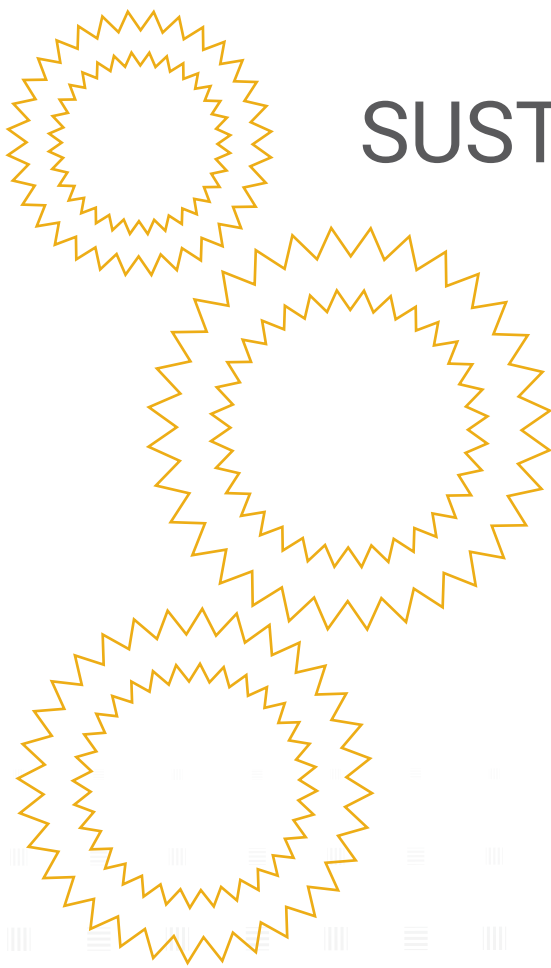


SUSTAINABILITY REPORT

JULY 1, 2020 – JUNE 30, 2021



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Unless otherwise indicated, Duroc's sustainability report was prepared in accordance with the Swedish Annual Accounts Act and covers the parent company Duroc AB and work on sustainability issues during the 2020/2021 financial year. This is Duroc's fourth sustainability report. This year's sustainability report was prepared according to the GRI Standards Core, which is described at www.globalreporting.org/standards.



IMPORTANT EVENTS JULY 1, 2020 – JUNE 30, 2021

- Net sales increased by 3 percent during the financial year. Organic growth stood at 8 percent.
- Adjusted EBIT increased by 14 percent to MSEK 125,8 (110,8), despite the impact of commodity shortages and strong price increases on input goods in several of the portfolio companies.
- The pandemic affected most of the portfolio companies negatively at the beginning of the financial year. Demand then rose gradually until it reached record levels in the last quarter in most parts of the portfolio.
- Duroc expanded its field of investments and increased transparency by reporting on developments in each respective portfolio company.
- Competence in portfolio companies' operating boards were strengthened by increasing external industry expertise.
- The portfolio company IFG is focusing on niche products with higher growth potential and has streamlined production capacity by closing the plant in Drighlington. The restructuring is expected to result in an annual earnings improvement of around MSEK 10 from 2021/2022. Restructuring costs of MSEK 26 were charged to the 2020/2021 financial year.
- The portfolio companies' long-term business plans indicate Duroc's earnings will be substantially strengthened in the years beyond 2021/2022.
- Investments of MSEK 95 have been made to increase capacity and to streamline and develop operations in the portfolio companies.
- At the end of the financial year, Duroc had MSEK 275 in unutilized credit facilities.
- In view of Duroc's continued expansion plans and the positive effects of historical investments, the Board of Directors proposes that no dividend be paid for the financial year 2020/2021.

Net sales

MSEK
3,254.5

Adjusted EBIT

MSEK
125.8

Average number of employees

1,122

SUMMARY OF THE FINANCIAL YEAR

| Group Amount in MSEK | July 2020 – June 2021 | July 2019 – June 2020 |
|---|-----------------------|-----------------------|
| Net sales | 3,254.5 | 3,158.2 |
| Adjusted EBIT | 125.8 | 110.8 |
| Operating profit (EBIT) | 88.6 | 161.8 |
| Profit after tax | 55.4 | 116.5 |
| Net debt excl. liabilities from IFRS 16 | 139.9 | 117.8 |

CEO'S COMMENT

A HESITANT YEAR WITH A STRONG FINISH – GOOD LONG-TERM PROSPECTS

The financial year's first three quarters were hesitant with clear effects from the pandemic and other disruptions in the logistics chain. However, the financial year ended with the strongest quarter ever. Demand was generally good, but a shortage of raw materials and rising raw material and haulage prices caused disruptions and had a negative effect on earnings in the opening quarters. However, the fourth quarter closed strongly. Despite the challenges, several of the portfolio companies noted record earnings in the fourth quarter. Net sales for the financial year increased by 3 percent to MSEK 3,254.5 (3,158.2). Adjusted EBIT increased by 14 percent to MSEK 125.8 (110.8). Cresco, IFG, Duroc Rail and Duroc Laser Coating were the brightest stars in the portfolio during the year.

During the first quarter, Duroc changed its reporting with the aim of clarifying its value creation. This means greater transparency in the way companies develop and their earnings improve as the old business area structure was abandoned. Since then, stakeholders have been able to follow developments in all portfolio companies with the exception of the 3 smallest consolidated companies in the Small Company Portfolio.

At the same time, external board members were recruited to the portfolio companies with the aim of adding competence to support the companies in their improvement efforts under the strategic plans developed during the financial year. Their task is to provide industry-critical competence and support to local management.

Duroc is an acquisitions and development company that focuses on creating value for its shareholders through the opportunistic, low financial risk acquisition and profitable long-term development of businesses. During the year, the Board of Directors resolved to invest large amounts in the Group as a whole, despite the challenges. This mainly concerned capacity increases in Drake US, IFG and the Cotting Group, with a total value of MSEK 130. Duroc constantly urges its respective portfolio company managers to identify future business opportunities, and the ambition is to continue investing in the businesses to achieve profitable growth.

There are firm development plans for all of the portfolio companies as the basis for growth. They form a vital component in a concept we call The Duroc Way, our value-creation model. The model is based on sustainable value creation, where entrepreneurship is made possible by creating space in which the portfolio companies are able to develop and move toward their future goals. While financial prudence, cost consciousness and common sense characterize business decisions throughout Duroc, there is no hesitation to invest when clear earnings opportunities become apparent. The Duroc Way is described in more detail on pages 5–6. While the parent company's main task is to provide strategic and investment support to the companies in their plans, it also ensures correct governance and ongoing follow-up.

The many activities in the past years' projects aimed at strengthening the Group's sustainability work clearly demonstrate the increased priority accorded to sustainability by the Board and company management. Meanwhile, the portfolio companies have shown their own commitment to the issue, and they note increasing pressure from the market and the outside world, which have shown responsible sustainability work to be ever more important for long-term profitable business. All in all, this has led to a sought-after cultural change in which sustainability issues

have assumed greater importance in our portfolio companies and have been incorporated into their strategic plans.

I foresee great long-term prospects for Duroc. In recent years, earnings have improved considerably in many of the companies, while the parent company function has been improved by adding competence and pushing through necessary changes while maintaining the focus on retaining entrepreneurship in the portfolio companies. Duroc's future investment and improvement plans, together with actions already taken, lead me to anticipate significantly higher levels of performance in the years beyond 2021/2022, by when we will hopefully see a more normal situation regarding logistics and access to input materials and components. Duroc is a stable platform for the continued profitable growth of existing portfolio companies and suitable potential additions to the Duroc family.

In our efforts to find new potential acquisitions, I note that over the past year it has not been easy to find the kind of opportunities that Duroc is looking for. I had expected more opportunistic openings to emerge in a harsh economic climate such as last year's.

Duroc is no stranger to creating new opportunities of its own. My approach is that we have every opportunity to maximize the efficiency of our existing channels by e.g. adding complementary products and services. Another possibility is to build our own businesses from scratch everywhere we see a new business opportunity looming.

I note that Duroc has reached a point where a number of portfolio companies are performing well, others exceptionally well and a few still have challenges to overcome to achieve satisfactory earnings. On the whole, Duroc is in good shape and also possesses an inherent potential in those companies which, for various reasons, have yet to flourish. I am pleased with the result that Duroc has achieved given the challenges posed by the pandemic. Our portfolio companies have driven developments forward, controlled costs well and created the conditions for maintaining a safe work environment.

I would like to take this opportunity to thank all of our talented employees who have done a fantastic job in challenging conditions.

John Häger
CEO

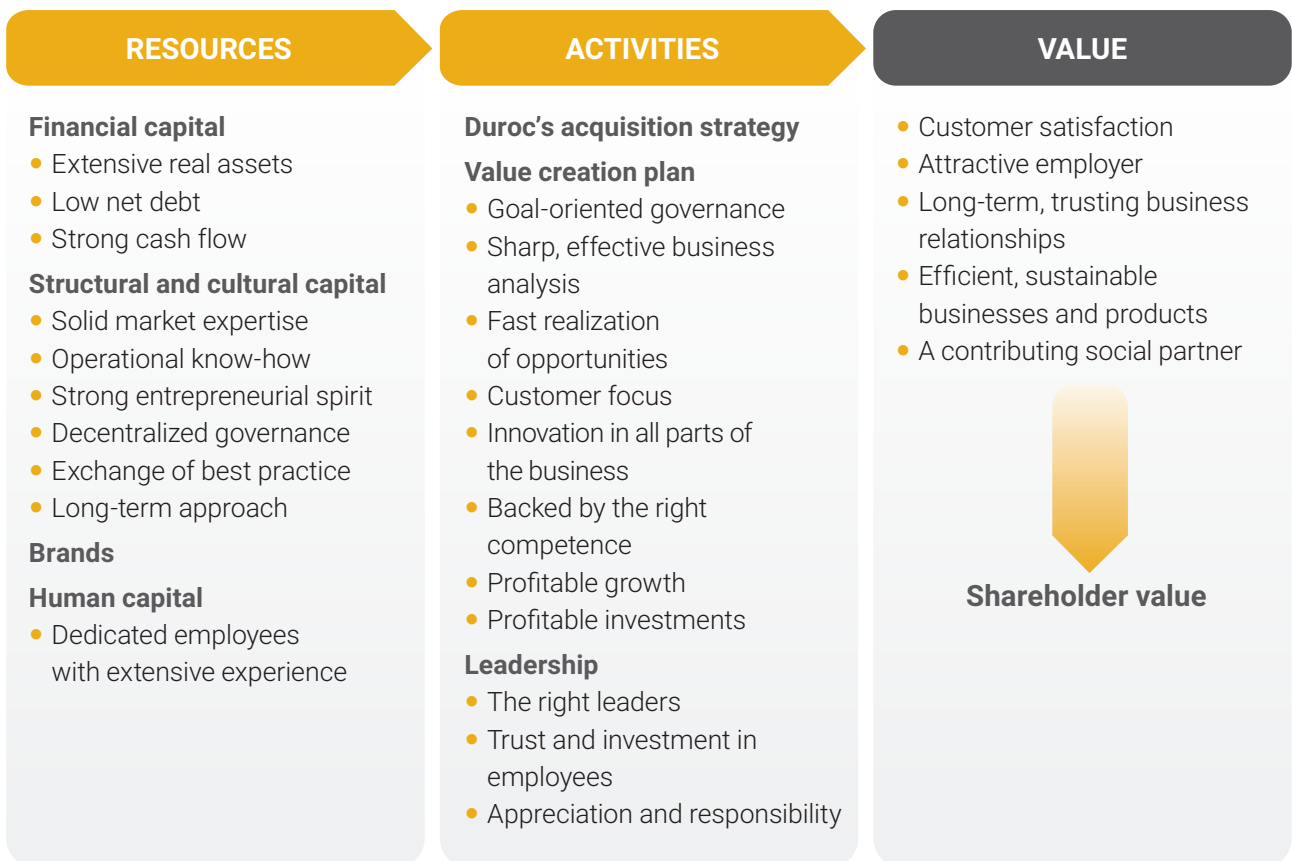


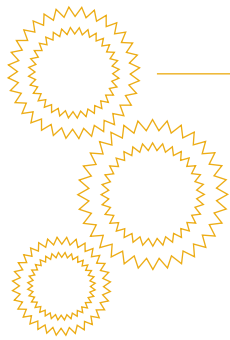
BUSINESS CONCEPT, BUSINESS MODEL AND VALUES

BUSINESS CONCEPT

Duroc creates value through opportunistic acquisitions and long-term development of its subsidiaries.

THE DUROC WAY





Promoting an entrepreneurial climate is at the core of The Duroc Way. It reflects a business environment characterized by trust and freedom of action. Its distinguishing qualities are Teamwork, Responsibility, Commitment, Trust and Respect.



ACQUISITION STRATEGY

- We constantly monitor the market on the lookout for potential acquisition opportunities.
- A flexible approach enables more closed deals.
- Our professional network allows us to seek acquisition opportunities across different industries as well as bolt-ons to our existing companies.
- We apply a sound, conservative valuation model.
- The acquisition price prioritizes tangible assets, not goodwill.
- We seek to acquire businesses that are fundamentally sound with good development potential.
- Our ready-made financing solutions allow us to close deals quickly once good opportunities are identified.

DUROC'S PORTFOLIO COMPANIES – INTERNATIONAL FIBRES GROUP

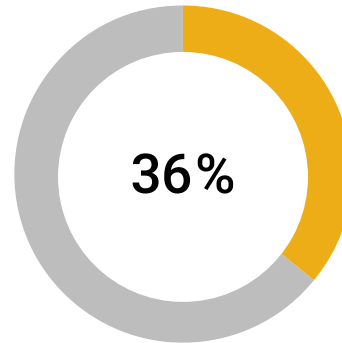
International Fibres Group (IFG) is one of Europe's leading manufacturers of polypropylene-based staple fibers, an input product with reinforcing, insulating, separating or draining properties. The fiber is used in the production of e.g. flooring, rugs, furniture, filters, foodstuff packaging, car interiors and nonwoven fabrics. Thus the customer portfolio is diversified. Synthetic materials are competitive costwise. They can be adapted according to the application and contribute to a longer product life. IFG's production facilities are located in Belgium, the United Kingdom and Austria.

IFG has a long term collaboration with the University of Maastricht in the Netherlands since several years. The aim of the collaboration is to develop new fibers that will meet future requirements in terms of performance and sustainability, such as degradability and recyclability. Also, IFG is involved in a number of customer and international projects related to sustainable product solutions. During the financial year, numerous development projects based on PLA (organic polymer) were carried out together with new and existing customers.

The European staple fiber market is characterized to a great extent by overcapacity and tough competition. Good profitability and growth can be found in applications for various niche products. IFG is an established manufacturer with extensive experience and sound knowledge of the material's potential. The company possesses the essentials for transforming its operations to become a strong player in selected niche areas. At the beginning of 2019, IFG launched a change management program to strengthen its position in the technical fiber segment, where fiber is used in various filtration applications and as packaging materials for the food industry. The changes have affected the organization, the emphasis on new product development and the size of production capacity.

Activities concerning the redirection of operations toward niche segments remained high during financial year 2020/2021. The efficacy of these efforts is clearly reflected in the improvement in earnings achieved by IFG. The pandemic has resulted in materials shortages and price increases.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 1,155.8 | 1,067.5 |
| Sales growth % | 8.3 | -16.2 |
| Organic growth % | 13.2 | -18.2 |
| EBITDA | 43.4 | 26.3 |
| EBITDA margin % | 3.8 | 2.5 |
| Adjusted EBITDA | 69.1* | 29.2 |
| Adjusted EBITDA margin, % | 6.0* | 2.7 |
| EBIT | 13.5 | -9.6 |
| EBIT margin % | 1.2 | -0.9 |
| Net debt / Net cash & cash equivalents (-) | 87.3 | 24.4 |
| of which leasing liabilities from IFRS 16 | 66.3 | 74.6 |
| Capital employed | 421.8 | 388.3 |
| Return on capital employed % | 3.7 | -2.2 |
| Adjusted return on capital employed % | 11.2 | -0.3 |

*During the third quarter of the financial year, a decision was taken to close one of the production facilities in the UK. Restructuring costs for the year of MSEK 26.0 were charged to the income statement. The estimated annual improvement in earnings is expected to total MSEK 10 from 2021/2022.



Recovered raw materials for fiber production

DUROC'S PORTFOLIO COMPANIES – DRAKE EXTRUSION

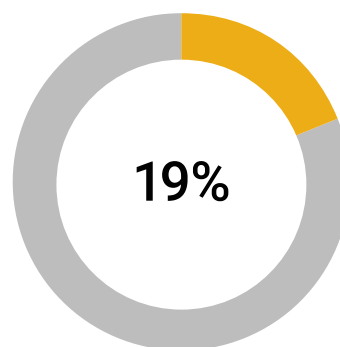
Drake Extrusion is North America's leading producer of polypropylene-based colored filament yarn and staple fiber. Filament yarn is used mostly by customers who produce fabrics for the furniture industry, and can also be used in the manufacture of sports clothing i.e. functional garments. Filament yarns make garments and fabrics durable and easy to look after. Staple fiber is used for production in a variety of areas including flooring, rugs, furniture, technical filters, car interiors and nonwoven fabrics. Drake Extrusion is located in Virginia, USA.

The market for filament yarns in the US is enjoying strong growth. The growing interest in furnishing outdoor settings is a driving factor. Add to this the demand for durable textiles. Drake Extrusion holds nearly 80 percent of the North American market for filament yarns and is well positioned capacity-wise to meet increased demand. This development involves the gradual transition of operations from staple fiber to yarns, for which market conditions are more favorable.

Temporary shortages and high raw material prices characterized operations in the second half of the financial year. The situation arose internationally in the wake of the pandemic, but especially in the American market, when a record cold winter in Texas temporarily knocked out the supply chain. The price increases were largely passed on to customers, but the lack of raw materials has meant production volumes were lower than customer demand.

Becker Inc. was acquired for MUSD 1.1 in the beginning of 2021. Becker has annual sales of MUSD 4 and the acquisition means that Drake can expand and supplement its product range and thus take on a greater share of the market for yarns, which is enjoying rapid growth.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 622.2 | 543.8 |
| Sales growth % | 14.4 | -19.8 |
| Organic growth % | 26.9 | -23.9 |
| EBITDA | 44.6 | 63.4 |
| EBITDA margin % | 7.2 | 11.7 |
| EBIT | 20.3 | 38.5 |
| EBIT margin % | 3.3 | 7.1 |
| Net debt / Net cash & cash equivalents (-) | 26.1 | -4.0 |
| of which leasing liabilities from IFRS 16 | 12.8 | 14.9 |
| Capital employed | 278.6 | 254.5 |
| Return on capital employed % | 8.2 | 15.6 |



Furniture fabrics made from Drake Extrusion yarns

DUROC'S PORTFOLIO COMPANIES – CRESCO

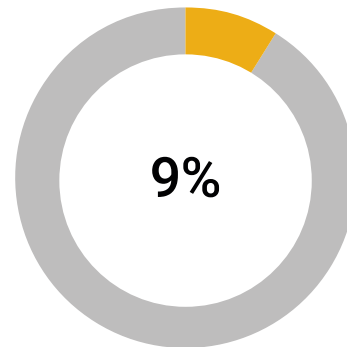
Cresco develops, produces and sells textile-based solutions for the professional cultivation of crops and is one of the leading suppliers on the global market. The products contribute to favorable environments in greenhouses, mushroom farms and composting installations. They are also found in park settings where they are used to prevent weed growth. The most important product is climate screens for greenhouses where they control the cultivation climate. The screens contribute to a more efficient cultivation process with lower energy consumption. Cresco's production facility is in Belgium.

The professional cultivation market is expected to grow by around 6 percent per year over the next five years. Growth is driven by the increased demand for locally grown, plant-based, healthy food. The rate of investment in the greenhouse industry is also on the increase as more and better technical solutions are developed, such as multiple layers of climate screens for different purposes. Add to this the demand for new, more sustainable technologies that enable year-round cultivation and improve efficiency, saving water and energy alike.

Cresco's development work also focuses on alternative materials. PLA, a biodegradable polymer made from corn, has long been used in ground cover products. The material can be used in many product categories, and Cresco is always looking for new opportunities to use next-generation materials in its production.

During financial year 2020/2021, Cresco implemented measures to increase its sales force in North and South America. Thanks to active development work to complement the current product offering and increased production capacity, Cresco has good prospects to continue growing its already profitable business.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 296.8 | 258.5 |
| Sales growth % | 14.8 | -13.9 |
| Organic growth % | 19.7 | -15.7 |
| EBITDA | 46.7 | 29.1 |
| EBITDA margin % | 15.7 | 11.3 |
| EBIT | 41.8 | 24.4 |
| EBIT margin % | 14.1 | 9.5 |
| Net debt / Net cash & cash equivalents (-) | 27.8 | 51.3 |
| of which leasing liabilities from IFRS 16 | 5.0 | 5.4 |
| Capital employed | 172.8 | 175.4 |
| Return on capital employed % | 24.7 | 13.7 |



Climate screens for greenhouses

DUROC'S PORTFOLIO COMPANIES – COTTING GROUP

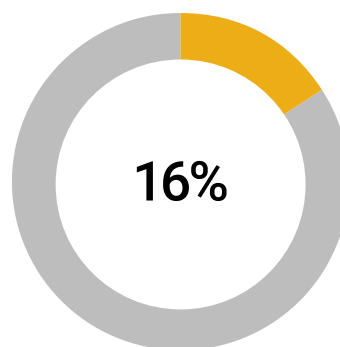
Cotting Group has been established in the international coated textiles market for more than 60 years. Its products consist of PVC and PU coated fabrics that are used in a variety of areas, including the fashion industry, protective clothing, hospital beds, car interiors, dental chairs, furniture and wall coverings. Cotting Group has production facilities in France and Belgium.

The market for coated textiles is estimated to be around SEK 170 billion, of which the European portion, where Cotting Group currently has most of its sales, totals almost SEK 40 billion. The coated textiles markets are in long-term growth and are expected to increase by about 4 percent per year. The industry is fragmented and barriers to entry are high; the operation is capital intensive and customers demand high delivery security. With its extensive experience and know-how, the Cotting Group enjoys an acknowledged position as a producer of high-quality products.

The Cotting Group expanded its sales force into new markets during the financial year. In addition, a decision was made to invest approximately MSEK 30 in new equipment to boost competitiveness. Cotting Group has broadened its offer and expanded its customer base. The pandemic has had a negative impact on sales, especially in Automotive, where planned production by automotive manufacturers was at first reduced to prevent contagion, and was then affected by a shortage of semiconductors in the second half of the financial year. Counterbalancing this, sales of products sorting under Medical increased. Raw material shortages and price increases also had an impact on the past year.

Product development planning is characterized by a greater degree of sustainability than in the past. Products made from recovered materials are a good example. The Group is well on its way to strengthening its position in the Coated Textiles segment.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 535.6 | 581.3 |
| Sales growth % | -7.9 | - |
| Organic growth % | -4.0 | - |
| EBITDA | 4.5 | 93.9 |
| EBITDA margin % | 0.8 | 16.2 |
| Adjusted EBITDA | 10.7 | 34.3 |
| Adjusted EBITDA margin, % | 2.0 | 5.9 |
| EBIT | -12.4 | 77.6 |
| EBIT margin % | -2.3 | 13.4 |
| Net debt / Net cash & cash equivalents (-) | 33.9 | 3.5 |
| of which leasing liabilities from IFRS 16 | 4.9 | 6.1 |
| Capital employed | 292.7 | 292.5 |
| Return on capital employed % | -4.3 | 26.5 |
| Adjusted return on capital employed % | -2.1 | 6.2 |



Coated fabrics

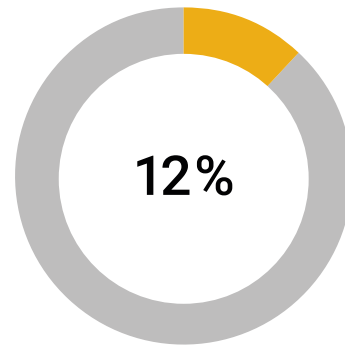
DUROC'S PORTFOLIO COMPANIES – DUROC MACHINE TOOL GROUP

Duroc Machine Tool Group (DMT Group) is one of the biggest suppliers of machine tools, tools, machine service and support to mechanical engineering companies in the Nordics and Baltics. Its customers are in the automotive and forestry industries, and in construction equipment and power generation. The DMT Group represents a large number of internationally renowned brands. Its most important products are processing machines from Doosan in Korea, one of the market's world leading brands. DMT Group is the only distributor operating in the following seven markets: Sweden, Norway, Denmark, Finland, Estonia, Latvia and Lithuania.

DMT Group is a well-established supplier and enjoys high market share in most of its geographical markets. There is a potential to grow faster than the market itself in one of the larger markets and by expansion of the product range. DMT Group plays an important part in the market by helping engineering companies with machines, tools and accessories, production optimization and financing solutions, service, support and training, in fact everything needed in a competitive production environment.

During the year, order intake for machine tools broke the previous record. Doosan's broad range was complemented by automation solutions in the form of robots, as well as machining centers from the Italian high-end FPT brand for the manufacture of large, high-precision components. The product portfolio's updated offer has boosted the competitiveness of the DMT Group. The business model is now being adapted for an increase in sustainability activities, and the goal for the next financial year is to launch a new offer reflecting this.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 379.0 | 381.4 |
| Sales growth % | -0.6 | -16.1 |
| Organic growth % | 2.3 | -17.0 |
| EBITDA | 34.1 | 35.9 |
| EBITDA margin % | 9.0 | 9.4 |
| EBIT | 29.1 | 30.8 |
| EBIT margin % | 7.7 | 8.1 |
| Net debt / Net cash & cash equivalents (-) | -17.6 | -7.7 |
| of which leasing liabilities from IFRS 16 | 7.9 | 4.9 |
| Capital employed | 46.9 | 34.8 |
| Return on capital employed % | 84.0 | 69.0 |



Example of a Machine Tool From Doosan

DUROC'S PORTFOLIO COMPANIES

– DUROC RAIL

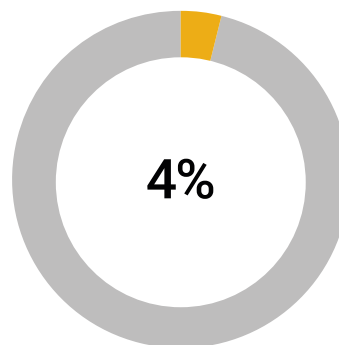
Duroc Rail delivers complete, efficient, high-quality maintenance for railroad wheels for locomotives, railroad passenger cars and freight cars. From Luleå, Duroc Rail mostly meets northern Sweden's railroad wheel maintenance needs. Thanks to its efficient wheel maintenance, Duroc Rail contributes to lower operating costs per kilometer.

The availability of iron ore in the northern part of Sweden results in a great deal of heavy haulage, which means constant wear on railroad wheels. Railroad transportation is also increasing in terms of people and goods due to the focus on the environment. Rail freight and passenger transportation consume less than half of the energy consumed by road traffic. If we compare CO₂ emissions, railroad haulage has but a fraction of the emissions from road haulage. By securing the supply of railroad wheels for its customers, Duroc Rail helps reduce environmental impact.

Increased railroad traffic, higher axle loads and faster trains have led to growing demand for high-quality, high-performance wheels and maintenance. The number of wheel-axle assembly variants has increased significantly over the past five years, resulting in greater demands being placed on maintenance providers.

Duroc Rail can look back on another successful financial year. Good volumes from existing customers were complemented by new customers and a broader customer base. Continued growth will be driven through diversification, with railroad freight traffic at the heart of the business. Duroc Rail took market shares in passenger traffic during the financial year.

Share of Duroc's sales (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 129.7 | 127.4 |
| Sales growth % | 1.8 | 12.8 |
| Organic growth % | 1.8 | 12.8 |
| EBITDA | 34.0 | 30.5 |
| EBITDA margin % | 26.2 | 23.9 |
| EBIT | 26.4 | 22.8 |
| EBIT margin % | 20.3 | 17.9 |
| Net debt / Net cash & cash equivalents (-) | 29.4 | 28.8 |
| of which leasing liabilities from IFRS 16 | 12.3 | 16.0 |
| Capital employed | 41.4 | 41.1 |
| Return on capital employed % | 59.6 | 47.7 |



Wheel-axle assemblies awaiting shipment

DUROC'S PORTFOLIO COMPANIES – SMALLER COMPANY PORTFOLIO

Universal Power Nordic (UPN) supplies diesel engines for industrial and marine applications in Sweden and Norway, along with associated spare parts, service and repairs. The company represents well-known brands such as Perkins, Kubota, Kohler and Nanni.

By being at the forefront of technology with an engine program that meets EU Stage V environmental requirements well, UPN has strengthened its competitiveness and continues to advance its position in a growing market.

During the year, sales were affected by lower demand and delivery delays from manufacturers as a result of the pandemic. Measures were taken on the cost side and the company is in a good position for future profitability.

Herber Engineering manufactures advanced tube bending machines for cold tube forming and profiles. It has customers worldwide in e.g. the automotive, aviation and furniture industries and the heat exchanger sector.

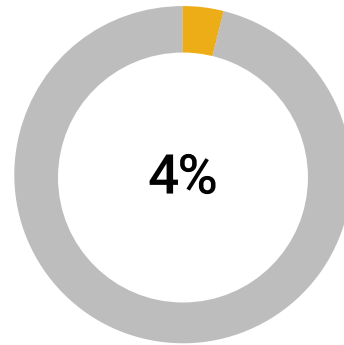
Herber is a well-known brand that stands for high-quality products. The business is characterized by projects, and sales can fluctuate significantly from one period to the next. During the year, demand for the type of machine tools that Herber develops was weak in several markets.

Duroc Laser Coating (DLC) is Sweden's leading laser surface treatment company. DLC offers the renovation and new manufacture of industrial components.

DLC's laser coating technology is an important building block in the transition to cost-effective, sustainable industrial production. Scrappage and the requirement for spare parts can be minimized by renewing and strengthening the surface of metal components. Component function and durability is often improved by using a laser welder to build up materials with more suitable properties. The service life of components exposed to abrasion, corrosion or high temperatures can in most cases be doubled, but three or even fourfold service life extensions are not uncommon.

DLC enjoyed strong development during the year with increased sales and a strengthened operating margin. Longer component lead times as a result of the pandemic benefit DLC's business model.

SHARE OF DUROC'S SALES (2020/2021)



| Amounts in MSEK | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| Net sales | 137.0 | 198.9 |
| Sales growth % | -31.1 | 27.9 |
| Organic growth % | -31.1 | 27.9 |
| EBITDA | 3.3 | 8.4 |
| EBITDA margin % | 2.4 | 4.2 |
| Adjusted EBITDA | 5.4* | 8.6 |
| Adjusted EBITDA margin, % | 4.0* | 4.3 |
| EBIT | -8.1 | -2.7 |
| EBIT margin % | -5.9 | -1.4 |
| Net debt / Net cash & cash equivalents (-) | 37.7 | 32.3 |
| of which leasing liabilities from IFRS 16 | 33.0 | 24.0 |
| Capital employed | 55.8 | 51.9 |
| Return on capital employed % | -15.7 | -3.9 |
| Adjusted return on capital employed % | -10.0 | -3.6 |

* Adjusted for restructuring costs related to the liquidation of companies in Norway.



Laser coating with a laser welder

OUR APPROACH TO SUSTAINABILITY

Duroc is a long-term investment company that acquires industrial companies and trading companies. Sound finances, low mortgaging, diversification and conservative valuation of potential acquisitions are some of the strategy's key elements. This long-term investment horizon makes sustainability a crucial concept when we acquire companies as well as when we develop and manage them. Sustainability is not only about all of our futures, but also a concern for tomorrow that will only grow in importance. The companies in the Duroc Group are sustainable and

they benefit the communities they do business in. They are goal oriented and concentrate on growing enduring businesses, not least by delivering sustainable solutions to customers while minimizing exposure to sustainability-related risks.

Duroc achieves the greatest impact in its role of proactive owner in the portfolio companies. The development of companies that are competitive over the long-term leads to sustainable development and allows value to grow over time. Sustainability work is also carried out in the parent company.



DUROC ACQUIRES AND DEVELOPS COMPANIES

Duroc's business concept is to acquire the right companies at the right price and to constantly develop its existing company portfolio through successive improvements. In our acquisition process, we identify companies that show clear potential and where we are able, by concentrating on proper governance, the right management, investments, product development and commitment to the business and its employees, to create a company that can provide long-term value growth not only for customers and employees, but also for its owners, society and other stakeholders. Sustainability issues are becoming an increasingly important part of the acquisition process due to the global insistence that businesses should be responsible and sustainable over the long term. Duroc does not invest in companies that:

- produce tobacco products, weapons or are associated with pornography
- have as their core business the production of energy in a non-sustainable manner
- operate businesses in which child labor is exploited
- whose operations do not comply with the UN Universal Declaration of Human Rights

Duroc is a long-term owner and as a rule our companies are not for sale. Our goal is to create enduring, stable relationships and partnerships. We create profitability and grow together with our companies over time. We are convinced that this provides the best conditions for enduring, sustainable solutions and value creation.

THE DUROC GROUP

MULTI-YEAR OVERVIEW

| Key financial indicators (amounts in MSEK) | DUROC | | | |
|---|-------------|-------------|-------------|-------------|
| | 2007 – 2106 | 1907 – 2006 | 1807 – 1906 | 1707 – 1806 |
| Income statement | | | | |
| Net sales | 3,254.5 | 3,158.2 | 2,974.4 | 2,526.4 |
| Operating profit | 88.6 | 161.8 | 93.7 | 116.2 |
| EBITDA | 189.9 | 269.1 | 145.3 | 160.6 |
| Profit after net financial items | 78.5 | 145.6 | 89.0 | 112.8 |
| Profit after tax | 55.4 | 116.5 | 87.3 | 130.6 |
| Return on equity % | 5.2 | 12.3 | 9.5 | 14.8 |
| Balance sheet | | | | |
| Balance sheet total | 2,086.3 | 1,961.6 | 1,859.0 | 1,662.2 |
| Cash and cash equivalents | 59.9 | 142.3 | 352.5 | 262.2 |
| Interest-bearing liabilities* | 343.2 | 399.5 | 476.6 | 273.7 |
| Net debt / Net cash & cash equivalents excl. liabilities from IFRS 16 | 139.9 | 117.8 | 124.1 | 11.5 |
| Net debt / Net cash & cash equivalents incl. liabilities from IFRS 16 | 283.3 | 257.0 | – | – |
| Capital employed* | 1,318.8 | 1,250.3 | 1,425.7 | 456.3 |
| Equity | 1,070.3 | 948.4 | 950.0 | 882.4 |
| Equity/assets ratio* | 51 | 48 | 51 | 53 |
| Equity per share, SEK | 27.4 | 24.3 | 24.4 | 22.6 |
| Cash flow | | | | |
| Cash flow from operating activities before changes in working capital | 201.6 | 148.8 | 119.0 | 112.9 |
| Cash flow from operating activities | 70.6 | 322.3 | 70.8 | 75.7 |
| Cash flow from investing activities | -75.3 | -260.9 | -143.7 | -106.0 |
| Cash flow from financing activities excl. dividends | -71.5 | -262.2 | 160.2 | -23.2 |
| Cash flow for the period | -76.1 | -200.9 | 87.3 | -53.5 |
| Dividend | – | – | – | – |
| Personnel | | | | |
| Average number of employees | 1,122 | 1,182 | 834 | 724 |
| Net sales/average number of employees | 2.9 | 2.6 | 3.5 | 3.4 |

* Definition updated in 2019/2020 to include changes in financial statements under IFRS 16.

GEOGRAPHICAL AREAS

| GROUP Amount in MSEK | Sweden | | Rest of Nordics | | Rest of Europe | | USA | | Other markets | | Group | |
|---|-------------|-------------|-----------------|-------------|----------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| | 2007 – 2106 | 1907 – 2006 | 2007 – 2106 | 1907 – 2006 | 2007 – 2106 | 1907 – 2006 | 2007 – 2106 | 1907 – 2006 | 2007 – 2106 | 1907 – 2006 | 2006 – 1907 | 1907 – 2006 |
| Net sales | 302.3 | 351.6 | 244.5 | 232.2 | 1,832.5 | 1,766.0 | 688.2 | 556.2 | 187.0 | 252.2 | 3,254.5 | 3,158.2 |
| Property, equipment and right-of-use assets | 104.9 | 100.6 | 8.4 | 6.3 | 379.0 | 423.5 | 218.4 | 208.2 | – | – | 710.7 | 738.6 |
| Investments | -4.3 | -5.9 | -2.6 | -1.0 | -41.1 | -42.5 | -47.2 | -43.5 | – | – | -95.1 | -93.0 |

Revenues are based on the areas in which customers are located.

Assets are reported according to their location.

THE DUROC SHARE

Duroc Class B shares are listed on Nasdaq Stockholm, Small Cap. During 2020 – 2021, a total of 3.5 (4.9) million shares were traded for a total of MSEK 100.3 (130.1). Average daily turnover was 13,947 shares (19,595), or TSEK 398 (521). The share price at the beginning of the year was SEK 23.8 and at the end of the year SEK 34.5. The annual peak for the Duroc share was SEK 35.0 as noted on June 22, 2021, while the annual low was SEK 23.1 as noted on July 8, 2020. The number of shareholders at year-end totaled 2,267 (2,453).

SHARE CAPITAL

Share capital in Duroc AB (publ) at the end of the financial year totaled SEK 39,000,000 divided into 39,000,000 shares, of which 29,066,783 were Class B shares and 9,933,217 Class C shares. Each share corresponds to one vote. The quota value per share is SEK 1. The total number of votes was 39,000,000, of which 29,066,783 were Class B and 9,933,217 were Class C.

DIVIDEND

Within the framework of the Group's conservative finance policy, the Duroc dividend must be adapted to suit the Group's plans for looking after investments assessed as value-creating. The dividend policy must be forward-looking, i.e. dividend decisions must be based on future prospects, not history. When planned investments roughly correspond to reported depreciation according to plan, it is reasonable for at least 50 percent of profit after tax to be distributed to shareholders. We must stress that because Duroc's goal is to continue acquiring businesses and companies, compliance with our conservative financial policy may reduce the dividend potential in any given year.

In view of Duroc's continued expansion plans and the positive effects of historical investments, the Board has resolved that no

dividend be paid for the business year 2020/2021 (previous year SEK 0 per share). The strategy is to actively seek new business acquisitions and continue investing in the existing business.

AUTHORIZATIONS

The Annual General Meeting (AGM) of November 5, 2020 resolved to authorize the Board to resolve on one or more occasions during the period up until the next AGM on a new issue of a total of no more than 4,300,000 Class B shares. The Board has not used the authorization during the financial year.

The AGM of November 5, 2020 further resolved to authorize the Board to decide on the acquisition or transfer of shares in the company. Acquisitions may be made to a maximum number of Class B shares such that following each acquisition Duroc holds no more than 10 percent of the total number of shares in the company. During the 2020/2021 financial year, no repurchase or sale of own shares took place.

OPTIONS

No options were issued by the company.

SHARE CAPITAL DEVELOPMENT

| Year | Transaction | Nominal value per share SEK | Change in share capital SEK | Total share capital SEK | Quantity | Number of Class B shares | Number of Class C shares | Total number of shares |
|-------|--------------------------|-----------------------------|-----------------------------|-------------------------|----------|--------------------------|--------------------------|------------------------|
| 1992 | Formation of the company | 100 | 50,000 | 50,000 | 500 | 0 | | 500 |
| 1993 | New share issue | 100 | 600,000 | 650,000 | 6,500 | 0 | | 6,500 |
| 1995 | New share issue | 100 | 34,200 | 684,200 | 6,500 | 342 | | 6,842 |
| 1995 | Split | 1 | 0 | 684,200 | 650,000 | 34,200 | | 684,200 |
| 1996 | New share issue | 1 | 300,000 | 984,200 | 650,000 | 334,200 | | 984,200 |
| 1996* | New share issue | 1 | 200,000 | 1,184,200 | 250,000 | 934,200 | | 1,184,200 |
| 1997 | New share issue | 1 | 592,100 | 1,776,300 | 375,000 | 1,401,300 | | 1,776,300 |
| 1998 | Bonus issue | 1 | 1,776,300 | 3,552,600 | 750,000 | 2,802,600 | | 3,552,600 |
| 1999 | New share issue | 1 | 1,776,300 | 5,328,900 | 750,000 | 4,578,900 | | 5,328,900 |
| 2006 | Share conversion A-B | 1 | 0 | 5,328,900 | 350,000 | 4,978,900 | | 5,328,900 |
| 2007 | New share issue | 1 | 2,000,000 | 7,328,900 | 350,000 | 6,978,900 | | 7,328,900 |
| 2017 | New share issue | 1 | 31,671,100 | 39,000,000 | 350,000 | 6,978,900 | 31,671,100 | 39,000,000 |
| 2017 | Share conversion A-B | 1 | 0 | 39,000,000 | 0 | 7,328,900 | 31,671,100 | 39,000,000 |
| 2017 | Share conversion C-B | 1 | 0 | 39,000,000 | 0 | 29,066,783 | 9,933,217 | 39,000,000 |

BIGGEST SHAREHOLDERS AS OF 06/30/2021

| Owner | Class B shares | Class C shares | Proportion of equity % | Proportion of votes % | Market value Class B shares (KSEK) |
|--------------------------------------|-------------------|------------------|------------------------|-----------------------|------------------------------------|
| Peter Gyllenhammar AB | 21,066,783 | 9,933,217 | 79.5 | 79.5 | 726,804 |
| AB Traction | 3,138,026 | 0 | 8.1 | 8.1 | 108,262 |
| Nordnet Pensionsförsäkring | 544,623 | 0 | 1.4 | 1.4 | 18,789 |
| EQ Nordic Small Cap | 465,453 | 0 | 1.2 | 1.2 | 16,058 |
| Insurance company, Avanza pension | 317,646 | 0 | 0.8 | 0.8 | 10,959 |
| Lilja, Nils Magnus | 184,698 | 0 | 0.5 | 0.5 | 6,372 |
| Handelsbanken Sverige Index Criteria | 168,517 | 0 | 0.4 | 0.4 | 5,814 |
| Markensten, Johan | 151,018 | 0 | 0.4 | 0.4 | 5,210 |
| Strid, Henrik | 147,870 | 0 | 0.4 | 0.4 | 5,102 |
| SEB Hållbar Sverige Indexnära | 100,000 | 0 | 0.3 | 0.3 | 3,457 |
| Almsparre, Claes Göran | 98,000 | 0 | 0.3 | 0.3 | 3,381 |
| Konrad, Magnus | 87,694 | 0 | 0.2 | 0.2 | 3,025 |
| SEB Sverige Indexfond | 85,894 | 0 | 0.2 | 0.2 | 2,956 |
| Plus Mikrobolag Sverige Index | 85,653 | 0 | 0.2 | 0.2 | 2,955 |
| Lindberg, Gunnar | 85,000 | 0 | 0.2 | 0.2 | 2,932 |
| Other | 2,339,908 | 0 | 6.0 | 6.0 | 80,728 |
| Total | 29,066,783 | 9,933,217 | 100.0 | 100.0 | 1,002,804 |

NUMBER OF SHARES HELD AS OF 06/30/2021

| Number of shares: | Number of shareholders | Class B shares | Class C shares | Proportion of equity % | Proportion of votes % |
|-------------------|------------------------|-------------------|------------------|------------------------|-----------------------|
| 1 – 500 | 1,714 | 249,018 | 0 | 0.6 | 0.6 |
| 501 – 1000 | 233 | 192,471 | 0 | 0.5 | 0.5 |
| 1001 – 5000 | 225 | 505,161 | 0 | 1.3 | 1.3 |
| 5,001 – 10,000 | 36 | 283,056 | 0 | 0.7 | 0.7 |
| 10,001 – 15,000 | 15 | 186,868 | 0 | 0.5 | 0.5 |
| 15,001 – 20,000 | 6 | 108,975 | 0 | 0.3 | 0.3 |
| 20,001 – | 38 | 27,541,234 | 9,933,217 | 96.1 | 96.1 |
| Total | 2,267 | 29,066,783 | 9,933,217 | 100.0 | 100.0 |

SUSTAINABLE VALUE CREATION

GOVERNANCE FRAMEWORK

Duroc stands behind the UN's global goals for sustainable enterprise. We also adhere to global initiatives such as the OECD Guidelines for Multinational Enterprises and the eight Fundamental ILO Conventions. Because we are convinced that the most competitive companies will be those able to deliver sustainable products sustainably produced in corporate cultures that are committed to making good things responsibly, we work constantly at strengthening our companies' sustainability efforts.

SUSTAINABILITY MANAGEMENT

Duroc's sustainability management begins and ends with the Board. The Board bears ultimate responsibility for Group-wide strategy and sustainability efforts, while Duroc's CEO bears operational responsibility. Responsibility is allocated similarly in the portfolio companies. The companies' boards have sustainability as a standing agenda item at all meetings, and one of the four quarterly meetings has sustainability as the topic for the entire meeting. There is always an employee appointed in Duroc and each portfolio company who prepares, manages and communicates sustainability issues in the respective companies.

Duroc requires systematic work for constant improvements and development to take place in the portfolio companies. Because the companies have greatly diversified operations, a small number of shared non-financial key indicators are monitored centrally. Development in the companies is monitored in monthly business reviews and Board meetings in which representatives of Duroc's management always participate. We shared the groundwork by setting common sustainability targets in 2019/2020, and we ensure continuity by reviewing and developing these targets annually. In addition to our common goals, each company has its own business-specific sustainability goals.

Systematic environmental and quality management is well established, with eight of our eleven production units certified under the ISO 9001 quality standard and the ISO 14001 environmental standard. The systematic work includes risk management, goal management and the development of action plans.

The many activities related to sustainability in the past years' projects aimed at strengthening the Group's sustainability work clearly demonstrate the increased priority accorded to sustainability by the Board and company management. Meanwhile, the portfolio companies have shown their own commitment to the issue, and they note increasing pressure from the market and the outside world, which have shown responsible sustainability work to be ever more important for long-term profitable business. All in all, this has led to a sought-after cultural change in which sustainability issues have assumed greater importance in our portfolio companies and sustainability has been incorporated into their strategic plans. This cultural change is ongoing and we feel humility and respect in recognizing that we have much left to learn and much left to do.

MATERIALITY ANALYSIS

To make sure we work with the sustainability areas considered most urgent by our stakeholders, we conduct ongoing interviews with owners, employees, representatives from the portfolio companies and investors. We use this information to update our materiality analysis. The outcomes of the analysis form the basis for actions in the parent company and in directives to the portfolio companies.

The areas of particular interest to stakeholders are acquisitions, climate impact, anti-corruption and business ethics, health and safety, diversity and equality, and responsible, long-term business.

GROUP REQUIREMENTS FOR SUBSIDIARIES

- a) Implement the Code of Conduct.
- b) Implement the uniform group-wide process of risk identification and action.
- c) Conduct a materiality analysis based on input from stakeholders.
- d) Identify the main environmental impact and create an action plan to mitigate it.
- e) Measure, follow-up and report CO₂ emissions, water consumption, waste, energy consumption, health and safety, and diversity.
- f) Set sustainability targets and follow them up on a monthly basis.
- g) Institute an anonymous whistleblower system.



OUR FOCUS AREAS AMONG THE UN SUSTAINABILITY DEVELOPMENT GOALS

GOAL NUMBER 3: GOOD HEALTH AND WELL-BEING

Regulated under the Corporate Responsibility Policy and also under the HR Policy. Goals are updated annually in Duroc’s business and action plans, and those of all portfolio companies. Followed up through monthly reports and Board meetings.

GOAL NUMBER 5: GENDER EQUALITY

Regulated under the Corporate Responsibility, Code of Conduct and HR policies. Followed up through monthly reports.

GOAL NUMBER 7: AFFORDABLE AND CLEAN ENERGY

Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

GOAL NUMBER 8: DECENT WORK AND ECONOMIC GROWTH

Regulated under the Corporate Responsibility Policy and also under the HR Policy. Included in the annual business plans and followed up monthly.

GOAL NUMBER 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

GOAL NUMBER 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

GOAL NUMBER 13, CLIMATE ACTION

Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.



RESPONSIBLE BUSINESS

| Key financial indicators | June 30, 2021 | June 30, 2020 | June 30, 2019 |
|---|---------------|---------------|---------------|
| Net debt (+) / Net cash & cash equivalents (-) ¹ | 139.9 | 117.8 | 124.1 |
| Equity/assets ratio ¹ | 55% | 52% | 51% |
| Adjusted equity/assets ratio ^{1,2} | 57% | 57% | 63% |

¹Excluding effects from IFRS 16

² Equity divided by the adjusted balance sheet total where cash and cash equivalents and interest-bearing liabilities are reported on a net basis.

Responsible business involves creating long-term values and sustainable solutions for our employees, society, customers and partners. Duroc's group-wide Code of Conduct includes guidelines for the way employees are expected to behave in their day-to-day work in areas such as health and safety, conduct, human rights, environmental considerations, their impact on society and business ethics. It is through our actions that we demonstrate to our customers and other stakeholders our commitment to the obligations described in our Code of Conduct. Our Group-wide Code of Conduct, creates a common point of reference for our companies.

To ensure compliance with the way we wish to do business as a Group, we introduced a self-assessment tool during the year, in which e.g. policies and guidelines are evaluated.

A new Group-wide risk management tool was introduced during the year to improve preparedness and extend the planning horizon.

BUSINESS ETHICS AND ANTI-CORRUPTION

Duroc's Code of Conduct is based on the fundamental values expressed in the Global Compact's Sustainable Enterprise Guidelines, the OECD Guidelines for Multinational Enterprises and other internationally accepted standards. Responsible business requires respect for the equal value of all humans and an active stand against corruption. Failure to comply with anti-corruption laws and regulations can have serious consequences for Duroc. Based on our risk assessment, we conduct targeted, in-depth scrutiny in order to counter corruption. Examples of measures include reviewing transactions within selected businesses and targeted control issues. We also have a whistleblower system in place which provides the ability to remain anonymous.

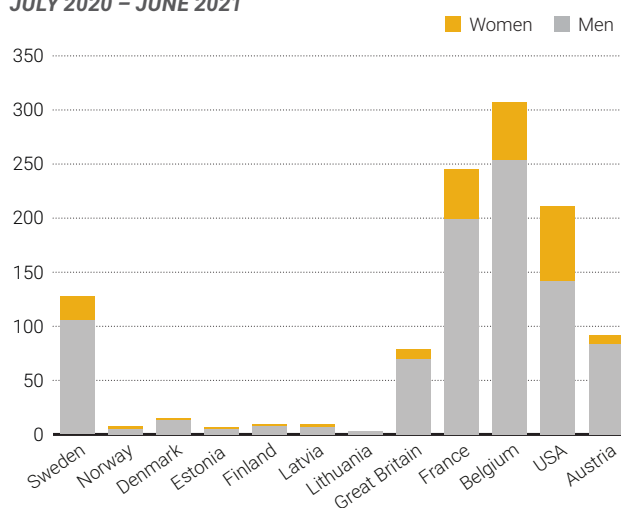
The self-assessment tool launched in 2019/2020 was used in all portfolio companies during the past year. Although we did not find any evidence of corruption or other discrepancies at all, our analyses show that risk analysis concerning anti-bribery and corruption is not sufficiently stable. We will therefore conduct group-wide training in this area during 2021/2022 and further strengthen requirements in each company's regulations.

EMPLOYEES

| Employees*, June 2021 | Broken down by gender | | Broken down by age | | | |
|----------------------------|-----------------------|------------|--------------------|------------|-------------|------------|
| | Number of employees | Women | Men | < 30 years | 30-49 years | > 50 years |
| International Fibres Group | 233 | 19 | 215 | 32 | 111 | 91 |
| Drake Extrusion | 210 | 69 | 141 | 23 | 102 | 85 |
| Cresco | 318 | 54 | 264 | 43 | 125 | 150 |
| Cotting Group | 170 | 41 | 129 | 17 | 72 | 81 |
| Duroc Machine Tool Group | 72 | 10 | 62 | 4 | 32 | 36 |
| Duroc Rail | 38 | 9 | 29 | 4 | 21 | 13 |
| Smaller Company Portfolio | 60 | 7 | 53 | 8 | 31 | 21 |
| Holding company | 8 | 6 | 2 | 0 | 5 | 3 |
| Total | 1,110 | 215 | 895 | 131 | 499 | 480 |

* Full-time fixed-term employment is included in the number of employees.

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY JULY 2020 – JUNE 2021



The Duroc Group currently employs around 1,200 people, distributed across 12 countries. Our success depends entirely on our ability to attract, retain and develop these employees. Working for the Duroc Group must be an attractive proposition. No matter what your position or where in the world you work, you should be able to feel confident that the Group's values characterize the workplace. We must have safe and appropriate workplaces and tools.

ACCIDENTS WITH ABSENCE PER 1 MILLION HOURS WORKED

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|----------------|-------------|----------------|----------------|
| Parent company | 0 | No information | No information |
| Group | 20.1 | 21.4 | 121.7 |

We collaborate with many universities in our various operations. We see this as a great way to give-and-take in the communities where we operate. Because we have many knowledge-intensive opera-

tions where constant learning is essential for our development, it is also a means to attract new employees and add to our competence.

The Covid 19 pandemic affected operations in 2020/2021.

The recommendation to stay at home from work even with very mild symptoms resulted in sick leave.

SICK LEAVE AS A PERCENTAGE OF TIME WORKED

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|----------------|-------------|----------------|----------------|
| Parent company | 0.3 | No information | No information |
| Group | 5.3 | 5 | 6 |

True entrepreneurship requires a decentralized management system, good development opportunities, good leadership and decent working conditions in an environment characterized by equality and diversity.

For us, diversity, inclusion and equality mean an environment with a good gender balance, where everyone is respected and encouraged to contribute and enjoys the same opportunities. The proportion of women in senior positions is a driving factor behind greater gender equality. The table below shows the proportion of female managers in the Group, the proportion of women in Group management, and the proportion of women on the Group’s Board of Directors.

PERCENTAGE OF WOMEN

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|--------------------|-------------|----------------|----------------|
| Managers | 21.9% | No information | No information |
| Group management | 33.3% | 33.3% | 33.3% |
| Board of Directors | 20% | 20% | 20% |

Duroc does not tolerate any form of discrimination, harassment, bullying or abuse.

Duroc seeks to achieve a culture in which we all benefit from diversity and the opportunity to see things from multiple standpoints. We are convinced that this favors our business and leads to better, more sustainable solutions.

Along with many others, we see signs today that the type of industrial work we offer is becoming increasingly less attractive, especially among young potential employees. For this reason, two of our companies have launched programs to become more attractive as employers, starting from the ground up. Because this is no quick fix and it will impact many areas, work will continue over the coming year and probably for several years ahead.

We note that the annual performance feedback taken for granted in the parent company does not reach all of the portfolio companies. This will therefore be an area that benefits from extra effort over the coming year. We will also launch a Group-wide management program and Group-wide talent & succession management and planning processes.

ENVIRONMENTAL AND CLIMATE IMPACT

We still lack the ability to report CO₂ emissions for the Group as a whole. Parent company CO₂ emissions decreased significantly during the past year, as pre-Covid travel accounted for a large part of emissions.

Emissions of CO₂ equivalents in the parent company, scope 1–2

| Parent company | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|---------------------------|---------------------------|----------------|----------------|
| Energy use | 3,379 kWh | No information | No information |
| Greenhouse gases (tonnes) | 1,678 (incl. electricity) | 21,547 | 21,279 |

CIRCULAR ECONOMY

The circular economy aims to promote circular resource flows. It is basically a matter of husbanding our resources and making sure our products, materials and resources remain in the economy as long as possible, and of preventing and minimizing waste. Materials and resources must be kept in circulation for as long as practicable to avoid incineration or disposal in landfills, so that only essential virgin resources need to be extracted. The importance of increased reuse and recycling is growing in line with the rise in global living standards, as ever more people have access to more resource-intensive lifestyles.

SUSTAINABLE PRODUCTS AND SERVICES

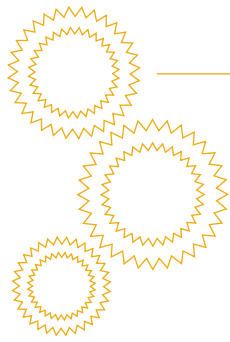
Global demands for sustainable products and services are growing steadily. Gradually, laws and regulations are becoming more stringent, and ever more customers are demanding sustainable alternatives. Descriptions and examples can be found under the heading Our customer offerings.

A large proportion of the products from Duroc’s portfolio companies are made with fossil-based plastics. Because society’s increasing demands for sustainable plastics affect Duroc’s operations to a great extent, the demands must be transformed into strategic developments. The circular economy continues to form a common basis for the Group’s development efforts. For Duroc, the circular economy not only concerns developing new products and materials, but also finding new circular business models for our services. The transition to more sustainable production, using e.g. renewable energy, also forms part of our circular perspective.

The plastics used in many of the yarns, fibers and coated textiles from Duroc companies give the materials specific, desirable properties that natural fibers often lack. For example, they can be produced in different colors and rendered durable for longer life, and can be made moisture-resistant, flame-resistant, light, highly draining, absorbent or filtering.

In general, plastics have been in the spotlight in recent years and there is a political will to reduce the use of plastics in society, especially in the light of littering problems, plastic waste in the oceans and the leaching of hazardous substances. Conventional plastic is not biodegradable and if it ends up in nature, it stays there. Also, the majority of all plastics today are made from oil, which is a fossil resource, and thus plastics give rise to fossil CO₂ emissions whenever they are burned.

These increasing demands can be regarded both as a risk and as an opportunity. The Duroc Group endeavors to achieve long-term sustainable use of plastics, and we are taking on the challenges our materials pose. We can gain market advantages by staying at the forefront of development. One difficulty arises from the great extent to which the materials are used in complex products that today usually lack systems for dismantling and recycling. On



the other hand, our materials help extend the life of the products they are used in, which is one of the most important aspects of reducing the environmental impact of a product from a lifecycle perspective. We work with various development projects where we use e.g. biobased, biodegradable materials and make greater use of recovered raw materials.

The table below shows the amount of recovered material used by the fiber companies and the amount of biobased fiber produced, also within the fiber companies.

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|-----------------------------|-------------|-------------|----------------|
| Recovered material (tonnes) | 1036 | 344 | No information |
| Biobased material (tonnes) | 217 | 92 | No information |

EFFICIENT, SUSTAINABLE PRODUCTION

If we are to offer sustainable products and services, our production must also be sustainable. Here, efficiency and sustainability often go hand-in-hand, e.g. by reducing the use of energy and resources and minimizing resource wastage through spillage. Constant improvements in this area take their natural place in all of our ISO-certified production units, although targets and key financial indicators vary between operations. Sustainable production also requires a good work environment and a high degree of safety. Because most of the Duroc portfolio companies are producing units, they are monitored monthly for energy consumption, the proportion of clean energy used, water consumption, CO₂ emissions and where relevant, recycled materials, the proportion of biobased production and waste. The information is used to

produce new, ambitious annual targets and action plans to reduce negative climate impact. Duroc encourages its portfolio companies to use renewable energy as far as possible.

We are investing in our own energy production capacity for electricity and steam in Asota, with a climate impact lower than the current supplier is able to offer.

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|---|-------------------------|-------------------------------|----------------|
| Electricity consumption, Group, MWh | 105,436 (all companies) | 91,364 (fiber companies only) | No information |
| Proportion of renewable electricity, Group % | 21.6 | 26.6 | No information |
| Natural gas, Group, MWh | 62,587 | 53,830 | No information |
| Electricity consumption, parent company, MWh | 0.38 | No information | No information |
| Proportion of renewable electricity, parent company % | 100 | No information | No information |

All of our production units have long been working to minimize waste. This is followed up systematically in the Fiber and Technical Textiles fields. A large part of the wastage can be recovered through good collaboration with suppliers and thoughtful waste management.

The table shows wastage as a percentage of total volume

| | 2020 – 2021 | 2019 – 2020 | 2018 – 2019 |
|----------------------------|-------------|-------------|-------------|
| Fiber & technical textiles | 3.5 | 3.5 | 3.65 |

TYPICAL EXAMPLE OF OUR SUSTAINABLE CUSTOMER OFFERINGS

DUROC RAIL

Duroc Rail’s business concept is circular in essence as its offer is based on repairing and reusing components for wheels for railroad locomotives and wagons for rail operators in Scandinavia. Wheels are critical safety and reliability components in railroad transportation. By securing the supply of wheels to our customers, we increase confidence in rail transportation and help more traffic switch to railroads, which in turn helps reduce the ecological burden and above all greenhouse gas emissions.



CRESCO

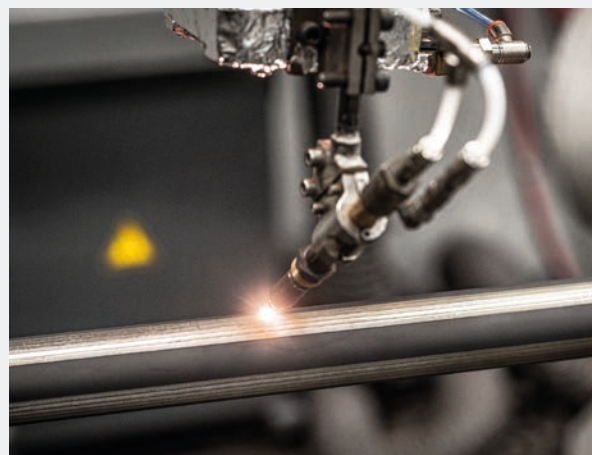
Cresco produces several types of greenhouse climate screens whose various properties optimize the cultivation process and thus reduce its impact on the environment and climate. The advantages of cultivation in controlled environments such as greenhouses and the use of climate screens include the reduced need for water and pesticides compared to conventional outdoor cultivation. It also allows crops to be grown in climates where they would not otherwise have grown, thus helping to increase food production and production efficiency.

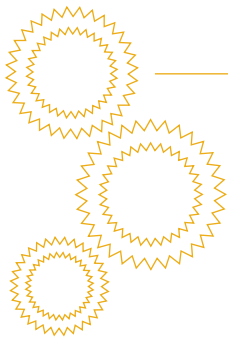
Also, Cresco’s product range includes ground cover fabrics made from PLA biobased plastic, a biodegradable material that is better for the climate than products made from e.g. polypropylene produced from fossil raw materials.



DUROC LASER COATING

Duroc Laser Coating also has a circular business concept as it offers the repair of steel surfaces and new production of customer-specific surface-treated components in small and large series. Surfaces exposed to wear, heat or corrosion are restored and reinforced by laser build-up welding, laser impregnation or laser hardening. For customers, this not only means longer service life for coated products, but also financial gains as it is possible to use cheaper materials in the product as a whole, while applying the desired properties precisely where they are needed.





TYPICAL EXAMPLE OF OUR SUSTAINABLE CUSTOMER OFFERINGS

DRAKE

The demand for personal protective equipment such as masks and aprons in healthcare has increased sharply due to the ongoing Covid 19 pandemic. In the United States, IFG Drake together with its customer STI Fabrics, has developed a PFAS-free protective apron with a longer life than other common disposable products used in the American health-care sector.

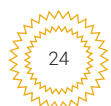
PFAS (polyfluoroalkyl substances) is a group of chemicals that have dirt and water repellent properties and are often used in textiles and beauty products. Among other things, they have been proven to disrupt reproduction and hormone production, and are also extremely difficult to break down. Problems occur when the chemicals are released from e.g. textiles and are spread in water and the environment. In the yarn manufactured by IFG for protective aprons, the water repellent component is encapsulated in the yarn itself, which prevents the component from being washed away. Thus the aprons can be washed at least 50 times without losing their protective effect. This is very different from other commonly used fabrics made from polyester or a mix of polyester and cotton that use PFAS to achieve their water repellent effect. In the more common fabrics, this effect disappears after around 15 washes, resulting in the release of the substances and their leakage into nature.



SUSTAINABILITY IN OUR BUSINESS WORLD

Because Duroc's corporate portfolio is highly diversified and different industries are affected in different ways by the pandemic, it is difficult to describe a common market development. However, we are able to say that there has been a great focus on the environment and climate issues in the European market, where most of the Group's sales take place. The demand for sustainable products

and services is growing and we see increasing demands from customers for e.g. recovered plastic in new products, as well as for these materials also to be recoverable. We take a positive view of this development and are actively engaged in material R&D. We also note an increased consumer willingness to pay more in order to cover the costs of establishing circular, sustainable solutions.



AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

This is a literal translation of the Swedish original report

**TO THE GENERAL MEETING OF THE SHAREHOLDERS IN
DUROC AKTIEBOLAG, CORPORATE IDENTITY NUMBER
556446-4286**

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year the financial year July 1, 2020 to June 30, 2021 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.
Stockholm as the date of our electronic signature

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant



APPENDIX

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CORPORATE GOVERNANCE

JULY 1, 2020 – JUNE 30, 2021

This report has been reviewed by the company's auditor in accordance with the requirements of the Swedish Companies Act.

CORPORATE GOVERNANCE

Duroc AB is a Swedish public limited liability company whose Class B shares are listed on Nasdaq Stockholm. Governance is based on external regulations and policy documents internally prepared and approved which set guidelines for the entire Duroc Group's operations. The policy documents are based on the fundamental values and principles which must characterize Duroc's operations and the conduct of its employees.

Duroc applies the Swedish Code of Corporate Governance ("the Code"). No departures from the Code took place during the 2020/2021 financial year, with the exception of the Nomination Committee area (see Nomination Committee below).

In addition to the Swedish Code of Corporate Governance, important external regulations with which Duroc complies include the Swedish Companies Act, Nasdaq Stockholm's rules for issuers and accounting legislation and recommendations. There are also a number of other applicable laws and regulations.

The company's corporate governance also forms the basis of its Articles of Association, the Board of Directors' and the Board's rules of procedure, the CEO's instructions and internal policy documents such as the Code of Conduct and the communication, insider, whistleblower, CSR and financial policies.

The content of the Articles of Association as adopted by the AGM is governed by the Swedish Companies Act. The Articles of Association do not contain any specific provisions concerning the appointment or dismissal of Board members or amendments to the Articles of Association. Duroc's Articles of Association are available on the Duroc website, www.duroc.com.

OWNERSHIP STRUCTURE, SHARES AND VOTING RIGHTS

As of June 30, 2021, Duroc's share capital totaled MSEK 39 distributed across 39,000,000 shares, of which 29,066,783 were Class B shares and 9,933,217 Class C shares. Each share corresponds to one vote and carries the same right to a share of the company's assets and entitles the holder to an equal dividend. Duroc sets no limit on the number of votes a shareholder may cast at an AGM.

As of June 20, 2021 Duroc had 2,267 (2,453) shareholders according to statistics from Euroclear Sweden. The three biggest owners were Peter Gyllenhammar AB with 79.5 percent, AB Traction with 8.1 percent, and Nordnet Pension Insurance with 1.4 percent. The 10 biggest owners accounted for 93 percent of the votes and an equally large share of the assets. Further information about Duroc shareholders and the Duroc share is available on pages 16–17.

ANNUAL GENERAL MEETING

Shareholders exercise influence in the company at the AGM, which is the company's highest decision-making body. At the AGM, Duroc shareholders decide on key issues such as the adoption of income statements and balance sheets, the dividend to shareholders, the composition of the Board of Directors, discharge from liability for the members of the Board and the CEO, amendments to the Articles of Association, the election of auditors and the principles for remuneration to senior management. The AGM must be prepared and implemented such that it creates conditions for

shareholders to exercise their rights in an active, well-informed manner. Shareholders who are listed in Euroclear Sweden's shareholder register on the record date and who notify their participation in the meeting no later than the date specified in the notice to attend are entitled to attend and vote at the meeting, either in person or via proxy. Each shareholder has the right to have a matter addressed by the AGM.

Information about the time and place of the AGM will be available on the Duroc website no later than in conjunction with the third quarter report. There is also information on how shareholders must proceed in order to have a matter addressed by the AGM. The CEO and an auditor must attend the meeting. The Chairman of the Board must attend and if possible all Board members, otherwise a number of Board members sufficient to form a quorum.

Duroc's 2021 Annual General Meeting will be held on November 9, 2021 and conducted by postal voting in accordance with the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings of shareholders and associations.

ANNUAL GENERAL MEETING 2020

Duroc's 2020 AGM was held on November 5 at Strandvägen 7a in Stockholm. The AGM resolved to re-elect all Board members, namely Peter Gyllenhammar, Carina Heilborn, Carl Östring, Ola Hugoson and Johan Öberg. Peter Gyllenhammar was re-elected Chairman of the Board.

PricewaterhouseCoopers AB was elected auditor with Aleksander Lyckow as auditor-in-charge. The Chairman of the Board, members Carina Heilborn and Carl Östring and the auditor were present at AGM.

The 2020 AGM resolved on the following matters, among others:

- Adoption of the parent company and consolidated balance sheets and income statements and that earnings be carried forward.
- The CEO and all Board members were discharged from liability for the year.
- Board member fees totaling SEK 1,000,000, i.e. 200,000 to each Member. Auditor's fee to be paid against approved invoice.
- Guidelines for remuneration to senior executives.
- Authorization for the Board to resolve on a new issue of no more than 4,300,000 shares in Duroc AB.
- Authorization for the Board to resolve on the repurchase and transfer of own shares. Acquisitions may be made to no more than 10 percent of the total number of shares.

NOMINATION COMMITTEE

In view of the concentrated ownership structure, where Peter Gyllenhammar via Peter Gyllenhammar AB and Traction AB, jointly own 88 percent of the votes, the AGM of November 8, 2018 resolved not to appoint a Nomination Committee.

BOARD OF DIRECTORS

Duroc's Board of Directors comprises Peter Gyllenhammar, member and Chairman, and the members Carina Heilborn,

Ola Hugoson, Johan Öberg and Carl Östring. All Board members were re-elected at the AGM on November 5, 2020.

Peter Gyllenhammar

Stockholm, born 1953

Background: Chairman of the Board since the AGM of April 27, 2017. Owner of Gyllenhammar Holding AB (including Peter Gyllenhammar AB)

Education: Unfinished studies at the Stockholm School of Economics

Other board assignments: Chairman of Galjaden Holding AB with subsidiaries, Svenska Trävarugruppen AB with subsidiaries and VB Value Research AB. Member of the boards of Gyllenhammar Holding AB, Peter Gyllenhammar AB, Galjaden Fastigheter AB with subsidiaries, Browallia AB with subsidiaries, Johnson & Starley Ltd with subsidiaries.

Number of shares: indirectly via Peter Gyllenhammar AB: 21,066,783 Class B and 9,933,217 Class C

Carina Heilborn

Täby, born 1973

Background: Board member since 2016. Auditor at KPMG, CFO and Investment Manager at Peter Gyllenhammar AB

Education: Graduate in business administration

Other board assignments: Chairman of ScandBook AB and Protean Capital Management AB. Member of the boards of Svenska Trävarugruppen AB with subsidiaries, Scandbook Holding AB, Equuleus AB, Clean Oil Technology AB, Johnson & Starley Ltd with subsidiaries and VB Value Research AB

Number of shares: 0

Ola Hugoson

Ystad, born 1957

Background: Board member since 2017. Has worked with the family-owned company Polykemi AB since 1982; president and CEO since 1997

Education: Graduate in business administration

Other board assignments: Member of the board of Polykemi AB and subsidiaries

Number of shares: 35,000 Class B shares.

Johan Öberg

Saltsjöbaden, born 1970

Background: Board member since 2017. Senior Partner and Managing Director, Global Head Tech Capital Sector, BCG Sweden

Education: MBA from INSEAD

Other board assignments: Chairman of CaAI. Member of the boards of OnDosis and Global Child Forum

Number of shares: 1,000,000 call options (relating to Class C shares) issued by Duroc's principal owners.

Carl Östring

Lidingö, born 1974

Background: Board member since 2013. Founder of Generalcounsel.se. 2011–2019 General Counsel and Investment Manager at AB Traction. Former lawyer, Managing Partner and partner at law firms in Sweden and Russia

Education: Bachelor of laws

Other board assignments: Chairman of the Board of Drillcon AB, Stenhusgruppen AB, Tundra Fonder AB and Recco Holding AB with subsidiaries.

Number of shares: 10,000 Class B shares and 2,000 Class B shares jointly with spouse.

THE WORK OF THE BOARD

The Board has overall responsibility for the company's organization and the management of the company's affairs. It decides on the Group's overall goals, strategies, acquisitions, disposals and investments, and determines the financial reporting and makes decisions regarding the Group's financial structure. The Board is responsible for ensuring adequate supervision of the Company's compliance with laws and other regulations and that its disclosures are transparent, accurate, relevant and reliable.

The Board's rules of procedure and instructions regarding the division of responsibilities between the Board and the CEO are evaluated, updated and adopted annually. If the Board sets up internal committees, the Board's rules of procedure must describe the tasks and decision-making rights delegated to said committees and how the latter must report to the Board.

The Board must evaluate its own working methods and effectiveness annually. At least once a year, the Board must

| Member | Elected | Fee ¹ | Attendance | | Independent in relation to | |
|--------------------|---------|------------------|-----------------------------|--------------------------|----------------------------|--------------------|
| | | | Board meetings ² | Statutory Board meetings | Company and management | Major shareholders |
| Peter Gyllenhammar | 2017 | 200,000 | 6/6 | 1/1 | Yes | No |
| Carina Heilborn | 2016 | 200,000 | 6/6 | 1/1 | Yes | No |
| Ola Hugoson | 2017 | 200,000 | 6/6 | 1/1 | Yes | Yes |
| Johan Öberg | 2017 | 200,000 | 6/6 | 1/1 | Yes | Yes |
| Carl Östring | 2013 | 200,000 | 6/6 | 1/1 | Yes | Yes |
| | | 1,000,000 | | | | |

¹ Refers to the fee approved at the AGM on November 5, 2020.

² Refers to meetings during the financial year July 1, 2020 – June 30, 2021.

evaluate the work of the CEO in particular. When this matter is addressed, no member of company management may be present.

The Board holds six regular meetings and one statutory meeting per year. The regular meetings take place in conjunction with the release of interim or full-year accounts, and the adoption of the budget and the long-term financial plan. In addition, extraordinary Board meetings are held as necessary. Proposals for the agenda, including documentation, are sent to all Board members before each Board meeting.

Six regular meetings were held during the financial period July 1, 2020 – June 30, 2021, and one statutory meeting was held in connection with the AGM. All of the regular meetings discussed strategic issues, the financial position and development of the company and the Group, financial reporting and control, personnel and organizational issues, legal issues and developments in the financial market. Three of the meetings were attended by the company's auditors, who presented the audit plan and audit reports. All resolutions passed during the financial period July 1, 2020 to June 30, 2021 were unanimous.

AUDIT

The auditor is appointed annually by the AGM. The auditor reviews the annual report and consolidated accounts of Duroc AB, the administration of the Board of Directors and the CEO, remuneration to senior executives (including the remuneration report), the sustainability report and the corporate governance report. The audit and auditor's report are presented at the AGM. The auditor's fee is approved by the Annual General Meeting.

The AGM of November 5, 2020 resolved that the auditor's fee be paid against approved bill. At the same AGM, PricewaterhouseCoopers AB was re-elected as auditor with Aleksander Lyckow as auditor-in-charge. PwC carried out the audit for the financial period July 1, 2020 – June 30, 2021.

AUDIT COMMITTEE

The main tasks of the audit committee are, without prejudice to the Board's responsibilities and tasks in general, to monitor the company's financial reporting and in this regard also the effectiveness of the company's internal control, internal audit and risk management; to stay informed of the audit of the annual accounts and the consolidated accounts; to review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than audit services, and to assist in drawing up proposals for the AGM to resolve on the election of an auditor. The Board must make sure the company's second quarter or third quarter report is reviewed by the company's auditor. At least once a year, the Board meets with the company auditor, without the presence of the CEO or other member of senior management.

During the July 2020 – June 2021 financial year, the Board completed the work of the committee in full. This resolution was passed in view of the size of the company and the scope of its business.

REMUNERATION AND THE REMUNERATION COMMITTEE

The principles for remuneration to the CEO and other senior executives are proposed by the Board and govern fixed annual

salary, variable remuneration, pension and other benefits. These principles must then be adopted by the AGM. The statutory Board meeting held in conjunction with the AGM on November 5, 2020, resolved to appoint Peter Gyllenhammar and Carl Östring as members of the remuneration committee, with Peter Gyllenhammar as Chairman.

Resolutions regarding remuneration and other terms of employment for the CEO are made by the Board. Guidelines for remuneration and other terms of employment for other senior executives are prepared by the Board through its remuneration committee, adopted by the AGM and negotiated and agreed with the CEO under review by the remuneration committee.

CEO

The CEO is responsible for the day-to-day management and control of the Group's operations. This includes implementing the Group's overall strategy, business governance, controlling and compiling financial reports, allocating financial resources, and the responsibility for financing and risk management. The Board's rules of procedure govern the division of duties between the Board and the CEO. The Board evaluates the work of the CEO once a year at a meeting in which no member of company management participates. John Häger has been Duroc's CEO since May 2016.

John Häger

Stockholm, born 1964

Background: Employed 2016. Formerly CEO of Sandvik Coromant Sverige AB

Education: MSc

Number of shares: 8,033 Class B shares.

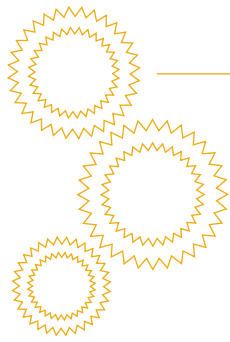
THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING FOR THE FINANCIAL PERIOD JULY 1, 2020 – JUNE 30, 2021

Under the Swedish Companies Act, the Board is responsible for internal control and governance of the company. The Board makes sure the principles it lays down for financial reporting and internal control are complied with and that an appropriate dialog is maintained with the company's auditors.

The Board has evaluated the need to establish a special internal audit function and in said evaluation has deemed that Duroc's legal and operational structure, together with management processes and control systems, does not require any specific function or internal audit. The Board as a whole is responsible for the management and control of the company, while the CEO is responsible for the day-to-day management and control of the Group's strategies and business processes, as well as financial reporting and planning.

The latter regularly reports to the Board based on established procedures.

The Board must safeguard management and control of the company by making sure the CEO and other key individuals in the company management team have the right competence and that the organization is appropriate for the Group's needs. The organization per se, with its decision pathways, authority and responsibility, together with the culture prevailing within the company and which is expressed in internal policies and procedures,



is important for governance. The Group has a number of policies and instructions that regulate operations such as IT, information, ethics, gender equality, business travel and entertainment.

The Board has adopted a written procedure that clarifies its responsibilities and the division of duties between its members and the Chairman. The Board's rules of procedure also regulate the division of duties between the CEO and the Board and provides an instruction for financial reporting to the Board.

Duroc has an authorization system that regulates the financial decisions that must be taken by the Board, the boards of subsidiaries, the CEOs of subsidiaries and individual officials.

Company management continuously analyzes risks and the efficacy of internal control in the companies' business processes. A substantial part of the company's internal control can be found in the processes linked to financial reporting. In these processes, a series of control activities are conducted to ensure the accuracy of internal and external reporting. The Board's ongoing dialog with the company's auditors also forms an important part in this

regard. Duroc's finance department reports according to approved routines through reliable reporting and business systems. The Board receives monthly internal reports and assessments of the financial situation in the Group's companies. Forecasts and analyses are made in conjunction with quarterly reporting to evaluate the companies' strategies and to make sure financial reporting is accurate.

Duroc has an approved information policy to make sure its internal and external information processing is carried out properly. Regarding Duroc's external communication of financial information and other information that may affect the company's market value, there are approved procedures and distribution channels that guarantee compliance with Nasdaq Stockholm's rules for issuers. Duroc deviates from the Swedish Code of Corporate Governance in that the 2018 AGM resolved not to appoint a Nomination Committee. The resolution was justified by Duroc's ownership structure, where 88 percent of the votes are owned by Peter Gyllenhammar AB and Traction AB.

Stockholm, September 2021

Board of Directors, Duroc AB (publ)

CONSOLIDATED INCOME STATEMENT

| Amounts in MSEK | July 1, 2020 – June 30, 2021 | July 1, 2019– June 30, 2020 |
|---|---------------------------------|--------------------------------|
| Net sales | 3,254.5 | 3,158.2 |
| Other operating income | 33.1 | 119.3 |
| Change in inventories | 3.7 | 28.6 |
| Raw materials and consumables | -1,616.6 | -1,546.1 |
| Goods for resale | -305.4 | -331.2 |
| Other external costs | -489.9 | -465.7 |
| Personnel costs | -686.3 | -689.5 |
| Depreciation, amortisation and impairment of tangible and intangible assets | -101.3 | -107.3 |
| Other operating costs | -3.3 | -4.5 |
| Operating profit | 88.6 | 161.8 |
| Financial income | 3.8 | 1.8 |
| Financial expenses | -13.9 | -18.0 |
| Net financial items | -10.1 | -16.2 |
| Profit before taxes | 78.5 | 145.6 |
| Deferred taxes | -9.9 | -15.0 |
| Current tax | -13.2 | -14.1 |
| Profit for the year | 55.4 | 116.5 |
| Attributable to: | | |
| Parent company shareholders | 55.4 | 116.5 |
| Earnings per share, SEK, attributable to the parent company's shareholders | | |
| Before and after dilution | 1.42 | 2.99 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Amounts in MSEK | July 1, 2020 – June 30, 2021 | July 1, 2019– June 30, 2020 |
|---|---------------------------------|--------------------------------|
| Profit for the year | 55.4 | 116.5 |
| TOTAL OTHER COMPREHENSIVE INCOME | | |
| Items that may be reclassified to the income statement | | |
| Translation differences | -44.5 | -0.6 |
| Hedge accounting (net) | 2.1 | 0.2 |
| Tax related to items that may later be reclassified to the income statement | -0.7 | 0.0 |
| Items that will not be reclassified to the income statement | | |
| Revaluation of strategic holdings | 16.1 | -14.3 |
| Actuarial gains and losses | 95.9 | -104.0 |
| Tax related to items that will not be reclassified to the income statement | -2.5 | 3.6 |
| Total other comprehensive income | 66.4 | -115.0 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 121.8 | 1.5 |
| Of which comprehensive income belonging to: | | |
| parent company shareholders | 121.8 | 1.5 |
| COMPREHENSIVE INCOME FOR THE YEAR | 121.8 | 1.5 |

CONSOLIDATED BALANCE SHEET

| Amounts in MSEK | June 30, 2021 | June 30, 2020 |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 84.3 | 82.5 |
| Intangible assets | 35.5 | 12.1 |
| Tangible fixed assets | 570.4 | 592.4 |
| Right-of-use assets | 140.2 | 146.2 |
| Non-current securities holdings | 1.5 | 14.0 |
| Other non-current receivables | 5.3 | 4.3 |
| Deferred tax assets | 56.6 | 73.0 |
| Total non-current assets | 893.9 | 924.6 |
| Current assets | | |
| Inventories | 542.4 | 476.9 |
| Advance payments to suppliers | 7.4 | 2.4 |
| Trade receivables | 514.1 | 355.3 |
| Current tax receivables | 11.1 | 14.7 |
| Other receivables | 37.2 | 24.7 |
| Prepaid expenses and accrued income | 20.4 | 20.7 |
| Cash and cash equivalents | 59.9 | 142.3 |
| Total current assets | 1,192.4 | 1,037.0 |
| TOTAL ASSETS | 2,086.3 | 1,961.6 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 39.0 | 39.0 |
| Other capital provided | 260.5 | 260.5 |
| Reserves | 75.7 | 118.8 |
| Retained earnings including profit for the year | 695.1 | 530.2 |
| Equity attributable to owners of the parent company | 1,070.3 | 948.4 |
| Total equity | 1,070.3 | 948.4 |
| Long-term liabilities | | |
| Provision for pensions | 69.5 | 171.6 |
| Warranty provisions | 1.3 | 2.0 |
| Other provisions | 15.7 | 12.5 |
| Non-current interest-bearing liabilities | 114.7 | 163.0 |
| Non-Current liabilities – right of use assets | 115.4 | 112.7 |
| Other non-current liabilities | 2.8 | 3.6 |
| Deferred tax liabilities | 40.8 | 45.5 |
| Total non-current liabilities | 360.3 | 511.0 |
| Current liabilities | | |
| Warranty provisions | 0.4 | – |
| Other provisions | 22.0 | – |
| Current interest-bearing liabilities | 85.1 | 97.2 |
| Current interest bearing liabilities – right of use assets | 28.0 | 26.5 |
| Advance payments from customers | 33.8 | 16.4 |
| Trade payables | 305.1 | 179.4 |
| Current tax liabilities | 9.8 | 14.2 |
| Other liabilities | 54.7 | 57.4 |
| Accrued expenses and prepaid income | 116.7 | 111.0 |
| Total current liabilities | 655.8 | 502.2 |
| Total liabilities | 1,016.0 | 1,013.2 |
| TOTAL EQUITY AND LIABILITIES | 2,086.3 | 1,961.6 |

PARENT COMPANY INCOME STATEMENT

| Amounts in MSEK | July 1, 2020 – June 30, 2021 | July 1, 2019– June 30, 2020 |
|---------------------------------------|---------------------------------|--------------------------------|
| Net sales | 5.7 | 5.6 |
| Other operating income | 0.0 | 0.0 |
| Other external costs | -8.8 | -7.1 |
| Personnel costs | -13.2 | -12.3 |
| Depreciation and amortisation | -0.3 | -0.5 |
| Operating profit | -16.7 | -14.3 |
| Result from shares in group companies | - | 30.9 |
| Financial income | 3.0 | 1.9 |
| Impairment of financial assets | 61.1 | 27.8 |
| Financial expenses | -4.5 | -6.2 |
| Net financial items | 59.6 | 54.5 |
| Appropriations | | |
| Group contributions made/received | 31.6 | 22.1 |
| Profit before taxes | 74.4 | 62.2 |
| Current tax | -0.7 | - |
| Deferred taxes | -9.0 | -7.0 |
| Profit for the year | 64.7 | 55.3 |

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| Amounts in MSEK | July 1, 2020 – June 30, 2021 | July 1, 2019– June 30, 2020 |
|---|---------------------------------|--------------------------------|
| Profit for the year | 64.7 | 55.3 |
| Other comprehensive income – revaluation of strategic holdings | 0.3 | -0.3 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 65.0 | 55.0 |

PARENT COMPANY BALANCE SHEET

| Amounts in MSEK | June 30, 2021 | June 30, 2020 |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Other intangible assets | 0.5 | 0.9 |
| Tangible fixed assets | 0.0 | 0.0 |
| Shares in group companies | 1,190.6 | 1,104.7 |
| Other equity | – | 0.1 |
| Receivables group companies | 2.1 | 26.6 |
| Deferred tax assets | 6.2 | 15.2 |
| Total non-current assets | 1,199.4 | 1,147.4 |
| Current assets | | |
| Receivables from Group companies | 124.0 | 99.8 |
| Other receivables | 1.4 | 0.9 |
| Prepaid expenses and accrued income | 1.7 | 1.7 |
| Cash and cash equivalents | 27.3 | 10.7 |
| Total current assets | 154.4 | 113.2 |
| TOTAL ASSETS | 1,353.9 | 1,260.6 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Restricted equity | | |
| Share capital | 39.0 | 39.0 |
| Reserve fund | 1.1 | 1.1 |
| Non-restricted equity | | |
| Share premium reserve | 821.5 | 821.5 |
| Retained earnings | 153.7 | 98.1 |
| Profit for the year | 64.7 | 55.3 |
| Total equity | 1,080.0 | 1,015.0 |
| Long-term liabilities | | |
| Non-current interest-bearing liabilities | 69.2 | 94.3 |
| Total long-term liabilities | 69.2 | 94.3 |
| Current liabilities | | |
| Liabilities to credit institutions | 25.2 | 25.2 |
| Trade payables | 0.7 | 1.2 |
| Payables group companies | 172.3 | 120.0 |
| Tax liabilities | 0.7 | – |
| Other liabilities | 0.4 | 0.3 |
| Accrued expenses and prepaid income | 5.4 | 4.7 |
| Total current liabilities | 204.7 | 151.3 |
| Total liabilities | 273.8 | 245.7 |
| TOTAL EQUITY AND LIABILITIES | 1,353.9 | 1,260.6 |

IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied when preparing these consolidated financial statements are set forth below. Duroc's consolidated financial statements have been prepared pursuant to the Swedish Annual Accounts Act, RFR 1 Supplementary Reporting Regulations for Groups, International Reporting Standards (IFRS) and related interpretations (IFRIC) as adopted by the EU. Assets and liabilities are recognized at historical cost with the following exceptions:

- Long-term securities holdings have been measured at fair value.
- Deferred tax assets and tax liabilities have been calculated by applying the current tax rate and the evaluation is based on how the carrying amount of the underlying asset process and liabilities are expected to be realized or settled.
- Inventories are valued at the lower of acquisition value or net sales value.
- Provisions are valued at the amount required to settle an obligation with a current value calculation.
- Defined benefit plans are valued at the net of estimated future benefits calculated to current value and plan assets measured at fair value.

In most cases, preparing reports in accordance with IFRS requires the use of important estimates for accounting purposes. In addition, management must make certain assessments when applying the Group's accounting policies.

The financial statements are presented in Swedish kronor (SEK). Unless otherwise specified, amounts are stated in millions of Swedish kronor (MSEK) to one decimal place. Rounding may occur in tables and statements, the effect of which can be totals that are not always the sum of the rounded component amounts.

GRI INDEX

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| 102-3 | Location of the head office | 37 | |
| 102-4 | Countries in which the organization operates | 37 | |
| 102-5 | Ownership structure and form of company | 7 | |
| 102-6 | Market presence | 15 | |
| 102-7 | The size of the organization | 15 | The parent company has 6 employees |
| 102-8 | Information about employees | 20 | The average number of employees in the group during the year was 1,122. |
| 102-10 | Significant changes in the organization and its supply chain | 3 | |
| 102-11 | The precautionary principle | 34 | |
| 102-12 | External guidelines | 2 | |
| 102-13 | Membership of organizations | 18 | |
| 2. Strategy | | | |
| 102-14 | A word from the CEO | 4 | |
| 3. Ethics and integrity | | | |
| 102-16 | Values and ethical guidelines | 5, 6, 14 | |
| 4. Governance | | | |
| 102-18 | The organization's governance and Board | 26 | |
| 5. Stakeholder commitment | | | |
| 102-40 | Stakeholder groups | 18 | |
| 102-41 | Proportion of employees with collective agreements | 100% | |
| 102-42 | Identification and selection of stakeholders | 18 | |
| 102-43 | Method for stakeholder dialogs | 18 | |
| 102-44 | Important issues for stakeholders | 19 | |
| 6. Accounting profile | | | |
| 102-45 | Units included in the financial statements | 7 | |
| 102-46 | Process for identifying significant aspects and limitations | 18 | |
| 102-47 | List of significant sustainability issues | 18 | |
| 102-48 | Changes in information | None | |
| 102-49 | Changes in accounting | None | |
| 102-50 | Accounting period | 7/1/2020 – 06/30/2021 | |
| 102-51 | Publication date of last report | Sep-20 | |
| 102-52 | Accounting cycle | Annual | |
| 102-53 | Contact details for questions about accounting | johan.hedlund@durocgroup.com | |
| 102-54 | Application level according to GRI | Core | |
| 102-55 | GRI Index | 35 | |
| 102-56 | External verification | 24 | |

*Refers to page in Duroc's Sustainability Report.

IMPORTANT ISSUES

| Standard | | Page* | Remarks |
|---------------------------------------|--|-------|--|
| GRI 200: FINANCE | | | |
| 103-1 | Delimitation of important issues within the organization | 34 | |
| 103-2 | Sustainability management | 18 | |
| 103-3 | Follow-up of sustainability management | 18 | |
| 201-1 | Generated and distributed financial value | 30 | |
| GRI 205: ANTI-CORRUPTION | | | |
| 205-1 | Analysis regarding the risk of corruption | 20 | |
| 205-2 | Communication and training regarding anti-corruption | 20 | |
| 205-3 | Confirmed corruption incidents and actions | 20 | |
| GRI 300: ENVIRONMENT | | | |
| 103-1:3 | Sustainability management | | |
| 305-1 | Direct greenhouse gas emissions | 21 | Scope 1, cdp.net |
| 305-2 | Indirect greenhouse gas emissions | 21 | Scope 2, cdp.net |
| 305-3 | Other indirect greenhouse gas emissions | | Not reported |
| GRI 400: SOCIAL ISSUES | | | |
| 103-1:3 | Sustainability management | 18 | |
| 401-1 | Employee turnover | | 17% in the parent company |
| 401-3 | Parental leave | | 6.40% |
| 403-2 | Injuries and sick leave | 20 | |
| 404-1 | Training in hours | | No reporting system |
| 404-2 | Competence development program | 20 | |
| 404-3 | The proportion of employees who receive a regular evaluation of their performance and career development | 21 | |
| 405-1 | Diversity in the Board, management and among employees | 21 | |
| 406-1 | Discrimination cases and actions | | No such cases have been reported |
| 419-1 | Non-compliance with social and economic laws and regulations | | No such non-compliance has been reported |
| GRI G4: SECTOR-SPECIFIC ISSUES | | | |
| FS 6 | Percentages of the portfolio broken down by region, size and sector | 7 | |
| FS 10 | Proportion of companies with which the organization has interacted on environmental or social issues | | 100% |

*Refers to page in Duroc's Sustainability Report.

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