INTERIM REPORT
JULY – DECEMBER 2022

DOUBLE-EDGED OUTLOOK – CONTINUED STRONG FINANCIAL POSITION

Second quarter, October 2022- December 2022

- Net sales increased by 6 percent to MSEK 876.6 (825.1). Organic growth stood at -2 percent.
- Adjusted EBITDA* decreased by 44 percent to a total of MSEK 8.0 (14.2), corresponding to an adjusted EBITDA* margin of 0.9 percent (1.7).
- Adjusted EBIT totaled MSEK -20.6 (-10.7). Adjusted EBIT regarding Griffine Enduction S.A. totaled MSEK -5.4 (-20.7).
- Operating income (EBIT) totaled MSEK -220.7 (-5.0). It was mainly the impairment of assets held for sale in the amount of MSEK 179.3 (in respect of Griffine Enduction S.A) and an impairment of a bad debt loss in Drake Extrusion of MSEK 20.8 that affected the operating income. However, these do not affect cash flow.
- Cash flow from operating activities totaled MSEK -4.7 (-59.0).
- The loss after tax was MSEK -210.7 (-4.8).
- Adjusted earnings per share totaled SEK -0.27 (-0.27).
- Earnings per share totaled SEK -5.40 (-0.12).
- Equity totaled MSEK 1,045.2 (1,108.5) and the equity/assets ratio was 51 percent (54).
- The subsidiary IFG Holdings Ltd's pension fund CPF purchased an annuity insurance from Aviva Life & Pensions UK LTD. The effect of this transaction is an annual reduction in expenditures of MSEK 6, and when a complete buy-out transfer to Aviva has been completed within 12-24 months, Duroc's obligation ceases. After the final buyout, CPF will be liquidated, and a surplus may occur at this time. If this is the case, part of this surplus may go to IFG.

First six-months, July 2022 - December 2022

- Net sales increased by 3 percent to MSEK 1,739.3 (1,690.3). Organic growth stood at -4 percent.
- Adjusted EBITDA* decreased by 61 percent to a total of MSEK 23.9 (61.5), corresponding to an adjusted EBITDA* margin of 1.4 percent (3.6).
- Adjusted EBIT totaled MSEK -32.9 (11.8). Adjusted EBIT regarding Griffine Enduction S.A, totaled MSEK -12.6 (-32.8).
- Operating income (EBIT) totaled MSEK -233.0 (17.5).
- Cash flow from operating activities totaled MSEK 127.2 (-21.7).
- The loss after tax was MSEK -221.7 (10.1).
- Adjusted earnings per share totaled SEK -0.55 (0.11).
- Earnings per share totaled SEK -5.68 (0.26).
- Cash and cash equivalents as of December 31 totaled MSEK 23.7 (35.9), and net debt excluding lease liabilities from IFRS 16 totaled MSEK 151.9 (202.3). Unutilized credit facilities totaled MSEK 250.0 (215.4)
- The impairment of assets held for sale in respect of Griffine Enduction S.A was made on the worst possible scenario of sale, in mind. Any potential purchase price, or alternatively, reclamation of receivables for which Duroc AB has lien in property and inventory, will be accounted for as operating profit and positive cash flow.

Group (MSEK)	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2022/2023 R12 DEC	2021/2022 JUL-JUN
Net sales	876.6	825.1	1,739.3	1,690.3	3,769.5	3,720.5
EBITDA	-12.8	19.9	3.1	67.1	135.4	199.4
Adjusted EBITDA*	8.0	14.2	23.9	61.5	154.5	192.1
Adjusted EBITDA*-margin, %	0.9	1.7	1.4	3.6	4.1	5.2
Operating profit/loss (EBIT)	-220.7	-5.0	-233.0	17.5	-167.5	83.0
Adjusted EBIT*	-20.6	-10.7	-32.9	11.8	24.6	90.1
Profit/loss after tax	-210.7	-4.8	-221.7	10.1	-166.8	64.9
Profit per share, SEK	-5.40	-0.12	-5.68	0.26	-4.28	1.67
Adjusted profit per share, SEK*	-0.27	-0.27	-0.55	0.11	0.65	1.85
Cashflow from operating activities	-4.7	-59.0	127.2	-21.7	112.1	-36.8
Net debt excl. lease liability from IFRS 16	151.9	202.3	151.9	202.3	151.9	265.7
Net debt incl. lease liability from IFRS 16	280.2	336.1	280.2	336.1	280.2	396.0
Net debt/Equity ratio, %	27	30	27	30	27	32

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

Duroc acquires, develops and manages companies with a focus on trade and industry. Using their profound knowledge of technology and markets, the Group's companies aim to achieve leading positions in their respective industries. As the owner, Duroc actively contributes to their development. Duroc is listed on Nasdaq Stockholm (short name: DURC). www.duroc.se

DUROC

CEO'S COMMENT

The second quarter continued in the same pattern as the first, i.e., good demand and earnings trends in the portfolio companies related to industrial trading and mechanical engineering industry. Portfolio companies linked to heavy, energy-intensive production in the plastic industry burdened the Group's earnings through reduced volumes, as did exceptional cost increases for energy and labor in relation to the year-over-year quarter. Historically, fiber-related business has always displayed a volatile nature and at the end of the quarter we glimpsed rising volumes in individual segments such as the automotive and furniture industries.

Second quarter, July 2022 - December 2022

Net sales increased by 6 percent to MSEK 876.6 (825.1). Adjusted EBIT totaled MSEK -20.6 (-10.7). Excluding Griffine, the French part of Cotting Group, adjusted EBIT totaled MSEK -15.2 (10.0). Industrial trading and mechanical engineering showed strong trends while plastic-related portfolio companies burdened earnings.

Volumes in IFG, Duroc's biggest portfolio company, fell by 14 percent, among other things driven by customer expectations for prices to stabilize at a lower level. At the same time, energy prices increased by around 80 percent. Statutory adjustments to payroll expenses primarily in Belgium contributed to a labor cost increase of around 20 percent despite the workforce having been tailored to suit lower demand. In part, we have not yet passed on these costs on to our customers.

Demand at Drake in the USA was good in respect of staple fibers and there was a parallel increase in yarn volumes. The harsher economic market has led a major American customer to file for restructuring, which has resulted in a bad debt loss of around MSEK 21. The operations have been taken over by another company and Drake continues to supply with stricter credit conditions. Prices for PP raw material leveled off in Europe during the quarter, while a price fall continued in the USA, which will benefit margin trends moving forward.

The unfavorable factors that have befallen our operations are by no means limited to Duroc. Other players with similar operations report the same challenges. However, energy prices have fallen considerably, and this is expected to have a positive impact on earnings for all energy-intensive units in the Group.

DMT increased net sales by 50.3 percent to MSEK 165.7 (110.2), and while there may be greater hesitancy in investment decisions compared to the previous quarter, there are no signs of a recession. An order book of MSEK 232 promises positive development during the next quarter. The Smaller Company Portfolio showed the same positive pattern where both sales and earnings improved markedly.

Cresco increased sales by 2.8 percent driven by a major project with deliveries of climate screens and products for mushroom cultivation. In general, the European market was characterized by uncertainty with ongoing war and heavy inflation. Cresco is well positioned for the long-term with climate screen products whose properties are energy-saving.

Cotting Group increased sales by 27.7 percent through rising volumes and price adjustments. Earnings were however, burdened by poor volumes in Griffine, the French unit. The disposal of Griffine, which in the calendar year of 2022 burdened the operating profit with MSEK -65 is proceeding according to plan and the goal is to conclude the transaction in the immediate future. In accordance with Duroc's prudent financial approach, impairment of Griffine's net assets has been performed in full. This means the Group's equity cannot be affected negatively in the future due to the disposal.

First six-month period, July 2022 - 2022

Net sales increased by 3 percent to MSEK 1,739.3 (1,690.3). Adjusted EBIT totaled MSEK -32.9 (11.8). Excluding Griffine adjusted EBIT totaled MSEK -20.4 (44.5).

The financial year was characterized by uneven Group earnings trends as a result of the consequences of war in Ukraine and the effects of inflation on input goods and labor costs. The heavy manufacturing companies have seen falling volumes and abnormally high costs, which they were unable to pass on to customers sufficiently quickly. Historically, the fiber business has shown great volatility with volumes falling for various reasons only to quickly rise again once stabilized again.

The industrial trading units, with their lighter balance sheets, have enjoyed stable development with strong demand for products and services. At the end of the second quarter, DMT and UPN (part of Smaller Company Portfolio) noted sales records. Net debt decreased by MSEK 50.4 to 151.9. Central costs were reduced by 15 percent, equivalent to MSEK 3 on a full-year basis.

Outlook

The companies that developed positively during the first six months are considered to have good prospects for continuing in the same direction. If nothing further unforeseen occurs, the fiber-related units will probably see increasing volumes, and the effects of lower energy and raw material prices should lead to positive effects on operating income moving forward. Structural adjustments are under constant evaluation in case more positive market developments fail to take place. When summing up the previous financial year, an EBIT margin of almost 6 percent was noted for IFG, and a now well-invested Drake Extrusion, in a normal market, as good prospects for performing well beyond this level. The previously announced insurance solution for pension provisions in IFG will lead to cost reductions and an elimination of risk in respect of future pension obligations and will have a substantial positive future effect on day-to-day cash flow. Historically, IFG was burdened with around GBP 500,000 annually to hedge these future obligations, of which the major part burdened day-to-day earnings. Going forth, this cost is now fully eliminated. The planned sale of Griffine will also contribute significantly to increased earnings for the Group.

The 2022/23 financial year will be characterized by weak profitability arising from extraordinary events that have negatively impacted the major part of Duroc and other companies with similar operations. Meanwhile, and as a result of measures taken, other parts of the Group have developed particularly well and have thus created significant values for Duroc's shareholders.

To summarize, Duroc can be divided into two categories of companies with entirely different characters. One category consists of companies that are performing well, generating good earnings with low figures for capital tied up and with good returns on capital employed. The other category consists of capital-intensive companies that are burdening earnings in the short term, largely due to extraordinary circumstances in the world at large. All of the companies have established, long-term plans aimed at achieving significantly stronger earnings over time. The companies performing well are in the middle of executing these plans. The long-term plans of the capital-intensive companies remain established, but I believe the execution of said plans will be postponed around one year due to the negative events witnessed during the current financial year.

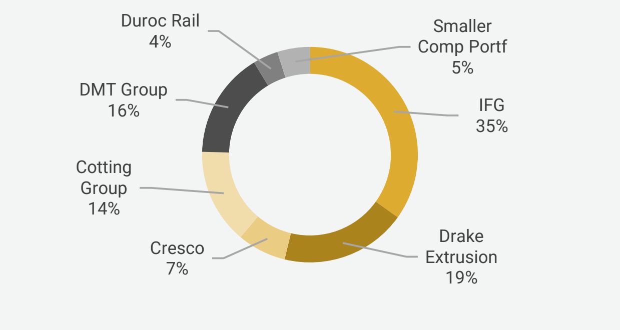
Despite circumstances, Duroc is in good shape. Net debt continues to be low, the equity/assets ratio good and the balance sheet pre-dominantly consists of fixed, real assets. Thus, Duroc is in a position with a freedom of movement that would enable a strategic change of direction were any such opportunities considered favorable for shareholders in the long term.

John Häger, CEO

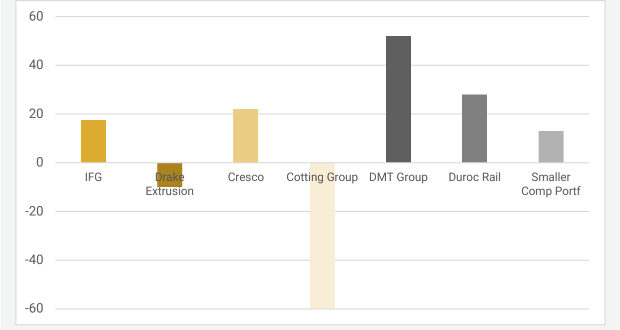
DEVELOPMENTS IN DUROC PORTFOLIO COMPANIES

Duroc's portfolio companies consist of International Fibres Group (IFG), Drake Extrusion, Cresco, Cotting Group, Duroc Machine Tool (DMT), Duroc Rail and 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 2022 – December 2022. 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, October 2022 - December 2022

Net sales increased by 6 percent to MSEK 876.6 (825.1). Organic growth stood at -2 percent, where Cotting Group, DMT, Duroc Rail and Smaller Company Portfolio enjoyed increased sales. IFG and Drake Extrusion presented lower sales than the year-over-year quarter.

Adjusted EBITDA totaled MSEK 8.0 (14.2) and the adjusted EBITDA margin was 0.9 percent (1.7), driven by lower gross earnings, which were affected by higher energy and labor costs.

Cotting Group, DMT, Duroc Rail and Smaller Company Portfolio presented improved EBITDA figures than the year-over-year quarter, mainly due to increased sales where cost increases could be passed on to the customer.

Adjusted EBIT totaled MSEK -20.6 (-10.7) and operating income totaled MSEK -220.7 (-5.0). Operating loss was primarily impacted by items affecting comparability, consisting of an impairment of assets held for sale in respect of Griffine Enduction S.A (within Cotting Group) totaling MSEK 179.3 and a bad debt loss at Drake Extrusion in the amount of MSEK 20.8.

The loss after tax was MSEK -210.7 (-4.8).

First six-months, July – December 2022

Net sales increased by 3 percent to MSEK 1,739.3 (1,690.3). Organic growth stood at -4 percent, where Cotting Group, DMT and Smaller Company Portfolio showed increased sales. IFG and Drake Extrusion had lower sales than the year-over-year quarter.

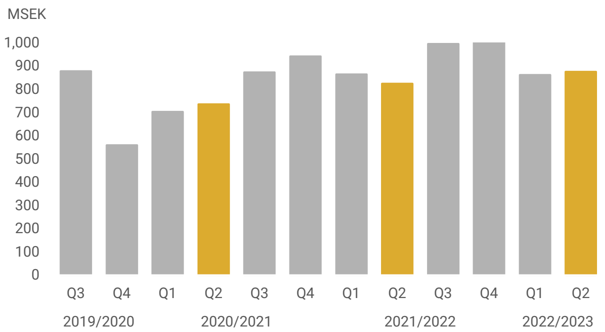
Adjusted EBITDA totaled MSEK 23.9 (61.5) and the adjusted EBITDA margin was 1.4 percent (3.6), driven by lower gross earnings which were affected by inventory adjustments and higher costs for energy and labor.

Cotting Group, DMT, Duroc Rail and Smaller Company Portfolio presented better EBITDA figures than the year-over-year period, mainly due to increased sales where cost increases could be passed on to the customer.

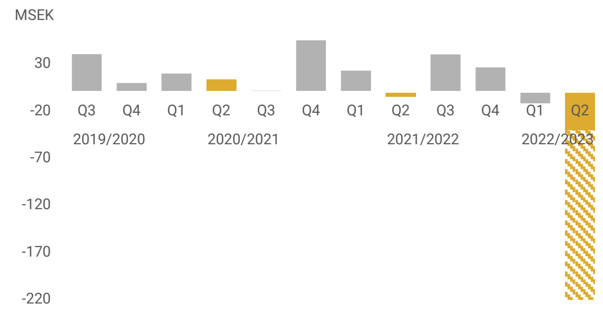
Adjusted EBIT totaled MSEK -32.9 (11.8) and operating income totaled MSEK -233.0 (17.5).

The loss after tax was MSEK -221.7 (10.1).

DEVELOPMENT OF DUROC'S NET SALES



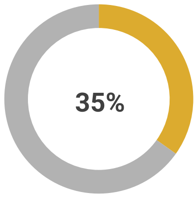
DEVELOPMENT OF DUROC'S OPERATING PROFIT/LOSS (EBIT)



Q3 2020/2021 was affected by restructuring costs totaling MSEK 35.5. Q2 2022/2023 was affected by an impairment of assets held for sale in the amount of MSEK 179.3; see also Note 8.

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)



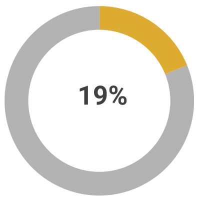
- Net sales for the quarter decreased by 16 percent* compared to the year-over-year quarter, and 11 percent compared to the corresponding six months. Volumes for the quarter decreased by 14 percent and 15 percent compared to the first six months of the previous year. The market continued to hold back, mainly because PP prices continued to fall and because customers in general are holding lower stocks than before. The geotextiles and automotive segments continue to enjoy high order intakes.
- The effects of the macroeconomic situation with high energy prices, inflation and mandatory salary increases in Belgium and Austria, contributed to the company's EBITDA total of MSEK -16.5 (17.3). Energy costs increased by 78.2 percent compared to the year-over-year quarter, while salary cost increased by 20 percent.
- Active efforts to reduce capital tied up resulted in a net debt excluding IFRS 16 of MSEK 7.8 (40.1).
- The change management program implemented earlier this year with restructuring and a focus on niche products has proceeded according to plan. Specializing the product offering mitigated the decline in income during the quarter.

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	246.4	293.9	561.5	632.6	1,313.8
Growth, Net Sales %	-16.2	22.6	-11.2	27.8	1.6
Organic growth %	-22.2	22.6	-16.0	27.9	-3.0
EBITDA	-16.5	17.3	-16.0	38.8	46.1
EBITDA margin %	-6.7	5.9	-2.9	6.1	3.5
Adjusted EBITDA	-16.5	11.6	-16.0	33.1	42.7
Adjusted EBITDA-margin, %	-6.7	3.9	-2.9	5.2	3.3
EBIT	-23.4	11.0	-29.8	26.2	20.9
EBIT margin %	-9.5	3.7	-5.3	4.1	1.6
Net Debt/Net Cash (-)	77.0	105.0	77.0	105.0	77.0
of which from leasing (IFRS 16)	69.3	65.0	69.3	65.0	69.3
Capital employed	460.5	454.2	460.5	454.2	460.5
ROCE %	4.3	8.2	4.3	8.2	4.3
Adjusted ROCE %	3.6	13.1	3.6	13.1	3.6

* Price mechanisms in customer agreements for polypropylene mean that sales increase as raw material 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.*

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)

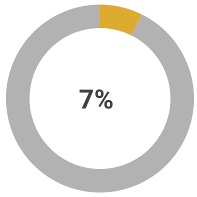


- During the quarter, a decrease in sales volumes of 6.4 percent and a -22.6 percent decrease in organic sales growth were due to lower raw materials prices, where price mechanisms in contracts cause sales prices to drop.
- Demand for staple fiber continued to be good, and the weakening filament segment recovered with higher sales volumes than anticipated.
- A major American customer filed for restructuring which resulted in a bad debt loss of MSEK 20.8. The operations have been taken over by another company and Drake's continued earnings potential is thus not affected.
- The labor situation continued to be stable but contributed to a higher cost base than the year-over-year comparison quarter. This, together with higher energy costs and reduced sales volumes, was a contributing factor in the company's adjusted EBITDA of MSEK 1.0 (3.0).

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	151.4	161.8	318.6	352.7	712.1
Growth, Net Sales %	-6.4	16.7	-9.7	24.8	2.9
Organic growth %	-22.6	7.3	-25.7	19.0	-13.0
EBITDA	-19.8	-4.1	-17.8	3.7	4.9
EBITDA margin %	-13.1	-2.5	-5.6	1.0	0.7
Adjusted EBITDA	1.0	-4.1	3.0	3.7	25.7
Adjusted EBITDA-margin, %	0.7	-2.5	0.9	1.0	3.6
EBIT	-29.3	-10.9	-36.6	-9.7	-30.8
EBIT margin %	-19.3	-6.7	-11.5	-2.7	-4.3
Net Debt/Net Cash (-)	26.5	34.7	26.5	34.7	26.5
of which from leasing (IFRS 16)	9.1	11.8	9.1	11.8	9.1
Capital employed	299.4	292.4	299.4	292.4	299.4
ROCE %	-9.6	-2.6	-9.6	-2.6	-9.6
Adjusted ROCE %	-3.1	-2.6	-3.1	-2.6	-3.1

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)

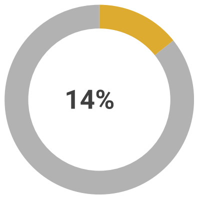


- Net sales increased by 2.8 percent during the second quarter. Organic growth was -5.2 percent.
- A certain hesitant approach by the market due to the macroeconomic situation was observed in the operation during the second quarter. Fewer major project inquiries led to a change in the product mix that has resulted in slightly lower margins. The lower production rate and resultant efficiency losses together with statutory salary increases also contributed to a poorer EBIT margin.
- However, order intake improved significantly in December following poor developments during the first months of the quarter. Order intake increased by 4 percent compared to the previous year.
- The EU gas price cap agreement concluded in December is expected to benefit Cresco moving forward through greater market stability and an improved investment appetite in conjunction with lower energy price volatility.
- The current energy crisis is expected to boost demand for sustainable, energy-efficient solutions and lead to increased demand for Cresco's products as they contribute to a more efficient cultivation process with lower energy consumption.

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	73.0	71.0	146.5	140.0	282.8
Growth, Net Sales %	2.8	4.3	4.7	2.9	-6.0
Organic growth %	-5.2	5.8	-1.5	4.5	-10.0
EBITDA	4.9	5.5	6.5	14.3	27.7
EBITDA margin %	6.7	7.7	4.4	10.2	9.8
EBIT	3.5	4.1	3.6	11.6	22.1
EBIT margin %	4.7	5.8	2.5	8.3	7.8
Net Debt/Net Cash (-)	30.3	25.5	30.3	25.5	30.3
of which from leasing (IFRS 16)	4.4	5.6	4.4	5.6	4.4
Capital employed	221.3	182.9	221.3	182.9	221.3
ROCE %	10.6	24.1	10.6	24.1	10.6

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 by 27.7 percent during the quarter and organic growth by 18.6 percent, thanks to increased sales volumes and price adjustments to the customer. Cotting Group continues to be heavily affected by Griffine's lower volumes especially in automotive, which remain at a lower level due to the semiconductor shortage.
- EBIT for the quarter totaled MSEK -14.8 (-22.1), related to low sales volumes in the French operation and increasing energy costs and salary costs in the Belgian operation.
- 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 of yet the price increases have not fully taken effect. High energy prices and volumes that remain unsatisfactory in the French part continue to be a challenge.
- Efforts to dispose Griffine, the French operation, continues and are expected to result in significantly increased profitability for the Duroc Group.

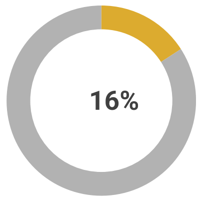
** The table on the right is not adjusted for IFRS 5 effects as Griffine is classified as an asset intended for sale in the Group's consolidated accounts. See also Note 8.*

Amounts in MSEK*	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	142.7	111.7	268.5	208.5	538.7
Growth, Net Sales %	27.7	-27.6	28.8	-23.4	14.2
Organic growth %	18.6	-26.6	21.4	-22.2	9.0
EBITDA	-10.3	-17.3	-12.8	-23.6	-42.3
EBITDA margin %	-7.2	-15.5	-4.8	-11.3	-7.9
Adjusted EBITDA	-10.3	-17.3	-12.8	-23.6	-40.6
Adjusted EBITDA-margin, %	-7.2	-15.5	-4.8	-11.3	-7.5
EBIT	-14.8	-22.1	-21.9	-33.2	-76.0
EBIT margin %	-10.4	-19.8	-8.2	-15.9	-14.1
Net Debt/Net Cash (-)	181.2	100.0	181.2	100.0	181.2
of which from leasing (IFRS 16)	1.8	3.8	1.8	3.8	1.8
Capital employed	326.0	312.1	326.0	312.1	326.0
ROCE %	-24.1	-14.6	-24.1	-14.6	-24.1
Adjusted ROCE %	-19.0	-12.5	-19.0	-12.5	-19.0

DUROC MACHINE TOOL

Duroc Machine Tool (DMT) 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 processing machines from DN Solutions, 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.

Share of Duroc's sales (R12)



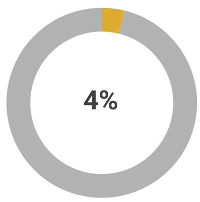
- DMT's net sales increased by 50.3 percent during the quarter compared with the same period for the previous year. Organic growth stood at 43.3 percent.
- The high sales were attributable to a significant increase in the number of machine projects delivered.
- EBIT improved by 77 percent compared to the previous year and totaled MSEK 14.9. The EBIT margin was 9.0 percent, representing an increase of 1.4 percentage units.
- Increased material prices and other cost increases were to a large extend compensated by price increases to customers.
- Despite a hesitant market and the delivery of a large part of the order book during the quarter, order intake continued to be favorable. At MSEK 232, order backlog continued to be high at the beginning of the third quarter.

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	165.7	110.2	285.6	224.4	599.2
Growth, Net Sales %	50.3	45.2	27.2	51.6	31.6
Organic growth %	43.3	46.3	22.3	52.9	28.0
EBITDA	16.5	9.8	24.7	22.3	57.9
EBITDA margin %	9.9	8.8	8.7	9.9	9.7
EBIT	14.9	8.4	21.6	19.5	51.9
EBIT margin %	9.0	7.6	7.6	8.7	8.7
Net Debt/Net Cash (-)	-44.1	-27.0	-44.1	-27.0	-44.1
of which from leasing (IFRS 16)	7.3	6.6	7.3	6.6	7.3
Capital employed	58.4	53.3	58.4	53.3	58.4
ROCE %	132.9	98.3	132.9	98.3	132.9

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)



- Duroc Rail's net sales increased by 36.8 percent to total MSEK 40.2 during the second quarter, mainly due to higher maintenance volumes than during the same quarter in the previous year.
- During the quarter, the proportion of more advanced technical maintenance work was lower than the previous year, which depressed profitability levels a little.
- Increased material prices were compensated by corresponding price increases to customers.
- Operating income (EBIT) totaled MSEK 6.3. High volumes had a positive impact on earnings. Higher costs for maintenance of production equipment and a higher level of production capacity adaptation depressed earnings a little.
- The demand for maintenance work at Duroc Rail continues to be high and the order book remains well filled, which would also indicate a high production rate for the next quarter.

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	40.2	29.4	63.5	55.2	142.3
Growth, Net Sales %	36.8	7.7	15.0	11.4	5.2
Organic growth %	36.8	7.7	15.0	11.4	5.2
EBITDA	8.3	7.6	13.6	13.4	35.3
EBITDA margin %	20.7	25.8	21.4	24.4	24.8
EBIT	6.3	6.0	9.5	10.3	28.0
EBIT margin %	15.7	20.5	15.0	18.6	19.7
Net Debt/Net Cash (-)	22.0	27.7	22.0	27.7	22.0
of which from leasing (IFRS 16)	8.5	10.9	8.5	10.9	8.5
Capital employed	42.9	49.8	42.9	49.8	42.9
ROCE %	61.3	67.9	61.3	67.9	61.3

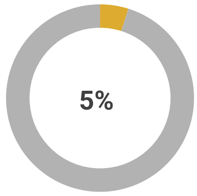
DUROC LASER COATING

HERBER

UNIVERSAL POWER

Smaller Company Portfolio

Share of Duroc's sales (R12)



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.

- Net sales for Smaller Company Portfolio totaled MSEK 57.4 during the quarter, an increase of 21.5 percent.
- EBIT improved to MSEK 5.3, corresponding to an EBIT margin of 9.2 percent.
- UPN increased sales by 55.1 percent during the second quarter, with record high sales in December. The increase in sales is attributable to several major engine projects. EBIT was strong as a result of the high sales. The EBIT margin stood at 6.5 percent.
- Sales at Herber were a little lower in relation to a strong comparison quarter. Improved margins contributed to an EBIT in line with the previous year despite lower net sales. The EBIT margin stood at 14.0 percent. Order intake for tube bending machines decelerated a little during the quarter.
- Sales at Duroc Laser Coating decreased by 3.6 percent. A less favorable product mix and slightly higher cost levels had a negative effect on EBIT, which was weaker than the previous year. Order intake remains good without any negative effects from external factors.

Amounts in MSEK	2022/ 2023 Q2	2021/ 2022 Q2	2022/ 2023 Q1-Q2	2021/ 2022 Q1-Q2	2022/ 2023 R12 DEC
Net Sales	57.4	47.2	95.4	77.5	184.2
Growth, Net Sales %	21.5	49.6	23.1	39.2	16.0
Organic growth %	21.5	49.6	23.1	39.2	16.0
EBITDA	7.7	6.4	11.6	7.7	22.1
EBITDA margin %	13.4	13.7	12.2	9.9	12.0
Adjusted EBITDA	7.7	6.4	11.6	7.7	22.1
Adjusted EBITDA-margin, %	13.4	13.7	12.2	9.9	12.0
EBIT	5.3	4.0	7.0	2.9	13.0
EBIT margin %	9.2	8.4	7.3	3.7	7.1
Net Debt/Net Cash (-)	30.7	30.3	30.7	30.3	30.7
of which from leasing (IFRS 16)	27.0	29.5	27.0	29.5	27.0
Capital employed	58.0	50.3	58.0	50.3	58.0
ROCE %	26.5	-2.0	26.5	-2.0	26.5
Adjusted ROCE %	26.5	3.6	26.5	3.6	26.5

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE AND POSITION

Net sales for the first six months totaled MSEK 1,739.3 (1,690.3). Operating income totaled MSEK -233.0 (17.5) and the loss after tax MSEK -221.7 (10.1). Other comprehensive income totaled MSEK 38.8 (28.2) including MSEK 38.7 (26.0) in translation differences.

At the end of the period, the Group's equity totaled MSEK 1,045.2 (1,108.5) and the equity/assets ratio was 51.4 percent (54.0). Were cash and cash equivalents and interest-bearing liabilities to be reported net, the Group's adjusted equity/assets ratio would be 52.0 percent (54.9).

FINANCING

As of December 31, 2022, Duroc AB has a bank loan in the amount of MSEK 57, 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 for which the parent company has no guarantee commitment. Duroc also has an open credit linked to a Group-wide cash pool. As of December 31, 2022, the Group's unutilized credit facilities totaled MSEK 250.

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 Saturday, December 31, 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 six-month period, the Group made investments in tangible and intangible fixed assets totaling MSEK 45.3 (33.9), of which MSEK 10.0 (3.3) is attributable to the lease of property, plant and equipment in compliance with IFRS 16. Of these, MSEK 2.9 relate to the purchase of fixed assets in Griffine S.A. (see also Note 8). Cash flow from the purchase and sales of tangible and intangible fixed assets totaled MSEK -34.8 (-28.0).

CASH FLOW

During the first six-month period, consolidated cash flow from operating activities totaled MSEK 127.2 (-21.7). Reduced inventories, falling materials prices and somewhat restrained purchasing combined with positive effects from trade receivables are the main contributors to the increase. Cash flow from investing activities totaled MSEK -35.1 (-27.3). Cash flow from financing operations totaled MSEK -97.4 (23.7), where MSEK -55.7 (57.2) was related to a reduction in utilized credit facilities and MSEK -14,0 (-14.3) 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 23.7 (35.9). Interest-bearing liabilities totaled MSEK 303.9 (372.2) including lease liabilities from IFRS 16 in the amount of MSEK 128.3 (133.8) and the Group's net debt totaled MSEK 280.2 (336.1). Net debt excluding lease liabilities from IFRS 16 totaled MSEK 151.9 (202.3).

PARENT COMPANY

Duroc AB's primary functions are acquisitions, monitoring the development of Group companies, business development and financial reporting. Net sales consist of internally invoiced services and totaled MSEK 3.3 (2.9) during the financial year. Profit after tax totaled MSEK 13.5 (59.4), of which MSEK 20.0 (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 80.9 percent (82.3).

PERSONNEL

The average number of Duroc Group employees during the first six-month period of the financial year was 1,076 people (1,093). The average number of employees in the parent company was 5 (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, 2021 – June 30, 2022.

The macroeconomic situation in the wake of the Covid-19 pandemic and the ongoing war in Ukraine have affected the Duroc Group's companies in different ways.

The semiconductor shortage has mainly affected Cotting Group, whose high exposure to the automotive industry has led to low sales volumes. 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.

Generally higher energy prices and volatile raw materials prices mainly impact the fiber companies Cotting Group, Drake Extrusion, IFG and Cresco where both production and input goods are energy intensive. There is a certain lag in price increases to customers, and this has affected the quarter negatively.

All of the companies are affected to various extents by higher shipping costs, but there are also certain positive effects from the companies' geographical locations that have led customers to revert to purchases from Europe instead of Asia.

Inflation affects all companies and has a negative impact on the cost base. In companies domiciled in Belgium, Austria and to a certain degree the UK, where mandatory inflation-based salary increases occur, cost structures are also affected in terms of labor.

The Duroc Group's direct exposure to Ukraine and Russia is limited, and no significant effect on demand have been noted hitherto. However, the effects of the war on the macroeconomic situation in general, together with general price increases have affected 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 poorer economic conditions.

This report has not been reviewed by the auditors.

Stockholm, February 3, 2023

Peter Gyllenhammar
Chairman of the Board

Carina Heilborn
Board Member

Ola Hugosson
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 03, 2023.

CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
Net sales	876.6	825.1	1,739.3	1,690.3	3,720.5
Other operating income	4.1	6.9	8.8	9.5	20.4
Change in inventories	-9.2	-11.3	-16.1	2.8	27.1
Raw materials and consumables	-386.9	-425.7	-829.4	-900.7	-1,935.9
Gods for resale	-139.1	-85.0	-240.6	-171.2	-410.2
Other external costs	-169.9	-123.5	-301.3	-241.2	-531.7
Personnel costs	-186.6	-165.8	-354.2	-321.0	-686.2
Depreciation, amortisation and impairment of tangible and intangible assets	-28.6	-24.9	-56.8	-49.6	-116.3
Write down of assets held for sale	-179.3	-	-179.3	-	-
Other operating costs	-1.8	-0.8	-3.3	-1.4	-4.6
Operating profit/loss	**-220.7**	**-5.0**	**-233.0**	**17.5**	**83.0**
Net financial items	**-1.9**	**-1.5**	**-4.3**	**-3.7**	**-8.2**
Profit before tax	**-222.6**	**-6.6**	**-237.3**	**13.8**	**74.8**
Current tax	-0.2	-1.8	-2.0	-7.3	-13.9
Deferred tax	12.1	3.6	17.6	3.6	4.0
PROFIT FOR THE PERIOD	**-210.7**	**-4.8**	**-221.7**	**10.1**	**64.9**
Profit for the period attributable to:					
The Parent Company´s equity holders	-210.7	-4.8	-221.7	10.1	64.9
Earnings per share					
Before and after dilution (sek)	-5.40	-0.12	-5.68	0.26	1.67
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	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
PROFIT FOR THE PERIOD	**-210.7**	**-4.8**	**-221.7**	**10.1**	**64.9**
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	-3.1	11.9	38.7	26.0	92.5
Hedge accounting (net)	-1.1	-0.2	-2.4	0.7	3.8
Items that will not be reclassified to the income statement					
Actuarial gains and losses(net)	2.8	-0.0	2.5	1.5	6.0
Total other comprehensive income	**-1.5**	**11.7**	**38.8**	**28.2**	**102.3**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-212.2**	**6.9**	**-182.9**	**38.2**	**167.2**
Total comprehensive inocome for the period attributable to:					
The Parent company´s equity holders	-212.2	6.9	-182.9	38.2	167.2
non-controlling interests	-	-	-	-	-

CONSOLIDATED BALANCE SHEET

Amounts in MSEK	2022-12-31	2021-12-31	2022-06-30
ASSETS			
Non-current assets			
Intangible assets	93.3	120.4	106.8
Property plant and equipment	527.0	582.0	620.1
Right of use assets	121.3	130.3	125.8
Financial assets	0.1	6.2	5.0
Deferred tax assets	75.4	58.9	64.0
Total non-current assets	**817.2**	**897.9**	**921.7**
Current assets			
Inventories	585.3	620.2	739.1
Trade receivables	387.8	444.7	631.6
Current tax receivables	4.8	12.8	12.3
Other receivables	22.2	27.7	29.3
Prepaid expenses and accrued income	20.8	15.3	16.7
Cash and cash equivalents	23.7	35.9	26.1
Assets held for sale	173.1	-	-
Total current assets	**1,217.7**	**1,156.6**	**1,455.2**
TOTAL ASSETS	**2,034.8**	**2,054.5**	**2,376.9**
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	208.8	102.4	172.2
Retained earnings including profit for the year	536.9	706.6	766.1
Equity attributable to shareholders of the parent company	**1,045.2**	**1,108.5**	**1,237.8**
Total equity	**1,045.2**	**1,108.5**	**1,237.8**
Long-term liabilities			
Provision for pensions	28.5	67.4	58.3
Other provisions	4.6	17.5	14.9
Non-current interest-bearing liabilities	63.3	96.3	77.5
Non-Current liabilities - right of use assets	101.2	106.3	103.4
Other non-current liabilities	2.0	2.9	2.0
Deferred tax liabilities	41.6	41.2	50.4
Total non-current liabilities	**241.3**	**331.5**	**306.4**
Current liabilities			
Öther provisions	3.6	8.1	7.4
Current interest-bearing liabilities	112.4	142.1	214.3
Current interest bearing liabilities - right of use assets	27.0	27.5	27.0
Advance payments from customers	65.7	42.6	60.6
Trade payables	216.4	229.3	305.4
Current tax liabilities	8.3	12.7	12.7
Other liabilities	50.8	57.4	72.4
Accrued expenses and prepaid income	91.0	94.7	132.9
Liabilities directly attributed to assets held for sale	173.1	-	-
Total current liabilities	**748.4**	**614.4**	**832.7**
Total liabilities	**989.7**	**946.0**	**1,139.1**
TOTAL EQUITY AND LIABILITIES	**2,034.8**	**2,054.5**	**2,376.9**

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

Amounts in MSEK	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
Opening balance	**1,237.8**	**1,070.3**	**1,070.3**
Profit for the period	-221.7	10.1	64.9
Translation differences	38.7	26.0	92.5
Actuarial gains and losses (net)	2.5	1.5	6.0
Hedge accounting (net)	-2.4	0.7	3.8
Dividend	-9.8	-	-
Closing balance	**1,045.2**	**1,108.5**	**1,237.8**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
OPERATING ACTIVITIES					
Profit before taxes	**-222.6**	**-6.6**	**-237.3**	**13.8**	**74.8**
Adjustment for items not included in cash flow	232.5	15.5	260.7	43.8	109.1
Income tax paid	0.5	-3.3	-1.0	-6.2	-12.3
Cash flow from operating activities before changes in working capital	**10.4**	**5.6**	**22.4**	**51.4**	**171.6**
CASHFLOW FROM CHANGES IN WORKING CAPITAL					
Changes in inventories	-7.3	-41.5	43.5	-65.8	-155.9
Changes in current receivables	1.4	15.4	157.5	94.9	-62.9
Changes in current liabilities	-9.2	-38.5	-96.2	-102.2	10.4
Cash flow from operating activities	**-4.7**	**-59.0**	**127.2**	**-21.7**	**-36.8**
INVESTMENT ACTIVITIES					
Purchase and sales of intangible assets	-0.4	-0.6	-0.5	-2.3	-6.5
Purchase and sales of tangible assets	-18.5	-6.9	-34.2	-25.7	-55.9
Cash flow from acquisitions	-	-	-	-	-
Cash flow from financial assets	-0.4	0.7	-0.4	0.7	0.6
Cash flow from investment activities	**-19.3**	**-6.8**	**-35.1**	**-27.3**	**-61.7**
FINANCING ACTIVITIES					
New loans	0.9	0.0	0.9	0.0	0.0
Amortization of loans	-9.1	-9.6	-18.8	-19.2	-38.5
Amortization of liabilities regarding right of use-assets	-5.9	-7.1	-14.0	-14.3	-28.3
Changes in short term operating financing	24.7	57.2	-55.7	57.2	127.5
Dividend	-9.8	0.0	-9.8	0.0	-0.0
Cash flow from financing activities	**0.9**	**40.5**	**-97.4**	**23.7**	**60.7**
Cash flow for the period	**-23.1**	**-25.2**	**-5.2**	**-25.3**	**-37.8**
Cash and cash equivalents at beginning of period	47.1	60.4	26.1	59.9	59.9
Transaltion difference in cash and cash equivalents	-0.3	0.8	2.9	1.3	4.0
Cash and cash equivalents at end of period	**23.7**	**35.9**	**23.7**	**35.9**	**26.1**

PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
Net sales	1.6	1.5	3.3	2.9	5.9
Other external costs	-2.3	-1.8	-3.8	-3.3	-6.9
Personnel costs	-2.9	-4.0	-5.0	-7.3	-13.8
Depreciation and amortisation	-0.1	-0.1	-0.1	-0.1	-0.2
Operating result	**-3.7**	**-4.3**	**-5.7**	**-7.7**	**-15.0**
Result from shares in group companies	20.0	65.3	20.0	65.3	65.3
Financial income	2.3	1.2	3.4	2.0	7.6
Impairment of shares in group companies	-	-	-	-	-116.0
Impairment of recivables from group companies	-	-	-	-	-117.1
Financial expense	-0.7	-0.8	-5.4	-1.7	-6.3
Net finance items	**21.5**	**65.7**	**18.0**	**65.6**	**-166.5**
Group contributions received/rendered	-	-	-	-	37.7
Profit before tax	**17.9**	**61.4**	**12.3**	**57.9**	**-143.7**
Current tax	0.8	0.8	1.2	1.5	-
PROFIT AFTER TAX	**18.7**	**62.2**	**13.5**	**59.4**	**-143.7**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2021/2022 JUL-JUN
PROFIT FOR THE PERIOD	**18.7**	**62.2**	**13.5**	**59.4**	**-143.7**
Total Other comprehensive income	**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18.7**	**62.2**	**13.5**	**59.4**	**-143.7**

PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2022-12-31	2021-12-31	2022-06-30
ASSETS			
Non current assets			
Other intangible assets	0.2	0.4	0.3
Tangible fixed assets	0.0	0.0	0.0
Shares in group companies	1,074.6	1,190.6	1,074.6
Receivables group companies	2.3	2.2	2.2
Deferred tax asset	7.4	7.7	6.2
Total non-current assets	**1,084.5**	**1,200.9**	**1,083.3**
Current assets			
Receivables group companies	74.1	180.8	116.9
Other recievables	1.6	1.8	1.2
Prepaid expenses and accrued income	1.3	1.2	1.8
Cash and cash equivalents	-	0.6	-
Total current assets	**77.0**	**184.3**	**119.9**
TOTAL ASSETS	**1,161.5**	**1,385.2**	**1,203.2**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	900.0	1,099.3	896.2
Total equity	**940.1**	**1,139.4**	**936.3**
Long term liabilities			
Liabilities to credit institution	31.4	56.6	44.0
Total long term liabilities	**31.4**	**56.6**	**44.0**
Current liabilities			
Liabilities to credit institutions	50.2	82.7	95.1
Trade payables	1.1	0.9	1.0
Payables group companies	135.1	101.0	121.9
Other liabilities	0.3	0.6	0.4
Accrued expenses and prepaid income	3.3	3.9	4.5
Total current liabilities	**190.0**	**189.2**	**222.9**
Total liabilities	**221.5**	**245.8**	**266.9**
TOTAL EQUITY AND LIABILITIES	**1,161.5**	**1,385.2**	**1,203.2**

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 2021/2022 Annual Report.

Hedge accounting

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.

Assets held for sale.

Operations in the French subsidiary Griffine Enduction S.A have been for sale since the first half of the financial year. The sale is expected to be concluded during the second half of the financial year. Potential buyers have been identified. Thus assets and liabilities in respect of Griffine S.A are reported in compliance with IFRS 5. See also Note 8.

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. Losses excluded from earnings refer to bad debt losses related to market unrest, which is not expected to continue. 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, 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, 2022 – December 31, 2022, the Group had a loan in the amount of MEUR 6.6 which at the end of the period totaled MEUR 5.4 against which hedges were applied. Related exchange rate changes of MSEK 2.4 before tax have thus been reported under the item exchange rate differences in the statement of comprehensive income.

NOT 3. EVENTS AFTER THE CLOSING DATE

No significant events have occurred after the closing date.

NOT 4. SEGMENT REPORTING

The Group's operating segments correspond to Duroc's portfolio 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 portfolio companies is available on pages 4–7 of this report.

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2022/2023 R12 DEC	2021/2022 JUL-JUN
Net sales						
IFG	246.4	293.9	561.5	632.6	1,313.8	1,384.9
Drake Extrusion	151.4	161.8	318.6	352.7	712.1	746.3
Cresco	73.0	71.0	146.5	140.0	282.8	276.3
Cotting Group	142.7	111.7	268.5	208.5	538.7	478.7
DMT Group	165.7	110.2	285.6	224.4	599.2	538.1
Duroc Rail	40.2	29.4	63.5	55.2	142.3	134.0
Small Company Portfolio	57.4	47.2	95.4	77.5	184.2	166.3
Holding companies/group-wide functions	1.7	1.7	3.3	3.4	6.7	6.8
Eliminations	-1.8	-1.8	-3.5	-4.1	-10.4	-10.9
	876.6	**825.1**	**1,739.3**	**1,690.3**	**3,769.5**	**3,720.5**
EBITDA						
IFG	-16.5	17.3	-16.0	38.8	46.1	100.9
Drake Extrusion	-19.8	-4.1	-17.8	3.7	4.9	26.4
Cresco	4.9	5.5	6.5	14.3	27.7	35.5
Cotting Group	-10.3	-17.3	-12.8	-23.6	-42.3	-53.1
DMT Group	16.5	9.8	24.7	22.3	57.9	55.5
Duroc Rail	8.3	7.6	13.6	13.4	35.3	35.2
Small Company Portfolio	7.7	6.4	11.6	7.7	22.1	18.2
Holding companies/group-wide functions	-3.6	-5.2	-6.5	-9.5	-16.3	-19.3
Total	**-12.8**	**19.9**	**3.1**	**67.1**	**135.4**	**199.4**
Operating profit/loss						
IFG	-23.4	11.0	-29.8	26.2	20.9	76.9
Drake Extrusion	-29.3	-10.9	-36.6	-9.7	-30.8	-3.8
Cresco	3.5	4.1	3.6	11.6	22.1	30.1
Cotting Group	-14.8	-22.1	-21.9	-33.2	-76.0	-87.3
DMT Group	14.9	8.4	21.6	19.5	51.9	49.8
Duroc Rail	6.3	6.0	9.5	10.3	28.0	28.8
Small Company Portfolio	5.3	4.0	7.0	2.9	13.0	8.9
Holding companies/group-wide functions	-183.2	-5.5	-186.4	-10.1	-196.7	-20.4
Total	**-220.7**	**-5.0**	**-233.0**	**17.5**	**-167.5**	**83.0**
Net financial items	**-1.9**	**-1.5**	**-4.3**	**-3.7**	**-8.8**	**-8.2**
Profit before tax	**-222.6**	**-6.6**	**-237.3**	**13.8**	**-176.3**	**74.8**

*The holding company's earnings include Group-related impairments of assets in the amount of MSEK 179.3 held for sale in accordance with IFRS 5; see also Note 8.

	Nettoskuld			Sysselsatt kapital			Eget kapital		
Amounts in MSEK	**2022-12-31**	**2021-12-31**	**2022-06-30**	**2022-12-31**	**2021-12-31**	**2022-06-30**	**2022-12-31**	**2021-12-31**	**2022-06-30**
IFG	77.0	105.0	155.6	460.5	454.2	561.8	362.5	325.5	383.3
Drake Extrusion	26.5	34.7	44.7	299.4	292.4	342.8	246.6	234.3	268.7
Cresco	30.3	25.5	38.1	221.3	182.9	218.5	232.8	178.9	219.0
Cotting Group	181.2	100.0	165.3	326.0	312.1	329.3	117.2	183.9	137.4
DMT Group	-44.1	-27.0	-67.8	58.4	53.3	35.0	162.8	143.9	164.4
Duroc Rail	22.0	27.7	31.3	42.9	49.8	43.1	30.8	31.7	23.5
Small Company Portfoliio	30.7	30.3	25.5	58.0	50.3	46.6	33.4	27.5	28.4
Holding companies	-43.3	39.9	3.2	-233.5	10.8	14.7	-141.0	-17.2	13.1
Total	**280.2**	**336.1**	**396.0**	**1,232.9**	**1,405.6**	**1,591.2**	**1,045.2**	**1,108.5**	**1,237.8**

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	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2
Net sales	**876.6**	**825.1**	**1,739.3**	**1,690.3**
Effect from change in exchange rates	-67.8		-121.9	
Net sales adjusted for acquisitions and changes in exchange rates	**808.8**	**825.1**	**1,617.4**	**1,690.3**
Organic growth (percent)	-2.0		-4.3	

Alternative earnings metrics

Amounts in MSEK	2022/2023 Q2	2021/2022 Q2	2022/2023 Q1-Q2	2021/2022 Q1-Q2	2022/2023 R12 DEC	2021/2022 JUL-JUN
Operating profit/loss	**-220.7**	**-5.0**	**-233.0**	**17.5**	**-167.5**	**83.0**
Depreciation, amortisation, write down of tangible and intangible non-current assets and write down of assets held for sale	207.9	24.9	236.1	49.6	302.8	116.3
EBITDA	**-12.8**	**19.9**	**3.1**	**67.1**	**135.4**	**199.4**
Bad debt losses	20.8	-	20.8	-	20.8	-
Items affecting comparability						
Restructuring costs/dissolution of reserve	-	-4.6	-	-4.6	-1.6	-6.2
Profit from sale of land	-	-1.1	-	-1.1	-0.0	-1.1
Adjusted EBITDA	**8.0**	**14.2**	**23.9**	**61.5**	**133.7**	**192.1**
Depreciation, amortisation, write down of tangible and intangible non-current assets and write down of assets held for sale	-207.9	-24.9	-236.1	-49.6	-302.8	-116.3
Items affecting comparability						
Write down of tangible assets due to restructuring	-	-	-	-	0.1	0.1
Write down intangible assets	-	-	-	-	14.3	14.3
Write down of assets held for sale	179.3	-	179.3	-	179.3	-
Adjusted EBIT	**-20.6**	**-10.7**	**-32.9**	**11.8**	**24.6**	**90.1**
Net financial items	-1.9	-1.5	-4.3	-3.7	-8.8	-8.2
Net tax	11.9	1.8	15.6	-3.7	9.5	-9.9
Adjusted profit for the period	**-10.6**	**-10.5**	**-21.6**	**4.4**	**25.3**	**72.1**
Adjusted earnings per share (SEK)	**-0.27**	**-0.27**	**-0.55**	**0.11**	**0.65**	**1.85**
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	2022-12-31	2021-12-31	2022-06-30
Long-term interest bearing liabilities	63.3	96.3	77.5
Long-term interest bearing liabilities	101.2	106.3	103.4
Short-term interest bearing liabilities	112.4	142.1	214.3
Short-term interest bearing liabilities	27.0	27.5	27.0
Derivatives	-	-0.1	-
Cash and cash equivalents	-23.7	-35.9	-26.1
Net debt	**280.2**	**336.1**	**396.0**

Capital employed

Amounts in MSEK	2022-12-31	2021-12-31	2022-06-30
Equity	1045.2	1108.5	1237.8
Net debt	280.2	336.1	396.0
Intangible assets from acquisitions	-87.1	-87.3	-87.3
Pension liability	28.5	67.4	58.3
Strategic holdings	0.0	-1.5	0.0
Deferred tax	-33.8	-17.7	-13.6
Capital employed	**1,232.9**	**1,405.6**	**1,591.2**

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 first six-month period, companies within the Group bought and sold services totaling MSEK 0.5 (1.5) and MSEK 0.0 (0.2) respectively in transactions with companies in which Bronsstädet AB is the majority owner. The transactions were carried out on market terms

NOT 8. ASSETS HELD FOR SALE

During the first six months of the financial year, the Board resolved on the sale of the wholly-owned subsidiary Griffine Enduction S.A, Cotting Group's French part. Duroc has identified potential purchasers and the sale is expected to be concluded during the second half of the financial year. Accordingly, Griffine's assets and liabilities are reported as assets held for sale in the consolidated balance sheet in compliance with IFRS 5.

Duroc AB has outstanding receivables and a shareholder loan totaling MSEK 124.8 including accumulated interest. This has been totally written down in Duroc AB since the end of the previous financial year together with shares in the subsidiaries attributable to Griffine. Griffine's assets (including the shareholder loan) are valued in the Group at MSEK 352.4 and liabilities (excluding the shareholder loan) at MSEK 173.1.

Because the recovery value of the investment is uncertain in the current situation, a prudent approach regarding valuation of the net assets has been taken, implying that the booked value of the net assets is written down in their entirety for a total of MSEK 179.3. This also means that, at the time of disposal, there will be no further negative effects in respect of Griffine in the Group's current earnings and financial position. Any purchase sum will have a positive effect on the Group's earnings, equity and cash flow.

Nor will there be any impact on Duroc AB's equity as the receivable for Griffine and the value of the shares was written down to zero during the previous financial year.

Assets and liabilities held for sale	Before write down	Write down	After write down
Intangible assets	12.1	-12.1	-
Tangible assets	111.5	-111.5	-
Other non-current assets	11.7	-11.7	-
Inventories	132.6	-44.1	88.5
Receivables	64.5	-	64.5
Other current assets	9.8	-	9.8
Cash and cash equivalents	10.4	-	10.4
Total assets	**352.4**	**-179.3**	**173.1**
Interest-bearing loans and borro	53.1	-	53.1
Other liabilities and provisions	120.0	-	120.0
Total liabilities	**173.1**	**-**	**173.1**

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 and bad debt losses
EBIT	Operating profit/loss
Adjusted EBIT	EBIT adjusted for items affecting comparability and bad debt losses
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 and bad debt losses 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 2022 – March 2023	May 5, 2023
Year End Report July 2022 – June 2023	August 18, 2023
Interim Report July 2023 – September 2023	November 7, 2023

FOR MORE INFORMATION

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