to previous quarter and the same quarter previous year
- Continuously weak market for energy-products
- Successful cost control in all areas of operations
- Production at all three sawmills in July which has strongly contributed to the improved financial results
- Reduced boiler-capacity in Insjön during the quarter, which was resolved in September, led to some loss in production during the quarter, which is expected to be recovered during the remainder of the year
- Despite challenges on the global logistics market, the Group has secured freight capacity for the remainder of the year
- Driven by the strong results, the Group's liquidity has strengthened and as of end of September the Group has cash and cash equivalents exceeding the external interest-bearing debt

FINANCIALS

The financial highlights for Q2 2021 include:

- Net sales of SEK 876m (514)
- EBITDA of SEK 426m (33), with an EBITDA margin of 48.7% (6.4%)
- Pro-forma EBITDA, fully adjusted for extraordinary items of SEK 427m (36)
- Operating profit of SEK 410m (13), with an EBIT margin of 46.8% (2.5%)
- Cash and cash equivalents as of September 30, 2021 of SEK 633m (191)

Despite the structural changes in the Group, net sales increased compared to the previous period, driven by the strong market price development.

The strong profitability improvement is explained by the favourable market conditions and the continued production through the summer, as well as full effect of realized synergies.

The financial highlights for the first nine months of 2021 include:

- Net sales of SEK 2,259m (2,010)
- EBITDA of SEK 741m (137), with an EBITDA margin of 32.8% (6.8%)
- Pro-forma EBITDA, fully adjusted for extraordinary items of SEK 744m (141)
- Operating profit of SEK 692m (86), with an EBIT margin of 30.6% (4.3%)

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On October 7, the Group announced that all outstanding bonds will be repaid on October 28. The total cash outflow is expected to amount to SEK 585m during October, including interests and premium according to the bond terms. The bonds are delisted from all markets in connection with the repayment.

Anders Nilsson
CEO

CONSOLIDATED INCOME STATEMENT

SEKm	Note	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net sales	G1	876	514	2,259	2,010
Changes in products in progress and finished goods		34	20	16	-27
Other operating income	G4	8	10	18	21
Total		918	544	2,292	2,004
Raw materials and consumables		-393	-408	-1,221	-1,529
Gross profit		524	135	1,071	475
Personnel costs		-45	-49	-154	-168
Other external costs		-54	-53	-176	-170
Depreciation and write-downs		-16	-20	-50	-51
Other operating costs		0	0	0	0
Operating profit		410	13	692	86
Financial income	G4	0	7	0	20
Financial costs	G4	-24	-25	-71	-94
Profit before tax		386	-5	621	12
Tax		-82	1	-133	2
Profit / loss for the period		304	-4	488	14
Other comprehensive income					
<i>Items that cannot be transferred to profit / loss for the period</i>					
Revaluation of pension liabilities		2	1	1	2
Deferred tax		0	0	0	0
Total comprehensive income		305	-3	489	15
attributable to:					
- Shareholders of parent company		305	-3	489	15
- Non-controlling interest		0	0	0	0

CONSOLIDATED BALANCE SHEET

SEKm	Note	2021.09.30	2020.09.30
ASSETS			
Goodwill		189	189
Customer relations		66	75
Other intangible assets		2	3
Total intangible assets		257	266
Buildings and property		216	226
Machinery		358	396
Assets under construction		0	8
Total tangible assets		573	629
Right-of-use assets		80	79
Non-current financial assets	G2	16	17
Deferred tax assets		9	7
Total non-current assets		936	999
Inventory		182	171
Trade receivables	G2	408	304
Derivatives assets	G2	1	-
Tax receivables		22	11
Other current assets	G2	58	97
Prepaid costs and accrued income		27	20
Cash and cash equivalents	G2	633	191
Total current assets		1,330	794
Total assets		2,266	1,793
EQUITY AND LIABILITIES			
Share capital		1	1
Other equity		54	54
Retained earnings		529	15
Equity attributable to shareholders of parent company		584	70
Equity attributable to non-controlling interest		3	3
Total equity		587	73
Bond loan	G2	454	585
Shareholder loans	G2	393	380
Non-current right-of-use liabilities	G2	46	49
Deferred tax liability		215	77
Provisions for pensions and other provisions		39	38
Non-current liabilities		1,148	1,129
Bond loan	G2	76	85
Other current interest bearing liabilities	G2	-	-
Derivatives liabilities	G2	3	3
Current right-of-use liabilities	G2	21	19
Trade payables	G2	291	302
Tax liabilities		12	21
Other current liabilities	G2	24	34
Deferred costs and prepaid income		105	127
Current liabilities		532	591
Total equity and liabilities		2,266	1,793

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Other equity	Retained earnings included total income for the year	Equity related to shareholders of the parent	Non-controlling interests	Total equity
2020.01-2020.09						
Opening balance	1	54	-1	54	3	56
Profit / loss			14	14		14
Other comprehensive income			2	2		2
Total income	-	-	17	17	-	17
Closing balance	1	54	16	70	3	73
2021.01-2021.09						
Opening balance	1	54	39	94	3	97
Profit / loss			488	488		488
Other comprehensive income			1	1		1
Total income	-	-	489	489	-	489
Closing balance	1	54	529	584	3	587

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	Q1-Q3 2021	Q1-Q3 2020
Profit before tax		621	12
Adjustments for non-cash items		95	86
Paid tax		-15	-3
Cash flow from operating activities before changes in working capital		701	95
Changes in working capital		-169	11
Cash flow from operating activities		532	106
Investments in non-current assets		-6	-12
Sale of non-current assets		3	-
Cash flow from investing activities		-4	-12
Bond amortization		-106	-75
Amortized leasing (including terminations)		-11	-12
Other debt transactions, net		-	-21
Cash flow from financing activities		-117	-108
Cash flow for the period		411	-14
Cash and cash equivalents beginning of period		222	205
Cash and cash equivalents end of period		633	191

PARENT COMPANY INCOME STATEMENT

SEKm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Net sales	-	-	-	-
Changes in products in progress and finished goods	-	-	-	-
Other operating income	2	1	4	5
Total	2	4	4	5
Raw materials and consumables	-	-	-	-
Gross profit	2	4	4	5
Personnel costs	-	-	-0	-
Other external costs	-1	-1	-4	-5
Operating profit	1	1	-0	1
Financial income	4	7	15	109
Financial costs	-19	-18	-59	-63
Profit after financial items	-14	-10	-44	47
Appropriations	-	-	-	-
Profit before tax	-14	-10	-44	47
Tax	-	-	-	-
Profit / loss for the period	-14	-10	-44	47

PARENT COMPANY BALANCE SHEET

SEKm	Note	2021.09.30	2020.09.30
ASSETS			
Non-current financial assets		999	773
Deferred tax assets		1	-
Total non-current assets		1,000	773
Trade receivables		0	2
Tax receivables		0	3
Other current assets		0	333
Prepaid costs and accrued income		0	0
Cash and cash equivalents		19	7
Total current assets		19	345
Total assets		1,019	1,118
EQUITY AND LIABILITIES			
Share capital		1	1
Other equity		54	54
Retained earnings		29	11
Total equity		84	66
Bond loan		446	585
Shareholder loans		393	380
Provisions for pensions and other provisions		-	-
Non-current liabilities		839	965
Bond loan		84	85
Other current interest bearing liabilities		0	0
Tax liabilities		11	-
Trade payables		0	-
Other current liabilities		0	1
Deferred costs and prepaid income		0	1
Current liabilities		96	87
Total equity and liabilities		1,019	1,118

NOTES TO THE INTERIM REPORT

GENERAL INFORMATION

Bergkvist Siljan AB (publ), Corp. Reg. No. 559136-6686, is a limited company registered in Sweden with its registered office in Mora. The address of the head office is Box 435, SE-792 27 Mora, Sweden. The operations of Bergkvist Siljan AB (publ) (the "Parent Company") and its subsidiaries (the "Group") comprise manufacturing and sale of sawn wood products and related activities.

Unless stated otherwise, all amounts are presented in millions of SEK (SEKm).

G1 NET SALES

Net sales by geographic market

SEKm	Q3	Q3	Q1-Q3	Q1-Q3
	2021	2020	2021	2020
Sweden	242	206	728	833
Other Scandinavia	63	33	128	123
Other Europe	45	62	223	212
Asia, ex cl. Middle East	469	145	942	652
Other	57	68	238	190
Total	876	514	2,259	2,010

Net sales by product category

SEKm	Q3	Q3	Q1-Q3	Q1-Q3
	2021	2020	2021	2020
Sawn wood products	772	365	1,911	1,380
By-products	39	34	133	169
Lumber and pulpwood	65	103	211	411
Other	0	12	4	20
Total	876	514	2,259	2,010

G2 FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	21.09.30	20.09.30
<i>Financial assets valued at fair value</i>		
Derivatives assets	1	-
Total	1	-
<i>Financial assets valued at amortised cost</i>		
Non-current financial assets	16	17
Trade receivables	408	304
Other current assets	58	97
Cash and cash equivalents	633	191
Total	1,116	609
<i>Financial liabilities valued at fair value</i>		
Derivatives liabilities	3	3
Total	3	3
<i>Financial liabilities valued at amortised cost</i>		
Bond loan	530	670
Shareholder loans	393	380
Right-of-use liabilities	68	68
Trade payables	291	302
Other liabilities	24	34
Total	1,306	1,454

The bond loan has a fair value of SEK 576m, of which the Group holds SEK 30m nominal amount. For the remaining items, the fair values coincide with carrying amounts

G3 KEY RISKS AND UNCERTAINTIES

The Group's key risks and uncertainties relate to fluctuations in demand and prices of sawn wood products and raw material prices. For a more detailed description of key risks and uncertainties, please refer to Bergkvist Siljan's latest Annual Report.

G4 RELATED PARTY TRANSACTIONS

The Group has had the following transactions with related party during the interim period:

SEKm	Q3	Q3	Q1-Q3	Q1-Q3
	2021	2020	2021	2020
Financial costs	-7	-7	-20	-22
Total	-7	-7	-20	-22

The parent company has had the following transactions with companies within the Group during the interim period:

SEKm	Q3	Q3	Q1-Q3	Q1-Q3
	2021	2020	2021	2020
Other operating income	2	1	5	5
Financial income	4	6	13	19
Total	5	7	17	24

G5 DEFINITION OF KEY INDICATORS

EBITDA

EBITDA is calculated as the profit of the Group before interest, tax, depreciation and amortisation for the relevant period.

Pro-forma, fully adjusted EBITDA

Pro-forma fully adjusted EBITDA is calculated as the profit of the Group before interest, tax, depreciation and amortisation for the relevant period on a proforma basis (as if the Group in its state of the end of the relevant period had been in existence for the full relevant period), and adjusted, if necessary, for one-off and non-recurring items.

COMPANY INFORMATION

Name	Bergkvist Siljan AB (publ)
Address	Box 435, 792 27 Mora, Sweden
Registration number	559136-6686
Financial year	January 1 – December 31
Website	www.bergkvistsiljan.com
Board of directors	Ulf Bergkvist (Chairman) Jonas Björnståhl Håkan Dorm
Executive management	Anders Nilsson
Auditor	PwC (this report has not been subject to audit)

