



Half-year Report Q2 2021

MANAGEMENT COMMENTARY

BUSINESS HIGHLIGHTS Q2 2021

The market conditions have been very favourable during the quarter which, combined with the full effect of the implemented synergies during 2020, resulted in a considerably improved profitability for the Group compared to the same period last year. Key highlights from a business perspective included:

- Strong improvement of market prices on sawn wood products compared to the previous quarter as well as Q2 2020
- Stable flows, strong saw yield and high productivity at all sawmills
- Increased raw material costs compared to the previous quarter and the same quarter last year
- Continuously weak market for energy products
- Fire at the Blyberg sawmill on June 21, followed by business interruption until June 30. The event, along with the subsequent disruption, are not expected to have a significant impact on the Group's full year results. Settlement with the insurance provider has not yet been concluded and the Group has thus not recognized any insurance compensation for the period
- The third wave of COVID-19 has hit the region during the period, albeit with a marginal impact on the Group's operations. The Group continues to maintain the implemented safety measures and restrictions

Other highlights:

- On April 8 the Group executed a partial voluntary redemption of its issued bonds of SEK 37.5m, excluding premium
- On May 27 the authorities approved the Group's application for an increased production permit at the Insjön sawmill

FINANCIALS

The financial highlights for Q2 2021 include:

- Net sales of SEK 764m (749)
- EBITDA of SEK 228m (54), with an EBITDA margin of 29.9% (7.2%)
- Pro-forma EBITDA, fully adjusted for extraordinary items of SEK 230m (54)
- Operating profit of SEK 211m (38), with an EBIT margin of 27.7% (5.1%)
- Cash and cash equivalents as of June 30, 2021 of SEK 376m (199)

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

The strong profitability improvement is explained by the prevailing market conditions that have become more distinct during the quarter, as well as full effect of the implemented synergies. The Group's cash flow has continued to remain strong during the quarter, on the back of the underlying results.

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

- Net sales of SEK 1,386m (1,496)
- EBITDA of SEK 315m (104), with an EBITDA margin of 22.7% (6.9%)
- Pro-forma EBITDA, fully adjusted for extraordinary items of SEK 317m (105)
- Operating profit of SEK 282m (72), with an EBIT margin of 20.3% (4.8%)

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have transpired between the reporting period and the time of publication of this report.

Anders Nilsson
CEO

CONSOLIDATED INCOME STATEMENT

| SEKm | Note | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|---|------|------------|------------|---------------|---------------|
| Net sales | G1 | 764 | 749 | 1,386 | 1,496 |
| Changes in products in progress and finished goods | | -31 | -65 | -18 | -47 |
| Other operating income | G4 | 2 | 7 | 7 | 11 |
| Total | | 735 | 691 | 1,375 | 1,460 |
| Raw materials and consumables | | -390 | -521 | -828 | -1,120 |
| Gross profit | | 345 | 170 | 547 | 340 |
| Personnel costs | | -52 | -58 | -109 | -120 |
| Other external costs | | -64 | -57 | -122 | -116 |
| Depreciation and write-downs | | -17 | -16 | -33 | -32 |
| Other operating costs | | - | - | -0 | - |
| Operating profit | | 211 | 38 | 282 | 72 |
| Financial income | G4 | - | 6 | - | 13 |
| Financial costs | G4 | -9 | -10 | -47 | -68 |
| Profit before tax | | 202 | 35 | 235 | 17 |
| Tax | | -45 | 0 | -50 | 2 |
| Profit / loss for the period | | 157 | 35 | 185 | 18 |
| Other comprehensive income | | | | | |
| <i>Items that cannot be transferred to profit / loss for the period</i> | | | | | |
| Revaluation of pension liabilities | | -3 | 4 | -1 | 2 |
| Deferred tax | | 1 | -0 | 0 | -0 |
| Total comprehensive income | | 155 | 39 | 184 | 20 |
| attributable to: | | | | | |
| - Shareholders of parent company | | 155 | 39 | 184 | 20 |
| - Non-controlling interest | | - | - | - | - |

CONSOLIDATED BALANCE SHEET

| SEKm | Note | 2021.06.30 | 2020.06.30 |
|--|------|--------------|--------------|
| ASSETS | | | |
| Goodwill | | 189 | 189 |
| Customer relations | | 68 | 79 |
| Other intangible assets | | 2 | 3 |
| Total intangible assets | | 259 | 271 |
| Buildings and property | | 218 | 225 |
| Machinery | | 366 | 403 |
| Assets under construction | | 0 | 8 |
| Total tangible assets | | 584 | 635 |
| Right-of-use assets | | 73 | 80 |
| Non-current financial assets | G2 | 12 | 17 |
| Deferred tax assets | | 6 | 7 |
| Total non-current assets | | 935 | 1,011 |
| Inventory | | 158 | 157 |
| Trade receivables | G2 | 331 | 353 |
| Derivatives assets | G2 | 0 | - |
| Tax receivables | | 16 | 9 |
| Other current assets | G2 | 50 | 67 |
| Prepaid costs and accrued income | | 25 | 26 |
| Cash and cash equivalents | G2 | 376 | 199 |
| Total current assets | | 956 | 811 |
| Total assets | | 1,891 | 1,822 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 1 | 1 |
| Other equity | | 54 | 54 |
| Retained earnings | | 223 | 19 |
| Equity attributable to shareholders of parent company | | 278 | 74 |
| Equity attributable to non-controlling interest | | 3 | 3 |
| Total equity | | 281 | 77 |
| Bond loan | G2 | 481 | 621 |
| Shareholder loans | G2 | 383 | 374 |
| Non-current right-of-use liabilities | G2 | 42 | 53 |
| Deferred tax liability | | 132 | 78 |
| Provisions for pensions and other provisions | | 37 | 37 |
| Non-current liabilities | | 1,076 | 1,163 |
| Bond loan | G2 | 85 | 86 |
| Other current interest bearing liabilities | G2 | - | - |
| Derivatives liabilities | G2 | 1 | 3 |
| Current right-of-use liabilities | G2 | 19 | 19 |
| Trade payables | G2 | 285 | 315 |
| Tax liabilities | | 11 | 21 |
| Other current liabilities | G2 | 16 | 4 |
| Deferred costs and prepaid income | | 116 | 133 |
| Current liabilities | | 534 | 582 |
| Total equity and liabilities | | 1,891 | 1,822 |

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 |
|----------------------------|---------------|--------------|--|--|---------------------------|--------------|
| 2020.01-2020.06 | | | | | | |
| Opening balance | 1 | 54 | -2 | 54 | 3 | 56 |
| Profit / loss | | | 18 | 18 | | 18 |
| Other comprehensive income | | | 2 | 2 | | 2 |
| Total income | - | - | 20 | 20 | - | 20 |
| Closing balance | 1 | 54 | 19 | 74 | 3 | 77 |
| 2021.01-2021.06 | | | | | | |
| Opening balance | 1 | 54 | 39 | 94 | 3 | 97 |
| Profit / loss | | | 185 | 185 | | 185 |
| Other comprehensive income | | | -1 | -1 | | -1 |
| Total income | - | - | 184 | 184 | - | 184 |
| Closing balance | 1 | 54 | 223 | 278 | 3 | 281 |

CONSOLIDATED CASH FLOW STATEMENTS

| SEKm | Note | Q1-Q2 2021 | Q1-Q2 2020 |
|--|------|---------------|---------------|
| Profit before tax | | 235 | 17 |
| Adjustments for non-cash items | | 59 | 61 |
| Paid tax | | -7 | -1 |
| Cash flow from operating activities before changes in working capital | | 288 | 77 |
| Changes in working capital | | -54 | -9 |
| Cash flow from operating activities | | 233 | 67 |
| Investments in non-current assets | | -6 | -5 |
| Sale of non-current assets | | 3 | - |
| Cash flow from investing activities | | -4 | -5 |
| Bond amortization | | -71 | -38 |
| Amortized leasing (including terminations) | | -5 | -9 |
| Other debt transactions, net | | - | -21 |
| Cash flow from financing activities | | -76 | -68 |
| Cash flow for the period | | 154 | -5 |
| Cash and cash equivalents beginning of period | | 222 | 205 |
| Cash and cash equivalents end of period | | 376 | 199 |

PARENT COMPANY INCOME STATEMENT

| SEKm | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|--|------------|------------|---------------|---------------|
| Net sales | - | - | - | - |
| Changes in products in progress and finished goods | - | - | - | - |
| Other operating income | 1 | 4 | 3 | 4 |
| Total | 1 | 4 | 3 | 4 |
| Raw materials and consumables | - | - | - | - |
| Gross profit | 1 | 4 | 3 | 4 |
| Personnel costs | - | - | -0 | - |
| Other external costs | -2 | -2 | -4 | -4 |
| Operating profit | -1 | 1 | -1 | -0 |
| Financial income | 4 | 96 | 11 | 102 |
| Financial costs | -13 | -2 | -40 | -45 |
| Profit after financial items | -9 | 95 | -30 | 57 |
| Appropriations | - | - | - | - |
| Profit before tax | -9 | 95 | -30 | 57 |
| Tax | - | - | - | - |
| Profit / loss for the period | -9 | 95 | -30 | 57 |

PARENT COMPANY BALANCE SHEET

| SEKm | Note | 2021.06.30 | 2020.06.30 |
|--|------|--------------|--------------|
| ASSETS | | | |
| Non-current financial assets | | 1,001 | 1,059 |
| Total non-current assets | | 1,001 | 1,059 |
| Trade receivables | | 0 | 5 |
| Tax receivables | | 0 | 1 |
| Other current assets | | 0 | 90 |
| Prepaid costs and accrued income | | 0 | 0 |
| Cash and cash equivalents | | 56 | 3 |
| Total current assets | | 56 | 99 |
| Total assets | | 1,058 | 1,158 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 1 | 1 |
| Other equity | | 54 | 54 |
| Retained earnings | | 43 | 21 |
| Total equity | | 98 | 76 |
| Bond loan | | 481 | 707 |
| Shareholder loans | | 383 | 374 |
| Provisions for pensions and other provisions | | -1 | -1 |
| Non-current liabilities | | 863 | 1,080 |
| Bond loan | | 84 | - |
| Other current interest bearing liabilities | | 0 | 0 |
| Tax liabilities | | 12 | -1 |
| Trade payables | | 1 | 2 |
| Other current liabilities | | -0 | 1 |
| Deferred costs and prepaid income | | 0 | 1 |
| Current liabilities | | 97 | 2 |
| Total equity and liabilities | | 1,058 | 1,158 |

NOTES TO THE INTERIMREPORT

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 | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|-------------------------|------------|------------|---------------|---------------|
| Sweden | 252 | 281 | 488 | 627 |
| Other Scandinavia | 16 | 51 | 65 | 89 |
| Other Europe | 115 | 64 | 179 | 150 |
| Asia, excl. Middle East | 272 | 289 | 473 | 507 |
| Other | 109 | 64 | 181 | 123 |
| Total | 764 | 749 | 1,386 | 1,496 |

Net sales by product category

| SEKm | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|---------------------|------------|------------|---------------|---------------|
| Sawn wood products | 654 | 530 | 1,139 | 1,016 |
| By-products | 44 | 64 | 94 | 136 |
| Lumber and pulpwood | 62 | 153 | 146 | 338 |
| Other | 4 | 2 | 7 | 6 |
| Total | 764 | 749 | 1,386 | 1,496 |

G2 FINANCIAL INSTRUMENTS BY CATEGORY

| SEKm | 21.06.30 | 20.06.30 |
|---|--------------|--------------|
| <i>Financial assets valued at fair value</i> | | |
| Derivatives assets | 0 | - |
| Total | 0 | - |
| <i>Financial assets valued at amortised cost</i> | | |
| Non-current financial assets | 12 | 17 |
| Trade receivables | 331 | 353 |
| Other current assets | 50 | 67 |
| Cash and cash equivalents | 376 | 199 |
| Total | 769 | 637 |
| <i>Financial liabilities valued at fair value</i> | | |
| Derivatives liabilities | 1 | 3 |
| Total | 1 | 3 |
| <i>Financial liabilities valued at amortised cost</i> | | |
| Bond loan | 566 | 707 |
| Shareholder loans | 383 | 374 |
| Right-of-use liabilities | 62 | 72 |
| Trade payables | 285 | 315 |
| Other liabilities | 16 | 4 |
| Total | 1,312 | 1,472 |

The bond loan has a fair value of SEK 616m, of which the Group holds SEK 32m 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 | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|-----------------|------------|------------|---------------|---------------|
| Financial costs | -7 | -8 | -13 | -15 |
| Total | -7 | -8 | -13 | -15 |

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

| SEKm | Q2 2021 | Q2 2020 | Q1-Q2 2021 | Q1-Q2 2020 |
|------------------------|------------|------------|---------------|---------------|
| Other operating income | 1 | 4 | 3 | - |
| Financial income | 4 | 6 | 9 | 12 |
| Total | 5 | 10 | 12 | 12 |

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) |

