

INTERIM REPORT

JULY–DECEMBER 2021

SUPPLY CHAIN CHALLENGES CHARACTERIZED THE QUARTER

Second quarter, October–December 2021

- Net sales increased by 12 percent to MSEK 825.1 (735.3).
- Adjusted EBITDA* decreased by 63 percent to total MSEK 14.2 (37.9), corresponding to an adjusted EBITDA* margin of 1.7 percent (5.2). Altogether, several companies show good profit. Extensive losses in the French part of Cotting Group and a weak profit in Drake Extrusion have lowered the profit.
- Adjusted EBIT totaled MSEK -10.7 (13.0).
- Operating profit (EBIT) totaled MSEK -5.0 (13.0).
- Cash flow from operating activities totaled MSEK -59.0 (5.4). Increased material prices have resulted in more capital tied up.
- Profit after tax was MSEK -4.8 (6.3).
- Adjusted earnings per share totaled SEK -0.27 (0.16).
- Earnings per share totaled SEK -0.12 (0.16).
- Equity amounted to MSEK 1,108.5 (921.3) and an equity/asset ratio of 54 percent (49).

First six-months, July–December 2021

- Net sales increased by 17 percent to MSEK 1,690.3 (1,439.0).
- Adjusted EBITDA* decreased by 28 percent to total MSEK 61.5 (85.8), corresponding to an adjusted EBITDA* margin of 3.6 percent (6.0).
- Adjusted EBIT totaled MSEK 11.8 (35.5).
- Operating profit (EBIT) totaled MSEK 17.5 (33.0).
- Cash flow from operating activities totaled MSEK -21.7 (59.8). The material price development has tied up capital, in inventory above all.
- Profit after tax was MSEK 10.1 (17.5).
- Adjusted earnings per share totaled SEK 0.11 (0.51).
- Earnings per share totaled SEK 0.26 (0.45).
- Cash and cash equivalents at the end of December totaled MSEK 35.9 (120.1) and net debt excluding lease liabilities from IFRS 16 totaled MSEK 202.3 (97.3). Unutilized credit facilities totaled MSEK 215.4.

Group (MSEK)	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2021/2022 R12 DEC	2020/2021 JUL-JUN
Net sales	825.1	735.3	1,690.3	1,439.0	3,505.8	3,254.5
EBITDA	19.9	37.9	67.1	83.3	173.8	189.9
Adjusted EBITDA*	14.2	37.9	61.5	85.8	199.9	224.2
Adjusted EBITDA*-margin, %	1.7	5.2	3.6	6.0	5.7	6.9
Operating profit/loss (EBIT)	-5.0	13.0	17.5	33.0	73.1	88.6
Adjusted EBIT*	-10.7	13.0	11.8	35.5	102.1	125.8
Profit/loss after tax	-4.8	6.3	10.1	17.5	48.0	55.4
Profit per share, SEK	-0.12	0.16	0.26	0.45	1.23	1.42
Adjusted profit per share, SEK*	-0.27	0.16	0.11	0.51	1.97	2.37
Cashflow from operating activities	-59.0	5.4	-21.7	59.8	-10.9	70.6
Net debt excl. lease liability from IFRS 16	202.3	97.3	202.3	97.3	202.3	139.9
Net debt incl. lease liability from IFRS 16	336.1	230.0	336.1	230.0	336.1	283.3
Net debt/Equity ratio, %	30	25	30	25	30	26

*Adjusted for items affecting comparability. A reconciliation of amounts can be found on page 17

CEO'S COMMENT

The second quarter was characterized by the same patterns as previously reported with continued severe effects from the pandemic, which depressed earnings in some parts of the Group even though we noted strong order intake and good earnings in others. Duroc increased sales by 12 percent to MSEK 825.1 (735.3). Adjusted operating profit totaled MSEK -10.7 (13.0). The situation is heterogenous, with high profitability in several units, but extensive losses in Griffine, the French part of Cotting Group and a weak result in Drake Extrusion. Thus, all other companies show a positive EBIT amounting to 61.2 MSEK during the first six months, while the losses in Griffine and Drake Extrusion sums up to MSEK 43.7. An action program has been launched to turn the development in Griffine around, while lower polypropylene prices and a higher labor supply will result in successively increase profits in Drake Extrusion

Second quarter, October–December 2021

Consequences of semiconductor shortages and raw materials price increases have been difficult to predict, and they have affected Duroc to a greater extent than previously envisaged. The Cotting Group is a supplier to the French automotive industry, which has been more affected by the semiconductor shortage than their industry colleagues in e.g. Germany, and volumes were successively reduced during the first half of the financial year. Meanwhile, intensive efforts were made to broaden the customer base in both the automotive and other segments in order to mitigate vulnerability.

Drake Extrusion in the US suffered a reduced order intake in the staple fiber segment, driven by high raw materials costs and semiconductor shortages among costumers in the automotive industry. Many American employers, including Drake Extrusion, are finding it difficult to attract and retain employees. Labor shortages in yarn production have resulted in delivery delays. Despite the delivery situation, the company has not had losses in market shares.

Other parts of the Group have developed satisfactorily. Despite reduced volumes in automotive, IFG has improved its earnings. This is a direct result of the mix shift, which is proceeding according to plan. The DMT Group, which sells machine tools and tools, enjoyed a strong order intake and an all-time high order backlog at the end of the quarter. Cresco has grown with continued profitability and increased its market share in North America, where potential is growing. Driven by strong demand, Duroc Rail continued to improve sales and profitability. Growth and profitability in the Small Company Portfolio increased despite delivery delays from some subcontractors.

Our acquisition ambitions remain, and related activities have continued during the quarter, but without resulting in any new addition to the Group.

As already mentioned, disruptions in the Cotting Group and Drake Extrusion burdened the result to a greater extent than predicted during previous quarter. Duroc increased sales by 12 percent to MSEK 825.1 (735.3). The operating profit totaled MSEK -10.7 (13.0).

In conclusion, I recognize that low demand, from the automotive industry in particular, has been the biggest challenge, while demand in the engineering and metal-processing sectors has contributed to a sharp increase in order intake.

First six-months, July–December 2021

All portfolio companies except the Cotting Group increased their sales. Growth in IFG and Drake Extrusion was mainly driven by price increases. Demand was strong in most segments except the automotive industry.

IFG, DMT Group, Duroc Rail and the Small Company Portfolio all showed a sharp improvement in earnings. A mix shift has been in progress for quite some time in IFG in favor of products with a higher value content and thus better margins, which has contributed strongly to the improvement in earnings.

Net sales increased by 17 percent to MSEK 1,690.3 (1439.0). Operating profit totaled MSEK 17.5 (33.0). Combined, the Cotting Group and Drake burdened operating income in the amount of MSEK -43.7. Thus, the other portfolio companies made a positive contribution totaling MSEK 61,2.

Future prospects

Short-term demand during the next quarter, is rated as good for all companies except the Cotting group. While the situation is difficult to assess, the French automotive industry is showing signs of an improvement in the supply of critical components and it forecasts a return to normal by mid-year. Measures have been taken to reduce costs and, as previously announced, a significant order from a key customer in automotive has recently been secured. Although the months ahead will be weak in terms of earnings for Cotting Group, in our estimation the company will show positive results and cash flows in a medium to long-term perspective.

My assessment for Drake Extrusion is that its circumstances will gradually improve at the beginning of 2022, and that the business will begin generating positive earnings and cash flows in the months ahead. Raw materials prices in the US are on the way down, while personnel turnover decreased at the end of 2021, and the conditions for new recruitment have improved.

Even though the second quarter was gloomy, most of the portfolio companies are doing well. The companies managed to fend off all the challenges they were confronted with, and they have every opportunity to continue growing. Despite the temporary setbacks, Duroc is in good shape. The equity/assets ratio is high, the Group has significant unutilized credit facilities and is ready to address the challenges in the upcoming quarters.

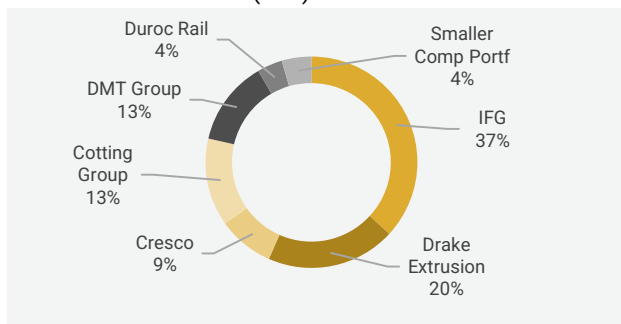
John Häger

CEO

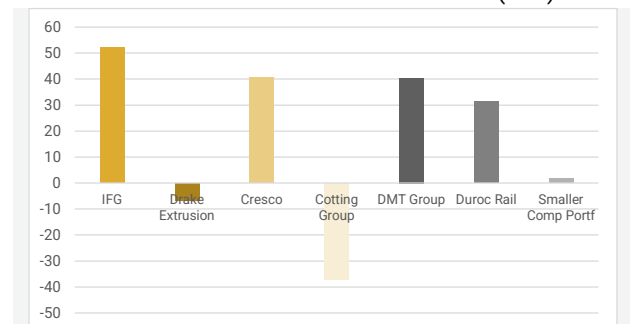
DEVELOPMENTS IN DUROC PORTFOLIO COMPANIES

Duroc's portfolio companies consist of International Fibres Group (IFG), Drake Extrusion, Cresco, Cotting Group, Duroc Machine Tool Group (DMT Group), Duroc Rail and the Smaller Company Portfolio, which comprises Universal Power Nordic (UPN), Herber and Duroc Laser Coating (DLC). Set forth below are each individual portfolio company's share of net sales and adjusted EBIT for the past 12-month period, January 2021 – December 2021. Read more about developments company by company on pages 4–7 and in Duroc's segment report on page 16.

SHARE OF NET SALES (R12)



ADJUSTED EBIT PER PORTFOLIO COMPANY (R12)



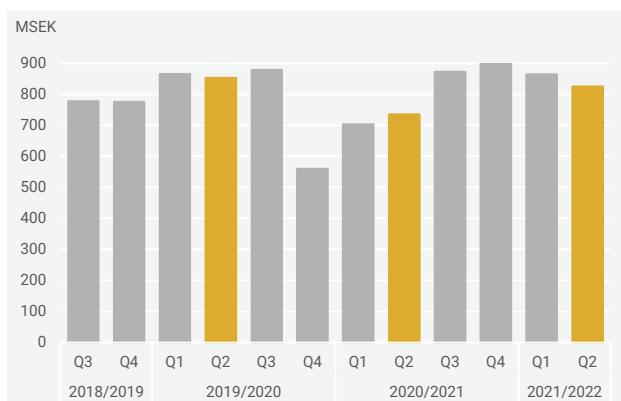
Second quarter, July–December 2021

Net sales increased by 12 percent to MSEK 825.1 (735.3). Organic growth was 11 percent. All of the portfolio companies grew organically, with the exception of the Cotting Group. The DMT Group and the Small Company Portfolio enjoyed growth rates of nearly 50 percent. Growth in IFG and Drake Extrusion is mainly driven by price increases to compensate for higher material and transport costs, and in the case of Drake also higher internal labor costs. The Cotting Group is continually affected by low volumes to the automotive industry, due to the semiconductor shortage. This also affected volumes in IFG and Drake Extrusion, as did customers who are holding back and awaiting lower polypropylen prices. Adjusted EBITDA declined to MSEK 14.2 (37.9), depressed by earnings from the Cotting Group and Drake Extrusion. Other portfolio companies improved their earnings. The adjusted EBITDA margin was 1.7 percent (5.2). Adjusted EBIT totaled MSEK -10.7 (13.0) and the loss after tax MSEK -4.8 (6.3).

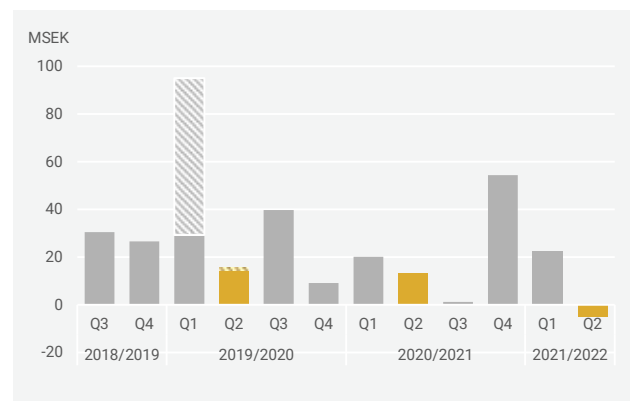
First six-month period, July–December 2021

Net sales increased by 17 percent to MSEK 1,690.3 (1,439.0). Organic growth totaled 17 percent, driven by all of the companies in the portfolio except the Cotting Group, where volumes are low due to the semiconductor shortage. Despite supply challenges, DMT Group, Duroc Rail and the Small Company Portfolio enjoyed strong growth and improved profitability during the first six-month period. Growth at IFG is largely driven by price increases to compensate for higher material prices, but a higher proportion of niche products also boosted profitability. Drake Extrusion was negatively affected by a drop in staple fiber volumes and labor shortages in the US, which meant that the high demand in the profitable yarn segment could not be met in full. The situation is expected to improve significantly in future quarters. Adjusted EBITDA totaled MSEK 61.5 (85.8) and the adjusted EBITDA margin totaled 3.6 percent (6.0). Adjusted EBIT totaled MSEK 11.8 (35.5) and profit after tax amounted to MSEK 10.1 (17.5)

DEVELOPMENT OF DUROC'S NET SALES



DEVELOPMENT OF DUROC'S OPERATING PROFIT (EBIT)

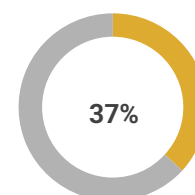


Operating profit for Q1 and Q2 2019/2020 includes MSEK 65.7 and MSEK 1.2 respectively for negative goodwill from business acquisitions. Q3 2020/2021 was affected by restructuring costs totaling MSEK 35.



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, which means a diversified customer portfolio. IFG has production facilities in Belgium, the United Kingdom and Austria.

Share of Duroc's sales (R12)



- The switch in the product mix in favor of niche products and strategic capacity adjustments in the UK strengthened adjusted EBITDA during the quarter, despite volumes being 21 percent lower. In addition to the product mix, sales growth is also affected by the increase in raw materials prices*.
- The reduced volumes are largely attributable to the semiconductor shortage in the automotive industry. Also, IFG was confronted with a wait-and-see market, where customers are holding back for lower polypropylen prices*.
- The high raw materials prices lingered into the second quarter due among other things to high transportation costs from Asia. However, the European market expects prices to be on their way down in the upcoming quarters.
- EBITDA and EBIT include MSEK 5.7 from the dissolution of the restructuring reserve booked in Q3 2020/2021 in respect of the closure of a production facility in the UK.

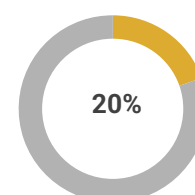
*Raw materials prices at IFG have risen since the second half of the 2020/2021 financial year. Price mechanisms in customer agreements mean that sales increase as raw materials prices rise and decrease as prices fall. Because raw materials prices affect both the sales price and raw materials costs, gross profit remains unchanged, but with a certain lag.

	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	293.9	239.8	632.6	495.1	1,293.3
Growth, Net Sales %	22.6	-4.4	27.8	-13.7	30.8
Organic growth %	22.6	0.9	27.9	-10.2	33.4
EBITDA	17.3	9.7	38.8	22.2	60.1
EBITDA margin %	5.9	4.0	6.1	4.5	4.6
Adjusted EBITDA	11.6	9.7	33.1	24.7	77.6
Adjusted EBITDA-margin, %	3.9	4.0	5.2	5.0	6.0
EBIT	11.0	2.3	26.2	7.3	32.4
EBIT margin %	3.7	1.0	4.1	1.5	2.5
Net Debt/Net Cash (-)	105.0	23.4	105.0	23.4	105.0
of which from leasing IFRS 16	65.0	68.4	65.0	68.4	65.0
Capital employed	454.2	345.0	454.2	345.0	454.2
ROCE %	8.2	0.6	8.2	0.6	8.2
Adjusted ROCE %	13.1	3.2	13.1	3.2	13.1



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. Staple fiber is used for production in a variety of areas including flooring, rugs, furniture, technical filters, car interiors and nonwoven fabrics. The business is located in Virginia, USA.

Share of Duroc's sales (R12)



- Sales volumes decreased by 30 percent in the quarter, and the increase in sales revenues is entirely attributable to price increases to compensate for increased raw material prices and labor costs. Demand for staple fiber from automotive remains low as a consequence of the semiconductor shortage, and strong demand in the yarn business could not be fully met as the staffing situation in the USA remains challenging.
- The high PP prices have begun to trend downwards, which together with the better staffing outlook for upcoming quarters is expected to boost earnings significantly.
- EBITDA totaled MSEK -4.1 (12.4), mainly influenced by sales volumes, but also high raw materials prices.

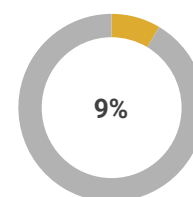
	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	161.8	138.6	352.7	282.6	692.3
Growth, Net Sales %	16.7	-13.4	24.8	-11.6	36.7
Organic growth %	7.3	-3.4	19.0	-3.0	38.4
EBITDA	-4.1	12.4	3.7	30.6	17.7
EBITDA margin %	-2.5	8.9	1.0	10.8	2.5
EBIT	-10.9	6.0	-9.7	17.7	-7.0
EBIT margin %	-6.7	4.3	-2.7	6.3	-1.0
Net Debt/Net Cash (-)	34.7	-7.4	34.7	-7.4	34.7
of which from leasing IFRS 16	11.8	11.9	11.8	11.9	11.8
Capital employed	292.4	228.1	292.4	228.1	292.4
ROCE %	-2.6	16.7	-2.6	16.7	-2.6



- Net sales increased by 6 percent organically in the second quarter, despite a large high-margin order for climate screens being moved forward to the next quarter.
- EBITDA increased and the EBITDA margin strengthened. The relatively low margin for the quarter is attributable to a product mix that was affected by deferred projects to which Cresco supplies climate screens.
- Cresco's business is largely dependent on the operation of the greenhouse projects to which it delivers. Thus because sales and earnings in any one quarter are dependent on the projects that fall due during the period, the outcome may vary considerably.
- Order levels at the end of the period totaled MEUR 11, a reduction from the previous quarter's record (13.6) but still at a high level.
- Cresco is well positioned to continue growing the business in a favorable market. The company has begun to capture market share in North America as a first step toward extending its geographical footprint.

Cresco develops, produces and sells textile-based solutions for the professional cultivation of crops and is one of the leading players on the global market. The products contribute to favorable environments in greenhouses, mushroom farms and composting installations. The most important product is a climate screen for greenhouses that controls the cultivation climate, contributing to a more efficient process with lower energy consumption. Cresco's production facility is in Belgium.

Share of Duroc's sales (R12)



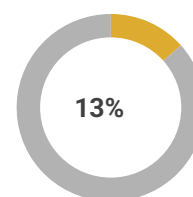
	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	71.0	68.1	140.0	136.0	300.8
Growth, Net Sales %	4.3	16.0	2.9	6.7	12.6
Organic growth %	5.8	20.3	4.5	10.2	16.0
EBITDA	5.5	4.7	14.3	15.1	46.0
EBITDA margin %	7.7	6.8	10.2	11.1	15.3
EBIT	4.1	3.5	11.6	12.7	40.7
EBIT margin %	5.8	5.1	8.3	9.3	13.5
Net Debt/Net Cash (-)	25.5	39.5	25.5	39.5	25.5
of which from leasing IFRS 16	5.6	4.6	5.6	4.6	5.6
Capital employed	182.9	170.4	182.9	170.4	182.9
ROCE %	24.1	16.2	24.1	16.2	24.1



- Net sales in Cotting Group continued to be heavily influenced by low volumes in the French operation. The 50 percent drop in volumes to automotive is attributable to the semiconductor shortage.
- At the end of the quarter, a certain increase in volumes to automotive was noted, and although lower volumes are expected to remain for the rest of the financial year, active sales efforts spotlighted several good business opportunities for a little further ahead.
- High raw materials prices, which for contractual reasons could not be fully covered by price increases to customers, had a negative effect on EBITDA. Belgian operations, which account for about 30 percent of sales, were also affected by high raw materials prices and rising energy prices.
- During the quarter, the French operation won an important order in automotive. The order value is for around MEUR 52 over six years from the end of 2023. The order involves investments in new production equipment that will strengthen competitiveness.

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 has production facilities in France and Belgium.

Share of Duroc's sales (R12)



	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	111.7	154.4	208.5	272.4	471.7
Growth, Net Sales %	-27.6	-17.3	-23.4	-16.8	-10.4
Organic growth %	-26.6	-14.3	-22.2	-14.1	-7.3
EBITDA	-17.3	7.7	-23.6	6.2	-25.3
EBITDA margin %	-15.5	5.0	-11.3	2.3	-5.4
Adjusted EBITDA	-17.3	7.7	-23.6	6.2	-19.1
Adjusted EBITDA-margin, %	-15.5	5.0	-11.3	2.3	-4.1
EBIT	-22.1	3.4	-33.2	-2.3	-43.3
EBIT margin %	-19.8	2.2	-15.9	-0.9	-9.2
Net Debt/Net Cash (-)	100.0	25.0	100.0	25.0	100.0
of which from leasing IFRS 16	3.8	6.1	3.8	6.1	3.8
Capital employed	312.1	298.6	312.1	298.6	312.1
ROCE %	-14.6	-1.0	-14.6	-1.0	-14.6
Adjusted ROCE %	-12.5	-0.5	-12.5	-0.5	-12.5

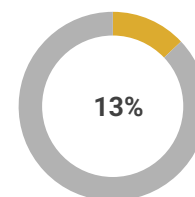
DUROC

MACHINE TOOL

- Demand for machine tools remains high in all markets and the order backlog increased to MSEK 244. DMT Group continues to increase its market share in the Nordics.
- Organic growth stood at 46 percent.
- A shortage of components and containers characterized the market during the quarter, while delayed equipment deliveries have meant that a proportion of sales were deferred.
- Profitability continued its positive development, driven by higher net sales and high capacity utilization.
- EBIT increased by 110 percent to MSEK 8.4 (4.0). The EBIT margin increased to 7.6 percent (5.3).

Duroc Machine Tool Group (DMT Group) is one of the biggest suppliers of machine tools, (R12)

tools, machine service and support to mechanical engineering companies in the Nordics and Baltics. Its customers can be found in e.g. forestry, the automotive industry, construction machinery and power generation. Its most important products are machining centers from Doosan Machine Tools, one of the market's world-leading brands. The DMT group represents more than 60 internationally renowned brands and is alone in its activity in seven markets: Sweden, Norway, Denmark, Finland, Estonia, Latvia and Lithuania.



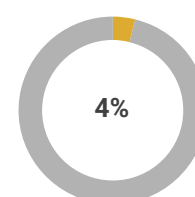
	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	110.2	75.9	224.4	148.0	455.4
Growth, Net Sales %	45.2	-27.5	51.6	-28.8	41.6
Organic growth %	46.3	-25.3	52.9	-26.7	43.9
EBITDA	9.8	5.2	22.3	10.6	45.8
EBITDA margin %	8.8	6.9	9.9	7.2	10.1
EBIT	8.4	4.0	19.5	8.3	40.4
EBIT margin %	7.6	5.3	8.7	5.6	8.9
Net Debt/Net Cash (-)	-27.0	-16.8	-27.0	-16.8	-27.0
of which from leasing IFRS 16	6.6	5.2	6.6	5.2	6.6
Capital employed	53.3	31.4	53.3	31.4	53.3
ROCE %	98.3	62.0	98.3	62.0	98.3

DUROC RAIL

- Net sales increased by 8 percent. Demand for maintenance work is high due to a change of weather and low temperatures during November and December.
- In addition to high demand, a favorable product mix – which includes a higher proportion of service and a smaller proportion of materials – contributed to the high profitability.
- EBIT and the EBIT margin doubled compared with the previous year.
- High season got off to a good start in December, and the order book is well filled for the next quarter, which is the strongest season for 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.

Share of Duroc's sales (R12)



	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	29.4	27.3	55.2	49.5	135.4
Growth, Net Sales %	7.7	-2.0	11.4	-7.3	9.6
Organic growth %	7.7	-2.0	11.4	-7.3	9.6
EBITDA	7.6	4.7	13.4	8.8	38.6
EBITDA margin %	25.8	17.1	24.4	17.9	28.5
EBIT	6.0	2.7	10.3	5.1	31.6
EBIT margin %	20.5	10.0	18.6	10.3	23.3
Net Debt/Net Cash (-)	27.7	26.0	27.7	26.0	27.7
of which from leasing IFRS 16	10.9	14.2	10.9	14.2	10.9
Capital employed	49.8	43.1	49.8	43.1	49.8
ROCE %	67.9	51.4	67.9	51.4	67.9

DUROC LASER COATING



UNIVERSAL POWER

- Net sales increased by 50 percent in the quarter and EBIT turned positive. Year-over-year figures were low as a result of Covid-19.
- Herber showed strong sales developments with many deliveries of machine projects. Demand for pipe-bending machines remained good and led to an increase in order intake.
- Despite continued challenges with delivery delays from key suppliers, UPN increased its sales. Also, the cost base was adjusted, which together with the divestment of the Norwegian subsidiary, resulted in a loss being turned into profit.
- DLC continued its stable development during the quarter, with increased sales and improved operating profit (EBIT).
- Restructuring aid in the amount of MSEK 0.3 (0.9) was received during the quarter and MSEK 1.1 (1.5) for the six-month period.

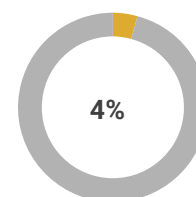
Smaller Company Portfolio

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.

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

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

Share of Duroc's sales (R12)



	2021/ 2022 Q2	2020/ 2021 Q2	2021/ 2022 Q1-Q2	2020/ 2021 Q1-Q2	2021/ 2022 R12 DEC
Amounts in MSEK					
Net Sales	47.2	31.6	77.5	55.7	158.8
Growth, Net Sales %	49.6	-51.2	39.2	-49.3	9.6
Organic growth %	49.6	-51.2	39.2	-49.3	9.6
EBITDA	6.4	0.2	7.7	0.5	10.5
EBITDA margin %	13.7	0.6	9.9	0.8	6.6
Adjusted EBITDA	6.4	0.2	7.7	0.5	12.7
Adjusted EBITDA-margin, %	13.7	0.6	9.9	0.8	8.0
EBIT	4.0	-2.0	2.9	-4.2	-1.0
EBIT margin %	8.4	-6.2	3.7	-7.5	-0.7
Net Debt/Net Cash (-)	30.3	32.0	30.3	32.0	30.3
of which from leasing IFRS 16	29.5	20.8	29.5	20.8	29.5
Capital employed	50.3	46.7	50.3	46.7	50.3
ROCE %	-2.0	-11.8	-2.0	-11.8	-2.0
Adjusted ROCE %	3.6	-11.5	3.6	-11.5	3.6

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE AND POSITION

Net sales for the first six months totaled MSEK 1,690.3 (1,439.0). Operating profit totaled MSEK 17.5 (33.0) and profit after tax MSEK 10.1 (17.5). Other comprehensive income totaled MSEK 28.2 (-44.5) including MSEK 26.0 (-57.6) in translation differences.

At the end of the period, the Group's equity totaled MSEK 1,108.5 (921.3) and the equity/assets ratio was 54.0 percent (49.1). Were cash and cash equivalents and interest-bearing liabilities to be reported net, the Group's adjusted equity/assets ratio would be 54.9 percent (52.5).

FINANCING

As of December 31, 2021, Duroc AB has a bank loan in the amount of MSEK 79.8, which will be fully repaid in February 2025 under the amortization plan. There are also local property loans in Austria and Belgium, a local export credit in Austria and a central open credit linked to a Group-wide cash pool. As of December 31, 2021, the Group's unutilized credit facilities totaled MSEK 215.4.

Duroc's financing agreement includes two financial covenants; one relating to net debt in relation to EBITDA, and one relating to equity ratio. Group Management and the Board regularly monitor forecasts relating to the limit values in the covenants. This ensures Duroc meets its obligations to creditors while minimizing liquidity and financing risks. As of Thursday, December 31, 2021, the loan terms in the covenants were met by a good margin.

The shares in the Group's holding companies, International Fibres Group AB, Duroc Machine Tool Holding AB and Duroc Produktion AB, are pledged as security for utilized credit under the loan agreement.

INVESTMENTS

During the first six-month period, the Group made investments in tangible and intangible fixed assets totaling MSEK 33.9 (45.7), of which MSEK 3.3 (5.7) is attributable to the lease of property, plant and equipment in compliance with IFRS 16. Cash flow from the purchase and sales of tangible and intangible assets totaled MSEK -28.0 (-39.7).

CASH FLOW

During the first six-month period, consolidated cash flow from operating activities totaled MSEK -21.7 (59.8). Higher materials prices contributed to higher stock levels. Cash flow from investing activities totaled MSEK -27.3 (-39.4). Cash flow from financing operations totaled MSEK 23.7 (-34.6), where MSEK 57.2 (0.0) was related to utilized credit facilities and MSEK -14,3 (-15.0) to the payment of leasing liabilities in accordance with IFRS 16.

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the reporting period totaled MSEK 35.9 (120.1). Interest-bearing liabilities totaled MSEK 372.2 (350.1) including leasing liabilities from IFRS 16 in the amount of MSEK 133.8 (132.7) and the Group's net debt totaled MSEK 336.1 (230.0).

PARENT COMPANY

Duroc AB's primary functions are acquisitions, monitoring the development of Group companies, business development and financial reporting. Sales consist of internally invoiced services and totaled MSEK 2.9 (2.6) for the first six-month period. Profit after tax totaled MSEK 59.4 (-8.1), of which MSEK 65.3 relates to dividends from subsidiaries. In addition to participations in subsidiaries the Parent Company's assets consist primarily of receivables from Group companies and bank deposits. Duroc AB's equity/assets ratio at the end of the period was 82.3 percent (78.3).

Duroc AB has issued a parent company guarantee in favor of Griffine Enduction S.A, a Cotting Group company. The guarantee is valid until December 2022 with a limit of MEUR 14.

PERSONNEL

The average number of Duroc Group employees during the first six-month period was 1,093 (1,112). The average number of employees in the Parent Company was 6 (6) for the same period.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS FOR THE PARENT COMPANY AND GROUP

Duroc AB and the companies in the Duroc Group are through their operations subject to both financial and operative risks, which the companies themselves can affect to a greater or lesser degree. There are ongoing processes in the companies to identify existing risks and determine how they must be managed. A detailed description of risks and risk management in the parent company and subsidiaries was presented in Duroc's annual report for the financial year July 1, 2020 – June 30, 2021.

The Covid-19 pandemic has affected production and sales in several Duroc Group companies since mid-March 2020 and entailed negative effects on earnings since the last quarter of 2019/2020. The situation has since improved significantly with recurring sales and functioning production. During the third and fourth quarters of 2020/2021

several of our companies were impacted by rising raw materials prices, increased haulage costs and longer lead times during. The shortage of semiconductors has had a major impact on sales to automotive in the Cotting Group. Volumes to the automotive industry from IFG also fell markedly. There is a risk that a more challenging business environment will continue to affect business negatively. There also remains a great deal of uncertainty about the long-term financial consequences of the pandemic, and there is only a limited overview of the future impact on Duroc.

Duroc is financially well-equipped to meet any further challenges from Covid-19 and changed economic conditions.

OTHER INFORMATION

This report has not been reviewed by the auditors.

Stockholm, February 3, 2022

Peter Gyllenhammar
Chairman

Carina Heilborn
Board Member

Ola Hugosson
Board Member

Johan Öberg
Board Member

Carl Östring
Board Member

John Häger
CEO

Duroc AB is obliged to publish this information under the Market Abuse Regulation EU/596/2014. The information was made available for publication at 08:30 on February 4, 2022.

CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
Net sales	825.1	735.3	1,690.3	1,439.0	3,254.5
Other operating income	6.9	8.1	9.5	12.8	33.1
Change in inventories	-11.3	-0.7	2.8	-18.7	3.7
Raw materials and consumables	-425.7	-351.1	-900.7	-674.1	-1,616.6
Goods for resale	-85.0	-61.4	-171.2	-118.6	-305.4
Other external costs	-123.5	-121.5	-241.2	-233.2	-489.9
Personnel costs	-165.8	-170.0	-321.0	-321.5	-686.3
Depreciation, amortisation and impairment of tangible and intangible assets	-24.9	-24.9	-49.6	-50.2	-101.3
Other operating costs	-0.8	-0.8	-1.4	-2.3	-3.3
Operating profit/loss	-5.0	13.0	17.5	33.0	88.6
Net financial items	-1.5	-2.7	-3.7	-5.6	-10.1
Profit before tax	-6.6	10.3	13.8	27.4	78.5
Current tax	-1.8	-6.2	-7.3	-13.7	-13.2
Deferred tax	3.6	2.1	3.6	3.7	-9.9
PROFIT FOR THE PERIOD	-4.8	6.3	10.1	17.5	55.4
Profit for the period attributable to:					
The Parent Company's equity holders	-4.8	6.3	10.1	17.5	55.4
Earnings per share					
Before and after dilution (sek)	-0.12	0.16	0.26	0.45	1.42
Average number of shares before and after dilution	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
PROFIT FOR THE PERIOD	-4.8	6.3	10.1	17.5	55.4
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	11.9	-50.6	26.0	-57.6	-44.5
Hedge accounting (net)	-0.2	-0.4	0.7	-1.2	1.4
Items that will not be reclassified to the income statement					
Revaluation of strategic holdings	-	-9.5	-	6.5	16.1
Actuarial gains and losses(net)	-0.0	4.6	1.5	7.7	93.3
Total other comprehensive income	11.7	-55.9	28.2	-44.5	66.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6.9	-49.6	38.2	-27.1	121.8
Total comprehensive income for the period attributable to:					
The Parent company's equity holders	6.9	-49.6	38.2	-27.1	121.8
non-controlling interests	-	-	-	-	-

CONSOLIDATED BALANCE SHEET

Amounts in MSEK	2021-12-31	2020-12-31	2021-06-30
ASSETS			
Non-current assets			
Intangible assets	120.4	93.3	119.8
Property plant and equipment	712.4	689.5	710.7
Financial assets	6.2	24.4	6.8
Deferred tax assets	58.9	69.7	56.6
Total non-current assets	897.9	876.8	893.9
Current assets			
Inventories	620.2	459.5	549.8
Trade receivables	444.7	353.1	514.1
Current tax receivables	12.8	12.5	11.1
Other receivables	27.7	35.8	37.2
Prepaid expenses and accrued income	15.3	18.3	20.4
Cash and cash equivalents	35.9	120.1	59.9
Total current assets	1,156.6	999.3	1,192.4
TOTAL ASSETS	2,054.5	1,876.1	2,086.3
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	102.4	59.9	75.7
Retained earnings including profit for the year	706.6	561.9	695.1
Equity attributable to shareholders of the parent company	1,108.5	921.3	1,070.3
Total equity	1,108.5	921.3	1,070.3
Long-term liabilities			
Provision for pensions	67.4	159.7	69.5
Other provisions	17.5	11.8	17.1
Non-current interest-bearing liabilities	96.3	132.9	114.7
Non-Current interest bearing liabilities - right of use assets	106.3	107.0	115.4
Other non-current liabilities	2.9	3.5	2.8
Deferred tax liabilities	41.2	37.7	40.8
Total non-current liabilities	331.5	452.7	360.3
Current liabilities			
Other provisions	8.1	-	22.5
Current interest-bearing liabilities	142.1	84.5	85.1
Current interest bearing liabilities - right of use assets	27.5	25.6	28.0
Advance payments from customers	42.6	37.1	33.8
Trade payables	229.3	189.3	305.1
Current tax liabilities	12.7	19.7	9.8
Other liabilities	57.4	52.1	54.7
Accrued expenses and prepaid income	94.7	94.0	116.7
Total current liabilities	614.4	502.2	655.8
Total liabilities	946.0	954.8	1,016.0
TOTAL EQUITY AND LIABILITIES	2,054.5	1,876.1	2,086.3

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

Amounts in MSEK	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
Opening balance	1,070.3	948.4	948.4
Profit for the period	10.1	17.5	55.4
Translation differences	26.0	-57.6	-44.5
Revaluation of strategic holdings	-	6.5	16.1
Actuarial gains and losses (net)	1.5	7.7	93.3
Hedge accounting (net)	0.7	-1.2	1.4
Closing balance	1,108.5	921.3	1,070.3

CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
OPERATING ACTIVITIES					
Profit before taxes	-6.6	10.3	13.8	27.4	78.5
Adjustment for items not included in cash flow	15.5	26.0	43.8	55.3	130.8
Income tax paid	-3.3	-6.4	-6.2	-5.7	-7.7
Cash flow from operating activities before changes in working capital	5.6	29.9	51.4	77.0	201.6
CASHFLOW FROM CHANGES IN WORKING CAPITAL					
Changes in inventories	-41.5	-11.8	-65.8	0.1	-86.3
Changes in current receivables	15.4	8.2	94.9	-28.1	-183.4
Changes in current liabilities	-38.5	-20.9	-102.2	10.8	138.7
Cash flow from operating activities	-59.0	5.4	-21.7	59.8	70.6
INVESTMENT ACTIVITIES					
Purchase and sales of intangible assets	-0.6	-0.5	-2.3	-0.6	-7.4
Purchase and sales of tangible assets	-6.9	-24.0	-25.7	-39.2	-86.7
Cash flow from acquisitions	-	-	-	-	-8.6
Cash flow from financial assets	0.7	0.3	0.7	0.3	27.4
Cash flow from investment activities	-6.8	-24.2	-27.3	-39.4	-75.3
FINANCING ACTIVITIES					
Amortization of loans	-9.6	-9.6	-19.2	-18.7	-37.8
Amortization of liabilities regarding right of use-assets	-7.1	-7.4	-14.3	-15.0	-32.4
Changes in short term operating financing	57.2	0.0	57.2	-0.9	-1.2
Cash flow from financing activities	40.5	-17.0	23.7	-34.6	-71.5
Cash flow for the period	-25.2	-35.8	-25.3	-14.2	-76.1
Cash and cash equivalents at beginning of period	60.4	161.7	59.9	142.3	142.3
Translation difference in cash and cash equivalents	0.8	-5.9	1.3	-8.0	-6.1
Cash and cash equivalents at end of period	35.9	120.1	35.9	120.1	59.9

PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
Net sales	1.5	1.3	2.9	2.6	5.7
Other external costs	-1.8	-2.7	-3.3	-5.1	-8.8
Personnel costs	-4.0	-3.2	-7.3	-6.1	-13.2
Depreciation and amortisation	-0.1	-0.1	-0.1	-0.2	-0.3
Operating result	-4.3	-4.7	-7.7	-8.8	-16.7
Result from shares in group companies	65.3	-	65.3	-	-
Financial income	1.2	0.9	2.0	1.6	3.0
Impairment of financial fixed assets	-	-	-	-	61.1
Financial expense	-0.8	-1.8	-1.7	-3.0	-4.5
Net finance items	65.7	-0.9	65.6	-1.4	59.6
Group contributions received/rendered	-	-	-	-	31.6
Profit before tax	61.4	-5.6	57.9	-10.2	74.4
Current tax	0.8	1.1	1.5	2.1	-9.7
PROFIT AFTER TAX	62.2	-4.5	59.4	-8.1	64.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2020/2021 JUL-JUN
PROFIT FOR THE PERIOD	62.2	-4.5	59.4	-8.1	64.7
Other comprehensive result					
Revaluation of strategical holdings	-	-0.0	-	-0.0	0.3
Total Other comprehensive income	-	-0.0	-	-0.0	0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62.2	-4.5	59.4	-8.1	65.0

PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2021-12-31	2020-12-31	2021-06-30
ASSETS			
Non current assets			
Other intangible assets	0.4	0.7	0.5
Tangible fixed assets	0.0	0.0	0.0
Shares in group companies	1,190.6	1,117.5	1,190.6
Other equity	-	0.1	-
Receivables group companies	2.2	14.0	2.1
Deferred tax asset	7.7	17.3	6.2
Total non-current assets	1,200.9	1,149.6	1,199.4
Current assets			
Receivables group companies	180.8	77.6	124.0
Other receivables	1.8	1.2	1.4
Prepaid expenses and accrued income	1.2	1.2	1.7
Cash and cash equivalents	0.6	55.7	27.3
Total current assets	184.3	135.6	154.4
TOTAL ASSETS	1,385.2	1,285.2	1,353.9
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	1,099.3	966.7	1,039.9
Total equity	1,139.4	1,006.8	1,080.0
Long term liabilities			
Liabilities to credit institution	56.6	81.7	69.2
Derivatives	-	0.5	-
Total long term liabilities	56.6	82.2	69.2
Current liabilities			
Liabilities to credit institutions	82.7	25.2	25.2
Trade payables	0.9	1.3	0.7
Payables group companies	101.0	166.1	172.3
Other liabilities	0.6	0.4	1.1
Accrued expenses and prepaid income	3.9	3.2	5.4
Total current liabilities	189.2	196.2	204.7
Total liabilities	245.8	278.4	273.8
TOTAL EQUITY AND LIABILITIES	1,385.2	1,285.2	1,353.9

NOTES

NOT 1. ACCOUNTING PRINCIPLES

Duroc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations (IFRIC) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. For the Parent Company, RFR 2 Accounting for Legal Entities is also applied. The Group's accounting policies are described in Note 2 in the 2020/2021 Annual Report.

Hedge accounting

As of July 1, 2020, the Group applies hedge accounting under IFRS 9 in respect of hedging for net investments in foreign operations. A small part of net investments in EUR are hedged via loans in that currency. Exchange rate differences for the period on foreign exchange loans after deduction of tax effects are reported, to the extent that the hedging is effective, in the item 'Translation differences' in Other comprehensive income. In this way, translation differences arising from foreign operations are partially neutralized. There are also cash flow hedges, which are reported in the item Hedge accounting – net.

Accounting in legal entities

In accordance with RFR 2, Duroc has chosen not to apply IFRS 16 in the Parent Company. Duroc AB recognizes non-terminable leases as cost distributed linearly over the useful life of the asset. In accordance with RFR 2, Duroc has chosen not to apply hedge accounting in respect of net investments in foreign operations by legal entities. The loans are carried at amortized cost. Exchange rate changes for these loans are reported as financial income and expenses.

Alternative key financial indicators

To facilitate comparison between the different periods and make it easier to monitor developments in the Duroc Group and its various companies, this report presents certain financial information known as alternative key financial indicators that are not defined in IFRS.

These should be regarded as complements to the financial information. The alternative key financial indicators used are defined where presented, or alternatively, at the end of this report. Reconciliations are presented in Note 5.

Rounding

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.

NOT 2. HEDGING

The Group hedges some of its net investments in foreign operations. As of December 31, 2021, the Group had exposures in EUR of which a small part was hedged with the aid of loans in foreign currency. Hedge accounting has been applied as of July 1, 2020, which means that the effective part of the exchange rate changes is reported in the Group's statement of comprehensive income. At the beginning of the reporting period July 1 – December 31, 2021, the Group had a loan in the amount of MEUR 9.6 which at the end of the period totaled MEUR 7.8 against which hedges were applied. Related exchange rate changes of MSEK 0.9 before tax have thus been reported under the item exchange rate differences in the statement of comprehensive income.

NOT 3. SEGMENT REPORTING

The Group's operating segments correspond to Duroc's companies. The segments correspond to the classifications used by the Group's chief operating decision-maker, the Board and the CEO, for evaluating financial performance and

position, taking strategic decisions and distributing resources. Further information about these companies is available on pages 4-7 of this report.

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2021/2022 R12 DEC	2020/2021 JUL-JUN
Net sales						
IFG	293.9	239.8	632.6	495.1	1,293.3	1,155.8
Drake Extrusion	161.8	138.6	352.7	282.6	692.3	622.2
Cresco	71.0	68.1	140.0	136.0	300.8	296.8
Cotting Group	111.7	154.4	208.5	272.4	471.7	535.6
DMT Group	110.2	75.9	224.4	148.0	455.4	379.0
Duroc Rail	29.4	27.3	55.2	49.5	135.4	129.7
Small Company Portfolio	47.2	31.6	77.5	55.7	158.8	137.0
Holding companies/group-wide functions	1.7	0.7	3.4	3.1	7.1	6.7
Eliminations	-1.8	-0.8	-4.1	-3.4	-8.9	-8.2
Total	825.1	735.3	1,690.3	1,439.0	3,505.8	3,254.5
EBITDA						
IFG	17.3	9.7	38.8	22.2	60.1	43.4
Drake Extrusion	-4.1	12.4	3.7	30.6	17.7	44.6
Cresco	5.5	4.7	14.3	15.1	46.0	46.7
Cotting Group	-17.3	7.7	-23.6	6.2	-25.3	4.5
DMT Group	9.8	5.2	22.3	10.6	45.8	34.1
Duroc Rail	7.6	4.7	13.4	8.8	38.6	34.0
Small Company Portfolio	6.4	0.2	7.7	0.5	10.5	3.3
Holding companies/group-wide functions	-5.2	-6.6	-9.5	-10.8	-19.5	-20.8
Total	19.9	37.9	67.1	83.3	173.8	189.9
Operating profit/loss						
IFG	11.0	2.3	26.2	7.3	32.4	13.5
Drake Extrusion	-10.9	6.0	-9.7	17.7	-7.0	20.3
Cresco	4.1	3.5	11.6	12.7	40.7	41.8
Cotting Group	-22.1	3.4	-33.2	-2.3	-43.3	-12.4
DMT Group	8.4	4.0	19.5	8.3	40.4	29.1
Duroc Rail	6.0	2.7	10.3	5.1	31.6	26.4
Small Company Portfolio	4.0	-2.0	2.9	-4.2	-1.0	-8.1
Holding companies/group-wide functions	-5.5	-6.9	-10.1	-11.4	-20.6	-22.0
Total	-5.0	13.0	17.5	33.0	73.1	88.6
Net financial items	-1.5	-2.7	-3.7	-5.6	-8.2	-10.1
Profit before tax	-6.6	10.3	13.8	27.4	64.9	78.5

Amounts in MSEK	Net debt			Capital Employed			Equity		
	2021-12-31	2020-12-31	2021-06-30	2021-12-31	2020-12-31	2021-06-30	2021-12-31	2020-12-31	2021-06-30
IFG	105.0	23.4	87.3	454.2	345.0	421.8	325.5	298.9	311.6
Drake Extrusion	34.7	-7.4	26.1	292.4	228.1	278.6	234.3	212.5	227.6
Cresco	25.5	39.5	27.8	182.9	170.4	172.8	178.9	154.3	170.7
Cotting Group	100.0	25.0	33.9	312.1	298.6	292.7	183.9	240.7	230.5
DMT Group	-27.0	-16.8	-17.6	53.3	31.4	46.9	143.9	113.9	130.1
Duroc Rail	27.7	26.0	29.4	49.8	43.1	41.4	31.7	27.7	23.7
Small Company Portfolio	30.3	32.0	37.7	50.3	46.7	55.8	27.5	22.5	26.0
Holding companies	39.9	108.3	58.7	10.8	10.7	8.4	-17.2	-149.3	-49.9
Total	336.1	230.0	283.3	1,405.6	1,174.0	1,318.5	1,108.5	921.3	1,070.3

NOT 4. ALTERNATIVE KEY FINANCIAL INDICATORS

This section presents a reconciliation of alternative key financial indicators, i.e. financial information not defined in IFRS.

Alternative key financial indicators are used routinely by Duroc's management to facilitate planning, comparisons between different periods, and to monitor developments in the operation. They are presented in Duroc's financial reports as an aid to

investors and other stakeholders who analyze Duroc's financial information. Their definitions are presented at the end of this report. The alternative key financial indicators should be regarded as a complement to the financial information presented in compliance with IFRS.

Organic growth

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2
Net sales	825.1	735.3	1,690.3	1,439.0
Effect from change in exchange rates	3.3		8.1	
Effect from acquisitions	-8.9		-16.6	
Net sales adjusted for acquisitions and changes in exchange rates	819.5	735.3	1,681.8	1,439.0
Organic growth (percent)	11.4%		16.9%	

Alternative earnings metrics

Amounts in MSEK	2021/2022 Q2	2020/2021 Q2	2021/2022 Q1-Q2	2020/2021 Q1-Q2	2021/2022 R12 DEC	2020/2021 JUL-JUN
Operating profit/loss	-5.0	13.0	17.5	33.0	73.1	88.6
Depreciation, amortisation, write down of tangible and intangible non-current assets	24.9	24.9	49.6	50.2	100.7	101.3
EBITDA	19.9	37.9	67.1	83.3	173.8	189.9
Items affecting comparability						
Restructuring costs/dissolution of reserve	-5.7	-	-5.7	2.5	26.1	34.3
Adjusted EBITDA	14.2	37.9	61.5	85.8	199.9	224.2
Depreciation, amortisation, write down of tangible and intangible non-current assets	-24.9	-24.9	-49.6	-50.2	-100.7	-101.3
Items affecting comparability						
Write down of tangible assets due to restructuring	-	-	-	-	3.0	3.0
Adjusted EBIT	-10.7	13.0	11.8	35.5	102.1	125.8
Net financial items	-1.5	-2.7	-3.7	-5.6	-8.2	-10.1
Net tax	1.8	-4.0	-3.7	-10.0	-16.9	-23.1
Adjusted profit for the period	-10.5	6.3	4.4	20.0	77.0	92.6
Adjusted earnings per share (SEK)	-0.27	0.16	0.11	0.51	1.97	2.37
Average number of shares	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000

Net debt

Amounts in MSEK	2021-12-31	2020-12-31	2021-06-30
Long-term interest bearing liabilities	96.3	132.9	114.7
Long-term interest bearing liabilities - right of use assets	106.3	107.0	115.4
Short-term interest bearing liabilities	142.1	84.5	85.1
Short-term interest bearing liabilities - right of use assets	27.5	25.6	28.0
Derivatives	-0.1	0.0	-
Cash and cash equivalents	-35.9	-120.1	-59.9
Net debt	336.1	230.0	283.3

Capital employed

Amounts in MSEK	2021-12-31	2020-12-31	2021-06-30
Equity	1108.5	921.3	1070.3
Net debt	336.1	230.0	283.3
Intangible assets from acquisitions	-87.3	-85.1	-87.3
Pension liability	67.4	159.7	69.5
Strategic holdings	-1.5	-19.9	-1.5
Deferred tax	-17.7	-31.9	-15.8
Capital employed	1,405.6	1,174.0	1,318.5

NOT 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

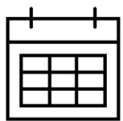
There were no transfers between levels or valuation categories during the period. The fair value of the Group's other financial assets and liabilities is estimated to correspond to their book values.

NOT 6. RELATED PARTY TRANSACTIONS

During the first six-month period, Duroc bought and sold services from companies in which Peter Gyllenhammar AB is the majority owner in the amounts of MSEK 1.5 (1.5) and MSEK 0.2 (0.1) respectively. The transactions were carried out on market terms.

DEFINITION OF KEY FINANCIAL INDICATORS

Organic growth	Net sales growth adjusted for acquisitions and currency translation effects
Equity	Total share capital, reserves and retained earnings including annual profit/loss
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
Adjusted EBITDA	EBITDA adjusted for items affecting comparability
EBIT	Operating profit/loss
Adjusted EBIT	EBIT adjusted for items affecting comparability
Equity/assets ratio	Equity divided by the balance sheet total
Adjusted equity/assets ratio	Equity divided by the adjusted balance sheet total where cash and cash equivalents and interest-bearing liabilities are reported on a net basis
Items affecting comparability	Items in the income statement which, unless highlighted, make it difficult to understand developments in the underlying business
Earnings per share	Earnings after tax divided by the average number of outstanding shares
Adjusted earnings per share	Earnings after tax adjusted for items affecting comparability divided by the average number of outstanding shares
+Net debt/-Net cash & cash equivalents	Interest-bearing liabilities less cash and bank balances
Net debt/equity ratio	Net debt/equity
Capital employed	Equity plus net debt, adjusted for deferred tax, acquisition-related intangible assets, pension provisions and strategic holdings
Return on capital employed	Rolling 12-month EBIT divided by average capital employed during the past 12 months
Adjusted return on capital employed	Adjusted rolling 12-month EBIT divided by average capital employed during the past 12 months



INFORMATION CALENDAR

Interim Report July 2021 – March 2022

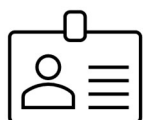
May 6, 2022

Year end report July 2021 – June 2022

August 19, 2022

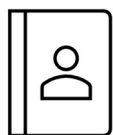
Interim Report July 2022 – September 2022

November 8, 2022



FOR MORE INFORMATION

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