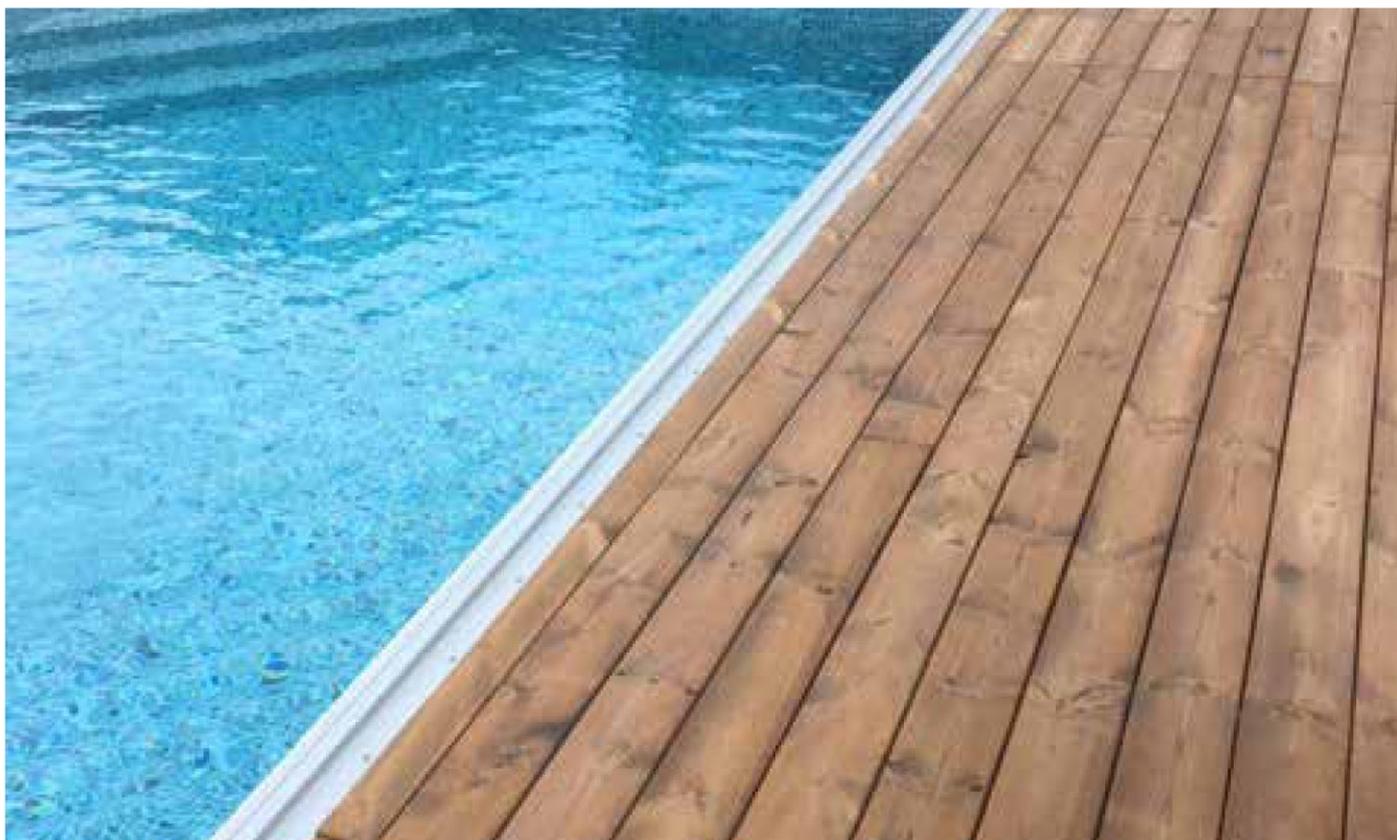


BERGS

Interim report

1 January – 31 March 2020





First quarter 1 January – 31 March 2020

- Net sales declined by 3% to SEK 856 million (885). The decrease was mainly related to lower sales prices for sawn products.
- Adjusted for costs related to the closure of Gransjö sawmill, EBITDA decreased to SEK 50 million (82), mainly related to lower sales prices for sawn products and lower production volumes.
- Adjusted EBITDA margin amounted to 5.9% (9.3)
- A decision to close Gransjö sawmill was made in March 2020. One-off costs and impairment of fixed assets amounted to SEK 30 million, affecting the operating profit which fell to SEK -5 million (60).
- Net profit was SEK 6 million (52).
- Earnings per share was SEK 0.02 (0.15).
- Operating cash flow amounted to SEK -6 million (-34).

The group's key performance indicators

SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months	2019 Oct-Dec 3 months	2019/20 Apr/Mar 12 months	2019 Jan-Dec 12 months
Net sales	856	885	687	3,177	3,206
Adjusted EBITDA	50	82	6	123	154
Adjusted EBITDA margin, %	5.9	9.3	0.9	3.9	4.8
Operating profit	-5	60	-22	13	78
Operating margin, %	neg	6.8	neg	0.4	2.4
Adjusted operating profit	25	60	-19	25	60
Adjusted operating margin %	2.9	6.8	neg	0.8	1.9
Earnings per share, before and after dilution, SEK	0.02	0.15	-0.09	0.00	0.13
Equity per share, SEK	3.25	3.27	3.18	3.25	3.18

Note: For a reconciliation of alternative performance measures incl. adjusted EBITDA and adjusted operating profit and corresponding margins, see page 17.

Improved result for Bergs



IMPROVED RESULT AND STRENGTHENED MARGINS

The result for the quarter was the best since the first quarter last year. During the winter, certain production curtailments were implemented which, together with an extensive labour dispute at Finnish sawmills, led to a lower supply of wood products. The reduced supply combined with good demand has resulted in lower stocks for the season and that certain price increases have been implemented.

Adjusted for costs related to the closure of Gransjö sawmill, EBITDA for the first quarter amounted to SEK 50 million and operating profit to SEK 25 million, which is an improvement over the past three quarters. Apart from the pellet operations, where the unusually warm winter has slowed the market, all units show an improvement in earnings.

EFFECTS OF COVID-19

The effects of the current corona crisis vary among segments and markets. The market for renovations and improvements has not been significantly affected and, for example, in Sweden, the market has strengthened during the beginning of the year. In addition, the activity for the Swedish builders' merchants is high, which is reflected in increased demand also for our treated products.

However, demand from the industrial construction sector has been truly affected and temporarily disappeared in some markets. Central Europe and the UK have, in principal, been shut down with considerable influence. We now see that the restrictions are gradually being lifted and that construction will start up again, measures already reflected in increased order intake.

Demand from the Asian markets as well as North Africa and the Middle East is reasonably unaffected so far.

The effects in the US have varied between the states, ranging from shutdowns to fairly normal activity. Demand has decreased, but even here the building activity is gradually opening up again. Scandinavia and the Baltics have had restrictions, but a large part of the construction work has been ongoing.

Demand for our further processed products has followed the trend for sawn timber products with variations depending on markets.

Sawmill production has been reduced by many companies. This is partly a result of shutdowns in some countries and partly a result of efforts not to increase inventory levels in an uncertain market situation. Our assessment is that stock levels, despite the decrease in consumption, are balanced among producers and buyers.

BERGS' DEVELOPMENT AND MEASURES TAKEN

During the quarter, a decision was made to close Gransjö sawmill. The decision is linked to the need for productivity improvements and that we concentrate future investments on fewer units. The closure of Gransjö goes according to plan and sawmill production ceased in April.

During April, Bergs implemented production curtailments at our other three Swedish sawmills and our Estonian sawmill. This was done when we saw a declining order intake and great uncertainty for the market development. The situation has gradually improved and from 4 May we will return to full production at our sawmills. Our processing unit Byko-Lat in Latvia have gradually reduced production in April. Here, too, we now have an improved order intake and production will gradually increase during May and June. Our distribution and port operations in England were affected during April and some of the staff were laid off. The activity is now increasing again and we plan to gradually return to a more normal activity.

Our Latvian sawmill Vika Wood has been able to continue with full production. Similarly, the activity is good at the Bitus wood protection plant in Nybro. Our sales company for further processed products and houses, Woodworks by Bergs, is now in a start-up phase. The response from the market is good and we plan to gradually increase deliveries during the year.

We have taken various steps to protect our employees from the ongoing pandemic. So far, we have not seen an increase in absenteeism and our hope is that continued accuracy in following rules and recommendations will help to reduce the spread of the virus.

OUTLOOK

In April, we saw a decrease in demand, which also reduced our margins. At the same time, prices for our products are stable or slightly increasing and the supply of raw materials is good. As we now return to normal production levels, at least until summer, the margins should recover in May and June.

Vimmerby, 5 May 2020

Peter Nilsson
CEO

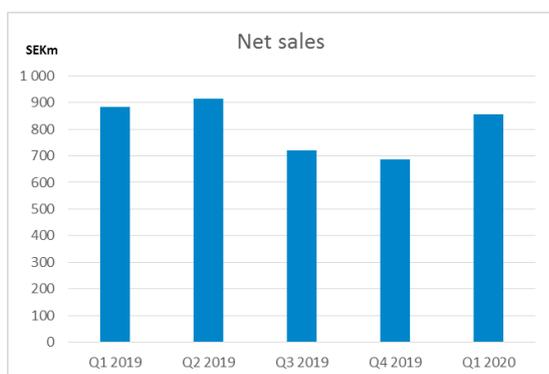
Net sales and operating profit

JANUARY-MARCH 2020 COMPARED TO JANUARY-MARCH 2019

Net sales for the first quarter 2020 amounted to SEK 856 million (885). The decrease of SEK 29 million is mainly explained by lower sales prices for sawn products. Net sales for further processed products increased compared to last year. Adjusted for the acquisition of Fågelfors Hyvleri that was made in the second quarter 2019, net sales for further processed products was in line with last year.

Adjusted EBITDA decreased to SEK 50 million (82), which corresponds to an adjusted EBITDA-margin of 5.9% (9.3). The decrease was mainly due to lower sales prices for sawn products and lower production volumes for the sawmills. Lower costs for raw material and currency effects had a positive impact on the result.

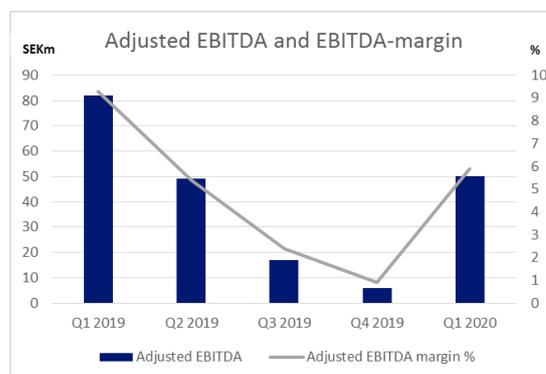
Costs affecting comparability amounted to SEK 30 million and are related to the closure of Gransjö sawmill and reported in segment Sawmills. SEK 17 million are related to impairment of fixed assets and SEK 13 million to estimated closure costs.



JANUARY-MARCH 2020 COMPARED TO OCTOBER-DECEMBER 2019

Net sales for the first quarter 2020 was SEK 856 million compared to SEK 687 million for the fourth quarter 2019, an increase of SEK 169 million. The increase was attributable to higher sales volumes for sawn and further processed products and higher sales prices for the sawn products.

Adjusted EBITDA amounted to SEK 50 million (6), corresponding to an adjusted EBITDA-margin of 5.9% (0.9). The increase was mainly attributable to the sawmills and explained by higher sales prices, higher sales- and production volumes and lower costs for raw material. The result for further processed products increased due to higher sales volumes.



Cash flow and financing

Cash flow from current operations amounted to SEK -6 million (-34) for the period January-March 2020. The cash flow effect of changes in working capital was SEK -31 million (-111). The decrease is mainly explained by lower stocks. Capital expenditures amounted to SEK -20 million (-35).

The Group's financial net debt as per 31 March 2020 amounted to SEK 695 million compared to SEK 675 million 31 December 2019. The net debt/equity ratio was 0.62. The increase in net debt is mainly due higher working capital due to seasonality.

Summary of loans and credit facilities at 31 March 2020, SEK million:

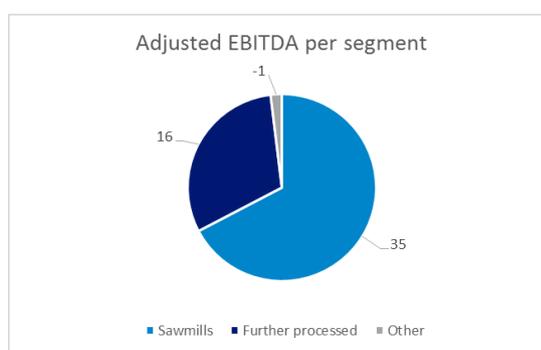
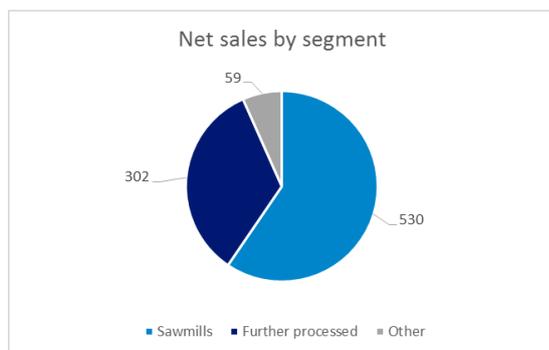
Loan	Limit	Repayments, years			Total used
		0-1	1-2	2-	
Term loans		49	49	362	460
Revolving credit facility	250				180
Vendor loan		70			70
Overdraft facilities	125				27
Group total		119	49	362	737

Available cash and cash equivalents, including granted but unused credit facilities, totaled SEK 252 million. In addition to this, there are granted but unused bank guarantee limits of SEK 25 million.

Net financial items for the period January-March 2020 amounted to SEK 14 (-4) million. Net financial items for 2020 included currency effects of SEK 23 million (0) related to inter-company receivables in the parent company on dividends from subsidiaries. Net interest expenses amounted to SEK -9 million (-4).

Segment reporting

Bergs has identified two segments that are monitored on an ongoing basis, Sawmills and Further processed. The distribution and port business in the UK and group common activities are reported in Other.



SAWMILLS

Sawmills (including integrated planing) consist of the four sawmills in Sweden, Vika Wood in Latvia and Laesti in Estonia.

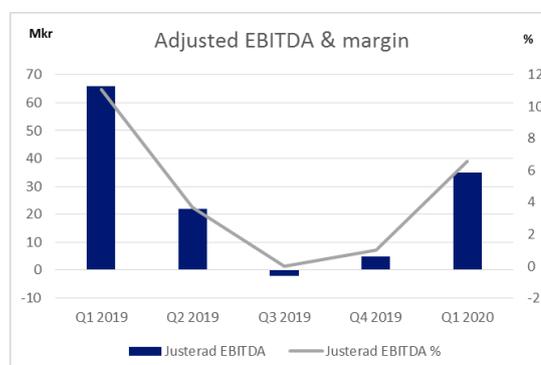
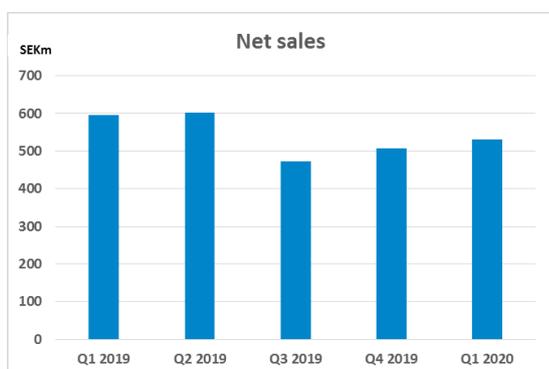
SEK million	Jan-Mar 2020	Jan-Mar 2019	Oct-Dec 2019
Net sales	530	596	507
EBITDA	22	66	2
Adjusted EBITDA	35	66	5
Operating profit	-11	50	-17
Adjusted operating profit	19	50	-14
Adjusted EBITDA-margin, %	6.6	11.1	1.0
Adjusted operating margin, %	3.6	8.4	neg
Sales volumes, thousand m ³	221	214	189
Production volumes, thousand m ³	221	248	196

Net sales declined to SEK 530 million (596). The decrease was related to lower sales prices which were offset by higher sales volumes.

Adjusted EBITDA amounted to SEK 35 million (66), a decrease by SEK 31 million. The decrease was mainly attributable to lower sales prices and production volumes. Production curtailments was made at the Swedish sawmills in January 2020.

Costs for the closure of Gransjö sawmill amounted to SEK 30 million, whereof SEK 13 million are costs included in EBITDA.

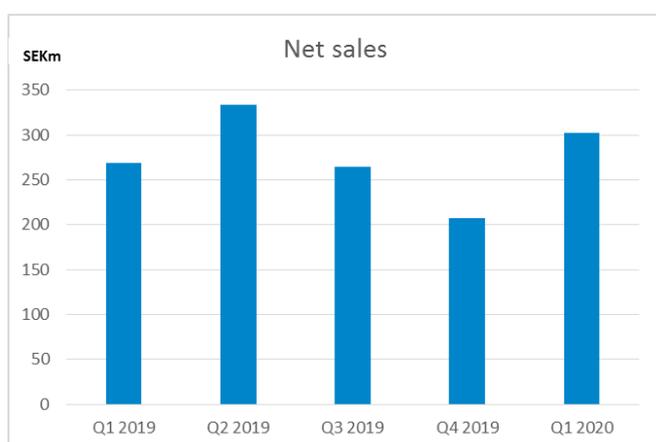
The improvement compared to the fourth quarter last year is explained by higher sales prices, higher sales- and production volumes and lower costs for raw material.



FURTHER PROCESSED

Further Processed comprises Byko-Lat in Latvia, Bitus, Fågelfors and Woodworks by Bergs in Sweden. Byko-Lat operates two production plants in Latvia. The product range comprises planed wood products for the DIY-sector, doors and windows, prefabricated element- and modular houses, garden products and pellets for heating. Fågelfors is a major producer of pellets and fire logs for the energy market. Bitus is one of Europe's largest plants for treatment of wood products. Woodworks by Bergs is a newly established sales company for further processed products in the Swedish market.

SEK million	Jan-Mar 2020	Jan-Mar 2019	Oct-Dec 2019
Net sales	302	269	207
EBITDA	16	17	10
Adjusted EBITDA	16	17	10

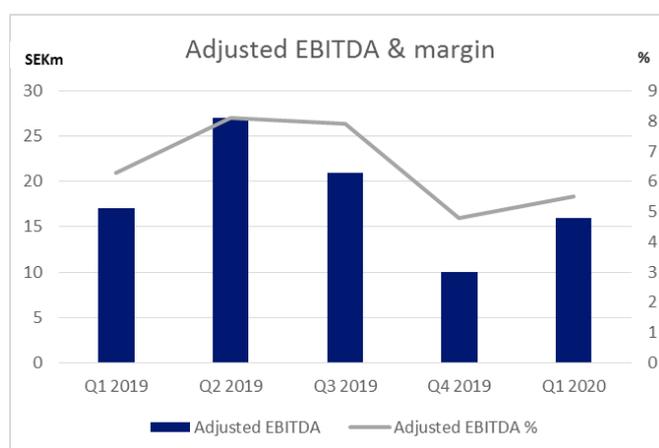


Operating profit	8	13	4
Adjusted operating profit	8	13	4
Adjusted EBITDA-margin,%	5.3	6.3	4.8
Adjusted operating margin, %	2.6	4.8	1.9

Net sales increased to SEK 302 million (269) million. Adjusted for the pellet business that was acquired in the second quarter 2019, net sales amounted to SEK 274 million, an increase by SEK 5 million.

EBITDA amounted to SEK 16 million (17). The lower margins compared to last year was related to lower margin in the pellet business due to the warm winter

The improvement compared to the fourth quarter last year is mainly explained by higher sales volumes.



Other information

TAX

Recognised tax for the period January-March 2020 was SEK -3 million (-4). The effective tax rate was 33 percent, higher than Sweden's corporate tax rate. The higher effective tax rate was explained by non-deductible cost for impairment of assets related to the closure of Gransjö sawmill.

In Latvia and Estonia, the corporate income tax is 0 percent on reinvested profits. Corporate tax is applicable and payable when dividends are distributed. No corporate income taxes have been recorded for the Group companies in the Baltics. Non-recorded deferred taxes on non-distributed profits amounts to approximately SEK 55 million as per 31 March 2020.

SEASONAL FLUCTUATIONS

Bergs Timber's business is subject to seasonal fluctuations. The demand for sawn timber is generally higher in March-June and September-November. Sales volumes during the winter and summer months are normally lower. The demand for further processed products to the building sector is generally higher in May-October. The market for pellets is correlated with the winter season. Production volumes in the sawmills are lower in July and August due to holiday season and maintenance work.

EVENTS IN THE QUARTER

In February 2020, the vessel that had been in regular service between Riga and the Group's own port in Creeksea, UK, was sold. An agreement regarding a charter arrangement has been signed to secure the same services. The sales price for the vessel was SEK 6 million with a capital gain of SEK 2 million.

On 30 March 2020, Bergs announced a decision to initiate negotiations under the Employment (Co-Determination in the Workplace) Act to close the Gransjö sawmill. The negotiations have been completed and the sawmilling operation was ceased in April. The entire operation at the mill will be discontinued during the fall of 2020.

Given the uncertainty around what effects the coronavirus and measures to slow the spread of infection will have on Bergs Timber's operations, the Board of Directors decided to withdraw its earlier proposal of a dividend of approximately 30 per cent of the Group's profit for the year. Instead, the Board now proposes that no dividend be paid for financial year 2019.

SUBSEQUENT EVENTS

On 6 April, it was announced to implement short-term work at the Swedish sawmills. In the Baltic and UK operations, layoffs were also implemented. On 27 April, it was announced that the sawmill production at the Swedish and Estonian sawmills returns to normal production levels from 4 May as demand and order intake had improved.

PARENT COMPANY

The parent company's activities are directed at the management of shares in subsidiaries as well as group-wide administrative tasks

The undersigned declare that the interim report provides a true summary of the parent company's and group's activities, position and income and describes the significant risks and uncertainty factors facing the parent company and the group companies.

Mörlunda, 5 May 2020

Peter Nilsson

Chief Executive Officer

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 obliged to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication 5 May 2020 at 13:00. The interim report is available on the company's website, www.bergstimber.com

Bergs Timber AB (publ), corporate registration number: 556052-2798, Stora Torget 3, 598 37 Vimmerby, Tel: +46 10 199 85 00

and financing of the group. The operating profit for the parent company for the period January-March 2020 amounted to SEK -5 million (-5).

ANNUAL GENERAL MEETING

The annual general meeting for the financial year 2019 will be held on 23 June 2020 at Mörlunda sawmill. Further details will be provided in the notice of the meeting that will be published on Bergs Timber's webpage in advance of the meeting.

REPORTING PERIODS

Annual general meeting	23 June, 2020
Interim financial report for Q2 2020	31 July, 2020
Interim financial report for Q3 2019	3 November, 2020
Year-end report for 2020	3 February, 2021

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

The Group's income statement in brief

Amount in SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months	2019 Oct-Dec 3 months	2019/20 Apr-Mar 12 months	2019 Jan-Dec 12 months
Net sales	856	885	687	3,177	3,206
Changes in products in progress and finished goods	5	53	25	2	50
Other operating income	1	2	2	30	31
Total	862	940	714	3,209	3,287
Operating expenses					
Raw materials and consumables	-547	-634	-470	-2,076	-2,163
Other external costs	-178	-130	-147	-621	-573
Personnel costs	-100	-95	-94	-384	-379
Depreciations and impairments	-42	-21	-25	-115	-94
Other operating costs	0	0	0	0	0
Total operating costs	-867	-880	-736	-3,196	-3,209
Operating profit	-5	60	-22	13	78
Financial income	23	1	0	23	1
Financial expenses	-9	-5	-14	-38	-34
Profit after financial items	9	56	-36	-2	45
Taxes on the period's profit/loss	-3	-4	4	1	0
Profit for the period	6	52	-32	-1	45
Attributable to					
the parent company's shareholders	6	52	-32	-1	45
Holdings without controlling influence	-	-	-	-	-
Earnings per share, SEK *	0,02	0,15	-0,09	0,00	0,13
Earnings per share after dilution, SEK	0,02	0,15	-0,09	0,00	0,13
Average number of shares held in thousands	346,728	340,788	346,728	345,243	343,758

*) When calculating earnings per share, the average number of shares held is used.

Statement of comprehensive income (net after tax)

Amount in SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months	2019 Jan-Dec 12 months
Profit or loss for the period	6	52	45
Change in hedging reserve (net after tax)	-5	-4	-1
Currency translation difference in Equity	23	15	22
Comprehensive income for the period	24	63	66
Attributable to:			
the parent company's shareholders	24	63	66
Holdings without controlling influence	-	-	-

The Group's balance sheet in brief

Amount in SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets			
Intangible assets	198	194	193
Tangible fixed assets, incl right-of-use assets	953	800	948
Financial fixed assets	1	9	3
Deferred tax assets	19	0	6
Total fixed assets	1,171	1,003	1,150
Inventories	642	689	667
Current receivables	478	470	328
Cash and bank balances	84	42	86
Total current assets	1,204	1,201	328
TOTAL ASSETS	2,375	2,204	2,231
Equity	1,126	1,115	1,102
Liabilities			
Interest bearing liabilities	615	240	604
Other long term liabilities and provisions	13	0	2
Deferred tax liabilities	35	6	17
Total long term liabilities	663	246	623
Interest bearing liabilities	164	463	157
Other current liabilities	422	380	349
Total current liabilities	586	843	506
TOTAL EQUITY AND LIABILITIES	2,375	2,204	2,231

CHANGES IN EQUITY *)

Amount in SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months	2019 Jan-Dec 12 months
Equity, opening balance	1,102	1,052	1,052
New share issue after issue expenses	0	0	18
Dividend paid	0	0	-34
Comprehensive income for the period	24	63	66
Total equity at the end of the period	1,126	1,115	1,102

*) There is no minority.

The Group's cash flow analysis in brief

Amount in SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months
The current operations		
Profit after financial items	9	56
Adjustment for items not included in the cash flow*	16	21
Income tax paid	0	0
Cash flow from operating activities before changes in working capital	25	77
Change in inventory	42	-32
Change in operating receivables	-142	-102
Change in operating liabilities	69	23
Cash flow from operating activities	-6	-34
Acquisition of tangible fixed assets	-20	-35
Sales of tangible fixed assets	6	0
Change in financial assets	0	-1
Cash flow from investment operations	-14	-36
Change in financial receivables and liabilities	15	38
Cash flow from financing operations	15	38
Cash flow for the period	-5	-32
Cash and cash equivalents at the start of the period	86	74
Currency differences in cash and cash equivalents	3	0
Cash and cash equivalents at the end of the period	84	42

*) Mainly depreciations

The group's key performance indicators and goals

Amounts in SEK million	Fin. Goal	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months	2019 Oct-Dec 3 months	2019/20 Apr-Mar 12 months	2019 Jan-Dec 12 months
Net sales		856	885	687	3,177	3,206
Adjusted EBITDA		50	82	6	123	154
Adjusted EBITDA margin, %	> 7	5.9	9.3	0.9	3.9	4.8
Operating profit		-5	60	-22	13	78
Operating margin, %		neg	6.8	neg	0.4	2.4
Adjusted operating profit		25	60	-19	25	60
Adjusted operating margin %		2.9	6.8	neg	0.8	1.9
Return on capital employed, %, 12 months	> 10	-	-	-	1.9	4.4
Earnings per share (after tax)		0.02	0.15	-0,09	0.00	0.13
Interest-bearing net debt		695	661	675	695	675
Net debt/equity ratio	< 1.0	0.62	0.59	0.61	0.62	0.61
Equity ratio, %		47.4	50.6	49.4	47.4	49.4
Average number of shares held in thousands		346,728	340,788	346,728	345,243	343,758
Equity per share, SEK		3.25	3.27	3.18	3.25	3.18

The parent company's income statement in brief

Amount in SEK million	2020 Jan-Mar 3 months	2019 Jan-Mar 3 months
Other operational income	3	2
Total	3	2
Operating expenses		
Other external costs	-5	-3
Personnel costs	-3	-4
Depreciations	0	0
Other operating costs	0	0
Total operating costs	-8	-7
Operating profit (loss)	-5	-5
Financial income	27	1
Financial expenses	-8	-3
Profit (loss) after financial items	14	-7
Taxes on the period's profit/loss	-3	1
Profit (loss) for the period	11	-6

The parent company's balance sheet in brief

Amount in SEK million	2020 31 Mar	2019 31 Mar
Assets		
Financial fixed assets	1,350	1,073
Total fixed assets	1,350	1,073
Receivables, Group companies	248	120
Other current receivables	5	0
Cash and bank balances	21	1
Total current assets	274	121
TOTAL ASSETS	1,624	1,194
Liabilities and equity		
Equity	875	877
Non-current liabilities	606	92
Current liabilities	143	225
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,624	1,194

Notes

1. ACCOUNTING PRINCIPLES

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 principles 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 regarding 2019, pages 56-62. Disclosures according to IAS 34, Interim Financial Reporting, are provided both in notes and other parts of the interim report.

Amounts in brackets refer to the value for the same period in the previous financial year, unless otherwise stated. There may be differences due to rounding.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Jan-Mar 2020	Jan-Mar 2019
Goods		
Wood products	706	729
By-products	94	110
Pulp- and round wood	41	30
	841	869
Services		
Wood treatment, distribution, forest services	15	16
	856	885

SEK million	Jan-Mar 2020	Jan-Mar 2019
Sweden	154	147
UK	183	257
Baltic States	121	136
Rest of Europe	262	201
Rest of world	136	144
	856	885

3. FINANCIAL INSTRUMENTS

SEK million	Level	Carrying amount 31 Mar 2020	Fair value 31 Mar 2020	Carrying amount 31 Dec 2019	Fair value 31 Dec 2019
Financial assets measured at fair value in the income statement					
Financial fixed assets	-	1	1	1	1
Financial assets measured at amortised cost					
Trade receivables	-	391	391	265	265
Other current receivables	-	87	87	28	28
Cash and cash equivalents	-	84	84	86	86
Derivatives used for hedge accounting					
Derivatives	2	0	0	2	2
		563	563	382	382
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	-	705	705	680	680
Trade creditors	-	246	246	210	210
Loan from Norvik	3	70	70	70	70
Contingent consideration	3	9	10	9	10
Other liabilities	-	59	59	31	31
Derivatives used for hedge accounting					
Derivatives	2	4	4	2	2
		1,093	1,094	1,002	1,003

Measurement levels:

1: Quoted prices on an active market for identical assets or liabilities, such as shares or bonds quoted on the stock exchange.

2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either directly (price quotations) or indirectly (obtained from price quotations), such as currency forward contracts or interest rate swaps.

3: Inputs for the asset or liability not fully based on observable market data.

4. INFORMATION ABOUT RISKS AND UNCERTAINTY FACTORS

Price trends

To a large extent the price trend of timber products is determined by how global consumption matches global production. The cost of raw materials is a large component of the finished product's sales value, for which reason the product is very sensitive to changes in prices for forestry raw material. 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 corona crisis, the outcome and consequences of which are difficult to assess, has increased uncertainty and may impact the Group's performance and profitability, see page 3.

Financial risks

Bergs Timber is exposed to financial risk, which is mainly related to liquidity and cash flow risk connected with liquidity and debt management and exchange rate risk connected with export deals. 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 normally 50-75 percent of the expected currency flow for the next six months shall be hedged.

Value of plant

Owing to the existence of goodwill, the value of recognised fixed assets were tested using an impairment test. The test is based on our best assessment of the future development. The testing performed shows that there is no need for impairment. A future negative deviation may affect the recognised value of plant. For a further description of impairment testing please refer to the annual report 2019 page 74.

For a complete presentation of the identified risk as well as the company's work to manage this, please refer to the annual report, 2019 pages 28 - 30.

5. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATES

Transaction with members of the board, senior executives and companies associated with them include purchases of forestry raw materials, forestry services, advisory services, timber products and construction services as well as sales of mechanical equipment, by-products and impregnation services. All transactions were at market value. The transactions had not any material impact on the Group's financial position or results.

The parent company has had transactions with associated Group 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 annual report 2019.

6. ALTERNATIVE PERFORMANCE MEASURES

Bergs Timber presents key performance indicators (KPI's) in the interim report that supplement the financial measures defined according to IFRS, so called alternative performance measures, APM. The company considers 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. For this reason, they should not be considered as replacing the key performance indicators that are defined according to IFRS. For further definitions and reasons for use, please refer to the annual report for 2019, note 32.

Definitions of KPI's

EBITDA	Operating profit before depreciation, amortisation, and impairment losses for tangible and intangible assets.
EBITDA margin	EBITDA as a percentage of net sales
Adjusted EBITDA	Operating profit before depreciation, amortisation and impairment losses for tangible and intangible assets, adjusted for items affecting comparability
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales
Operating profit	Result before financial items and tax.
Operating margin	Operating profit as percentage of net sales
Adjusted operating profit	Operating profit adjusted for items affecting comparability
Adjusted operating profit margin	Adjusted operating profit as percentage of net sales
Return on capital employed	Profit/loss after financial items plus financial costs in proportion to the average capital employed
Capital employed	Equity plus interest-bearing liabilities and provisions
Interest-bearing net debt	Interest-bearing liabilities and provisions minus cash and cash equivalents and short-term investments
Net debt/equity ratio	Net interest-bearing liabilities in relation to equity
Equity-assets ratio	Equity in percent of total assets
Equity per share	Shareholders' equity in relation to the total number of outstanding shares
Production volume	Nominal sawn volume in cubic metres less a deduction for estimated offcuts and wastage in further internal production processes
Sales volume	Nominal delivered volume in cubic metres (volume calculated before planing)

RECONCILIATION TABLE FOR NEW KEY FIGURES

Adjusted EBITDA, SEKm	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2019 Full year
Operating profit	-5	-22	2	38	60	78
Depreciations and impairment of fixed assets	42	25	25	22	22	94
EBITDA	37	3	27	60	82	172
Items affecting comparability	13	3	-10	-11	0	-18
Adjusted EBITDA	50	6	17	49	82	154
Adjusted operating profit, SEKm						
Operating profit	-5	-22	2	38	60	78
Items affecting comparability	30	3	-10	-11	0	-18
Adjusted operating profit	25	-19	-8	27	60	60

7. QUARTERLY DATA PER SEGMENT

Income statement

Amount in SEK million	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net sales	856	687	720	913	885
Sawmills	530	507	472	602	596
Further Processed	302	207	265	333	269
Other	59	46	52	56	54
Intra-group deliveries	-35	-73	-69	-78	-34
EBITDA	37	3	27	60	82
Sawmills	22	2	-2	22	66
Further Processed	16	10	21	27	17
Other	-1	-10	8	11	-1
Adjusted EBITDA	50	6	17	49	82
Sawmills	35	5	-2	22	66
Further Processed	16	10	21	27	17
Other	-1	-10	-2	0	-1
Adjusted EBITDA margin,%	5,9	0,9	2,4	5,4	9,3
Sawmills	6.6	1.0	neg	3.7	11.1
Further Processed	5.3	4.8	7.9	8.1	6.3
Operating profit	-5	-22	2	38	60
Sawmills	-11	-17	-18	7	50
Further Processed	8	4	12	23	13
Other	-2	-9	8	8	-2
Adjusted operating profit	25	-19	-8	27	60
Sawmills	19	-14	-18	7	50
Further Processed	8	4	12	23	13
Other	-2	-9	-2	-3	-2
Adjusted operating margin,%	2,9	neg	neg	3,0	6,8
Sawmills	3.6	neg	neg	1.2	8.4
Further Processed	2.6	1.9	4.5	6.9	4.8

This is Bergs – an international wood products Group

With wood as a raw material, Bergs produces processed wood products from sustainably managed forests in the Baltic Sea region. With years of experience in wood and a great deal of competence in processing, we promote building a sustainable society with renewable materials.



RAW FORESTRY MATERIALS 1,8 m m³fub

Purchase of saw timber from private and state forest owners in Sweden, Estonia and Latvia.

SAWMILLS 0,9 m m³

Planks and boards in various dimensions, lengths and qualities.

Cellulose chips, sawdust and bark to external customers.

PROCESSING

Planned products for construction and renovation
Windows, doors, wooden buildings and house modules
Garden products
Outdoor furniture, fences, windbreaks, privacy screens
Wood preservation
Impregnated and fire-retardant wood
Pellets and fire logs

OTHER DISTRIBUTION

Harbour and logistics centre in the UK
 Logistics services

Our operations – conducted through wholly owned subsidiaries in Sweden, Estonia, Latvia and the UK – encompass sawmills and processing as well as distribution and logistics.

The Group has sales of approximately SEK 3.2 billion and around 1,000 employees. Bergs is listed on Nasdaq Stockholm, and its head office is in Vimmerby, Sweden.

SEK 3,2 mrd

sales

1 000

Employees, circa

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 timber industry
- Our subsidiaries develop and produce processed wood products, with the customer's needs in focus
- We have a decentralized 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

- EBITDA margin: >7% over a business cycle
- Return on capital employed: >10% over a business cycle
- Growth: 2% organic and 5–10% including acquisitions over a business cycle
- Proposed dividend: normally 25–40% of net profit
- Debt/equity ratio: <1.0

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