

YEAR-END REPORT

JULY 2021 – JUNE 2022

STRONG DEVELOPMENT IN MOST OF DUROC – DIVIDEND PROPOSED

Fourth quarter April–June 2022

- Net sales increased by 10 percent to MSEK 1,033.7 (942.1). Organic growth stood at 5 percent.
- Adjusted EBITDA* decreased by 33 percent to total MSEK 51.4 (76.4), equivalent to an adjusted EBITDA* margin of 5.0 percent (8.1).
- Adjusted EBIT* decreased by 52 percent to MSEK 25.7 (53.6). Earnings increased in all companies with the exception of Cotting Group.
- Operating profit (EBIT) totaled MSEK 26.0 (54.4). Griffine, the French part of Cotting Group showed an EBIT amounting to -31,0 MSEK. The rest of the group delivered an EBIT amounting to 51 MSEK.
- Cash flow from operating activities totaled MSEK -77.3 (-35.1).
- Profit after tax was MSEK 30.1 (38.1).
- Adjusted earnings per share totaled SEK 0.77 (0.96).
- Earnings per share totaled SEK 0.77 (0.98).
- Equity totaled MSEK 1,237.8 (1,070.3) and the equity/assets ratio was 52 percent (51).

July 2021–June 2022

- Net sales increased by 14 percent to MSEK 3,720.5 (3,254.5). Organic growth stood at 11 percent.
- Adjusted EBITDA* decreased by 14 percent to total MSEK 192.1 (224.2), corresponding to an adjusted EBITDA* margin of 5.2 percent (6.9).
- Adjusted EBIT totaled SEK 90.1 million (125.8).
- Operating profit (EBIT) totaled MSEK 83.0 (88.6). EBIT in Griffine amounted to -85,3 MSEK, the other companies showed an EBIT amounting to 163,3 MSEK.
- Cash flow from operating activities totaled MSEK -36.8 (70.6). Materials price trends have driven a rise in capital tied up, especially in warehouse inventory.
- Profit after tax was MSEK 64.9 (55.4).
- Adjusted earnings per share totaled SEK 1.85 (2.37).
- Earnings per share totaled SEK 1.67 (1.42).
- Cash and cash equivalents at the end of June totaled MSEK 26.1 (59.9) and net debt excluding lease liabilities from IFRS 16 totaled MSEK 265.7 (139.9). Unutilized credit facilities totaled MSEK 205.0 (275.0).
- The board proposes a dividend of 0,25 SEK per share

| Group (MSEK) | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|---|-----------------|-----------------|--------------------|--------------------|
| Net sales | 1,033.7 | 942.1 | 3,720.5 | 3,254.5 |
| EBITDA | 51.7 | 77.7 | 199.4 | 189.9 |
| Adjusted EBITDA* | 51.4 | 76.4 | 192.1 | 224.2 |
| Adjusted EBITDA*-margin, % | 5.0 | 8.1 | 5.2 | 6.9 |
| Operating profit/loss (EBIT) | 26.0 | 54.4 | 83.0 | 88.6 |
| Adjusted EBIT* | 25.7 | 53.6 | 90.1 | 125.8 |
| Profit/loss after tax | 30.1 | 38.1 | 64.9 | 55.4 |
| Profit per share, SEK | 0.77 | 0.98 | 1.67 | 1.42 |
| Adjusted profit per share, SEK* | 0.77 | 0.96 | 1.85 | 2.37 |
| Cashflow from operating activities | -77.3 | -35.1 | -36.8 | 70.6 |
| Net debt excl. lease liability from IFRS 16 | 265.7 | 139.9 | 265.7 | 139.9 |
| Net debt incl. lease liability from IFRS 16 | 396.0 | 283.3 | 396.0 | 283.3 |
| Net debt/Equity ratio, % | 32 | 26 | 32 | 26 |

*Adjusted for items affecting comparability. A reconciliation of amounts can be found on page 18

CEO'S COMMENT

Strong development in most of Duroc with high demand and good profitability characterized the quarter despite the more challenging economic climate. The French unit in the Cotting Group depressed the overall picture of the Group's performance.

Fourth quarter April–June 2022

Net sales increased by 10 percent compared to the previous year. Operating profit decreased from MSEK 54 to MSEK 26, in all material respects attributable to extensive losses in the French Griffine Enduction SA (part of Cotting Group), which reported a loss of MSEK 31 for the quarter. If Griffine is excluded from the Group, operating profit for the quarter totaled MSEK 57. Other companies noted good demand in general and in most cases high profitability for the period.

Financial year July 2021–June 2022

Duroc comprises seven business units with a total of 16 subsidiary businesses. The absolute majority of them performed well during 2021/22, and in certain cases with splendid earnings.

However, one of these 16 companies, Griffine, delivered a catastrophically poor result, which drags down the impression of Duroc's earnings capability for the year ahead in a way I consider to be unfair.

Griffine has been heavily affected by some of the current circumstances – the semiconductor shortage has ravaged order intake which have led to periodically very low capacity utilization, while French labor market regulations make rapid cost adaptation impossible, to general cost increases for raw materials and logistics etc. The losses finally reached an extent that led us to move ongoing financing from the parent company to local funding. Moreover, we are investigating the conditions for taking measures which enables Duroc de-consolidate Griffine. The priority in these efforts will be to find an industrial partner who can take over the operation as a going concern. In Duroc's assessment, a possible disposal would lead to a significant book value-related loss, which will, however, not impact cash flow in any material respect.

Because Griffine generated an operating loss of approx. MSEK 85 for 2021/22, the measure will significantly strengthen the Group's continued earnings and in pro forma terms, Duroc will retain its strong financial position with equity in excess of SEK 1 billion, limited debt and strong cash flow.

The unfortunate developments at Griffine obscure the picture of an otherwise strong, well performing Duroc where undeniably significant shareholder value has been created in recent years. The DMT Group, which five years ago had annual sales of approx. MSEK 300 that only generated modest or no surpluses, has through successful efforts to coordinate our subsidiaries in the Nordics and the Baltics, delivered annual sales of approx. MSEK 540 with a 9 percent operating margin in 2021/22. The Group has less than MSEK 50 in capital employed.

According to plan, IFG – Duroc's biggest business unit – has developed its offering of more value creating profiled products for various applications while also phasing out more of the low-margin commodity products. The restructuring program in UK, which was less costly than the initial forecast, has enabled an improved product mix with strong margins, while our investment in a state-of-the-art R&D center at Asota GmbH (Linz) is beginning to produce results in the form of sustainable solutions. To an increasing extent, IFG is doing business in niche sectors, which offer better earnings potential than it has historically experienced.

Drake Extrusion, currently Duroc's best-invested operation, was a short-term disappointment in 2021/22. High labor force turnover and significant raw materials price increases combined with an uneven order intake in the profitable yarn segment, has meant the

company's earnings were substantially below budget and the level I believe Drake should achieve in a foreseeable future. Major sums have been invested in new capacity at Drake's facilities in Martinsville, and we have also made certain 'bolt-on' acquisitions in recent years. It's now time for Drake to begin delivering on these investments.

Historically, Rail has had annual sales of around MSEK 80, but it has grown strongly and with good profitability as a result of investments that enabled e.g., a broadening of the customer base. For 2021–22, Rail reported sales of MSEK 130 with a profit margin that compares well with the best in the Swedish mechanical engineering industry.

The Smaller Company portfolio was a major disappointment for us in 2020/21, but the implementation of vigorous measures to reduce costs and boost sales resulted in a significant turnaround in 2021/22. Conditions are excellent for continued good growth and increasing profitability in this group.

Cresco, which was acquired for around MSEK 70 in 2017, continues to deliver high profitability and good innovative abilities. During the year the company, which does business in a sector enjoying good long-term growth, has expanded in North America where conditions are good for taking market share and generating continued growth in sales and earnings.

In general, I can declare that Duroc, despite the catastrophic loss at Griffine, is today a strong company with the conditions for increasing earnings and thus shareholder value in the years ahead. If Griffine is excluded from the Group's 2021/22 figures, we see a Duroc that has delivered an EBIDTA of approx. MSEK 255 with an EBIT of approx. MSEK 168, despite Drake's significant under-performance. Were Drake to perform more in line with its assessed capacity, it would indicate an earnings potential (EBIT) in the Group of around MSEK 230 – which in these uncertain times is an assessment that should not be read as a forecast for the year ahead.

Future prospects

Duroc is in a strong position for the future with mainly profitable and well-invested business units, a strong balance sheet and a planned disposal of the loss-making Griffine operation.

I expect our well-performing portfolio companies that make up the absolute majority of Duroc, to continue developing in the right direction, given that nothing unforeseen occurs that has a major impact on business developments as we currently assess them. Drake will have challenges with continued inventory adjustments in the months ahead but is expected to significantly strengthen its earnings from then on. Raw materials prices are clearly on the way down but we must anticipate continued volatility. We anticipate continued high energy prices for the foreseeable future.

The increasingly harsh financial climate with rising inflation and interest rates will not affect Duroc significantly. In my view, it may open an opportunity for us to consider business acquisitions once again.

The Group has low borrowings and a balance sheet that in all material respects refers to tangible assets, while cost increases in the operations are compensated via our customers.

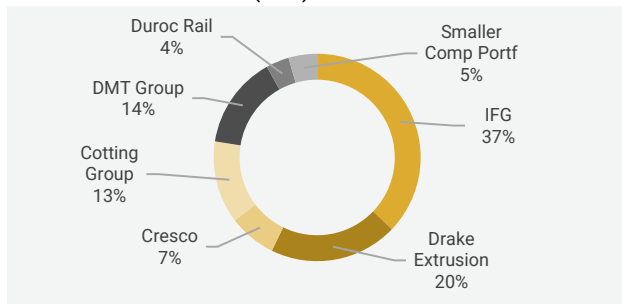
Duroc is ready to take on new challenges and opportunities, and I would like to take this opportunity to thank all of our capable employees who shoulder full responsibility for successfully driving development in our portfolio companies and the parent company. The conditions for continuing to deliver growing shareholder value are in place in a strong Duroc.

John Häger
CEO

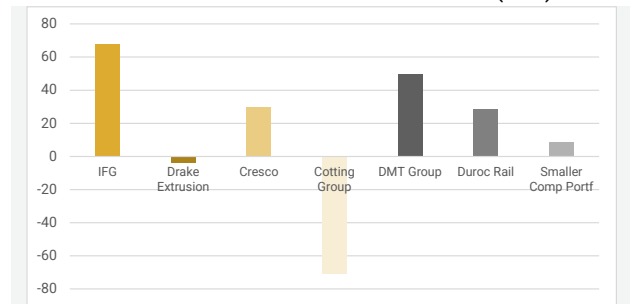
DEVELOPMENTS IN DUROC PORTFOLIO COMPANIES

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, July 2021–June 2022. Read more about developments company by company on pages 4–7 and in Duroc’s segment report on page 17.

SHARE OF NET SALES (R12)



ADJUSTED EBIT PER PORTFOLIO COMPANY (R12)



Fourth quarter April–May 2022

Net sales increased by 10 percent to MSEK 1,033.7 (942.1). Organic growth stood at 5 percent, mainly driven by IFG and DMT Group, where DMT enjoyed its strongest quarter ever. While IFG’s growth is mainly driven by price increases that compensate for higher materials costs, it also enjoys a more favorable product mix. The Smaller Company Portfolio also increased by 29 percent, mainly as a result of a strong increase in sales at Herber Engineering and the strategic change process at Universal Power Nordic.

Adjusted EBITDA totaled MSEK 51.4 (76.4) and the adjusted EBITDA margin totaled 5.0 percent (8.1). Strong underlying earnings trend in most units despite the impact of higher prices for materials, energy and transport.

Adjusted EBIT totaled MSEK 25.7 (53.6), and operating profit totaled MSEK 26.0 (54.4).

Profit after tax was MSEK 30.1 (38.1).

July 2021 to June 2022

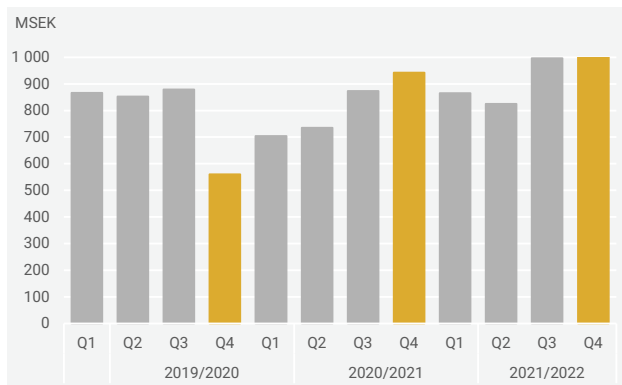
Net sales increased by 14 percent to MSEK 3,720.5 (3,254.5).

Organic growth stood at 11 percent. Good growth in the business, especially in DMT Group, Duroc Rail and Smaller Company Portfolio. Cresco remains at a strong, stable level while growth in IFG and Drake Extrusion is mainly driven by increased raw materials prices. The semiconductor shortage is keeping Cotting Group’s sales at very low levels.

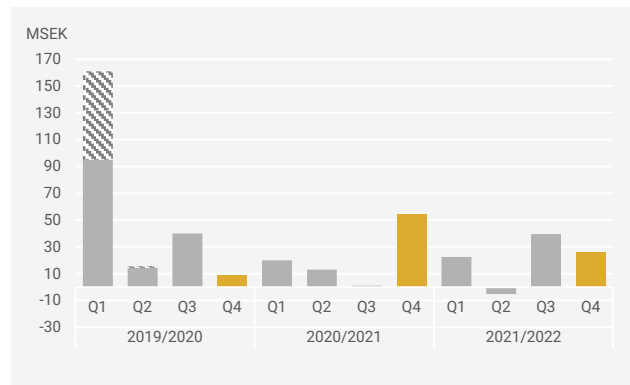
Adjusted EBITDA totaled MSEK 192.1 (224.2) and the adjusted EBITDA margin totaled 5.2 percent (6.9). IFG, Cresco, DMT Group, Duroc Rail and Smaller Company Portfolio have developed their businesses based on their respective strategies, which has led to excellent earnings trends. Cotting Group has suffered from low volumes, and Drake Extrusion was not able to fully meet existing demand due to the challenging American labor market situation. Adjusted EBIT totaled MSEK 90.1 (125.8) and operating profit MSEK 83.0 (88.6) including restructuring costs and the impairment of intangible assets totaling MSEK 7.1 (37.2).

Profit after tax was MSEK 64.9 (55.4).

DEVELOPMENT OF DUROC’S NET SALES



DEVELOPMENT OF DUROC’S OPERATING PROFIT (EBIT)

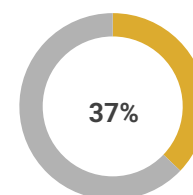


Operating profit for Q1 and Q2 2019/2020 includes MSEK 65.7 and MSEK 1.2 respectively for negative goodwill from business acquisitions. Q3 2020/2021 was affected by restructuring costs totaling MSEK 35.5.



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 change in the product mix and the strategic capacity adaptations implemented in the third quarter of the previous year have consolidated the good profitability development, and the adjusted EBITDA for the full year increased by 33 percent. Adjusted EBITDA is on par with the year-over-year quarter, mainly due to higher prices for the relevant materials, energy and haulage during the final months of the financial year.
- Organic growth stood at 5.5 percent while sales volumes decreased by 17.4 percent. While this is in part an effect of the product mix, the main impact is from increased raw materials prices*.
- The semiconductor shortage in the automotive industry, high inflation and the impact of the Ukraine war on the market have continued to contribute to lower volumes.
- The war in Ukraine and its impact on the oil price has led to higher polypropylene prices, and this has also driven up the levels of net debt and capital employed.

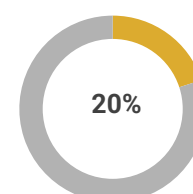
*Raw materials prices at IFG have risen since the second half of the 2020/2021 financial year. Price mechanisms in customer agreements mean that sales increase as raw materials prices rise and decrease as prices fall. Because raw materials prices affect both the sales price and raw materials costs, gross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

| Amounts in MSEK | 2021/ 2022 | 2020/ 2021 | 2021/ 2022 | 2020/ 2021 |
|-------------------------------|---------------|---------------|---------------|---------------|
| | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
| Net Sales | 381.0 | 361.0 | 1,384.9 | 1,155.8 |
| Growth, Net Sales % | 5.5 | 93.6 | 19.8 | 8.3 |
| Organic growth % | 2.0 | 101.8 | 17.4 | 13.2 |
| EBITDA | 32.3 | 33.2 | 100.9 | 43.4 |
| EBITDA margin % | 8.5 | 9.2 | 7.3 | 3.8 |
| Adjusted EBITDA | 31.9 | 32.1 | 91.9 | 69.1 |
| Adjusted EBITDA-margin, % | 8.4 | 8.9 | 6.6 | 6.0 |
| EBIT | 27.1 | 26.5 | 76.9 | 13.5 |
| EBIT margin % | 7.1 | 7.3 | 5.6 | 1.2 |
| Net Debt/Net Cash (-) | 155.6 | 87.3 | 155.6 | 87.3 |
| of which from leasing IFRS 16 | 68.5 | 66.3 | 68.5 | 66.3 |
| Capital employed | 561.8 | 421.8 | 561.8 | 421.8 |
| ROCE % | 16.7 | 3.7 | 16.7 | 3.7 |
| Adjusted ROCE % | 14.7 | 11.2 | 14.7 | 11.2 |



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)



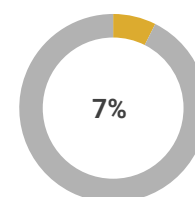
- Sales volumes decreased by 9 percent in the quarter, and the increase in sales revenues is entirely attributable to price increases, which compensated for increased raw material prices and labor costs.
- While demand for staple fiber from automotive has recovered somewhat, it is not back to the levels seen before the semiconductor shortage. A certain weakening in the demand for furniture fabrics was noted during the quarter as a result of inflation and a more uncertain economic environment.
- The labor situation has stabilized and led to our ability to report a positive EBIT during the final quarter of the year.
- The improvement in earnings was dampened in the last month of the quarter as raw materials prices rose once again as a result of the war in Ukraine.

| Amounts in MSEK | 2021/ 2022 | 2020/ 2021 | 2021/ 2022 | 2020/ 2021 |
|-------------------------------|---------------|---------------|---------------|---------------|
| | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
| Net Sales | 203.1 | 179.6 | 746.3 | 622.2 |
| Growth, Net Sales % | 13.1 | 131.5 | 19.9 | 14.4 |
| Organic growth % | -2.3 | 159.5 | 8.6 | 26.9 |
| EBITDA | 12.7 | 11.5 | 26.4 | 44.6 |
| EBITDA margin % | 6.3 | 6.4 | 3.5 | 7.2 |
| EBIT | 4.2 | 6.5 | -3.8 | 20.3 |
| EBIT margin % | 2.1 | 3.6 | -0.5 | 3.3 |
| Net Debt/Net Cash (-) | 44.7 | 26.1 | 44.7 | 26.1 |
| of which from leasing IFRS 16 | 11.1 | 12.8 | 11.1 | 12.8 |
| Capital employed | 342.8 | 278.6 | 342.8 | 278.6 |
| ROCE % | -1.2 | 8.2 | -1.2 | 8.2 |



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)



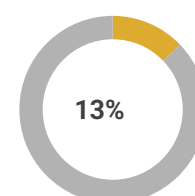
- Net sales decreased by 26 percent during the fourth quarter compared to the strong year-over-year quarter, and organic growth decreased by 29 percent.
- The quarter was characterized by general restraint in customer investment appetite due to volatile energy prices and market uncertainties, which were reflected in lower activity in the ongoing greenhouse projects Cresco is delivering to.
- Higher energy and raw materials prices have led to capital tied up in inventory.
- June developed better than expected with an increased order intake and order levels totaling MEUR 11.3, which was on par with the previous quarter.
- In the longer term, rising energy prices are expected to lead to increased demand for Cresco's climate screen range as the products contribute to energy efficiency and cost savings.

| | 2021/ 2022 Q4 | 2020/ 2021 Q4 | 2021/ 2022 Q1-Q4 | 2020/ 2021 Q1-Q4 |
|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| Amounts in MSEK | | | | |
| Net Sales | 64,2 | 86,6 | 276,3 | 296,8 |
| Growth, Net Sales % | -25,9 | 22,3 | -6,9 | 14,8 |
| Organic growth % | -28,5 | 22,3 | -7,8 | 14,8 |
| EBITDA | 7,2 | 20,8 | 35,5 | 46,7 |
| EBITDA margin % | 11,2 | 24,0 | 12,9 | 15,7 |
| EBIT | 5,8 | 19,4 | 30,1 | 41,8 |
| EBIT margin % | 9,0 | 22,4 | 10,9 | 14,1 |
| Net Debt/Net Cash (-) | 38,1 | 27,8 | 38,1 | 27,8 |
| of which from leasing IFRS 16 | 4,8 | 5,0 | 4,8 | 5,0 |
| Capital employed | 218,5 | 172,8 | 218,5 | 172,8 |
| ROCE % | 16,0 | 24,7 | 16,0 | 24,7 |



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)



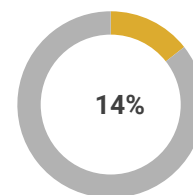
- Net sales increased a little during the quarter, but continue to be heavily affected by Griffine's lower volumes in above all automotive, which remain at a lower level due to the semiconductor shortage.
- The effect of cost-cutting measures together with raised prices to customers to compensate for increased raw materials prices helped dampen the losses, but as yet the price increases have not fully taken effect. High prices for materials and energy continue to be a challenge.
- EBIT total MSEK -30.0 (-7.9) for the quarter, primarily due to the low sales volumes in Automotive.
- Despite a market slowdown in June, demand for new cars is high due to the component shortage that is a factor in the inability of production to meet demand. Thus, the sales situation is expected to improve in the long term. However, Griffine will have to face low or negative earnings until the semiconductor situation improves. Plastibert is not affected to the same extent and its order intake is good.

| | 2021/ 2022 Q4 | 2020/ 2021 Q4 | 2021/ 2022 Q1-Q4 | 2020/ 2021 Q1-Q4 |
|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| Amounts in MSEK | | | | |
| Net Sales | 128.5 | 123.3 | 478.7 | 535.6 |
| Growth, Net Sales % | 4.2 | 46.7 | -10.6 | -7.9 |
| Organic growth % | 1.0 | 54.3 | -11.4 | -4.0 |
| EBITDA | -25.0 | -3.6 | -53.1 | 4.5 |
| EBITDA margin % | -19.5 | -2.9 | -11.1 | 0.8 |
| Adjusted EBITDA | -25.0 | -3.6 | -51.4 | 10.7 |
| Adjusted EBITDA-margin, % | -19.5 | -2.9 | -10.7 | 2.0 |
| EBIT | -30.0 | -7.9 | -87.3 | -12.4 |
| EBIT margin % | -23.4 | -6.4 | -18.2 | -2.3 |
| Net Debt/Net Cash (-) | 165.3 | 33.9 | 165.3 | 33.9 |
| of which from leasing IFRS 16 | 2.8 | 4.9 | 2.8 | 4.9 |
| Capital employed | 329.3 | 292.7 | 329.3 | 292.7 |
| ROCE % | -28.4 | -4.3 | -28.4 | -4.3 |
| Adjusted ROCE % | -23.1 | -2.1 | -23.1 | -2.1 |

DUROC

MACHINE TOOL

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 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.



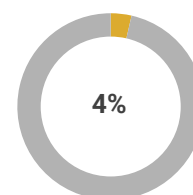
- DMT ended the year with a continuing strong, positive momentum, where sales increased by 48.4 percent to 182.1 MSEK (122.7) in the year-over-year quarter.
- Organic growth totaled 46 percent, primarily due to new market shares taken by DMT during the year, mainly in the Nordic market. Sales of machining centers from DN Solutions, formerly Doosan Machine Tools, were the primary driver of the company's growth.
- Supply capacity was maintained at a high level thanks to well executed strategic product supply efforts.
- The EBIT margin stood at 10 percent. EBIT increased by 66 percent.
- Demand remained high at the end of the quarter and DMT enters the new financial year with a well-stocked order book equivalent to MSEK 235.

| | 2021/ 2022 Q4 | 2020/ 2021 Q4 | 2021/ 2022 Q1-Q4 | 2020/ 2021 Q1-Q4 |
|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| Amounts in MSEK | | | | |
| Net Sales | 182.1 | 122.7 | 538.1 | 379.0 |
| Growth, Net Sales % | 48.4 | 66.9 | 42.0 | -0.6 |
| Organic growth % | 46.1 | 71.7 | 40.9 | 2.3 |
| EBITDA | 19.5 | 12.4 | 55.5 | 34.1 |
| EBITDA margin % | 10.7 | 10.1 | 10.3 | 9.0 |
| EBIT | 18.1 | 10.9 | 49.8 | 29.1 |
| EBIT margin % | 9.9 | 8.9 | 9.3 | 7.7 |
| Net Debt/Net Cash (-) | -67.8 | -17.6 | -67.8 | -17.6 |
| of which from leasing IFRS 16 | 6.5 | 7.9 | 6.5 | 7.9 |
| Capital employed | 35.0 | 46.9 | 35.0 | 46.9 |
| ROCE % | 127.6 | 84.0 | 127.6 | 84.0 |

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)



- The fourth quarter is low season for Duroc Rail. Net sales decreased by 6.2 percent to MSEK 29.2 as a result of the start-up of new production equipment and preventive quality and maintenance works, which resulted in a lower production rate during June.
- The EBIT margin decreased from 21 percent to 11 percent. The quarter was affected by a less favorable product mix than the year-over-year quarter. Increased costs for maintenance and training initiatives also burdened the quarter's operating profit (EBIT).
- The full year was characterized by continued strong sales growth with high, stable profitability. EBIT improved by 6 percent and the EBIT margin stood at no less than 21.5 percent.
- Order intake for the quarters ahead was good.

| | 2021/ 2022 Q4 | 2020/ 2021 Q4 | 2021/ 2022 Q1-Q4 | 2020/ 2021 Q1-Q4 |
|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| Amounts in MSEK | | | | |
| Net Sales | 29.2 | 31.1 | 134.0 | 129.7 |
| Growth, Net Sales % | -6.2 | 9.2 | 3.3 | 1.8 |
| Organic growth % | -6.2 | 9.2 | 3.3 | 1.8 |
| EBITDA | 4.9 | 8.1 | 35.2 | 34.0 |
| EBITDA margin % | 16.9 | 26.1 | 26.3 | 26.2 |
| EBIT | 3.2 | 6.5 | 28.8 | 26.4 |
| EBIT margin % | 11.0 | 21.0 | 21.5 | 20.3 |
| Net Debt/Net Cash (-) | 31.3 | 29.4 | 31.3 | 29.4 |
| of which from leasing IFRS 16 | 9.5 | 12.3 | 9.5 | 12.3 |
| Capital employed | 43.1 | 41.4 | 43.1 | 41.4 |
| ROCE % | 62.4 | 59.6 | 62.4 | 59.6 |

DUROC LASER COATING



UNIVERSAL POWER

- The Smaller Company Portfolio continued to develop positively during the fourth quarter. Net sales increased by 29 percent to total MSEK 49.1.
- EBIT totaled MSEK 3.2 and the EBIT margin stood at 6.6 percent.
- Herber delivered a large number of machine projects during the fourth quarter, which was reflected in high net sales and an EBIT margin above 10 percent. Order intake remained good during the quarter, resulting in continued good order levels at the end of the year.
- Despite high demand for engines and spare parts, UPN's sales decreased slightly in the quarter due to supply chain delays. Demand continues to be good. EBIT for the fourth quarter was slightly positive. Sales for the full year increased by 8 percent. Strategic efficiency improvement efforts, including those from earlier restructuring, also contributed to positive EBIT figures.
- DLC's net sales and operating profit (EBIT) were slightly lower than the year-over-year quarter. During the year, the company developed positively and expanded its customer base.

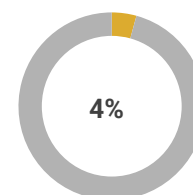
Smaller Company Portfolio

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 Q4 | 2020/ 2021 Q4 | 2021/ 2022 Q1-Q4 | 2020/ 2021 Q1-Q4 |
|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| Amounts in MSEK | | | | |
| Net Sales | 49.1 | 38.1 | 166.3 | 137.0 |
| Growth, Net Sales % | 28.8 | -3.1 | 21.4 | -31.1 |
| Organic growth % | 28.8 | -3.1 | 21.4 | -31.1 |
| EBITDA | 5.5 | 0.5 | 18.2 | 3.3 |
| EBITDA margin % | 11.2 | 1.3 | 10.9 | 2.4 |
| Adjusted EBITDA | 5.5 | 0.3 | 18.2 | 5.4 |
| Adjusted EBITDA-margin, % | 11.2 | 0.9 | 10.9 | 4.0 |
| EBIT | 3.2 | -2.1 | 8.9 | -8.1 |
| EBIT margin % | 6.6 | -5.5 | 5.4 | -5.9 |
| Net Debt/Net Cash (-) | 25.5 | 37.7 | 25.5 | 37.7 |
| of which from leasing IFRS 16 | 26.8 | 33.0 | 26.8 | 33.0 |
| Capital employed | 46.6 | 55.8 | 46.6 | 55.8 |
| ROCE % | 18.3 | -15.7 | 18.3 | -15.7 |
| Adjusted ROCE % | 18.3 | -10.0 | 18.3 | -10.0 |

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE AND POSITION

Net sales for the year totaled MSEK 3,720.5 (3,254.5). Operating profit totaled MSEK 83.0 (88.6) and profit after tax MSEK 64.9 (55.4). Other comprehensive income totaled MSEK 102.3 (66.4) including MSEK 92.4 (-44.5) in translation differences.

At the end of the period, the Group's equity totaled MSEK 1,237.8 (1,070.3) and the equity/assets ratio was 52.1 percent (51.3). Were cash and cash equivalents and interest-bearing liabilities to be reported net, the Group's adjusted equity/assets ratio would be 52.7 percent (52.8).

FINANCING

As of June 30, 2022, Duroc AB has a bank loan in the amount of MSEK 69.2, 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 local factoring credit in France, which the parent Company does not have any pledges for. Also, a central open credit linked to a Group-wide cash pool. The Group had unutilized credit facilities totaling MSEK 205.0 as of June 30, 2022.

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 June 30, 2022, 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 nine months-of the financial year, the Group made investments in tangible and intangible fixed assets totaling MSEK 75.6 (126.5), of which MSEK 8.3 (31.4) is attributable to leasing in compliance with IFRS 16. Cash flow from the purchase and sales of tangible and intangible fixed assets totaled MSEK -62.3 (-94.1).

CASH FLOW

During the financial year, consolidated cash flow from operating activities totaled MSEK 36.8 (70.6). Higher materials prices have led to a rise in capital tied up, especially in inventory. Cash flow from investing activities totaled MSEK -61.7 (-75.3). Cash flow from financing operations totaled MSEK 60.7 (-71.5), where MSEK 127.5 (-1.2) was related to utilized credit facilities and MSEK -28,3 (-32.4) to the payment of lease 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 26.1 (59.9). Interest-bearing liabilities totaled MSEK 422.1 (343.2) including lease liabilities from IFRS 16 in the amount of MSEK 130.3 (143.4) and the Group's net debt totaled MSEK 396.0 (283.3). Net debt excluding lease liabilities from IFRS 16 totaled MSEK 265.7 (139.9).

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 5.9 (5.7) during the financial year. Earnings after tax totaled MSEK -143.7 (64.7), of which MSEK 103.0 (31.6) is in respect of dividends and Group contributions from subsidiaries and MSEK -233.1 (61.1) in respect of an impairment of shares in, and the impairment of a receivable from, the subsidiary Griffine Enduction S.A. In addition to participations in Group companies, the assets in the parent company consist mostly of receivables from Group companies and bank balances. Duroc AB's equity/assets ratio at the end of the period was 77.8 percent (79.8).

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 for the year was 1,099 (1,182). 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 extensive spread of Covid-19 affected production and sales in several Duroc Group companies since mid-March 2020 with negative effects on earnings from the last quarter of 2019/2020. The situation has improved significantly since then, but since the third and fourth quarters of 2020/2021, most of the companies have encountered rising materials prices, increased haulage costs and longer lead times. The shortage of semiconductors has had a major impact on sales in the Cotting Group. IFG and Drake Extrusion encountered lower volumes in the automotive customer segment. During the third quarter of 2021/2022, there was a fourth outbreak of Covid-19 in China with extensive closures, which has had

a direct impact on the availability of semiconductors, which also continued in the fourth quarter. It is uncertain how long the semiconductor shortage will affect demand in the automotive industry, but there is reason to be prepared for the component shortage to linger a little while longer.

Also, rising energy prices, which escalated in conjunction with the war in Ukraine, led to further increases in the cost base.

The Duroc Group's direct exposure to Ukraine and Russia is limited, and no pronounced effects on demand have been noted hitherto. However, the effects of the war on the macroeconomic situation in general, and general price increases have impacted Duroc Group companies. The macroeconomic and geopolitical situation is an uncertainty factor moving forward. There is a risk that a more challenging business environment will continue to affect business negatively. At the same time, geographical changes in the supply chains, as European and American companies seek to reduce their dependency on China and other politically vulnerable countries while also shortening transport routes, will benefit Duroc. European and American companies, which to a greater extent control purchasing and production in the various markets, present business opportunities for many of Duroc's companies.

Duroc is financially well-equipped to meet changed economic conditions.

This report has not been reviewed by the auditors.

Stockholm, August 19, 2022

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 August 19, 2022.

CONSOLIDATED INCOME STATEMENT

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| Net sales | 1,033.7 | 942.1 | 3,720.5 | 3,254.5 |
| Other operating income | 5.5 | 12.1 | 20.4 | 33.1 |
| Change in inventories | 2.4 | 5.9 | 27.1 | 3.7 |
| Raw materials and consumables | -522.5 | -491.6 | -1,935.9 | -1,616.6 |
| Goods for resale | -135.3 | -99.5 | -410.2 | -305.4 |
| Other external costs | -146.6 | -118.2 | -531.7 | -489.9 |
| Personnel costs | -183.7 | -172.4 | -686.2 | -686.3 |
| Depreciation, amortisation and impairment of tangible and intangible assets | -25.7 | -23.2 | -116.3 | -101.3 |
| Other operating costs | -1.8 | -0.7 | -4.6 | -3.3 |
| Operating profit/loss | 26.0 | 54.4 | 83.0 | 88.6 |
| Net financial items | -2.4 | -3.0 | -8.2 | -10.1 |
| Profit before tax | 23.6 | 51.5 | 74.8 | 78.5 |
| Current tax | -0.7 | 4.9 | -13.9 | -13.2 |
| Deferred tax | 7.2 | -18.3 | 4.0 | -9.9 |
| PROFIT FOR THE PERIOD | 30.1 | 38.1 | 64.9 | 55.4 |
| Profit for the period attributable to: | | | | |
| The Parent Company's equity holders | 30.1 | 38.1 | 64.9 | 55.4 |
| Earnings per share | | | | |
| Before and after dilution (sek) | 0.77 | 0.98 | 1.67 | 1.42 |
| Average number of shares before and after dilution | 39,000,000 | 39,000,000 | 39,000,000 | 39,000,000 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|---|-----------------|-----------------|--------------------|--------------------|
| PROFIT FOR THE PERIOD | 30.1 | 38.1 | 64.9 | 55.4 |
| Total other comprehensive income | | | | |
| Items that may be reclassified to the income statement | | | | |
| Translation differences | 53.1 | -14.2 | 92.5 | -44.5 |
| Hedge accounting (net) | 2.2 | -1.4 | 3.8 | 1.4 |
| Items that will not be reclassified to the income statement | | | | |
| Revaluation of strategic holdings | - | 0.1 | - | 16.1 |
| Actuarial gains and losses(net) | 4.5 | 20.6 | 6.0 | 93.3 |
| Total other comprehensive income | 59.8 | 5.2 | 102.3 | 66.4 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 89.9 | 43.3 | 167.2 | 121.8 |
| Total comprehensive income for the period attributable to: | | | | |
| The Parent company's equity holders | 89.9 | 43.3 | 167.2 | 121.8 |
| non-controlling interests | - | - | - | - |

CONSOLIDATED BALANCE SHEET

| Amounts in MSEK | 2022-06-30 | 2021-06-30 |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 106.8 | 119.8 |
| Property plant and equipment | 746.0 | 710.7 |
| Financial assets | 5.0 | 6.8 |
| Deferred tax assets | 64.0 | 56.6 |
| Total non-current assets | 921.7 | 893.9 |
| Current assets | | |
| Inventories | 739.1 | 549.8 |
| Trade receivables | 631.6 | 514.1 |
| Current tax receivables | 12.3 | 11.1 |
| Other receivables | 29.3 | 37.2 |
| Prepaid expenses and accrued income | 16.7 | 20.4 |
| Cash and cash equivalents | 26.1 | 59.9 |
| Total current assets | 1,455.2 | 1,192.4 |
| TOTAL ASSETS | 2,376.9 | 2,086.3 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 39.0 | 39.0 |
| Other capital provided | 260.5 | 260.5 |
| Reserves | 172.2 | 75.7 |
| Retained earnings including profit for the year | 766.1 | 695.1 |
| Equity attributable to shareholders of the parent company | 1,237.8 | 1,070.3 |
| Total equity | 1,237.8 | 1,070.3 |
| Long-term liabilities | | |
| Provision for pensions | 58.3 | 69.5 |
| Other provisions | 14.9 | 17.1 |
| Non-current interest-bearing liabilities | 77.5 | 114.7 |
| Non-Current liabilities - right of use assets | 103.4 | 115.4 |
| Other non-current liabilities | 2.0 | 2.8 |
| Deferred tax liabilities | 50.4 | 40.8 |
| Total non-current liabilities | 306.4 | 360.3 |
| Current liabilities | | |
| Other provisions | 7.4 | 22.5 |
| Current interest-bearing liabilities | 214.3 | 85.1 |
| Current interest bearing liabilities - right of use assets | 27.0 | 28.0 |
| Advance payments from customers | 60.6 | 33.8 |
| Trade payables | 305.4 | 305.1 |
| Current tax liabilities | 12.7 | 9.8 |
| Other liabilities | 72.4 | 54.7 |
| Accrued expenses and prepaid income | 132.9 | 116.7 |
| Total current liabilities | 832.7 | 655.8 |
| Total liabilities | 1,139.1 | 1,016.0 |
| TOTAL EQUITY AND LIABILITIES | 2,376.9 | 2,086.3 |

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

| Amounts in MSEK | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|-----------------------------------|--------------------|--------------------|
| Opening balance | 1,070.3 | 948.4 |
| Profit for the period | 64.9 | 55.4 |
| Translation differences | 92.5 | -44.5 |
| Revaluation of strategic holdings | - | 16.1 |
| Actuarial gains and losses (net) | 6.0 | 93.3 |
| Hedge accounting (net) | 3.8 | 1.4 |
| Closing balance | 1,237.8 | 1,070.3 |

CONSOLIDATED CASH FLOW STATEMENT

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | | |
| Profit before taxes | 23.6 | 51.5 | 74.8 | 78.5 |
| Adjustment for items not included in cash flow | 28.0 | 17.1 | 109.1 | 130.8 |
| Income tax paid | -4.1 | 0.8 | -12.3 | -7.7 |
| Cash flow from operating activities before changes in working capital | 47.5 | 69.4 | 171.6 | 201.6 |
| CASHFLOW FROM CHANGES IN WORKING CAPITAL | | | | |
| Changes in inventories | -51.8 | -74.0 | -155.9 | -86.3 |
| Changes in current receivables | -60.5 | -83.9 | -62.9 | -183.4 |
| Changes in current liabilities | -12.4 | 53.4 | 10.4 | 138.7 |
| Cash flow from operating activities | -77.3 | -35.1 | -36.8 | 70.6 |
| INVESTMENT ACTIVITIES | | | | |
| Purchase and sales of intangible assets | -1.4 | -6.4 | -6.5 | -7.4 |
| Purchase and sales of tangible assets | -21.5 | -19.0 | -55.9 | -86.7 |
| Cash flow from acquisitions | - | 0.1 | - | -8.6 |
| Cash flow from financial assets | -0.1 | 1.7 | 0.6 | 27.4 |
| Cash flow from investment activities | -23.0 | -23.6 | -61.7 | -75.3 |
| FINANCING ACTIVITIES | | | | |
| Amortization of loans | -9.7 | -9.6 | -38.5 | -37.8 |
| Amortization of liabilities regarding right of use-assets | -6.9 | -7.5 | -28.3 | -32.4 |
| Changes in short term operating financing | 116.2 | 0.2 | 127.5 | -1.2 |
| Cash flow from financing activities | 99.6 | -16.9 | 60.7 | -71.5 |
| Cash flow for the period | -0.7 | -75.7 | -37.8 | -76.1 |
| Cash and cash equivalents at beginning of period | 24.5 | 136.5 | 59.9 | 142.3 |
| Translation difference in cash and cash equivalents | 2.3 | -0.8 | 4.0 | -6.1 |
| Cash and cash equivalents at end of period | 26.1 | 59.9 | 26.1 | 59.9 |

PARENT COMPANY INCOME STATEMENT

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| Net sales | 1.5 | 1.4 | 5.9 | 5.7 |
| Other external costs | -2.0 | -1.7 | -6.9 | -8.8 |
| Personnel costs | -3.4 | -3.9 | -13.8 | -13.2 |
| Depreciation and amortisation | -0.1 | -0.1 | -0.2 | -0.3 |
| Operating result | -4.0 | -4.3 | -15.0 | -16.7 |
| Result from shares in group companies | - | - | 65.3 | - |
| Financial income | 3.9 | 0.7 | 7.6 | 3.0 |
| Impairment of shares in group companies | -56.0 | 61.1 | -116.0 | 61.1 |
| Impairment of receivables from group companies | -117.1 | - | -117.1 | - |
| Financial expense | -3.0 | -0.9 | -6.3 | -4.5 |
| Net finance items | -172.2 | 60.9 | -166.5 | 59.6 |
| Group contributions received/rendered | 37.7 | 31.6 | 37.7 | 31.6 |
| Profit before tax | -138.5 | 88.2 | -143.7 | 74.4 |
| Current tax | -2.2 | -12.6 | - | -9.7 |
| PROFIT AFTER TAX | -140.7 | 75.6 | -143.7 | 64.7 |

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| PROFIT FOR THE PERIOD | -140.7 | 75.6 | -143.7 | 64.7 |
| Other comprehensive result | | | | |
| Revaluation of strategical holdings | - | 0.3 | - | 0.3 |
| Total Other comprehensive income | - | 0.3 | - | 0.3 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | -140.7 | 75.9 | -143.7 | 65.0 |

PARENT COMPANY BALANCE SHEET

| Amounts in MSEK | 2022-06-30 | 2021-06-30 |
|-------------------------------------|----------------|----------------|
| ASSETS | | |
| Non current assets | | |
| Other intangible assets | 0.3 | 0.5 |
| Tangible fixed assets | 0.0 | 0.0 |
| Shares in group companies | 1,074.6 | 1,190.6 |
| Receivables group companies | 2.2 | 2.1 |
| Deferred tax asset | 6.2 | 6.2 |
| Total non-current assets | 1,083.3 | 1,199.4 |
| Current assets | | |
| Receivables group companies | 116.9 | 124.0 |
| Other receivables | 1.2 | 1.4 |
| Prepaid expenses and accrued income | 1.8 | 1.7 |
| Cash and cash equivalents | - | 27.3 |
| Total current assets | 119.9 | 154.4 |
| TOTAL ASSETS | 1,203.2 | 1,353.9 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Restricted equity | 40.1 | 40.1 |
| Unrestricted equity | 896.2 | 1,039.9 |
| Total equity | 936.3 | 1,080.0 |
| Long term liabilities | | |
| Liabilities to credit institution | 44.0 | 69.2 |
| Total long term liabilities | 44.0 | 69.2 |
| Current liabilities | | |
| Liabilities to credit institutions | 95.1 | 25.2 |
| Trade payables | 1.0 | 0.7 |
| Payables group companies | 121.9 | 172.3 |
| Other liabilities | 0.4 | 1.1 |
| Accrued expenses and prepaid income | 4.5 | 5.4 |
| Total current liabilities | 222.9 | 204.7 |
| Total liabilities | 266.9 | 273.8 |
| TOTAL EQUITY AND LIABILITIES | 1,203.2 | 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 June 30, 2022, a small part of the Group's EUR exposure has been hedged through loans in foreign currency. At the beginning of the reporting period July 1, 2021–June 30, 2022, the Group had a loan in the amount of MEUR 9.6, which at the end of the period totaled MEUR 6.6 against which hedges were applied. Related exchange rate differences of MSEK 4.2 before tax have thus been reported under the item exchange rate differences in the statement of comprehensive income.

NOT 3. SUBSEQUENT EVENTS

A customer of Drake Extrusion has filed for reconstruction. The outcome of the process and the impact of the result in Drake Extrusion is as of today unknown.

NOT 4. 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 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| Net sales | | | | |
| IFG | 381.0 | 361.0 | 1,384.9 | 1,155.8 |
| Drake Extrusion | 203.1 | 179.6 | 746.3 | 622.2 |
| Cresco | 64.2 | 86.6 | 276.3 | 296.8 |
| Cotting Group | 128.5 | 123.3 | 478.7 | 535.6 |
| DMT Group | 182.1 | 122.7 | 538.1 | 379.0 |
| Duroc Rail | 29.2 | 31.1 | 134.0 | 129.7 |
| Small Company Portfolio | 49.1 | 38.1 | 166.3 | 137.0 |
| Holding companies/group-wide functions | 1.7 | 1.7 | 6.8 | 6.7 |
| Eliminations | -5.1 | -2.0 | -10.9 | -8.2 |
| | 1,033.7 | 942.1 | 3,720.5 | 3,254.5 |
| EBITDA | | | | |
| IFG | 32.3 | 33.2 | 100.9 | 43.4 |
| Drake Extrusion | 12.7 | 11.5 | 26.4 | 44.6 |
| Cresco | 7.2 | 20.8 | 35.5 | 46.7 |
| Cotting Group | -25.0 | -3.6 | -53.1 | 4.5 |
| DMT Group | 19.5 | 12.4 | 55.5 | 34.1 |
| Duroc Rail | 4.9 | 8.1 | 35.2 | 34.0 |
| Small Company Portfolio | 5.5 | 0.5 | 18.2 | 3.3 |
| Holding companies/group-wide functions | -5.3 | -5.2 | -19.3 | -20.8 |
| Total | 51.7 | 77.7 | 199.4 | 189.9 |
| Operating profit/loss | | | | |
| IFG | 27.1 | 26.5 | 76.9 | 13.5 |
| Drake Extrusion | 4.2 | 6.5 | -3.8 | 20.3 |
| Cresco | 5.8 | 19.4 | 30.1 | 41.8 |
| Cotting Group | -30.0 | -7.9 | -87.3 | -12.4 |
| DMT Group | 18.1 | 10.9 | 49.8 | 29.1 |
| Duroc Rail | 3.2 | 6.5 | 28.8 | 26.4 |
| Small Company Portfolio | 3.2 | -2.1 | 8.9 | -8.1 |
| Holding companies/group-wide functions | -5.6 | -5.5 | -20.4 | -22.0 |
| Total | 26.0 | 54.4 | 83.0 | 88.6 |
| Net financial items | -2.4 | -3.0 | -8.2 | -10.1 |
| Profit before tax | 23.6 | 51.5 | 74.8 | 78.5 |

| Amounts in MSEK | Nettoskuld | | Sysselsatt kapital | | Eget kapital | |
|-------------------------|--------------|--------------|--------------------|----------------|----------------|----------------|
| | 2022-06-30 | 2021-06-30 | 2022-06-30 | 2021-06-30 | 2022-06-30 | 2021-06-30 |
| IFG | 155.6 | 87.3 | 561.8 | 421.8 | 383.3 | 311.6 |
| Drake Extrusion | 44.7 | 26.1 | 342.8 | 278.6 | 268.7 | 227.6 |
| Cresco | 38.1 | 27.8 | 218.5 | 172.8 | 219.0 | 170.7 |
| Cotting Group | 165.3 | 33.9 | 329.3 | 292.7 | 137.4 | 230.5 |
| DMT Group | -67.8 | -17.6 | 35.0 | 46.9 | 164.4 | 130.1 |
| Duroc Rail | 31.3 | 29.4 | 43.1 | 41.4 | 23.5 | 23.7 |
| Small Company Portfolio | 25.5 | 37.7 | 46.6 | 55.8 | 28.4 | 26.0 |
| Holding companies | 3.2 | 58.7 | 14.7 | 8.4 | 13.1 | -49.9 |
| Total | 396.0 | 283.3 | 1,591.2 | 1,318.5 | 1,237.8 | 1,070.3 |

NOT 5. 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 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| Net sales | 1033.7 | 942.1 | 3,720.5 | 3,254.5 |
| Effect from change in exchange rates | -44.3 | | -85.2 | |
| Effect from acquisitions | | | -23.8 | |
| Net sales adjusted for acquisitions and changes in exchange rates | 989.4 | 942.1 | 3,611.5 | 3,254.5 |
| Organic growth (percent) | 5.0% | | 11.0% | |

Alternative earnings metrics

| Amounts in MSEK | 2021/2022 Q4 | 2020/2021 Q4 | 2021/2022 Q1-Q4 | 2020/2021 Q1-Q4 |
|--|-----------------|-----------------|--------------------|--------------------|
| Operating profit/loss | 26.0 | 54.4 | 83.0 | 88.6 |
| Depreciation, amortisation, write down of tangible and intangible non-current assets | 25.7 | 23.2 | 116.3 | 101.3 |
| EBITDA | 51.7 | 77.7 | 199.4 | 189.9 |
| Items affecting comparability | | | | |
| Restructuring costs/dissolution of reserve | -0.3 | -1.2 | -6.2 | 34.3 |
| Profit from sale of land | | | -1.1 | |
| Adjusted EBITDA | 51.4 | 76.4 | 192.1 | 224.2 |
| Depreciation, amortisation, write down of tangible and intangible non-current assets | -25.7 | -23.2 | -116.3 | -101.3 |
| Items affecting comparability | | | | |
| Write down of tangible assets due to restructuring | 0.1 | 0.4 | 0.1 | 3.0 |
| Write down intangible assets | | | 14.3 | |
| Adjusted EBIT | 25.7 | 53.6 | 90.1 | 125.8 |
| Net financial items | -2.4 | -3.0 | -8.2 | -10.1 |
| Net tax | 6.5 | -13.4 | -9.9 | -23.1 |
| Adjusted profit for the period | 29.8 | 37.3 | 72.0 | 92.6 |
| Adjusted earnings per share (SEK) | 0.77 | 0.96 | 1.85 | 2.37 |
| Average number of shares | 39,000,000 | 39,000,000 | 39,000,000 | 39,000,000 |

Net debt

| Amounts in MSEK | 2022-06-30 | 2021-06-30 |
|---|--------------|--------------|
| Long-term interest bearing liabilities | 77.5 | 114.7 |
| Long-term interest bearing liabilities | 103.4 | 115.4 |
| Short-term interest bearing liabilities | 214.3 | 85.1 |
| Short-term interest bearing liabilities | 27.0 | 28.0 |
| Cash and cash equivalents | -26.1 | -59.9 |
| Net debt | 396.0 | 283.3 |

Capital employed

| Amounts in MSEK | 2022-06-30 | 2021-06-30 |
|-------------------------------------|-------------------|-------------------|
| Equity | 1237.8 | 1070.3 |
| Net debt | 396.0 | 283.3 |
| Intangible assets from acquisitions | -87.3 | -87.3 |
| Pension liability | 58.3 | 69.5 |
| Strategic holdings | 0.0 | -1.5 |
| Deferred tax | -13.6 | -15.8 |
| Capital employed | 1,591.2 | 1,318.4 |

NOT 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

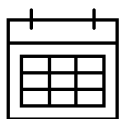
There were no transfers between levels or valuation categories during the period. The fair value of the Group's other financial assets and liabilities is estimated to correspond to their book values.

NOT 7. RELATED PARTY TRANSACTIONS

During the financial year, companies within the Group purchased services totaling MSEK 2.4 (2.4) and sold services totaling MSEK 0.2 (0.1) from companies in which Bronsstädet AB is the majority owner. The transactions were carried out on market terms.

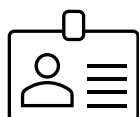
DEFINITION OF KEY FINANCIAL INDICATORS

| | |
|---|---|
| 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 |



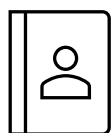
INFORMATION CALENDAR

| | |
|---|------------------|
| Annual Report 2020/2021 | September 30 |
| Annual General Meeting | November 8, 2022 |
| Interim Report July 2022–September 2022 | November 8, 2022 |
| Interim Report July 2022–December 2022 | February 3, 2023 |



FOR MORE INFORMATION

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