

SUSTAINABILITY REPORT

JULY 1, 2022–JUNE 30, 2023



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Unless otherwise indicated, Duroc's sustainability report was prepared in accordance with the Swedish Annual Accounts Act and covers the parent company Duroc AB and work on sustainability issues during the 2022/2023 financial year. The Board of Directors is responsible for preparing the sustainability report. This is Duroc's fifth sustainability report. As before, this year's sustainability report was prepared according to the GRI Standards Core, which is described at www.globalreporting.org/standards.



IMPORTANT EVENTS JULY 1, 2022–JUNE 30, 2023

- Net sales decreased by 6 percent during the financial year. Organic growth stood at -12 percent.
- Adjusted EBIT totaled MSEK 4.6 (90.1), and adjusted EBIT excl. Griffine totaled MSEK 21.7 (159.3).
- Net debt fell sharply during the year to MSEK 115.0 (265.7) excluding leasing debt.
- Ongoing strategic process improvements in the DMT Group contributed to a sales growth of 11 percent. DMT is currently in a growth phase where investments in personnel and processes burden earnings in the short term. The EBIT margin was 7.5 percent (9.3).
- The subsidiary IFG Holdings Ltd pension fund purchased an annuity from Aviva Life & Pensions UK Ltd in December 2022 through a buy-in solution, which provides an annual reduction of expenditures of around MSEK 6 and the cessation of all pension obligations within 12–14 months.
- Investments totaling MSEK 62, excluding new leases, were made to increase capacity and to streamline and develop operations in the portfolio companies.
- The insolvency regime in respect of Griffine Enduction S.A is for the most part concluded. Duroc has no further obligations concerning the operation and no additional costs are expected to burden Duroc’s earnings.
- At the end of the financial year, Duroc had MSEK 273 in unutilized credit facilities and a continued low loan-to-value ratio with an equity/assets ratio of 58 percent (52).
- Given that the negative earnings in all material respects comprise non-recurring items that do not affect cash flow, and that the financial position has strengthened considerably, the Board proposes that a dividend of SEK 0.25 per share be maintained for the financial year 2022/2023.

3,493
MSEK
Net sales

4.6
MSEK
Adjusted EBIT

1,017
Average number of employees

SUMMARY OF THE FINANCIAL YEAR

Group	July 2022–June 2023	July 2021–June 2022
Net sales	3,493.1	3,720.5
Adjusted EBIT	4.6	90.1
Operating profit (EBIT)	-187.6	83.0
Profit after tax	-238.1	64.9
Net debt excl. liabilities from IFRS 16	115.0	265.7

CEO'S COMMENT

The financial year can be summarized by uneven development and a continued strong financial position. The Industrial Trading units developed well and according to plan, while the polymer-related companies fought an uphill battle against unusual market factors that affected demand and earnings negatively. Duroc presents a strongly heterogeneous picture for the financial year. The businesses with light balance sheets report decidedly good development resulting from the realization of well-developed business plans.

Thanks to effective sales and marketing work, DMT Group, Duroc Rail and Smaller Company Group have grown profitably. There was a sharp focus on fostering relations with new customers and reinforcing sales results while eliminating unprofitable activities. In all, these activities have had positive outcomes while conditions for aftermarket business have improved strongly.

Both DMT and Rail report record sales and operating profits. However, 71 percent of Duroc's sales consist of polymer-related operations with heavy production and large volumes. This includes IFG, Drake Extrusion, Plastibert and Cresco. Even though these units tie up a great deal of capital, returns during the year were weak. Thus, this obscures the excellent earnings trends in the companies that are smaller in terms of sales.

The disposal of Griffine was concluded, resulting in a significant negative effect on this year's results which was, in all material respects, non-cash affecting. This chapter is now at an end.

The economic climate varied considerably between industries, segments and geographic location. Demand in the Nordics and Baltics was good during the past year. Demand in the rest of Europe and the USA was significantly lower in the markets where the polymer businesses operate. The extraordinary events experienced by the industry as a whole during the year deviate significantly from the modern norm.

All in all, the financial year developed far below expectations. Net sales decreased by 6 percent to MSEK 3,493.1 (3,720.5). Adjusted earnings totaled MSEK 4.6 (90.1). The highly profitable Industrial Trading unit generated an adjusted EBIT totaling MSEK 89.5 while the polymer-based companies burden the Group's results.

Despite the challenges during the year, the Group remains strong. Cost savings, price adjustments and a focus on keeping tied-up capital at reasonable levels helped Duroc maintain a good financial position. Net debt remains low and there are significant unutilized credits available for e.g. potential bolt-on acquisitions or investments in existing operations.

The Board proposes a dividend of SEK 0.25 per share, which reflects its and the management team's great confidence in Duroc's future opportunities and the Group's strong finances.

Outlook:

During the coming financial year, earnings trends in polymer-related companies are expected to turn in the right direction, albeit at a continued low level. Current inventory levels with customers are estimated to be insufficient to cover requirements during the coming 12-month period. Even though the position is difficult to judge as a whole, I expect the coming financial year to trend more positively than the one just concluded. The subsidiaries that developed strongly during 2022/2023 are now stable as a result of the focus on sales and growth in recent years.

Based on the business plans set forth by each respective business unit, my assessment is that the Duroc Group's potential earnings ability is substantially higher than what was achieved during the past year. Industrial Trading is already performing well, with good conditions for continued growth and value creation, while the capital-intensive polymer-based units have further to go before their earnings begin to match Duroc's expectations.

I would like to take this opportunity to thank all of our dedicated and capable employees who, in the face of exceptionally challenging factors, made such a strong contribution to Duroc's excellent financial position.

John Häger

CEO



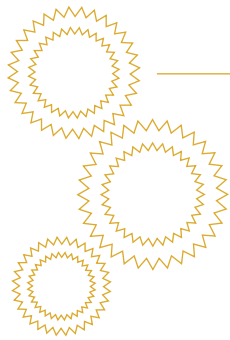
BUSINESS CONCEPT, BUSINESS MODEL AND VALUES

BUSINESS CONCEPT

Duroc seeks to create value through strategic acquisitions and long-term development of its subsidiaries.

THE DUROC WAY





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



ACQUISITION STRATEGY

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

DUROC'S PORTFOLIO COMPANIES – INTERNATIONAL FIBRES GROUP

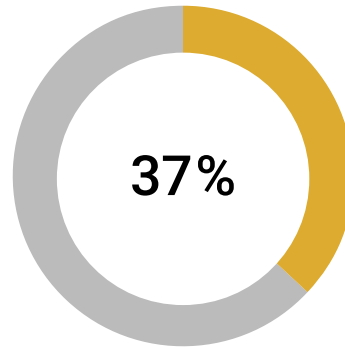
International Fibres Group (IFG) is one of Europe's leading manufacturers of polypropylene-based staple fibers, an input product with reinforcing, insulating, separating or draining properties. The fiber is used in the production of e.g. flooring, rugs, furniture, filters, food packaging, car interiors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

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

The European staple fiber market is characterized by over-capacity and tough competition. Good profitability and growth can be found in applications for various niche products. IFG is an established manufacturer with extensive experience and sound knowledge of the material's potential. During the financial year, IFG continued the change management program it initiated in 2019 with the aim of strengthening its position in the technical fiber segment, where fiber is used in various filtration applications and as packaging materials for the food industry. The changes have not only affected the organization and its focus in the development of new products, but also the size of production capacity.

During the year, the company was heavily impacted by higher energy prices, a degree of uncertainty in the world at large and inventory adjustments on the part of our customers, who have changed their purchasing patterns to minimize inventories. At the same time, increased prices for input goods could not be passed on to customers without a certain lag. The decline in demand is considered temporary and the market is expected to recover in the next few years. The strategic efforts will continue with a focus on innovation and increased sales of niche products where the margins are significantly higher than in the standard product segment.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	1,201.5	1,384.9
Sales growth %	-13.2	19.8
Organic growth %	-18.4	17.4
EBITDA	12.7	100.9
EBITDA margin %	1.1	7.3
Adjusted EBITDA	12.7	91.9
Adjusted EBITDA margin %	1.1	6.6
EBIT	-15.2	76.9
EBIT margin %	-1.3	5.6
Net debt/Net cash & cash equivalents (-)	116.9	155.6
of which leasing liabilities from IFRS 16	79.2	68.5
Capital employed	483.4	561.8
Return on capital employed %	-3.2	16.7
Adjusted return on capital employed %	-3.2	14.7



Recovered raw materials for fiber production

DUROC'S PORTFOLIO COMPANIES – DRAKE EXTRUSION

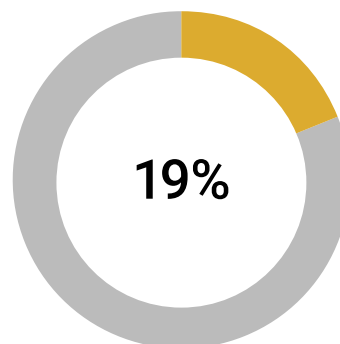
Drake Extrusion is North America's leading producer of polypropylene-based staple fiber and colored filament yarn. Filament yarn is used mostly by customers who produce fabrics for the furniture industry, and can also be used in the manufacture of sports clothing i.e. functional garments. Filament yarns make garments and fabrics durable and easy to look after. Staple fiber is used for production in a variety of areas including flooring, rugs, furniture, technical filters, car interiors and nonwoven fabrics. Drake Extrusion comprises two production units located in Virginia and North Carolina, USA. Drake Extrusion has almost 80 percent of the North American market for filament yarns.

During the year, Drake faced challenges with weakening sales volumes in filament yarns where the demand for durable goods such as outdoor furniture fell heavily due to higher interest rates and inflation. The decrease in volume totaled 40 percent compared to the previous financial year. However, the market recovered during the last two quarters, and continued recovery can be expected.

On the other hand, the staple fiber market has recovered from previous years and the first three quarters reported good volumes. The increase in volume is around 6 percent compared to the previous full year. The order intake weakened severely during the last quarter. Uncertainty factors in the economy have caused customers to drastically reduce their inventories, and the purchasing pattern has changed significantly with customer inventories maintained at minimum levels in contrast to during the pandemic. Thus, the market downturn is due mainly to inventory adjustments and long-term demand is considered to be good. Drake Extrusion is well-invested with good equipment and an ability to deliver strong earnings under the right conditions.

The strategic work with retaining and training personnel has been successful, and personnel turnover has been dramatically reduced.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	623.8	746.3
Sales growth %	-16.4	19.9
Organic growth %	-27.5	8.6
EBITDA	4.1	26.4
EBITDA margin %	0.7	3.5
Adjusted EBITDA	13.0	26.4
Adjusted EBITDA margin, %	2.1	3.5
EBIT	-32.3	-3.8
EBIT margin %	-5.2	-0.5
Net debt/Net cash & cash equivalents (-)	24.7	44.7
of which leasing liabilities from IFRS 16	7.6	11.1
Capital employed	307.6	342.8
Return on capital employed %	-10.2	-1.2
Adjusted Return on capital employed %	-7.3	-1.3



DUROC'S PORTFOLIO COMPANIES – CRESCO

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

During the year, Cresco noted a market downturn where inflation and increased costs for customers led to a decrease in the rate of investment, and this affected Cresco's sales volumes negatively. At the same time, raw materials costs and compulsory pay rises in Belgium caused a major deterioration in margins. Prices to customers have been increased, but not to full effect. During the year, Cresco successfully reduced costs through a review of day-to-day and personnel costs, and this has mitigated the negative impact on EBIT.

The market is expected to return to normal levels, where Cresco will be able to deliver strong, positive EBIT earnings.

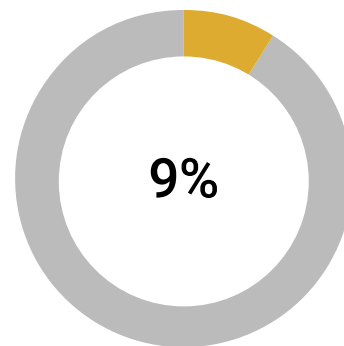
Replacement investments deferred by customers will have to be made in due course and the market for climate screens in the short and long terms will grow ever more attractive as energy prices rise, the availability of energy grows more volatile and the demand for local produce increases, while a more challenging climate will require more advanced cultivation technology.

Cresco puts constant effort into development where finding new, sustainable products is an important driving force. Cresco developed its climate control offering with several products that combine up to four different materials and help to reduce energy consumption in greenhouses. The products allow an increasing number of characteristics such as an optimal balance between humidity, light dissipation and heat shielding to be combined in a single product. Cresco has continued developing PLA, a bio-degradable polymer made from corn that has long been used in ground cover products. The material is currently used in many product categories, and Cresco is always looking for product development opportunities for the application of next-generation materials. Cresco collaborates with industry specialists, growers

and universities on an ongoing basis to stay at the forefront in the development of technological solutions such as multiple climate screen layers for various functions.

Increasing demand for healthy, locally grown plant-based food together with a growing need for sustainable, technological investment in more energy-efficient installations that allow cost-effective year-round cultivation means that Cresco once again enjoys good conditions for further growth in its profitable business over the long term.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	278.9	276.3
Sales growth %	0.9	-6.9
Organic growth %	-5.8	-7.8
EBITDA	1.5	35.5
EBITDA margin %	0.5	12.9
EBIT	-4.2	30.1
EBIT margin %	-1.5	10.9
Net debt/Net cash & cash equivalents (-)	31.2	38.1
of which leasing liabilities from IFRS 16	4.9	4.8
Capital employed	224.1	218.5
Return on capital employed %	-1.9	16.0



Climate screens for greenhouses

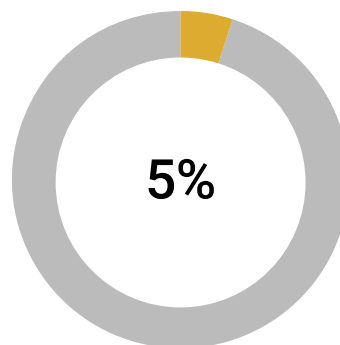
DUROC'S PORTFOLIO COMPANIES – PLASTIBERT

Plastibert is part of the former portfolio company Cotting Group, which also included Griffine Enduction S.A. Since Griffine is no longer part of the Group, Plastibert reports as an independent portfolio company. Plastibert has been established in the international coated textiles market for more than 50 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. Plastibert's production facility is located in Belgium.

The business is characterized by a sharp focus on R&D and customization. While Plastibert offers standardized fabrics, it can also offer customized coated textiles developed together with the customer to create products where motifs, reinforcement, color, quality and texture are incorporated. Plastibert also has the equipment and know-how to make specialized products on a small scale, with higher margins. The production capacity is 20,000 meters per day. New materials and qualities are developed constantly. In recent years, the company has increased product development linked to sustainability in which it offers products with bio-based PU, recycled polyester and bio-certified cotton. Plastibert also uses Oekotex 100 Class 1 labeling, guaranteeing production in which no hazardous substances are used.

Plastibert was affected by the global market condition during the financial year and noted decreased volumes. Furthermore, substantial price increases for raw materials and compulsory pay rises in Belgium led to a major deterioration in operating profit. Plastibert increased prices and carried out successful cost-cutting measures such as changing production methods and adapting production capacity. However, this did not fully compensate for the drop in orders. Competition from manufacturers in low cost countries was noted across the industry, and this resulted in lower volumes in standard products. Plastibert's niche regarding more advanced, customized goods and the quality offered renders the company resistant to this.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	176.9	168.8
Sales growth %	4.8	2.9
Organic growth %	-0.2	2.1
EBITDA	-7.5	2.1
EBITDA margin %	-4.2	1.2
EBIT	-11.8	-2.0
EBIT margin %	-6.7	-1.2
Net debt/Net cash & cash equivalents (-)	6.0	4.3
of which leasing liabilities from IFRS 16	0.3	0.4
Capital employed	70.1	74.2
Return on capital employed %	-16.2	-3.0



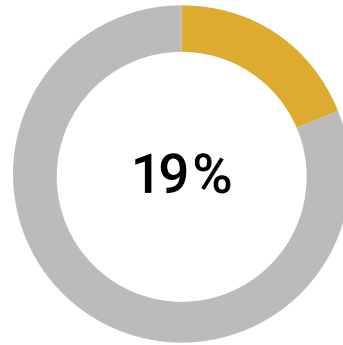
Dental chairs with Plastibert's coated textiles

DUROC'S PORTFOLIO COMPANIES – DUROC MACHINE TOOL GROUP

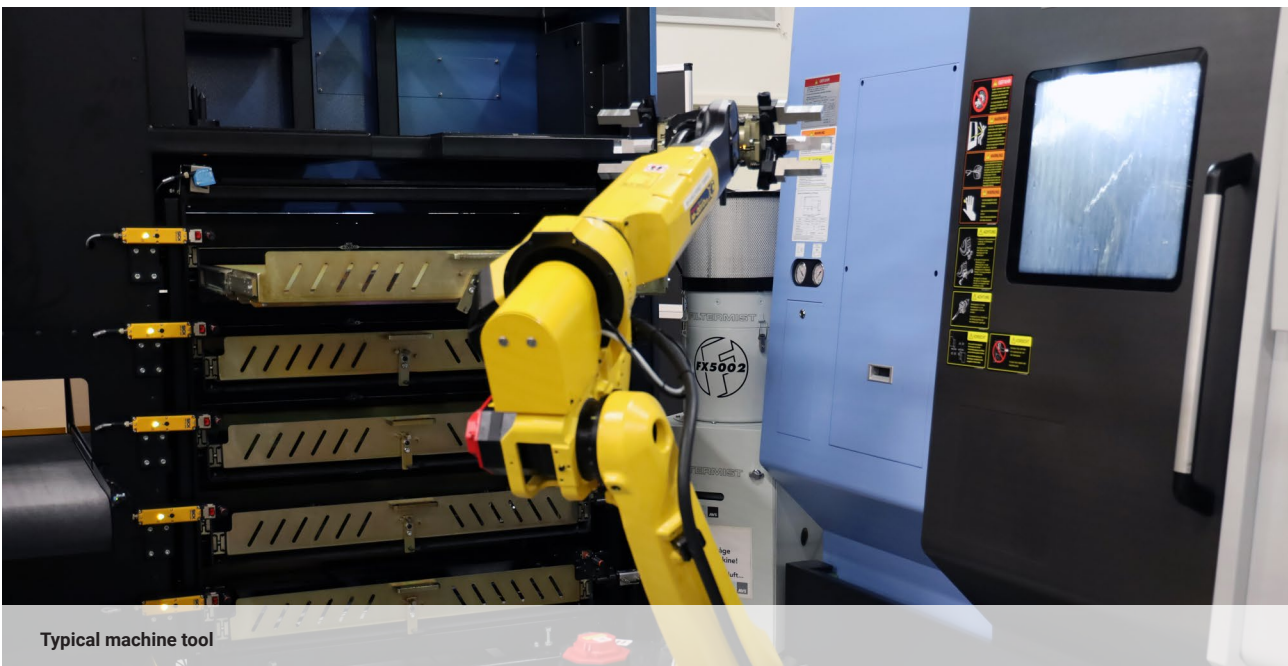
Duroc Machine Tool Group (DMT Group) is one of the biggest suppliers of machine tools, tools, machine service, support, training and financing solutions to mechanical engineering companies in the Nordics and Baltics. Its customers are, among other, in the automotive and forestry industries, as well as, in construction equipment and power generation. The DMT Group represents a large number of internationally renowned brands. Its most important products are processing machines from Korean DN Solutions (previously Doosan), one of the market's world leading brands. The product range also includes the high-end Italian brand FPT with machining centers for the manufacture of large, high-precision components. DMT Group is the only distributor operating in seven markets: Sweden, Norway, Denmark, Finland, Estonia, Latvia and Lithuania, and it has high market shares in most of its geographical markets.

DMT has enjoyed organic sales growth of 6.6 percent since the previous year as a result of good sales efforts and earlier initiatives for a broader machine-tool product offering and a more extensive program of automated solutions, allowing manufacturing industry customers to operate unmanned production cells, while also enabling Green Machining, where used machines are repurchased for renovation and restoration. EBIT totaled MSEK 45.0 (49.8), providing an EBIT margin of 7.5 percent (9.3) where the reduced margin was mainly due to DMT being in the growth phase where various initiatives must be undertaken to manage the burgeoning growth rate. During the year, essential strategic investments were made in the form of a larger workforce and continued investments in the ERP system, structural capital and digital marketing. This is expected to create added value moving forward and is necessary to enable DMT's continued growth.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	599.5	538.1
Sales growth %	11.4	42.0
Organic growth %	6.6	40.9
EBITDA	51.4	55.5
EBITDA margin %	8.6	10.3
EBIT	45.0	49.8
EBIT margin %	7.5	9.3
Net debt/Net cash & cash equivalents (-)	-47.3	-67.8
of which leasing liabilities from IFRS 16	10.0	6.5
Capital employed	68.7	35.0
Return on capital employed %	83.4	127.6



Typical machine tool

DUROC'S PORTFOLIO COMPANIES

– DUROC RAIL

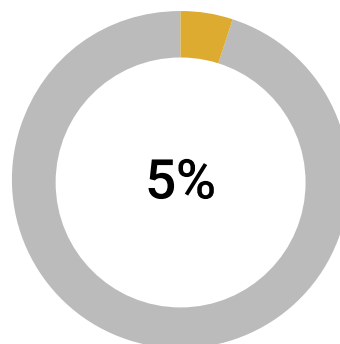
Duroc Rail delivers complete, efficient, high-quality maintenance for railroad wheels for locomotives, railroad passenger cars and freight cars. From Luleå, Duroc Rail primarily meets northern Sweden's maintenance needs of railroad wheels and related components. Thanks to its efficient wheel maintenance,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

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

Increased rail traffic, higher axle loads and faster trains increase demand for wheels and maintenance with high quality and performance. Duroc Rail's sales increased by 14 percent compared to the previous year, which was due to extremely high demand. Because cost increases could largely be passed on to the customer, the gross profit margin was not affected. The high production load resulted in increased costs for agency personnel, training of new personnel and production unit maintenance, which affected operating earnings. An equipment breakdown that resulted in an impairment loss burdened operating earnings by MSEK 2.9.

Duroc Rail has developed positively for a number of years with good profitability, and it can count on continued high order volumes. The work of training and recruiting staff has yielded good results and Rail is able to offer more people permanent employment.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	153.2	134.0
Sales growth %	14.3	3.3
Organic growth %	14.3	3.3
EBITDA	39.6	35.2
EBITDA margin %	25.9	26.3
EBIT	28.6	28.8
EBIT margin %	18.7	21.5
Adjusted EBIT	31.5	28.8
Adjusted EBIT margin %	20.6	21.5
Net debt/Net cash & cash equivalents (-)	29.2	31.3
of which leasing liabilities from IFRS 16	7.4	9.5
Capital employed	40.6	43.1
Return on capital employed %	64.3	62.4
Adjusted return on capital employed %	70.8	62.4



Wheel-axle assemblies awaiting shipment

DUROC'S PORTFOLIO COMPANIES – SMALLER COMPANY PORTFOLIO

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

During the year, UPN enjoyed increased demand for replacement engines and spare parts and increased its sales. Last year's delivery problems have remained in part, but not to the same extent. Improved cost control and previously implemented restructuring have resulted in significantly improved profitability in the company. The company's prospects for future growth and continued profitability are deemed to be good.

Herber Engineering manufactures advanced bending machines for cold tube forming and profiles. It has customers worldwide in e.g. the automotive, aviation and furniture industries as well as the heat exchanger sector. Herber is a well-known brand that stands for high-quality products. The business is characterized by projects, and sales can fluctuate significantly from one period to the next.

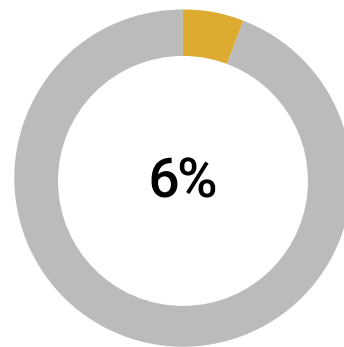
During the year, Herber saw a decrease in demand due to the global market conditions, resulting in lower sales. At the same time, machine component supply problems have led to an increase in strategic purchases, and this affected capital employed negatively. Cost adjustment measures were implemented and Herber focused on sales and new sales channels. These measures, together with good market conditions, mean that Herber has good prospects for growth and increased profitability in the years ahead.

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

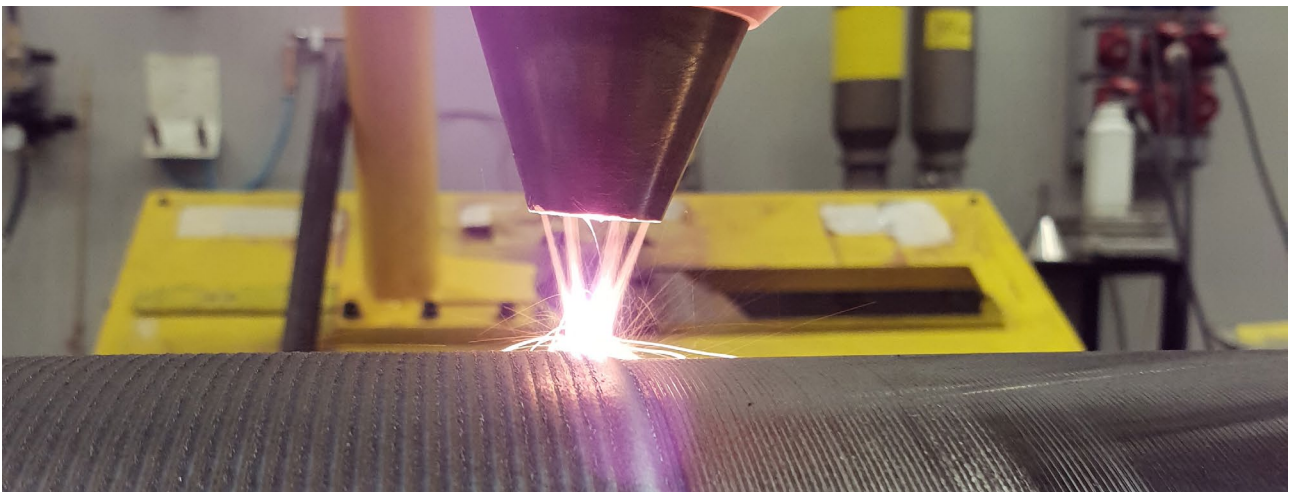
DLC's laser coating technology is an important building block in the transition to cost-effective, sustainable industrial production. Scrapage and the requirement for spare parts can be minimized by renewing and strengthening the surface of metal components. Component function and service life is often improved by using a laser welder to build up materials with more suitable properties.

The service life of components exposed to abrasion, corrosion or high temperatures can in most cases be doubled, but three or even fourfold service life extensions are not uncommon. During the year, DLC continued to develop positively and expanded its customer base. Because some cost increases could not be passed on to the customer, the EBIT margin is a little lower than the previous year.

SHARE OF DUROC'S SALES (2022/2023)



Amounts in MSEK	2022/2023	2021/2022
Net sales	193.8	166.3
Sales growth %	16.5	21.4
Organic growth %	16.5	21.4
EBITDA	23.2	18.2
EBITDA margin %	12.0	10.9
EBIT	13.0	8.9
EBIT margin %	6.7	5.4
Net debt/Net cash & cash equivalents (-)	35.5	25.5
of which leasing liabilities from IFRS 16	24.8	26.8
Capital employed	62.6	46.6
Return on capital employed %	23.2	18.3



Laser coating with a laser welder

OUR APPROACH TO SUSTAINABILITY

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

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

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



DUROC ACQUIRES AND DEVELOPS COMPANIES

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

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

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

THE DUROC GROUP

MULTI-YEAR OVERVIEW

Nyckeltal (Amounts in MSEK)	DUROC			
	07/22–06/23	07/21–06/22	07/20–06/21	07/19–06/20
Income statement				
Net sales	3,493.1	3,720.5	3,254.5	3,158.2
Operating profit/loss	-187.6	83.0	88.6	161.8
EBITDA	104.0	199.4	189.9	269.1
Profit after net financial items	-215.4	74.8	78.5	145.6
Profit after tax	-238.1	64.9	55.4	116.5
Return on equity %	-21.9	5.2	5.2	12.3
Balance sheet				
Balance sheet total	1,879.7	2,376.9	2,086.3	1,961.6
Cash and cash equivalents	26.6	26.1	59.9	142.3
Interest-bearing liabilities	277.9	422.1	343.2	399.5
Net debt/Net cash & cash equivalents excl. liabilities from IFRS 16	115.0	265.7	139.9	117.8
Net debt/Net cash & cash equivalents incl. liabilities from IFRS 16	251.1	396.0	283.3	257.0
Capital employed	1,273.5	1,591.2	1,318.8	1,250.3
Equity	1,085.8	1,237.8	1,070.3	948.4
Equity/assets ratio %	58	52	51	48
Equity per share, SEK	27.8	31.7	27.4	24.3
Cash flow				
Cash flow from operating activities before changes in working capital	92.2	171.6	201.6	148.8
Cash flow from operating activities	217.2	-36.8	70.6	322.3
Cash flow from investing activities	-61.3	-61.7	-75.3	-260.9
Cash flow from financing activities excl. dividends	-135.8	60.7	-71.5	-262.2
Cash flow for the period	10.3	-37.8	-76.1	-200.9
Dividend	-9.8	-	-	-
Personnel				
Average number of employees	1,017	1,099	1,122	1,182
Net sales/average number of employees	3.4	3.4	2.9	2.6

GEOGRAPHICAL AREAS

Group	Sweden		Rest of Nordics		Rest of Europe		USA		Other markets		Group	
	07/22–06/23	07/21–06/22	07/22–06/23	07/21–06/22	07/22–06/23	07/21–06/22	07/22–06/23	07/21–06/22	07/22–06/23	07/21–06/22	07/22–06/23	07/21–06/22
MSEK												
Net sales	463.9	392.4	335.8	327.1	1,867.4	1,954.6	657.4	867.5	173.3	178.9	3,493.1	3,720.5
Property, equipment and right-of-use assets	62.5	99.9	7.7	9.4	369.0	395.7	226.8	241.0	-	-	666.0	746.0
Investments	5.6	9.9	1.8	1.5	46.0	45.3	8.2	10.7	-	-	61.5	67.3

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

Assets are reported according to their location.

THE DUROC SHARE

Duroc Class B shares are listed on Nasdaq Stockholm, Small Cap. During 2022/2023, a total of 2.2 (3.1) million shares were traded for a total of MSEK 92.2 (105.2). Average daily turnover was 8,840 shares (12,117), or TSEK 372 (415). The share price at the beginning of the year was SEK 24.9 and at the end of the year SEK 19.5. The annual peak for the Duroc share was SEK 27.0 as noted on August 19, 2022, while the annual trough was SEK 17.3 as noted on December 15, 2022. The number of shareholders at year-end totaled 2,083 (2,172).

SHARE CAPITAL

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

DIVIDEND

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

Given that the negative earnings in all material respects comprise of non-recurring items that do not affect cash flow, and that the financial position has strengthened considerably, the Board proposes a dividend for the financial year 2022/2023 of SEK 0.25 per share for a total of SEK 9,750,000 (9,750,000).

AUTHORIZATIONS

The Annual General Meeting (AGM) of November 8, 2022 resolved to authorize the Board to resolve on one or more occasions during the period up until the next AGM on a new issue of a total of no more than 4,300,000 Class B shares. The Board has not used the authorization during the financial year.

The AGM of November 8, 2022 further resolved to authorize the Board to decide on the acquisition or transfer of shares in the company. Acquisitions may be made to a maximum number of Class B shares such that following each acquisition Duroc holds no more than 10 percent of the total number of shares in the company. During the 2022/2023 financial year, no repurchase or sale of own shares took place.

OPTIONS

No options were issued by the company.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Nominal value per share SEK	Change in share capital SEK	Total share capital SEK	Quantity	Number of Class B shares	Number of Class C shares	Total number of shares
1992	Formation of the company	100	50,000	50,000	500	0		500
1993	New share issue	100	600,000	650,000	6,500	0		6,500
1995	New share issue	100	34,200	684,200	6,500	342		6,842
1995	Split	1	0	684,200	650,000	34,200		684,200
1996	New share issue	1	300,000	984,200	650,000	334,200		984,200
1996	New share issue	1	200,000	1,184,200	250,000	934,200		1,184,200
1997	New share issue	1	592,100	1,776,300	375,000	1,401,300		1,776,300
1998	Bonus issue	1	1,776,300	3,552,600	750,000	2,802,600		3,552,600
1999	New share issue	1	1,776,300	5,328,900	750,000	4,578,900		5,328,900
2006	Share conversion A-B	1	0	5,328,900	350,000	4,978,900		5,328,900
2007	New share issue	1	2,000,000	7,328,900	350,000	6,978,900		7,328,900
2017	New share issue	1	31,671,100	39,000,000	350,000	6,978,900	31,671,700	39,000,000
2017	Share conversion A-B	1	0	39,000,000	0	7,328,900	31,671,100	39,000,000
2017	Share conversion C-B	1	0	39,000,000	0	29,066,783	9,933,217	39,000,000

BIGGEST SHAREHOLDERS AS OF 06/30/2023

Owner	Class B shares	Class C shares	Proportion of equity %	Proportion of votes %	Market value Class B shares (TSEK)
Bronsstädet AB	21,066,783	9,933,217	79.5	79.5	602,950,000
AB Traction	2,845,954	–	7.3	7.3	55,353,805
Nordnet pensionsförsäkring	612,696	–	1.6	1.6	11,916,937
Avanza Pension	432,451	–	1.1	1.1	8,411,172
CBLDN-EQ NORDIC SMALLCAP	341,404	–	0.9	0.9	6,640,308
Handelsbanken Sverige Index Criteria	170,000	–	0.4	0.4	3,306,500
Henrik Strid	153,053	–	0.4	0.4	2,976,881
Johan Markensten	151,018	–	0.4	0.4	2,937,300
Claes Göran Almsparre	142,000	–	0.4	0.4	2,761,900
Gunnar Lindberg	100,000	–	0.3	0.3	1,945,000
Michaela Schåltz	100,000	–	0.3	0.3	1,945,000
SEB Sverige Index Nära	100,000	–	0.3	0.3	1,945,000
Fredrik Öberg	90,000	–	0.2	0.2	1,750,500
Swedbank Försäkring	87,353	–	0.2	0.2	1,699,016
SEB Sverige Indexfond	85,894	–	0.2	0.2	1,670,638
Other	2,588,177	–	6.6	6.6	50,340,043
Total	29,066,783	9,933,217	100.0	100.0	758,550,000

NUMBER OF SHARES HELD AS OF 06/30/2023

Number of shares	Number of shareholders	Class B shares	Class C shares	Proportion of equity %	Proportion of votes %
1–500	1,564	223,129	0	0.6	0.6
501–1 000	203	168,617	0	0.4	0.4
1 001–5 000	220	509,901	0	1.3	1.3
5 001– 10 000	37	278,042	0	0.7	0.7
10 001–15 000	16	201,943	0	0.5	0.5
15 001–20 000	6	101,483	0	0.3	0.3
20 001–	37	27,583,668	9,933,217	96.2	96.2
Total	2,083	29,066,783	9,933,217	100.0	100.0

SUSTAINABLE VALUE CREATION

GOVERNANCE FRAMEWORK

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

SUSTAINABILITY MANAGEMENT

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

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

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

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

MATERIALITY ANALYSIS

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

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

GROUP REQUIREMENTS FOR SUBSIDIARIES


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





OUR FOCUS AREAS AMONG THE UN SUSTAINABILITY DEVELOPMENT GOALS


3 GOOD HEALTH AND WELL-BEING


Goal 3 – Health, well-being and safety
 Health, well-being and safety Regulated under the Corporate Responsibility Policy and also under the HR Policy. Goals are updated annually in Duroc’s business and action plans, and those of all portfolio companies. Followed up through monthly reports and Board meetings.


9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9 – Sustainable industry, innovation and infrastructure
 Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

5 GENDER EQUALITY

Goal 5 – Equality
 Regulated under the Corporate Responsibility, Code of Conduct and HR policies. Followed up through monthly reports.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12 – Sustainable consumption and production
 Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

7 AFFORDABLE AND CLEAN ENERGY

Goal 7 – Sustainable energy
 Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

13 CLIMATE ACTION

Goal 13 – Combating climate change
 Regulated under the Corporate Responsibility Policy. Goals and action plans are updated annually. Followed up in monthly reports and also forms part of the theme for one of the four annual Board meetings.

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8 – Decent work and economic growth
 Regulated under the Corporate Responsibility Policy and also under the HR Policy. Included in the annual business plans and followed up monthly.

 **SUSTAINABLE DEVELOPMENT GOALS**



RESPONSIBLE BUSINESS

Key financial indicators	June 30, 2023	June 30, 2022	June 30, 2021
Net debt (+)/Net cash & cash equivalents (-) ¹	115.0	273.7	139.9
Equity/assets ratio ¹	58%	55%	55%
Adjusted equity/assets ratio ^{1,2}	59%	57%	57%

¹ Excluding effects from IFRS 16.

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

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

To ensure compliance with the way we wish to do business as a Group, we use a self-assessment tool in which we evaluate policies and guidelines etc. The tool also enhances our ability to identify common weaknesses so that we can act on them jointly.

BUSINESS ETHICS AND ANTI-CORRUPTION

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

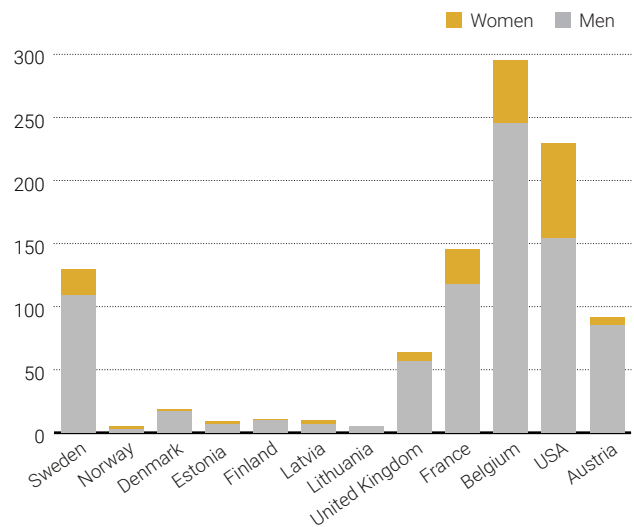
The self-assessment tool launched in 2019/2020 was used in all portfolio companies during the past year. We have found absolutely no signs of corruption or other discrepancies. Following the implementation of training initiatives across the Group, we find our risk analysis and work on countering bribery and corruption to be robust.

EMPLOYEES

Employees* June 2023	Number of em- ployees	Broken down by gender		Broken down by age		
		Women	Men	< 30 years	30-49 years	> 50 years
International Fibres Group	212	15	197	27	105	81
Drake Extrusion	233	70	163	24	115	94
Plastibert	62	7	55	1	33	28
Cresco	158	41	117	10	65	83
Duroc Machine Tool Group	90	12	78	6	42	42
Duroc Rail	40	11	29	9	20	11
Smaller Company Portfoliio	59	6	53	7	30	22
Holding companies	5	2	3	1	2	2
Total	859	164	695	85	412	362

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

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY JULY 2022–JUNE 2023



The Duroc Group currently employs around 900 people, distributed across 12 countries. Our success depends entirely on our ability to attract, retain and develop these employees. Working for the Duroc Group must be an attractive proposition. No matter what your position or where in the world you work, you should be able to feel confident that the Group's values characterize the workplace. We must have safe and appropriate workplaces and tools.

ACCIDENTS WITH ABSENCE PER 1 MILLION HOURS WORKED

	2022–2023	2021–2022	2020–2021
Parent Company	–	–	–
Group	19.7	19.1	20.1

We collaborate with many universities in our various operations. We see this as a great way to give-and-take in the communities where we operate. Because we have many knowledge-intensive operations where constant learning is essential for our development, it is also a means to attract new employees and add to our competences.

The Covid-19 pandemic had only a minor impact on operations during 2022/2023. We see the effects of this in the form of less sick leave.

SICK LEAVE AS A PERCENTAGE OF TIME WORKED

	2022–2023	2021–2022	2020–2021
Parent Company	0.6	0.6	0.3
Group	3.3	6.1	5.3

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

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

PERCENTAGE OF WOMEN

	2022–2023	2021–2022	2020–2021
Managers	22.0%	23.9%	21.9%
Group management	33.3%	33.3%	33.3%
Board of Directors	20.0%	20.0%	20.0%

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

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

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

The Group continued to focus on activities to increase our attractiveness as an employer during the year and we note positive outcomes in several of our companies.

ENVIRONMENT AND CLIMATE IMPACT

We still lack the ability to report CO₂ emissions for the Group as a whole. Parent company CO₂ emissions also increased somewhat again as there was more business travel than the previous year. However, we have established new practices and anticipate reaching the same lower levels as before the pandemic.

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

Parent Company	2022–2023	2021–2022	2020–2021
Energy use	3,410 kwh	3,447 kwh	3,379 kwh
Greenhouse gases (tonnes)	16,040	8,390	1,678 (incl. electricity)

CIRCULAR ECONOMY

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

SUSTAINABLE PRODUCTS AND SERVICES

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

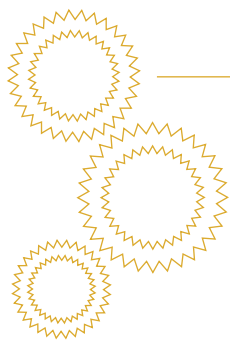
A large proportion of the products from Duroc’s portfolio companies are made with fossil-based plastics. Because society’s increasing demands for sustainable plastics affect Duroc’s operations to a great extent, the demands must be transformed into strategic developments.

The circular economy continues to form a common basis for the Group’s development efforts. For Duroc, the circular economy not only concerns developing new products and materials, but also finding new circular business models for our services. The transition to more sustainable production, using for example renewable energy, also forms part of our circular perspective.

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

Together with their customers, Duroc companies push the development and use of ever greater amounts of recycled materials and bioplastics, both of which have significantly more favorable climate footprints.

These increasing demands can be regarded both as a risk and as an opportunity. The Duroc Group endeavors to achieve long-term sustainable use of plastics, and we are taking on the challenges our materials pose. We can gain market advantages by staying at the forefront of development.



One difficulty arises from the great extent to which the materials are used in complex products that today usually lack systems for dismantling and recycling. On the other hand, our materials help extend the life of the products they are used in, which is one of the most important aspects of reducing the environmental impact of a product from a lifecycle perspective.

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

	2022-2023	2021-2022	2020-2021
Recovered material (tonnes)	824	924	1 036
Biobased material (tonnes)	346	286	217

EFFICIENT, SUSTAINABLE PRODUCTION

If we are to offer sustainable products and services, our production must also be sustainable. Here, efficiency and sustainability often go hand-in-hand, e.g. by reducing the use of energy and resources and minimizing resource wastage through spillage. Constant improvements in this area take their natural place in all of our ISO-certified production units, although targets and key financial indicators vary between operations. Sustainable production also requires a good work environment and a high degree of safety. Because most of the Duroc portfolio companies are production units, they are monitored monthly for energy consumption, the proportion of clean energy used, water consumption, CO₂ emissions and where relevant, recycled materials, the proportion of biobased production and waste. The information is used to produce new, ambitious annual targets and action plans to reduce negative climate impact. Duroc encourages its portfolio companies to use renewable energy as far as possible. During the year, Cresco, Plastibert and IFG Exelto all began installing solar panels in their facilities.

We are investing in our own energy production capacity for electricity and steam in IFG Asota, with a climate impact lower than the current supplier is able to offer. Drake Extrusions is installing more efficient compressors, thereby reducing energy consumption by 6%.

	2022-2023	2021-2022	2020-2021
Electricity consumption, Group, MWh	73,477	86,400	105,436
Proportion of renewable electricity, Group %	34.2	27.3	21.6
Natural gas, Group, MWh	45,378	49,584	62,587
Electricity consumption, parent company, MWh	0.34	0.34	0.38
Proportion of renewable electricity, parent company %	100	100	100

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

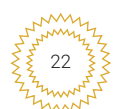
The table shows wastage as a percentage of total volume.

	2022-2023	2021-2022	2020-2021
Fiber & technical textiles	3.1	3.9	3.5

EU TAXONOMY

The EU taxonomy for sustainable investments is a classification system that provides companies, investors and decision-makers with definitions of financial activities that can be deemed environmentally sustainable. As of 2021, all European companies with more than 500 employees must report suitability based on the EU taxonomy's selected sectors. The taxonomy approves activities within selected sectors and which contribute substantially to at least one of the EU's climate goals or environmental goals while not causing significant harm to any of the other goals, and which meet minimum social requirements (in compliance with the taxonomy).

The Duroc Group currently conducts no applicable activities within the sectors covered by the taxonomy. This will change in the years ahead as the taxonomy will cover more industries and activities. Thus currently the proportion of CAPEX and OPEX turnover is zero.



TYPICAL EXAMPLE OF OUR SUSTAINABLE CUSTOMER OFFERINGS

DUROC RAIL

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



CRESCO

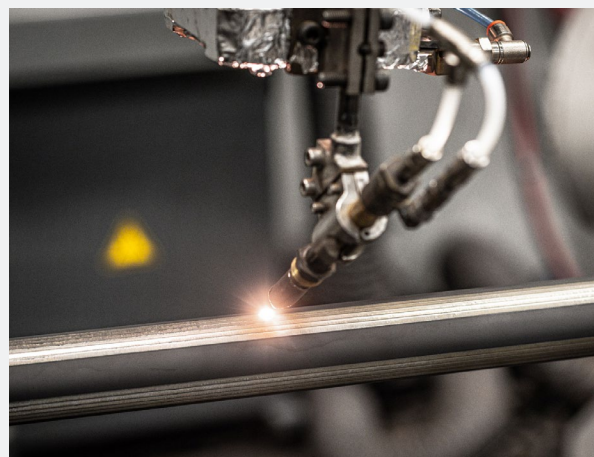
Cresco produces several types of greenhouse climate screens whose various properties optimize the cultivation process and thus reduce its impact on the environment and climate. The advantages of cultivation in controlled environments such as greenhouses and the use of climate screens include the reduced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

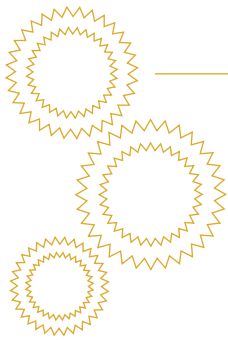
Also, Cresco's product range includes ground cover fabrics made from PLA biobased plastic, a biodegradable material that is better for the climate than products made from for example polypropylene, produced from fossil raw materials.



DUROC LASER COATING

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





TYPICAL EXAMPLE OF OUR SUSTAINABLE CUSTOMER OFFERINGS

DRAKE

Demand for personal protective equipment such as face-masks and aprons in healthcare remains at a high level following the Covid-19 pandemic. In the United States, IFG Drake together with its customer STI Fabrics, has developed a PFAS-free protective apron with a longer service life than other common disposable products used in the American health-care sector.

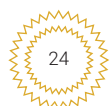
PFAS (polyfluoroalkyl substances) are a group of chemicals that have dirt and water-repellent properties and are often used in textiles and beauty products. Among other things, they have been proven to disrupt reproduction and hormone production, and are also extremely difficult to break down. Problems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



SUSTAINABILITY IN OUR BUSINESS WORLD

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

Demand for sustainable products and services is increasing, and we note e.g. an increase in requests from customers for recycled plastic to be used in new products, and also for such material to be recyclable in turn. We take a positive view of this development and are actively engaged in material R&D. We also note an increased consumer willingness to pay more in order to cover the costs of establishing circular, sustainable solutions.



THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

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

ASSIGNMENT AND DIVISION OF RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for the financial year 7/1/2022 – 06/30/2023 and for its preparation in accordance with the Swedish Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review was carried out in accordance with FAR Recommendation *RevR 12 The auditor's opinion on the statutory sustainability report*. This means our review of the sustainability report is substantially less in scope and has a different focus compared to the scope and focus of an audit according to International Standards on Auditing and good auditing practice in Sweden. We feel this review provides us with sufficient grounds for our opinion.

OPINION

A sustainability report has been prepared.
Stockholm, dated as shown in our electronic signature

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant



APPENDIX

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CORPORATE GOVERNANCE

JULY 1, 2022–JUNE 30, 2023

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

CORPORATE GOVERNANCE

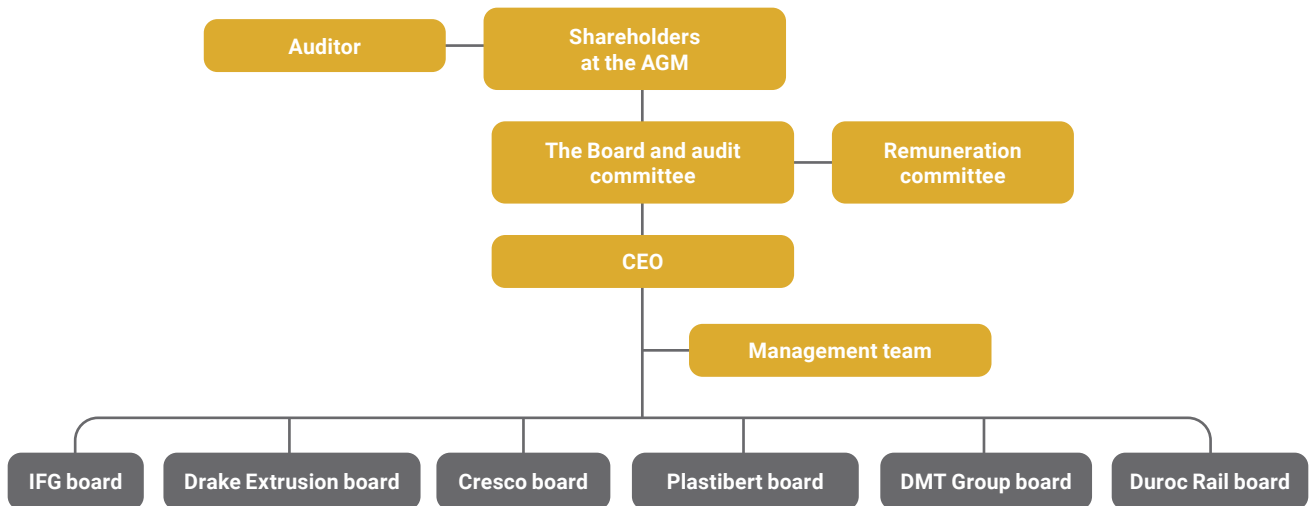
Duroc AB is a Swedish public limited liability company whose Class B shares are listed on Nasdaq Stockholm. Governance is based on external regulations and policy documents internally prepared and approved which set guidelines for the entire Duroc Group’s operations. The policy documents are based on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

Duroc applies the Swedish Code of Corporate Governance (“the Code”). No departures from the Code took place during the 2022/2023 financial year, with the exception of the Nomination Committee area (see Nomination Committee below).

Other important external regulations with which Duroc complies include the Swedish Companies Act, Nasdaq Stockholm’s rules for issuers and accounting legislation and recommendations. There are also a number of other applicable laws and regulations.

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

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



Duroc’s organization. The main tasks of portfolio company boards include monitoring operational and financial developments, setting strategies and monitoring their implementation and ensuring good internal control. The chairman of the portfolio companies consists of, or reports to, the CEO of Duroc AB.

OWNERSHIP STRUCTURE, SHARES AND VOTING RIGHTS

As of June 30, 2023, Duroc’s share capital totaled MSEK 39 distributed across 39,000,000 shares, of which 29,066,783 were Class B shares and 9,933,217 Class C shares. The share quota value is SEK 1 per share. Each share corresponds to one vote and carries the same right to a share of the company’s assets and entitles the holder to an equal dividend. Duroc sets no limit on the number of votes a shareholder may cast at an AGM.

As of June 30, 2023, Duroc had 2,083 (2,172) shareholders according to statistics from Euroclear Sweden. The three biggest owners were Bronsstädet AB with 79.5 percent, AB Traction with 7.3 percent, and Nordnet Pensionsförsäkring with 1.6 percent. The 10 biggest owners accounted for 92 percent of the votes and an equally large share of the assets.

Further information about Duroc shareholders and the Duroc share is available on pages 14–15.

ANNUAL GENERAL MEETING

Shareholders exercise influence in Duroc at the AGM, which is the company’s highest decision-making body. At the AGM, which is held within six months of the end of the financial year, shareholders

decide on key issues such as the adoption of income statements and balance sheets, the dividend to shareholders, the composition of the Board of Directors, discharge from liability for the members of the Board and the CEO, any amendments to the Articles of Association, the election of auditors and the principles for remuneration to senior management. The AGM must be prepared and implemented such that it creates conditions for shareholders to exercise their rights in an active, well-informed manner. Shareholders who are listed in Euroclear Sweden’s shareholder register on the record date and who notify their participation in the meeting no later than the date specified in the notice to attend are entitled to attend and vote at the meeting, either in person or via proxy. Each shareholder has the right to have a matter addressed by the AGM.

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

ANNUAL GENERAL MEETING 2022

Duroc's 2022 AGM was held on November 8 without the physical presence of shareholders, agents and external parties. Shareholders exercised their voting rights through early voting, aka mail-in voting, in accordance with Act (2020:198). Shareholders representing 87.0 percent of the votes and shares participated in the voting procedure. Carl Östring was appointed Chairman of the AGM.

The 2022 AGM resolved on the following matters, among others:

- Adoption of the parent company and consolidated balance sheets and income statements and that earnings be carried forward.
- That a dividend of SEK 0.25 per share be paid, in total SEK 9,750,000.
- The CEO and all Board members were discharged from liability for the past financial year.
- Re-election of all Board members, namely Peter Gyllenhammar, Carina Heilborn, Carl Östring and Ola Hugoson. Peter Gyllenhammar was re-elected Chairman of the Board.
- PricewaterhouseCoopers AB was elected as auditor. Aleksander Lyckow serves as Authorized Public Accountant.
- Board member fees totaling SEK 800,000, i.e. 200,000 to each member. Auditor's fee to be paid against approved invoice.
- Approval of the remuneration report submitted for 2021/2022.
- Authorization for the Board to resolve on a new issue of no more than 4,300,000 shares in Duroc AB.
- Authorization for the Board to resolve on the repurchase and transfer of own shares. Acquisitions may be made to no more than 10 percent of the total number of shares.
- Authorization to the Board of Directors during the period until the next Annual General Meeting to resolve on the transfer of holdings in the Group's own shares, at a minimum price per share that corresponds closely to the price on Nasdaq Stockholm, with or without deviation from shareholders' preferential rights and with or without provisions concerning payment in kind or offset rights.
- Approval of changes to the Articles of Association.

The 2023 Annual General Meeting will be held on November 7, 2023 at Strandgatan 7A, Stockholm.

NOMINATION COMMITTEE

In view of the concentrated ownership structure, where 87 percent of the votes are owned by Peter Gyllenhammar via Bronsstädet AB and Traction AB, the AGM of November 8, 2022 resolved not to appoint a Nomination Committee.

BOARD OF DIRECTORS

Duroc's Board of Directors comprises Peter Gyllenhammar, member and Chairman, and the members Carina Heilborn, Ola Hugoson and Carl Östring. All Board members were re-elected at the AGM on November 8, 2022.

Peter Gyllenhammar

Stockholm, born 1953.

Background: Chairman of the Board since the AGM of April 27, 2017. Owner of Peter Gyllenhammar AB (including Bronsstädet AB). Education: Unfinished studies at the Stockholm School of Economics.

Other board assignments: Chairman of Galjaden Holding AB, Glasbtt AB, Galjaden Invest AB, VB Value Research AB, Sonsa Business AB and Hanhammar Holding AB. Member of the boards of Peter Gyllenhammar AB, Bronsstädet AB, Galjaden Fastigheter AB with subsidiaries, Browallia Holdings Ltd with subsidiaries, HVA Holdings Ltd with subsidiaries, Fastighets AB Häggatorp, and Gyllenhammar Maskinuthyrning AB.

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

Carina Heilborn

Täby, born 1973.

Background: Board member since 2016. Auditor at KPMG, in charge of reporting and tax issues at Nordisk Renting and Carema, CFO and Investment Manager at Bronsstädet AB since 2010. Education: Graduate in business administration.

Other board assignments: Chairman of ScandBook AB and Protean Funds Scandinavia AB. Member of the boards of Sonsa Business AB with subsidiaries, Scandbook Holding AB, Equuleus AB, Clean Oil Technology AB, HVA Holdings Ltd with subsidiaries, Silver-slåggen Invest AB and VB Value Research AB.

Number of shares: 0.

Member	Elected	Fee ¹	Attendance		Independent in relation to	
			Board - meetings ²	Statutory Board meetings	Company and management	Major shareholders
Peter Gyllenhammar	2017	200 000	8/8	1/1	Yes	No
Carina Heilborn	2016	200 000	8/8	1/1	Yes	No
Ola Hugoson	2017	200 000	8/8	1/1	Yes	Yes
Carl Östring	2013	200 000	8/8	1/1	Yes	Yes
		800 000				

¹ Refers to the fee approved at the AGM on November 8, 2022.

² Refers to meetings during the financial year July 1, 2022–June 30, 2023.

Ola Hugoson

Ystad, born 1957.

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

Education: Graduate in business administration.

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

Number of shares: 35,000 Class B shares.

Carl Östring

Lidingö, born 1974.

Background: Board member since 2013. Corporate lawyer and founder of Generalcounsel.se. General Counsel and Investment Manager at AB Traction 2011–2019. Former lawyer and partner in law firm.

Education: Bachelor of laws.

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

Number of shares: 10,000 Class B shares.

THE WORK OF THE BOARD

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

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

The Board must evaluate its own working methods and effectiveness annually. At least once a year, the Board must evaluate the work of the CEO in particular. When this matter is addressed, no member of company management may be present.

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

Seven regular meetings were held during the financial period July 1, 2022–June 30, 2023; one extraordinary meeting and one statutory meeting were held in connection with the AGM. All of the regular meetings discussed strategic issues, the financial position and development of the company and the Group, financial reporting and control, personnel and organizational issues, legal issues and developments in the financial market. Three of the meetings were attended by the company's auditors, who presented the audit plan and audit reports. All resolutions passed during the financial period July 1, 2022–June 30, 2023 were unanimous.

AUDIT

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

The AGM of November 8, 2022 resolved that the auditor's fee be paid against approved invoice. At the same AGM, PricewaterhouseCoopers AB was re-elected as auditor with Aleksander Lyckow as auditor-in-charge. PwC carried out the audit for the financial period July 1, 2022–June 30, 2023.

AUDIT COMMITTEE

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

During the July 2022–June 2023 financial year, the Board completed the work of the committee in full. This resolution was passed in view of the size of the company and the scope of its business.

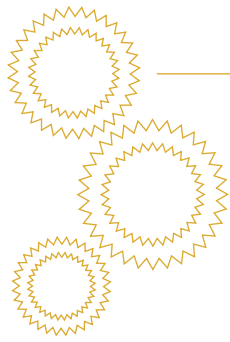
REMUNERATION AND THE REMUNERATION COMMITTEE

The principles for remuneration to the CEO and other senior executives are proposed by the Board and govern fixed annual salaries, variable remunerations, pensions and other benefits. These principles must then be adopted by the AGM. The statutory Board meeting held in conjunction with the AGM on November 8, 2022, resolved to appoint Peter Gyllenhammar and Carl Östring as members of the Remuneration Committee, with Peter Gyllenhammar as Chairman.

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

CEO

The CEO is responsible for the day-to-day management and control of the Group's operations. This includes implementing the Group's overall strategy, business governance, controlling and compiling financial reports, allocating financial resources, and the responsibility for financing and risk management. The Board's rules of procedure govern the division of duties between the Board and the CEO. The Board evaluates the work of the CEO once a



year at a meeting in which no member of company management participates. John Häger has been Duroc's CEO since May 2016.

John Häger

Stockholm, born 1964

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

Number of shares: 21,511 Class B shares

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING FOR THE FINANCIAL PERIOD JULY 1, 2022–JUNE 30, 2023

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

The Board has evaluated the need to establish a special internal audit function and in said evaluation has deemed that Duroc's legal and operational structure, together with management processes and control systems, does not require any specific function or internal audit.

The Board as a whole is responsible for the management and control of the company, while the CEO is responsible for the day-to-day management and control of the Group's strategies and business processes, as well as financial reporting and planning. The latter regularly reports to the Board based on established procedures.

The Board must safeguard management and control of the company by making sure the CEO and other key individuals in the company management team have the right competences and that the organization is appropriate for the Group's needs. The organization per se, with its decision pathways, authority and responsibility, together with the culture prevailing within the company as expressed in internal policy and procedures, is important for governance. The Board has also laid down a number of fundamental guidelines and policies that constitute the basis for a good control environment. These include Duroc's Code of Conduct and its policies for corporate responsibility, finance and IT. There is also an authorization system that regulates the financial decisions that are taken by the Board of Duroc AB, by the CEO and by the boards or CEOs of the subsidiaries.

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

Company management continuously analyzes risks and the efficacy of internal control in the companies' business processes. A substantial part of the company's internal control can be found in the processes linked to financial reporting. In these processes, a series of control activities are conducted to ensure the accuracy of internal and external reporting. The Board's ongoing dialog with the company's auditors also forms an important part in this regard. Duroc's finance department reports according to approved routines through reliable reporting and business systems. The Board receives monthly internal reports and assessments of the financial situation in the Group's companies. Forecasts and analyses are made in conjunction with quarterly reporting to evaluate the companies' strategies and to make sure financial reporting is accurate.

Also, the Group's companies must complete an annual form and conduct an evaluation of internal controls. The answers are compiled and evaluated at group level and discussed with the relevant company boards. The results are taken into account in the Group's risk analysis.

Duroc has an approved information policy to make sure its internal and external information processing is carried out properly. Regarding Duroc's external communication of financial information and other information that may affect the company's market value, there are approved procedures and distribution channels that guarantee compliance with Nasdaq Stockholm's rules for issuers. Duroc deviates from the Swedish Code of Corporate Governance in that the 2022 AGM resolved not to appoint a Nomination Committee.

The resolution was justified by Duroc's ownership structure, where 87 percent of the votes are owned by Bronsstädet AB and Traction AB.

Stockholm September 2023

the Board of Directors of Duroc AB

CONSOLIDATED INCOME STATEMENT

MSEK	July 1, 2022– June 30, 2023	July 1, 2021– June 30, 2022
Net sales	3,493.1	3,720.5,
Other operating income	33.1	20.4,
Change in inventories	-27.2	27.1
Raw materials and consumables	-1,611.5	-1,935.9
Goods for resale	-492.9	-410.2
Other external costs	-579.7	-531.7
Personnel costs	-704.5	-686.2
Depreciation, amortization and impairment of tangible and intangible assets	-112.3	-116.3
Impairment of assets held for sale	-179.3	-
Other operating costs	-6.5	-4.6,
Operating profit/loss	-187.6	83.0
Financial income	1.7	4.8
Financial expenses	-29.5	-13.0
Net financial items	-27.8	-8.2
Profit/loss before taxes	-215.4	74.8
Current taxes	-10.8	-13.9
Deferred taxes	-11.8	4.0
Profit/loss for the year	-238.1	64.9
Attributable to:		
Parent company shareholders	-238.1	64.9
Earnings per share, SEK, attributable to the parent company's shareholders		
Before and after dilution	-6.10,	1.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	July 1, 2022– June 30, 2023	July 1, 2021– June 30, 2022
Profit/loss for the year	-238.1	64.9
TOTAL OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to the income statement		
Translation differences	98.3	92.5
Hedge accounting	-5.2	4.7
Tax related to items that may later be reversed to the income statement	1.0	-0.9
Items that cannot be reversed to the income statement		
Actuarial gains and losses	2.6	8.3
Tax related to items that will not be reversed to the income statement	-0.9	-2.3
Total other comprehensive income	95.8	102.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-142.3	167.2
Of which comprehensive income attributable to:		
parent company shareholders	-142.3	167.2
COMPREHENSIVE INCOME FOR THE YEAR	-142.3	167.2

CONSOLIDATED BALANCE SHEET

MSEK	June 30, 2023	June 30, 2022
ASSETS		
Non-current assets		
Goodwill	84.8	84.7
Intangible assets	8.0	22.1
Property, plant and equipment	538.2	620.1
Right-of-use assets	127.9	125.8
Non-current securities holdings	0.0	0.0
Other non-current receivables	0.1	5.0
Deferred tax assets	45.6	64.0
Total non-current assets	804.7	921.7
Current assets		
Inventories	564.8	720.1
Advance payments to suppliers	6.1	19.0
Trade receivables	425.4	631.6
Current tax receivables	4.2	12.3
Other receivables	18.7	29.3
Prepaid expenses and accrued income	29.3	16.7
Cash and cash equivalents	26.6	26.1
Total current assets	1,075.0	1,455.2
TOTAL ASSETS	1,879.7	2,376.9
EQUITY AND LIABILITIES		
Equity		
Share capital	39.0	39.0
Other capital provided	260.5	260.5
Reserves	266.3	172.2
Retained earnings including profit for the year	520.0	766.1
Equity attributable to owners of the parent company	1,085.8	1,237.8
Total equity	1,085.8	1,237.8
Long-term liabilities		
Provisions for pensions	28.9	58.3
Warranty provisions	0.0	2.6
Other provisions	0.7	12.3
Non-current interest-bearing liabilities	46.4	77.5
Non-current interest-bearing liabilities – right-of-use assets	105.7	103.4
Other non-current liabilities	1.1	2.0
Deferred tax liabilities	40.6	50.4
Total non-current liabilities	223.3	306.4
Current liabilities		
Warranty provisions	5.2	0.4
Other provisions	2.0	7.0
Current interest-bearing liabilities	95.3	214.3
Current interest-bearing liabilities – right-of-use assets	30.5	27.0
Advance payments from customers	69.3	60.6
Trade payables	201.9	305.4
Current tax liabilities	8.1	12.7
Other liabilities	55.7	72.4
Accrued expenses and prepaid income	102.6	132.9
Total current liabilities	570.6	832.7
Total liabilities	793.9	1,139.1
TOTAL EQUITY AND LIABILITIES	1,879.7	2,376.9

PARENT COMPANY INCOME STATEMENT

MSEK	July 1, 2022– June 30, 2023	July 1, 2021– June 30, 2022
Net sales	5.9	5.9
Other operating income	0.1	–
Other external costs	-7.2	-6.9
Personnel costs	-10.5	-13.8
Depreciation/amortization	-0.2	-0.2
Operating profit/loss	-11.9	-15.0
Result from participations in Group companies	20.0	65.3
Financial income	4.7	7.6
Impairment of participations in subsidiaries	–	-116.0
Impairment of receivable from a Group company	–	-117.1
Financial expenses	-25.3	-6.3
Net financial items	-0.6	-166.5
Appropriations		
Group contributions made/received	41.7	37.7
Profit/loss before taxes	29.1	-143.7
Current taxes	0.0	–
Deferred taxes	4.4	–
Profit/loss for the year	33.5	-143.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

MSEK	July 1, 2022– June 30, 2023	July 1, 2021– June 30, 2022
Profit/loss for the year	33.5	-143.7
Total other comprehensive income	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	33.5	-143.7

PARENT COMPANY BALANCE SHEET

MSEK	June 30, 2023	June 30, 2022
ASSETS		
Non-current assets		
Other intangible assets	0.1	0.3
Property, plant and equipment	0.0	0.0
Participations in Group companies	1,074.6	1,074.6
Receivables from Group companies	–	2.2
Deferred tax assets	10.6	6.2
Total non-current assets	1,085.3	1,083.3
Current assets		
Receivables from Group companies	106.7	116.9
Other receivables	1.2	1.2
Prepaid expenses and accrued income	1.0	1.8
Cash and cash equivalents	–	–
Total current assets	108.9	119.9
TOTAL ASSETS	1,194.3	1,203.2
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	39.0	39.0
Reserve fund	1.1	1.1
Non-restricted equity		
Share premium reserve	821.5	821.5
Retained earnings	64.9	218.4
Profit/loss for the year	33.5	-143.7
Total equity	960.0	936.3
Long-term liabilities		
Non-current interest-bearing liabilities	18.9	44.0
Total non-current liabilities	18.9	44.0
Current liabilities		
Liabilities to credit institutions	27.5	95.1
Trade payables	0.7	1.0
Liabilities to Group companies	182.7	121.9
Other liabilities	0.3	0.4
Accrued expenses and prepaid income	4.2	4.5
Total current liabilities	215.4	222.9
Total liabilities	234.2	266.9
TOTAL EQUITY AND LIABILITIES	1,194.3	1,203.2

IMPORTANT ACCOUNTING POLICIES

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

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

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

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

GRI INDEX

Standard	Page*	Remarks	
GRI 102: GENERAL INFORMATION			
1. Organizational profile			
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102-4	Countries in which the organization operates	37	
102-5	Ownership structure and form of company	7	
102-6	Market presence	15	
102-7	The size of the organization	15	The parent company has 6 employees
102-8	Information about employees	20	The average number of employees in the group during the year was 1,122.
102-10	Significant changes in the organization and its supply chain	3	
102-11	The precautionary principle	35	
102-12	External guidelines	2	
102-13	Membership of organizations	18	
2. Strategy			
102-14	A word from the CEO	4	
3. Ethics and integrity			
102-16	Values and ethical guidelines	5, 6, 14	
4. Governance			
102-18	The organization's governance and Board	27	
5. Stakeholder commitment			
102-40	Stakeholder groups	18	
102-41	Proportion of employees with collective agreements	100%	
102-42	Identification and selection of stakeholders	18	
102-43	Method for stakeholder dialogs	18	
102-44	Important issues for stakeholders	19	
6. Accounting profile			
102-45	Units included in the financial statements	7	
102-46	Process for identifying significant aspects and limitations	18	
102-47	List of significant sustainability issues	18	
102-48	Changes in information	None	
102-49	Changes in accounting	None	
102-50	Accounting period	7/1/2022 – 06/30/2023	
102-51	Publication date of last report	Sep-22	
102-52	Accounting cycle	Annual	
102-53	Contact details for questions about accounting	johan.hedlund@durocgroup.com	
102-54	Application level according to GRI	Core	
102-55	GRI Index	35	
102-56	External verification	25	

*Refers to page in Duroc's Sustainability Report.

IMPORTANT ISSUES

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

*Refers to page in Duroc's Sustainability Report.

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