ProfilGruppen.

ANNUAL REPORT &
SUSTAINABILITY REPORT
2020

CONTENTS

40

years in the industry

678

active customers

461

average number of employees

4

extrusion facilities and three further processing facilities on three industrial estates in Åseda

GLOSSARY

ANODISATION	Electrolytic surface treatment process that produces a very hard insulating and decorative surface
ASI	Aluminium Stewardship Initiative, the aluminium industry's global standard-setting and certifying body
BAUXITE	A soil or rock from which aluminium can be extracted
MACHINING	Various processes that further refine the aluminium extrusion, such as bending, milling or punching
EXTRUSION	Process of manufacturing extrusions by pressing an aluminium ingot through a matrix
PROCESSING	Adding new functions or changing the appearance of an extrusion, for example through machining or surface treatment
EXTRUSION LINE	A production line for extrusion
PRIMARY PRODUCTION	Producing a material for the first time, rather than through recycling
EXTRUSION	A length of metal that has been pressed through a matrix to achieve a specific shape
SCRAP	Waste material, generated naturally at various stages of our process, including extrusion production, as the first and last bits of the product are deformed, or when shavings are machined off
EXTRUSION	See Extrusion
RECYCLING	To recover and reuse a material which formed part of a product that has reached the end consumer

THE PAST YEAR

2020 will go down in history as a very different year for everyone due to the pandemic that has ravaged the world. ProfilGruppen has of course also been affected. Yet at the same time we have continued to strive for new successes and taken clear steps towards our 'next level'.

RAMP-UP OF OUR TOR PRESS

ProfilGruppen's fourth extrusion facility, which has been named Tor, was completed around year-end and we had an ambitious plan for the run-in and ramp-up of the new facility in 2020. The fact that our Italian subcontractors could not be on site as intended due to the pandemic led to a certain delay, but we were still able to increase the production rate to three shifts towards the end of the year.

NEW DEALS

Despite the turbulent market situation during the year, we succeeded in securing a number of important new deals. In particular, we expanded our collaboration with one of our largest customers, which will increase our sales in the industrial segment and to Germany in 2021. We also made exciting and completely new deals in the automotive segment that will help to increase our competence.

OPTING FOR SUSTAINABILITY

Many of our decisions in 2020 had sustainability as a clear goal.

Maintaining a high standard in all our activities while taking responsibility for the environment and our surroundings has always been important for ProfilGruppen. During the year, we decided to certify the company under the industry's own sustainability standard, designed by the Aluminium Stewardship Initiative, ASI. The certification covers requirements relating to governance, the environment and social sustainability. We also decided to certify ourselves under the ISO 45001 health and safety management standard, which we see as a natural next step in our active efforts to promote health and safety at work.

THE PANDEMIC AFFECTED EVERYTHING

The year was strongly marked by the pandemic that started to spread at the beginning of the year and then affected our customers, our suppliers, ourselves and the whole of society in various phases. For ProfilGruppen, March was the month when the consequences became noticeable. Several customers stopped their production and demand plummeted. The impact on our customers was most noticeable up to and including the summer holiday period. Sales fell sharply, especially in April and May, before starting to recover.

ProfilGruppen was for a long time fortunate to escape the infection, but in November a number of employees were taken ill and for a couple of weeks sick leave was abnormally high.

SHORT-TERM FURLOUGH

To offset the reduced demand in the spring, it was decided on 23 March to place some employees on short-term furlough. Fortunately, demand did not fall as much as feared and the proportion of employees on furlough remained low, at around 20 per cent in the second quarter, and in the third quarter only a few functions were affected. In October, the last employees were taken off furlough.

UNPREDICTABLE BUYING PATTERNS

We have a large number of customers and their buying patterns changed significantly during the year. Uncertainty led to orders being placed later than usual and even to the cancellation of existing orders. Some customers notified us of upcoming minor orders and then requested deliveries for unprecedented volumes. Consumer behaviour has changed and some industries have had a tough time while others have seen increased demand. Forecasting and planning was simply much more difficult than usual in 2020, which created a significant challenge.

FINANCIAL POSITION

To be on the safe side and maintain liquidity in the company during an uncertain period, it was decided to cancel the dividend that was scheduled to be paid in the spring. Although demand and delivery volumes recovered gradually from the summer, earnings took a hit also in the second half of the year, partly due to an unfavourable product mix.

WHY PROFILGRUPPEN?

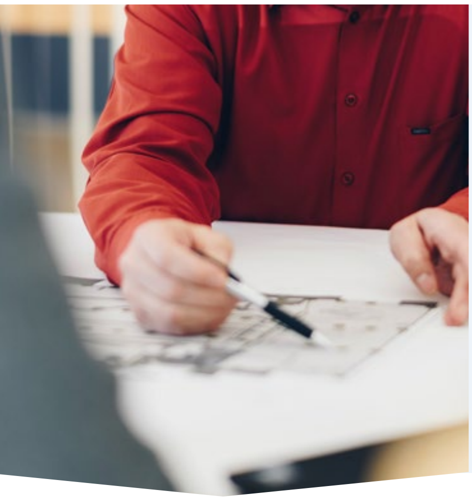
ProfilGruppen creates value for the environment through eco-smart products and choices A constant striving for efficiency adds value for customers and investors, and this requires a skilled and dedicated workforce.

1. ALUMINIUM – OUR CHOICE, TOMORROW'S MATERIAL

We are not alone in seeing the potential of aluminium to help build a sustainable future. That's why demand is constantly increasing, and that's why aluminium is the only thing we work with. The material has many benefits from a lifecycle perspective. This is partly because aluminium's low weight and resistance enable us to create more energy-efficient and sustainable products. Partly it is also because aluminium can be recycled efficiently. Yet the supply of aluminium in the world is also very good.

2. MARKET - DEMAND FOR MANY APPLICATIONS

Products that are strong and light are demanded in a wide variety of industries. In transport, the use of aluminium is increasing, as it reduces the weight of the vehicle and thus increases its carrying capacity. It also reduces fuel consumption and the risk of injury in accidents. In construction, aluminium extrusions are in demand for their corrosion resistance and low weight. The material's high heat conductivity makes it valuable in electronics, such as solar thermal collectors. The potential for application is endless.



3. DESIGN – CUSTOMER VALUE

We are experts on aluminium and extrusion solutions. Those who are looking to use aluminium components or extrusions in their products have everything to gain from contacting one of our designers. Based on the product's application, we can produce a customised solution that optimises the product in terms of technical properties and environmental impact throughout its lifecycle. The manufacturing and logistical processes are also optimised. Together with the customer, we create something unique every time.

4. EXTRUSION – FLEXIBLE MANUFACTURING

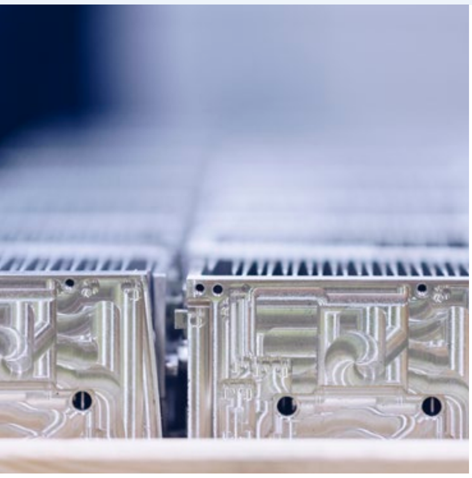
Extrusion is our core competence. Extrusions are created by pressing heated aluminium through a unique matrix that gives the product is special shape. Extrusion is a cost-effective production method that meets high requirements for quality in the form of accurate measurements and strength. A combination of craftsmanship and technology is required to achieve the right result. The extrusion can be delivered to the customer directly or be further processed.

5. SURFACE TREATMENT – AN EVEN STRONGER EXTRUSION

Through surface treatment, we can change the appearance, colour, function, corrosion resistance and durability of the extrusion to meet the varying needs for different applications. The most common methods are anodising and powder coating, but other methods are also used.

6. PROCESSING – ENDLESS POSSIBILITIES

The extrusions can be processed in many different ways, for example, through simple cutting and punching, or advanced milling or bending in fully automated production cells. In some cases, we also assemble the customer's product and package it for the consumer. Processing is carried out both at our own facilities and in our network of skilled subcontractors.



7. THE PRODUCT– COMPLEXITY MADE SIMPLE

In many cases, the final product is delivered directly to the customer's production line, where it could find its way into anything from a bus to a bathtub or a patient lift. Or why not a bicycle stand or padel court? Naturally, all these different applications have widely differing focus areas and requirements. Our task is to use our skills and dedication to ensure that the products are delivered to the customer as smoothly as possible, whatever the requirements. This creates value for the customer.

A YEAR OF...

UNEXPECTED CHALLENGES

Leading an organisation while facing a number of uncertainties as you enter a new year is normal, and having unexpected things happen is also normal. Yet 2020 was a challenge beyond the ordinary with a pandemic that changed the rules of the game completely as normal cycles, patterns and behaviours went haywire.

Our market has been turbulent in a completely unpredictable way. Our way of interacting with our customers changed from classic in-person visits to exclusively digital meetings. Our internal administration underwent a transformation and forced us into the digital space to an entirely new degree.

Although our IT infrastructure was well prepared, this was a major change in culture for our employees. We all miss meeting each other physically; there is something unbeatable about sitting in the same room and interacting. Even our Swedish *fika* – coffee break – has taken a hit, and the important information-spreading function that it performs has thereby also been impaired. All this is still difficult to reproduce digitally.

What has remained unchanged is our production organisation. It is still not possible to operate our machines from a home office but here too adjustments have been made to protect our employees.

Q1 - A decent start to 2020 soon began to be coloured by concerns in the automotive segment as deliveries from China were disrupted. There, the pandemic had knocked out large parts of the subcontractor industry and most of the global fleet of container ships was sitting idle.

By the end of March, the effects had spread to other market segments and we, like many other industries, saw our order backlog disappear. At that point, the outlook for the second and third quarters was bleak, to say the least. We were forced to pull the brakes and started placing employees on short-term furlough.

Q2 - Even though the pandemic hit Sweden hard during this period, our part of the country was spared from major outbreaks and so was our organisation. After a steep decline, some areas of our market slowly began to recover and we saw a complete turnaround among our seasonal customers, who had now experienced a monumental change in demand.

We had to bring back furloughed staff at short notice and ramp up production.

However, forecasts for the third and fourth quarters still looked weak as we passed into the second half of the year, even though we had secured increased delivery volumes from one of our largest customers towards the end of the period.

Q3 - During the summer holiday period, our seasonal customers had sold far above their expectations and their inventories were essentially gone, which meant that we ended up with an involuntary backlog despite the efforts we had made before the holidays. The quarter ended on a bright note, however, but not without a massive effort on the part of our employees to get back on track with our deliveries.

This unpredictable demand coupled with a volatile commodity market created major challenges in ensuring the supply of materials. However, thanks to the tremendous efforts of our purchasing department we managed to handle the situation well.

Q4 - In October, the pandemic took off again in Sweden and our county was badly affected. We had an outbreak in November with many infections and for a few weeks the number of people off work due to sickness increased drastically. During this period, it was difficult to achieve full production but our organisation did a fantastic job. The infection was contained and since then we have had only occasional cases.

Demand increased in the fourth quarter, but a shift in the product mix had a big impact on profitability despite the increase in volume.

THE MARKET DURING THE YEAR

In 2020, our sales organisation did a sterling job in an intensely competitive market where more players with tough pricing are fighting for every deal. Despite this, we secured orders for 2021, which will provide a boost to volumes.

The coronavirus pandemic had a big impact on the commodity market during the year. Prices fell sharply in the second quarter and then recovered quickly in the third and fourth quarters. The sharp price swings in Europe were amplified by reduced capacity due to the closure of smelters with weak profitability, which increased the need for imports in a situation where the Middle East and Asia, which have a surplus, were struggling to find profitable transports to Europe. The result is a commodity market that is under pressure and where material shortages are a real risk.

In addition to the pandemic, political decisions shaped the aluminium market as the EU imposed anti-dumping tariffs on China, the US retained trade barriers and the risk of sanctions against Russia remained, creating an uncertain basis for action over longer time horizons.

“Our sustainability management activities will be stepped up in 2021”

OUTLOOK

During the year, our new press facility, Tor, was taken into operation. Running in a facility with this degree of automation is complicated at the best of times and the circumstances prevailing in 2020 did not make things any easier. Production is now in full swing but we still have some way to go before getting to where we want to be with this investment. There is further potential and we are working step by step to release this potential.

We are entering 2021 in a situation that is still marked by the pandemic, although we can see the light at the end of the tunnel in the form of vaccination. We continue to work tirelessly to strengthen our position in the market as one of the most sought-after suppliers of innovative aluminium extrusion solutions. Our service, delivery accuracy and sustainability performance can always be further improved.

Our sustainability management activities will be intensified in 2021 after being put somewhat on the backburner in 2020 in favour of other activities. We want to offer our customers the most sustainable option in all situations, both in terms of raw materials and our own processing process. A large part of our energy supply comes from sustainable sources and we are exploring how we can improve further. Aluminium has extremely good properties from a circular economy perspective and a very high proportion is recycled and turned into new products. In our own process, all waste is recovered and recycled.

ProfilGruppen consists of dedicated and exceptionally loyal employees who work single-mindedly to create added value for our customers. This, together with the will to constantly develop, will enable us to continue to grow with our customers and strengthen our position in the market.

Åseda, March 2021

Fredrik Zöögling, President and CEO

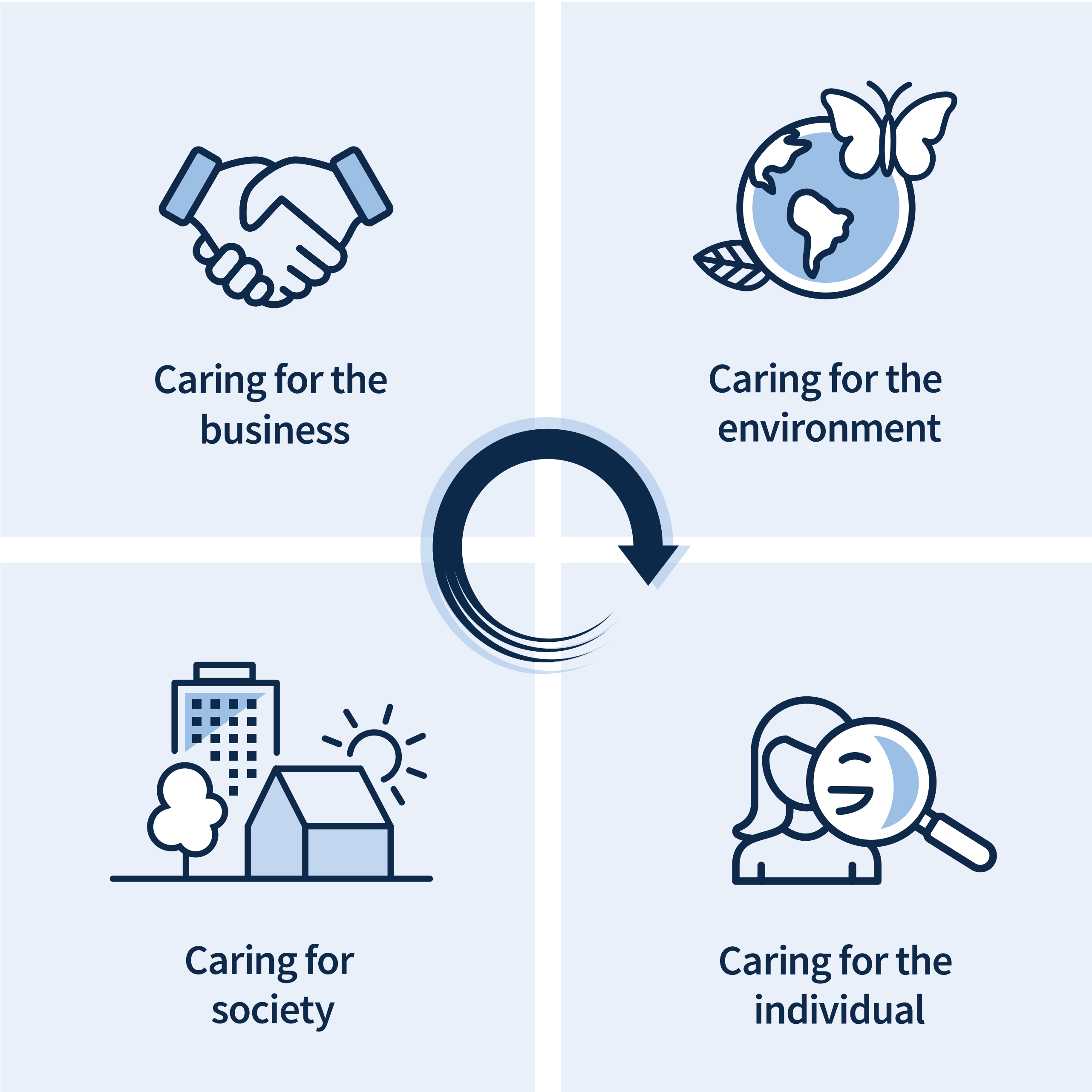
FIVE-YEAR SUMMARY, GROUP		2020	2019	2018	2017	2016
Net sales/Revenue	MSEK	1,414.1	1,622.1	1,618.3	1,382.8	1,132.0
Profit before depreciation, amortisation and impairment	MSEK	103.1	170.9	162.9	141.0	104.1
Operating profit	MSEK	36.4	113.2	113.7	103.9	69.1
Operating margin	%	2.6	7.0	7.0	7.5	6.1
Profit before tax	MSEK	31.3	101.9	107.6	99.7	65.0
Profit margin	%	2.2	6.3	6.6	7.2	5.7
Return on equity	%	5.5	20.3	23.9	26.0	20.8
Return on capital employed	%	5.0	18.0	23.9	25.6	19.0
Cash flow from operating activities	MSEK	179.4	110.7	129.8	85.5	84.8
Investments	MSEK	94.9	218.6	137.7	65.3	50.8
Liquidity reserves	MSEK	189.1	146.8	366.4	140.1	165.1
Net interest-bearing debt	MSEK	222.5	300.2	116.2	89.8	88.6
Net debt to EBITDA	times	2.2	1.8	0.7	0.6	0.9
Interest-bearing liabilities and interest-bearing provisions	MSEK	287.6	330.2	142.3	117.7	99.9
Net debt/equity ratio	times	0.5	0.7	0.3	0.3	0.3
Total assets	MSEK	1,150.4	1,090.1	918.3	742.1	606.9
Equity ratio	%	38.7	38.2	40.8	43.7	44.6
Capital turnover rate	times	1.9	2.6	3.4	3.4	3.1
Proportion of risk-bearing capital	%	44.3	43.3	44.9	48.1	49.2
Interest coverage ratio	times	6.8	9.7	16.9	23.3	14.5
EMPLOYEES						
Average number of employees		461	466	459	442	379
Number of positions at year-end		489	455	468	453	393
Staff turnover	%	5.0	7.4	7.2	6.2	3.6
Average age	years	44	44	44	44	45
Salary costs including social security contributions	MSEK	286.6	292.6	285.3	268.1	229.3
Revenue per employee (average)	kSEK	3,068	3,481	3,526	3,129	2,987
Profit before tax per employee (average)	kSEK	68	219	235	226	171
PER SHARE						
Average number of shares [1)]	thousands	7,399	7,399	7,399	7,399	7,399
Earnings per share	SEK	2.45	9.98	10.88	9.86	6.56
Equity per share	SEK	56.99	53.90	48.86	42.24	35.53
Dividend per share [2)]	SEK	0.00	0.00	5.00	4.50	3.00

[1)] There is no dilution. [2)] For 2020, this refers to the dividend distribution proposed by the Board.
For definitions, see page 55 of the annual report and the website, www.profilgruppen.se.

"Maintaining a high standard in all our activities while taking responsibility for the environment and our local area have always been important for ProfilGruppen"

A SUSTAINABLE PROFILE

At ProfilGruppen, we want to make progress every day. This is what it takes to constantly develop and become as strong as possible – for a long time to come. This requires us to be concerned about the long-term future not just of our business but also of the world around us.



A PART OF SOMETHING BIGGER

We are part of something bigger; every choice we make affects someone else. We are aware that ProfilGruppen influences the world around us in many different ways and we want to make the most positive impact possible.

By spreading the use of a material that is sustainable in many ways, we aim to have a positive impact on the environment. Our business is controlled and managed in a way that involves caring for the environment.

We want to continue to grow and develop for a long time to come, and our long-term survival depends on business success and profitability. In ProfilGruppen, our customers find a responsive and responsible partner that strives for continuous development. By offering a workplace where individuals can develop and thrive, we create the personal commitment that is essential to our ability to live up to this.

Our core values are: personal commitment, attentiveness, speed, continuous improvement and professionalism. This means that we listen and adapt to the demands that our operational environment places on us. We want to do everything a little better, every day.

BASED IN SMÅLAND

Our operations are based in Åseda in the southern Swedish province of Småland, where we have both our production facilities and head office, as well as most of our sales organisation. Half of our customers are located in Sweden, and in order to ensure geographical proximity to as many of our customers as possible we also have a sales office in Stockholm but our export customers are largely served from Åseda. We only have a few sales representatives stationed abroad.

The geographical concentration of our business allows for good transparency, short decision-making pathways and creates a positive sense of community among our employees. It also simplifies the control of sustainability issues such as gender equality, human rights and environmental impact.

This also applies to our suppliers. Our network of subcontractors for processing services is an important part of our offering and most of these are located close to our home base. We, and the majority of our suppliers, are located in Sweden and follow Swedish laws, collective agreements and customs, which is a good starting point when it comes to caring for the environment, individuals and society. We can concentrate on raising our ambitions to the level we ourselves choose.

THE GROUP CONSISTS OF

- **ProfilGruppen Extrusions AB**, in which the majority of the operations is conducted. This is where extrusions are manufactured and processed. All sales and administration activities are also performed in this company.
- **Two sales companies** in Germany and Norway, with only a couple of employees.
- **PG&WIP AB**, which processes and packages products for a specific customer in the interior design industry. The company is 70 per cent owned by ProfilGruppen.
- The parent company of the Group, **ProfilGruppen AB**, is listed on Nasdaq Stockholm Small Cap.

SCOPE OF THE REPORT

This Sustainability Report, which comprises pages 12–27, has been prepared by ProfilGruppen AB (publ), corp. ID no. 556277-8943. The Sustainability Report covers the ProfilGruppen Group. However, not all facts and information in the report are applicable to the part-owned subsidiary PG&WIP AB. Where this is the case, this is indicated by an asterisk (*).

SUSTAINABILITY CERTIFICATION

In order to obtain confirmation of the soundness of work methods, it was decided in 2020 to certify ProfilGruppen Extrusions AB under the industry's own sustainability standard. The Aluminium Stewardship Initiative (ASI) is a global trade association that works to promote the role of aluminium in building a sustainable society and to increase transparency in the industry. We have been a member since April 2020. The ASI Performance Standard covers requirements regarding governance as well as the environmental and social aspects, and ProfilGruppen is intending to complete the certification process in 2021.

Because of its high level of ambition in terms of quality and environmental performance, ProfilGruppen has long since been ISO-certified for environmental management and quality management in the automotive industry. We see it as a natural next step to supplement these certifications with health and safety certification and intend to implement this process in 2021.

THE GLOBAL GOALS
For Sustainable Development

OUR CONTRIBUTION TO AGENDA 2030

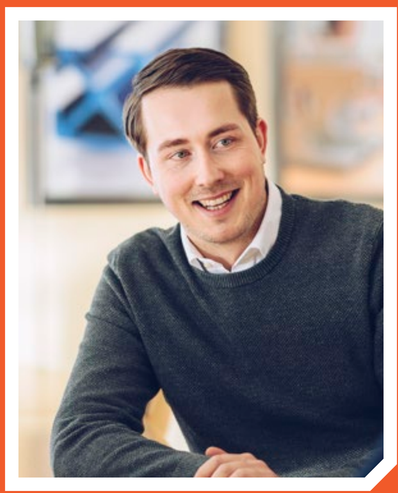
We are convinced that ProfilGruppen's business concept provides a good basis for contributing to the transition to a climate-neutral and circular economy future based on renewable and recyclable resources. In our sustainability management activities, we have taken as our starting point the UN's global goals for a sustainable future. We have found that we can make a contribution primarily in respect of ten of the seventeen goals and among these we are giving priority to six that have become part of our focus areas and goals.

CORE VALUES

Our values create the corporate culture that will characterise ProfilGruppen now and in the future. It is essential that we, both individually and as a team, live up to our values in order to achieve the vision of the future set out by ProfilGruppen. We are personally committed, attentive, fast, professional and strive for continuous improvement.

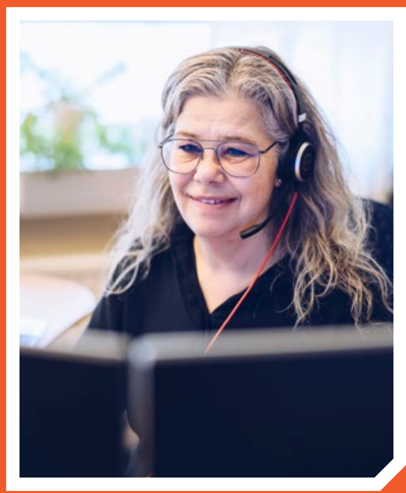
PERSONALLY COMMITTED
MAGNUS GABRIELSSON

"As a processor at our anodising unit, I need to be committed to ensuring a continuous flow so that the process continues without interruption. Helping to rack up extrusions or assisting in production is second nature to me. Collaboration and commitment are key ingredients for a well functioning workplace."



PROFESSIONAL
SEBASTIAN NILSSON

"As a sales representative, you are ProfilGruppen's face to the world. Our customers need to be confident that they will get what they want. My ambition is for all our customers to be treated in the same way and to receive the same service and response time, whatever their size or location."



FAST
CECILIA JOHANSSON

"For a transport planner like me, things can change quickly and that's when you need to be able to adapt smoothly to the new circumstances, quickly and efficiently. Being available and providing quick responses is important to ensuring an efficient supply chain from us to the customer."

CONTINUOUS IMPROVEMENT – RIANNE DREVES

"Continuous improvement is incredibly important for our entire organisation, and not least for me in my work as a quality engineer. To ensure that ProfilGruppen remains at the forefront, we need to learn from the mistakes we make in our daily work and handle each deviation in a professional manner. By using various tools such as PDCA, FMEA and MSA, we ensure that we get a little better every day, one step at a time."

ATTENTIVE – ARMIN CATIC

"Attentiveness is what I want my leadership to reflect, regardless of whether you see me as a partner, colleague or manager. For me, it means noticing things, being open, seeing the big picture and, based on that, doing my best to make our business as efficient as possible and engage with our employees. I see the benefit of bringing together different perspectives and that's why it is crucial for me to be attentive."

CARING FOR THE BUSINESS

Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe. While our high-quality solutions make us a valued supplier, they can be copied. We thus become the most sought-after supplier by providing the highest reliability of delivery and the best treatment to our customers, and by being perceived as a problem-solving partner. We achieve this through personal dedication in everything we do.

The value of our products for the customer is increased because we use our specific expertise in aluminium and the manufacturing process to optimise the customer's product both financially and from a sustainability perspective.

LONG-TERM PROFITABILITY

Long-term profitability is crucial to survival and the ability to grow and develop. ProfilGruppen's Board of Directors has set a target of an operating margin of eight per cent over a business cycle. Achieving this target requires a clear profitability focus throughout the organisation and the courage to invest in the future. Our financial performance is presented in the financial section of the annual report.

BUSINESS ETHICS

Our Code of Conduct states that we shall comply with all local laws, industry rules and similar in order to maintain free and fair competition. We like doing business and always seek to act fairly and honestly in all situations.

Our employees are never permitted to offer, give, request or receive gifts or equivalent benefits from customers or suppliers if this could affect the commercial relationship or exceed the bounds of normal hospitality. We shall always act responsibly. Our ongoing reviews of the costs of customer events and business travel indicate that such costs remain within the specified limits.

We communicate to our suppliers, partly through our Code of Conduct for Suppliers*, that we do not accept anything outside these limits. At present, we have no general procedure for examining the business ethics of our suppliers, but so far there has not been any situation where irregularities have been detected.

To counteract the risk of relationships between purchasers and suppliers that affect competition, we strive to rotate the respective purchasers' range.

Our Code of Conduct details how an employee who feels that rules or codes are not being complied with by our employees or our suppliers shall report their suspicions. No such reports were received in 2020.

"Requires a clear profitability focus throughout the organisation and the courage to invest in the future"

TRANSPARENCY

An important part of being a reliable partner is openness and honesty. Our ambition is to always be transparent about what happens to us – the good and the not so good. We undergo various audits on a regular basis. Potential and existing clients conduct their own reviews of our business, and we are also audited for various ISO certificates and of course by our financial auditors.

CARING FOR THE ENVIRONMENT

There is no doubt that our environment is affected by the choices we make and by our activities. ProfilGruppen strives to influence our customers' choices in a way that has a positive impact while also seeking to ensure that our own operations have a positive or minimally negative impact.

Each year, we evaluate all aspects of our business with regard to potential environmental effects and with the intention of determining which of our activities could have the biggest impact on the environment so that we can address and define goals linked to these. Some of the results will be presented here.

REDUCTION OF GREENHOUSE GASES

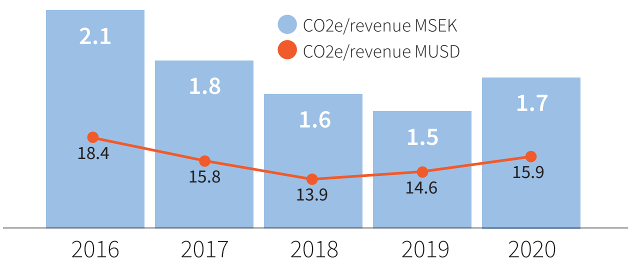
Climate change is our shared responsibility. There is undoubtedly a need to reduce greenhouse gas emissions at the global as well as national level, and we are working on many fronts to contribute to this reduction.

Many of our sustainability goals have reduced carbon dioxide emissions as a higher purpose, but we take concrete measurements such as material efficiency to make it clear and easy for our organisation to see what we need to achieve.

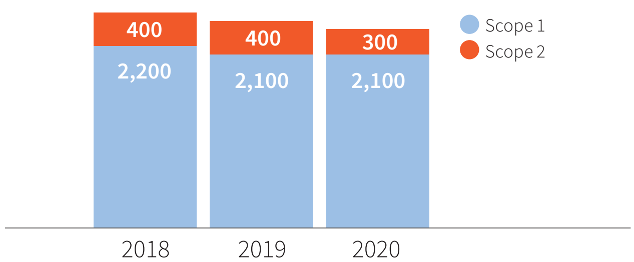
At a more general level, we have set a target for emission intensity that will enable us to see a change over time that takes into account that we are in an expansive phase.

In absolute terms, emissions of greenhouse gases from our business activities, i.e. the activities in which our companies are engaged including transports of our products and employees, totalled about 3,300 tonnes in 2020.

Most of these emissions, over 60 per cent, come from the use of LPG, and there is of course a great potential for improvement by gradually shifting away from LPG. The second biggest source of CO_2 emissions at ProfilGruppen is transports of extrusions, which accounted for around 20 per cent of the total emissions. Emissions from all sources were kept at roughly the same level as in 2019, despite the start-up of a new production facility. Business trips have decreased due to the pandemic, but their share of emissions was already low.



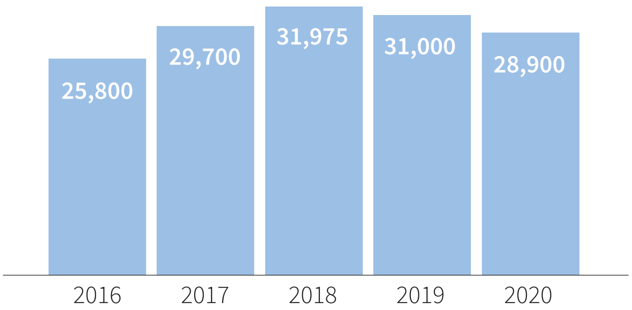
Emission intensity
Emission intensity refers to carbon dioxide equivalents in relation to net sales and the emissions comprise Scopes 1 and 2 of the GHG Protocol.



Emissions of carbon dioxide calculated according to the GHG Protocol, tonnes
Our emissions under Scopes 1 and 2 did not change significantly in 2020. We are still working on how to calculate Scope 3 in a reliable way.

A CLIMATE-SMART MATERIAL

Aluminium is our choice, ever since the company started and for the future. Aluminium is better from a lifecycle perspective than many of its rivals and can be used to develop sustainable products and extrusions adapted to a circular economy. This is partly because we can create more energy-efficient and sustainable solutions and partly because the metal is ideal from a recycling perspective. Through our choice of material, we are convinced that we are part of the solution to the global climate and environmental challenges.



Delivered volume, tonnes

Our goal is to spread knowledge about the benefits of aluminium and persuade customers to replace other materials with aluminium to reduce their fuel and energy use. Our volume growth is a way of measuring our success.

THE ANSWER TO MANY DIFFERENT NEEDS

Demand for aluminium extrusions comes from a wide range of industries. In construction, they are a natural choice for windows, doors, balconies and other elements thanks to their corrosion resistance and low weight. Because of its strength, aluminium is also used in load-bearing structures.

WHY CHOOSE ALUMINIUM?

Some of the benefits of aluminium as a material:

- **Low weight** – lighter than many other materials
- **High strength and durability** – despite the low weight
- **Good corrosion resistance** – withstands weather and wind without rusting
- **Easy to shape** – efficient to work with
- **Long lifespan** – three quarters of all aluminium that has ever been produced is still being used
- **High conductivity** – can conduct both heat and electricity well
- **Design-friendly** – sets no limits on creativity
- **Easy to process** – major possibilities for built-in functions
- **Easy to recycle** – can be re-used again and again without impairing its properties
- **Valuable** – leads to high re-sale value and profitable recycling
- **Widely available** – abundant bauxite resources in the Earth's crust

In addition, aluminium's heat conducting characteristics are exploited in cooling extrusions.

In the automotive industry, the use of aluminium has been increasing for many years, not least because of its light weight, which means fuel savings can be achieved throughout the life of a vehicle. Compared with steel, 200 kg of aluminium in a car can save up to 16 g of carbon dioxide emissions per kilometre driven. Reducing the weight of lorries, buses and trains also increases their carrying capacity, while lighter vehicles reduce the risk of injuries in case of accidents. It is also clear that the ongoing electrification of the automotive industry is driving demand for aluminium components.

In the aerospace industry, the material's low weight and maintenance requirements are crucial. For the telecom industry, the low weight and the possibilities to incorporate many functions is a natural explanation for why aluminium profiles are used.

Occasionally, you will hear people say that aluminium is toxic, but our untreated and anodised aluminium extrusions contain no harmful substances and meet the provisions of the EU REACH Regulation and RoHS Directive.

EFFECTIVE RECYCLING

Aluminium can be melted down and reused again and again, without losing any of its valuable and sustainable properties. The prospects for effective recycling are thus ideal.

A very high share – over 90 per cent – of all aluminium extrusion-based products used in the construction, design and transportation industries are returned for recycling. The high value and easy recyclability of the material explain why the share is already so high. Recycling aluminium uses only five per cent of the energy used in primary production.

DEMAND FOR RECYCLED MATERIAL

Demand for recycled material in the market is increasing. The supply of recycled aluminium is limited, however.

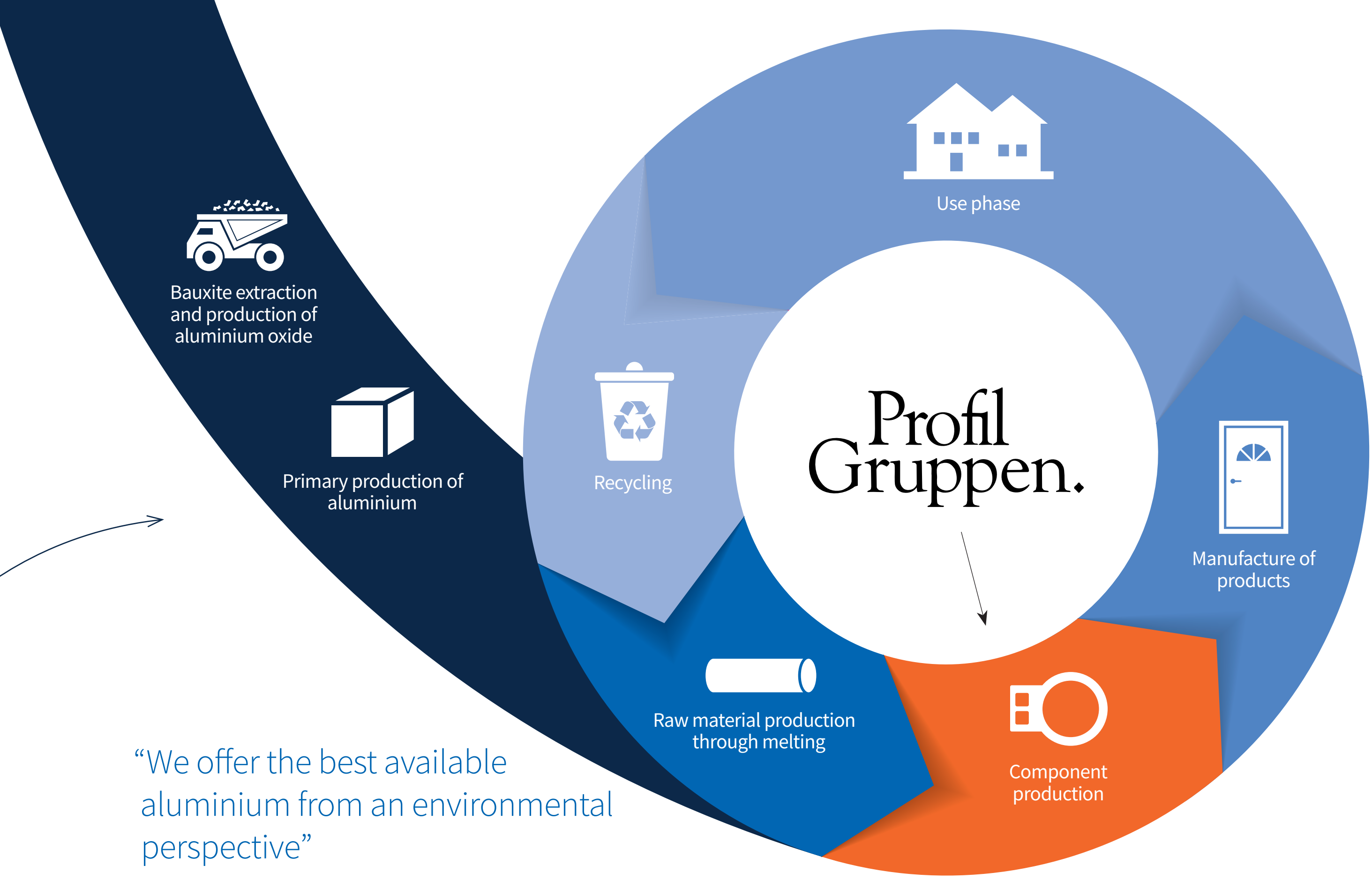
Thanks to its durability, more than three quarters of all aluminium ever produced in the world is still in use. The potential to increase the recycling rate for scrapped products is not very great, as a very high share of the material is already recycled. Overall demand for aluminium products, however, is increasing. There is therefore a shortage of aluminium for remelting and the need for primary production is still great.

The recycled metal that is available is currently mainly used in industries with lower quality requirements than in our industry. We and other extrusion manufacturers mainly use primary produced aluminium and remelted process scrap from the aluminium industry.

Our own production process generates a significant amount of scrap in the form of defective products, process scrap and shavings from the machining process. Everything is collected and sent for remelting.

The supply of aluminium in the Earth's crust is practically unlimited, so there is every reason to continue to add more primary material to the aluminium cycle to meet the rising global demand.

The limited supply of recycled material means that it will be a while before there is enough to meet the increasing demand.

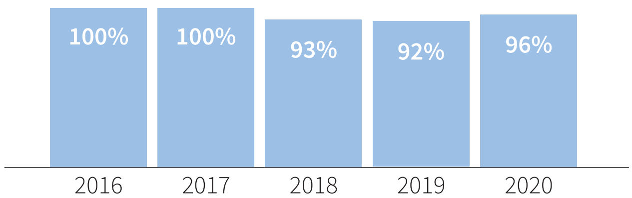


"We offer the best available aluminium from an environmental perspective"

THE FUTURE IS IN THE CUSTOMERS' HANDS

Aluminium production is not unproblematic from a global perspective. The extraction and production processes generate high carbon dioxide emissions. However, the levels vary significantly depending on the energy source used, as the production is very energy-intensive. Coal power is still widely used at European aluminium plants and emissions per kg of aluminium produced at a coal plant can be as high as 20 kg of carbon dioxide equivalents. The global average is 17 kg of carbon dioxide per kg of aluminium. By comparison, average emissions from the Nordic manufacturers, who use hydro power, are as low as 4 kg. We only buy raw materials from hydro plants and thus offer the greenest possible aluminium. And the differences are huge. If you as a customer want to make a sustainable choice, you would do well to choose to buy from ProfilGruppen.

Carbon anodes are still used in the electrolysis process even at the very best aluminium plants and this is a source of carbon dioxide emissions. However, the industry is working hard to remove even that process step and use inert anodes that generate oxygen instead of carbon dioxide.



Share of primary raw material produced using energy from non-fossil sources, per cent

In 2018, the effects of US trade sanctions forced us to find new suppliers, and since then we have had a very high proportion of raw materials produced with energy from non-fossil sources, but we are not quite at 100 per cent. In the second half of 2020, we once again attained our target level.

EFFICIENCY AND SMART CHOICES

Reducing the negative impact of our activities is often about using resources optimally and making smart choices. We are steering our business in that direction in several ways, partly through the objectives we are presenting here.

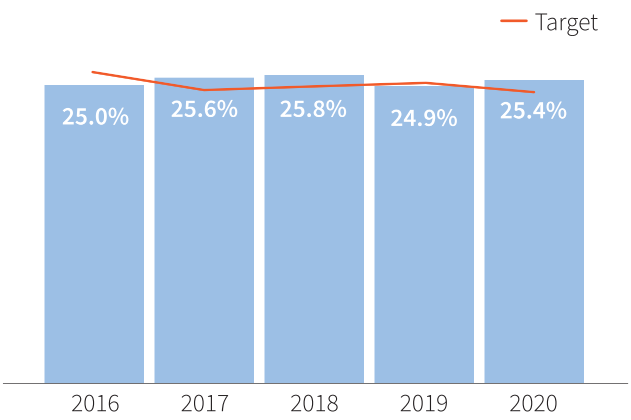
ALL SCRAP IS A BY-PRODUCT AND IS RECYCLED

In our manufacturing process, a significant amount of material is discarded at the various stages and becomes scrap aluminium. The largest amount of scrap is generated in the extrusion production process, partly because the very first and last bits of the product are deformed. All discarded material is collected and sent for remelting. Depending on different extrusion designs and tolerance or surface requirements, the proportion of scrap varies greatly between different extrusions.

Machining of the extrusions produces shavings and waste material from the cutting that is done to create the required component. The share of material that is cut off varies sharply from one product to another and can in some cases be considerable.

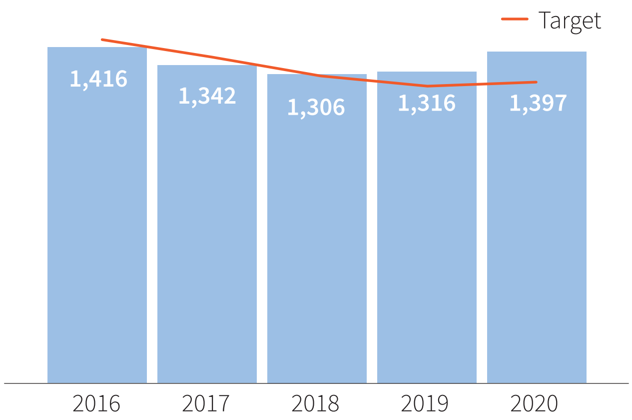
The product mix has a big impact on the overall proportion of scrap, and our conscious efforts to improve our performance need to take the form of operational targets broken down by process stage and product.

All scrap generated in our manufacturing process is collected, remelted and turned into new material, so scrap is really a by-product with a high value. The reason why we still work hard every day to minimise the amount of scrap is partly because increasing our material efficiency lowers our costs and partly because of the environmental impact of transports and energy use related to the remelting process.



Scrap percentage

Although the overall outcome of our efforts is hard to measure due to the impact of the product mix, we have an ongoing target of reducing total scrap loss by three per cent each year. In 2020, the proportion unfortunately increased, which was due to the processing of extrusions. The proportion of scrap in our extrusion production decreased.



Energy use in extrusion, kWh per produced tonne

In the last few years, the goal was to reduce energy consumption in extrusion production per produced kilo of extrusions by three per cent compared with the previous year. Unfortunately, the outcome in the last two years has been an increase, which in 2020 was explained by the fact that capacity was increased without a corresponding increase in production.

Another way to continuously increase our material efficiency is to use our specialist knowledge to design products requiring less material, for example by producing extrusions that have the same functionality with thinner walls.

100 PER CENT HYDRO POWER

We strive to use only non-fossil energy and have since a number of years been using only hydroelectricity that has an environmental product declaration (EPD) from IVL Swedish Environmental Research Institute.

To achieve energy efficiencies, we have an activity plan involving a wide range of actions, both large and small, to reduce energy consumption per produced kilo of extrusions. In 2020, this meant, for example, that in order to achieve a higher efficiency we replaced pneumatic equipment with electrical equipment and also replaced transformers. In 2019, we built a new extrusion plant that gradually increased its production in 2020. The new plant will have higher energy efficiency than the older presses. During the past year, however, plant utilisation was not in line with our goal, either at Tor or at our other facilities. We achieve the highest energy efficiency by maintaining a high level of capacity utilisation and availability at all our plants.

LPG, which is a fossil resource, is still used for the heating of aluminium ingots at one of four presses, for an ageing furnace and for the heating of two sealing baths used in the anodising process. We will gradually be replacing LPG with alternative options and new investments into LPG-powered solutions will not be permitted.

Our process gives rise to excess heat, and we have chosen to use some of this heat by feeding it into the municipal district heating network. The energy recovered in this way in 2020 was equivalent to the annual heating requirement of around 185 single-family homes. At our new facility, we have prepared for the recovery of excess heat by digging deep boreholes in the rock. So far, however, there is nowhere to use the heat as there are no other businesses on this new industrial estate.

RETURN SYSTEM

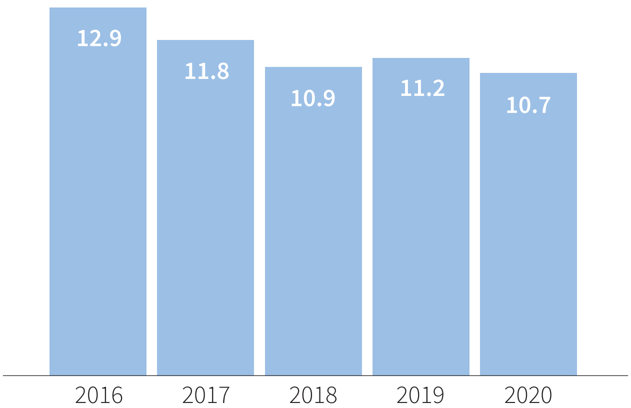
Each year, we invest in equipment for storage and transport of products. Reusing these as many times as possible in our supply chain is resource-efficient and requires collaboration with our customers and suppliers as well as clear instructions and procedures.

TRANSPORTS

PART OF THE DELIVERY

Transports are a natural part of what we offer our customers. We transport the products to, from and between our facilities. The volume of transports between our facilities and sub-contractors in our processing chain varies widely depending on the complexity of the product. We work continuously to reduce carbon dioxide emissions from the transports. Our logisticians manage, coordinate and increase the load factor. Here, the twin goals of reducing emissions and cutting costs go hand in hand.

"The number of transports varies depending on the complexity of the product"



Carbon dioxide emissions, kg per transported tonne of aluminium extrusions

Due to a fire in one of our facilities, our transports in 2019 were inefficient but in 2020 we returned to the positive trend of declining emissions per tonne.

The first transport in our value chain is when we buy raw material, and by collaborating with our suppliers we ensure that the raw material is largely transported by rail instead of road.

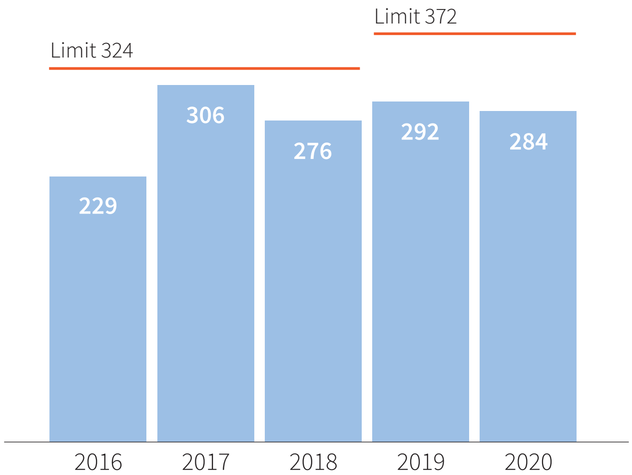
For other transports, we also have the ability to be proactive and reduce the number of transports through the choices we make. For example, we often choose to use our neighbours in Åseda as suppliers when possible. By using only tap water for all internal drinking water requirements, we help to reduce transports that cause unnecessary emissions of carbon dioxide.

ENVIRONMENT-RELATED CONDITIONS

NO HARMFUL EMISSIONS TO WATER

We use water from our own source for cooling in the extrusion facilities and as rinse water in the anodising process. Sulphuric acid is also used in our anodising process, and after it has been neutralised in a treatment facility sodium sulphates are formed. This gives rise to emissions of sulphates into water. Consumed acid baths are also used to neutralise the caustic soda used in certain cleaning processes.

ProfilGruppen has conditions for emissions of up to 372 tonnes per calendar year, which is controlled through continuous testing and monthly analyses. Although the environmental impact of sulphate emissions is hard to establish, as sulphates occur naturally in watercourses, we monitor the situation on an ongoing basis and work continuously on improvements to our processes with the aim of minimising emissions.



Sulphate emissions, tonnes

The volume of surface-treated products has increased steadily but, thanks to improvements to our processes, this has not resulted in a corresponding increase in emissions, which have been kept below the level specified in our permit throughout the period.

OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS

ProfilGruppen is engaged in operations that are subject to permit and notification requirements under the Swedish Environmental Code. Activities requiring a permit refer to the extrusion of aluminium at our oldest extrusion facility, anodising, mechanical metalworking and recycling of hazardous waste generated in our own operations.

ProfilGruppen's aluminium extrusion and metalworking processes are classified as notifiable activities.

ENVIRONMENTAL MANAGEMENT

Our environmental management system ISO 14001 helps us to work systematically*. The certification of the system involves regular external audits, which give us valuable input and help in the evaluation of the work. Every year, internal audits are performed on the manufacturing processes, according to a rolling schedule.

ProfilGruppen's overall environmental policy summarises our views on environmental issues and how we should act in such matters.

The company's environmental goals are followed up each month by management, and are given special focus at dedicated meetings. These meetings also evaluate the relevance of and compliance with the environmental policy.

We have a network of machining suppliers that we work closely with and with which we have significant sway, enabling us to influence their governance on sustainability issues. We require that they comply with our Code of Conduct for Suppliers and we also carry out supplier evaluations. We set requirements for our suppliers' environmental work, which are a prerequisite for doing business with ProfilGruppen. The aim is to increase the number of suppliers which comply with these guidelines.

ENVIRONMENTAL POLICY

OUR BASIC POSITION IS

- that the company's activities should contribute towards the long-term sustainability of society
- that products based on our aluminium extrusions should be beneficial from a lifecycle perspective
- that our business should be permeated by commitment and concern for our environment

WE SHALL

- comply with laws and other binding requirements
- implement preventive measures to protect the environment and strive to achieve the lowest possible negative environmental impact
- work to ensure the continuous improvement of our processes and management of natural resources, which means:
  - Material efficiency, reducing the proportion of scrap in our processes
  - Energy efficiency, reducing energy consumption per unit produced
  - Transport efficiency, reducing the environmental impact of transport related to our operations
  - Efficiency of other resources, minimising the use of natural resources and reducing emissions and waste produced
- recycle the aluminium scrap that arises in our production processes
- when purchasing, strive to select sustainable and energy-efficient goods and services
- promote the transition to renewable energy and exploit the possibility of energy exchange with the surrounding society where possible
- help and inform customers of energy-related and environmentally sustainable structures that facilitate recycling
- provide our employees with the resources and knowledge needed to meet the requirements of this policy

CARING FOR THE INDIVIDUAL

In 2020, there was a clear focus on caring for the individual due to the Covid-19 pandemic. Nothing has been as usual and yet all our employees have continued to do their jobs just as usual.

PERSONAL COMMITMENT

Our customers need to receive the best care, and we need to be perceived as a competent, problem-solving and proactive partner. This requires personal commitment and employees who enjoy their work. To work consistently and consciously to be an attractive workplace, so that we are able to attract, retain and develop individuals with the right skills profiles, is therefore an important strategic objective.

A STABLE BASIS FOR INDIVIDUAL RIGHTS

Respect for the individual is fundamental to ProfilGruppen.

Our Code of Conduct states that we are to comply with the UN Universal Declaration of Human Rights and the ILO core conventions. All our employees work in Sweden, Norway or Germany, where the levels of worker protection and the like are high, which facilitates our control in the area. We comply with laws and collective bargaining agreements regarding, for example, salaries and working hours and no unjustified pay differentials may occur. Salary surveys have shown that existing salary differences are objectively justified.

The majority of our subcontractors are located in the Nordic countries, which means that we feel confident that they also follow the guidelines relating to occupational safety and similar. We require that all our machining suppliers follow our Code of Conduct for Suppliers. The plan is to spread this further to other suppliers. We never cooperate, either indirectly or directly, with suppliers where we have reason to believe that child labour laws are or will be disregarded.

So far, we have never identified any shortcomings, either in our own operations or when scrutinising any supplier, concerning human rights or the ILO core conventions.

RESPECT AND EQUAL TREATMENT

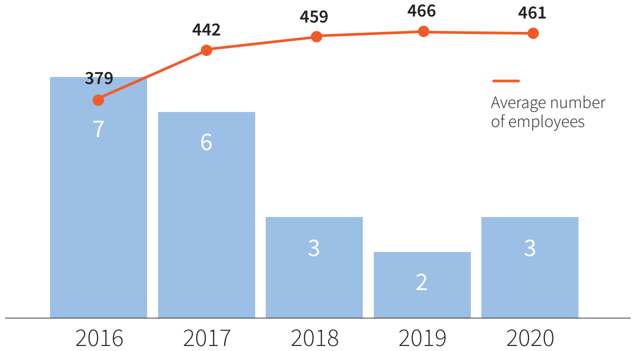
We see diversity as being both self-evident and a strength, as is clearly stated in our equal treatment policy. This policy also sets out that neither discrimination nor sexual harassment may ever occur. There are specific action plans to ensure this.

The company and the local trade union groups* carry out a joint evaluation and draw up a plan for how to prevent and combat discrimination in various forms. The work has resulted in a documented record of where risks of negative discrimination exist, as well as a number of measures to prevent this. About 27 per cent of ProfilGruppen's employees are women. Our goal is for the proportion of women leaders and manag-

ers to reflect the proportion of female employees. The idea is that this goal will encourage the managers in charge to look for female candidates when recruiting and thereby gradually bring us closer to our target level.

With us, employees with origins from around twenty different countries and with a range of different cultures, languages, knowledge, ages and genders, are all intermingled. By following our core values in a simple organisational structure, all individuals are given the opportunity to develop in a down-to-earth and humble environment. When recruiting, we place a strong emphasis on the candidate's personal qualities and how well they conform to our core values.

ProfilGruppen includes local union clubs* for the Swedish trade unions IF Metall, Unionen and Ledarna. The presence of these clubs provides the opportunity for a clear dialogue between the company and employees, as well as local agreements that benefit both parties.



Number of workplace accidents leading to at least one day of absence
In 2020, three accidents occurred involving at least one day of absence. In the most serious case, an operator cut a gash in their forearm when handling a part during machining. In total, these accidents resulted in eleven days of absence. Investigations have been completed and measures taken.

> "The Safety Committee and the safety representatives have important roles"

In 2020, we placed a particular emphasis on training in ergonomics and risk assessments. A major project for supplementing and replacing evacuation alarms is also underway and will be completed in 2021.

SAFETY AND SECURITY

A safe work environment is essential to ensuring commitment from our employees and that they feel safe and secure. Our health and safety policy clarifies our common starting point on the working environment. The content and relevance of the policy are evaluated each year by the Safety Committee, which is composed of representatives from different parts of the company – including management and safety representatives. Our Head of Safety works on health and safety issues across all areas of the company, supporting and challenging other health and safety officers in the organisation.

The goal of our safety work is to create a physically and mentally healthy and stimulating workplace for all employees, where we prevent work injuries and occupational illness. The Safety Committee and the safety representatives have important roles in this proactive work. We try to eliminate the sources of risk through routines, work equipment, protective equipment, work arrangements and employee training.

In order to enable us to build up an overview and work proactively, we have an internal reporting system* where all our employees can report any hazardous circumstances, incidents and accidents. All reports and recommended measures are accessible to all members of staff. Employees are encouraged to report all risks so that they can be remedied before any incident occurs. All employees are also trained in safety work through various training courses.

The risks in our physical working environment are primarily related to pinch and cut injuries, and repetitive strain injuries after long service. To avoid injuries, employees are required to use protective equipment and lifting aids. Our various health and wellness options also have a preventive purpose.

Our vision is zero accidents in our operations, which we work systematically to achieve. Our definition of an accident is an incident causing at least one day of absence from work – which means that even minor injuries, such as sprains, can constitute an accident.

WELL-BEING AND JOB SATISFACTION

The work environment is not just the physical environment; the psychosocial and organisational work environment is more difficult to measure and control than the physical environment. We assess this through, among other things, annual conversations with all employees and an analysis of absenteeism.

A transparent organisational structure, unambiguous roles and clear leadership are important parameters when we prevent ill health in this area. Respect for each individual is also key. Physical and mental well-being are intimately linked, and health and wellness initiatives to promote exercise contribute to the general level of health among our employees.

We work actively to combat alcohol abuse. Zero tolerance for being under the influence at work is self-evident. Substance abuse poses a security risk and can reduce job satisfaction. To curb abuse, we carry out tests prior to employment, as well as random tests of employees*. The tests, carried out by occupational health services, have meant that we have averted potential risks – but also that we have been able to offer employees professional help that has helped them to cease destructive behaviour.

HEALTH AND WELLNESS

At ProfilGruppen, we care about our employees in many ways, including through various health and wellness initiatives. We have previously contributed to the construction of a swimming pool and exercise hall in our home town of Åseda. As a sponsor, we are in turn able to offer our employees the chance to go swimming and take part in strength training and group fitness activities at sharply reduced prices*. In our main factory, there is also an exercise room with equipment which can be used free of charge round the clock.

To employees who do not want to use any of these facilities, or supplement them with anything else, we offer a reimbursement grant for health-promoting activities*.

We also arrange our own exercise sessions to enjoy the pleasure of exercising together. Unfortunately, several of these activities had to be cancelled for much of the year due to the pandemic. Subsidised massage treatments and daily fruit are other examples of health and wellness benefits.

A complement to our health and wellness initiatives is our staff club, which arranges activities for employees.

HEALTHY BECAME SYMPTOM-FREE

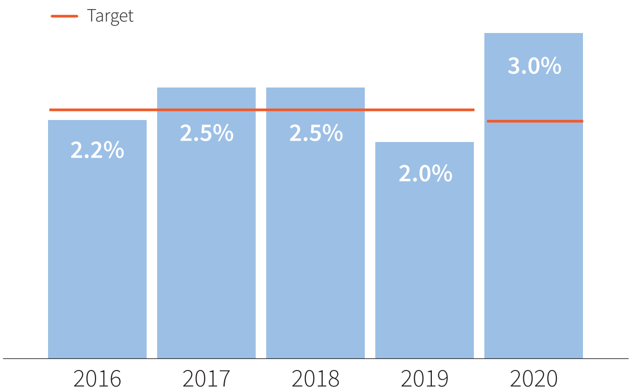
To a large extent, caring for ProfilGruppen's employees in 2020 meant trying to keep the Covid-19 pandemic at bay. Our goal has been that no one should be infected at work and that everyone should feel safe with the measures put in place. We have closely followed the recommendations of the Public Health Agency and urged our employees to do the same.

Like many others, we introduced restrictions on travel and visits as well as new procedures when it was established that Covid-19 entailed such a great risk. In the spring, we had just one confirmed infection among our employees but were otherwise spared from the disease. In November, on the other hand, the infection hit Småland with greater force and for a couple of weeks sick leave was in double digits, which is something we are not used to at all. Without scientific contact tracing, it would appear that some employees were unfortunately infected at work. However, the outbreak passed quickly when everyone became aware of the risks and made greater efforts to keep their distance and maintain good hand hygiene.

Sick leave in our company is comparatively low, which we are grateful for. Still, that does not mean that we do not want to get even better and we continue to work hard to keep everyone healthy. Short-term sick leave obviously increased in 2020 as everyone followed the Public Health Agency's advice and stayed at home if they experienced any symptoms.

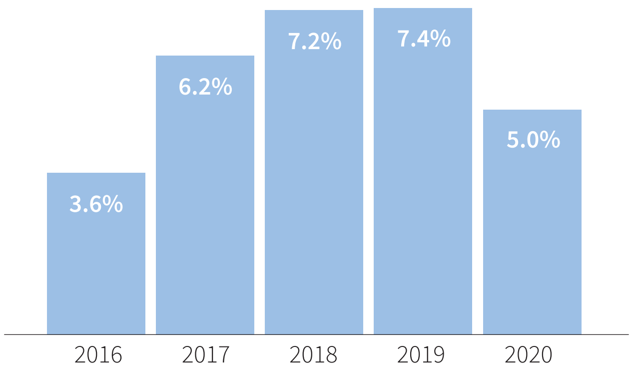
OPENNESS AND WHISTLE-BLOWING

Our geographic concentration facilitates communication between different levels and functions. Our Code of Conduct encourages employees to report any situation in which they perceive non-compliance with the Code of Conduct. They can report to their immediate manager, elected representatives, HR or representatives of management. A report submitted by an employee is of course treated in strict confidence and it is not permitted to disclose the employee's identity when the matter is taken further.



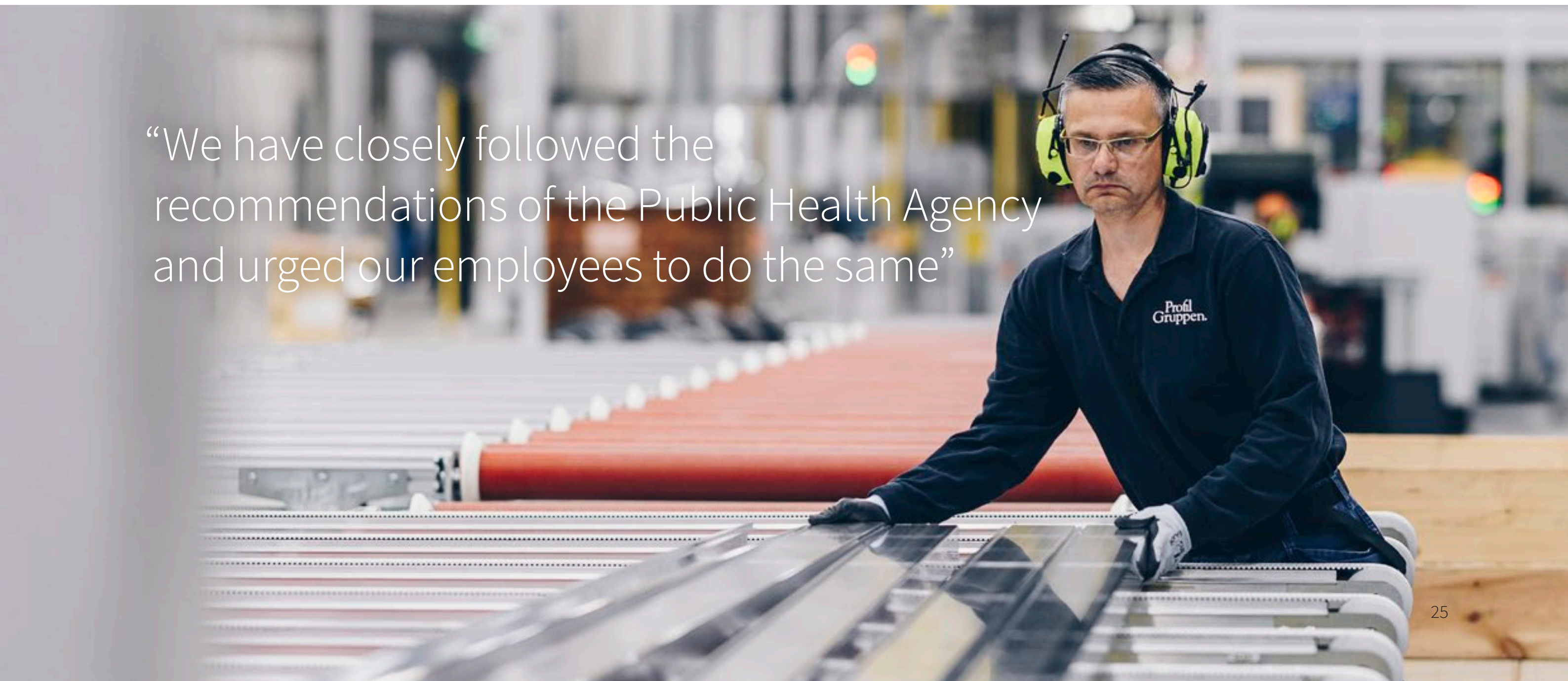
Short-term sick leave, per cent

In 2019, a new record was achieved as short-term sick leave dropped to 2.0 per cent and our target level for 2020 was lowered. That was before we had heard of Covid-19.



Staff turnover, per cent

Looking at our staff turnover, we conclude that our employees are happy and are keen to remain at the company for a long time.



“We regularly donate money to Vi-skogen and have challenged our employees to do the same through salary deductions”

CARING FOR SOCIETY

ProfilGruppen's view is that we, as a company and as individual employees, need to engage in and contribute positively to the development of the communities in which we operate. In the first hand, this is Åseda, where all our production facilities are located.

COLLABORATION INCREASES THE IMPACT

A good way to achieve greater impact is to join forces with others, for example through memberships in trade associations. Svenskt Aluminium is an association of around fifty companies, whose purpose is to develop the use of aluminium and strengthen collaboration among industry, society and academia.

The European trade association European Aluminium wants to spread knowledge about aluminium and has created a common "Vision 2050" as a contribution to the EU's strategy for sharply reducing emissions by 2050.

THE LOCAL COMMUNITY IS IMPORTANT

With all our production units in Åseda, we are one of the largest employers in the municipality and we are aware that our business affects the local community in many ways. That we have a mutually beneficial dialogue with the municipality is therefore important for both parties. We try to show respect for both the environment and our neighbours by not disturbing more than is absolutely necessary in terms of noise and emissions, for example.

Our water consumption is likely to affect the surrounding waterways and we therefore actively participate in the Alsterån River Water Council, which is a voluntary association of municipalities, companies and organisations that promotes the sustainable management of water resources around the Alsterån river.

Ensuring that Åseda is an attractive place to live is important for our future and for our employees. We therefore sponsor Hälsans Hus, a swimming pool and fitness facility in Åseda. The importance of this facility for the area's development should not be underestimated, as it serves as a meeting place where local residents can engage in recreation and training.

During the strange pandemic year of 2020, we tried to support the local business community even more than usual. Keeping services and shops in Åseda is essential to maintaining the community's attraction.

Another way for us to contribute positively to society is sponsorship and we have, in our sponsorship policy*, chosen to direct our support to local sports clubs with a focus on children and young adults. In Åseda, ice hockey is a popular pastime and our sponsorship has resulted in the town's ice rink bearing the ProfilGruppen name. We have also been sponsoring Växjö DFF, a football club exclusively for girls that is working actively to promote integration and equality, which is something we want to support.

Our collaboration with others can take different forms and have different purposes. ProfilGruppen is also a member of Sustainable Småland, a regional network that focuses on developing innovative environmental solutions.

Training of the desired quality and with the right focus is important for the development of both society and business and, to contribute to this, we are members of Teknikcollege, a collaborative concept that will improve the quality of technological training in the local region.

CARING REMOTELY

It is easy to see how we affect our local area, but we also want to broaden our horizons and take part in joint efforts to care for our planet. We have chosen to become involved in Vi-skogen, an organisation that plants trees as a means of helping people out of poverty. Tree planting provides fruit, animal feed, firewood and building materials. The trees also make farmers' crops grow better – the trees prevent fertile soil from being washed away in connection with heavy downpours, provide shade from the sun and bind nutrient-rich nitrogen in the ground.

We regularly donate money to Vi-skogen and have challenged our employees to do the same through salary deductions. The more people who join, the more the company will pay. In this way, we are working together to help people in Africa to achieve better living conditions, while also contributing to a better and more sustainable environment.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of ProfilGruppen AB (publ), corporate identity number 556277-8943

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement.* This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

KALMAR 17 March 2021
Ernst & Young AB

Franz Lindström
Authorized Public Accountant

DIRECTORS' REPORT

The Board of Directors and CEO of ProfilGruppen AB (publ), corp. ID no. 556277-8943, hereby submit the annual report and consolidated accounts for the period 1 January–31 December 2020.

GROUP

The Group is a supplier of customised aluminium components and extrusions. The core business is conducted in the subsidiary company ProfilGruppen Extrusions AB. ProfilGruppen AB (publ) is the parent company of the ProfilGruppen Group.

The head office is located in Åseda, Småland, which is also home to most of the sales organisation. In addition, the company has sales offices in Stockholm, Skellefteå, Norway and Germany. In Finland, sales are handled through agents. Design, product development, extrusion manufacture and processing are carried out mainly in Åseda. Further processing is also performed in close co-operation with a number of subcontractors.

ProfilGruppen's subsidiary PG&WIP AB makes interior design products. The company is 30 per cent owned by WIP Industries Sweden AB.

REVENUE AND PROFIT

ProfilGruppen generated revenues of MSEK 1,414.4 (1,622.1) in 2020, which is a decrease of around 13 per cent on the year before. The decrease is due to a lower degree of processing and to a decline in delivery volumes of aluminium extrusions of around 9 per cent, to 28,900 tonnes (31,000).

Exports accounted for 51 per cent (50) of revenue. The consolidated operating profit was MSEK 36.4 (113.2). This is equivalent to an operating margin of 2.6 per cent (7.0). ProfilGruppen's target is an operating margin of 8 per cent.

The ongoing pandemic had an impact on earnings as revenues dropped sharply in the second and third quarters.

It was not possible to adjust costs sufficiently to offset the decline in revenue.

In the fourth quarter, the product mix was unfavourable, resulting in reduced margins.

Start-up costs and depreciation related to the new production facility resulted in higher costs than in the previous year.

ProfilGruppen received MSEK 11.6 (0.0) in government compensation for short-term furloughs and MSEK 4.1 (0.0) in adjustment assistance due to a sharp decrease in sales in its subsidiary PG&WIP. The compensation is accounted for as other operating income. The compensation for short-term furloughs is subject to a final decision by the Swedish Agency for Economic and Regional Growth. The company has also received MSEK 3.4 (0.0) in compensation for sick pay and reduced employer contributions.

The profit before tax was MSEK 31.3 (101.9). Earnings per share (no dilution) were SEK 2.45 (9.98). The average number of shares in thousands was 7,399 (7,399).

INVESTMENTS, DEPRECIATION AND DISINVESTMENT

Investments in 2020 totalled MSEK 94.9 (218.6). In the previous year, work commenced on a new aluminium extrusion facility. The investment is aimed at increasing our annual capacity by around 12,500 tonnes when running at full capacity. The facility was ready around year-end 2019, but due to the pandemic the run-in and ramp-up process took slightly longer than usual. By the end of the year, production capacity was in line with the project's ramp-up target as we moved to three-shift production. The project increased investments for the year by MSEK 56.0 (183.4). The investments in the project were completed during the year and totalled MSEK 326.

Other investments refer mainly to capacity improvement measures.

Total scheduled depreciation/amortisation for the year was MSEK 66.7 (57.7). No impairment losses were recognised during the year (none) and no previous impairment losses were reversed (none).

FINANCIAL POSITION AND CASH FLOW

ProfilGruppen has a target of a net debt to EBITDA ratio of less than 2.0. At 31 December 2020, net debt/EBITDA stood at 2.2 (1.8). Net debt has increased due to the investment in new production capacity but the increase was partly offset by pandemic-related government support. If the net effect of these two factors is excluded, the Group would have had no net debt at the end of 2020.

Return on capital employed in 2020 was 5.0 per cent (18.0).

The equity ratio at year-end was 38.7 per cent (38.2). The liquidity reserve at 31 December 2020 stood at MSEK 189.1 (146.8). Total assets at 31 December 2020 were MSEK 1,150.4 (1,090.1).

Cash flow from operating activities was MSEK 179.4 (110.7) and MSEK 86.7 (-121.4) after investing activities. Raw material inventories remained at a normal and stable level in 2020. In the last months of the year, however, raw material inventories increased markedly as a result of higher demand and the increased capacity of our new extrusion facility. During the year, the company received MSEK 60.7 (0.0) in government liquidity support and MSEK 41.2 (0.0) in other support, which affected cash flow.

The ongoing investment in new production capacity affected cash flow for the year, with cash flow after investing activities amounting to MSEK 145.4 (68.8).

MARKET

The aluminium extrusion market is estimated by European trade association EA to have contracted by around 13 per cent in Europe as a whole in 2020 and by around 9 per cent in Scandinavia. In EA's latest forecast, the European market is expected to partially recover and grow by nearly seven per cent in 2021 compared with 2020.

MANUFACTURING

All manufacturing activities in ProfilGruppen are based on the extrusion of aluminium. In 2020, the company's fourth extrusion line, which is located close to the three existing presses, was taken into use. A unit for surface treatment of extrusions is also located nearby. Group production of aluminium extrusions totalled 29,900 tonnes (31,100) in 2020.

The extrusions are processed in many different ways. The company's own production facilities offer product-specific robot cells as well as machining, bending, cutting and punching. A wide variety of other processing services are sourced externally from a network of subcontractors. Our subsidiary company PG&WIP AB has two fully automated production lines for machining, surface treatment and packing of interior design products for a specific customer.

DEVELOPMENT WORK

Constant improvement of processes and products is an important aspect of the Group's activities. New products and product models for existing or potential customers are created on a daily basis. A close relationship with the customer enables us to come up with constructive ideas for how to improve the product's properties, efficiency and potential environmental impact throughout its lifecycle.

Process development is carried out in partnership with customers, raw material suppliers, and tool and machinery manufacturers. The expenditure associated with this work does not normally meet the criteria for reporting as assets, but is recognised as cost of goods sold and selling expenses in the consolidated income statement, see Note 6. For each development project, an assessment is made of whether or not the expenditure can be capitalised. During the year no development costs have been capitalised.

QUALITY

ProfilGruppen Extrusions AB was certified in accordance with the quality assurance system ISO 9002 in 1991. In 1999, ProfilGruppen became the first Nordic company in its sector to be certified in accordance with the automotive industry's quality system at the time. Quality requirements in the automotive industry are continually being tightened, and since 2018 the IATF 16949:2016 standard has applied.

ENVIRONMENT

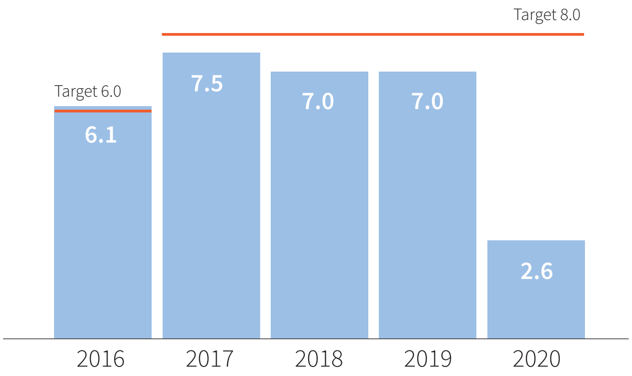
The Group conducts operations that require a permit and are subject to notification requirements under the Swedish Environmental Code.

ProfilGruppen's environmental impact and sustainability work are described in greater detail in the company's Sustainability Report, which is integrated in this annual report.

FINANCIAL TARGETS

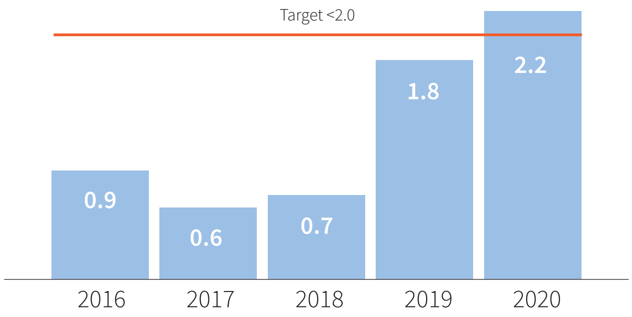
Operating margin, per cent

In 2017, our target for operating margin was changed to 8 per cent.



Net debt to EBITDA, times

If the effect of investing in new production capacity is excluded, the Group would have had no net debt.



PERSONNEL

The average number of employees in the Group totalled 461 (466). The number of employees in the Group at 31 December 2020 totalled 489 (455). Women make up 27 per cent (28) of the Group's total workforce. Staff turnover during the year was 5.0 per cent (7.4). Payroll expenses totalled MSEK 205.1 (202.8).

SHARES AND SHAREHOLDERS

Each share in the company corresponds to one vote. The ownership interests that exceed ten per cent are Ringvägen Venture AB's 28.4 per cent, Lars Johansson's 14.5 per cent, and Mats and Kerstin Egeholm's 10.5 per cent.

The number of shareholders was 2,508 at the beginning of the year and 2,554 at the end of the year. Other share-related information to be provided in the Directors' Report for a listed company in accordance with the Annual Accounts Act can be found in Note 17. Further share information is provided on page 63.

Largest individual shareholders, 30 December 2020

Shareholder	Number of shares	Holding %, 2020	Holding %, 2019
Ringvägen Venture AB	2,099,983	28.4	28.4
Lars Johansson	1,073,466	14.5	14.5
Mats Egeholm	536,424	7.2	7.2
Hanna Li Kusterer	290,000	3.8	3.8
Kerstin Egeholm	241,494	3.3	3.3
Nordea Livförsäkring Sverige AB	239,610	3.2	3.2
Försäkringsaktiebolaget Avanza Pension	159,544	2.1	2.1
Lars Bergenhem	144,480	1.9	1.9
Mats Jonson	136,000	1.8	1.8
David Stillström	120,000	1.6	1.6
10 largest individual shareholders	5,041,001	67.8	67.8
Other	2,357,774	32.2	32.2
Total	**7,398,775**	**100.0**	**100.0**

CORPORATE GOVERNANCE

The work of the Board of ProfilGruppen AB is regulated by the formal work plan, which is established annually at the Board meeting following election at the Annual General Meeting. Three of the members of the Board constitute the Remuneration Committee, which deals with remuneration-related matters. The Audit Committee consists of all members of the Board. Prior to the 2021 AGM, the Nominating Committee will be responsible for proposing Board members and auditors, as well as fees for the Board, committees and auditors. More information on the work of the Board and corporate governance at ProfilGruppen is available in the Corporate Governance Report in this annual report and at www.profilgruppen.se.

REMUNERATION OF SENIOR EXECUTIVES

The Board prepares a proposal for guidelines for remuneration of the Group's senior executives. The Board of Directors proposes that the 2021 AGM shall adopt the following guidelines for 2021.

The Board's Remuneration Committee has evaluated the guidelines that have applied since the 2020 AGM and compliance with the guidelines. The Remuneration Committee has had access to information about all remuneration of senior executives as well as average salaries and terms of employment for other employees as a basis for its evaluation and proposal. The proposed guidelines are based on the company's long-term Remuneration Policy, which was last revised in February 2021. Adhering to the company's strategy and maintaining its long-term interests including its sustainability requires a dedicated, competent and competitive Board and management. The guidelines are therefore designed to enable the company to recruit and retain such individuals.

In terms of remuneration, the proposed guidelines contain no significant changes compared with the previous year.

The guidelines cover the Board, CEO and other members of management.

Directors' fees for Board members elected by the shareholders' meeting comprise the fixed annual remuneration approved by the shareholders' meeting. No other remuneration may be paid for Board work. No fees are paid to Board members appointed by the employees. In the event that the Board decides to request that a Board member shall perform services for the company, a normal market consultancy fee shall be paid. Such fees may never exceed the Director's fee.

For the CEO and other members of management (currently seven people including the CEO), the guidelines are as follows.

Total remuneration may consist of a fixed basic salary, variable remuneration, pension and other benefits. Variable remuneration, which is capped at 30 per cent of the fixed salary, is linked to the Group's financial performance and only in specific instances to individual targets. Variable remuneration is conditional on a positive net result for the Group and will be retrospectively adjusted if it has been paid on apparently erroneous grounds. Agreements on pension benefits are arranged individually and the pension costs can amount to a maximum of 30 per cent of the salary. Other remuneration and benefits shall be at market rates and shall help to facilitate the senior executive's opportunities to carry out their work. The employment contracts of members of the management team are permanent contracts and are generally terminable on six months' notice by either party. No remuneration other than unchanged employment terms during the notice period are paid in connection with termination.

The Board may depart from the guidelines if there are special reasons in an individual case.

The guidelines that applied in 2020 are described in Note 4.

OUTLOOK FOR 2021

We expect delivery volumes to increase sharply in the first half of 2021 compared with 2020. The volumes are intended to provide a boost to volumes at our new production facility. The additional contracts were won in strong competition in a tough market. Coupled with an unfavourable product mix in our other businesses, however, we expect margins to deteriorate.

RISKS AND RISK MANAGEMENT AT PROFILGRUPPEN

Overall responsibility for the company's risk management rests with the Board of Directors. The CEO is responsible for ongoing risk management in accordance with the guidelines issued by the Board. A number of Group policies have been drawn up to support ProfilGruppen's day-to-day activities, including a financial policy and a raw material policy. The ambition is to achieve ProfilGruppen's general objectives through well-considered risk-taking within certain defined limits.

External factors affect ProfilGruppen in varying degrees. Global economic activity as well as local and international political decisions can affect key parts of our business, such as our supply chain or customer demand. Anticipating these risks is a challenge, but striving to prevent and manage any effects is a natural part of our business.

In 2020, the Covid-19 outbreak made it clear that a pandemic entails extensive changes and risks on several levels. The pandemic has created macroeconomic uncertainty and led to a decline in economic activity, which has had a negative impact on the entire business. There is still uncertainty about how the pandemic will affect us and our customers and suppliers going forward. We are following developments closely and adapting our measures accordingly.

OPERATIONAL RISKS

Reliance on customers

ProfilGruppen strives to maintain a customer portfolio that is spread across a large number of customers in different industries in order to reduce its dependence on individual customers or industries. Only one customer accounts for more than ten per cent of revenue and this is a consequence of ProfilGruppen's drive to move up the value chain, as part of which the Group has a subsidiary specialising in interior design products for one specific customer. Our agreements with this customer are based on specific investments and run over several years. In 2020, this customer accounted for 12 per cent (13) of total revenues. Among ProfilGruppen's other customers, there is still a large spread.

Inevitably, having a large number of customers creates a risk that some of these will occasionally experience payment problems. We credit insure the majority of our customers, and around 60 per cent (60) of consolidated net sales is covered by our credit insurance policy.

Dependence on suppliers

The loss of a key supplier may result in costs and problems delivering to our customers. In order to reduce this risk, we have signed delivery agreements with strategic suppliers. In order to ensure that all key input goods are available, we have also developed contact with alternative suppliers.

ProfilGruppen continually evaluates its strategic suppliers to ensure that they meet our customers' requirements with regard to factors such as quality, delivery reliability, financial stability, environment and cost-effectiveness. Read more about raw material deliveries on the next page.

Seasonal and cyclical fluctuations

Our customers are spread across several industries and geographic markets. This industry spread is a deliberate strategy aimed at reducing sensitivity to seasonal and cyclical fluctuations. Most of our major customers operate globally, which means that they, and indirectly ProfilGruppen, are affected by the strength of the global economy. A general economic downturn quickly feeds through to our industry and normally has a significant impact.

Responsibility

Delivering to the automotive industry, for example, entails a liability risk. ProfilGruppen has overall liability to the customer, including for components processed by subcontractors. Future risks are partly covered by separate agreements and insurance policies. There is a low probability of incurring significant damage. To prevent risks to health and safety, ProfilGruppen has established an internal reporting system for higher-risk situations that is available to all employees and that is used actively. A further description of how we discharge our health and safety responsibilities is presented in our Sustainability Report.

Production stoppages

To minimise disruptions in production, risk assessments are made on an ongoing basis along with preventive work at the Group's production facilities. Should such an event occur, the Group has consequential loss insurance that covers loss of contribution margins for up to 24 months. In case of a major outage, the consequences for the company would be significant.

Environment

There is always a risk that the Group's operations can cause damage to land, water and air, and to biological processes. Our extrusion production business is ISO 14001-certified, which supports our preventive efforts to minimise such risks. More stringent environmental requirements could give rise to costs as our operations need to be adjusted, and the Group's Environment Director is therefore keeping a close eye on any legislative changes in this field. You can read more about how ProfilGruppen is addressing environmental issues in our Sustainability Report.

Skills

ProfilGruppen is dependent on its ability to continuously attract, retain and develop individuals with the right skills profile. Working consciously to ensure that we are viewed as an attractive workplace, for existing as well as potential employees, is therefore an important part of the company's strategy. The expansive phase that ProfilGruppen has gone through over the last few years has presented a challenge in terms of training our existing employees to meet growing capacity demands. We have an internal training programme to enable us to live up to the company's strategy.

IT

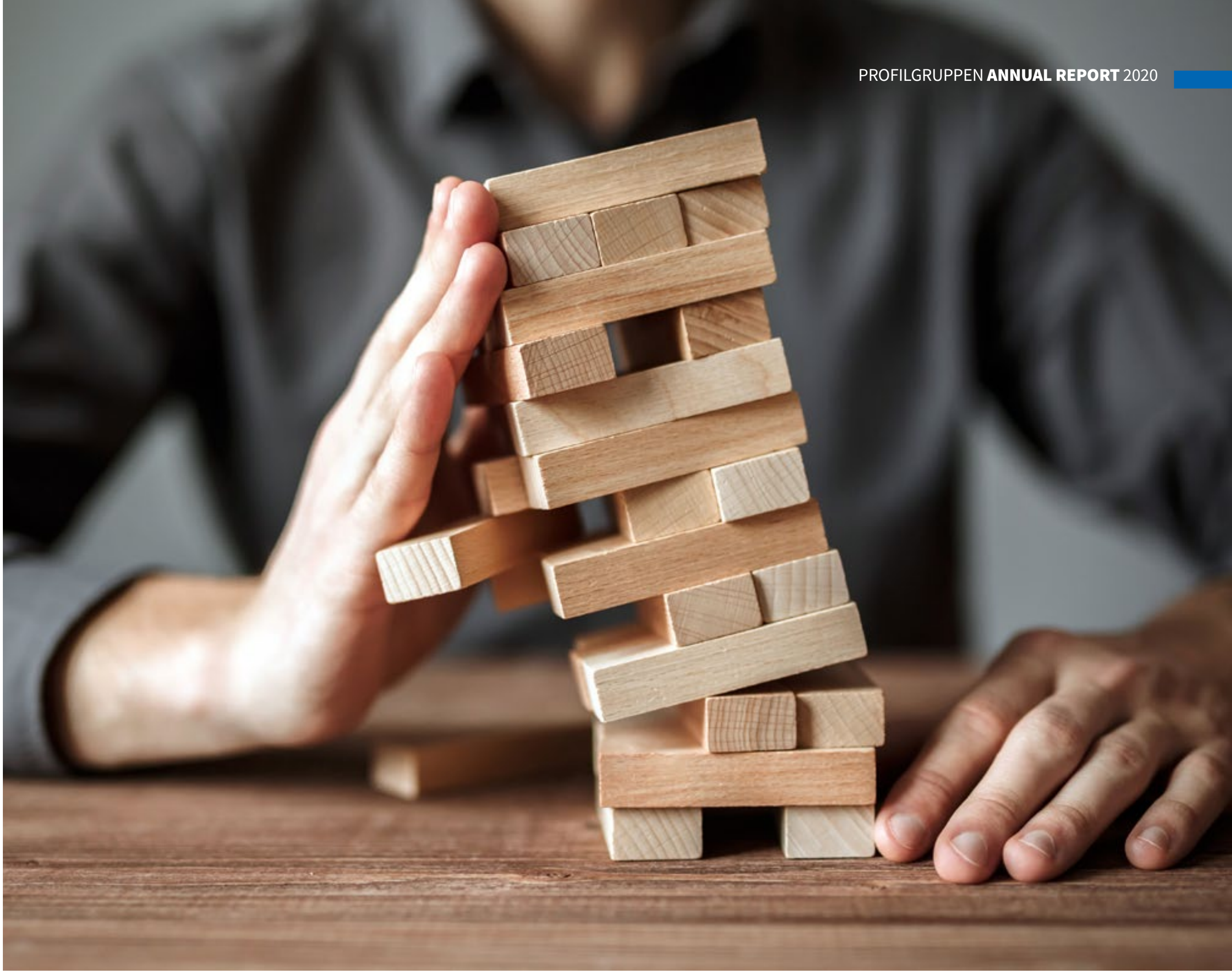
With IT being a very important part of all our business processes, ensuring a high level of availability is essential. Stoppages can lead to production losses, invoicing losses or reduced efficiency within various parts of the business.

Our IT infrastructure is monitored continuously to ensure operational continuity. Redundancy is desirable in all parts of the IT infrastructure, which, along with constant development of the continuity plan, aims to minimise operational disturbances. Internal expertise focuses on business-critical and operationally critical systems.

Capacity

In 2019, after experiencing a shortage of capacity for production of aluminium extrusions, ProfilGruppen invested in a new extrusion facility. The facility was put into production gradually in 2020 and is intended to increase annual capacity by approximately 12,500 tonnes at full capacity.

For the processing of aluminium extrusions, we use a network of subcontractors, who account for a significant share of the processed products that ProfilGruppen delivers. This creates flexibility in terms of capacity but also requires a proactive effort in terms of assessing suitable suppliers. At our own facilities, machining is largely performed where there are opportunities for a high degree of automation or optimised production flows.



Raw material

ProfilGruppen's main raw material is alloyed aluminium ingots. This expense item accounted for 43 per cent (48) of operating expenses in 2020.

The raw material is priced in US dollars on the London Metal Exchange (LME) and, historically, the price has been volatile. ProfilGruppen applies raw material clauses in customer contracts, which limits the company's sensitivity to fluctuations in the raw material price. There is always a certain price risk in inventory, however. Raw material purchases are controlled by the Group's raw material policy. Purchases are made in Swedish kronor (SEK) and euros (EUR) in order to match the customers' contract currency and thus reduce the currency risk. Raw material purchases are made in proportion to expected customer orders. Purchases for periods longer than six months are based on contracts with customers. ProfilGruppen's Raw Material Committee meets twice a month and checks that the policy is being followed.

As the supply of raw materials for industry is dependent on global players, it is also subject to international trade and environmental policies. This applies also to changes at earlier stages of the supply chain, such as alumina production or bauxite mining. Unexpected changes could have a significant impact on our supply.

Energy

ProfilGruppen's energy consumption comprises approximately 46 GWh of electrical energy per year as well as LPG. In total, energy represents approximately 2.2 per cent (1.5) of total operating expenses. ProfilGruppen belongs to the southern electricity area SE4, where there is currently a clearly increased risk compared with other electricity areas, both in terms of available capacity and price fluctuations. ProfilGruppen continuously monitors the electrical energy market to minimise the price risk for the Group's electricity needs. At year-end, the Group had a fixed price for around half of its 2021 consumption. ProfilGruppen is also looking at the long term and is working with the local authority and electricity market players to secure electricity capacity for future expanded requirements.

FINANCIAL RISKS

Currency risk

Currency risk means that a fluctuation in the exchange rate has an impact on the Group's results, cash flow or balance sheet. The Group's foreign subsidiaries have very limited activities and limited balance sheets, and the Group therefore only hedges the transaction risk in respect of currency exposure.

The Group normally has net inflows in all currencies. Under ProfilGruppen's currency policy, 50–70 per cent of the expected net inflow in each currency over the next six to eighteen months should be hedged. The CEO has a mandate to hedge up to 100 per cent for periods of up to 24 months. Currency hedging is mainly done through forward contracts.

US dollar fluctuations affect ProfilGruppen's customer prices because raw aluminium is priced in US dollars. Raw material clauses are included in the majority of contracts, which means that exposure can be minimised. If the exchange rate between the Swedish krona and the most significant currencies moves by ten per cent, and provided that no exchange hedging measures have been taken, the following effects may be seen in profit before tax:

	2020	**2019**
EUR	MSEK +/-17	MSEK +/-14
DKK	MSEK +/-2	MSEK +/-2
NOK	MSEK +/-2	MSEK +/-2

To finance investments in machinery for our new extrusion line, we have taken out a bank loan of MEUR 12. The euro loan creates a currency exposure that the company does not normally have and that had a negative impact on earnings of MSEK 5.4 (-1.3) in 2020. The loan also creates a future currency exposure that could have an impact on earnings.

Interest rate risk

Interest rate risk is the risk of an impact on the Group's earnings as a result of changes in market interest rates. To minimise the risk of such a short-term impact, ProfilGruppen also borrows at fixed rates to some extent. According to the financial policy, the fixed-rate term is limited to 60 months and at least 30 per cent of the Group's loans must have variable interest rates.

Credit risk

ProfilGruppen's credit risks arise when investing in financial instruments. To minimise this risk, trading is only permitted with a few counterparties approved by the Board of Directors.

Refinancing risk

Operational capital requirements are financed through bank loans. ProfilGruppen's financing policy states that the company must have loan commitments or agreements covering a period of at least twelve months. The agreements specify the financial targets that need to be met. The euro financing relating to the investment in a new production plant matures in 2025, when half the loan will have been repaid.

PARENT COMPANY

ProfilGruppen AB (publ) is the parent company of the ProfilGruppen Group. ProfilGruppen runs operations in the form of a limited company (publ) and has its registered office in Uppvidinge Municipality, Kronoberg County, Sweden. The company's address is: Box 36, SE-364 21 Åseda, Sweden.

Rental income and payments for services from companies in the Group account for 100 per cent of revenues in the parent company ProfilGruppen AB. The parent company has no employees (0).

DIVIDEND

Based on the regulations regarding support measures for Covid-19, the Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2020 financial year.

The Board and the CEO propose that standing profits available as per the balance sheet, of SEK 134,729,070, be appropriated in the following manner:

Dividend to shareholders	SEK 0
To be carried forward	SEK 134,729,070
Total profits according to balance sheet	SEK 134,729,070

Under its dividend policy, the company aims to distribute 40–50 per cent of earnings after tax over a business cycle to the shareholders, having regard to capital requirements and the capital structure.

ANNUAL REPORT AND SUSTAINABILITY REPORT

Details of the company's and the Group's profits and overall financial position may be found in the following income statement and balance sheet with the Notes to these accounts. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet for 2020 are to be submitted for approval at the Annual General Meeting on 20 April 2021.

In accordance with Ch. 6 § 11 of the Swedish Annual Accounts Act, ProfilGruppen has chosen to present its statutory sustainability report separately from its annual report, although it is integrated in the same document as the annual report. The Sustainability Report was handed to the auditor together with the annual report.

36.4 MSEK
Consolidated operating profit

2.45 SEK
Earnings per share, Group

2.2 TIMES
Net debt to EBITDA

CONTENTS FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MSEK)		Note	2020	2019
Revenue		2	1,414.4	1,622.1
Cost of goods sold			-1,283.7	-1,411.9
Gross profit			**130.7**	**210.2**
Other operating income		3	15.8	5.6
Selling expenses			-55.9	-59.4
Administrative expenses			-54.2	-43.2
Other operating expenses		3	0.0	0.0
Operating profit		4, 5, 6, 7	**36.4**	**113.2**
Financial income		8	0.4	0.4
Financial expenses		8	-5.5	-11.7
Net financial items			-5.1	-11.3
Profit before tax			**31.3**	**101.9**
Tax		10	-7.4	-21.4
Profit/loss for the year			**23.9**	**80.5**
Of which attributable to:	Parent company shareholders		18.1	73.9
	Non-controlling interests		5.8	6.6
Earnings per share, SEK (no dilution)		18	2.45	**9.98**
Other comprehensive income				
Profit/loss for the year			23.9	80.5
Changes in hedging reserve		17	7.0	2.2
Changes in translation reserve			-0.5	-0.2
Deferred tax on the above items			-1.4	-0.4
Total items that will be reclassified to net earnings			5.1	1.6
Restatement of defined benefit pension obligations			-0.4	-1.6
Deferred tax on the above items			0.1	0.4
Total items that will not be reclassified to net earnings			-0.3	-1.2
Comprehensive income for the year			**28.7**	**80.9**
Comprehensive income attributable to:	Parent company shareholders		22.9	74.3
	Non-controlling interests		5.8	6.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)		Note	31 Dec 2020	31 Dec 2019
Assets	Intangible assets	11	33.6	39.0
	Property, plant and equipment	12	564.3	523.2
	Right-of-use assets	13	17.5	13.8
	Financial fixed assets	14	0.2	0.2
	Total non-current assets		**615.6**	**576.2**
	Inventories	15	242.4	232.0
	Trade receivables	16	191.6	202.7
	Prepaid expenses and accrued income	20	7.6	9.3
	Other receivables	21	28.1	40.0
	Cash and cash equivalents	24	65.1	29.9
	Total current assets		**534.8**	**513.9**
Total assets		2	**1,150.4**	**1,090.1**
Equity	Share capital		37.0	37.0
	Other paid-up capital		29.5	29.5
	Reserves		5.3	0.1
	Profit brought forward. incl. profit/loss for the year		349.9	332.2
	Total equity, controlling interests		**421.7**	**398.8**
	Non-controlling interests		23.9	18.1
	Total equity	17	**445.6**	**416.9**
Liabilities	Non-current interest-bearing liabilities	19, 21, 24	151.0	155.5
	Provisions for pensions	4	18.2	18.2
	Deferred tax liabilities	10	64.4	55.1
	Total non-current liabilities		**233.6**	**228.8**
	Current interest-bearing liabilities	19, 21, 24	118.4	156.5
	Trade payables		176.3	190.2
	Current tax liabilities		0.1	0.1
	Other liabilities	19	76.7	7.1
	Accrued expenses and deferred income	20	99.7	90.5
	Total current liabilities		**471.2**	**444.4**
	Total liabilities		**704.8**	**673.2**
Total equity and liabilities			**1,150.4**	**1,090.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MSEK) Consolidated equity	Note 17	Share capital	Other paid-up capital	Translation reserve	Hedging reserve	Retained earnings incl. profit for the year	Non-controlling interests	Total equity	Number of shares
Opening balance 1 Jan 2019		**37.0**	**29.5**	**0.3**	**-2.2**	**296.8**	**13.0**	**374.4**	**7,398,775**
Comprehensive income									
Profit/loss for the year						73.9	6.6	80.5	
Other comprehensive income				-0.2	2.2	-1.6	0.0	0.4	
Transactions with shareholders									
Dividend						-36.9	-1.5	-38.4	
Closing balance 31 Dec 2019		**37.0**	**29.5**	**0.1**	**0.0**	**332.2**	**18.1**	**416.9**	**7,398,775**
Opening balance 1 Jan 2020		**37.0**	**29.5**	**0.1**	**0.0**	**332.2**	**18.1**	**416.9**	**7,398,775**
Comprehensive income									
Profit/loss for the year						18.1	5.8	23.9	
Other comprehensive income				-0.4	5.6	-0.4	0.0	4.8	
Transactions with shareholders									
Dividend						0.0	0.0	0.0	
Closing balance 31 Dec 2020		**37.0**	**29.5**	**-0.3**	**5.6**	**349.9**	**23.9**	**445.6**	**7,398,775**

CONSOLIDATED STATEMENT OF CASH FLOWS

(MSEK)	Note	2020	2019
Operating activities	24		
Operating profit		36.4	113.2
Adjustment for non-cash items		68.7	59.2
Interest received		0.4	0.4
Interest paid		-10.7	-12.1
Income tax paid		-5.5	-28.7
Cash flow from operating activities prior to change in working capital		**89.3**	**132.0**
Cash flow from changes in working capital			
Inventories		-10.3	15.4
Operating receivables		36.2	7.3
Operating liabilities		64.2	-44.0
Cash flow from operating activities		**179.4**	**110.7**
Investing activities			
Acquisition of intangible assets		-0.8	-9.2
Acquisition of property, plant and equipment		-91.9	-222.9
in 2020 affected by construction of an extrusion facility in the amount of MSEK 58.7 (190.2)			
Cash flow from investing activities		**-92.7**	**-232.1**
Financing activities			
Dividend		0.0	-38.4
Change in drawn overdraft facility		-41.0	94.0
Borrowings		15.5	94.4
Repayment of loans		-15.9	-17.5
Repayment of lease liabilities		-7.2	-7.6
Cash flow from financing activities		**-48.6**	**124.9**
Cash flow for the year		**38.1**	**3.5**
Cash and cash equivalents at beginning of year		29.9	26.1
Translation differences in cash and cash equivalents		-2.9	0.3
Cash and cash equivalents, closing balance		**65.1**	**29.9**

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	2020	2019
Revenue	2	27.1	21.8
Cost of goods sold		-5.7	-3.4
Gross profit		**21.4**	**18.4**
Administrative expenses		-4.2	-4.5
Operating profit	4, 5	**17.2**	**13.9**
Income from investments in subsidiaries	8	0.0	3.5
Interest income and similar income	8	0.7	1.3
Interest expense and similar charges	8	-1.3	-2.9
Profit after financial items		**16.6**	**15.8**
Appropriations	9	-16.1	-8.1
Profit before tax		**0.5**	**7.7**
Tax	10	0.1	-0.6
Profit/loss for the year		**0.6**	**7.1**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	2020	2019
Profit/loss for the year		0.6	7.1
Other comprehensive income			
Items that will be reclassified to net earnings		0.0	0.0
Items that will not be reclassified to net earnings		0.0	0.0
Comprehensive income for the year		**0.6**	**7.1**

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	31 Dec 2020	31 Dec 2019
Assets			
Property, plant and equipment	12	187.5	176.9
Financial fixed assets	23	87.9	87.9
Total non-current assets		**275.4**	**264.8**
Receivables from Group companies		0.0	122.9
Other receivables		22.1	12.2
Total current receivables		22.1	135.1
Cash and bank balances	24	0.0	0.0
Total current assets		**22.1**	**135.1**
Total assets		**297.5**	**399.9**
Equity and liabilities			
Restricted equity			
Share capital		37.0	37.0
Non-restricted equity			
Share premium reserve		29.5	29.5
Retained earnings		104.6	97.6
Profit/loss for the year		0.6	7.1
Total equity	17	**171.7**	**171.2**
Untaxed reserves	9	**60.8**	**54.7**
Deferred tax liabilities	10	**3.3**	**3.4**
Non-current interest-bearing liabilities to credit institutions	19, 21, 24	**0.0**	**0.0**
Interest-bearing liabilities to credit institutions	19, 21, 24	0.0	163.6
Non-interest bearing liabilities			
Trade payables		2.6	5.1
Liabilities to Group companies		57.5	0.0
Other liabilities		0.7	0.8
Accrued expenses and deferred income	20	0.9	1.1
Total current liabilities		**61.7**	**170.6**
Total equity and liabilities		**297.5**	**399.9**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Non-restricted equity		
(MSEK)	Share capital	Share premium account	Retained earnings	Total equity
Opening equity 1 Jan 2019	**37.0**	**29.5**	**134.6**	**201.1**
Profit/loss for the year			7.1	7.1
Transactions with shareholders				
Dividend			-37.0	-37.0
Closing equity 31 Dec 2019	**37.0**	**29.5**	**104.7**	**171.2**
Opening equity 1 Jan 2020	**37.0**	**29.5**	**104.7**	**171.2**
Profit/loss for the year			0.6	0.6
Transactions with shareholders				
Dividend			0.0	0.0
Closing equity 31 Dec 2020	**37.0**	**29.5**	**105.3**	**171.8**
Proposed dividend for the financial year 2020			0.0	0.0

PARENT COMPANY STATEMENT OF CASH FLOWS

(MSEK)	Note	2020	2019
Operating activities	24		
Operating profit		17.2	13.9
Adjustment for non-cash items		6.1	3.3
Interest received		0.7	4.8
Interest paid		-1.3	-2.9
Income tax paid		-0.6	-12.1
Cash flow from operating activities prior to changes in working capital		**22.1**	**7.0**
Cash flow from changes in working capital			
Operating receivables		135.0	-13.0
Operating liabilities		54.5	4.1
Cash flow from operating activities		**211.6**	**-1.9**
Investing activities			
Acquisition of property, plant and equipment		-15.9	-76.9
Sale of property, plant and equipment		0.0	0.0
Shareholders' contributions, subsidiaries		0.0	0.0
Cash flow from investing activities		**-15.9**	**-76.9**
Financing activities			
Dividend		0.0	-37.0
Group contributions		-10.0	0.0
Change in drawn overdraft facility		-163.6	115.4
Repayment of loans		0.0	0.0
Cash flow from financing activities		**-173.6**	**78.4**
Cash flow for the year		**22.1**	**-0.4**
Cash and cash equivalents, opening balance		0.0	0.4
Cash and cash equivalents, closing balance		**22.1**	**0.0**

GENERAL INFORMATION

These consolidated financial statements refer to the Group, which consists of ProfilGruppen AB (publ), corp. ID no. 556277-8943, and its subsidiaries. A list of significant subsidiaries is included in Note 23. The consolidated financial statements have been prepared in Swedish kronor (SEK) and all amounts are expressed in millions of Swedish kronor (MSEK) unless otherwise indicated.

ProfilGruppen AB is a limited company with its registered office in Uppvidinge Municipality, Kronoberg County, Sweden. The company is listed on the Nasdaq OMX Stockholm Stock Exchange. The address of the head office as well as the site of the company's main operations is Box 36, SE-364 21 Åseda.

These consolidated financial statements were approved for publication by the Board of Directors on 17 March 2021.

NOTES

1 ACCOUNTING PRINCIPLES

COMPLIANCE WITH SET STANDARDS AND LEGISLATION

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as approved by the EC Commission for application within the EU. In addition, RFR 1 Supplementary Accounting Regulations for Groups has also been applied.

Unless otherwise stated under the heading The parent company's accounting principles, the same principles are applied to the parent company as to the Group. Any deviations that occur are due to restrictions in the ability to apply IFRS to the parent company as a result of the Swedish Annual Accounts Act (ÅRL) and the Act on Safeguarding of Pension Obligations (Tryggandelagen) and, in some instances, are for tax purposes.

ASSUMPTIONS DURING PREPARATION OF THE PARENT COMPANY'S AND THE GROUP'S FINANCIAL STATEMENTS

The parent company's functional currency is Swedish krona, which is the reporting currency for both the parent company and the Group. The financial statements are therefore presented in Swedish krona (SEK). All amounts, unless stated otherwise, are rounded off to the nearest million kronor. Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value comprise derivative instruments

The accounting principles set out below for the Group have been applied consistently to those periods included in the consolidated financial statements, unless otherwise stated below. The Group's accounting principles have been applied consistently to any reporting and consolidation of subsidiaries.

NEW AND AMENDED STANDARDS NOT YET APPLIED BY THE GROUP

No standards have been applied early. No IFRS or IFRIC interpretations that have not yet become effective are expected to have a significant impact on the Group.

CRITICAL ESTIMATES

Drawing up the financial reports in accordance with IFRS requires the company's management to make estimates and assumptions that affect the application of the accounting principles as well as the reported amounts. Any estimates and assumptions are based on historical experience and a number of other factors that under current circumstances appear reasonable. The result of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities that cannot be clarified by other means or sources. The actual outcome may differ from these estimates and assessments.

The following important estimates have been made when applying the Group's accounting principles.

Inventories

Inventories are measured at the lower of cost and net realisable value, which usually means measurement at cost. See also the heading Inventories.

The net realisable value is to some extent an estimate based on forecasts from customers but also on historical data.

Expected credit losses

For trade receivables, the Group applies the simplified approach for credit reserve, i.e. the reserve will correspond to the expected loss over the lifetime of the trade receivable. To measure the anticipated credit losses, trade receivables have been grouped based on allocated credit risk properties and overdue days. The Group uses forward-looking variables for anticipated credit losses.

Impairment testing of goodwill

When calculating the recoverable amount of cash-generating units for the assessment of any impairment requirement for goodwill, several assumptions about future relationships and other parameter estimates have been carried out. Please refer to Note 11.

Assumptions concerning pensions

To calculate pension assumptions, management has made estimates of the discount rate and other parameters. The assessment of these parameters is based on expectations. If the actual values of the parameters were to differ from the expected values an actuarial gain or loss will be recognised in other comprehensive income in the consolidated financial statements. For a sensitivity analysis of the most significant of these assumptions, see Note 4.

CLASSIFICATION ETC.

Non-current assets and non-current liabilities consist largely of amounts that are expected to be recovered or for which there is a right to payment more than twelve months after the closing date.

Current assets and current liabilities essentially consist of amounts that are expected to be recovered or for which there is a right to payment within twelve months of the closing date.

For each balance-sheet item that includes amounts expected to be recovered or paid both within and after twelve months from the closing date, this information is provided in a note to the relevant balance-sheet item.

CONSOLIDATION PRINCIPLES

All companies in which the Group has a controlling interest are classified as subsidiaries. Subsidiaries are included in the consolidated financial statements as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

Non-controlling interests are presented separately in the consolidated statement of comprehensive income, the consolidated statement of financial position and in Note 23 Investments in Group companies.

The purchase method is applied in accounting for the Group's business combinations (see Note 23).

Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise through intra-Group transactions between Group companies are eliminated in their entirety during preparation of the consolidated financial statements.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction day. Functional currencies are the currencies in the primary economic environments where companies in the Group operate. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the closing date rate. Exchange-rate differences arising from the conversions are reported in the statement of comprehensive income. Non-monetary assets and liabilities that are recognised at historical cost are converted at the exchange rate on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are converted to the functional currency at the exchange rate in effect at the time the fair value is measured, at which point exchange rate changes are recognised together with other changes in the value of the asset or liability.

Financial reports concerning foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor at the closing rate. Revenue and expenses from a foreign operation are converted to Swedish krona at an average exchange rate that is an approximation of the rates on each transaction day. Translation differences that arise through currency conversion for foreign operations are recognised in other comprehensive income.

REVENUE

The Group's revenue essentially comprises the sale of customised aluminium extrusions. The Group supplies the products with no additional commitments in respect of assembly or installation. The sale of products is recognised as revenue when control of the goods is transferred to the customer, which takes place when the goods have been transported to the location specified in the agreement, the risk for obsolete or lost goods has been transferred to the customer and the customer has either accepted the goods in accordance with the agreement, the deadline for objections to the agreement has expired, or the Group has objective evidence to indicate that all the criteria for acceptance have been met. No financing component is deemed to exist at the time of the sale. The revenue is recognised at the fair value of what has been or will be received.

The transaction price is basically fixed, although variable remuneration may occur in the form of discounts based on total sales. Revenue from sales is recognised on the basis of the price in the agreement, less calculated discounts. Historical data is used to estimate the expected value of the discounts, and the revenue is reported only to the extent it is highly probable that a substantial reversal will not occur. No financing component is deemed to exist at the time of the sale, as the credit period normally amounts to 30-60 days. As a result, the Group does not adjust the transaction price for the effects of a significant financing component. The Group's policy is to sell the products to the end customer with no right of return. No reversal of the recognised income will therefore be made.

The Group's commitment to repair or replace defective products in accordance with normal warranty regulations is recognised as a provision. Historical data is used to assess the size of the returns.

A receivable is recognised when the goods have been delivered, as it is at this time that the remuneration becomes unconditional (i.e. only the passing of time is required for payment to take place).

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income from bank balances and receivables and interest expenses on loans, lease liability, dividend income, exchange rate differences, unrealised and realised gains and losses on interest rate swaps used within financial activities.

Dividend income is recognised once the right to receive payment has been determined. Borrowing costs directly attributable to the purchase, construction or production of a qualified asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and included in the cost of the asset. Other borrowing costs are recognised in accordance with the effective interest method.

Interest income is recognised as income with the application of the effective interest method.

FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities comprise the following items: financial fixed assets, trade receivables, other receivables, cash and cash equivalents, interest-bearing liabilities, trade payables, accrued expenses and other liabilities.

a) Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognised on the trade date, i.e. the date on which the Group commits itself to buy or sell the asset.

At initial recognition, financial instruments are recognised at fair value plus, for an asset or financial liability that is not recognised at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and financial liabilities that are recognised at fair value through profit or loss are expensed in the statement of comprehensive income.

The Group classifies and values its financial assets in the following categories:
• financial assets at amortised cost
• financial assets at fair value through other comprehensive income
• financial assets at fair value through profit or loss
(derivatives not included in hedge accounting)

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual conditions for the assets' cash flows. For investments in an equity instrument that is not held for trading, recognition depends on whether the Group, at the instrument's acquisition date, has made an irrevocable decision to recognise the equity instrument at fair value via other comprehensive income. The Group only reclassifies debt instruments in those cases where the Group's business model for the instruments is changed.

Subsequent valuation of investments in debt instruments depends both on the Group's business model for managing the asset as well as the type of cash flow the asset generates. The Group classifies its investments in debt instruments in three valuation categories:

Financial assets at amortised cost

Assets held for the purpose of collecting contractual cash flows, and where these cash flows consist exclusively of principal and interest, are reported at amortised cost. Interest income from such financial assets is recognised as financial income through the application of the effective interest method. Gains and losses arising from a reversal from the statement of financial position are recognised directly in profit or loss within other gains and losses together with the exchange rate result. Impairment losses are reported solely on a separate line in the statement of comprehensive income in cases where this refers to a significant amount. The Group's financial assets valued at amortised cost consist of trade receivables, accrued income, other receivables as well as cash and cash equivalents.

Financial assets valued at fair value via other comprehensive income

Assets held for the purpose of collecting contractual cash flows and for sale, where the assets' cash flows consist exclusively of principal and interest, are valued at fair value via other comprehensive income. Changes in carrying amount are recognised via other comprehensive income, with the exception of the recognition of interest income, exchange rate differences and impairment losses, which are recognised in the income statement. When the financial asset is removed from the balance sheet, the accumulated gain or loss, which has previously been recognised in other comprehensive income, is transferred from equity to the income statement. Interest income from these financial assets is recognised as financial income through the application of the effective interest method. Foreign exchange gains and losses are included in other gains and losses. Impairment losses are reported solely on a separate line in the statement of comprehensive income in cases where this refers to a significant amount.

Financial assets at fair value through profit or loss Assets that do not meet the requirements for being recognised at amortised cost or fair value through other comprehensive income are valued at fair value through profit or loss. A profit or loss for a debt instrument that is recognised at fair value through profit or loss, and which is not included in a hedging relationship, is reported net in the statement of comprehensive income in the period in which the profit or loss is incurred. Any holdings in derivatives in the form of currency futures and interest swaps that do not meet the criteria for hedge accounting fall into this category.

d) Reversal of financial assets

Financial assets, or a part thereof, are removed from the statement of financial position when the contractual rights to receive cash flows from the assets have expired or have been transferred and either (i) the Group transfers essentially all risks and benefits associated with ownership or (ii) the Group does not transfer or retains essentially all risks and benefits associated with ownership and the Group has not retained control of the asset.

e) Financial liabilities - Classification and valuation

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Derivatives are classified as being held for trading if they are not identified as hedges. The Group has financial liabilities in the form of interest rate swaps and forward contracts. Financial liabilities valued at fair value via the income statement are also recognised at fair value in subsequent periods, and the change in value is recognised under financial items in the statement of comprehensive income. Any holdings in derivatives in the form of currency futures and interest swaps that do not meet the criteria for hedge accounting, fall into this category.

Financial liabilities at fair value through other comprehensive income are classified as current liabilities if they fall due within 12 months from the closing date; if they fall due later than 12 months from the closing date, they are classified as non-current liabilities.

Financial liabilities at amortised cost
The Group's other financial liabilities are classified as subsequently being valued at amortised cost using the effective interest method. Other financial liabilities consist of liabilities to credit institutions (non-current and current), liabilities to Group companies, trade payables, current liabilities.

f) Reversal of financial liabilities

Financial liabilities are removed from the statement of financial position when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the remuneration that has been paid, including any transferred assets that are not cash or liabilities that have been assumed, is reported in the statement of comprehensive income.

When the conditions for a financial liability are renegotiated, and are not removed from the statement of financial position, a profit or loss is reported in the statement of comprehensive income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, discounted to the original effective interest rate.

g) Offsetting of financial instruments

Financial assets and liabilities are netted and recognised with a net amount in the statement of financial position only when there is a legal right to net the carrying amounts and an intention to settle them with a net amount or simultaneously to realise the asset and settle the liability. The legal right must not depend on future events and must be legally binding for the company and the counterparty, both in case of normal business activities and in the event of default, insolvency or bankruptcy.

h) Impairment of financial assets

Assets recognised at amortised cost
The Group values the future anticipated credit losses related to investments in debt instruments reported at amortised cost or fair value with changes via other comprehensive income based on prospective information. The Group chooses a provision method based on whether there has been a significant increase in credit risk or not.

For trade receivables, the Group applies the simplified approach for credit reserve, i.e. the reserve will correspond to the expected loss over the lifetime of the trade receivable. To measure the anticipated credit losses, trade receivables have been grouped based on allocated credit risk properties and overdue days. The Group uses forward-looking variables for anticipated credit losses. Anticipated credit losses are only reported in the consolidated statement of comprehensive income in the item "Other external expenses" if the amount is not significant.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with banks.

Borrowing
Borrowing is initially reported at fair value, net of transaction costs. Borrowing is then recognised at amortised cost, and any difference between the amount received (net of transaction costs) and the amount of the repayment is recognised in the statement of comprehensive income spread over the loan period, applying the effective interest method.

The liability is classified as current in the balance sheet, unless the company has an unconditional right to postpone the settlement of the liability for at least 12 months after the reporting period.

Borrowing costs
General and specific borrowing costs directly attributable to the purchase, construction or production of qualifying assets are included in the cost of these assets. Qualifying assets are assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation ceases when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. Deviations from this principle have been made in respect of a new production plant, which was completed during the year, as no borrowing costs have been included in the cost of the asset. During the period of construction, borrowing costs directly related to the acquisition have been accounted for as a financial expense.

Financial income arising from the temporary investment of borrowed capital pending its use for financing the asset reduces the borrowing costs eligible for capitalisation. All other borrowing costs are expensed as incurred.

Trade payables
Trade payables belong to the Other financial liabilities category. Trade payables are taken up once an invoice has been received. Trade payables have a short expected maturity and are measured without discounting.

Derivatives and hedge accounting
The Group's derivative instruments have been procured in order to hedge the risks associated with interest and currency exposure to which the Group is subjected. Derivatives are recognised in the statement of financial position on the trade date and are valued at fair value, both initially and in subsequent revaluations at the end of each reporting period. The method for recognising the profit or loss arising from revaluation depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the item that has been hedged.

When the transaction is entered into, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's risk management objective and risk management strategy in respect of the hedge. The Group also documents its assessment, both when the hedge is entered into and on a continual basis, of whether the derivative instruments used in hedging transactions have been and will continue to be effective when it comes to countering changes in fair value or the cash flows attributable to the hedged items.

Information about the fair value of various derivative instruments used for hedging purposes can be found in Note 21. Changes in the hedging reserve in equity are shown in Note 17. The entire fair value of a derivative that constitutes a hedging instrument is classified as a non-current asset or a non-current liability when the hedged item's remaining term is longer than 12 months, and as a current asset or current liability when the hedged item's remaining term is less than 12 months. Derivative instruments held for trading are always classified as current assets or current liabilities.

Transaction exposure – cash flow hedges
Currency exposure regarding future contracted and forecast flows is hedged through currency futures. The currency future that protects the forecast flow is recognised in the statement of financial position at fair value. The effective part of changes in the fair value of the forward contract is recognised in other comprehensive income and accumulated in equity as long as the hedge is effective. The ineffective part of the change in value is recognised as income immediately in the income statement. If the hedge is ineffective or if the hedged forecast transaction is no longer expected to occur, accumulated gains or losses are recognised immediately in profit or loss for the year. The amount recognised in equity through other comprehensive income is reclassified to profit or loss for the year in the same period in which the hedged item affects profit or loss for the year, and is recognised in the item "Income". When a hedging instrument falls due, is sold, liquidated or redeemed, or the company modifies the identification of the hedge relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the reported cumulative gain or loss in the hedging reserve remains as equity and is recognised in a similar way to that above when the transaction occurs.

Hedging of the Group's fixed interest – cash flow hedges
Interest rate swaps are used to hedge interest risks. The interest rate swaps are valued at fair value in the statement of financial position. In profit or loss for the year, the interest coupon part is continuously recognised as interest income or interest expense; any other change in the value of the interest rate swap is recognised in other comprehensive income, provided the criteria for hedge accounting and effectiveness are met.

Inefficiencies in hedge accounting
The effectiveness of a hedge is evaluated when the hedging relationship is entered into. The hedged item and the hedging instrument are evaluated continually to ensure that the relationship satisfies the requirements. When the Group hedges sales of foreign currency, hedging relationships are entered into where critical conditions in the hedging instrument exactly match the conditions for the hedged item. In this way, a qualitative evaluation of the effectiveness of the relationship has been carried out. If altered circumstances affect the conditions for the hedged item to such an extent that the critical conditions no longer exactly match the hedging instrument's critical conditions, the Group uses the hypothetical derivative method to evaluate efficiency. When hedging foreign currency sales, inefficiencies can occur if the timing of the forecast transaction is altered compared to the initial estimate.

The Group enters into interest rate swaps that have the same critical conditions as the hedged item. Critical conditions can include reference rate, contractual repricing dates, payment dates, due dates and nominal amount. The Group does not hedge 100% of the loans and therefore only identifies the share of outstanding loans that correspond to the nominal amounts of the swaps. As the critical conditions have been matched throughout the year and the comparison year, the financial relationship has been 100% effective.

Ineffectiveness of hedge relationships with interest rate swaps is assessed according to the same principles as for hedging of future currency purchases. Inefficiencies can occur due to:
- CVA/DVA adjustment of the interest rate swap not included in the loan,
- Differences between critical conditions between the interest rate swap and the loan

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are recognised as assets in the statement of financial position if it is likely that future financial advantages will be available to the company and the acquisition value of the asset can be calculated in a reliable way. Property, plant and equipment are recognised for the Group at cost after deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to acquire it in a condition where it can be utilised in accordance with the aim of the acquisition. Principles for impairment losses are dealt with below.

The cost of non-current assets produced in-house includes material costs, expenditure on employee remuneration, if applicable, other manufacturing costs that are thought to be directly attributable to non-current assets, as well as estimated expenditure on disassembly and removal of assets and restoration of the site or area where required.

Property, plant and equipment that comprise elements with different useful lives are treated as separate components of property, plant and equipment. The carrying amount of an item of property, plant and equipment is removed from the statement of financial position when this is scrapped or sold off, or when no future financial advantages are expected from the use of or scrapping/selling the asset. Any gain or loss arising from the sale or scrapping of an asset comprises the difference between the sale price and the asset's carrying amount less direct selling expenses. Gains and losses are reported as other operating revenue/expense.

Depreciation methods
Depreciation is performed linearly over the asset's estimated useful life. The Group applies component depreciation, which means that the components' assessed useful life forms the basis for depreciation, see Note 11. Real estate is divided chiefly into land and buildings. No depreciation is performed for land, the useful life of which is judged to be indeterminable.

An asset's residual value and useful life are assessed annually.

LEASES
The Group's leases refer mainly to commercial premises, vehicles and IT equipment. The terms are negotiated separately for each contract and contain a large number of different contract terms. The leases contain no specific terms or restrictions under which they would be terminated if terms were not met, but the leased assets may not be used as collateral for loans.

The leases are recognised as right-of-use assets with corresponding liabilities on the day when the leased asset is available for use by the Group. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Leases are normally depreciated over fixed periods of three to five years for commercial premises, three to six years for vehicles and three years for IT equipment but in some cases with an option to extend or terminate the lease, as described below.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the following lease payments:
• fixed payments and
• variable lease payments that depend on an index.

Lease payments are discounted at the incremental borrowing rate. The average interest rate used for discounting is three per cent.

Right-of-use assets are measured at cost, which includes the following:
• the initial measurement of the lease liability and
• payments made at or before the date when the leased asset is made available for use to the lessee.

Payments for short-term leases and low-value leases are expensed in the income statement on a straight-line basis. Short-term leases are leases with a term of twelve months or less.

Options to extend or terminate a lease
Options to extend or terminate leases are included in the majority of the Group's leases for commercial premises. The terms are used to maximise flexibility in terms of how the contracts are managed. Options to extend or terminate a lease are included in the asset and liability when it is reasonably certain that they will be exercised.

INTANGIBLE ASSETS

Goodwill
Goodwill represents the difference between the cost for a business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities.

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is divided among cash-generating units and is tested annually for impairment. Goodwill is not amortised.

Other intangible assets
IT systems adapted to the Group's operations are accounted for as intangible assets and capitalised in the balance sheet when they are taken into use. The useful life is assessed individually.

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. Inventories comprise a raw material portion (aluminium) and a processing portion.

The cost of raw materials and direct materials is determined based on the first-in, first-out principle. The cost of the processing portion consists of direct manufacturing costs and a reasonable proportion of indirect manufacturing costs. During measurement, consideration is paid to normal capacity utilisation.

Net realisable value is the estimated sale price less selling expenses.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The carrying amounts of the Group's non-financial assets, with the exception of inventories, are reviewed on each closing date to assess whether there is any indication of a need for impairment. If an impairment indicator exists, the asset's recoverable amount is calculated. The valuation of assets that are exempt as per the above is tested as per the relevant standard. For goodwill the recoverable amount is calculated at least once a year.

If it is not possible to establish essentially independent cash flows for an individual asset, the assets are grouped at the lowest level at which it is possible to identify essentially independent cash flows (a cash-generating unit). An impairment loss is recognised when an asset or cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss burdens the profit/loss for the year.

The recoverable amount is the higher of the fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that takes into consideration risk-free interest and the risk that is associated with the specific asset.

Reversal of impairment

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, goodwill impairment losses are never reversed. A reversal is only performed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation/amortisation where appropriate, if no impairment had been made.

EMPLOYEE BENEFITS

Salaries and social security contributions are recognised as personnel costs in the income statement. The costs are recognised in the period when the services are provided in accordance with the employment contracts.

Defined contribution pension plans

Obligations regarding contributions to defined-contribution pensions are reported as an expense in the statement of comprehensive income as they occur.

Defined benefit pension schemes

Commitments for old-age pensions and family pensions for salaried employees in Sweden are met through insurance with Alecta. In accordance with UFR 10, this is a multi-employer defined benefit pension plan. The company has not had access to such information that makes it possible to report this pension as a defined benefit scheme. The pension plan as per ITP that is met through insurance with Alecta is therefore reported as a defined contribution pension.

In Norway, all employees are covered by defined benefit pension schemes. In Sweden, some employees are covered by defined benefit pension plans in addition to those which are insured through Alecta. However, there are no new earned pension entitlements in these schemes.

The Group's net obligation regarding defined benefit pensions is calculated separately for each pension scheme by estimating future benefits earned by employees through their employment during both current and earlier periods; this benefit is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the interest rate on a risk-free investment in an active market with a maturity corresponding to the plan's pension obligations. The calculation is performed by qualified actuaries using the projected unit credit method.

When the benefits associated with a pension improve, the proportion of the increased benefit that is attributed to employees' employment during earlier periods is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits are earned completely. If the benefit is earned completely, an expense is recognised directly in profit or loss.

When there is a difference in how the pension expense is established in a legal entity and the Group, a provision or claim is reported in relation to special payroll tax based on this difference. The provision or claim is not calculated as a present value.

PROVISIONS

Provisions are recognised in the balance sheet when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method, which means that earnings are adjusted for transactions not resulting in cash inflows or outflows and for income and expenses attributable to cash flow from investing activities.

TAXES

Income tax consists of both deferred and paid tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised in other comprehensive income, in which case the related tax effect is recognised in the same way.

Current tax is tax that must be paid or received in relation to the current year, with application of the tax rates that have been adopted or adopted in practice as of the closing date; this also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences in the carrying amount of assets and liabilities and the value for tax purposes. A temporary difference that occurred during initial recognition of goodwill is not taken into consideration, and neither are temporary differences attributable to investments in subsidiaries that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised or regulated.

Deferred tax is calculated with application of the tax rates and tax rules that have been adopted or adopted in practice as of the closing date. Deferred tax assets regarding deductible temporary differences and tax loss carry-forwards are recognised only to the extent it is likely these can be utilised. The value of deferred tax assets is reduced when it is assessed to be no longer likely that these can be utilised.

Any additional income tax that arises through dividends is recognised at the same time as the dividend is recognised as a liability.

CONTINGENT LIABILITIES

A contingent liability is recognised when there is a possible obligation arising from events and whose occurrence is confirmed only by one or more uncertain future events, or there is a commitment that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The most important accounting principles applied in the preparation of this annual report are set out below. These principles have been applied consistently for all the years presented, unless otherwise stated. The parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. RFR 2 means that the parent company in the annual accounts for the legal entity must apply all IFRS and amendments approved by the EU, provided this is possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which exemptions from and additions to IFRS are to be made.

The accounting principles specified below for the parent company have been applied consistently in all the periods presented in the parent company's financial reports.

In those cases where the parent company applies accounting principles other than the Group's accounting principles, these are specified below.

Presentation methods
The income statement and balance sheet follow the presentation method set out in the Annual Accounts Act. The statement of changes in equity also follows the Group's presentation method, but must contain the columns specified in the Annual Accounts Act. It also entails a difference in terms compared with the consolidated accounts, mainly in respect of financial income and expenses and equity.

Property, plant and equipment
Property, plant and equipment in the parent company are reported at cost after deductions for accumulated depreciation and any impairment losses in the same way as for the Group.

Leased assets
The parent company has chosen not to apply IFRS 16 Leases, but has instead chosen to apply RFR 2 IFRS 16 Leases paras. 2–12.

Participations in subsidiaries
Investments in subsidiaries are reported at cost less deductions for any impairment. The cost value includes acquisition-related costs and any additional purchase sums.

When there is an indication that investments in subsidiaries have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, an impairment is conducted. Impairments are reported in the item "Income from investments in Group companies".

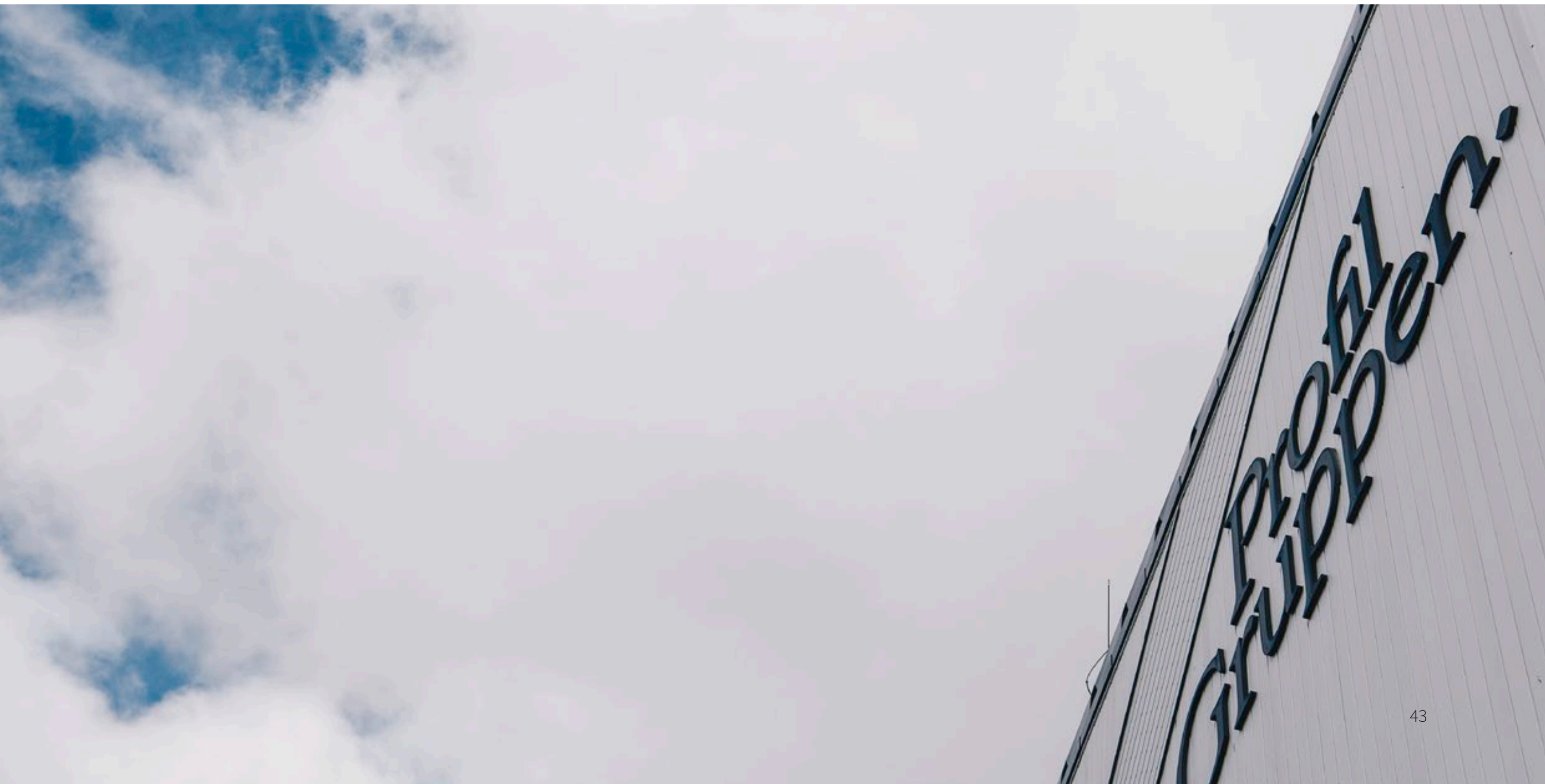
Financial instruments
IFRS 9 is not applied in the parent company. Instead, the parent company applies the items specified in RFR 2 (IFRS 9 Financial instruments, pp. 3-10). Financial instruments are valued at the acquisition value In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised in accordance with the lowest value principle at the acquisition value or the market value, whichever is lower.

When calculating the net realisable value of receivables recognised as current assets, the principles of impairment testing and loss-risk reservation in IFRS 9 will apply. For a receivable that is reported at amortised cost at Group level, this means that the loss-risk reserve that is reported in the Group in accordance with IFRS 9 should also be included in the parent company.

Dividends
Anticipated dividends from subsidiaries are reported in those instances where the parent company alone has the right to determine the size of the dividend, and where the parent company has made a decision on the size of the dividend before it has published its financial reports.

Taxes
The parent company reports untaxed reserves including deferred tax liability.

Group contributions and shareholders' contributions for legal entities
The parent company reports Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board and applies its main rule, under which Group contributions are accounted for as appropriations.



2 REVENUE

Information on operating segments

The Group's chief operating decision-maker follows the outcome of activities on a consolidated basis with no breakdown by segment or branches. The chief operating decision-maker uses the company's aggregate operating profit or loss as the basis for decisions about resource allocation and assessing performance. ProfilGruppen thus consists of only one segment. For financial information on the segment, please refer to the statement of comprehensive income and the statement of financial position, Note 11, 12 and 13 (for investments and depreciation/amortisation) and Note 24 (for cash flow effects).

Revenue by industry	2020	2019
Transport	424.4	446.7
Construction	327.0	343.2
Furnishing	282.0	336.6
General industry	188.2	272.2
Electronics	166.7	199.2
Wholesalers and other	26.1	24.3
	1,414.4	**1,622.2**

Revenue by degree of product processing	2020	2019
Processed products	1,090.7	1,305.8
Untreated extrusions	323.7	316.3
	1,414.4	**1,622.1**

Information on geographical markets

Sales are mainly to customers in Europe, where the market conditions are similar. Goods are sold for export partly through sales staff who are integrated in the Swedish organisation and based in Sweden and partly through a small number of sales representatives who report directly to the Swedish organisation but are employed in sales companies in each export market. In the first instance, the Group's opportunities and risks are not affected by the location of our customers, but conditions do differ somewhat on the home and export markets. Information on external sales refers to geographical areas grouped according to customer location.

Revenue by market	2020	2019
Sweden	718.8	816.9
Germany	247.4	430.1
Other exports	448.2	375.1
	1,414.4	**1,622.1**

All of the Group's non-current assets are located in Sweden.

One customer accounted for 12 per cent (13) of total revenues in 2020. Revenue for the Group refers to the revenue source sale of goods. Rents for commercial premises from Swedish companies in the Group account for 100 per cent of the parent company's revenue.

3 OTHER OPERATING INCOME AND EXPENSES

	Group		Parent company	
Other operating income	**2020**	**2019**	**2020**	**2019**
Profit on sale of non-current assets	0.0	0.0	0.0	0.0
Retroactive correction energy tax	0.0	5.6	0.0	0.0
Adjustment assistance	4.1	0.0	0.0	0.0
Furlough support	11.7	0.0	0.0	0.0
	15,8	**5.6**	**0.0**	**0.0**
Other operating expenses				
Loss on sale and scrapping of non-current asset	0.0	0.3	0.0	0.0

4 EMPLOYEES AND PERSONNEL COSTS

	2020		2019	
Average number of employees	Total	Men	Total	Men
The parent company	**0**	**0**	**0**	**0**
Group companies in Sweden	**459**	**336**	**464**	**333**
Group companies outside Sweden				
Norway, sales company	1	1	1	1
Germany, sales company	1	1	1	1
	2	**2**	**2**	**2**
Group, total	**461**	**338**	**466**	**335**

Gender distribution of the Board and management

During the year, the Board of ProfilGruppen AB (the parent company) consisted of 86 per cent (88) men. The Group's management team (including CEO) consisted of 88 per cent (75) men. The Group's other boards and management teams consisted of 90 per cent (60) men.

Salaries, other remuneration and payroll overheads

	2020		2019	
	Salaries and other remuneration	Payroll overheads (of which retirement benefit costs)	Salaries and other remuneration	Payroll overheads (of which pension expenses)
Parent company	1.2	0.1 (0.0)	1.2	0.3 (0.0)
Group companies	203.9	81.4 (26.2)	201.6	89.5 (24.9)
Total, Group	**205.1**	**81.5 (26.2)** [1]	**202.8**	**89.8 (24.9)** [1]

1) Of which MSEK 1.0 (1.1) relates to the Board and CEO in the Group's different companies.

Salaries and other benefits, divided between Board, CEO and other employees	2020		2019	
	Board and CEO	Other employees	Board of Directors and CEO	Other employees
Parent company	**1.2**	**0.0**	**1.2**	**0.0**
Group companies in Sweden	**3.1**	**198.9**	**3.2**	**196.4**
Group companies outside Sweden				
Norway, sales company	0.0	0.8	0.0	0.9
Germany, sales company	0.0	1.1	0.0	1.1
	0.0	**1.9**	**0.0**	**2.0**
Group, total	**4.3**	**200.8**	**4.4**	**198.4**

Profit sharing

In 2020, all permanent ProfilGruppen employees benefited from a profit-sharing scheme. The consolidated profit after financial items was the basic criterion for profit sharing. There was no outcome for 2020 and the cost was thus kSEK 0 (2,933 including social security contributions).

Pensions

	Group		Parent company	
Cost of defined contribution plans recognised in income statement	**2020**	**2019**	**2020**	**2019**
as cost of goods sold	12.8	14.5	0.0	0.0
as selling expenses	6.4	5.1	0.0	0.0
as administrative expenses	6.7	4.8	0.0	0.0
	25.9	**24.4**	**0.0**	**0.0**

Defined benefit pension plans

For salaried employees in Sweden the ITP2 defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Alecta. As per a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined benefit pension plan. For the financial year 2020, the company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP2 pension plan that is secured through an insurance policy with Alecta is therefore accounted for as a defined contribution pension. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting period for ITP2 insurance policies with Alecta are MSEK 3.5 (3.7) excluding payroll tax. The Group's share of the total contributions to the plan and of the total number of active members is 0 and 0 per cent, respectively.

The collective funding ratio comprises the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective funding ratio is normally permitted to vary within a range of 125 and 155 per cent. If Alecta's collective consolidation level were to fall below 125 per cent or exceed 155 per cent it would be necessary to take measures to create conditions under which the level can return to the normal range. In case of a low consolidation level one measure that can be taken is to raise the agreed price for new subscriptions and an increase in the existing benefits. A high consolidation level can be addressed by introducing premium reductions. At the end of 2020, Alecta's surplus in the form of the collective funding ratio was 148 per cent (148).

There are other defined benefit pension plans that provide benefits for retiring employees, both for employees in Sweden and for employees in Norway. There are no new earned pension entitlements for the Swedish plan.
The parent company does not have any defined benefit plans.

	Group				
Fully or partially funded obligations	**2020**	**2019**	**2018**	**2017**	**2016**
Obligation balance 1 January	20.2	18.2	18.8	19.7	19.1
Correction, payroll tax	0.0	0.3	-0.1	-2.3	0.0
Cost for pensions earned during the year	0.1	0.1	0.1	0.1	0.1
Interest expense	0.2	0.4	0.4	0.4	0.6
Payments	-0.6	-0.6	-0.5	-0.6	-0.7
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	0.3	1.7	-0.5	1.6	0.4
Translation differences	-0.2	0.1	0.0	-0.1	0.2
Obligation balance 31 December	20.0	20.2	18.2	18.8	19.7
of which unrecognised actuarial losses	-	-	-	-	-
Plan assets balance 1 January	2.0	1.9	1.8	1.9	1.7
Expected return on plan assets	0.0	0.0	0.0	0.0	0.1
Costs	0.0	0.0	0.0	0.0	0.0
Incoming payments	0.1	0.1	0.1	0.0	0.1
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	-0.1	0.0	0.0	0.0	-0.1
Translation differences	-0.2	0.0	0.0	-0.1	0.1
Plan assets balance 31 December	1.8	2.0	1.9	1.8	1.9
Net debt recognised in the balance sheet relating to defined benefit pension plans	**18.2**	**18.2**	**16.3**	**17.0**	**17.8**
Cost recognised in profit or loss	0.3	0.5	0.4	0.5	0.7
of which selling expenses	0.1	0.2	0.1	0.1	0.1
of which administrative expenses	0.0	0.0	0.0	0.0	0.0
of which financial expenses	0.2	0.3	0.3	0.4	0.6
Cost recognised in other comprehensive income	0.4	1.7	-0.4	1.6	0.4
of which caused by experience-based adjustments	-0.1	-0.4	-0.5	-0.4	-1.1
of which caused by changed assumptions	0.5	2.1	0.1	2.0	1.5

Sensitivity analysis for estimated net debt at balance sheet date	
Change in obligation for discount rate -0.5 percentage points	1.6
Change in obligation for discount rate +0.5 percentage points	-1.5
Change in obligation for inflation assumption -0.5 percentage points	-1.4
Change in obligation for inflation assumption +0.5 percentage points	1.5
Change in obligation for duration assumption -1 year	-1.0
Change in obligation for duration assumption +1 year	1.0

The most important actuarial assumptions as of the closing day

	Sweden		Norway	
	2020	**2019**	**2020**	**2019**
Discount rate	0.8%	1.2%	1.5%	1.8%
Long-term inflation assumption	1.5%	1.7%	-	-
Expected return on plan assets	-	-	1.5%	1.8%
Future salary increases	-	-	2.0%	2.3%
Future increases in pensions	1.5%	1.7%	1.8%	2.5%
Staff turnover	-	-	0.0	0.0
Expected remaining employment period	0 years	0 years	4 years	4 years
Average remaining term of the obligation	14 years	15 years	25 years	25 years
Average life expectancy, women	89 years	89 years	89 years	89 years
Average life expectancy, men	87 years	87 years	86 years	86 years

The discount rate for the Norwegian plan is based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, 25 years. For the Swedish plan, the discount rate has been based on the market yield on mortgage bonds with a maturity corresponding to the average remaining term of the obligation, in this case 14 years.

Plan assets only exist in the Norwegian plan and consist chiefly of interest-bearing securities, which account for 79 per cent (76). Other assets are shares 17 per cent (13), real estate 13 per cent (11) and other 0 per cent (0).

The actual return on plan assets in the Norwegian plan in 2020 is not known (2019: not known).

Our best estimate of payments to defined benefit pension plans in 2021 is MSEK 0.9.

Guidelines for remuneration for senior executives

The members of the Board receive remuneration in accordance with the decisions of the Annual General Meeting.

The Board prepares a proposal for guidelines for remuneration of the Group's CEO and other senior executives. The guidelines are based on the company's long-term Remuneration Policy.

The guidelines described below were proposed by the Board and approved by the Annual General Meeting 2020.

The Board's Remuneration Committee has evaluated the guidelines that have applied since the 2019 AGM and compliance with the guidelines. The Remuneration Committee has had access to information about all remuneration of senior executives as well as average salaries and terms of employment for other employees as a basis for its evaluation and proposal. The proposed guidelines are based on the company's long-term Remuneration Policy, which was last revised in February 2020. Adhering to the company's strategy and maintaining its long-term interests including its sustainability requires a dedicated, competent and competitive Board and management. The guidelines are therefore designed to enable the company to recruit and retain such individuals.

In terms of remuneration, the proposed guidelines contain no significant changes compared with the previous year.

The guidelines cover the Board, CEO and other members of management.

Directors' fees of Board members elected by the shareholders' meeting comprise the fixed annual remuneration approved by the shareholders' meeting. No other remuneration may be paid for Board work. No fees are paid to Board members appointed by the employees. In the event that the Board decides to request that a Board member shall perform services for the company, a normal market consultancy fee shall be paid. Such fees may never exceed the Director's fee.

For the CEO and other members of management (currently eight people including the CEO), the guidelines are as follows.

Total remuneration may consist of a fixed basic salary, variable remuneration, pension and other benefits. Variable remuneration, which is capped at 30 per cent of the fixed salary, is linked to the Group's financial performance and only in specific instances to individual targets. Variable remuneration is conditional on a positive net result for the Group and will be retrospectively adjusted if it has been paid on apparently erroneous grounds. Agreements on pension benefits are arranged individually and the pension costs can amount to a maximum of 30 per cent of the salary. Other remuneration and benefits shall be at market rates and shall help to facilitate the senior executive's opportunities to carry out their work. The employment contracts of members of the management team are permanent contracts and are generally terminable on six months' notice by either party. No remuneration other than unchanged employment terms during the notice period are paid in connection with termination.

The Board may depart from the guidelines if there are special reasons in an individual case.

The guidelines which the Board intends to propose to the 2021 AGM are presented in the Directors' Report.

Directors' fees and other remuneration of senior executives, kSEK

		2020	2019
Kåre Wetterberg	Chairman of the Board	400	400
Jörgen Abrahamsson	Board member	155	155
Monica Bellgran	Board member	155	155
Mats Egeholm	Board member	-	155
Bengt Stillström	Board member	155	155
Thomas Widstrand	Board member	155	155
Employee representatives	two members and two deputies	-	-
Total fees		**1,020**	**1,175**

During the year, the CEO of ProfilGruppen AB has received kSEK 2,363 (2,471, of which 504 referred to the current CEO) in fixed and variable remuneration, including benefits.

Other senior executives, totalling seven people (seven), have received kSEK 8,720 (7,349) in fixed and variable remuneration, including benefits.

During the year, the cost for variable remuneration, excluding social security contributions, to executive management, comprising eight persons, amounted to kSEK 0 (562), of which kSEK 0 (94, of which 72 referred to the current CEO) was paid to the CEO. The previous year's remuneration was paid during the year.

The CEO's employment contract is terminable on six months' notice by the CEO and on twelve months' notice by the company. The contracts of other members of senior management are terminable on six months' notice by either party.

Pension benefits and pension agreements for senior executives

For the CEO, a defined benefit pension provision of 30 per cent of his total salary has been made. Pension costs for the year for the CEO were kSEK 609 (688, of which 156 refers to the current CEO), excluding special payroll tax of kSEK 148 (167, of which 38 refers to the current CEO). There are no agreements for early retirement.

Other senior executives during the year, seven people (seven), are covered by the pension plan for salaried employees in Sweden (ITP). The annual pension costs for these people was kSEK 2,004 (1,991), excluding special payroll tax of kSEK 486 (483). The pensions are transferable and so are not conditional on future employment.

There are no other agreements on severance pay.

5 AUDITORS' FEES AND EXPENSES

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Ernst & Young AB				
Audit engagement	0.7	0.7	0.0	0.0
Other engagements	0.1	0.2	0.0	0.0
Other auditors				
Audit engagement	0.1	0.1	-	-

Audit services under the audit engagement refer to the statutory audit of the annual accounts and accounting records and of the Board of Directors' and Chief Executive Officer's management of the company, other tasks incumbent on the company's auditors as well as advice and other assistance occasioned by observations made in the course of such audit activities. Audit services in addition to the audit engagement refer to other quality assurance services prescribed in statutes, the company's Articles of Association, regulations or contracts.

Tax advisory services refer to services in the area of tax. Other advisory services refer to all other advisory services not included in the above.

6 OPERATING EXPENSES BY TYPE OF COST

	Group	
	2020	**2019**
Raw materials	596.7	726.1
Personnel costs	286.6	292.6
External machining services	154.5	176.5
Depreciation/amortisation	66.7	57.7
Impairment of trade receivables	0.3	2.0
Other operating expenses	289.0	259.6
	1,393.8	**1,514.5**

The cost of developing products and the business amounts to MSEK 7.8 (8.4) and is included in the operating expenses divided into personnel costs and other operating expenses. During the year, none of these costs have been capitalised in accordance with IAS 38.

7 LEASES

The Group recognises a right-of-use asset in the balance sheet and a lease liability at the present value of future lease payments. The leased asset is depreciated on a straight-line basis over the term of the lease or the useful life of the asset if it is considered reasonably certain that the Group will obtain the ownership by the end of the lease term. The lease expense is recognised as depreciation in operating profit and interest expense in net financial items. If the lease is considered to include a low-value asset or has a term of 12 months or less, or if it includes service components, these lease payments are recognised as operating expenses in the income statement over the term of the lease.

The Group has no finance leases.

	Group	
Amounts recognised in the balance sheet **Right-of-use assets**	**2020**	**2019**
Commercial premises	8.4	4.6
Vehicles	8.7	8.9
IT equipment	0.5	0.3
	17.6	**13.8**
Lease liabilities		
Non-current interest-bearing liabilities	9.8	7.8
Current interest-bearing liabilities	8.4	6.4
Amounts recognised in the income statement	**2020**	**2019**
Commercial premises	3.2	3.4
Vehicles	3.9	3.2
IT equipment	0.3	0.2
	7.4	**6.8**
Right-of-use assets not recognised in the balance sheet	**2020**	**2019**
Short-term leases included in cost of goods sold	0.0	0.5
Underlying low-value asset included in cost of goods sold	4.5	4.1
	4.5	**4.6**

No significant variable lease payments not included in the lease liability have been identified.

Total lease-related cash flow in 2020 was MSEK 13.5 (12.3). For information on undiscounted cash flows for the lease liability, see Note 21.

The Group's finance lease payments (before IFRS 16) in 2020 were MSEK 0.0 (0.4). At 31 December 2020, there were no finance leases in the Group.

8 FINANCIAL ITEMS

	Group	
	2020	**2019**
Dividend PG Norge	0.2	0.0
Interest income	0.2	0.4
Financial income	**0.4**	**0.4**
Interest portion of retirement benefit costs for the year	0.2	0.3
Interest expenses, other	6.9	7.0
Exchange rate adjustment EUR loan	-5.4	0.0
Other expenses	3.8	4.4
Financial expenses	**5.5**	**11.7**

	Parent company	
	2020	**2019**
Dividend PG&WIP AB	0.0	3.5
Interest income ProfilGruppen Extrusions AB	0.7	1.3
Financial income	**0.7**	**4.8**
Interest expenses ProfilGruppen Extrusions AB	1.3	2.7
Interest expenses, other	0.0	0.2
Financial expenses	**1.3**	**2.9**

9 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
Parent company	**2020**	**2019**	**2020**	**2019**
Accumulated accelerated depreciation				
Allocated (+)/dissolved (-)				
buildings	0.0	0.0	0.0	0.0
equipment	6.1	6.4	14.1	8.0
	6.1	**6.4**	**14.1**	**8.0**
Tax allocation reserves Allocated (+) / dissolved (-) per tax year				
2015	0.0	0.0	3.2	3.2
2016	0.0	0.0	10.3	10.3
2017	0.0	0.0	13.8	13.8
2018	0.0	0.0	17.7	17.7
2019	0.0	1.7	1.7	1.7
	0.0	**1.7**	**46.7**	**46.7**
Group contribution submitted	**10.0**	**0.0**	**-**	**-**
	16.1	**8.1**	**60.8**	**54.7**

10 TAXES

Reported tax expense	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Current tax	3.3	6.5	0.0	1.1
Deferred tax related to temporary differences	4.1	14.9	-0.1	-0.5
Total reported tax expense	**7.4**	**21.4**	**-0.1**	**0.6**

Reconciliation effective tax, per cent	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Tax at applicable tax rate for the parent company	21	21	21	21
Dividends, subsidiaries	-	-	0	-10
Other	3	-	-41	-3
Reported effective tax	**24**	**21**	**-20**	**8**

Change in reported deferred tax liability	1 Jan 2020	Recognised in P/L	Recognised in OCI	31 Dec 2020
Group				
Property, plant and equipment	41.2	6.5	0.0	47.7
Pension provisions	-1.5	0.1	0.0	-1.4
Tax allocation reserves	15.6	1.1	0.0	16.7
Items recognised in hedging reserve	0.0	0.0	1.5	1.5
Other	-0.2	0.1	0.0	-0.1
	55.1	**7.8**	**1.5**	**64.4**
Parent company				
Property, plant and equipment	3.4	-0.1	0.0	3.3
	3.4	**-0.1**	**0.0**	**3.3**

Change in reported deferred tax liability	1 Jan 2019	Recognised in P/L	Recognised in OCI	31 Dec 2019
Group				
Property, plant and equipment	23.6	17.6	0.0	41.2
Pension provisions	-1.1	0.0	-0.4	-1.5
Tax allocation reserves	14.3	1.3	0.0	15.6
Items recognised in hedging reserve	-0.6	0.0	0.6	0.0
Other	-0.5	0.4	0.0	-0.2
	35.7	**19.3**	**0.2**	**55.1**
Parent company				
Property, plant and equipment	3.9	-0.5	0.0	3.4
	3.9	**-0.5**	**0.0**	**3.4**

11 INTANGIBLE ASSETS

Goodwill	Group 2020	Group 2019
Accumulated cost		
At beginning of year	12.8	12.8
At end of year	**12.8**	**12.8**
Acc. impairment losses		
At beginning of year	2.8	2.8
At end of year	**2.8**	**2.8**
IT systems		
Accumulated cost		
At beginning of year	30.8	21.5
New acquisitions	0.8	9.3
Disposals and scrapping	-12.0	0.0
At the end of the year	**19.6**	**30.8**
Acc. amortisation		
At beginning of year	1.8	0.0
Amortisation for the year	6.2	1.8
Disposals and scrapping	-12.0	0.0
At the end of the year	**-4.0**	**1.8**
Carrying amount at end of year	**33.6**	**39.0**

Impairment test for cash-generating units containing goodwill

ProfilGruppen tests the value of goodwill at least once a year and when there is an indication of impairment. The impairment test for goodwill is based on a calculation of value in use. Goodwill is attributable to the activities of Profil-Gruppen Extrusions AB, which is also the cash-generating unit tested.
A statement of cash flows has been used as the basis for the valuation and the first three years are based on the budget and strategic plans, which are adopted by management. The margin is expected to improve as a result of increased demand and measures to improve efficiency. The cash flows forecast after the first four years were based on an annual growth rate of 2.0 per cent (2.0), which in turn is based on the expected rate of GDP growth, which the market for extrusions normally follows. The new present value of forecast cash flows has been estimated using a discount rate of 10.71 per cent before tax (11.47), which has been calculated using a weighted average cost of capital. A sensitivity analysis of the impairment test has been made, showing that reasonable changes in the discount rate, weighted average cost of capital, rate of growth and gross margin calculation parameters do not result in an impairment loss.

"Investments in the construction of a new production facility were completed during the year"

12 PROPERTY, PLANT AND EQUIPMENT

	Group		Parent company	
Land and buildings	**2020**	**2019**	**2020**	**2019**
Accumulated cost				
At beginning of year	241.0	199.3	206.6	165.0
New acquisitions	8.2	40.6	8.2	40.5
Reclassifications	2.5	1.1	2.5	1.1
Disposals and scrapping	0.0	0.0	0.0	0.0
At end of year	**251.7**	**241.0**	**217.3**	**206.6**
Acc. depreciation and impairment				
Opening balance	77.2	73.4	55.0	52.1
Disposals and scrapping	0.0	0.0	0.0	0.0
Scheduled depreciation for the year	5.9	3.8	5.1	2.9
At end of year	**83.1**	**77.2**	**60.1**	**55.0**
Acc. impairment				
Opening balance	2.7	2.7	2.7	2.7
Reversal of impairment losses	0.0	0.0	0.0	0.0
Impairment losses for the year	0.0	0.0	0.0	0.0
At end of year	**2.7**	**2.7**	**2.7**	**2.7**
Carrying amount at end of year	**165.9**	**161.1**	**154.5**	**148.9**
of which buildings	146.4	143.9	135.4	132.2
land	6.3	6.3	5.9	5.9
land improvements	13.2	10.9	13.2	10.8

	Group		Parent company	
Machinery and equipment	**2020**	**2019**	**2020**	**2019**
Accumulated cost				
Opening balance	704.0	659.6	27.1	5.7
New acquisitions	56.5	34.8	5.6	21.4
Reclassifications	181.1	10.7	2.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Disposals and scrapping	0.0	-1.1	0.0	0.0
At end of year	**941.6**	**704.0**	**34.7**	**27.1**
Acc. scheduled depreciation				
Opening balance	508.4	464.5	3.7	3.6
Disposals and scrapping	0.0	-1.1	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Scheduled depreciation for the year	47.1	45.0	0.8	0.1
At end of year	**555.5**	**508.4**	**4.5**	**3.7**
Acc. impairment losses				
At beginning of year	14.0	14.0	0.0	0.0
Impairment losses for the year	0.0	0.0	0.0	0.0
At end of year	**14.0**	**14.0**	**0.0**	**0.0**
Carrying amount at end of year	**372.1**	**181.6**	**30.2**	**23.4**

The cost of the non-current assets that are fully depreciated but are still used in the business is MSEK 322.6 (296.9). At 31 December 2020, ProfilGruppen had contractual obligations to acquire property, plant and equipment of MSEK 9.0.

The Group's accumulated cost includes capitalised interest of MSEK 3.1 (3.1). No interest has been capitalised during this year or the previous year. Equipment belonging to the parent company refers to land equipment and permanent equipment.

	Group		Parent company	
Construction in progress and advances relating to property, plant and equipment	**2020**	**2019**	**2020**	**2019**
At beginning of year	180.5	58.6	4.6	1.1
Reclassifications	-183.6	-11.8	-4.5	-1.1
New acquisitions	29.4	133.7	2.7	4.6
Carrying amount at end of year	**26.3**	**180.5**	**2.8**	**4.6**
Total carrying amount, property plant and equipment	**564.3**	**523.2**	**187.5**	**176.9**

Useful lives	Group	Parent company
Land and buildings		
Real estate, depending on component	30–50 years	30-50 years
Permanent equipment	10–40 years	10-40 years
Land improvements	20 years	20 years
Land equipment	10 years	10 years
Machinery and equipment		
Extrusion presses	20 years	
Anodising equipment and other press equipment	10–15 years	
Spare parts for machinery	5–10 years	
Processing and measuring machinery	5–7 years	
Equipment	5-10 years	
Transportation	5 years	
IT investments	4–5 years	

Depreciation is on a straight-line basis, based on expected useful life.

	Group		Parent company	
Depreciation by function	**2020**	**2019**	**2020**	**2019**
Cost of goods sold	49.9	49.0	5.9	3.1
Selling expenses	0.0	0.0	0.0	0.0
Administrative expenses	3.1	0.1	0.0	0.0
	53.0	**49.1**	**5.9**	**3.1**

13 RIGHT-OF-USE ASSETS

	Group	
Right-of-use assets	**2020**	**2019**
Accumulated cost		
At beginning of year	20.6	12.8
New acquisitions	11.4	7.8
Disposals and scrapping	-2.0	0.0
At end of year	**30.0**	**20.6**
Acc. depreciation and impairment		
Opening balance	6.8	0.0
Disposals and scrapping	-1.8	0.0
Scheduled depreciation for the year	7.4	6.8
At end of year	**12.4**	**6.8**
Carrying amount at end of year	**17.6**	**13.8**

14 FINANCIAL FIXED ASSETS

This item consists of shares in outside companies. The investment is unlisted and is measured in accordance with Level 3.

15 INVENTORIES

	Group	
	2020	**2019**
Raw materials and consumables	82.1	81.7
Work in progress	94.9	76.4
Finished products and goods for resale	65.4	73.9
	242.4	**232.0**

No portion of inventories has been measured at net realisable value.

16 TRADE RECEIVABLES

	Group	
	2020	**2019**
Trade receivables	193.9	204.7
Provision for expected credit losses	-2.3	-2.0
	191.6	**202.7**

For other information on customer credits, see Note 21.

17 EQUITY

Translation reserve	**2020**	**2019**
Translation reserve, opening balance	0.1	0.3
Translation differences for the year	-0.4	-0.2
Translation reserve, closing balance	-0.3	0.1

Share capital and voting rights
All shares have a fair value of SEK 5 per share. All shares are fully paid up. All existing shares are series B shares and have equal rights to a share in the company's assets and profits. During the year, there has been no change in the number of shares, which has remained at 7,398,775.

First refusal and conversion
There is no pre-emption clause in the articles of association.

Other paid-up capital
This item refers to equity that has been put up by the owners. This includes a portion of share premium reserves transferred to the statutory reserve as at 31 December 2005. Any future transfers to the share premium reserves will also be accounted for as paid-up capital.

Translation reserve
The translation reserve includes all exchange rate differences that arise during translation of financial statements from foreign operations which have prepared their statements in a currency other than that used in the Group's financial statements. The parent company and Group present their financial statements in Swedish kronor.

Hedging reserve
The hedging reserve contains the effective share of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred, see table in Note 21 under Derivatives.

Own shares and repurchases
No individual shares are owned by the company itself or its subsidiaries and the repurchase of individual shares is currently not relevant. There are no programmes of convertibles or options that involve the dilution of share capital.

Dividend
After the closing day, the Board has proposed to the AGM that no dividend be paid for the 2020 financial year. The calculated average number of shares in 2020 is 7,398,775 (7,398,775). No dividend (37.0) was paid during the year.

It is proposed that the available profits be appropriated as follows:

Dividend to shareholders	SEK 0
To be carried forward	SEK 134,729,070
Total profits according to balance sheet	**SEK 134,729,070**

Parent company
Restricted funds
Restricted funds refers to share capital and other restricted equity. Restricted funds are not available for dividend payment.

Non-restricted equity
The balanced profit is formed by the preceding year's non-restricted equity after any dividend has been paid. Profit brought forward, together with the profit for the year, make up the total non-restricted equity, i.e. the sum available for dividends to shareholders.

18 EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit/loss for the year, attributable to the parent company's shareholders, amounting to MSEK 22.9 (73.9) and a weighted average number of shares in 2020 amounting to 7,398,775 (7,398,775), which is calculated in accordance with IAS 33. There is no dilution.

19 INTEREST-BEARING LIABILITIES

	Group			
	Long-term		Current	
Interest-bearing liabilities	**2020**	**2019**	**2020**	**2019**
Bank loans	141.2	149.1	26.1	23.8
Bank overdraft facilities	-	-	83.9	124.9
Lease liabilities	9.8	6.4	8.4	7.8
	151.0	**155.5**	**118.4**	**156.5**

The parent company's liabilities to credit institutions refer to drawn overdraft facilities.

That portion of the bank loans which is payable within twelve months from the balance sheet date is classified as current. The lender agreement contains key performance indicators that the company must meet, see Note 21. Of total non-current interest-bearing liabilities, MSEK 118.6 (114.0) was raised in EUR.

20 PREPAID AND ACCRUED INCOME AND EXPENSES

Prepaid expenses and accrued income	Group		Parent company	
	2020	2019	2020	2019
Prepaid salaries	0.2	2.5	0.0	0.0
Accrued income	0.0	0.5	0.0	0.0
Other prepaid expenses	7.4	6.3	0.0	0.0
	7.6	**9.3**	**0.0**	**0.0**

Accrued expenses and deferred income	Group		Parent company	
	2020	2019	2020	2019
Holiday pay and other personnel expenses	71.6	64.1	0.0	0.0
Accrued Board fees	0.6	0.7	0.6	0.7
Deferred income	19.6	19.8	0.0	0.0
Other accrued expenses	7.9	5.9	0.3	0.4
	99.7	**90.5**	**0.9**	**1.1**

21 FINANCIAL INSTRUMENTS

The Group's financial instruments include bank loans, trade payables, finance leases and derivatives, which may constitute a liability or asset depending on the fair value of the instrument. The purpose of the liabilities is to fund the Group's operations. The Group's financial instruments also include assets in the form of trade receivables and cash and cash equivalents generated in the operations. The Group's derivatives may also constitute assets at the closing date.

As a result of its activities, the Group is exposed to various types of financial risk. Financial risk refers to fluctuations in the company's profit and cash flow as a result of changes in exchange rates, interest rates, raw material prices and refinancing and credit risks.

The company's Board of Directors examines and approves policies for handling these risks as described below. The Group's central finance department is responsible for handling financial transactions and risks in accordance with established policies.

Derivatives

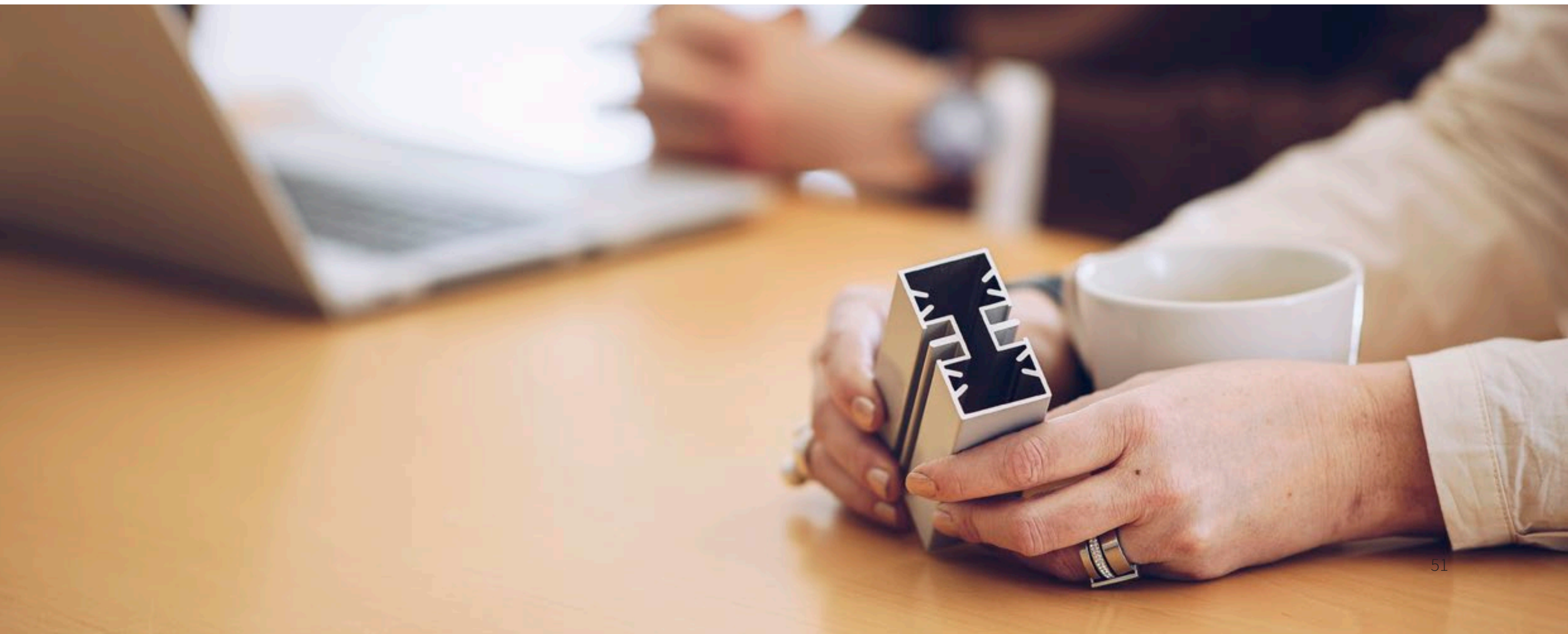
Derivatives are used only for financial hedging purposes and not as speculative investments. The Group uses two types of derivatives to hedge cash flows: interest rate swaps and foreign exchange forwards. The interest rate swap agreement expired during the year and a new agreement was entered into.

In the consolidated statement of financial position, foreign exchange forwards have been recognised as current assets in the amount of MSEK 7.1 (1.6) and as other current liabilities in the amount of MSEK 0.0 (1.2). There is no ineffectiveness related to foreign exchange forwards either for 2019 or 2020.

Derivatives have the following impact on the consolidated statement of financial position and income statement.

Interest rate swap contracts	Group 2020	Group 2019
Carrying amount (liability)	-	0.3
Nominal amount	-	40.0
Maturity date	-	30 Apr 2020
Hedge ratio	-	100%
Change in value of outstanding derivative instruments since 1 January	-	-1.0
Change in value of hedged item to determine effectiveness	-	-1.0
Foreign exchange forwards		
Carrying amount (asset)	7.1	1.6
Carrying amount (liability)	0.0	1.2
Nominal amount, EUR	161.2	138.0
Nominal amount, DKK	10.2	26.0
Nominal amount, NOK	0.0	8.6
Maturity (last maturity date of concluded forward contracts)	30 Sep 2022	18 Aug 2021
Hedge ratio for 12 months from 31 Dec 2020, EUR	80%	84%
Hedge ratio for 12 months from 31 Dec 2020, DKK	86%	86%
Hedge ratio for 12 months from 31 Dec 2020, NOK	64%	53%
Change in value of outstanding derivative instruments since 1 January	5.3	1.5
Change in value of hedged item to determine effectiveness	5.3	1.5
Weighted average of forward rates for the year (including forward points), EUR	10.38	10.46
Weighted average of forward rates for the year (including forward points), NOK	1.43	1.44
Weighted average of forward rates for the year (including forward points), NOK	1.07	1.07

Hedging reserve	Foreign exchange forwards	Interest rate swaps	Total
Hedging reserve, opening balance 1 Jan 2019	-1.2	-1.0	-2.2
Plus: change in fair value			
hedging instruments recognised in OCI	0.3	1.0	1.3
Plus: deferred tax	-0.1	-0.2	-0.3
Less reclassified to income	1.5	0.0	1.5
Less deferred tax	-0.3	0.0	-0.3
Hedging reserve, closing balance 31 Dec 2019	**0.2**	**-0.2**	**0.0**
Hedging reserve, opening balance 1 Jan 2020	0.2	-0.2	0.0
Plus: change in fair value			
hedging instruments recognised in OCI	7.1	0.3	7.4
Plus: deferred tax	-1.5	-0.1	-1.6
Less reclassified to income	-0.3	0.0	-0.3
Less deferred tax	0.1	0.0	0.1
Hedging reserve, closing balance 31 Dec 2020	**5.6**	**0.0**	**5.6**



Currency risks

The foreign exchange risk arises from the fact that changes in exchange rates have a negative impact on the Group's earnings and equity. Currency exposure arises from payment flows in foreign currency (transaction exposure), mainly in connection with the Group's sales of products for export. Sales in foreign currencies represent about 40 per cent of total revenue. The currency in which the greatest share of export sales is done is EUR, but since raw materials are in part purchased in EUR, exposure is considerably reduced.

Under ProfilGruppen's currency policy, 50–70 per cent of the expected net inflow in each currency over the next six to eighteen months should be hedged. Management has a mandate to hedge up to 100 per cent for periods of up to 24 months. Hedge accounting is used for the foreign exchange forwards, and during the year, no (no) amounts for ineffective hedges have been recognised in the income statement. Foreign exchange forwards are presented above under Derivatives.

Receivables in a foreign currency amounted as of 31 December to MSEK 53.4 (48.3) and liabilities in a foreign currency to MSEK 176.8 (146.8). Of the liabilities in foreign currency, MSEK 132.1 (125.3) are interest-bearing, see Note 19. The interest-bearing liability is a EUR-denominated loan linked to the financing of machine investments for the new production facility that was commissioned during the year. The outstanding loan amount at year-end was MEUR 13.2 and the loan creates a currency exposure that the company does not normally have, which could have an impact on earnings. For 2020, the loan had a positive impact on net financial items of MSEK 5.4 (negative impact of 1.3).

Translation exposure associated with the Group's overseas sales companies, which consists of each company's equity and liabilities to the parent company, is marginal.

Where a net flow has not been hedged, changes in exchange rates affect profit before tax and equity as per the following:

		Profit before tax, MSEK	Equity, MSEK
EUR	Change +/- 10%	+/- 17	+/- 13
DKK	Change +/- 10%	+/- 2	+/- 2
NOK	Change +/- 10%	+/- 2	+/- 1

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will have a negative impact on ProfilGruppen's earnings. To minimise this risk, some of the borrowing is at fixed interest rates. How quickly a change in interest rates feeds through to the net interest expense depends on the fixed-rate terms of the loans. Under the Group's financial policy, the fixed-rate term may not exceed 60 months. Interest rates for 7 per cent of the Group's long-term interest-bearing liabilities have been fixed at a rate of 3 per cent until 2022 through interest rate hedges.

If interest rates in 2021 were to rise by one percentage point, this would increase the interest expense by MSEK 1.4 on a full-year basis.

Market risks

Market risks consist primarily of declining demand and changes in raw material prices. ProfilGruppen's production is characterised by a high proportion of fixed costs, meaning activities are highly volume-dependent. Small variations in demand thus have a relatively large impact on profit. Aluminium prices have historically shown significant mobility. The price risk that does exist is reduced by including raw material clauses in contracts with customers. There is a certain price risk in inventory, however.

The raw material policy means that raw materials are mainly purchased in proportion to orders in hand. Raw material purchases for periods longer than six months are based on contracts with customers. Purchases of raw materials are made in SEK and EUR. Follow-ups and checks are performed by a raw materials group made up of representatives from the purchasing, finance and marketing organisations at management level.

Credit risks

Customer credits in ProfilGruppen must be handled in accordance with the Group's credit policy. The company's management is responsible for ensuring that the credit policy is familiar to all parties involved in the sales process and for it being adapted where necessary.

Credit assessments are made and credits are monitored by the Group's Credit Controller, and around 60 per cent (60) of the Group's annual sales are insured under a credit insurance policy. Decisions on exceptions from the credit insurance policy are made annually by the CFO and CEO.

Maximum exposure to credit risks as of 31 December 2020 amounts to MSEK 208.9 (239.0). The largest individual receivable amounts to 8 per cent (5) of the total credit risk. The distribution of the credit risk is shown in the following table.

Concentration of credit risk at 31 Dec 2020	Number of customers	Percentage of number of customers
Exposure < MSEK 1.0	335	89%
Exposure MSEK 1.0-5.0	32	9%
Exposure > MSEK 5	7	2%
	374	**100%**

31 Dec 2020	Not past due	1-30 days past due	30+ days past due	Total
Expected credit loss	0.0	0.0	-2.3	-2.3
Value of gross trade receivables	184.4	6.0	3.5	193.9
Provision for losses	**0.0**	**0.0**	**2.3**	**2.3**

Liquidity risks

No significant liquidity risks are included in the company's financial instruments. Due dates for interest-bearing liabilities are presented in Note 19. In addition to the Group's cash and cash equivalents, on the closing date there were unutilised credit facilities to a value of MSEK 124.0 (116.9).

The agreement with lenders contains key performance indicators that the company is required to meet. These had been met at 31 December 2020.

The following table shows an analysis of the Group's financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows. Future cash flows in respect of interest have been calculated based on the interest rate at the balance sheet date. Derivatives have been included in the time interval at their fair values, as the contractual maturity dates are not material to understanding the timing of the cash flows. Lease liabilities in accordance with IFRS 16 are only included in the maturity analysis as of 31 December 2020, as IFRS 16 applies from 1 January 2019.

"Sales in foreign currencies represent about 40 per cent of total revenue."

Maturity analysis financial liabilities	On demand	< 3 months	3-12 months	1–5 years	> 5 years
Interest-bearing liabilities	83.9	7.1	21.3	76.8	70.8
Lease liabilities	0.0	2.2	6.5	9.9	0.3
Other liabilities	29.5	257.4	65.9	0.0	0.0
Derivatives	0.0	0.0	0.0	0.0	0.0
Total at 31 Dec 2020	**113.4**	**266.7**	**93.7**	**86.7**	**71.1**
Interest-bearing liabilities	124.9	3.5	26.1	103.6	63.3
Lease liabilities	0.0	2.1	6.2	6.7	0.2
Other liabilities	26.3	250.8	9.3	0.0	0.0
Derivatives	0.0	0.5	1.0	0.0	0.0
Total at 31 Dec 2019	**151.2**	**256.9**	**42.6**	**110.3**	**63.5**

Carrying amount and fair value of financial instruments

	Group				
	Carrying amount		Fair Value		
Class	**2020**	**2019**	**2020**	**2019**	Category
Financial assets	0.2	0.2	0.2	0.2	Financial assets at fair value
Trade receivables	191.6	202.7	191.6	202.7	Financial assets at amortised cost
Accrued income	0.0	0.5	0.0	0.5	Financial assets at amortised cost
Other receivables	28.1	40.0	28.1	40.0	Financial assets at amortised cost
of which forward contracts	7.1	1.5	7.1	1.5	Derivatives designated as hedging instruments
Cash and cash equivalents	65.1	29.9	65.1	29.9	Financial assets at amortised cost
Interest-bearing liabilities	269.4	312.0	266.9	307.9	Financial liabilities at amortised cost
Trade payables	176.3	190.2	176.3	190.2	Financial liabilities at amortised cost
Accrued expenses	99.7	90.5	99.7	90.5	Financial liabilities at amortised cost
Other liabilities	76.7	7.1	76.7	7.1	Financial liabilities at amortised cost
of which forwards	0.0	1.2	0.0	1.2	Derivatives designated as hedging instruments
interest rate swaps	0.0	0.3	0.0	0.3	Derivatives designated as hedging instruments

No reclassification between categories has been carried out during the year.

Forward contracts have been measured at observable market prices for currencies at the balance sheet date, i.e. in accordance with Level 2 under IFRS 13.

The interest rate swap expired during the year. No new agreements have been entered into. Valuation models or techniques for discounted cash flows are used to determine the rate for interest rate swaps. The discount rate used is a market-based rate for similar instruments on the closing date. The value thus agrees with Level 2 under IFRS 13.

Capital administration

The main goal of the Group's capital administration is to maintain a high credit rating and a well-balanced capital structure. In order to retain or change the capital structure, the Group can adjust the dividend to the shareholders, return capital to the shareholders or conduct a new issue.

The net debt/equity ratio is defined as interest-bearing liabilities and provisions less cash and cash equivalents in relation to equity. The net debt/equity ratio at the end of the year was 0.50 (0.72).

	Group	
	2020	**2019**
Interest-bearing liabilities	269.4	312.0
Interest-bearing provisions	18.2	18.2
Cash and cash equivalents	-65.1	-29.9
Total net debt	**222.5**	**300.3**
Equity	445.6	416.9
Reserves in equity	-5.3	-0.1
Equity to manage	440.3	416.8
Total capital to manage	**662.8**	**717.1**
Net debt/equity ratio	**0.50**	**0.72**

22 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Pledged assets for Group companies' liabilities to credit institutions				
Property mortgages	82.9	82.9	76.7	76.7
Floating charges	341.5	241.5	0.0	0.0
Shares in subsidiaries	226.4	226.7	73.8	73.8
Contingent liabilities				
Guarantees for ProfilGruppen Extrusions AB	-	-	24.0	25.3
Guarantees for PG&WIP AB	-	-	0.0	0.0
Guarantee commitments FPG/PRI	0.2	0.2	0.0	0.0

23 INVESTMENTS IN GROUP COMPANIES

Company	Corp. ID no.	Number of shares	Share, per cent	Equity incl. portion of untaxed reserves[1]	Carrying amount[2]
Subsidiary					
PG&WIP AB	556248-8949	1,000	70	55.8	14.1 (14.1)
ProfilGruppen Extrusions AB	556206-5119	940,000	100	209.4	73.7 (73.7)
ProfilGruppen Manufacturing AB	556262-3990	1,000	100	2.3	0.1 (0.1)
					87.9 (87.9)
Subsidiary of ProfilGruppen Extrusions AB					
ProfilGruppen GmbH, Germany	-	-	100		
ProfilGruppen Norge AS, Norway	-	100	100		

1) Represents that portion of equity over which the Group has a controlling interest.
2) The value for the previous year is stated in parentheses.

The Boards of all the Swedish companies, including the parent company, have their registered offices in Uppvidinge Municipality.

Non-controlling interests	**2020**	**2019**
Non-current assets	12.1	14.6
Current assets	30.6	25.2
Equity	23.9	18.1
Non-current liabilities	4.6	7.3
Current liabilities	14.3	14.4
Revenue	49.8	61.8
Profit or loss	5.8	6.6
Comprehensive income	5.8	6.6

24 STATEMENT OF CASH FLOWS

No cash and cash equivalents other than cash and bank balances exist; therefore, the definition of cash and cash equivalents is the same in both the statement of cash flows and the balance sheet.

	Group		Parent company	
Adjustment for non-cash items	**2020**	**2019**	**2020**	**2019**
Depreciation, amortisation and impairment of assets	66.7	57.7	5.8	3.1
Gain/loss from the sale of non-current assets	0.0	0.0	0.0	0.0
Unrealised exchange rate differences	2.2	1.3	0.0	0.0
Provisions for pensions	-0.2	0.2	0.0	0.0
Other profit/loss items not affecting liquidity	0.0	0.0	0.3	0.2
	68.7	**59.2**	**6.1**	**3.3**
Investments in non-current assets				
Capitalised in the balance sheet	94.9	218.6	16.5	66.5
of which related to new extrusion facility	56.3	183.4	8.7	22.6
Unpaid	-11.5	-9.3	-0.6	0.0
of which related to new extrusion facility	-5.8	-8.2	0.0	0.0
Investments from previous year, paid this year	9.3	22.8	0.0	10.4
of which related to new extrusion facility	8.2	15.0	0.0	3.0
	92.7	**232.1**	**15.9**	**76.9**
Exchange rate differences in cash and cash equivalents				
Foreign exchange gains (+)/-losses (-) in opening cash and cash equivalents	-0.4	0.1	0.0	0.0
Foreign exchange gains (+)/-losses (-) in change in cash and cash equivalents	-2.5	0.2	0.0	0.0
	-2.9	**0.3**	**0.0**	**0.0**

	Group		Parent company	
Interest-bearing liabilities	**2020**	**2019**	**2020**	**2019**
At beginning of year	312.0	126.0	163.6	48.3
Adjustment OB as a result of IRFS 16 Leases	-	12.8	-	-
New leases	11.2	7.8	-	-
Borrowings	15.5	94.4	0.0	0.0
Repayments	-23.1	-25.0	0.0	0.0
Foreign exchange gains (-)/-losses (+)	-5.2	1.9	0.0	0.0
Change in overdraft facility	-41.0	94.1	-163.6	115.3
At end of year	**269.4**	**312.0**	**0.0**	**163.6**

25 RELATED PARTIES AND TRANSACTIONS

The parent company has associated relations which involve a decisive influence over its subsidiaries, see Note 23. For information on liabilities to and receivables from subsidiaries, see the parent company balance sheet. The parent company's revenue comprises revenues for services and rents from subsidiaries. These rents are determined based on market terms.

Of the total voting rights of ProfilGruppen AB, the Board member Bengt Stillström controls 28.4 per cent (28.4). The other Board members together control just under 0.1 per cent (0.1) of the voting rights. Senior executives control a total of 0.1 per cent (0.1) of the voting rights in ProfilGruppen AB.

For salaries and other remuneration, as well as costs and obligations related to pensions and similar benefits for the Board, CEO and other senior executives, see Note 4.

26 EVENTS AFTER THE END OF THE FINANCIAL YEAR

Since year-end, no extraordinary events affecting ProfilGruppen have occurred.

The undersigned affirm that the Group and annual accounts have been prepared in accordance with the IFRS international accounting standards as adopted by the EU and with generally accepted accounting principles and provide a fair representation of the Group's and the company's position and profits and that the Group Directors' Report and the Directors' Report provide a fair summary of the development of the Group's and company's activities, position and profits and describe significant risks and factors of uncertainty that the companies that form part of the Group face.

ÅSEDA, 17 MARCH 2021

Kåre Wetterberg
Chairman of the Board

Fredrik Zöögling
CEO

Magnus Gabrielsson
Board member
Employee representative

Kent Johansson
Board member
Appointed by the employees

Monica Bellgran
Board member

Bengt Stillström
Board member

Thomas Widstrand
Board member

Jörgen Abrahamsson
Board member

Our auditor's report was submitted on 17 March 2021
Ernst & Young AB

Franz Lindström
Authorised Public Accountant

FINANCIAL TERMS

TERM	DESCRIPTION	REASON FOR USE
Proportion of risk-bearing capital	Equity and deferred tax liabilities expressed as a percentage of total assets.	Relevant from a credit perspective, shows the ability to sustain losses.
Return on equity	Profit/loss for the year expressed as a percentage of average equity during the period. In reporting interim periods, the results are extrapolated to cover a twelve-month period.	Relevant from a shareholder perspective, as it reflects the return on the shareholders' capital for the period.
Return on capital employed	Earnings before tax and financial expense as a percentage of average capital employed for the period. See the definition of capital employed below.	Relevant for investors and lenders, as it shows the return on capital that requires a return. Used for optimising capital allocation.
Total assets	The value of all assets, such as real estate, plant and equipment, inventories, trade receivables, and cash and cash equivalents.	Relevant for giving stakeholders a simple means of monitoring changes in consolidated total assets.
Equity per share	Equity excluding non-controlling interests divided by the number of shares.	A relevant measure for investors which shows the size of the debt to the owners that is related to each share.
Investments	Non-current assets acquired during the period.	Relevant for showing the overall size of the investments that are made to maintain the existing capacity and generate growth.
Capital turnover rate	Revenue divided by average capital employed.	Relevant for assessing how quickly capital is used on average. A type of measure of capital efficiency.
Cash flow from operating activities	Cash flow from operating activities excluding financing and investments.	Relevant for enabling investors to monitor the capacity of the company's operating activities to generate cash flow for financing new investments, repayments of debt and dividends, and for assessing the need for new financing.
Cash flow per share	Cash flow from operating activities divided by average number of shares.	Relevant for relating cash-generating capacity to the number of shares.
Liquidity reserves	Cash and bank balances and non-utilised credit commitments from banks at end of period.	Relevant for assessing the company's ability to finance its future operations and variations in monetary flows through the company.
Net debt to EBITDA	Net interest-bearing debt divided by earnings before depreciation, amortisation and impairment. For interim periods, rolling 12 month earnings are used.	Relevant for assessing the company's ability to repay loans, which is of interest to lenders and investors.
Net interest-bearing debt	Interest-bearing liabilities and interest-bearing provisions (provisions for pensions) less cash and cash equivalents and interest-bearing assets.	Relevant for assessing the total interest-bearing debt used by the company.
Net debt/equity ratio	Net interest-bearing debt divided by equity.	Relevant for assessing the capital structure, the breakdown between equity and debt capital.
Profit/loss before depreciation, amortisation and impairment (EBITDA)	Operating profit/loss before scheduled depreciation, amortisation and impairment losses.	Relevant as a measure of the company's operational capacity to generate cash flow before capital tied up in operating activities and financial flows.
Earnings per share	Profit or loss for the period excluding earnings attributable to non-controlling interests divided by average number of shares.	Relevant for enabling investors to assess the return on and valuation of the shares.
Profit margin	Profit/loss before tax expressed as a percentage of revenue.	Relevant for assessing how large a share of revenue is retained as profits. Can also be used for comparisons between companies. The measure also shows the company's ability to sustain negative deviations.
Interest coverage ratio	Profit/loss before tax and financial expense divided by financial expense.	Relevant for lenders as a measure of the company's ability to meet interest expenses.
Operating margin	Operating profit/loss as a percentage of revenue.	Relevant for assessing how large a share of revenue is retained as profits from the company's operating activities. Can also be used for comparisons between companies.
Operating profit	Profit/loss before tax and financial items.	Relevant as a measure of the earnings generated by the company's operating activities.
Equity ratio	Equity expressed as a percentage of total assets.	Relevant as a measure of current self-financing, as it shows how large a portion of the assets is equity-funded.
Net asset value per share	See equity per share.	
Capital employed	Equity and interest-bearing liabilities.	Relevant for showing the share of total capital that is used in the operating activities, and is one component for measuring the operational return.

The key performance indicators are based on figures for the Group, including non-controlling interests, except for earnings per share and net asset value per share. For further information on the reconciliation of the Group's alternative performance measures, see ProfilGruppen's website, www.profilgruppen.se.

AUDITOR’S REPORT

To the general meeting of the shareholders of ProfilGruppen AB (publ), corporate identity number 556277-8943

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of ProfilGruppen AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 28-54 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Inventory valuation

Description

Inventories amounts to 242 MSEK and represent a significant share of the Group’s total assets. Inventories consist of both raw materials, products in progress and finished products. As shown in Note 1 in the annual report, inventories are valued at the lowest of historical cost and net realizable value. Inventory valuation is based on manually prepared calculations, in which there are elements of assessments by management that may affect the valuation significantly. There is also a risk of inventory obsolescence due to price sensitivity in both raw materials and finished products, which requires assessments when determining the obsolescence allowance. The inventory valuation thus includes key estimates and assessments made by the company, see note 1. Overall, this means that inventories have been a key audit matter of the audit.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

How our audit addressed this key audit matter

We have audited the company’s calculations through test checks and analysis of significant parameters. We have also audited management’s assessment of obsolescence through analysis of slow-moving products, analysis of gross profit margins and test checks of purchase and selling prices in accordance with contracts. We have audited the appropriateness of the disclosures in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-27. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ProfilGruppen AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

Ernst & Young AB, Box 854, 391 28 Kalmar, was appointed auditor of ProfilGruppen AB by the general meeting of the shareholders on the 21 April 2020 and has been the company's auditor since the 31 March 2007.

KALMAR 17 March 2021
Ernst & Young AB

Franz Lindström
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT OF PROFILGRUPPEN 2020

ProfilGruppen is a Swedish public company, whose shares are listed on Nasdaq Stockholm's SmallCap list. Corporate governance at ProfilGruppen is therefore based on the Swedish Corporate Governance Code (the Code), the Companies Act, the Annual Accounts Act, the Market Abuse Regulation, the Nasdaq rules, the Articles of Association, adopted formal work plans, and other applicable laws and regulations.

ANNUAL GENERAL MEETING 2020

The Annual General Meeting was held on 21 April 2020 in Åseda with an option to participate digitally via Zoom. The AGM was attended by shareholders, personally or by proxy, representing approximately 59.3 per cent of the total number of voting rights in the company. The meeting was attended by the CEO, Fredrik Zöögling, and the Group's management, the company's auditors and the Board of Directors. The Chairman of the Board, Kåre Wetterberg, was appointed to chair the meeting. The minutes from the meeting have been published on the company's website. It was resolved to re-elect Jörgen Abrahamsson, Monica Bellgran, Bengt Stillström, Kåre Wetterberg and Thomas Widstrand to the Board. Mats Egeholm chose not to stand for re-election. Kåre Wetterberg was also elected Chairman of the Board.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting 2021 will be held on 20 April 2021. Shareholders wishing to submit proposals to the Nominating Committee may contact the Nominating Committee by e-mail at valberedningen@profilgruppen.se or by writing to Valberedningen, ProfilGruppen AB, Box 36, SE-364 21 Åseda. Shareholders wishing to submit an issue for discussion at the AGM may do so by writing to the Chairman of ProfilGruppen at the above address or by sending an e-mail to styrelsen@profilgruppen.se. Information about the date, place and deadline for submission of proposals was notified in connection with the interim report for the third quarter of 2020.

NOMINATING COMMITTEE

At the 2020 Annual General Meeting it was resolved that the Nominating Committee should consist of four members and to charge the Chairman of the Board with the task of contacting the three largest shareholders before the end of the third quarter and, in consultation with the same, appoint members who, along with the Chairman of the Board, will constitute the Nominating Committee. The Nominating Committee appoints a chairman from among its members.

In preparation for the Annual General Meeting 2021, representatives of the company's largest shareholders were contacted, in accordance with a resolution of a previous shareholders' meeting, and invited to appoint one member each to the Nominating Committee. The composition of the Nominating Committee was published on the company's website on 16 October 2020.

The Nominating Committee for the 2021 Annual General Meeting comprises:	
Lars Johansson, shareholder, chairman of the Nominating Committee	14.5% shares
Bengt Stillström, Ringvägen Venture AB	28.4% shares
Mats Egeholm, shareholder	7.2% shares
Kåre Wetterberg, Chairman of the Board	

Since its appointment the Nominating Committee has held four meetings at which minutes have been taken. The members of the Committee have also had contacts with each other and with the members of the Board and have studied the Board's evaluation of its work.

BOARD COMPOSITION AND REMUNERATION

At the 2020 Annual General Meeting, it was resolved that the number of members should be reduced to five, with no deputies. In addition, the Board normally comprises two members and two deputies appointed by the employees.

The composition of the Board since the Annual General Meeting 2020 is presented on page 61. All AGM-elected Board members were independent of the company in 2020. Bengt Stillström is a major shareholder of the company.

As regards the composition of the Board, the Nominating Committee bases its proposals on the requirements for diversity and breadth in respect of expertise, experience, background and gender prescribed in the Code. These guidelines also serve as a diversity policy.
The goal is to achieve a Board composition that is appropriate with regard to the company's activities, stage of development and other circumstances. In respect of the past year, the Nominating Committee stated that the representation of women on the Board was somewhat low but that there were no suitable female candidates among the major owners.

In accordance with decisions made at the AGM, the fee paid to Board members for the period until the next AGM amounts to a total of kSEK 1,020 (1,175). Fees are paid only to Board members elected by a general meeting of shareholders, as shown below.

Board member	Role	Remuneration
Kåre Wetterberg	Chairman	400,000
Jörgen Abrahamsson	Board member	155,000
Monica Bellgran	Board member	155,000
Bengt Stillström	Board member	155,000
Thomas Widstrand	Board member	155,000
Total fees		**1,020,000**

THE WORK OF THE BOARD OF DIRECTORS

Following the election of its members, the Board of Directors holds a constituent Board meeting, at which the formal work plan for the coming year is adopted. The Board's mandate to the CEO is formulated in a set of instructions for the CEO.

Since the 2020 Annual General Meeting, the Board has met on six occasions.

Attendance at these is shown the following table. Key issues at these meetings are drawn from the formal work plan. Among others, the following matters were addressed during the year:

2020

April	inaugural meeting
June	forecast and organisational positions related to the pandemic
July	interim report, second quarter
August	strategy discussions
October	interim report for the third quarter, evaluation of the work of the Board, forecast and Audit Committee matters

2021

February	year-end report, accompanying press release, auditor's report, budget 2021 and Remuneration Committee issues

A telephone meeting to adopt the annual report was held.

Before ending its activities for 2020, the Board will hold at least one more meeting. The meeting has been planned for April, when the interim report for the first quarter of 2021 will be discussed, among other matters.

The company's CEO and CFO, who is also the Board's secretary, were present at these meetings.

Board member attendance and number of meetings

Board	Board meetings
Jörgen Abrahamsson	5
Monica Bellgran	6
Emelie Bergström [2]	6
Mikael Ekbring [2]	6
Magnus Gabrielsson [1]	6
Kent Johansson [1]	3
Bengt Stillström	6
Kåre Wetterberg	6
Thomas Widstrand	5
Total number of meetings since 2020 AGM	**6**

1) Appointed by the employees, regular Board member
2) Appointed by the employees, deputy

Members of the Board of Directors receive monthly reports from the management team on the company's current financial and operational development. A procedure for annual evaluation of the work of the Board exists. In 2020, a majority of Board members attended a verbal discussion about the work of the Board in general, their own performance and the work of the Board Chairman. The evaluation serves as a basis for an action plan for improvements and contributes to the work of the Nominating Committee.

REMUNERATION COMMITTEE AND AUDIT COMMITTEE

The Audit Committee consists of all members of the Board. The actions taken to quality-assure the company's financial statements and audits, contacts with the auditors and internal control have been monitored and have thus been evaluated by all members of the Board. The work of the external auditors has been evaluated and the Board has made a recommendation to the Nominating Committee ahead of the appointment of auditors at the 2021 Annual General Meeting.

At the constituent meeting, the Board appointed a Remuneration Committee consisting of Thomas Widstrand, Bengt Stillström and Kåre Wetterberg. Guidelines and levels of remuneration for the management team are drafted by the Remuneration Committee and adopted by the Board. The committee also produces a draft set of principles for remuneration of senior executives, which is submitted for adoption by the Annual General Meeting. Neither the CEO nor the HR Manager are members of the committee, but are invited to attend meetings when their presence is appropriate. Since the Annual General Meeting 2020, the committee has held two meetings, with all members present, and has communicated several times by e-mail and telephone.

Salary for management in 2020 consisted of one fixed element and one variable element. The criteria for variable remuneration have been linked to the consolidated operating profit.

The total variable remuneration for 2020 is SEK 0, distributed among eight persons (SEK 562,400, eight persons). The principles for remuneration define a ceiling for variable pay of 30 per cent of the fixed salary.

CEO AND SENIOR MANAGEMENT

ProfilGruppen's senior management comprises the CEO and six different Function Managers.

Niklas Danielsson took over as the new CFO after the holiday. Fredrik Uhrbom, previously Head of Automotive and Global Accounts, was appointed Marketing and Sales Director of ProfilGruppen in February 2021. The composition of the management team is presented on page 62.

The CEO is responsible for planning, managing and following up on day-to-day operations. The CEO runs the business in accordance with the framework established by the Board, which includes a set of work instructions. The CEO is responsible for keeping the Board informed on operations and for ensuring that the Board has the necessary data for decisions.

The CEO holds regular management meetings. These meetings focus on the Group's strategic and operational progress and on assessments of results.

AUDITORS

At the 2020 Annual General Meeting, the registered accountancy company EY AB was appointed as auditor for the period until the 2021 AGM. At the same meeting Franz Lindström was appointed chief auditor.

For the purpose of examining the Board of Directors' management of the company and meeting the Board's need for information, the auditors have since the 2020 AGM participated in two meetings with the Board. Apart from the audit and consultancy tasks on auditing and tax issues, the auditors have no other tasks at the ProfilGruppen Group.

Information on remuneration for the auditors can be found in Note 5 to the financial statements.

ARTICLES OF ASSOCIATION

The Articles of Association are available on the company's website and can only be amended by a resolution of a general shareholders' meeting.

SHARE INFORMATION

Each share in ProfilGruppen corresponds to one vote. Information on major shareholders is found in the Directors' Report. More information about ProfilGruppen is found on page 63.

THE BOARD'S REPORT ON INTERNAL CONTROL FOR 2020
The Board is responsible for the company having good internal control. Responsibility for maintaining an effective control environment and the ongoing work on internal control and risk management has been delegated to the CEO. The five main activities included in ProfilGruppen's work on internal control are creation of a control environment, risk assessment, control activities, information and communication, and follow-up.

CONTROL ENVIRONMENT
An important element of the Board's work is creating a relevant and effective control environment. The Board's formal work plan and instructions for the company's CEO aim to ensure clear allocation of roles and division of responsibility, which promotes effective management of the operation's risks.

The Board has also established a number of governing documents that are important for internal control. Examples of such documents include policies for the granting of credit, raw material purchases, currency hedging, remuneration and information security.

The Board evaluates the company's operational performance and results through monthly reports submitted by management, assessing economic outcomes and key performance indicators against targets.

ProfilGruppen has a simple legal and operational structure, which facilitates clarification of division of responsibility and swift action in the event of changed conditions. A clear delegation of responsibilities and authority form the basis for the Board's work to ensure compliance with internal control principles and applicable laws and regulations. All decisions concerning, for example, the overall strategy, acquisitions, major investments and general financial issues are prepared by management and made by the Board.

RISK ASSESSMENT
The company's CFO is responsible for annually assessing the risks in the financial reporting presented to the Board. An annual general risk assessment is a part of the Board's strategy work. The assessment and management of the most significant risks for ProfilGruppen are described in greater detail in the risk section of the annual report.

CONTROL ACTIVITIES
The principal means of control are the detailed financial follow-up reports that are compiled each month. Work to prepare these includes analysis of deviations from, among other things, set goals and budgets. In addition to these general quality checks, there are daily checks of authorisations, access rights for IT systems and similar.

INFORMATION AND COMMUNICATION
The governing documents are distributed over the intranet and by other means. There are guidelines for external communication which ensure that ProfilGruppen meets the stringent requirements concerning provision of accurate information to the financial markets.

FOLLOW-UP
The Board has the task of evaluating how the company's internal control system functions, as well as keeping up to date on important evaluations and assessments that provide the basis for the financial statements. The company's CFO is responsible for regular follow-up of the internal control and reports her findings to the Board at least once a year. The basis for financial governance and control is produced by the company's finance department.

At least once a year the Board meets with the external auditors to discuss the auditors' assessment of the company's internal control. The auditors report their findings to the Board through regular reviews and a year-end audit of the third quarter's interim report and the annual accounts. In view of the above the Board has determined that there is currently no need for a separate internal audit or review function.

Åseda, 17 March 2021
The Board of ProfilGruppen AB

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of ProfilGruppen AB (publ), corporate identity number 556277-8943

ENGAGEMENT AND RESPONSIBILITY
It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 58-60 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement.* This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

KALMAR 17 March 2021
Ernst & Young AB

Franz Lindström
Authorized Public Accountant

CONTACTS

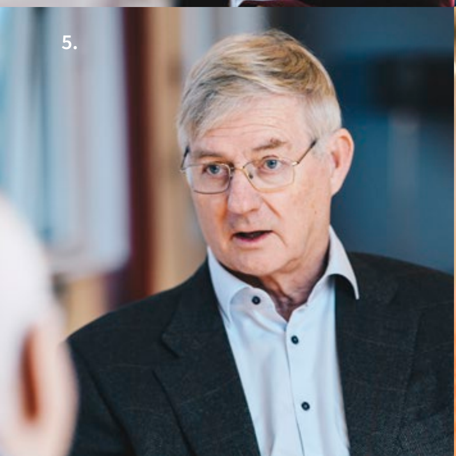
Fredrik Zöögling
President and CEO
Telephone +46 474 551 10
fredrik.zoogling@profilgruppen.se

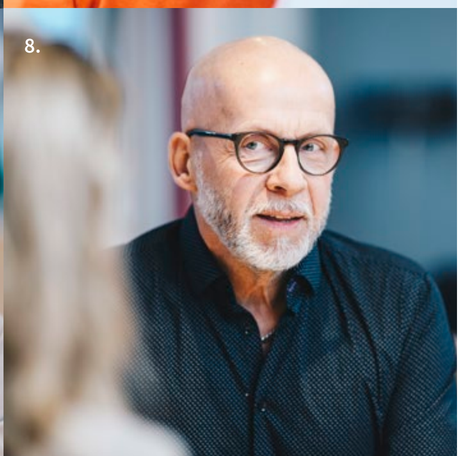
Niklas Danielsson
CFO
Telephone +46 474 551 20
niklas.danielsson@profilgruppen.se

OTHER INFORMATION

The relevant information is always available on our website: www.profilgruppen.se

Graphic design/photography: Effect reklambyrå and ProfilGruppen





BOARD OF DIRECTORS

1. Bengt Stillström[2]
Born 1943
M.Sc.Eng
Board member since 2012
Former CEO and founder of AB Traction, now Chairman of the same company.
Other directorships/principal positions: Board member of Ringvägen Venture AB
Shareholding in ProfilGruppen: 2,099,983

2. Jörgen Abrahamsson[3]
Born 1967
Secondary school
Board member since 2019
Other directorships/positions: CEO/President Gränges Europe
Shareholding in ProfilGruppen: 0

3. Monica Bellgran[3]
Born 1966
Ph.D.
Board member since 2017
Other directorships/positions: Professor of Industrial Production Management at the Södertälje campus of the KTH Royal Institute of Technology and Manager of KTH's research platform: Industrial Transformation, Vice Chairman of the Royal Swedish Academy of Engineering Sciences, Section 1 and member of the Delegation for Circular Economy
Shareholding in ProfilGruppen: 1,000

4. Thomas Widstrand[3]
Born 1957
B.Sc.Econ.
Board member since 2012
Other directorships/positions: President and CEO of Troax Group AB
Shareholding in ProfilGruppen: 0

5. Kåre Wetterberg[3]
Born 1949
M.Sc.Eng
Chairman since 2013
Other directorships/positions: Consultant in the international aluminium industry and industrial advisor in the venture capital industry
Shareholding in ProfilGruppen: 4,213

6. Magnus Gabrielsson[1]
Born 1980
Employed at ProfilGruppen since 2000
Employee Representative
Board member since 2018
Shareholding in ProfilGruppen: 0

7. Emelie Bergström[1]
Born 1982
Employed at ProfilGruppen since 2002
Employee Representative
Deputy since 2012
Shareholding in ProfilGruppen: 0

8. Kent Johansson[1]
Born 1955
Employed at ProfilGruppen since 1981
Employee Representative
Board member since 2019
Shareholding in ProfilGruppen: 0

9. Mikael Ekbring[1]
Born 1966
Employed at ProfilGruppen since 1986
Employee Representative
Deputy since 2019
Shareholding in ProfilGruppen: 400

1) According to the Swedish Code of Corporate Governance, a Board member is to be regarded as dependent in relation to the company and management.

2) This Board member is a major shareholder of the company.

3) Independent in relation to the company and its management, and in relation to major shareholders of the company.

The shareholdings include any indirect holdings through companies or related parties.

SENIOR MANAGEMENT

Fredrik Zöögling*
President and CEO
Born 1966
Employed since 2019
Holding: 0

Fredrik Uhrbom
Head of Marketing and Sales
Born 1972
Employed since 2013
Holding: 1,606

Niklas Danielsson
CFO
Born 1967
Employed since 2020
Holding: 0

Ulrika Svensson
HR Director
Born 1974
Employed since 2000
Holding: 1,000

Torgny Magnusson
Head of Extrusion Manufacturing
Born 1961
Employed since 1982
Holding: 1,850

Andreas Lindberg
Supply Chain Manager
Born 1975
Employed since 2016
Holding: 1,000

Martin Lindstrand
Head of Processing
Born 1976
Employed since 2018
Holding: 0

The above shareholdings refer to ProfilGruppen AB

* *M.Sc. in Mechanical Engineering No significant directorships outside the company, no shareholdings in other companies which are significant for the company.*
No related parties have shareholdings or financial instruments in the company.

SHARE INFORMATION

ProfilGruppen was listed on the OTC List of the Stockholm Stock Exchange on 19 June 1997 and is currently traded on the Small Cap list of Nasdaq Stockholm. The stock symbol is PROF B. At 30 December 2020, the company had a market capitalisation of MSEK 696.9. The number of shares traded in the market was 7,398,775.

DIVIDEND POLICY

ProfilGruppen's overall aim is to give shareholders a high total yield, partly though share dividends and partly through increased share value. The company's dividend policy is to distribute 40–50 per cent of earnings after tax over a business cycle, having regard to capital requirements and the capital structure. For 2020, the Board of Directors of ProfilGruppen has proposed no dividend be paid.

SHAREHOLDERS

At 30 December 2020, the company had 2,554 shareholders, which is an increase of 46 compared with 30 December 2019. The number of shareholders participating in the IPO was 2,922. Information on the company's major shareholders is found in the Directors' Report.

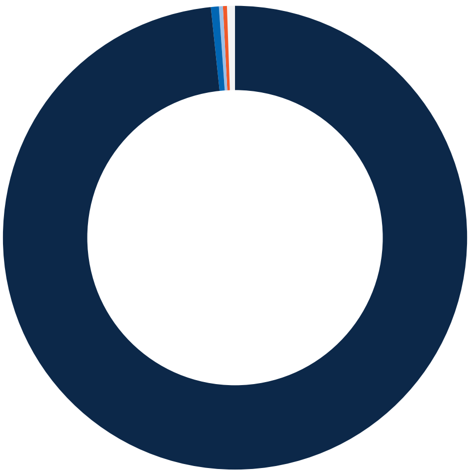
SHARE CAPITAL

ProfilGruppen has a share capital of MSEK 37.0. The shares have a quotient value of SEK 5 per share. All shares in the market carry the same voting rights and entitle the holder to the same share of the company's earnings and capital. There is no dilution.

SHARE PRICE PERFORMANCE

At year-end, the share price had decreased by 7.2 per cent compared with 30 December 2019. Over the same period, the Stockholm Stock Exchange's OMXSSCPI index (Small Cap industry) gained 27 per cent.

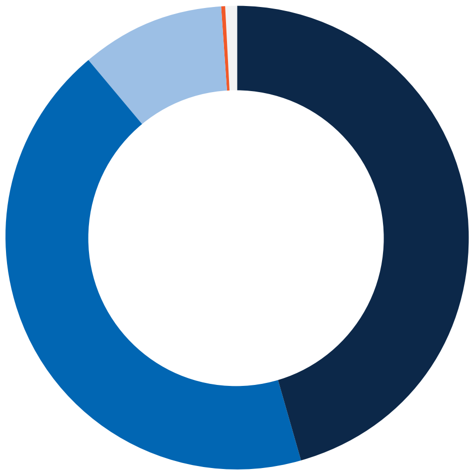
OWNERSHIP BY COUNTRY, % OF VOTING RIGHTS



Sweden 99.3% · Switzerland 0.3% · UK 0.1%
Denmark 0.1% · Other countries 0.2%

AT 30 DEC 2020

SHAREHOLDER CATEGORIES, % OF VOTING RIGHTS



Swedish private individuals · Swedish legal entities
Financial companies[1] · Associations[2]
Owners resident overseas

[1] Investment firms & brokerages, fund managers, insurance companies and pension institutions, pension funds
[2] Aid organisations and trade unions

AT 30 DEC 2020

OWNERSHIP STRUCTURE

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF VOTING RIGHTS
1 - 500	1,992	3.7
501 - 1,000	276	2.9
1,001 - 5,000	208	5.7
5,001 - 10,000	28	2.6
10,001 - 15,000	10	1.8
15,001 - 20,000	11	2.7
20,001 -	29	80.6
TOTAL	**2,554**	**100.0**

AT 30 DEC 2020

next level

SMÅLAND ALUMINIUM SOLUTIONS - A DOWN-TO-EARTH FUTURE

There is potential in man and in the material. Developing and bringing out that potential is what makes us what we are, today and in the future. With knowledge, care and common sense, we realise opportunities, build relationships and move forward together.

ProfilGruppen AB

Box 36 | SE-364 21 Åseda | Tel +46 474 550 00 | www.profilgruppen.se

Follow us on:

f in