

INTERIM REPORT

JULY-SEPTEMBER 2020

CLEAR RECOVERY AT END OF THE QUARTER

Duroc clarifies the Group's value creation and updates its strategy

First quarter July-September 2020

- Net sales totaled MSEK 703.6 (866.2), a reduction of 19 percent.
- Adjusted EBITDA* decreased by 11 percent to total MSEK 47.9 (54.0), corresponding to an improved adjusted EBITDA* margin of 6.8 percent (6.2).
- Operating profit totaled MSEK 20.1 (94.7, including MSEK 65.7 from the dissolution of negative goodwill from the acquisition of Cotting Group).
- Cash flow from operating activities totaled MSEK 54.4 (113.5).
- Profit after tax was MSEK 11.2 (83.4).
- Earnings per share totaled SEK 0.29 (2.14).
- Covid 19 has continued to impact production and sales in parts of the Group. Distinct recovery toward the end of the quarter.
- Duroc clarifies the Group's value creation and increases transparency in reporting through a new division of the Group's operations into 7 companies, which replace the previous business areas. See further page 3-7 and page 16.

Group (MSEK)	2020/2021 Q1	2019/2020 Q1	2020/2021 R12 SEP	2019/2020 JUL-JUN
Net sales	703.6	866.2	2,995.6	3,158.2
EBITDA	45.4	119.4	195.1	269.1
Adjusted EBITDA*	47.9	54.0	206.6	212.7
Adjusted EBITDA*-margin, %	6.8	6.2	6.9	6.7
Operating profit/loss (EBIT)	20.1	94.7	87.2	161.8
Adjusted EBIT*	22.6	29.3	104.1	110.9
Profit/loss after tax	11.2	83.4	44.3	116.5
Profit per share, before and after dilution, SEK	0.29	2.14	1.14	2.99
Cashflow from operating activities	54.4	113.5	263.2	322.3
Net debt	218.7	368.6	218.7	257.0
of which from leasing IFRS 16	143.2	142.0	143.2	139.3
Net debt/Equity ratio, %	23	36	23	27

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

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

DUROC

CEO'S COMMENT

Duroc is changing its reporting structure with intention to improve control and monitoring earning development while broadening its investment horizon. The first quarter was characterized by a strong recovery. The positive trend that closed the previous financial year continues.

Duroc clarifies the Group's value creation and updates its strategy

We have modified our reporting structure with intention to improve our ability to control and monitor earning development in Duroc companies. Previously, the Group was split into four business areas. In the new format, we report developments for our major companies separately. This new structure will clarify our business concept and make it easier to follow the advances made when Duroc takes up ownership.

The major companies we now report separately are IFG, Drake Extrusion, Cresco, Cotting Group, DMT Group and Duroc Rail. The smaller companies, UPN, DLC and Herber are reported consolidated into a group called Smaller Company Portfolio.

Until now, Duroc has mainly acquired industrial production or industrial trading companies, preferably with similarities and/or synergies with the companies we already own. To increase our growth opportunities, the Board took the decision during the quarter to broaden Duroc's investment horizon to include other types of businesses in industry and commerce that may be entirely new for us.

Duroc's overarching strategy for long-term value creation follows a well-defined acquisition and further improvement process. Fundamental to our acquisition strategy is our preference for buying low-profit companies with improvement potential cheaply rather than pay a lot for companies that are already profitable. There is a risk when acquiring expensive companies that a significant part of the purchase sum constitutes payment for the hope of future hyper profitability. We mitigate that financial risk by purchasing cheap companies. The companies we acquire are cheap in relation to the assessed long-term value of underlying assets and the operation pursued. We live as Ben Graham and Warren Buffet's motto 'Price is what you pay, value is what you get'.

Our many years in the industry mean we have a broad, knowledgeable network of skilled individuals who are important both for our acquisitions and during acquired company's journey. The acquisition process often begins in the network, which also is important for us as it helps us develop our companies. In addition to reviewing management resources in the companies concerned, we will to a greater extent than before provide the operational boards of our companies with relevant external expertise.

Our value creation process for an acquired company is adapted to suit the prevailing situation of the company concerned. The goal is to improve profitability and thereby create value. The outcome is an increase in the Group's visible day-to-day earnings, and more importantly, the Group's overall return value is strengthened. We create goodwill, we don't buy it.

The work is largely about clear activities. We create long-term value by implementing new or modified business plans in the acquired companies. We propose concrete measures for both short-term profitability improvement and long-term business development. We also optimize the use of capital and the financial structure in each company. However, when it comes to

a company's focus and day-to-day operations, a clear majority of all ideas are from bottom to the top, namely from the companies themselves.

Some of our companies have already gone through our value-creation process and are performing well. Examples are Cresco, Drake Extrusion, DMT Group and Duroc Rail. These businesses generate satisfactory operating profits. What's more, they have excellent prospects for continued long-term profitable growth. The return on capital employed for these companies is between 16 and 61 percent, which means their real value significantly exceeds their book value.

Cotting Group and IFG are in an earlier phase in our improvement program and are currently undergoing major change processes. Since we have already completed a number of critical activities according to plan, we assess the prospects for improve earnings and return on capital employed in these companies as excellent.

The goal for all of the companies is for each of them to perform on a par with, or better than, their peers. The long-term goal for the companies as a group is for the current holding to jointly deliver an operating margin (EBIT margin) of at least 6 percent.

First quarter

The financial year's first quarter was characterized by the effect of Covid 19 and also faced strong comparative figures from last year. Net sales decreased by 19 percent to MSEK 703.6 (866.2), to some extent also affected by falling raw material prices in IFG. Adjusted EBIT totaled MSEK 22.6 (29.3). The quarter was characterized by a steady recovery in most of the companies with variations for segments and geography, and financial performance has gradually strengthened. September was a strong month in terms of earnings.

Future prospects

The steady improvement in sales volumes and earnings in our companies has continued into the second quarter. However, it is impossible to forecast trends now that the pandemic appears to be picking up again around the world. We cannot exclude the possibility that our company will again be affected negatively by the extent of the second Covid 19 wave, but trends in our businesses today are clearly positive. We are constantly monitoring trends and taking decisions together with our companies regarding measures in the event conditions worsen.

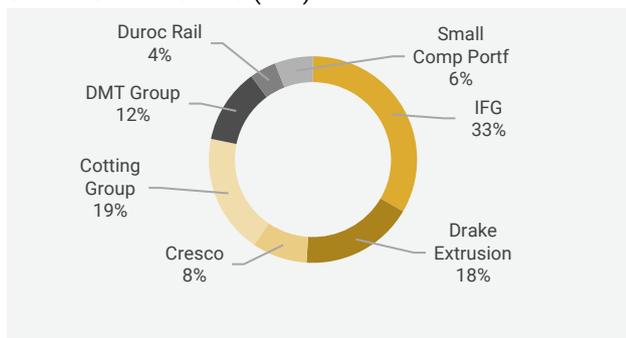
During 2020, the Duroc Group generated a strong cash flow and our net debt/equity ratio is today significantly lower than before the outbreak of the Covid 19 pandemic. We are thus well prepared to continue making opportunistic acquisitions in accordance with our overarching strategy.

John Häger
CEO

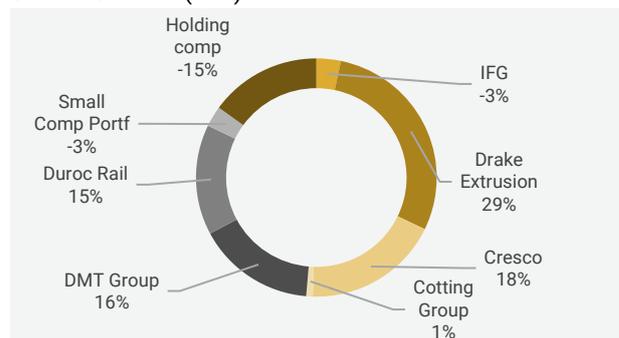
DEVELOPMENT IN DUROC COMPANIES

Duroc’s companies consists of: International Fibres Group (IFG), Drake Extrusion, Cresco, Cotting Group, Duroc Machine Tool Group (DMT Group), Duroc Rail and the Smaller Company Portfolio, which includes Universal Power Nordic (UPN), Herber and Duroc Laser Coating (DLC). Listed below are each company’s share of net sales and EBIT for the past 12-month period, October 2019-September 2020. Read more about the development in each company on page 4-7 and in Duroc’s segment report on page 16 in this report.

SHARE OF NET SALES (R12)



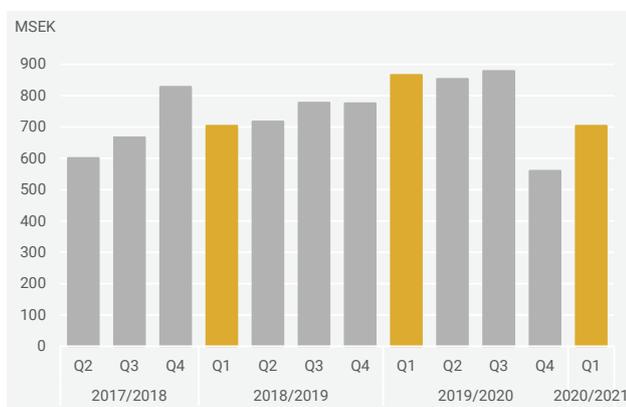
SHARE OF EBIT (R12)



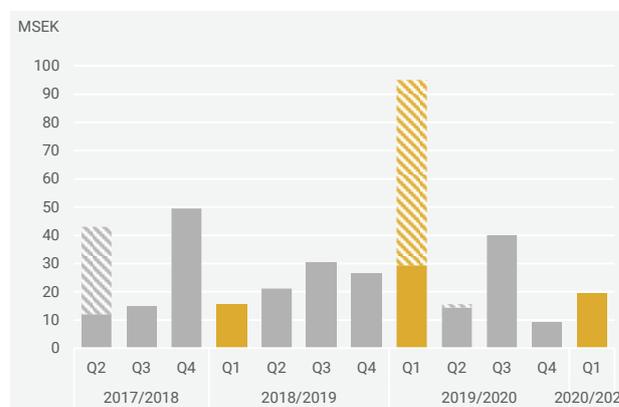
First quarter July-September 2020

Net sales decreased by 19 percent to MSEK 703.6 (866.2), mainly as a result of Covid-19 but also due to the effect of lower raw material prices in IFG (read more about how raw material prices affect IFG’s sales on page 4). At -15 percent, organic growth was also negative. Adjusted EBITDA totaled MSEK 47.9 (54.0) and the adjusted EBITDA margin strengthened to 6.8 percent (6.2). The improved EBITDA margin is a result of dedicated development efforts toward more profitable product areas in IFG, Cresco and Drake Extrusion. Operating profit totaled MSEK 20.1 (94.7). Adjusted EBIT totaled MSEK 22.6 (29.3).

GROUP NET SALES DEVELOPMENT



GROUP OPERATING PROFIT/LOSS DEVELOPMENT (EBIT)

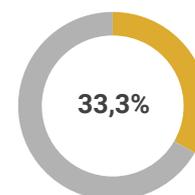


Operating profit for Q2 2017/2018, and Q1 and Q2 2019/2020 includes MSEK 31, MSEK 65.7 and MSEK 1.2 respectively for negative goodwill from business acquisitions.



International Fibres Group (IFG) is one of Europe's leading manufacturer of polypropylene-based staple fibers, an input product with reinforcing, insulating, separating or draining properties. The fiber is used in the production of e.g. flooring, rugs, furniture, filters, foodstuff packaging, car interiors and nonwoven fabrics, which means a diversified customer portfolio. IFG has production facilities in Belgium, the United Kingdom and Austria.

Share of sales



- Volumes fell by 8 percent. Activities in certain market areas continued to be affected by Covid 19, but a clear recovery was noted during the first quarter, especially in automotive.
- Raw material prices fell by around 20 percent, which was also behind the lower sales figures*.
- EBITDA increase by 51 percent resulting from a favorable sales mix in which business in the more advanced, specialized technical fibers increased.
- Capital employed was affected by lower accounts receivables and inventories, resulting from lower raw material prices and volumes. In view of this, focused efforts are being made to improve efficiency and reduce capital tied up in these items.

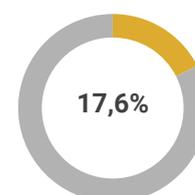
* During the past year, raw material prices at IFG have fallen. Price mechanisms in customer agreements means sales fall in line with the lower prices. Because raw material prices affect both the sales price and raw material costs, gross profit remains unchanged, however with some lag.

	2020/2021	2019/2020	2020/2021
Amounts in MSEK	Q1	Q1	R12 SEP
Net Sales	255.3	323.2	999.6
Growth, Net Sales %	-21	2	-22
Organic growth %	-18	0	-20
EBITDA	12.5	8.3	30.5
EBITDA margin %	4.9	2.6	3.1
Adjusted EBITDA	15.0	8.6	39.8
Adjusted EBITDA-margin, %	5.9	2.6	4.0
EBIT	5.0	0.3	-4.9
EBIT margin %	1.9	0.1	-0.5
Net Debt/Net Cash (-)	35.5	75.4	35.5
of which from leasing IFRS 16	73.8	82.4	73.8
Capital employed	371.4	465.1	371.4
ROCE %	-1.2	-1.2	-1.2
Adjusted ROCE %	2.3	-1.1	2.3



Drake Extrusion is North America's leading producer of polypropylene-based colored filament yarn and staple fiber. Filament yarn is used mostly by customers who produce fabrics for the furniture industry. Staple fiber is used for production in a variety of areas including flooring, rugs, furniture, technical filters, car interiors and nonwoven fabrics. The business is located in Virginia, USA.

Share of sales



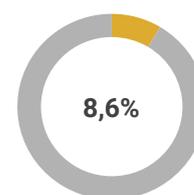
- Volumes fell by 10 percent. The reduction is entirely attributable to staple fibers where automotive in particular was impacted by the effects of Covid 19. Volumes in the profitable yarn business, where demand has risen sharply since the end of the last quarter, increased by 10 percent.
- The yarns Drake produces are used in fabrics mainly in the furniture industry and are used in durable, easy care fabrics. The trend for outdoor furniture is one of the factors driving the increased demand for the company's products.
- The growing yarn operation is a result of the investment plan the company works from. Further approved investments of MSEK 70 will increase capacity significantly during the financial year.
- EBITDA increased by 42 percent as a result of a switch in the product mix toward a greater proportion of filament yarn.

	2020/2021	2019/2020	2020/2021
Amounts in MSEK	Q1	Q1	R12 SEP
Net Sales	144.0	159.9	527.9
Growth, Net Sales %	-10	-7	-21
Organic growth %	-2	-14	-16
EBITDA	18.3	12.9	68.8
EBITDA margin %	12.7	8.0	13.0
EBIT	11.7	6.6	43.6
EBIT margin %	8.1	4.1	8.3
Net Debt/Net Cash (-)	-13.0	-9.1	-13.0
of which from leasing IFRS 16	13.7	2.2	13.7
Capital employed	242.6	250.4	242.6
ROCE %	17.9	11.0	17.9



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

Share of sales



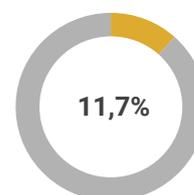
- Cresco realized parts of its very full order book during the quarter. At MEUR 8.3, the order backlog at the end of the period remains stable and at a high level.
- An improved EBITDA and strong EBITDA margin from a favorable product mix with a large proportion of climate screens to greenhouses.
- Covid 19 has only had a marginal impact on Cresco's operations and there are currently no signs that this will change, even if a more long-term decline in the economy were also to have an impact on Cresco.
- Cresco has increased its geographical representation by establishing a subsidiary in the USA and enhancing its collaboration with a distributor in Canada. The company has also intensified product development efforts for the next generation of climate screens for greenhouses.

Amounts in MSEK	2020/2021	2019/2020	2020/2021
	Q1	Q1	R12 SEP
Net Sales	67.9	68.8	257.6
Growth, Net Sales %	-1	-1	-14
Organic growth %	1	-3	-13
EBITDA	10.5	7.1	32.5
EBITDA margin %	15.4	10.3	12.6
EBIT	9.2	6.0	27.7
EBIT margin %	13.6	8.7	10.7
Net Debt/Net Cash (-)	44.9	46.4	44.9
of which from leasing IFRS 16	5.3	2.6	5.3
Capital employed	179.0	171.2	179.0
ROCE %	15.5	25.1	15.5

DUROC MACHINE TOOL

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

Share of sales



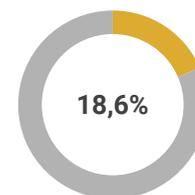
- Reduced net sales as a result of a poorer order situation during the third and fourth quarters of 2019/2020 caused by Covid 19.
- Order intake recovered during the first quarter and at the end of the period totaled MSEK 91.2, which is 11 percent higher than the equivalent quarter last year.
- The improved order situation has enabled DMT Group to conclude earlier redundancy measures, hence earnings in the first quarter include no such compensation.
- Lower EBITDA as a result of the lower sales volumes and a comparative period that included multiple machine projects with above average profitability levels.
- Capital employed fell as a result of lower amounts in accounts receivable and a lower number of inventory machines.

Amounts in MSEK	2020/2021	2019/2020	2020/2021
	Q1	Q1	R12 SEP
Net Sales	72.1	103.0	350.5
Growth, Net Sales %	-30	-4	-22
Organic growth %	-28	-5	-21
EBITDA	5.4	12.5	28.8
EBITDA margin %	7.4	12.1	8.2
EBIT	4.3	11.1	23.9
EBIT margin %	5.9	10.8	6.8
Net Debt/Net Cash (-)	-21.0	-9.9	-21.0
of which from leasing IFRS 16	4.6	5.6	4.6
Capital employed	25.4	49.2	25.4
ROCE %	61.1	72.1	61.1



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

Share of sales



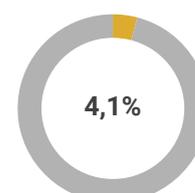
- Reduced net sales mainly arising from the challenges Covid 19 has entailed in the automotive sector. Several of the company's other customer segments were also affected.
- A distinct turnaround was noted at the end of the quarter when the company's automotive customers returned to activity levels similar to those prevailing before the outbreak of the pandemic. The organization in France is preparing for a return to three shifts and there are now only limited redundancies, with full phaseout anticipated during the next quarter. However, the situation is still subject to some uncertainty
- The medical customer segment in the Belgian operation continues its positive sales trends.
- The low sales volumes led to an adjusted EBITDA, which was significantly reduced.
- Cotting Group has developed a new sales strategy that focuses on broadening the customer base in existing segments and has initiated multiple product development projects in line with this strategy.

	2020/2021	2019/2020	2020/2021
Amounts in MSEK	Q1	Q1	R12 SEP
Net Sales	118.0	140.8	558.5
Growth, Net Sales %	-16	-	-
Organic growth %	-13	-	-
EBITDA	-1.5	73.7	18.7
EBITDA margin %	-1.2	52.4	3.3
Adjusted EBITDA	-1.5	8.0	24.2
Adjusted EBITDA-margin, %	-1.2	5.7	4.3
EBIT	-5.7	70.6	1.3
EBIT margin %	-4.8	50.1	0.2
Net Debt/Net Cash (-)	6.7	-10.9	6.7
of which from leasing IFRS 16	7.2	5.4	7.2
Capital employed	290.7	279.4	290.7
ROCE %	0.5	25.6	0.5
Adjusted ROCE %	2.3	1.8	2.3

DUROC RAIL

Duroc Rail delivers complete, efficient, high-quality maintenance for railroad wheels for locomotives, person- and freight wagons. From Luleå Duroc Rail primarily meets the need for railroad wheel maintenance in northern Sweden.

Share of sales



- Duroc Rail, which is currently in its low season, enjoyed good sales levels. While volumes fell in comparison to the previous year, this should be seen as a natural result of the company closing the 2019/2020 financial year at record levels. Last year's mild winter also means the maintenance requirement in the run-up to the next high season is lower.
- The EBITDA margin improved as a result of better capacity utilization. A good ability to adapt costs to the reduced volumes contributed to a high level of profitability in the company even during the low season.
- Rail continued to broaden its customer base, and its ambition for the financial year is to implement significant investments and upgrade critical process equipment.

	2020/2021	2019/2020	2020/2021
Amounts in MSEK	Q1	Q1	R12 SEP
Net Sales	22.3	25.6	124.0
Growth, Net Sales %	-13	136	-3
Organic growth %	-13	136	-3
EBITDA	4.2	4.4	30.3
EBITDA margin %	18.8	17.0	24.4
EBIT	2.4	2.6	22.6
EBIT margin %	10.5	10.1	18.2
Net Debt/Net Cash (-)	28.4	34.7	28.4
of which from leasing IFRS 16	15.0	18.8	15.0
Capital employed	43.0	49.9	43.0
ROCE %	47.6	37.3	47.6

DUROC LASER COATING



UNIVERSAL POWER

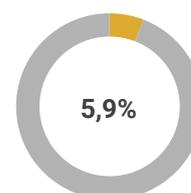
Smaller Company Portfolio

Universal Power Nordic (UPN) offers the Swedish and Nordic markets industrial and marine diesel engines and associated spare parts, service and repairs. The company represents well-known brands such as Perkins, Kubota, Kohler and Nanni.

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

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

Share of sales



- The companies in Duroc's small company portfolio were strongly affected by the lower market activity resulting from Covid 19, which is reflected in the quarter's sales figures.
- UPN has noted a lower number of orders for new engines and sales in Herber are the result of an order book that had low levels throughout the spring. However, order levels at Herber have improved considerably and DLC, which also posts good earnings for the quarter, has noted an increase in demand.
- Good cost control, which included redundancy measures, has enabled the companies in the portfolio to mitigate the impact on earnings from the loss of sales.

Amounts in MSEK	2020/2021	2019/2020	2020/2021
	Q1	Q1	R12 SEP
Net Sales	24.1	45.0	178.0
Growth, Net Sales %	-46	53	4
Organic growth %	-46	7	-15
EBITDA	0.3	2.1	6.6
EBITDA margin %	1.1	4.6	3.7
EBIT	-2.2	-0.7	-4.2
EBIT margin %	-9.3	-1.5	-2.4
Net Debt/Net Cash (-)	32.6	59.0	32.6
of which from leasing IFRS 16	22.2	32.5	22.2
Capital employed	49.6	74.1	49.6
ROCE %	-6.7	-2.9	-6.7

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE AND POSITION

Net sales for the quarter totaled MSEK 703.6 (866.2). Operating profit totaled MSEK 20.1 (94.7) and profit after tax was MSEK 11.2 (83.4), where the previous year's figures include a positive effect from negative goodwill in the amount of MSEK 65.7 attributable to the acquisition of Cotting Group. Other comprehensive income totaled MSEK 11.3 (-17.1) where actuarial gains and the revaluation of strategic holdings to market value had a positive effect.

At the end of the period, the Group's equity totaled MSEK 971.0 (1,013.2) and the equity/assets ratio was 48.4 percent (44.7). Were cash and cash equivalents and interest-bearing liabilities reported net, the Group's adjusted equity/assets ratio would be 52.6 percent (49.8).

FINANCING

Duroc AB has a bank loan in the amount of MSEK 113 with a five-year amortization plan. There are also local property loans in Austria and Belgium and a central credit linked to a Group-wide cash pool. As of September 30, 2020, the Group had unutilized credit facilities totaling MSEK 275.

Duroc's financing agreement includes two financial covenants, namely net debt in relation to EBITDA and equity ratio. Group Management and the Board regularly monitor forecasts relating to the limit values in the covenants. This ensures Duroc meets its obligations to creditors while minimizing liquidity and financing risks. As of September 30, 2020, the loan terms in the covenants were met by a good margin.

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

INVESTMENTS

During the financial year, the Group made investments in tangible and intangible assets totaling MSEK 15.2 (22.0).

CASH FLOW

The Group's cash flow from operating activities during the quarter totaled MSEK 54.4 (113.5). Operating receivables and operating liabilities increased in the quarter with less negative net effect. Reduced inventory levels had a positive effect. Cash flow from investing activities totaled MSEK -15.2 (-192.4), where the previous year's figures include the acquisition of Cotting Group in the amount of MSEK -170.1.

Cash flow from financing activities totaled MSEK 17.6 (-42.2).

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the reporting period totaled MSEK 161.7 (235.5). Interest-bearing liabilities totaled MSEK 380.6 (604.4) including leasing liabilities from IFRS 16 of MSEK 143.2 (142.0) and the Group's net debt totaled MSEK 218.7 (368.6). Duroc's mortgaging was reduced as a result of the introduction of the Group-wide cash pool during the last quarter of the previous financial year,

PARENT COMPANY

Duroc AB's primary functions are acquisitions, monitoring the development of Group companies, business development and financial reporting. Sales consist of internally invoiced services and totaled MSEK 1.3 (1.3) for the financial year. Profit after tax was MSEK -3.6 (-2.7). In addition to shares in subsidiaries the Parent Company's assets consist primarily of receivables from Group companies and bank deposits. Duroc AB's equity/assets ratio at the end of the period was 77.6 percent (81.4). The equity/assets ratio was affected by the centralized loan structure implemented during the second half of the 2019/2020 financial year, whereby external financing mainly takes place in the parent company.

PERSONNEL

The average number of employees in the Group during the quarter totaled 1100 (1184). The average number of employees in the Parent Company was 6 (6) for the same period.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS FOR THE PARENT COMPANY AND GROUP

Duroc AB and the companies in the Duroc Group are through their operations subject to both financial and operative risks, which the companies themselves can affect to a greater or lesser degree. There are ongoing processes in the companies to identify existing risks and determine how they must be managed. A detailed description of risks and risk management in the parent company and subsidiaries was presented in Duroc's annual report for the financial year July 1, 2019 to June 30, 2020.

The Covid-19 pandemic has affected production and sales in the Duroc Group companies since mid-March 2020 and entailed negative effects on earnings during the last quarter of 2019/2020 and the first quarter of 2020/2021. The situation improved significantly during the second half of the fourth quarter with recovering sales volumes and a resumption of production, and it has since improved further during this financial year's first quarter. However, there continues to be a risk that a more challenging business environment from the second wave will continue to affect business during the current financial year. Much uncertainty remains about the long-term financial consequences, and the overview of the future impact on Duroc is limited, even though the situation is stable for the time being. Nevertheless, some units in the Group have enjoyed increased demand, while the falling oil price means lower raw material prices for IFG, Drake Extrusion, Cresco and Cotting Group.

Duroc is well equipped to meet the challenges Covid-19 brought with it. The Group does not operate in segments that may suffer harm of a more structural, long-term nature such as in the aviation industry, tourism and event sector.

OTHER INFORMATION

Svartöns Specialstål AB's bankruptcy estate

Duroc has previously informed that Duroc AB is the preferential creditor in Svartöns Specialstål AB's bankruptcy estate in which the receiver has initiated proceedings against an insurance company. In the case of complete success for the bankruptcy estate, Duroc stood to receive a payment of approximately MSEK 15-20. However, the case continues to drag on and will burden the bankruptcy estate with more costs than anticipated. In our

opinion, this has been the deliberate strategy on the part of the insurance company to eradicate its smaller opponent before the case comes to trial. Duroc's legal counsel has always maintained that Duroc has good grounds to anticipate success in the case. In light of the fact that our opponent is able to pursue the legal process through all the courts and continue to obstruct matters to our great expense, Duroc has, via the bankruptcy estate, reluctantly, after the end of the period chosen to reach an out-of-court settlement with the insurance company. The payout from the settlement is MSEK 1, of which Duroc is expected to receive a larger share.

Brexit

The United Kingdom's exit from the EU (Brexit) may affect Duroc's business. The United Kingdom broke away from the EU on January 31, 2020, beginning a transition period that will end on December 31, 2020. However, there is still uncertainty about long-term agreements for the continued relationship with the EU and whether or not these will be completed in time. There is a risk of a period without a trade agreement after December 31, 2020.

This lack of clarity makes it difficult to fully chart the effects of Brexit. Certain preparatory measures have been taken in the subsidiaries concerned and the Board and Group management are also monitoring developments in order to take further appropriate action as necessary.

Around 20 percent of IFG's sales are exports from the UK to the EU or other parts of the world. Major portions of this sales volume can be moved to other Group companies in the EU and any negative effects that may arise from Brexit are not considered to be extensive.

Risks affecting the Group's business outside the United Kingdom mainly concern the purchase of goods. However, the volume of goods purchased from the UK is limited and the effects are not judged to have a major impact on Duroc's operations.

Also, IFG, Drake Extrusion and Cresco have a British parent company. One effect a lack of agreement between the UK and the EU might have is where certain transactions between group companies, such as dividends, are charged withholding tax for a limited period before an agreement is concluded. Duroc is monitoring the situation. These effects are considered to be manageable but entail uncertainty.

THIS REPORT HAS NOT BEEN REVIEWED BY THE AUDITORS.

Stockholm November 5, 2020

John Häger
CEO

Duroc AB is obliged to publish this information under the Market Abuse Regulation EU/596/2014. The information was made available for publication at 08:30 on November 5, 2020.

CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 JUL-JUN
Net sales	703.6	866.2	3,158.2
Other operating income	4.7	70.2	119.3
Change in inventories	-18.0	-9.1	28.6
Raw materials and consumables	-323.0	-445.1	-1,546.1
Goods for resale	-57.2	-84.8	-331.2
Other external costs	-111.7	-119.7	-465.7
Personnel costs	-151.6	-157.5	-689.5
Depreciation, amortisation and impairment of tangible and intangible assets	-25.3	-24.7	-107.3
Other operating costs	-1.5	-0.9	-4.5
Operating profit/loss	20.1	94.7	161.8
Net financial items	-2.9	-4.2	-16.2
Profit before tax	17.1	90.5	145.6
Current tax	-7.5	-9.0	-14.1
Deferred tax	1.6	1.9	-15.0
PROFIT FOR THE PERIOD	11.2	83.4	116.5
Profit for the period attributable to:			
The Parent Company's equity holders	11.2	83.4	116.5
Earnings per share			
Before and after dilution	0.29	2.14	2.99
Average number of shares outstanding before and after dilution	39,000,000	39,000,000	39,000,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 JUL-JUN
PROFIT FOR THE PERIOD	11.2	83.4	116.5
Total other comprehensive income			
Items that may be reclassified to the income statement			
Translation differences	-7.0	26.7	-0.6
Hedge accounting (net)	-0.8	-0.0	0.2
Items that will not be reclassified to the income statement			
Revaluation of strategic holdings	16.0	-10.4	-14.3
Actuarial gains and losses(net)	3.1	-33.3	-100.4
Total other comprehensive income	11.3	-17.1	-115.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22.5	66.4	1.5
Total comprehensive income for the period attributable to:			
The Parent company's equity holders	22.5	66.4	1.5
non-controlling interests	-	-	-

SUMMARY, CONSOLIDATED BALANCE SHEET

Amounts in MSEK	2020-09-30	2019-09-30	2020-06-30
ASSETS			
Non-current assets			
Intangible assets	93.7	94.4	94.6
Property plant and equipment	727.5	751.1	738.6
Financial assets	34.4	23.1	18.3
Deferred tax assets	72.9	89.2	73.0
Total non-current assets	928.5	957.8	924.6
Current assets			
Inventories	468.2	505.2	479.3
Trade receivables	388.3	495.5	355.3
Current tax receivables	12.0	13.1	14.7
Other receivables	28.6	31.8	24.7
Prepaid expenses and accrued income	19.4	29.9	20.7
Cash and cash equivalents	161.7	235.5	142.3
Total current assets	1,078.2	1,311.0	1,037.0
TOTAL ASSETS	2,006.7	2,268.8	1,961.6
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	111.0	146.6	118.8
Retained earnings including profit for the year	560.5	567.1	530.2
Equity attributable to shareholders of the parent company	971.0	1,013.2	948.4
Total equity	971.0	1,013.2	948.4
Long-term liabilities			
Provision for pensions	169.6	120.5	171.6
Other provisions	14.1	33.7	14.5
Non-current interest-bearing liabilities	148.2	104.4	163.0
Non-Current liabilities - right of use assets	115.9	113.4	112.7
Other non-current liabilities	3.6	-	3.6
Deferred tax liabilities	42.3	42.8	45.5
Total non-current liabilities	493.7	414.7	511.0
Current liabilities			
Current interest-bearing liabilities	89.2	358.0	97.2
Current interest bearing liabilities - right of use assets	27.3	28.6	26.5
Advance payments from customers	23.2	32.0	16.4
Trade payables	207.1	229.5	179.4
Current tax liabilities	19.8	12.8	14.2
Other liabilities	59.4	58.1	57.4
Accrued expenses and prepaid income	116.1	121.8	111.0
Total current liabilities	542.0	840.9	502.2
Total liabilities	1,035.7	1,255.6	1,013.2
TOTAL EQUITY AND LIABILITIES	2,006.7	2,268.8	1,961.6

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

Amounts in MSEK	2020/2021 Q1-Q1	2019/2020 Q1-Q1	2019/2020 JUL-JUN
Opening balance	948.4	950.0	950.0
Adjustment opening balance due to IFRS 16	-	-3.2	-3.1
Profit for the period	11.2	83.4	116.5
Translation differences	-7.0	26.7	-0.6
Revaluation of strategic holdings	16.0	-10.4	-14.3
Actuarial gains and losses (net)	3.1	-33.3	-100.4
Hedge accounting (net)	-0.8	-0.0	0.2
Closing balance	971.0	1,013.2	948.4

SUMMARY, CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 JUL-JUN
OPERATING ACTIVITIES			
Profit before taxes	17.1	90.5	145.6
Adjustment for items not included in cash flow	29.3	-44.9	13.0
Income tax paid	0.7	-4.7	-9.9
Cash flow from operating activities before changes in working capital	47.2	40.9	148.7
CASHFLOW FROM CHANGES IN WORKING CAPITAL			
Changes in inventories	11.9	18.5	30.1
Changes in current receivables	-36.3	69.4	213.3
Changes in current liabilities	31.7	-15.3	-69.8
Cash flow from operating activities	54.4	113.5	322.3
INVESTMENT ACTIVITIES			
Purchase and sales of intangible assets	-0.0	-0.6	-3.7
Purchase and sales of tangible assets	-15.2	-21.1	-89.3
Cash flow from acquisitions	-	-170.1	-168.3
Cash flow from financial assets	-	-0.6	0.3
Cash flow from investment activities	-15.2	-192.4	-260.9
FINANCING ACTIVITIES			
New loans	-	1.1	142.8
Amortization of loans	-16.8	-22.6	-283.4
Changes in short term operating financing	-0.9	-20.7	-121.6
Cash flow from financing activities	-17.6	-42.2	-262.2
Cash flow for the period	21.6	-121.1	-200.9
Cash and cash equivalents at beginning of period	142.3	352.5	352.5
Transaltion difference in cash and cash equivalents	-2.1	4.1	-9.4
Cash and cash equivalents at end of period	161.7	235.5	142.3

SUMMARY, PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 JUL-JUN
Net sales	1.3	1.3	5.6
Other external costs	-2.4	-1.1	-7.1
Personnel costs	-2.9	-2.7	-12.3
Depreciation and amortisation	-0.1	-0.1	-0.5
Operating profit	-4.1	-2.5	-14.3
Gain/Loss from shares in group companies	-	-	58.7
Financial income	0.7	0.5	1.9
Financial expense	-1.2	-1.7	-6.2
Net finance items	-0.5	-1.2	54.5
Group contributions received/rendered	-	-	22.1
Profit before tax	-4.6	-3.7	62.2
Current tax	1.0	0.9	-7.0
PROFIT AFTER TAX	-3.6	-2.7	55.3

SUMMARY, PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 JUL-JUN
PROFIT FOR THE PERIOD	-3.6	-2.7	55.3
Other comprehensive income			
Revaluation of strategical holdings	-0.0	-	-0.3
Total Other comprehensive income	-0.0	-	-0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.6	-2.7	55.0

SUMMARY, PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2020-09-30	2019-09-30	2020-06-30
ASSETS			
Non current assets			
Other intangible assets	0.7	1.2	0.9
Tangible fixed assets	0.0	0.2	0.0
Shares in group companies	1,117.5	1,069.3	1,104.7
Other equity	0.1	0.4	0.1
Receivables group companies	13.9	49.6	26.6
Deferred tax asset	16.2	23.2	15.2
Total non-current assets	1,148.4	1,143.8	1,147.4
Current assets			
Receivables group companies	72.3	25.6	99.8
Other receivables	0.3	0.3	0.9
Prepaid expenses and accrued income	1.3	0.6	1.7
Cash and cash equivalents	80.3	5.8	10.7
Total current assets	154.2	32.2	113.2
TOTAL ASSETS	1,302.6	1,176.1	1,260.6
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	971.2	917.2	974.9
Total equity	1,011.3	957.3	1,015.0
Long term liabilities			
Liabilities to credit institution	88.0	-	94.3
Liabilities to group companies	-	3.2	-
Total long term liabilities	88.0	3.2	94.3
Current liabilities			
Liabilities to credit institutions	25.2	180.7	25.2
Trade payables	1.5	0.4	1.2
Payables group companies	170.6	30.1	120.0
Other liabilities	0.7	0.6	0.3
Accrued expenses and prepaid income	5.4	3.5	4.7
Total current liabilities	203.3	215.4	151.3
Total liabilities	291.3	218.6	245.7
TOTAL EQUITY AND LIABILITIES	1,302.6	1,176.1	1,260.6

NOTES

NOT 1. ACCOUNTING PRINCIPLES

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

The Group's accounting policies are described in Note 2 in the 2019/2020 Annual Report. Except for the application of hedge accounting under IFRS 9 as described below, the accounting and valuation principles remain unchanged in relation to the annual report for the financial year July 1, 2019 – June 30, 2020.

Hedge accounting

As of July 1 2020 the Group applies hedge accounting under IFRS 9 in respect of hedging for net investments in foreign operations. Net investments in EUR are hedged via loans in that currency. Exchange rate differences in currency loans for the period after deductions for tax effects are reported, to the extent the hedges are effective, in other comprehensive income with accumulated exchange rate differences and changes in the fair value of the translation reserve in equity. In this way, translation differences arising from foreign operations are partially neutralized.

Accounting in legal entities

In accordance with RFR 2, Duroc has chosen not to apply IFRS 16 in the Parent Company. Duroc AB recognizes non-terminable leases as cost distributed linearly over the useful life of the asset.

Alternative key financial indicators

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

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

Rounding

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

NOT 2. HEDGING

The Group hedges some of its net investments in foreign operations. As of September 30 2020 the Group had exposures in EUR which were hedged with the aid of loans in foreign currency. Hedge accounting has been applied as of July 1, 2020, which means that the effective part of the exchange rate changes is reported in the Group's statement of comprehensive income. For the comparative period, exchange rate changes for these loans are reported as financial income and expenses. At the beginning of the reporting period July 1 – September 30, 2020, the Group had a loan in the amount of MEUR 11.4 which at the end of the period totaled MEUR 10.8 against which hedges were applied. Related exchange rate changes of MSEK -0.7 before tax have thus been reported in the statement of comprehensive income.

NOT 3. ACQUISITIONS

No additional acquisitions have been made during the current quarter. In July 2019, Duroc acquired all outstanding shares in Coting Group, which comprises the French company Griffine Eduction SA, and the Belgian company Plastibert & Cie. NV.

NOT 4. SEGMENT REPORTING

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

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

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2020/2021 R12 SEP	2019/2020 JUL-JUN
Net sales				
IFG Group	255.3	323.2	999.6	1,067.5
Drake Extrusion	144.0	159.9	527.9	543.8
Cresco	67.9	68.8	257.6	258.5
Cotting Group	118.0	140.8	558.5	581.3
DMT Group	72.1	103.0	350.5	381.4
Duroc Rail	22.3	25.6	124.0	127.4
Small Company Portfolio	24.1	45.0	178.0	198.9
Holding companies/group functions	2.4	2.8	6.0	6.5
Eliminations	-2.5	-3.0	-6.6	-7.0
	703.6	866.2	2,995.6	3,158.2
EBITDA				
IFG Group	12.5	8.3	30.5	26.3
Drake Extrusion	18.3	12.9	68.8	63.4
Cresco	10.5	7.1	32.5	29.1
Cotting Group	-1.5	73.7	18.7	93.9
DMT Group	5.4	12.5	28.8	35.9
Duroc Rail	4.2	4.4	30.3	30.5
Small Company Portfolio	0.3	2.1	6.6	8.4
Holding companies/group functions	-4.2	-1.4	-21.2	-18.5
Total	45.4	119.4	195.1	269.1
Operating profit/loss				
IFG Group	5.0	0.3	-4.9	-9.6
Drake Extrusion	11.7	6.6	43.6	38.5
Cresco	9.2	6.0	27.7	24.4
Cotting Group	-5.7	70.6	1.3	77.6
DMT Group	4.3	11.1	23.9	30.8
Duroc Rail	2.4	2.6	22.6	22.8
Small Company Portfolio	-2.2	-0.7	-4.2	-2.7
Holding companies/group functions	-4.5	-1.8	-22.7	-20.0
Total	20.1	94.7	87.2	161.8
Net financial items	-2.9	-4.2	-15.0	-16.2
Profit before tax	17.1	90.5	72.3	145.6

Amounts in MSEK	Net debt			Capital Employed			Equity		
	2020-09-30	2019-09-30	2020-06-30	2020-09-30	2019-09-30	2020-06-30	2020-09-30	2019-09-30	2020-06-30
IFG Group	35.5	75.4	24.4	371.4	465.1	388.3	312.5	365.1	340.8
Drake Extrusion	-13.0	-9.1	-4.0	242.6	250.4	254.5	228.7	234.0	228.9
Cresco	44.9	46.4	51.3	179.0	171.2	175.4	159.6	147.8	151.9
Cotting Group	6.7	-10.9	3.5	290.7	279.4	292.5	250.7	262.4	256.2
DMT Group	-21.0	-9.9	-7.7	25.4	49.2	34.8	112.1	124.7	108.1
Duroc Rail	28.4	34.7	28.8	43.0	49.9	41.1	25.7	26.3	24.0
Small Company Portfolio	32.6	59.0	32.3	49.6	74.1	51.9	24.6	22.8	26.9
Holding companies	104.6	183.0	128.4	11.7	12.5	11.6	-143.0	-169.9	-188.3
Total	218.7	368.6	257.0	1,213.4	1,351.7	1,250.2	971.0	1,013.2	948.5

NOT 5. ALTERNATIVE KEY FINANCIAL INDICATORS

This section presents a reconciliation of alternative key financial indicators, i.e. financial information not defined in IFRS. Alternative key financial indicators are used routinely by Duroc's management to facilitate planning, comparisons between different periods, and to monitor business development. They are

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

Organic growth

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1
Net sales	703.6	866.2
Effect from change in exchange rates	29.5	
Organic growth	733.1	866.2
Organic growth (percent)	-15%	

EBITDA, adjusted EBITDA and adjusted EBIT

Amounts in MSEK	2020/2021 Q1	2019/2020 Q1	2019/2020 R12 SEP	2019/2020 JUL-JUN
Operating profit/loss	20.1	94.7	87.2	161.8
Depreciation and amortisation of tangible and intangible non-current assets	25.3	24.7	107.9	107.3
EBITDA	45.4	119.4	195.1	269.1
Items affecting comparability				
Negative goodwill	-	-65.7	-1.2	-66.9
Restructuring costs	2.5	0.3	16.6	14.4
Profit from sale of land	-	-	-3.9	-3.9
Adjusted EBITDA	47.9	54.0	206.6	212.7
Depreciation and amortisation of tangible and intangible non-current assets	-25.3	-24.7	-107.9	-107.3
Write down of tangible assets due to restructuring	-	-	5.4	5.4
Adjusted EBIT	22.6	29.3	104.1	110.9

Net debt

Amounts in MSEK	2020-09-30	2019-09-30	2020-06-30
Long-term interest bearing liabilities	148.2	104.4	163.0
Long-term interest bearing liabilities - right of use assets	115.9	113.4	112.7
Short-term interest bearing liabilities	89.2	358.0	97.2
Short-term interest bearing liabilities - right of use assets	27.3	28.6	26.5
Derivatives	-0.2	-0.3	-0.2
Cash and cash equivalents	-161.7	-235.5	-142.3
Net debt	218.7	368.6	257.0

Capital employed

Amounts in MSEK	2020-09-30	2019-09-30	2020-06-30
Equity	971.0	1,013.2	948.4
Net debt	218.7	368.6	257.0
Intangible assets from acquisitions	-85.3	-85.9	-85.4
Pension liability	169.6	120.5	171.6
Strategic holdings	-30.0	-18.4	-14.0
Deferred tax	-30.6	-46.3	-27.5
Capital employed	1,213.4	1,351.7	1,250.2

NOT 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

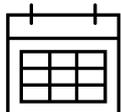
During the quarter, Duroc bought and sold services totaling MSEK 0.8 and MSEK 0.1 respectively from, and to, companies in which Peter Gyllenhammar AB is the majority stock owner.

DEFINITION OF KEY FINANCIAL INDICATORS

Organic growth	Net sales growth adjusted for acquisitions and currency translation effects.
Equity	The total of share capital, reserves and retained earnings including annual profit/loss.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.
EBIT	Operating profit.
Adjusted EBIT	EBIT adjusted for items affecting comparability.
Equity/assets ratio	Equity divided by the balance sheet total.
Adjusted equity/assets ratio	Equity divided by the adjusted balance sheet total where cash and cash equivalents and interest-bearing liabilities are reported on a net basis.
Items affecting comparability	Items in the income statement which, unless highlighted, make it difficult to understand trends in the underlying business.
Earnings per share	Earnings after tax divided by the average number of outstanding shares.
+Net debt/-Net cash & cash equivalents	Interest-bearing liabilities less cash and bank balances.
Net debt/equity ratio	Net debt/equity.
Capital employed	Equity plus net debt, adjusted for deferred tax, acquisition-related intangible assets, pension provisions and strategic holdings.
Return on capital employed	Rolling 12-month EBIT divided by average capital employed per month Due to the transition to IFRS 16 as of July 1, 2019, the return on capital employed presented for the comparative period has been calculated at average capital employed for the latest three-month period, i.e. July-September 2019.
Adjusted return on capital employed	Adjusted rolling 12-month EBIT divided by average capital employed per month Due to the transition to IFRS 16 as of July 1, 2019, the adjusted return on capital employed presented for the comparative period has been calculated at average capital employed for the latest three-month period, i.e. July-September 2019.

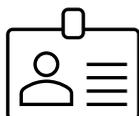
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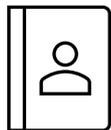
**INFORMATION CALENDAR**

AGM 2020
Interim Report July - December 2020
Interim Report July 2020 - March 2021

November 5, 2020
February 5, 2021
May 7, 2021

**FOR MORE INFORMATION**

John Häger, CEO, Tel. +46 70 248 72 99.

**DUROC AB**

Box 5277, SE-102 46 Stockholm. Visiting address: Linnégatan 18
Phone: +46 8 789 11 30.
Corporate Identification Number: 556446-4286

DUROC
