



# Profil Gruppen.

ANNUAL REPORT &  
SUSTAINABILITY REPORT  
**2021**



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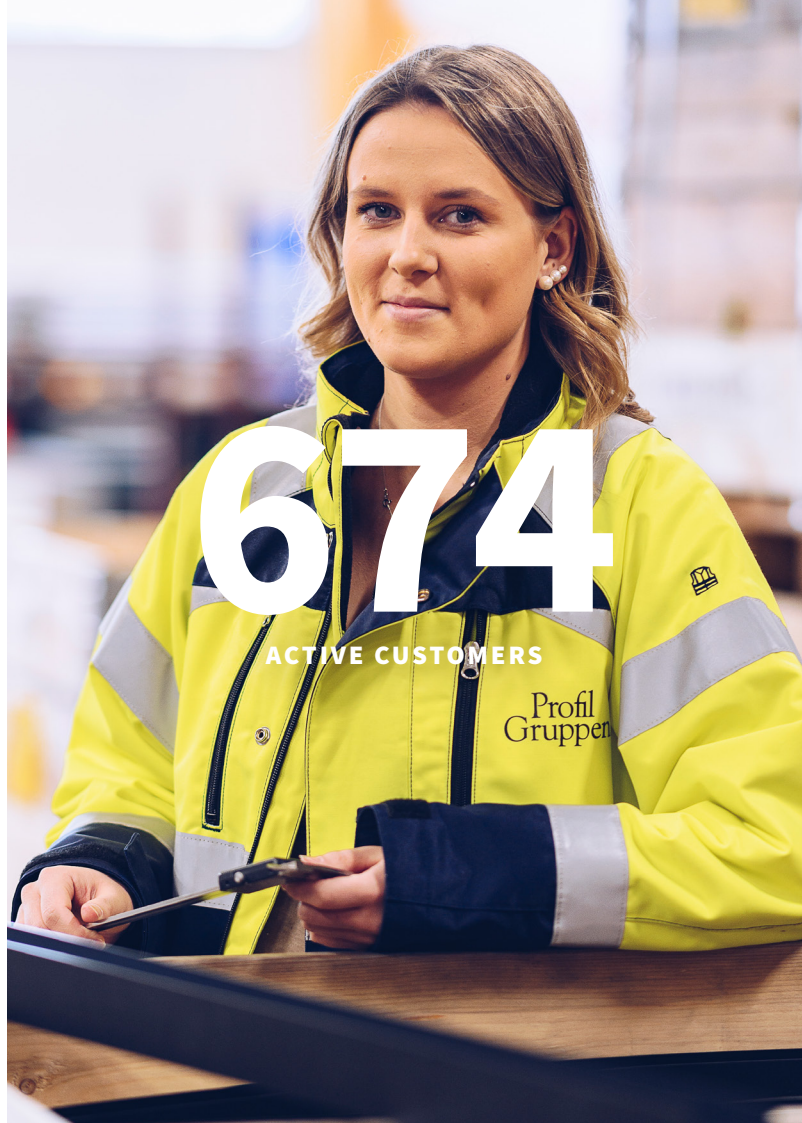
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# 542

AVERAGE NUMBER OF EMPLOYEES

# 4

EXTRUSION FACILITIES AND THREE  
FURTHER PROCESSING UNITS ON THREE  
INDUSTRIAL ESTATES IN ÅSEDA

## GLOSSARY

<b>ANODISATION</b>	Electrolytic surface treatment process that produces a very hard, insulating and decorative surface
<b>ASI</b>	Aluminium Stewardship Initiative, the aluminium industry's global standard setting and certifying body
<b>BAUXITE</b>	A soil or rock from which aluminium can be extracted
<b>MACHINING</b>	Various processes for further processing aluminium extrusions, such as bending, milling or punching
<b>EXTRUSION</b>	Manufacturing extrusions by pressing an aluminium ingot through a matrix
<b>PROCESSING</b>	Adding new functions or changing the appearance of an extrusion, for example through machining or surface treatment
<b>EXTRUSION LINE</b>	A production line for extrusion
<b>PRIMARY PRODUCTION</b>	Producing a material for the first time, rather than through recycling
<b>EXTRUSION</b>	A length of metal that has been pressed through a matrix to achieve a specific shape
<b>SCRAP</b>	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
<b>EXTRUSION</b>	See Extrusion
<b>RECYCLING</b>	To recover and reuse a material which formed part of a product that has reached the end consumer



# THE PAST YEAR.

ProfilGruppen was started in 1981 and 2021 was thus an anniversary year. We are very proud of the healthy and sustainable company we have developed over the past 40 years.



## NEW CHAIRMAN

At the Annual General Meeting in April, Mats R Karlsson was elected new Chairman of the Board of ProfilGruppen after Kåre Wetterberg chose not to stand for re-election. Mats will contribute his long experience of leadership and boardroom work in international industrial businesses.



## TESTIMONY TO A SOUND AND SUSTAINABLE BUSINESS



In 2021, ProfilGruppen was certified according to the aluminium industry's own sustainability standard, produced by the Aluminium Stewardship

Initiative (ASI). ASI is a global non-profit trade association that works to promote the role of aluminium in building a sustainable society and to increase transparency in the industry. Called ASI Performance Standard, the certificate covers requirements and principles of governance and business ethics as well as environmental and social aspects. At the end of 2021, ProfilGruppen received the expected confirmation that it is running a sustainable business. The report of DNV's audit is available at [www.aluminium-stewardship.org](http://www.aluminium-stewardship.org).

“Mats will contribute his long experience of leadership and boardroom work in international industrial businesses”





### HEALTH AND SAFETY CERTIFIED

ProfilGruppen has always been at the forefront in promoting improved work methods that enhance quality and environmental performance. As part of this drive, we have continuously certified our business according to environmental and quality management standards. In 2021, we took this step in the field of health and safety, certifying the company under the ISO 45001 standard.



### UNEXPECTED MARKET EVENTS

Aluminium and energy prices increased sharply during the year, driven by geopolitical events. An energy crisis in China gave rise to a shortage of aluminium in Europe. Russia's policy on gas deliveries caused an energy crisis in Europe, which in turn affected energy-intensive industries such as aluminium production, putting further upward pressure on the price of the raw material. On top of this, transport costs increased sharply.

In response to these developments, many manufacturers have had to adjust their businesses and prices of many other goods and services have also risen. Consequently we also had to raise our prices.

### STRONG DEMAND

Despite these unexpected effects in the market, we experienced strong demand in 2021. We have been operating on all cylinders since the beginning of the year. Our delivery volumes were particularly high in the second and third quarters, which made it difficult to maintain our normal delivery and service levels.

### CONTINUED COVID PANDEMIC

The pandemic continued to affect our delivery capacity during the year. The main reason was high sickness absence at the company and among our subcontractors. Coupled with strong demand, this at times put a lot of pressure on the workforce.





# WHAT WE DO.

ProfilGruppen creates value through smart choices, processes and products.  
The business model contributes to a circular economy.

## THE RIGHT CHOICE OF MATERIAL – ALUMINIUM

A raw material with the right properties is essential to circular systems. Aluminium can be recycled efficiently. Aluminium also enables us to create more energy-efficient and sustainable products thanks to its strength and low weight.



## RECYCLING

Correctly sorted and recycled, aluminium is almost endlessly recyclable. The amount of energy consumed is only a fraction of what was required when it was first produced. We want to help close the circle and develop a circular offering together with our customers and partners.



## USING THE PRODUCT

We often deliver directly to the customer's production site, where the product is mounted in a bus, paddle court, bicycle rack, balcony or charging pole, to name a few examples. Eventually the product is used by you or me, often for many, many years before it has done its job.

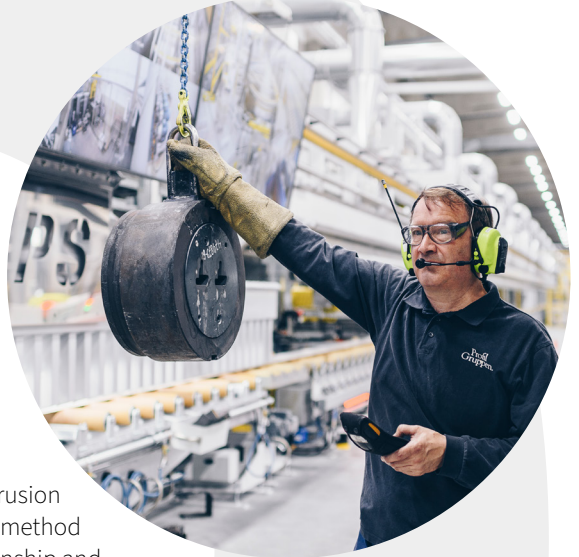




## SUSTAINABLE DESIGN

We are experts on aluminium and extrusion solutions. In the design phase, we tailor a complete solution together with the customer that optimises the product's manufacture, flows, performance and disassembly properties prior to recycling.

## MANUFACTURING / REMANUFACTURING



### EXTRUSION

Our core competence – extrusion – is an efficient production method that requires both craftsmanship and modern technology to achieve the right results.



### MACHINING

The extrusions can be further processed to produce the component required by the customer, for example, through simple cutting and punching, or advanced milling or bending in fully automated production cells. In some cases we also assemble and package the customer's product. The processing of the extrusions is done at our own facilities as well as through a network of skilled subcontractors.

### SURFACE TREATMENT

Through surface treatment, we can change the appearance, colour, function, corrosion resistance and durability of the extrusion to meet varying needs. A large proportion of our extrusions are surface-treated by anodising. Powder coating and other methods are also applied.



# RESPONDING TO RAPID CHANGES

Our anniversary year 2021 turned into something altogether different due to the pandemic that cast its shadow across the world, restrictions and vaccinations notwithstanding. The past year has been full of challenges that we have handled in a very good way. We entered the year amid a sharp increase in demand and skyrocketing raw material prices.

The price of aluminium has soared from a historical low in summer 2020 to the highest levels in the history of the industry. A sharp rise in energy prices was accentuated in autumn 2021. Further complicating factors were the shortage of semiconductors and other components, which affected our customers in the automotive segment, and the container shortage that has been ongoing since 2020.

Despite all this, we managed to deliver and emerged stronger from 2021.

## HEALTH, SAFETY AND SUSTAINABILITY CERTIFIED

We have continued to promote safety and have had a strong focus on risk reporting to increase awareness among our employees and thus reduce the number of accidents.

During the year, we were certified according to the ISO 45001 health and safety management standard, achieving an excellent result.

As part of our efforts to promote sustainability, we have adopted the industry's ASI Performance Standard and were certified against it during the year. Which shows that we are on the right track.

## STRONG PROCESSES ENSURE CUSTOMER SATISFACTION

Despite a 30 per cent increase in volumes and over 100 new employees, we have maintained our high level of quality, which shows that we have a stable and effective process. This is a mark of quality and is reassuring for our customers.

One of the more important projects we are participating in is SURF, the Swedish aluminium industry's initiative to establish an industry-wide surface assessment standard. This is a welcome project that will ensure that our customers receive the right quality at the right price.

## A SHARP INCREASE IN DELIVERIES AND TEMPORARILY LONGER LEAD TIMES

In 2021, we reached new highs in terms of delivery volumes and sales. Pent-up demand in the market was released in 2021 and our existing customers increased their purchases.

At the same time, we enjoyed success in the market and gained new customers. There was a shortage of both raw material and press capacity in Europe during the year, which resulted in long lead times.

Our purchasing department succeeded in supplying us with raw material and we were able to deliver, though with longer lead times than normal. Thanks to our new extrusion press Tor, which showed its mettle during the year, we had sufficient press capacity. The bottleneck was further downstream. Our anodising process was put under pressure and it was difficult to secure processing capacity, which led to temporarily longer lead times.

We increased the number of shifts dramatically and increased our workforce by about 100 people on a net basis. Another factor was the high degree of mobility in the labour market, as a result of which we made a significantly higher number of recruitments. Recruiting, training and instructing so many new employees without missing our production targets has been a big challenge, but our organisation really lived up to the challenge and did a brilliant job. That is a major factor behind our results.

## RESULTS BOOSTED BY RAW MATERIAL PRICES

Our sales and earnings reached new highs, which we are pleased with. The main reason for this, however, was the rise in raw material prices. Several activities are underway to strengthen our underlying earnings. We are working to reduce the increased price risk on aluminium and have also partially hedged the price in the commodity market.

## STRONG DEMAND AND A FOCUS ON PROFITABILITY

Our sales organisation has been working to generate new business as usual but has had a greater focus on more highly processed products than previously. We have also needed to spend more energy on maintaining good customer relations due to a temporary increase in lead times. Our principal task has been to ensure our profitability after being hit by enormous cost increases during the year.



## “We have developed our methods, organisation and people”

We have a lot of potential new business heading our way and are now working to secure capacity internally and externally.

### **READY FOR THE CHALLENGES AHEAD**

We are currently seeing that the energy crisis in Europe is leading to the closure of smelters, which will affect the supply of aluminium ingots. We have taken action and feel well prepared to limit the effects of such a situation.

Demand in the market remains strong and we are entering 2022 with well balanced production systems. Our anodising and processing capacity will be reviewed and we will be in a significantly better situation to live up to our customers' expectations in 2022.

### **A STRONGER COMPANY**

The uncertain global situation and rapid changes regarding the pandemic, energy policy, commodity markets and other factors have forced us as a company to become more agile and to develop our methods, organisation and people. Our employees have responded to these new conditions in a fantastic way and deserve a big thank you. Today we are a stronger ProfilGruppen, ready to continue to develop.

Åseda, March 2022



Fredrik Zöögling, President and CEO



## MEET OUR CUSTOMERS

# SOLID PARTNERSHIPS

Light and strong – that is aluminium in a nutshell. And that's also more or less how we work with our customers. Being easy to work with strengthens the relationship.

## BALCO

## Creating sustainable spaces for life

Balco manufactures, sells and assembles balcony systems. Its customers include housing companies and cooperatives, architects and developers. As the business to a large extent centres on redeveloping and renovating existing properties, sustainability management is a natural part of the company's daily activities.

"Adding external balconies to existing properties helps to improve the buildings' energy ratings. But it is not only the energy savings that matter from a sustainability perspective; the raw material is another important factor. And this is where ProfilGruppen's

environmentally certified aluminium extrusions fit in perfectly," Christian Linell, Purchase and Quality Director at Balco, says.

Balco's head office and production site are located in Växjö, Småland, and the company has subsidiaries in Norway, Denmark, Finland, the UK, Germany, Poland and the Netherlands. Today, Balco is a market leader and its glazed balcony systems are in demand throughout Europe. But 2021 was unusually tough.

"One crisis succeeded another, but you have to take it for what it is. How does

one prepare for a pandemic?" Christian Linell asks himself and adds:

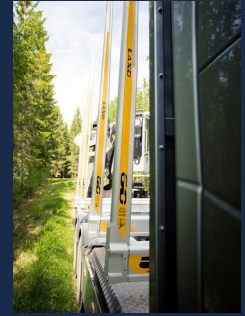
"As for our collaboration with ProfilGruppen, it has continued to move on in the right direction. For our part, we really appreciate being able to be completely open with each other. That's essential to a good partnership and especially important when things get tough. We will be staying with you!"



*Christian Linell, Purchase and Quality Director, Balco*

**BALCO****Founded:** 1987**Does:** Renovates balconies and supplies glazed balcony solutions**Head office:** Växjö**Production:** Växjö & Lowyn, PL**Sales in 2020:** SEK 1,200m**Number of employees:** 480 (2020)





## WIBE LADDERS

# With safety at every step

Wibe Ladders manufactures ladders, work trestles and other solutions for safe work at heights. Quality, safety and sustainability are integrated in all activities – from product development and production to delivery. For nearly 25 years, Wibe Ladders has been buying the majority of its material from ProfilGruppen. Johan Fräjdin, Business Director, has been taking part in that journey for 16 years and has faced many challenges.

“Recently, extremely high raw material prices have had a major impact on us and our customers. In such situations, transparency between us and our suppliers is all the more important. We need to keep each other updated and

make joint decisions. Any problems, at whatever stage of the process, need to be addressed as soon as possible. That’s an approach that works!”

“ProfilGruppen has also been working proactively, for example by helping to develop our products in accordance with European certification directives. That type of initiative is of course very valuable to us. That is the way to build a long-term partnership,” Johan Fräjdin says.

Hultafors Group controls a number of different brands, such as Wibe Ladders, Hultafors, Snickers, Hellberg and Fristads. A crucial element of Hultafors Group’s business is sustainability management,

which is as much about social commitment as about caring for the environment. All companies work preventively based on set goals, and progress is monitored using performance measures.

“From a sustainability perspective, a key factor in choosing a supplier is their ability to offer environmentally certified raw material. ProfilGruppen has precisely this environmentally certified raw material, and their circular approach and striving for a deeper collaboration on sustainability is a strength,” Johan Fräjdin says.



Johan Fräjdin, Business Director, Wibe Ladders



### WIBE LADDERS

**Founded:** 1929

**Does:** Manufactures ladders, work trestles and scaffolding

**Head office:** Bollebygd

**Production:** Nässjö

**Sales in 2020:** SEK 190m.

**Number of employees:** 61 (2020)

## MEET OUR CUSTOMERS

### DAFO VEHICLE

# Scourge of vehicle fires

The road that led to the business in which Dafo Vehicle is engaged today was long and not entirely straight. The foundation for the company was laid at the end of the First World War. Operating at that time under the name of Danielsson Forssberg & Co., the company imported large batches of pyrene extinguishers. Over the years, the activities broadened, through several agencies, notably for the chemical product Loctite and Black & Decker power tools.

In the mid-seventies, insurers started to demand that forest machinery be equipped with extinguishers. Dafo, drawing on its solid expertise in fire safety, developed the first systems for installation and suddenly found itself operating in a fast expanding market, which is now global.

The stand-alone company Dafo Vehicle was established in 2018 and focuses exclusively on the automotive

industry and the extinguishing systems that are now found in everything from cars, buses and trucks to forest machines, mining vehicles and construction machinery. Dafo Vehicle's extinguishing system is liquid-based and is pressurised only when a fire is detected or when activated by the driver. Technically, the system consists of a propellant cartridge filled with nitrogen and a piston tank filled with an extinguishing agent. Parts of this system were developed in a collaboration between Dafo and ProfilGruppen.

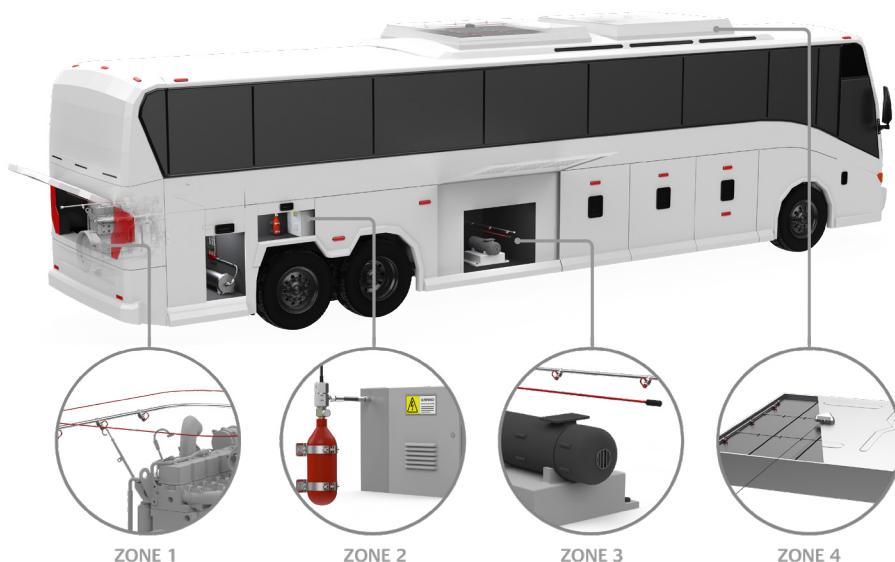
For ProfilGruppen, the project is unique in that ProfilGruppen not only handles the production but also final assembly of the piston tank. To enable a rational manufacturing and assembly process, ProfilGruppen has invested in dedicated technology and new premises for the project. Which is entirely in line with Dafo's strategy of outsourcing as much production as possible.

Per Kindwall is a strategic buyer at Dafo Vehicle.

"Our collaboration with ProfilGruppen is fairly new, but so far it is going very well. We had some teething problems at the outset, which is not unusual in this type of project, but here ProfilGruppen distinguished themselves by being able to meet us quickly, with the right resources and with an explicit ambition to quickly find a solution. In a very short space of time, we were able to jointly review and change certain aspects of the production and now things are running very smoothly!"



Per Kindwall, Strategic Buyer, Dafo Vehicle AB



#### DAFO VEHICLE

**Founded:** 2018

**Does:** Manufactures extinguishing systems for commercial vehicles

**Head office:** Stockholm

**Production:** Katrineholm

**Sales in 2020:** SEK 271m.

**Number of employees:** 75 (2020)



LAXO

# Sustainable at every stage

Over the last 100 years, the amount of forest in Sweden has doubled, from 1.5 billion cubic metres to 3 billion, and every year millions of logs are transported from forests to sawmills. You've probably seen them along the roads – the timber trucks. Each load can weigh up to 70 tonnes, so the quality of the timber bolsters, stanchions and slide plates is crucial. Laxo has developed a modular system that fits the bill.

The manufacture of various bodies for trucks under the Laxo name goes back nearly 50 years. Then as now, the majority of customers are hauliers with just one or a few employees, but the company also delivers to municipalities, public authorities, the Swedish Armed Forces and other customers. All products are manufactured in Laxå and Örebro. The company is technology-oriented and a significant proportion of the truck bodies are custom-made. The company's chief executive is Tomas Himberg:

"I am sometimes asked how many designers we have. Right now the answer

is 66, as that's how many employees we have. At Laxo, everyone is involved and contributes and comes up with clever solutions to an identified customer need."

Tomas Himberg started at Laxo 32 years ago, as a designer. During his time at the company, he has had several roles and has seen the Laxo brand expand significantly.

"In Sweden, we are one of the largest players in the industry. We have a strong name in the Nordic region and are now noticing an interest in our products from other parts of Europe as well as from the US and Russia. That's great," Tomas Himberg says.

At Laxo, sustainability is a key concept, in terms of both the products and the environment. The manufacture of high-quality truck bodies in strong materials ensures a long service life and a good economic solution for the customer. The production takes place in purpose-built premises with low energy consumption. No fossil fuels are used for heating and nearly all materials

can be recycled.

"Looking at sustainability from a different perspective, we have always done our bit to safeguard jobs in Swedish industry. If we can buy what we need within the country, we do it. For example, we have a long and good relationship with ProfilGruppen in Småland, from whom we buy aluminium extrusions. The first order was made in 1988, if I remember correctly. Before that, we imported the extrusions from Austria and Switzerland with all that that entailed in terms of long transports and generally complex logistics. In ProfilGruppen, we also have a partner that meets our requirements while also challenging us. The forward momentum they have we also have, and I am convinced that is one reason why we are both really strong players in our respective areas."



Tomas Himberg, CEO, Laxo



## LAXO

**Founded:** 1947

**Does:** Manufactures truck bodies

**Location:** Laxå/Örebro

**Sales in 2020:** SEK 130m

**Number of employees:** 66

# LONG-TERM STRENGTH

A long and healthy life is what we all want. Ensuring that ProfilGruppen remains a prosperous company in the long term requires continuous development and care – of the business and its employees as well as the environment and the society in which we operate. We want to help our customers make sustainable choices and create circular business models.



CARING FOR **THE BUSINESS**



CARING FOR **THE ENVIRONMENT**



CARING FOR **SOCIETY**



CARING FOR **THE INDIVIDUAL**





## OUR ROLE

We want to have a positive impact on those we interact with. In the first hand by promoting the use of a material that is sustainable in many ways. We take responsibility and want to live up to our stakeholders' high expectations.

Continuing to grow and develop in the long term requires good profitability and value-creating customer relationships. In ProfilGruppen, our customers find an attentive 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, professionalism and continuous improvement. This means that we listen and adapt to the demands that our operational environment places on us.

## MADE IN ÅSEDA

ProfilGruppen is strongly concentrated to Småland. Our business is based in Åseda, which is home to our production facilities as well as our head office, including most of our sales organisation. Most 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 sales offices in Stockholm and Skellefteå, but our export customers are largely served from Åseda. This geographic concentration has many advantages. It makes it easier to get an overview of the organisation and of material flows. It ensures short decision paths and creates a sense of community among our employees. It also makes it easy to ensure control of sustainability issues such as gender equality, human rights and the environment as well as preparedness for unforeseen events.

Many of our suppliers of processing services, which are an important part of our offering, are also located in the same area. This facilitates control of the supply chain. The recent restrictions on international mobility have showed that being based locally is a great strength.

The fact that we, and the majority of our suppliers, are based in Sweden and follow Swedish laws, collective agreements and customs, provides a stable foundation for caring for the environment, individuals and society.

## ASI PERFORMANCE STANDARD

As part of the effort to give a more distinct profile to our sustainability management, ProfilGruppen was certified under the aluminium industry's own sustainability standard, which was developed by the Aluminium Stewardship Initiative (ASI). ASI is a global non-profit trade association that works to promote the role of aluminium in building a sustainable society and to increase transparency in the industry.

The certification process is called ASI Performance Standard and includes requirements and principles for governance and business ethics as well as environmental and social aspects. The process involved several days of auditing of the entire business and the certification was approved just before the end of the year. The report of DNV's audit is available at [www.aluminium-stewardship.org](http://www.aluminium-stewardship.org).

## THE GROUP CONSISTS OF

**ProfilGruppen Extrusions AB**, in which the majority of the operations is conducted. Here, extrusions are produced and processed, which involves industrialisation of customer-unique needs. All sales and administration activities in the Group are conducted in this company.

**Two smaller sales companies**, in Germany and Norway, with a total of three employees.

**PG & WIP AB**, where processing and consumer packaging of extrusion-based products for a customer in the interior design industry take place. The company is 70 per cent owned by ProfilGruppen.

**ProfilGruppen AB**, the parent company of the Group, which is listed on Nasdaq Stockholm SmallCap.

## SCOPE OF THE REPORT

The Sustainability Report has been prepared by ProfilGruppen AB (publ), 556277-8943. It covers the ProfilGruppen Group in its entirety, with certain exceptions. The exceptions, which are marked with \* (asterisk), mean that the partly owned subsidiary PG & WIP AB is not covered. The report comprises pages 14–30.

## OUR CONTRIBUTION TO AGENDA 2030

The UN Agenda 2030 provides a framework for companies to contribute to sustainable development.

Since the establishment of ProfilGruppen 40 years ago, we have been convinced that we can contribute to solving the global challenges. By offering products adapted to circularity,

we also enable customers from different industries to amplify their impact.

Our other efforts to promote sustainability are partly based on the UN global Sustainable Development Goals and we have chosen focus areas based on how well they match our business and strategy.



**GLOBALA MÅLEN**  
för hållbar utveckling

	PRIORITY GOALS	WHAT PROFILGRUPPEN IS DOING
THE INDIVIDUAL	<b>5 JÄMSTÄLLDHET</b> 	<b>Target 5.1</b> Eradicating discrimination against women and girls  We have zero tolerance for all forms of discrimination, bullying and sexual harassment. We are working to achieve a greater gender balance among our employees and managers.
	<b>8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT</b> 	<b>Goal 8.4</b> Improve resource efficiency in consumption and production  We spread knowledge about the benefits of aluminium so that other materials are replaced when aluminium is a more sustainable choice, for example because it enables circularity, increases product life or reduces fuel and energy consumption. Thanks to our geographical location in the Nordic region, we can offer products with the lowest possible carbon dioxide emissions.
THE BUSINESS	<b>9 HÅLLBAR INDUSTRI, INNOVATIONER OCH INFRASTRUKTUR</b> 	<b>Target 9.4</b> Upgrade all industries and infrastructures for sustainability
	<b>12 HÅLLBAR KONSUMTION OCH PRODUKTION</b> 	<b>Target 12.2</b> Sustainable management and use of natural resources  We are working to extend the life of products and promote circularity. We seek to ensure that as much aluminium as possible is recycled.  <b>Target 12.4</b> Responsible management of chemicals and waste  We are working to minimise waste and increase the recycling rate.
THE ENVIRONMENT	<b>13 BEKÄMPA KLIMAT-FÖRÄNDRINGARNA</b> 	<b>Target 13.1</b> Strengthen resilience and adaptive capacity to climate-related disasters  We strive continuously to reduce our direct and indirect carbon dioxide emissions.
	<b>17 GENOMFÖRANDE OCH PARTNERSKAP</b> 	<b>Target 17.16</b> Enhance the global partnership for sustainable development  We engage in and make a positive contribution to the development of the society in which we operate. We engage in networks and organisations that promote sustainable development for our industry and our society.
SOCIETY		



# CORE VALUES

ProfilGruppen's core values are part of the corporate culture that we create together and that we take pride in. They also guide us in how we should act in daily work situations. We are personally committed, attentive, fast, professional and strive for continuous improvement.



## PERSONALLY COMMITTED JAN ÅKESSON

As a shift manager, I have been involved from the start in building our new high-tech extrusion press, Tor. Creating a structure, templates and procedures are crucial in this context. The team also has to be prepared for completely new situations that need to be solved with personal commitment, drive and goal focus. I want to do my best every day and get my team on board by creating a sense of security where we trust each other and can solve anything together.



## PROFESSIONAL HELENA LAERM

For me as a management assistant, professionalism primarily means having integrity and a dedication to service. Like the spider in the web, I can handle sensitive information as well as practical matters and I always want to do it in a professional way. My duties are governed by our annual planning as well as quick chats in the corridor, and I need to be able to prioritise and complete them all. I also want to develop and improve my performance all the time.



## FAST SIRIPORN TANAKUM

As an operator you have to be able to adjust quickly and efficiently. We have clear timeframes to adhere to in order to ensure that the customers receive their deliveries on time. Straightforward and simple communication, in the form of instructions and between colleagues, helps.



## CONTINUOUS IMPROVEMENT TORGNY AND JONATHAN MAGNUSSON

Whether you work in production or sales, continuous improvement is part of our culture. Our improvement work is based on our common will to grow and develop. The world around us is changing and our customers' requirements and expectations are also changing. We need to be attentive and adapt to these changes while at the same raising our standards and advancing to the next level.



## ATTENTIVE PEDER SVENSSON

In my role as Chief Safety Officer, I have to be attentive and open when monitoring our work environment at all levels. When I go around our facilities and ask my colleagues and friends about their thoughts on safety and well-being, I often receive important views and confidences that I need to handle in the best way. Being attentive is the way to improve things.

# CARING FOR THE BUSINESS



Long-term survival and sustainability require continuous value creation. All stakeholders need to be able to feel confident that we will give them what they demand and adapt to the rapid changes taking place in our society.

## CUSTOMER FOCUS

We want to be a reliable and problem-solving partner for our customers. We achieve this through personal commitment in everything we do. Our high-quality products and solutions make us a valued supplier, but our great competitive advantage is our employees, who do their best every day, live our core values and ensure that the customer is at the centre of everything we do.

## LONG-TERM PROFITABILITY

Achieving long-term profitability is the key to ensuring the continued confidence of our investors. We cannot invest continuously in sustainability and resource efficiency without generating profits. For 2021, we report a record high operating profit. It is questionable, however, whether such earnings can be sustained over the long term as they were largely achieved through inventory effects from increased aluminium prices. Dramatic increases in energy, freight and other costs is something we have had to adapt to, especially towards the end of the year. The Covid pandemic affected the global economy in many ways during the year, but demand for ProfilGruppen's products has been very good.

ProfilGruppen's Board of Directors has set a target of an oper-

ating margin of eight per cent over a business cycle. Achieving this target requires a clear profitability focus throughout the organisation. Our financial performance is presented in the financial section of the annual report.

## A SUSTAINABLE CHOICE OF 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. As demand for circular solutions increases, new business opportunities are opening up.

Demand for aluminium extrusions is steadily increasing and comes from many different 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. In addition, aluminium's heat conducting characteristics are exploited in cooling extrusions.

*“As demand for circular solutions increases, new business opportunities are opening up”*

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 as well as the expansion of battery production are driving demand for aluminium components.

In the aerospace industry, the material's weight and low 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 extrusions are used.

## FAIR COMPETITION

We like business and our fundamental principle, as stated in our Code of Conduct, is that we as a company and as employees should promote fair and broad competition. We must of course follow local laws, industry rules and other regulations.

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. Our ongoing review of the costs of customer events and business travel indicates that these costs remain within the specified limits.

During the year, our Code of Conduct was updated and an explanatory appendix was added which contains examples of what is considered an undue advantage. We also provided training in anti-corruption for all concerned employees.

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 suspicions were reported in 2021.

## OPENNESS

A reliable partner has nothing to hide and is open and honest. Our ambition is to always be transparent about what we do. This of course applies both to our customer relations and to our communications with the financial market. Every year, we are audited by a number of external parties. Many potential and existing customers do their own reviews of our business, which we welcome. As part of our commitment to maintaining our three ISO certifications, professional auditors visit us regularly, as do our financial auditors. In 2021, our business was also audited as part of our ASI certification and the report of this audit is available on our website.

## 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** – no limits on creativity

**EASY TO PROCESS** – major possibilities for built-in functions

**EASY TO RECYCLE** – can be reused again and again without impairing its properties

**VALUABLE** – leads to high resale value & profitable recycling

**WIDELY AVAILABLE** – abundant bauxite resources in the Earth's crust

**LOW CARBON DIOXIDE EMISSIONS** – with the right choice of supplier

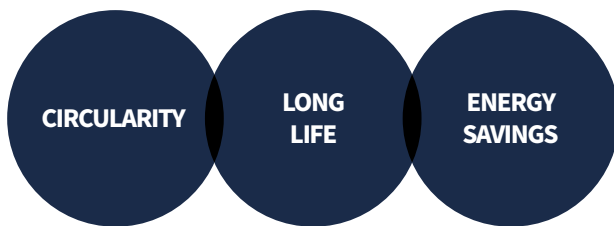




# CARING FOR THE ENVIRONMENT



We have a shared responsibility for the well-being of our planet. ProfilGruppen's founders started the company with a conviction that products with a lower environmental impact are a solution for the future. Forty years later, it is the same guiding principles that make us see our products as part of the solution to the global climate and environmental challenges.



## ALUMINIUM IDEAL IN CIRCULAR ECONOMY

Aluminium can be melted down and reused again and again without losing any of its valuable and sustainable properties. That's why it is an ideal choice in a circular economy.

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 uses only five per cent of the energy used in primary production.

## DEMAND FOR RECYCLING AS WELL AS PRIMARY PRODUCTION

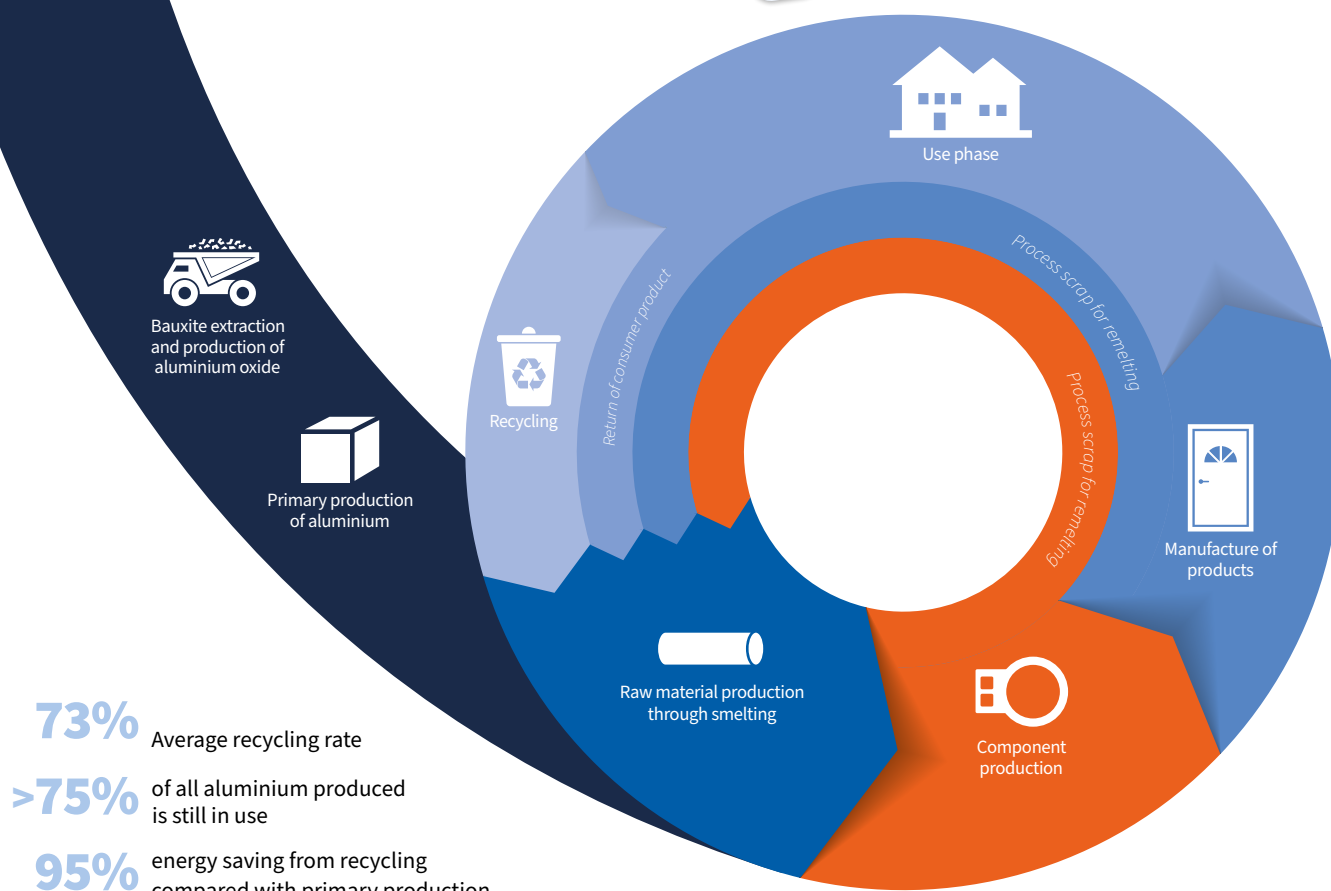
Demand for recycled aluminium continues to increase. The supply of recycled material is also increasing slowly, but has so far been severely limited. At the same time, the supply of aluminium in the earth's crust is practically unlimited and there is every reason to continue to add more primary aluminium to the aluminium cycle. It is an investment for the future.

Currently, a third of the aluminium used in the European market is estimated to have been recycled from consumer products or manufacturing scrap. Thanks to its durability, more than three quarters of all aluminium ever produced in the world is still being used and has yet to return to the cycle. Overall demand for aluminium products, however, is increasing. This means that primary production needs to increase before we can rely on recycled material. According to an industry estimate, it should be possible to cover approximately two thirds of the market demand in Europe with recycled materials by 2050.

The extrusion process requires metal of a certain purity, which further limits the availability of recycled material. Currently, we and other extrusion manufacturers therefore mainly use primary produced aluminium and remelted process scrap from the aluminium industry.







ProfilGruppen's aim is to strengthen the efficient lifecycle of aluminium. Our principal role in this cycle is as a manufacturer of components. All scrap generated in process goes back to the smelter to be turned into new raw material in a resource-efficient way. Our customers' production activities can also generate aluminium scrap, which can be returned to us in order to go back into the cycle as quickly and efficiently as possible. Finished consumer products may also be returned. Through a collaboration in the product development phase, our specialists help to create solutions that optimise material use. The prospects for circular business models are good.

## THE RIGHT ORIGIN A KEY FACTOR

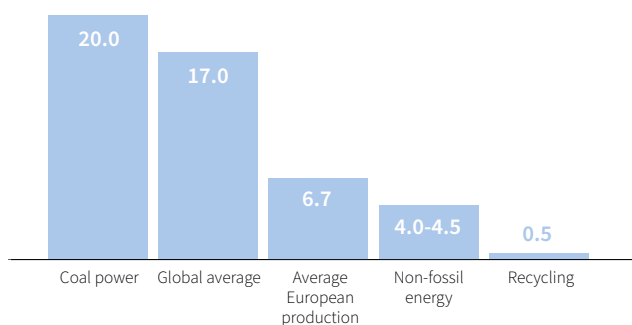
Primary production of aluminium is very energy-intensive and not without its problems from a global perspective. Depending on the energy source, carbon dioxide emissions vary greatly. Globally, average emissions of carbon dioxide equivalents from production of primary aluminium can be as high as 17 kg per kilogram of material produced. The calculation includes a large proportion of coal-fired production which generates as much as 20 kg of emissions per kilogram of aluminium. Average emissions in Europe, which has a different energy mix, are below seven kg per kilogram of aluminium. The best option is to produce aluminium using non-fossil energy sources such as hydropower, where greenhouse gas emissions are only about 4 kg per kilogram

of aluminium produced. ProfilGruppen is actively promoting sustainable raw material supply and can offer raw material produced using hydroelectric power.

Today, carbon anodes are used in the electrolysis process, which is another source of carbon dioxide emissions. However, intensive efforts are underway in the industry to replace these with inert anodes that generate oxygen instead of carbon dioxide. This effort is one of many examples of common industry initiatives aimed finding solutions that will contribute to the Global Goals.

Our untreated and anodised aluminium extrusions contain no hazardous substances, and comply with both the EU regulation REACH and the EU Directive RoHS.

Emissions of carbon dioxide equivalents per kilogram of aluminium produced, kg



## WE CIRCULATE MATERIALS AND PRODUCTS

Scrap from our own manufacturing process in the form of defective products, process scrap or shavings from processing is recovered and sent to be melted down and turned into new material.

As demand for recycled material increases, new circular business models are being created in collaboration with our partners, such as models based on process scrap from customers or other partners, or on end-of-life products from end consumers. We are striving to increase the recycling rate and to promote a more circular economy.



## GREEN DESIGN SKILLS

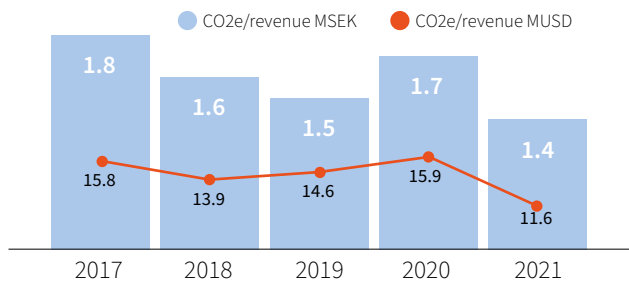
We want to create the most sustainable solutions. When new products are developed, we need to be able to work closely with the customer's design team to ensure that the products have an environmentally friendly design. By that we mean the solution that optimises the product's environmental footprint over its lifecycle. Here, factors such as product life, choice of surface treatment, recyclability and product weight are key. Increasingly, there is also a desire to find a model in which the material circulates between us and the customer.

## OUR CUSTOMERS' AND OUR CHOICES REDUCE GREENHOUSE GAS EMISSIONS

Global warming is a fact and the biggest cause is emissions of greenhouse gases. It is our common responsibility to reduce emissions both globally and nationally.

Profilgruppen has made several important choices to reduce greenhouse gas emissions and many of our operational goals lead to reduced carbon dioxide emissions. Keeping the objectives as close to the business as possible and measuring material consumption, for example, makes it clear to the employees how they can make a positive contribution.

At an overall level, we monitor the emission intensity of our operations in order to identify changes over time and to compare emissions with revenues and how we grow. In 2021, revenues increased sharply on the back of rising raw material prices and this had a positive impact on emission intensity.



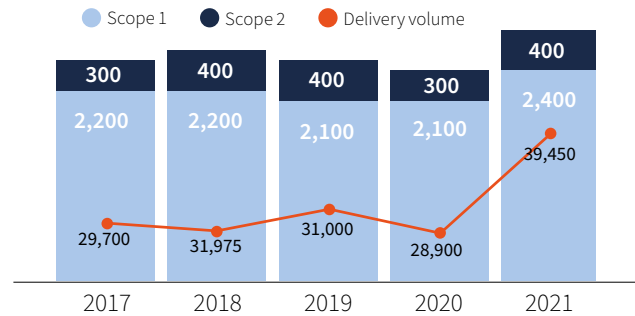
### Emission intensity

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

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 3,640 tonnes in 2021. We follow this total figure because it covers the activities that we can influence. Using the terminology of the GHG Protocol, the figure represents the sum of Scopes 1 and 2 and parts of Scope 3. The emissions figure equates to approximately 0.1 kg per delivered kilogram, which is a fraction of what is generated from the production of the raw material.

All components, except business travel, increased from 2020 to 2021 due to a higher level of activity and increased delivery volumes. The largest portion, nearly 70 per cent, comes from the use of LPG. Longer-term, LPG use will be eliminated, but with an offer to use biogas we can achieve a reduction even today. The second biggest source of CO<sub>2</sub> emissions at

Profilgruppen is transports of extrusions, which accounted for around 20 per cent of total emissions generated. Emissions from business travel have decreased, partly due to a changed company car policy, but this component's share of the total is very small.



**Emissions of carbon dioxide according to the GHG Protocol, tonnes** The increase in 2021 comes almost exclusively from our LPG-powered facilities, whose emissions increased by about 14 per cent while production increased by over 30 per cent.

We do not measure Scope 3 as a whole, but have chosen to focus on activities that we can influence, regardless of Scope. The biggest Scope 3 factor for us is the purchase of raw material. In this area, both we and our customers have an opportunity to make a big difference by making the right choices. The various options and their effects are described above. Theoretically, we saved approximately 870,000 tonnes of greenhouse gas emissions in 2021 through our Nordic suppliers compared with if we had bought from coal-fired plants. In relation to the average for European producers, we saved around 120,000 tonnes in 2021.

“Emissions from our process are a fraction of those from aluminium production”

## MATERIAL EFFICIENCY

An important objective in our daily work is to make the most of our valuable aluminium.

All scrap generated in our manufacturing process is collected and melted down to produce new material. It is 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.

In our manufacturing process, 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. Depending on different extrusion designs and tolerance or surface requirements, the proportion of scrap varies greatly between different extrusions.

The processing of 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 total amount of material that is recycled, and our conscious efforts to improve our performance need to take the form of operational targets broken down by process stage and product. We also increase material efficiency by optimising the design of our products to reduce material consumption, for example by producing extrusions with thinner walls that have the same functionality.

## THE RIGHT ENERGY

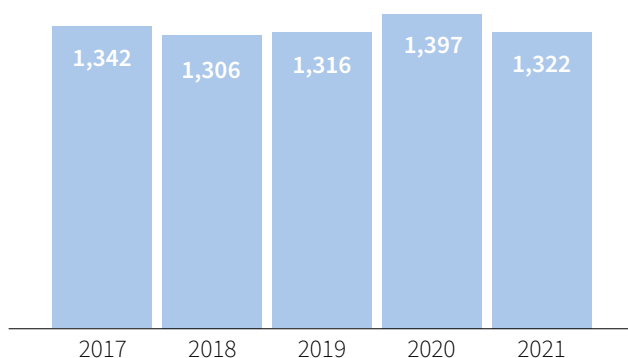
Our long-term goal is to use only non-fossil energy. Since a number of years, we have been using only electricity from hydroelectric plants that has an environmental product declaration (EPD) issued by IVL Swedish Environmental Research Institute. Work on producing a third party-audited EPD for our own business is ongoing and is expected to be completed in spring 2022.

We set annual goals for energy efficiency. The work is systematised through working groups that address different areas of activity, and covers everything from improvements to existing systems to new investments and technological development.

Our first priority is to improve the efficiency of the use of the specific energy, to find solutions, both technical and methodological, for using less energy per value-creating element in all our processes.

Our next priority is to reuse the residual energy generated in our processes, primarily in our value-creating processes and secondarily also as a significant part of the energy used in our properties.

In 2020, we increased our capacity through a new extrusion facility without increasing production to the same degree, which caused a temporary increase in energy use per kilogram of output. In 2021, energy use per kilogram at our extrusion facilities decreased markedly, even compared with 2019, but the level of activity was higher, which meant that the figure came in at roughly the same level as in 2019.



Energy use in extrusion, kWh/produced tonne

Our goal is to reduce our energy use per kilogram of output in our extrusion production by three per cent per year.

## SURPLUS USED FOR DISTRICT HEATING

The energy we do not fully succeed in reusing in our operations will continue to be sold to third parties, primarily district heating suppliers. In 2021, the energy delivered was equivalent to the energy required to heat about 150 houses. This is slightly less than the year before as the buyer had less need. To ensure that all available surplus energy is put to use, we are now looking for new options.

At our newest facility, we have prepared for the recovery of excess heat by digging deep boreholes in the rock. As soon as other businesses are established in the newly created industrial estate, we will also be able to use this recycling opportunity.

Meanwhile, we have continued our efforts to phase out our use of LPG. Some steps have been decided and others are being investigated. We are developing in accordance with our plans.

The action plan for energy efficiency is a living document that is updated continuously.

“Since a number of years, we have been using only EPD electricity from hydropower”

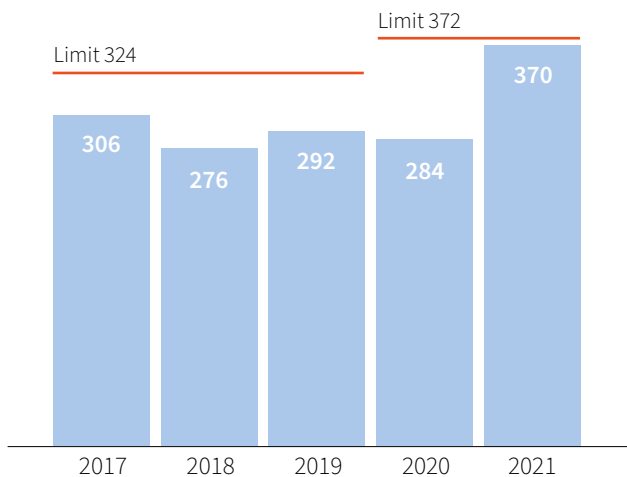
## REDUCED WATER USE

We use water from our own well for cooling in the extrusion facilities and as rinse water in the anodising process. This is done in an area with a low risk of water shortages, but there is still reason to keep consumption down. Extracting large amounts of water, for example, would risk affecting water quality. Our water consumption in 2021 was approximately 130,000 m<sup>3</sup> of water. During the year, we made a major change to the water system. Water for two of the extrusion facilities is now used in closed systems to a much greater extent, which reduces water consumption.

In August 2021, we had a discharge of oil to the municipal sewage treatment plant. Decontamination measures were quickly taken to prevent the spill from spreading to nearby watercourses. We have implemented measures to prevent incidents such as this and are planning further measures in this area to improve our functions and reduce the risk of disturbing the external environment.

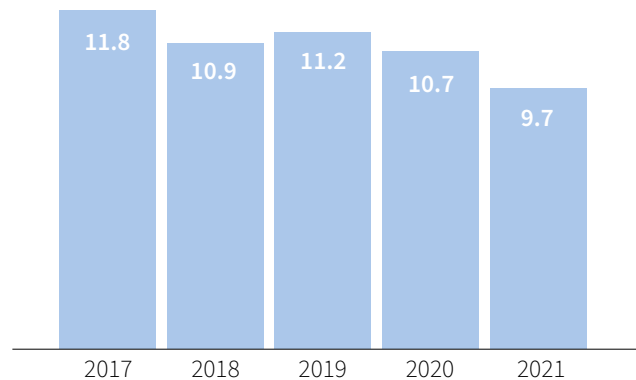
Sulphuric acid is used in our anodising process, and after it has been neutralised in a treatment facility sodium sulphates are formed. This gives rise to emissions of sulphates into water.

ProfilGruppen has conditions for emissions of up to 372 tonnes per calendar year, which is controlled through continuous testing and monthly analyses. The environmental impact of sulphate emissions is difficult to assess as sulphates occur widely in our watercourses. We nonetheless continue to monitor these emissions and to improve our processes in order to minimise emissions. 2021 was the first year in which we were close to reaching our authorised limit. A process to increase the limit is currently underway as the facility's utilisation rate has increased sharply.



#### Sulphate emissions, tonnes

A sharp increase in surface-treated volumes is evident in sulphate emissions, but process improvements kept emissions below the limit.



#### Carbon dioxide emissions, kg per transported tonne of aluminium extrusions

A fire at one of our facilities resulted in inefficient transports in 2019, but since 2020 the trend has been positive again.

## LOCAL CONCENTRATION REDUCES TRANSPORTS

Deliveries to the customer's production line are a natural part of our business. We also transport the products to, from and between our facilities. The volume of transports between our facilities and subcontractors in our processing chain varies widely depending on the complexity of the product. Our concentration to a single locality that is home to all our facilities enables us to be efficient. A potential for improvement is the tunnel under the 23/37 road that will connect Åseda's eastern industrial area with the southern industrial area where our new extrusion facility is located. This is an ongoing project where we are dependent on the local authority, the Swedish Transport Administration's contractor and other players to get the tunnel built. It is scheduled to be completed in 2022.

Several of our subcontractors are also located very close to us. To minimise carbon dioxide emissions from transport, our logistics team is working to control, coordinate and increase the load factor. The twin goals of reducing emissions and cutting costs go hand in hand.

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. For example, we often choose to buy locally from our neighbours in Åseda when possible.

Carriers are used for transport and storage of products. There is great potential in reusing these as many times as possible in the supply chain. Maximising resource efficiency requires collaboration with customers and suppliers as well as clear instructions and procedures.

**“Having all our facilities in the same locality makes us transport-efficient”**

## RESPONSIBLE WASTE MANAGEMENT

Waste generated in our factories is sorted and sent for recycling. In 2021, we handled approximately 180 tonnes of

hazardous waste, mostly waste oil, oil separator waste and emulsions. Of this, 24 tonnes is waste that arose temporarily during redevelopment projects. Around 71 per cent of the hazardous waste is recycled, 25 per cent is incinerated or vaporised, and the remaining four per cent goes to landfill.

In 2021, 2,385 tonnes of aluminium hydroxide sludge was generated in the anodising process, of which a little more than half could be recycled.

## POLICY AND MANAGEMENT SYSTEM FOR SUPPORT

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

For many years, the ISO 14001 environmental management system has been helping us to take a systematic approach\*. 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.

In 2021, ProfilGruppen\* was also certified under the ASI standard, which required a further audit and review. Although we primarily saw the certification as confirmation of our already high standards, it provided guidance on how we can continue our improvement journey.

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. We are continually increasing the number of suppliers who are required to follow these guidelines.





## OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS

Profilgruppen conducts operations that require a permit and are subject to 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 POLICY - OUR ETHOS

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

Scan the code or visit our website to read the full text of our environmental policy.





# CARING FOR THE INDIVIDUAL



Being a competent, problem-solving and proactive partner to customers requires personal commitment from employees who enjoy their work. We are constantly working on improvements to create a workplace that attracts, retains and develops our employees.

## A SAFE AND SECURE FOUNDATION

Respect for the individual is fundamental to ProfilGruppen. We have employees in Sweden, Norway and Germany where standards of worker protection and occupational safety are high. Most of our employees work in Åseda. 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. Our Code of Conduct refers to the Universal Declaration of Human Rights and the ILO core conventions, which represent an obvious minimum level for us.

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 other human rights. 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.

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

## FELLOWSHIP DESPITE DIFFERENCES

ProfilGruppen brings together employees from about twenty different countries, with different cultural backgrounds, languages and skills, and of different ages and sexes. By







following our core values and having a simple organisational structure, all individuals are given the opportunity to develop in an unpretentious and down-to-earth environment. When recruiting, we place a strong emphasis on the candidate's personal qualities and how well they match our core values.

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. We have special action plans linked to this. The company and the local trade union branches\* make a joint evaluation and prepare a plan for how to combat discrimination. These efforts have not identified many potential risks of discrimination, but have generated a valuable and proactive dialogue.

The proportion of women in ProfilGruppen's workforce is about 26 per cent and in senior positions significantly lower, only five per cent. Our goal is for the proportion of women leaders and managers to reflect the proportion of female employees.

## CERTIFICATION IMPROVES HEALTH AND SAFETY

To be committed to their work, employees need to feel safe and secure. Our health and safety policy describes 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 health and safety officers. 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 health and safety officers have important roles in this proactive work. We try to eliminate the sources of risk through procedures, work equipment, protective equipment, work arrangements and employee training. All employees are also trained in safety work through various training courses.

## “Everyone can grow and develop in an unpretentious and down-to-earth environment”

In 2021, we certified ourselves according to ISO 45001, the management system standard for health and safety. This was not previously a priority, but we felt it was important. The process and audit that precede a certification are always instructive and valuable. We now have confirmation that we are taking a structured approach to health and safety\*.

## RISK REPORTING FOR PREVENTION

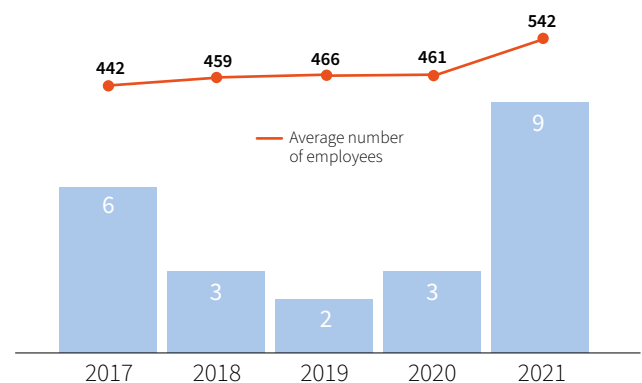
In an internal reporting system\*, our employees can report any hazardous conditions, incidents and accidents. All reports and recommended measures are accessible to all members of staff. During the year, we placed particular emphasis on the

importance of observing and reporting risks before something happens. This led to an increase in risk reporting, but we want to go even further. A review of the reporting system is underway to identify potential improvements.

We are working towards a vision of zero accidents. The definition of accident in the summary below is an incident that results in at least one day's absence from work. Even minor injuries, such as sprains, are thus included.

It has been established that the main risks in ProfilGruppen's physical work environment are risks of crush and cut injuries as well as repetitive strain injuries after many years of service. To avoid injuries, employees are required to use protective equipment and lifting aids. We also seek to prevent injuries by offering a variety of health and wellness options.

In 2021, the number of accidents increased sharply, the majority being crush injuries. One of the crush injuries, which was caused by the employee circumventing the safety barriers in an unforeseen manner, resulted in a permanent finger injury. The risk has been eliminated. Other crush injuries were mainly due to inexperience and have led to an increased focus in the introductory safety training programme.



Number of workplace accidents leading to at least one day of absence

In 2021, accidents resulting in at least one day's absence increased. Crush injuries resulting in short-term absence are overrepresented.

## INDIVIDUAL AND ORGANISATIONAL WELL-BEING

The social and organisational aspects of the work environment are as important as the physical side for ensuring that employees feel safe and are happy at work. These aspects are monitored through a “temperature meter”\*. This involves the employees answering a few questions via an app every week. Employees can also express their views and ask questions to their manager or HR. The heads of department are able to monitor on an ongoing basis how employees feel about participation, leadership, job satisfaction and other factors. At the overall level, the tool also generates an employee net promoter score (eNPS), a measure of the degree to which the employees are ambassadors for ProfilGruppen. The results show that we have plenty of ambassadors.

Employee well-being is also monitored through discussions with all employees and analysis of absence.



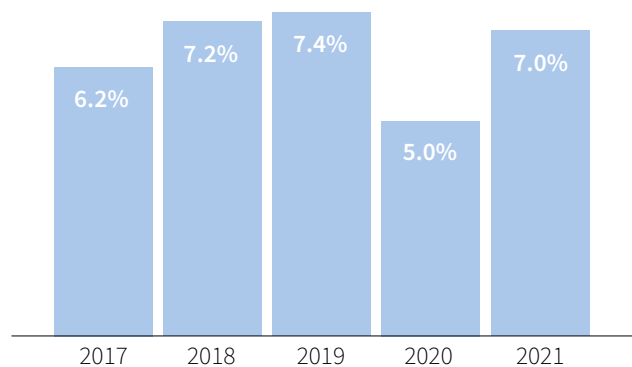
A clear organisational structure and clear roles and leadership are important parameters for preventing health problems. During the year, the company began a major training initiative in Transformational Leadership, aimed at managers, shift managers and certain other individuals with cross-functional roles. The initiative has provided new insights and led to an exchange of experiences.

Substance abuse poses a security risk and can reduce job satisfaction. It is also a health problem for the individual. ProfilGruppen works actively to prevent alcohol and drug abuse. Zero tolerance for being under the influence at work is self-evident. 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 help that has helped them to cease destructive behaviour.

## A STRONGER WORKFORCE

Our workforce increased significantly in 2021. About 170 people and 40 holiday workers were hired, resulting in a net increase of about a hundred employees. Many new employees also joined us even before the year began. Training so many new colleagues has been a major task for our experienced employees, but they have shown great dedication and the results have exceeded our expectations.

Staff turnover among our permanent employees is in line with expectations, indicating a good level of employee satisfaction.



Staff turnover, per cent

Staff turnover among permanent employees has been in line with expectations.

## SWIMMING AND FLOWERS PROMOTE HEALTH

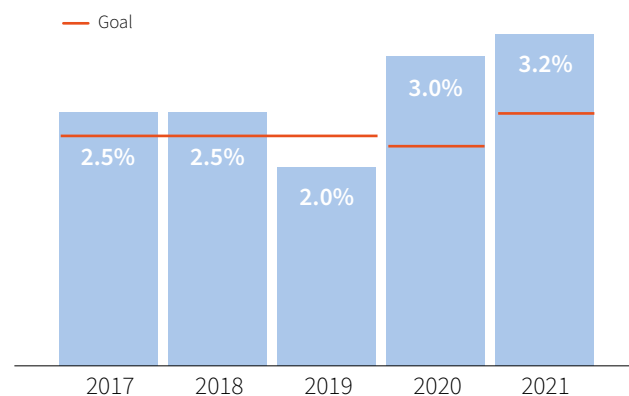
Physical and mental well-being are interconnected and health and wellness activities are an important piece of the puzzle. We want to promote physical activity and holistic health.

ProfilGruppen has a health and wellness group and a staff club that arranges health-promoting activities. In 2021, these included everything from flower subscriptions to cycling.

We offer 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.

ProfilGruppen has 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 subsidise massage and provide daily fruit to the employees.



Short-term sick leave, per cent

After a very strong improvement in 2019, the Covid pandemic hit and changed the trend in 2020–2021.

## THE STRESSES OF THE PANDEMIC

2021 was also marked by the Covid pandemic, infection control measures and testing. Negative is the new positive, and both we and Swedes in general have continued to adapt to the recommendations of the Public Health Agency. With everyone being careful and staying at home in case of symptoms, levels of absence have been higher than we are used to. Short-term sick leave in 2021 was even slightly higher than in 2020, mainly because we had no pandemic effects in the first quarter of 2020 and because we ended 2021 with a very high level of absence, which continued into early 2022. The total figure came in at 3.2 per cent, which is not very high in view of the circumstances.

## OPENNESS AND WHISTLEBLOWING

Most of our employees work at one of our production facilities or at the head office in Åseda. 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 treated in strict confidence and it is not permitted to disclose the employee's identity when the matter is taken further. In 2022, a channel for reporting deviations anonymously will also be established.

# 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. Our primary home is Åseda. This is where we have all our production, nearly all our employees work here, and many live here too.

## COLLABORATION INCREASES THE IMPACT

No one can do everything, but together we can go far. In line with UN Global Goal 17, we want to achieve sustainable development through partnerships with others. 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.

Svenskt Aluminium is the Swedish trade association for aluminium, which brings together about fifty companies. The association works to promote the use of aluminium and increase collaboration between business, society and academia.

ProfilGruppen is a member of Sustainable Småland, a regional network that focuses on developing innovative environmental solutions.

A strategic partnership with schools and universities is important for the future development of the company and

the industry. We are members of Teknikcollege, collaborate with Linnaeus University and often receive young people on study visits and show them what we do.

## ÅSEDA AND PROFILGRUPPEN: DEVELOPING TOGETHER

We are one of the largest employers in Uppvidinge municipality and are aware that our business affects the community in many ways. That we have a mutually beneficial dialogue with the municipality is therefore important for both parties. We try not to disturb our neighbours and local environment 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.

ProfilGruppen is dependent on Åseda remaining an attractive place to live for our employees. We therefore sponsor Hålsans Hus, a swimming pool and fitness facility in Åseda. This gives local residents opportunities for recreation and exercise.







It also gives our employees the opportunity to go the gym, swim, exercise in groups or play padel tennis at discounted prices. A new option for 2021 is an outdoor paddle court to which we have contributed material.

Keeping services and shops in Åseda is essential to maintaining the community's attraction. We strive to support the local business community whenever possible, and during the pandemic this felt even more natural.

Through our sponsorship policy\*, we have chosen to direct our support to local sports clubs with a focus on activities for children and young people. In Åseda, ice hockey is a popular pastime and our sponsorship has resulted in the town's ice rink bearing the ProfilGruppen name. We also support other local clubs such as Kexholms SK, Åseda Ryttarförening and Växjö DFF. Some of our contributions are general while others refer to special events such as the Uppvidingetrampet cycling race.

## BROADENED HORIZONS

In addition to our natural commitment to our local community, we also want to broaden our horizons and take our global responsibility. We have chosen to become involved in Vi-skogen, an organisation that plants trees as a means of helping people out of poverty. Together with its employees, ProfilGruppen regularly donates funds to Vi-skogen. The greater the number of participants, 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.

In 2021, we made a special effort when Typhoon Rai struck the eastern part of the Philippines in December. One of our employees, who has family in the area, drew attention to the need for help and together we ensured that the victims received help in the form of food and necessities.



## AUDITOR'S REPORT ON THE

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 2021 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 MARS 2022

Ernst & Young AB

Franz Lindström

Authorized Public Accountant

FIVE-YEAR SUMMARY, GROUP		2021	2020	2019	2018	2017
Net sales/Revenue	MSEK	2,119.6	1,414.1	1,622.1	1,618.3	1,382.8
Profit before depreciation, amortisation and impairment	MSEK	256.0	103.1	170.9	162.9	141.0
Operating profit	MSEK	178.6	36.4	113.2	113.7	103.9
Operating margin	%	8.4	2.6	7.0	7.0	7.5
Profit before tax	MSEK	165.7	31.3	101.9	107.6	99.7
Profit margin	%	7.8	2.2	6.3	6.6	7.2
Return on equity	%	26.6	5.5	20.3	23.9	26.0
Return on capital employed	%	22.4	5.0	18.0	23.9	25.6
Cash flow from operating activities	MSEK	124.8	179.4	110.7	129.8	85.5
Investments	MSEK	84.2	94.9	218.6	137.7	65.3
Liquidity reserves	MSEK	176.9	189.1	146.8	366.4	140.1
Net interest-bearing debt	MSEK	208.8	222.5	300.2	116.2	89.8
Net debt to EBITDA	times	0.8	2.2	1.8	0.7	0.6
Interest-bearing liabilities and interest-bearing provisions	MSEK	237.2	287.6	330.2	142.3	117.7
Net debt/equity ratio	times	0.4	0.5	0.7	0.3	0.3
Total assets	MSEK	1,450.5	1,150.4	1,090.1	918.3	742.1
Equity ratio	%	38.1	38.7	38.2	40.8	43.7
Capital turnover rate	times	2.8	1.9	2.6	3.4	3.4
Proportion of risk-bearing capital	%	42.9	44.3	43.3	44.9	48.1
Interest coverage ratio	times	36.9	6.8	9.7	16.9	23.3
<b>EMPLOYEES</b>						
Average number of employees		542	461	466	459	442
Number of positions at year-end		582	489	455	468	453
Staff turnover	%	7.0	5.0	7.4	7.2	6.2
Average age	years	42	44	44	44	44
Salary costs including social security contributions	MSEK	346.2	286.6	292.6	285.3	268.1
Revenue per employee (average)	kSEK	3,911	3,068	3,481	3,526	3,129
Profit before tax per employee (average)	kSEK	306	68	219	235	226
<b>PER SHARE</b>						
Average number of shares <sup>1)</sup>	thousands	7,399	7,399	7,399	7,399	7,399
Earnings per share	SEK	17.26	2.45	9.98	10.88	9.86
Equity per share	SEK	72.82	56.99	53.90	48.86	42.24
Dividend per share <sup>2)</sup>	SEK	13.50	0.00	0.00	5.00	4.50

<sup>1)</sup> There is no dilution. <sup>2)</sup> For 2021, this refers to the dividend distribution proposed by the Board.  
For definitions, see the last page of the annual report and the website, [www.profilgruppen.se](http://www.profilgruppen.se).

# DIRECTORS' REPORT

The Board of Directors and CEO of ProfilGruppen AB (publ), corp. ID no. 556277-8943, hereby submit the annual report and consolidated financial statements for the period 1 January–31 December 2021.

## THE 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

The Group generated revenues of MSEK 2,119.6 (1,414.4) in 2021, which is an increase of around 50 per cent on the year before. The main reason behind the rise was sharply higher raw material prices and an increase in deliveries of aluminium extrusions, which increased by approximately 37 per cent to 39,450 tonnes (28,900).

Exports accounted for 48 per cent (44) of the delivered volume and 52 per cent (51) of revenues.

The operating profit amounted to MSEK 2021 178.6 (36.4), which is equivalent to an operating margin of 8.4 per cent (2.6). The strong results were largely due to a positive inventory effect of MSEK 81 caused by rising commodity prices and an increased risk exposure. Inventory gains and other non-recurring effects increased earnings by MSEK 87.

The underlying profit is not satisfactory and efforts are underway to increase earnings to a sustainable level, primarily by adjusting revenues to a sharply increased cost base. Continued efforts are being made to develop the customer portfolio in order to increase the share of processed products and the service content. ProfilGruppen's target is an operating margin of 8 per cent.

The profit before tax was MSEK 165.7 (31.3). Earnings per share (no dilution) were SEK 17.26 (2.45). The average number of shares in thousands was 7,399 (7,399).

## INVESTMENTS, DEPRECIATION, AMORTISATION AND DISINVESTMENT

Investments in 2021 totalled MSEK 84.2 (94.9) and refer to various capacity-increasing measures and to the fact that extrusion tools are now capitalised as property, plant and equipment after a change in the estimated life of the assets.

Total scheduled depreciation/amortisation for the year was MSEK 77.4 (66.7). 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 2021, net debt/EBITDA stood at 0.8 (2.2). Net debt decreased marginally during the year while EBITDA increased, mainly as a result of higher volumes and sharply rising commodity prices.

Return on capital employed in 2021 was 22.4 per cent (5.0).

The equity ratio at year-end was 38.0 per cent (38.7). The liquidity reserve at 31 December 2021 stood at MSEK 176.9 (189.1). Total assets at 31 December 2021 were MSEK 1,450.5 (1,150.4).

Cash flow from operating activities was MSEK 124.8 (179.4) and MSEK 32.8 (86.7) after investing activities. During the year, the company received MSEK 51.9 (60.7) in liquidity support from the government. Inventories increased, which was due to higher commodity prices and increased production.

## MARKET

The aluminium extrusion market is estimated by European trade association European Aluminium (EA) to have expanded by around 12 per cent in Europe as a whole in 2021 and by around 9 per cent in Scandinavia. In EA's latest forecast, the European market is estimated to grow by just over 3 per cent in 2022 compared with 2021 and similar growth is forecast for Scandinavia.

## MANUFACTURING

All manufacturing activities in ProfilGruppen are based on the extrusion of aluminium. In 2020, the company commissioned its fourth extrusion line, which contributed to the increased production volume in 2021. A unit for surface treatment of extrusions is also located nearby. Group production of aluminium extrusions totalled 40,375 tonnes (29,900) in 2021.

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. The company is today certified according to IATF:16949, which originated in the automotive industry. The standard is focused on reducing variations in processes and preventing errors.

## THE ENVIRONMENT

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

In August 2021, we had a discharge of oil to the municipal sewage treatment plant. Decontamination measures were quickly taken to prevent the spill from spreading to nearby watercourses. Preventive measures have also been taken.

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. The management system is ISO 14001-certified.

## SUSTAINABILITY AND HEALTH AND SAFETY

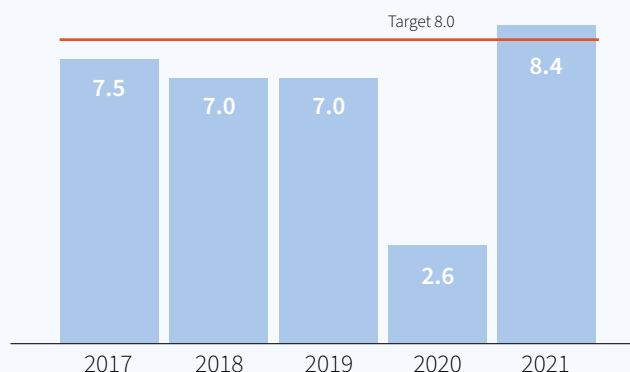
In 2021, ProfilGruppen Extrusions' operations were certified under the ASI Performance Standard. ASI is a global trade association for the aluminium



## FINANCIAL TARGETS

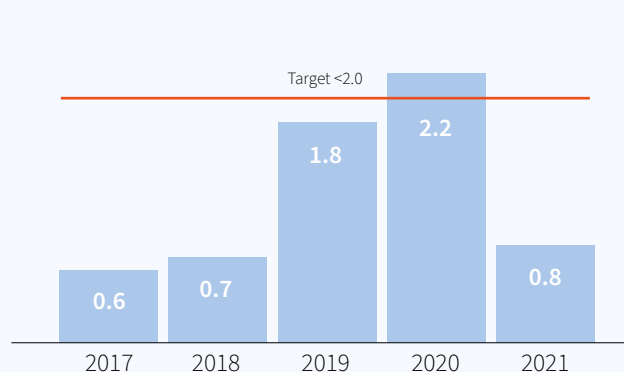
### Operating margin, per cent

The operating margin in 2021 was 8.4 per cent as both earnings and sales were boosted by rising commodity prices.



### Net debt to EBITDA, times

Net debt/EBITDA fell sharply in 2021 after earnings were affected by non-recurring effects of MSEK 87.



industry that works to promote the role of aluminium in building a sustainable society and to increase transparency in the industry. The certification provides confirmation of sound working practices with regard to governance as well as environmental and health and safety aspects.

Health and safety are always at the top of the agenda at ProfilGruppen and 2021 was the year when we chose to certify our health and safety management in the largest company, ProfilGruppen Extrusions AB, according to the ISO 45001 standard.

## PERSONNEL

The average number of employees in the Group totalled 542 (461). The number of employees in the Group at 31 December 2021 totalled 582 (489). Women make up 26 per cent (27) of the Group's total workforce. Staff turnover during the year was 7.0 per cent (5.0). Payroll expenses totalled MSEK 244.6 (205.1).

## SHARES AND SHAREHOLDERS

Each share in the company corresponds to one vote. The ownership interests that exceed ten per cent are Ringvågen 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 2,554 at the beginning of the year and 2,588 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 67.

### Largest individual shareholders

Shareholder	Number of shares	Holding %, 2021	Holding %, 2020
Ringvågen Venture AB	2,099,983	28.4	28.4
Lars Johansson	1,073,466	14.5	14.5
Mats Egeholm	536,423	7.3	7.2
Hanna Li Kusterer	310,000	4.2	3.8
Kerstin Egeholm	241,494	3.3	3.3
Nordea Livförsäkring Sverige AB	239,774	3.2	3.2
David Stillström	214,000	2.9	1.6
Försäkringsaktiebolaget Avanza Pension	182,146	2.5	2.1
Mats Jonson	136,000	1.8	1.8
Mats Kärsrud	135,000	1.8	0.0
Lars Bergenhem	144,480	0.0	1.9
10 largest individual shareholders	5,168,286	69.9	67.8
Other	2,230,489	30.1	32.2
<b>Total</b>	<b>7,398,775</b>	<b>100.0</b>	<b>100.0</b>

30 December 2021

## 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 2022 AGM, the Nomination 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](http://www.profilgruppen.se).

## REMUNERATION OF SENIOR EXECUTIVES

The Board prepares a proposal for guidelines for remuneration of the Group's senior executives. The following guidelines were adopted at the 2021 AGM and no changes are proposed for the 2022 AGM.

The guidelines are based on the company's long-term Remuneration Policy. 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.

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 Board's remuneration report, which covers compliance with the guidelines, will be made available before the 2022 AGM.

## OUTLOOK FOR 2022

The forecast produced by the trade association European Aluminium supports our expectations of continued high demand. Ongoing earnings improvement measures are expected to have a strongly positive effect in the first half of the year.

Geopolitical concerns may affect commodity markets as well as demand.

## 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. Following Russia's invasion of Ukraine, levels of uncertainty and unpredictability regarding key external factors are exceptionally high. The resulting turbulence will affect ProfilGruppen's risks and risk management, and we are carefully following the situation through active monitoring of external factors.

## 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 accounted for more than ten per cent of revenues. In 2021, the largest customer accounted for 11 per cent (12) 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 currently covered by our credit insurance policy. In case of indications of payment problems among customers or in markets, the insurance company has the option to reduce future limits at short notice, which could result in an increased risk or reduced deliveries.

### *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. In the event of a general economic downturn, our industry is among the first to be affected, and the impact can be significant as the order backlog has a short horizon.

### *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 accelerate the process.

### *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. Our internal experts are focused on ERP and business-critical systems and further talent was recruited during the year. Additional expertise is provided through close partnerships with several external service providers.

The risk of cyber attacks is increasing and there are deterrent examples to take note of. The consequences of being hit would be very significant, despite our precautions.







### Capacity

After investing in a fourth extrusion facility, ProfilGruppen's annual capacity for production of aluminium extrusions has increased by approximately 12,500 tonnes at full capacity. In 2021, the new facility operated in four shifts and capacity utilisation at all extrusion presses was high.

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 47 per cent (43) of operating expenses in 2021.

Aluminium is priced in US dollars on the London Metal Exchange (LME) and a premium is added for production of aluminium ingots. Historically, both the LME price and the premium have been volatile. In 2021, however, both the LME price and the premium increased sharply, resulting in a price increase of about 118 per cent. ProfilGruppen applies raw material clauses in customer contracts, which limits the company's sensitivity to fluctuations in the raw material price. 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 and take account of risk minimisation. 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.

The sharp rise in aluminium prices in 2021 increased the value of inventories and thus also the inventory price risk. Due to the increased risk, ProfilGruppen hedged a portion of the inventory value during the year using commodity forward contracts.

As the supply of raw materials for industry is dependent on global players, it is also subject to international trade and environmental policies. Changes that affect alumina production or bauxite mining, for example, also have major knock-on effects on the rest of the supply chain. Unexpected changes could have a significant impact on our supply.

### Energy

ProfilGruppen uses approximately 56 GWh of electrical energy per year as well as LPG. In total, energy represents approximately 2.8 per cent (2.2) 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 2022 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 risks

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:

	2021	2020
EUR	MSEK +/-20	MSEK +/-17
DKK	MSEK +/-1	MSEK +/-2

A euro bank loan was raised to finance machine investments for our newest press line. The euro loan creates a currency exposure, which had a negative impact on earnings of MSEK -2.4 (5.4) in 2021. 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. 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 financial covenants that must be met to maintain the financing.

The aforementioned euro loan matures in 2025, when half the loan amount, MEUR 6, must have been repaid.



## THE 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

After the closing day, the Board has proposed a dividend for the 2021 financial year of SEK 13.50 per share, equivalent to MSEK 99.9. The Board considers that the proposed dividend is justifiable in view of the equity requirements arising from the nature, scope and risks of the activities as well as the consolidation needs, liquidity and financial position of the company and Group.

The Board and the CEO propose that standing profits available as per the balance sheet, of SEK 184,138,092, be appropriated in the following manner:

Dividend to shareholders SEK 13.50 x 7,398,775 shares	SEK 99,883,463
To be carried forward	SEK 84,254,629
Total profits according to balance sheet	SEK 184,138,092

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 2021 are to be submitted for approval at the Annual General Meeting on 26 April 2022.

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.

# 178.6 MSEK

Consolidated operating profit

# 17.26 SEK

Earnings per share, Group

# 0.8 TIMES

Net debt to EBITDA





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## CONSOLIDATED INCOME STATEMENT

(MSEK)	Note	2021	2020
Revenue	2	2,119.6	1,414.4
Cost of goods sold		-1,830.1	-1,283.7
<b>Gross profit</b>		<b>289.5</b>	<b>130.7</b>
Other operating income	3	6.8	15.8
Selling expenses		-61.8	-55.9
Administrative expenses		-55.9	-54.2
Other operating expenses	3	0.0	0.0
<b>Operating profit</b>	4, 5, 6, 7	<b>178.6</b>	<b>36.4</b>
Financial income	8	0.1	0.4
Financial expenses	8	-13.0	-5.5
Net financial items		-12.9	-5.1
<b>Profit before tax</b>		<b>165.7</b>	<b>31.3</b>
Tax	10	-32.9	-7.4
<b>Profit/loss for the year</b>		<b>132.8</b>	<b>23.9</b>
Of which attributable to:			
Parent company shareholders		127.7	18.1
Non-controlling interests		5.1	5.8
<b>Earnings per share, SEK (no dilution)</b>	18	17.26	2.45

## STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit/loss for the year		132.8	23.9
Hedging reserve	21	-13.7	7.0
Translation reserve		0.1	-0.5
Deferred tax on the above items		2.9	-1.4
Total items that will be reclassified to net earnings		-10.7	5.1
Restatement of defined benefit pension obligations		0.3	-0.4
Deferred tax on the above items		-0.1	0.1
Total items that will not be reclassified to net earnings		0.2	-0.3
<b>Comprehensive income for the year</b>		<b>122.3</b>	<b>28.7</b>
Comprehensive income attributable to:			
Parent company shareholders		117.2	22.9
Non-controlling interests		5.1	5.8

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)	Note	31 Dec 2021	31 Dec 2020
<b>Assets</b>			
Intangible assets	11	27.0	33.6
Property, plant and equipment	12	584.8	564.3
Right-of-use assets	13	13.9	17.5
Financial fixed assets	14	0.2	0.2
Deferred tax asset		0.1	0.0
<b>Total non-current assets</b>		<b>626.0</b>	<b>615.6</b>
Inventories	15	421.7	242.4
Trade receivables	16	360.1	191.6
Prepaid expenses and accrued income	20	7.3	7.6
Other receivables	21	7.0	28.1
Cash and cash equivalents	24	28.4	65.1
<b>Total current assets</b>		<b>824.5</b>	<b>534.8</b>
<b>Total assets</b>	2	<b>1,450.5</b>	<b>1,150.4</b>
<b>Equity</b>			
Share capital		37.0	37.0
Other paid-up capital		29.5	29.5
Reserves	17, 21	-10.6	5.3
Profit brought forward, incl. profit/loss for the year		483.0	349.9
<b>Total equity, controlling interests</b>		<b>538.9</b>	<b>421.7</b>
Non-controlling interests		13.7	23.9
<b>Total equity</b>	17	<b>552.6</b>	<b>445.6</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	19, 21, 24	121.2	151.0
Provisions for pensions	4	17.5	18.2
Deferred tax liabilities	10	69.5	64.4
<b>Total non-current liabilities</b>		<b>208.2</b>	<b>233.6</b>
Current interest-bearing liabilities	19, 21, 24	98.3	118.4
Trade payables		288.1	176.3
Current tax liabilities		2.6	0.1
Other liabilities		152.8	76.7
Accrued expenses and deferred income	20	147.9	99.7
<b>Total current liabilities</b>		<b>689.7</b>	<b>471.2</b>
<b>Total liabilities</b>		<b>897.9</b>	<b>704.8</b>
<b>Total equity and liabilities</b>		<b>1,450.5</b>	<b>1,150.4</b>



## 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 interests	Total equity	Number of shares
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
Opening balance 1 Jan 2021		37.0	29.5	-0.3	5.6	349.9	23.9	445.6	7,398,775
Comprehensive income									
Profit/loss for the year						127.7	5.1	132.8	
Other comprehensive income				0.1	-16.0	5.4	0.0	-10.5	
Transactions with shareholders									
Dividend (related to non-controlling interests in subsidiaries)						-15.3	0.0	-15.3	
Closing balance 31 Dec 2021		37.0	29.5	-0.2	-10.4	467.7	29.0	552.6	7,398,775

## CONSOLIDATED STATEMENT OF CASH FLOWS

(MSEK)	Note	2021	2020
Operating activities	24		
Operating profit		178.6	36.4
Adjustment for non-cash items		76.1	68.7
Interest received		0.1	0.4
Interest paid		-8.3	-10.7
Income tax paid		-8.6	-5.5
Cash flow from operating activities before changes in working capital		237.9	89.3
Cash flow from changes in working capital			
Inventories		-172.8	-10.3
Operating receivables		-168.1	36.2
Operating liabilities		227.8	64.2
Cash flow from operating activities		124.8	179.4
Investing activities			
Acquisition of intangible assets		0.0	-0.8
Acquisition of property, plant and equipment		-92.0	-91.9
Cash flow from investing activities		-92.0	-92.7
Financing activities			
Dividend		-15.3	0.0
Change in drawn overdraft facility		-20.9	-41.0
Borrowings		0.0	15.5
Repayment of loans		-27.7	-15.9
Repayment of lease liabilities		-6.9	-7.2
Cash flow from financing activities		-70.8	-48.6
Cash flow for the year		-38.0	38.1
Cash and cash equivalents at beginning of year		65.1	29.9
Exchange rate differences in cash and cash equivalents		1.3	-2.9
Cash and cash equivalents, closing balance		28.4	65.1



## PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	2021	2020
Revenue	2	34.9	27.1
Cost of goods sold		-6.8	-5.7
<b>Gross profit</b>		<b>28.1</b>	<b>21.4</b>
Administrative expenses		-4.8	-4.2
<b>Operating profit</b>	4, 5	<b>23.3</b>	<b>17.2</b>
Income from investments in subsidiaries	8	35.7	0.0
Interest income and similar income	8	0.3	0.7
Interest expense and similar charges	8	0.0	-1.3
<b>Profit after financial items</b>		<b>59.3</b>	<b>16.6</b>
Appropriations	9	-6.2	-16.1
<b>Profit before tax</b>		<b>53.1</b>	<b>0.5</b>
Tax	10	-3.7	0.1
<b>Profit/loss for the year</b>		<b>49.4</b>	<b>0.6</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	2021	2020
Profit/loss for the year		49.4	0.6
<b>Other comprehensive income</b>			
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
<b>Comprehensive income for the year</b>		<b>49.4</b>	<b>0.6</b>

## PARENT COMPANY BALANCE SHEET

(MSEK)	Note	31 Dec 2021	31 Dec 2020
<b>Assets</b>			
Property, plant and equipment	12	185.6	187.5
Financial fixed assets	23	87.9	87.9
<b>Total non-current assets</b>		<b>273.5</b>	<b>275.4</b>
Receivables from Group companies		0.0	0.0
Other receivables		0.5	22.1
Total current receivables		0.5	22.1
Cash and bank balances	24	24.9	0.0
<b>Total current assets</b>		<b>25.4</b>	<b>22.1</b>
<b>Total assets</b>		<b>298.9</b>	<b>297.5</b>
<b>Equity and liabilities</b>			
Restricted equity			
Share capital		37.0	37.0
Non-restricted equity			
Share premium reserve		29.5	29.5
Retained earnings		105.3	104.6
Profit/loss for the year		49.4	0.6
<b>Total equity</b>	17	<b>221.2</b>	<b>171.7</b>
<b>Untaxed reserves</b>	9	<b>67.0</b>	<b>60.8</b>
<b>Deferred tax liabilities</b>	10	<b>3.4</b>	<b>3.3</b>
<b>Non-current interest-bearing liabilities to credit institutions</b>	19, 21, 24	<b>0.0</b>	<b>0.0</b>
Interest-bearing liabilities to credit institutions	19, 21, 24	0.0	0.0
Non-interest bearing liabilities			
Trade payables		1.5	2.6
Liabilities to Group companies	25	1.7	57.5
Other liabilities	19	3.2	0.7
Accrued expenses and deferred income	20	0.9	0.9
<b>Total current liabilities</b>		<b>7.3</b>	<b>61.7</b>
<b>Total equity and liabilities</b>		<b>298.9</b>	<b>297.5</b>



## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Note 17 (MSEK)	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
<b>Opening equity 1 Jan 2020</b>	<b>37.0</b>	<b>29.5</b>	<b>104.7</b>	<b>171.2</b>
Profit/loss for the year			0.6	0.6
<b>Transactions with shareholders</b>				
Dividend			0.0	0.0
<b>Closing equity 31 Dec 2020</b>	<b>37.0</b>	<b>29.5</b>	<b>105.3</b>	<b>171.8</b>
<b>Opening equity 1 Jan 2021</b>	<b>37.0</b>	<b>29.5</b>	<b>105.3</b>	<b>171.8</b>
Profit/loss for the year			49.4	49.4
<b>Transactions with shareholders</b>				
Dividend			0.0	0.0
<b>Closing equity 31 Dec 2021</b>	<b>37.0</b>	<b>29.5</b>	<b>154.7</b>	<b>221.2</b>
Proposed dividend for the financial year 2021			99.9	99.9

## PARENT COMPANY STATEMENT OF CASH FLOWS

(MSEK)	Note	2021	2020
<b>Operating activities</b>	24		
Operating profit		23.3	17.2
Adjustment for non-cash items		6.7	6.1
Interest received		36.0	0.7
Interest paid		0.0	-1.3
Income tax paid		-1.3	-0.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>64.7</b>	<b>22.1</b>
<b>Cash flow from changes in working capital</b>			
Operating receivables		-0.4	135.0
Operating liabilities		-56.9	54.5
<b>Cash flow from operating activities</b>		<b>7.4</b>	<b>211.6</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-4.6	-15.9
Sale of property, plant and equipment		0.0	0.0
Divestment of subsidiaries		0.0	0.0
<b>Cash flow from investing activities</b>		<b>-4.6</b>	<b>-15.9</b>
<b>Financing activities</b>			
Dividend		0.0	0.0
Group contributions		0.0	-10.0
Change in drawn overdraft facility		0.0	-163.6
Repayment of loans		0.0	0.0
<b>Cash flow from financing activities</b>		<b>0.0</b>	<b>-173.6</b>
<b>Cash flow for the year</b>		<b>2.8</b>	<b>22.1</b>
Cash and cash equivalents, opening balance		22.1	0.0
<b>Cash and cash equivalents, closing balance</b>		<b>24.9</b>	<b>22.1</b>

## 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 2022 and will be submitted for approval by the Annual General Meeting on 26 April 2022.

## 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. The financial statements have been prepared on a going concern basis.

##### 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 provisions. 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 through 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 foreign exchange and commodity forwards that do not meet the criteria for hedge accounting fall into this category.

## b) 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.

## c) 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 forward contracts. Financial liabilities at fair value through profit or loss 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 foreign exchange and commodity forwards 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.

## d) 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.

## e) 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.

## f) 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 commodity 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 counteracting 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 foreign exchange forward contracts. Exposure to future fluctuations in the price of aluminium is hedged through commodity forward contracts.

The forward contracts that protect the forecast flow are 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 portion of the change in value is recognised immediately in the income statement as income for foreign exchange forward contracts and as cost of goods sold for commodity forward contracts. If the hedges are ineffective or if the hedged forecast transactions are 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 in the same period in which the hedged item affects profit or loss. 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.



### 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.

When the Group hedges fluctuations in the purchase price of the commodity, hedging relationships are entered into which have the same critical terms as the hedged item. The Group can hedge up to 100 per cent of the raw material inventory volume on the LME market for aluminium and identifies the portion of the raw material inventory volume that is equal to the notional volume of raw material in the forward contract. This also provides a qualitative evaluation of the effectiveness of the hedging relationship.

If altered circumstances affect the conditions for the hedged items to such an extent that the critical terms no longer exactly match the hedging instruments' critical terms, the Group uses the hypothetical derivative method to evaluate effectiveness. When hedging foreign currency sales, ineffectiveness can occur if the timing of the forecast transaction is altered compared to the initial estimate. When the purchase price of the raw material is hedged, ineffectiveness can arise if the forecast inventory volume changes from the initial estimate.

### 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 income/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 12. 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 using the interest rate implicit in the lease if this rate can be determined, otherwise at the lessee's 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 of 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 annually.

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 standards, interpretations 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.

### Formats

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 financial statements, mainly in respect of financial income and expenses and equity.

### Property, plant and equipment

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

### Investments in subsidiaries

Investments in subsidiaries are recognised 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 measured at cost. 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 cost 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 recognised 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 recognises 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 alternative rule, under which Group contributions are recognised 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	2021	2020
Transport	646.6	424.4
Construction	453.4	327.0
Furnishing	360.3	282.0
General industry	401.1	188.2
Electronics	227.0	166.7
Wholesalers and other	31.2	26.1
	<b>2,119.6</b>	<b>1,414.4</b>

Revenue by degree of product processing	2021	2020
Processed products	1,650.7	1,090.7
Untreated extrusions	468.9	323.7
	<b>2,119.6</b>	<b>1,414.4</b>

### 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	2021	2020
Sweden	1,010.8	718.8
Germany	424.9	247.4
Other exports	683.9	448.2
	<b>2,119.6</b>	<b>1,414.4</b>

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

One customer accounted for 11 per cent (12) of total revenues in 2021. 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	
	2021	2020	2021	2020
<b>Other operating income</b>				
Repayment group health insurance	6.8	0.0	0.0	0.0
Adjustment assistance	0.0	4.1	0.0	0.0
Furlough support	0.0	11.7	0.0	0.0
	<b>6.8</b>	<b>15.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Other operating expenses</b>				
Loss on sale and scrapping of non-current asset	0.0	0.0	0.0	0.0

## 4 EMPLOYEES AND PERSONNEL COSTS

	2021		2020	
Average number of employees	Total	Men	Total	Men
<b>Parent company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group companies in Sweden</b>	<b>539</b>	<b>400</b>	<b>459</b>	<b>336</b>
<b>Group companies outside Sweden</b>				
Norway, sales company	1	1	1	1
Germany, sales company	2	2	1	1
	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Group, total</b>	<b>542</b>	<b>403</b>	<b>461</b>	<b>338</b>

### Gender distribution of the Board and management

During the year, the Board of ProfilGruppen AB (the parent company) consisted of 86 per cent (86) men. The Group's management team (including CEO) consisted of 86 per cent (88) men. The Group's other boards and management teams consisted of 92 per cent (90) men.

### Salaries, other remuneration and payroll overheads

	2021			2020		
	Salaries and other remuneration	Payroll overheads (of which retirement benefit costs)		Salaries and other remuneration	Payroll overheads (of which pension expenses)	
Parent company	1.0	0.3 (0.0)		1.2	0.1 (0.0)	
Group companies	243.6	101.3 (30.5)		203.9	81.4 (26.2)	
<b>Total, Group</b>	<b>244.6</b>	<b>101.6 (30.5) <sup>1)</sup></b>		<b>205.1</b>	<b>81.5 (26.2) <sup>1)</sup></b>	

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

	2021		2020	
Salaries and other benefits, divided between Board, CEO and other employees	Board and CEO	Other employees	Board of Directors and CEO	Other employees
<b>Parent company</b>	<b>1.0</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>
<b>Group companies in Sweden</b>	<b>3.1</b>	<b>237.9</b>	<b>3.1</b>	<b>198.9</b>
<b>Group companies outside Sweden</b>				
Norway, sales company	0.0	1.0	0.0	0.8
Germany, sales company	0.0	1.6	0.0	1.1
	<b>0.0</b>	<b>2.6</b>	<b>0.0</b>	<b>1.9</b>
<b>Group, total</b>	<b>4.1</b>	<b>240.5</b>	<b>4.3</b>	<b>200.8</b>

### Profit sharing

In 2021, all permanent ProfilGruppen employees benefited from a profit-sharing scheme. Consolidated earnings after financial items constituted the basic criterion for profit sharing, and the cost for 2021 was MSEK 6.2 (0) including social security contributions.

### Pensions

	Group		Parent company	
	2021	2020	2021	2020
<b>Cost of defined contribution plans recognised in income statement</b>				
as cost of goods sold	15.8	12.8	0.0	0.0
as selling expenses	7.2	6.4	0.0	0.0
as administrative expenses	7.3	6.7	0.0	0.0
	<b>30.3</b>	<b>25.9</b>	<b>0.0</b>	<b>0.0</b>

### 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 2021, 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 2.8 (3.5) 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 2021, Alecta's surplus in the form of the collective funding ratio was 172 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	2021	2020	2019	2018	2017
Obligation balance 1 January	20.0	20.2	18.2	18.8	19.7
Correction, payroll tax	-0.2	0.0	0.3	-0.1	-2.3
Cost for pensions earned during the year	0.1	0.1	0.1	0.1	0.1
Interest expense	0.2	0.2	0.4	0.4	0.4
Payments	-0.6	-0.6	-0.6	-0.5	-0.6
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	-0.2	0.3	1.7	-0.5	1.6
Translation differences	0.1	-0.2	0.1	0.0	-0.1
Obligation balance 31 December of which unrecognised actuarial losses	19.4	20.0	20.2	18.2	18.8
Plan assets balance 1 January	1.8	2.0	1.9	1.8	1.9
Expected return on plan assets	0.0	0.0	0.0	0.0	0.0
Costs	0.0	0.0	0.0	0.0	0.0
Incoming payments	0.1	0.1	0.1	0.1	0.0
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	-0.1	-0.1	0.0	0.0	0.0
Translation differences	0.1	-0.2	0.0	0.0	-0.1
Plan assets balance 31 December	1.9	1.8	2.0	1.9	1.8
<b>Net debt recognised in the balance sheet related to defined benefit pension plans</b>	<b>17.5</b>	<b>18.2</b>	<b>18.2</b>	<b>16.3</b>	<b>17.0</b>
Cost recognised in profit or loss of which selling expenses	0.2	0.3	0.5	0.4	0.5
of which administrative expenses	0.1	0.1	0.2	0.1	0.1
of which financial expenses	0.0	0.0	0.0	0.0	0.0
Cost recognised in other comprehensive income of which caused by experience-based adjustments	0.1	0.2	0.3	0.3	0.4
of which caused by changed assumptions	-0.1	0.4	1.7	-0.4	1.6
	-0.2	-0.1	-0.4	-0.5	-0.4
	0.1	0.5	2.1	0.1	2.0

### Sensitivity analysis for estimated net debt at balance sheet date

Change in obligation for discount rate -0.5 percentage points	1.3
Change in obligation for discount rate +0.5 percentage points	-1.2
Change in obligation for inflation assumption -0.5 percentage points	-1.2
Change in obligation for inflation assumption +0.5 percentage points	1.4
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	
	2021	2020	2021	2020
Discount rate	1.6%	0.8%	1.5%	1.5%
Long-term inflation assumption	2.1%	1.5%	-	-
Expected return on plan assets	-	-	1.5%	1.5%
Future salary increases	-	-	2.5%	2.0%
Future increases in pensions	2.1%	1.5%	2.3%	1.8%
Staff turnover	-	-	0.0	0.0
Expected remaining employment period	0 years	0 years	3 years	4 years
Average remaining term of the obligation	13 years	14 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 76 per cent (79). Other assets are shares 10 per cent (17), real estate 14 per cent (13) and other 0 per cent (0).

The actual return on plan assets in the Norwegian plan in 2021 is not known (2020: not known).

Our best estimate of payments to defined benefit pension plans in 2022 is MSEK 1.0.

### 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 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 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.

These guidelines will apply until the Board proposes new guidelines to the shareholders at a general shareholders' meeting.

**Directors' fees and other remuneration of senior executives, kSEK**

		2021	2020
Mats R Karlsson	Chairman of the Board	400	-
Kåre Wetterberg	Chairman of the Board	-	400
Jörgen Abrahamsson	Board member	155	155
Monica Bellgran	Board member	155	155
Mats Egeholm	Board member	-	-
Bengt Stillström	Board member	155	155
Thomas Widstrand	Board member	155	155
Employee representatives	two members and two deputies	-	-
<b>Total fees</b>		<b>1,020</b>	<b>1,020</b>

Total remuneration of the Board consists only of a fixed fee.

During the year, the CEO of ProfilGruppen AB has received kSEK 2,376 (2,363) in fixed and variable remuneration, including benefits.

Other senior executives, totalling seven people (eight), have received kSEK 7,723 (8,720) in fixed and variable remuneration, including benefits.

During the year, the cost for variable remuneration, excluding social security contributions, to executive management (seven persons) amounted to kSEK 2,314 (0), of which kSEK 630 (0) was paid to the CEO. The remuneration is paid in the year following the year to which it relates.

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 plans of senior executives**

For the CEO, a defined benefit pension provision of 30 per cent of the total salary has been made. The annual pension costs for the CEO amounted to kSEK 631 (609), excluding special payroll tax of kSEK 153 (148). There are no agreements for early retirement.

Other senior executives during the year, seven people (eight), are covered by the pension plan for salaried employees in Sweden (ITP). The annual pension costs for these people was kSEK 1,940 (2,004), excluding special payroll tax of kSEK 471 (486). 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	
	2021	2020	2021	2020
<b>Ernst &amp; Young AB</b>				
Audit engagement	0.7	0.7	0.0	0.0
Other engagements	0.1	0.1	0.0	0.0
<b>Other auditors</b>				
Audit engagement	0.1	0.1	-	-

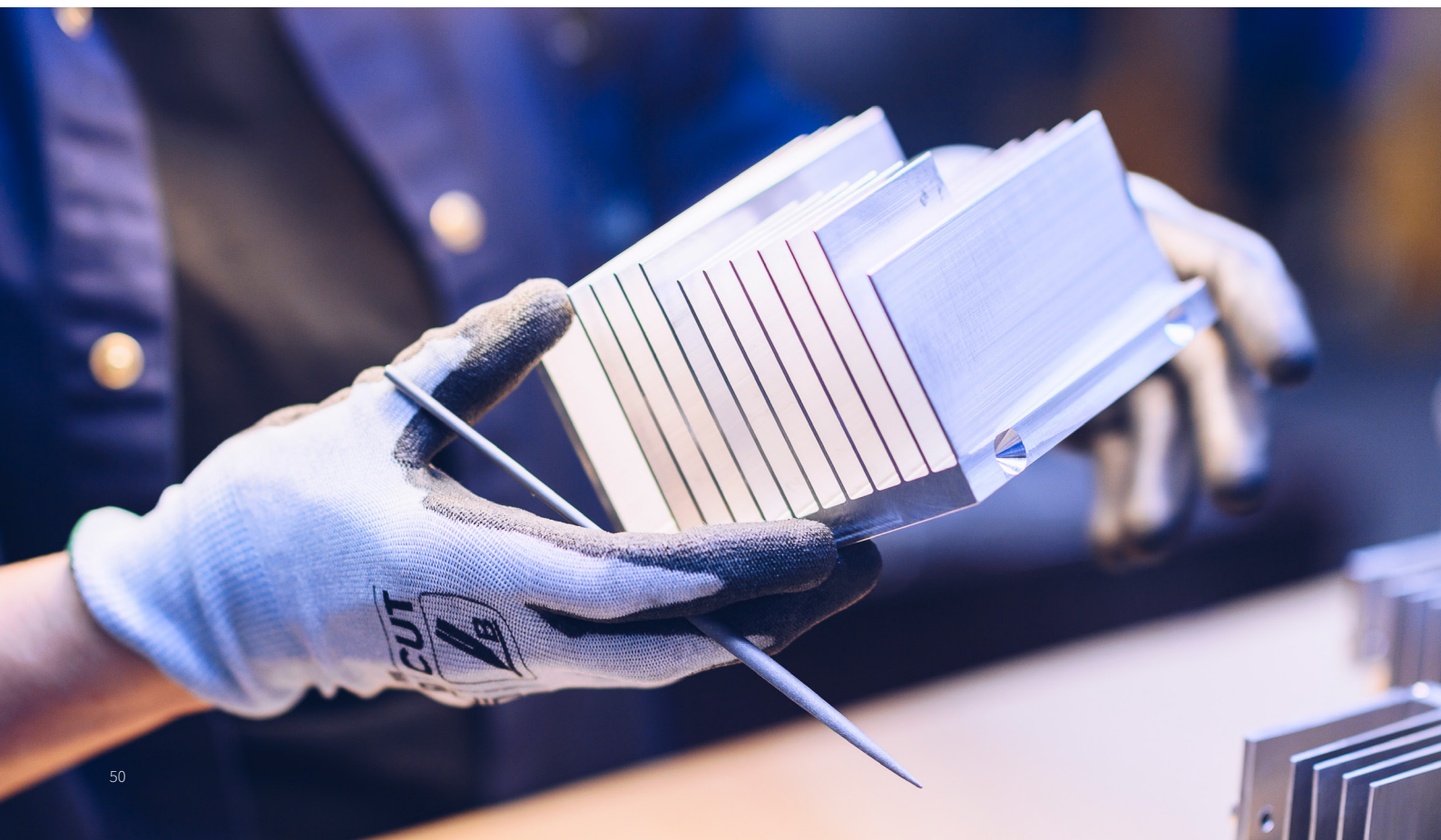
Audit services under the audit engagement refer to the statutory audit of the annual accounts and accounting records and of the Board of Directors' and Chief Executive Officer's management of the company, other tasks incumbent on the company's auditors as well as advice and other assistance occasioned 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	
	2021	2020
Raw materials	922.5	596.7
Personnel costs	346.2	286.6
External machining services	212.4	154.5
Depreciation/amortisation	77.4	66.7
Impairment of trade receivables	1.2	0.3
Other operating expenses	388.1	289.0
	<b>1,947.8</b>	<b>1,393.8</b>

The cost of developing products and the business amounts to MSEK 7.9 (7.8) 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	2021	2020
<b>Right-of-use assets</b>		
Commercial premises	6.5	8.4
Vehicles	7.1	8.7
IT equipment	0.3	0.5
	<b>13.9</b>	<b>17.6</b>
<b>Lease liabilities</b>		
Non-current interest-bearing liabilities	7.4	9.8
Current interest-bearing liabilities	7.3	8.4
Amounts recognised in the income statement	2021	2020
Commercial premises	3.1	3.2
Vehicles	3.7	3.9
IT equipment	0.3	0.3
	<b>7.1</b>	<b>7.4</b>
<b>Right-of-use assets not recognised in the balance sheet</b>	<b>2021</b>	<b>2020</b>
Short-term leases included in cost of goods sold	1.0	0.0
Underlying low-value asset included in cost of goods sold	6.2	4.5
	<b>7.2</b>	<b>4.5</b>

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

Total lease-related cash flow in 2021 was MSEK 17.1 (13.5). For information on undiscounted cash flows for the lease liability, see Note 21.

## 8 FINANCIAL ITEMS

	Group	
	2021	2020
Dividend PG Norge	0.0	0.2
Interest income	0.1	0.2
<b>Financial income</b>	<b>0.1</b>	<b>0.4</b>
Interest portion of retirement benefit costs for the year	0.2	0.2
Interest expenses, other	7.2	6.9
Exchange rate adjustment EUR loan	2.4	-5.4
Other expenses	3.2	3.8
<b>Financial expenses</b>	<b>13.0</b>	<b>5.5</b>

	Parent company	
	2021	2020
Dividend PG&WIP AB	35.7	0.0
Interest income ProfilGruppen Extrusions AB	0.3	0.7
<b>Financial income</b>	<b>36.0</b>	<b>0.7</b>
Interest expenses ProfilGruppen Extrusions AB	0.0	1.3
Interest expenses, other	0.0	0.0
<b>Financial expenses</b>	<b>0.0</b>	<b>1.3</b>

## 9 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
Parent company	2021	2020	2021	2020
<b>Accumulated accelerated depreciation</b>				
Allocated (+)/dissolved (-)				
buildings	0.0	0.0	0.0	0.0
equipment	3.8	6.1	17.9	14.1
	<b>3.8</b>	<b>6.1</b>	<b>17.9</b>	<b>14.1</b>
<b>Tax allocation reserves</b>				
Allocated (+) / dissolved (-) per tax year				
2015	-3.2	0.0	0.0	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	0.0	1.7	1.7
2021	5.6	-	5.6	-
	<b>2.4</b>	<b>0.0</b>	<b>49.1</b>	<b>46.7</b>
<b>Group contribution submitted</b>	<b>0.0</b>	<b>10.0</b>	<b>-</b>	<b>-</b>
	<b>6.2</b>	<b>16.1</b>	<b>67.0</b>	<b>60.8</b>

The Group contribution made in 2020 was paid to ProfilGruppen Extrusions AB.

## 10 TAXES

Reported tax expense	Group		Parent company	
	2021	2020	2021	2020
Current tax	18.0	3.3	3.5	0.0
Deferred tax related to temporary differences	14.9	4.1	0.2	-0.1
<b>Total reported tax expense</b>	<b>32.9</b>	<b>7.4</b>	<b>3.7</b>	<b>-0.1</b>

Reconciliation effective tax, per cent	Group		Parent company	
	2021	2020	2021	2020
Tax at applicable tax rate for the parent company	21	21	21	21
Dividends, subsidiaries	-	-	-14	0
Other	-1	3	0	-41
<b>Reported effective tax</b>	<b>20</b>	<b>24</b>	<b>7</b>	<b>-20</b>

Change in reported deferred tax liability	1 Jan 2021	Recognised in P/L	Recognised in OCI	31 Dec 2021
<b>Group</b>				
Property, plant and equipment	47.7	2.7	0.0	50.4
Pension provisions	-1.4	0.1	0.0	-1.3
Tax allocation reserves	16.7	5.1	0.0	21.8
Items recognised in hedging reserve	1.5	0.0	-2.9	-1.4
Other	-0.1	0.1	0.0	0.0
	<b>64.4</b>	<b>8.0</b>	<b>-2.9</b>	<b>69.5</b>
<b>Parent company</b>				
Property, plant and equipment	3.3	0.1	0.0	3.4
	<b>3.3</b>	<b>0.1</b>	<b>0.0</b>	<b>3.4</b>

Change in reported deferred tax liability	1 Jan 2020	Recognised in P/L	Recognised in OCI	31 Dec 2020
<b>Group</b>				
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
	<b>55.1</b>	<b>7.8</b>	<b>1.5</b>	<b>64.4</b>
<b>Parent company</b>				
Property, plant and equipment	3.4	-0.1	0.0	3.3
	<b>3.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>3.3</b>

## 11 INTANGIBLE ASSETS

Goodwill	Group	
	2021	2020
<b>Accumulated cost</b>		
At beginning of year	12.8	12.8
<b>At end of year</b>	<b>12.8</b>	<b>12.8</b>
<b>Acc. impairment losses</b>		
At beginning of year	2.8	2.8
<b>At end of year</b>	<b>2.8</b>	<b>2.8</b>
<b>IT systems</b>		
<b>Accumulated cost</b>		
At beginning of year	33.7	44.9
New acquisitions	0.0	0.8
Disposals and scrapping	0.0	-12.0
<b>At end of year</b>	<b>33.7</b>	<b>33.7</b>
<b>Acc. amortisation</b>		
At beginning of year	10.2	16.0
Amortisation for the year	6.5	6.2
Disposals and scrapping	0.0	-12.0
<b>At end of year</b>	<b>16.7</b>	<b>10.2</b>
<b>Carrying amount at end of year</b>	<b>27.0</b>	<b>33.6</b>

### 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 ProfilGruppen 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 are 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 10.4 per cent before tax (10.7), 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.

## 12 PROPERTY, PLANT AND EQUIPMENT

	Group		Parent company	
	2021	2020	2021	2020
<b>Land and buildings</b>				
<i>Accumulated cost</i>				
At beginning of year	251.7	241.0	217.3	206.6
New acquisitions	1.1	8.2	1.1	8.2
Reclassifications	0.8	2.5	0.8	2.5
Disposals and scrapping	0.0	0.0	0.0	0.0
<b>At end of year</b>	<b>253.6</b>	<b>251.7</b>	<b>219.2</b>	<b>217.3</b>
<i>Acc. depreciation and impairment</i>				
Opening balance	83.1	77.2	60.1	55.0
Disposals and scrapping	0.0	0.0	0.0	0.0
Scheduled depreciation for the year	6.2	5.9	5.4	5.1
<b>At end of year</b>	<b>89.3</b>	<b>83.1</b>	<b>65.5</b>	<b>60.1</b>
<i>Acc. impairment</i>				
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
<b>At end of year</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
<b>Carrying amount at end of year</b>	<b>161.6</b>	<b>165.9</b>	<b>151.0</b>	<b>154.5</b>
of which buildings	141.7	146.4	131.6	135.4
land	6.3	6.3	5.9	5.9
land improvements	13.6	13.2	13.5	13.2

	Group		Parent company	
	2021	2020	2021	2020
<b>Machinery and equipment</b>				
<i>Accumulated cost</i>				
Opening balance	941.6	704.0	34.7	27.1
New acquisitions	42.8	56.5	0.1	5.6
Reclassifications	19.7	181.1	0.0	2.0
Translation differences	0.0	0.0	0.0	0.0
Disposals and scrapping	-0.1	0.0	0.0	0.0
<b>At end of year</b>	<b>1,004.0</b>	<b>941.6</b>	<b>34.8</b>	<b>34.7</b>
<i>Acc. scheduled depreciation</i>				
Opening balance	555.5	508.4	4.5	3.7
Disposals and scrapping	-0.1	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Scheduled depreciation for the year	57.4	47.1	1.1	0.8
<b>At end of year</b>	<b>612.8</b>	<b>555.5</b>	<b>5.6</b>	<b>4.5</b>
<i>Acc. impairment losses</i>				
Opening balance	14.0	14.0	0.0	0.0
Impairment losses for the year	0.0	0.0	0.0	0.0
<b>At end of year</b>	<b>14.0</b>	<b>14.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Carrying amount at end of year</b>	<b>377.2</b>	<b>372.1</b>	<b>29.2</b>	<b>30.2</b>

The cost of the non-current assets that are fully depreciated but are still used in the business is MSEK 338.2 (322.6). At 31 December 2021, ProfilGruppen had contractual obligations to acquire property, plant and equipment of MSEK 14.0.

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	
	2021	2020	2021	2020
<b>Construction in progress and advances related to property, plant and equipment</b>				
At beginning of year	26.3	180.5	2.8	4.6
Reclassifications	-20.5	-183.6	-0.8	-4.5
New acquisitions	40.2	29.4	3.4	2.7
<b>Carrying amount at end of year</b>	<b>46.0</b>	<b>26.3</b>	<b>5.4</b>	<b>2.8</b>
<b>Total carrying amount, property, plant and equipment</b>	<b>584.8</b>	<b>564.3</b>	<b>185.6</b>	<b>187.5</b>

	Group	Parent company
<b>Useful lives</b>		
<b>Land and buildings</b>		
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
<b>Machinery and equipment</b>		
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	
	2021	2020	2021	2020
<b>Depreciation by function</b>				
Cost of goods sold	60.3	49.9	6.5	5.9
Selling expenses	0.0	0.0	0.0	0.0
Administrative expenses	3.3	3.1	0.0	0.0
	<b>63.6</b>	<b>53.0</b>	<b>6.5</b>	<b>5.9</b>

## 13 RIGHT-OF-USE ASSETS

	Group	
	2021	2020
<b>Right-of-use assets</b>		
<i>Accumulated cost</i>		
At beginning of year	30.0	20.6
New acquisitions	3.4	11.4
Disposals and scrapping	-5.3	-2.0
<b>At end of year</b>	<b>28.1</b>	<b>30.0</b>
<i>Acc. depreciation and impairment</i>		
Opening balance	12.4	6.8
Disposals and scrapping	-5.3	-1.8
Scheduled depreciation for the year	7.1	7.4
<b>At end of year</b>	<b>14.2</b>	<b>12.4</b>
<b>Carrying amount at end of year</b>	<b>13.9</b>	<b>17.6</b>



## 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	
	2021	2020
Raw materials and consumables	128.1	82.1
Work in progress	179.1	94.9
Finished products and goods for resale	114.5	65.4
	<b>421.7</b>	<b>242.4</b>

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

## 16 TRADE RECEIVABLES

	Group	
	2021	2020
Trade receivables	362.3	193.9
Provision for expected credit losses	-2.2	-2.3
	<b>360.1</b>	<b>191.6</b>

For other information on customer credits, see Note 21.

## 17 EQUITY

	2021	2020
<b>Translation reserve</b>		
Translation reserve, opening balance	-0.3	0.1
Translation differences for the year	0.1	-0.4
Translation reserve, closing balance	-0.2	-0.3

### Share capital and voting rights

All shares have a quotient 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 contributed 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.

### Treasury shares and repurchases

No treasury shares are held by the company or its subsidiaries and there are currently no plans to repurchase treasury shares. There are no programmes of convertibles or options that involve the dilution of share capital.

### Dividend

After the closing date, the Board has proposed a dividend for the 2021 financial year of SEK 13.50 per share, which equates to total distribution of MSEK 99.9. The calculated average number of shares in 2021 is 7,398,775 (7,398,775). No dividend was paid during the year (none).

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

Dividend to shareholders	SEK 99,883,463
To be carried forward	SEK 84,254,629

**Total profits according to balance sheet** **SEK 184,138,092**

### 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

Retained earnings is the preceding year's non-restricted equity after any dividend has been paid. Retained earnings, 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 127.7 (18.1) and a weighted average number of shares in 2021 amounting to 7,398,775 (7,398,775), which is calculated in accordance with IAS 33. There is no dilution. Earnings per share amounted to SEK 17.26 (2.45).

## 19 INTEREST-BEARING LIABILITIES

	Group			
	Long-term		Current	
	2021	2020	2021	2020
<b>Interest-bearing liabilities</b>				
Bank loans	113.9	141.2	28.0	26.1
Bank overdraft facilities	-	-	63.0	83.9
Lease liabilities	7.3	9.8	7.3	8.4
	<b>121.2</b>	<b>151.0</b>	<b>98.3</b>	<b>118.4</b>

The parent company has no liabilities to credit institutions. The majority of the parent company's other liabilities are tax liabilities.

That portion of the bank loans which is payable within twelve months from the balance sheet date is classified as current. The agreement with the lender specifies certain key ratios, or covenants, which the company is required to comply with, see Note 21. Of total non-current interest-bearing liabilities, MSEK 103.8 (118.6) was raised in EUR.

## 20 PREPAID AND ACCRUED INCOME AND EXPENSES

Prepaid expenses and accrued income	Group		Parent company	
	2021	2020	2021	2020
Prepaid salaries	0.0	0.2	0.0	0.0
Accrued income	0.0	0.0	0.0	0.0
Prepaid licence costs	3.7	3.7	0.0	0.0
Prepaid insurance costs	1.3	0.8	0.0	0.0
Other prepaid expenses	2.3	2.9	0.0	0.0
	<b>7.3</b>	<b>7.6</b>	<b>0.0</b>	<b>0.0</b>

Accrued expenses and deferred income	Group		Parent company	
	2021	2020	2021	2020
Holiday pay and other personnel expenses	96.1	71.6	0.0	0.0
Accrued Board fees	0.5	0.6	0.5	0.6
Deferred income	33.3	19.6	0.0	0.0
Other accrued expenses	18.0	7.9	0.4	0.3
	<b>147.9</b>	<b>99.7</b>	<b>0.9</b>	<b>0.9</b>

## 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 has two types of derivatives. Foreign exchange forward contracts are entered into to hedge future cash flows in different currencies and commodity forward contracts are used to hedge the value of raw material inventories. The Group started hedging commodity prices using forward contracts in late 2021 and there are therefore no comparative figures for previous years. This hedge is purchased on the London Metal Exchange (LME) for aluminium and the contracts are denominated in USD.

In the consolidated statement of financial position, foreign exchange forward contracts have been recognised as current assets in the amount of MSEK 0.3 (7.1) and as other current liabilities in the amount of MSEK 2.0 (0.0). Of the total amount of commodity forward contracts, MSEK 6.5 (0.0) has been recognised in inventories, MSEK 11.5 (0.0) in other current liabilities and MSEK -3.9 (0.0) in other comprehensive income.

There is no ineffectiveness related to forward contracts either for 2020 or 2021.

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

	Group	
	2021	2020
<b>Forward contracts commodities</b>		
Carrying amount (liability)	11.5	-
Notional amount	153.3	-
Maturity date	26 Jan 2022	-
Hedge ratio	52%	-
Change in value of outstanding derivative instruments since 1 January	11.5	-
Change in value of hedged item to determine effectiveness	11.5	-
<b>Forward contracts foreign exchange</b>		
Carrying amount (asset)	0.3	7.1
Carrying amount (liability)	2.0	0.0
Notional amount, EUR	289.8	161.2
Notional amount, DKK	0.0	10.2
Maturity (last maturity date of concluded forward contracts)	29 Nov 2024	30 Sep 2022
Hedge ratio for 12 months from 31 Dec 2021, EUR	100%	80%
Hedge ratio for 12 months from 31 Dec 2021, DKK	0%	86%
Hedge ratio for 12 months from 31 Dec 2021, NOK	0%	64%
Change in value of outstanding derivatives since 1 Jan.	-6.9	5.3
Change in value of hedged item to determine effectiveness	-6.9	5.3
Weighted average of forward rates for the year (including forward points) EUR	10.48	10.38
Weighted average of forward rates for the year (including forward points) DKK	1.45	1.43
Weighted average of forward rates for the year (including forward points) DKK	-	1.07

	Foreign exchange	Commodities	Total
<b>Hedging reserve, forward contracts</b>			
Hedging reserve, opening balance 1 Jan 2020	0.2	-	0.2
Plus: change in fair value	-	-	-
hedging instruments recognised in OCI	7.1	-	7.1
Plus: deferred tax	-1.5	-	-1.5
Less reclassified to income	-0.3	-	-0.3
Less deferred tax	0.1	-	0.1
<b>Hedging reserve, closing balance 31 Dec 2020</b>	<b>5.6</b>	<b>0.0</b>	<b>5.6</b>
Hedging reserve, opening balance 1 Jan 2021	5.6	0.0	5.6
Plus: change in fair value of hedging instruments recognised in OCI	-1.6	-5.0	-6.6
Plus: effect on cost of inventory	-	-6.5	-6.5
Plus: deferred tax	0.3	2.4	2.7
Less reclassified to income	-7.1	0.0	-7.1
Less deferred tax	1.5	0.0	1.5
<b>Hedging reserve, closing balance 31 Dec 2021</b>	<b>-1.3</b>	<b>-9.1</b>	<b>-10.4</b>

### Currency risk

Currency 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 at 31 December to MSEK 112.3 (53.4) and liabilities in a foreign currency to MSEK 218.5 (176.8). Of the liabilities in foreign currency, MSEK 119.2 (132.1) are interest-bearing, see Note 19. The interest-bearing liability is a loan in EUR. At year-end, the outstanding loan amount was MEUR 13.2 and the effect on net financial items was MSEK -2.4 (5.4).

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%	+/- 20	+/- 16
DKK	Change +/- 10%	+/- 1	+/- 1

### Commodity price risk

Commodity price risk is the risk that changes in the purchase price of aluminium will have a negative effect on ProfilGruppen's earnings due to impairment of inventory. To minimise this risk in a market with large fluctuations, a certain portion of inventories is hedged using forward contracts in the LME market.

Under ProfilGruppen's raw material policy, the company can hedge 0–100 per cent of raw material inventories for a period of one to twelve months. Management has a mandate to hedge between zero and one hundred per cent depending on the market situation. Hedge accounting is used for commodity forward contracts, and during the year no (no) amounts for ineffective hedges were recognised in the income statement. Forward contracts entered into are presented above in the section Derivatives.

At 31 December, ProfilGruppen had raw material inventories of 8,200 tonnes (6,900), with LME accounting for approximately 65 per cent of the total purchase value of aluminium ingots. At 31 December, the Group had forward contracts securing 6,500 tonnes at an average price of USD 2,608/tonne. The market price at the same date was USD 2,803/tonne. ProfilGruppen measures the effectiveness of hedge accounting at each reporting date. The raw material inventory is not below the notional volume of the forward contracts, and there is thus a strong financial connection between the inventory volume and the forward contracts.

In case of unhedged inventory value, changes in the LME price affect profit before tax and equity as follows:

		Profit before tax, MSEK	Equity, MSEK
LME	Change +/- 10%	+/- 14	+/- 11

### 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. 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. All loans currently have variable interest rates.

The parent company has no non-current interest-bearing liabilities.

If interest rates in 2022 were to rise by one percentage point, this would increase the interest expense by MSEK 1.2 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 been highly volatile, but the price increase in 2021 was particularly large. The price risk that does exist is reduced by including raw material clauses in contracts with customers. There is always a 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. Raw materials are purchased in Swedish krona or euro. 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.

The maximum exposure to credit risks at 31 December 2021 was MSEK 362.3 (208.9). The largest individual receivable amounts to 9 per cent (8) of the total credit risk. The distribution of credit risk is shown in the following table.

Concentration of credit risk at 31 Dec 2021	Number of customers	Percentage of number of customers
Exposure < MSEK 1.0	326	83%
Exposure MSEK 1.0-5.0	52	13%
Exposure > MSEK 5	14	4%
	<b>392</b>	<b>100%</b>

31 Dec 2021	Not past due1-30 days past due30+ days past due			
Total				
Expected credit loss	0.0	0.0	-2.2	-2.2
Value of gross trade receivables	353.1	6.4	2.8	362.3
<b>Provision for losses</b>	<b>0.0</b>	<b>0.0</b>	<b>2.2</b>	<b>2.2</b>

### Liquidity risks

No significant liquidity risks are included in the company's financial instruments. Maturities of 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 148.4 (124.0).

The agreement with lenders contains key performance indicators that the company is required to meet. These had been met at 31 December 2021.

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.



Maturity analysis financial liabilities	On demand	< 3 months	3-12 months	1-5 years	> 5 years
Interest-bearing liabilities	63.0	7.0	22.8	71.9	46.7
Lease liabilities	0.0	1.9	5.7	7.6	0.0
Other liabilities	38.2	413.9	125.8	0.0	0.0
Derivatives	0.0	11.7	1.0	0.8	0.0
<b>Total at 31 Dec 2021</b>	<b>101.2</b>	<b>434.5</b>	<b>155.3</b>	<b>80.3</b>	<b>46.7</b>
Interest-bearing liabilities	83.9	7.1	21.3	76.8	70.8
Finance 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
<b>Total at 31 Dec 2020</b>	<b>113.4</b>	<b>266.7</b>	<b>93.7</b>	<b>86.7</b>	<b>71.1</b>

#### Carrying amount and fair value of financial instruments

Class	Group				Category
	Carrying amount		Fair value		
	2021	2020	2021	2020	
Financial assets	0.2	0.2	0.2	0.2	Financial assets at fair value
Trade receivables	360.1	191.6	360.1	191.6	Financial assets at amortised cost
Accrued income	0.0	0.0	0.0	0.0	Financial assets at amortised cost
Other receivables	7.0	28.1	7.0	28.1	Financial assets at amortised cost
of which forward contracts	0.3	7.1	0.3	7.1	Derivatives designated as hedging instruments
Cash and cash equivalents	28.4	65.1	28.4	65.1	Financial assets at amortised cost
Interest-bearing liabilities	219.5	269.4	216.6	266.9	Financial liabilities at amortised cost
Trade payables	288.1	176.3	288.1	176.3	Financial liabilities at amortised cost
Accrued expenses	147.9	99.7	147.9	99.7	Financial liabilities at amortised cost
Other liabilities	152.8	76.7	152.8	76.7	Financial liabilities at amortised cost
of which forward contracts	2.0	0.0	2.0	0.0	Derivatives designated as hedging instruments
interest rate swaps	11.5	0.0	11.5	0.0	Derivatives designated as hedging instruments

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

Foreign exchange 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 commodity forward contracts were entered into during the year and have been measured at current observable market prices for aluminium on LME on the balance sheet 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 0.38 (0.50).

	Group	
	2021	2020
Interest-bearing liabilities	219.5	269.4
Interest-bearing provisions	17.5	18.2
Cash and cash equivalents	-28.4	-65.1
<b>Total net debt</b>	<b>208.6</b>	<b>222.5</b>
Equity	552.6	445.6
Reserves in equity	10.6	-5.3
Equity to manage	563.2	440.3
<b>Total capital to manage</b>	<b>771.8</b>	<b>662.8</b>
<b>Net debt/equity ratio</b>	<b>0.38</b>	<b>0.50</b>

## 22 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	2021	2020	2021	2020
<b>Pledged assets for Group companies' liabilities to credit institutions</b>				
Property mortgages	82.9	82.9	76.7	76.7
Floating charges	290.0	341.5	0.0	0.0
Assets whose title is restricted	12.3	0.0	0.0	0.0
Shares in subsidiaries	323.5	226.4	73.8	73.8
<b>Contingent liabilities</b>				
Guarantees for Profilgruppen Extrusions AB	-	-	22.5	24.0
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 capital incl. portion of untaxed reserves <sup>1</sup>	Carrying amount <sup>2</sup>
<b>Subsidiary</b>					
PG&WIP AB	556248-8949	1,000	70	32.0	14.1 (14.1)
Profilgruppen Extrusions AB	556206-5119	940,000	100	306.9	73.7 (73.7)
Profilgruppen Manufacturing AB	556262-3990	1,000	100	2.4	0.1 (0.1)
					<b>87.9 (87.9)</b>

#### Subsidiary of Profilgruppen Extrusions AB

Profilgruppen GmbH, Germany	-	-	100
Profilgruppen Norge AS, Norway	-	100	100

<sup>1</sup> Represents that portion of equity over which the Group has a controlling interest.

<sup>2</sup> The value for the previous year is stated in brackets.

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

Non-controlling interests	2021	2020
Non-current assets	8.9	12.1
Current assets	23.7	30.6
Equity	13.7	23.9
Non-current liabilities	1.6	4.6
Current liabilities	17.3	14.3
Revenue	47.3	49.8
Profit or loss	5.1	5.8
Comprehensive income	5.1	5.8

## 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.

Adjustment for non-cash items	Group		Parent company	
	2021	2020	2021	2020
Depreciation, amortisation and impairment of assets	77.4	66.7	6.5	5.8
Gain/loss from sale of non-current assets	0.0	0.0	0.0	0.0
Unrealised exchange rate differences	-0.8	2.2	0.0	0.0
Provisions for pensions	-0.5	-0.2	0.0	0.0
Other profit/loss items not affecting liquidity	0.0	0.0	0.2	0.3
	<b>76.1</b>	<b>68.7</b>	<b>6.7</b>	<b>6.1</b>
<b>Investments in non-current assets</b>				
Capitalised in the balance sheet	84.3	94.9	4.6	16.5
Unpaid	-3.8	-11.5	0.0	-0.6
Investments from previous year, paid this year	11.5	9.3	0.0	0.0
	<b>92.0</b>	<b>92.7</b>	<b>4.6</b>	<b>15.9</b>
<b>Exchange rate differences in cash and cash equivalents</b>				
Exchange rate gains (+)/losses (-) in opening cash and cash equivalents	2.3	-0.4	0.0	0.0
Exchange rate gains (+)/losses (-) in changes in cash and cash equivalents	-1.0	-2.5	0.0	0.0
	<b>1.3</b>	<b>-2.9</b>	<b>0.0</b>	<b>0.0</b>

Interest-bearing liabilities	Group		Parent company	
	2021	2020	2021	2020
At beginning of year	269.4	312.0	0.0	163.6
New leases	3.4	11.2	-	-
Borrowings	0.0	15.5	0.0	0.0
Repayments	-34.6	-23.1	0.0	0.0
Foreign exchange gains (-)/losses (+)	2.2	-5.2	0.0	0.0
Change in overdraft facility	-20.9	-41.0	0.0	-163.6
<b>At end of year</b>	<b>219.5</b>	<b>269.4</b>	<b>0.0</b>	<b>0.0</b>

## 25 RELATED PARTIES AND TRANSACTIONS

The parent company has associated relations which involve a decisive influence over its subsidiaries, see Note 23. The parent company's liabilities to Group companies, as stated in the balance sheet, are liabilities to the subsidiary company Profilgruppen Extrusions AB.

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 0.01 per cent (0.1) of the voting rights. In total, senior executives control slightly less than 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

After the end of the year, an exceptional situation has arisen as a result of the war in Ukraine. The consequences are hard to foresee, but sanctions and limited and disrupted supply chains are already affecting our business. Areas where we are seeing an impact are raw material prices and supply, costs for electricity and freight, and component shortages. The impact on demand from our customers is not yet significant.

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 ac-

counting 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 2022

Mats R Karlsson  
Chairman of the Board

Fredrik Zöögling  
Chief Executive Officer

Magnus Gabrielsson  
Board member  
Appointed by the employees

Mikael Ekbring  
Board member  
Appointed by the employees

Monica Bellgran  
Board member

Bengt Stillström\*  
Board member

Thomas Widstrand  
Board member

Jörgen Abrahamsson  
Board member

\*The Board member's reservation against the decision is included in the Corporate Governance Report on page 64.

Our auditor's report was submitted on 17 March 2022  
Ernst & Young AB

Franz Lindström  
Authorised Public Accountant

# FINANCIAL TERMS

TERM	DESCRIPTION	REASON FOR USE
<b>Proportion of risk-bearing capital</b>	Equity and deferred tax liabilities expressed as a percentage of total assets.	Relevant from a credit perspective, shows the ability to sustain losses.
<b>Return on equity</b>	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.
<b>Return on capital employed</b>	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.
<b>Total assets</b>	The value of all assets, such as property, 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.
<b>Equity per share</b>	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.
<b>Investments</b>	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.
<b>Capital turnover rate</b>	Revenue divided by average capital employed.	Relevant for assessing how quickly capital is used on average. A type of measure of capital efficiency.
<b>Cash flow from operating activities</b>	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.
<b>Cash flow per share</b>	Cash flow from operating activities divided by average number of shares.	Relevant for relating cash-generating capacity to the number of shares.
<b>Liquidity reserves</b>	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.
<b>Net debt to EBITDA</b>	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.
<b>Net interest-bearing debt</b>	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.
<b>Net debt/equity ratio</b>	Net interest-bearing debt divided by equity.	Relevant for assessing the capital structure, the breakdown between equity and debt capital.
<b>Profit/loss before depreciation, amortisation and impairment (EBITDA)</b>	Operating profit/loss before scheduled depreciation 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.
<b>Earnings per share</b>	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.
<b>Profit margin</b>	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.
<b>Interest coverage ratio</b>	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.
<b>Operating margin</b>	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.
<b>Operating profit</b>	Profit/loss before tax and financial items.	Relevant as a measure of the earnings generated by the company's operating activities.
<b>Equity ratio</b>	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.
<b>Net asset value per share</b>	See equity per share.	
<b>Capital employed</b>	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](http://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 2021. The annual accounts and consolidated accounts of the company are included on pages 32-58 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 2021 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 2021 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 amount to 422 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 including judgements of production volumes, raw material prices and manufacturing costs. Changes in these assumptions 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 such as production volumes, raw material prices and calculated surcharges of manufacturing costs. 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-

31. The compensation report for the year 2021 contains other information. 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](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 2021 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](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 20 April 2021 and has been the company's auditor since the 31 March 2007.

## THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Profilgruppen AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the ESEF report (a466baf742a95f2a6b96ef790924a15 be0c-a9863d451b2b3b3a2882c508a529a) has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Profilgruppen AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

KALMAR 17 March 2022

**Ernst & Young AB**

**Franz Lindström**

Authorized Public Accountant

# PROFILGRUPPEN CORPORATE GOVERNANCE REPORT 2021

ProfilGruppen is a Swedish public company, whose shares are listed on Nasdaq Stockholm's Small Cap 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.

In accordance with the Swedish Companies Act, other laws and regulations, the applicable rules for listed companies, the company's Articles of Association and the Board of Directors' internal governing documents, responsibility for the management and governance of the Group is shared by the shareholders' meeting, the Board of Directors and its elected committees, and the Chief Executive Officer.

## ANNUAL GENERAL MEETING 2021

The Annual General Meeting was held on 20 April 2021. Due to the ongoing pandemic and to reduce the risk of infection, the meeting was conducted without the physical participation of shareholders, proxies or outside parties. Based on temporary legal rules, the meeting was held by postal vote and only the Chairman of the Board, the appointed secretary and two persons appointed to co-sign the minutes of the meeting were physically present.

The meeting was attended by shareholders casting postal votes representing approximately 58.0 per cent of the total number of voting rights in the company.

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 and Thomas Widstrand to the Board. Mats R Karlsson was elected as a new Board member and as Chairman of the Board.

## ANNUAL GENERAL MEETING 2022

The Annual General Meeting 2022 will be held on 26 April 2022. Shareholders wishing to submit proposals to the Nomination Committee may contact the Nomination Committee by e-mail at [valberedningen@profilgruppen.se](mailto: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](mailto: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 2021.

## NOMINATION COMMITTEE

At the 2021 Annual General Meeting it was resolved that the Nomination 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 Nomination Committee. The Nomination Committee appoints a chairman from among its members.

In preparation for the Annual General Meeting 2022, 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 Nomination Committee. The composition of the Nomination Committee was published in the interim report on 19 October 2021.

### Nomination Committee prior to the 2022 AGM:

Lars Johansson, shareholder, chairman of the Nomination Committee	14.5% shares
Bengt Stillström, Ringvågen Venture AB	28.4% shares
Mats Egeholm, shareholder	7.2% shares
Mats R Karlsson, Chairman of the Board	

Since its appointment the Nomination 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 2021 Annual General Meeting, it was resolved to reduce the number of Board members 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 2021 is presented on page 65. All AGM-elected Board members were independent of the company in 2021. Bengt Stillström is a major shareholder of the company.

As regards the composition of the Board, the Nomination 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 Nomination 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 (1,020). Fees are paid only to Board members elected by a general meeting of shareholders, as shown below.

Board member	Role	Fee
Mats R Karlsson	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
<b>Total fees</b>		<b>1,020,000</b>

## 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 2021 Annual General Meeting, the Board has met on seven occasions.

Attendance at these is shown in 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:

### 2021

April	inaugural meeting
May	strategy discussions
July	Q2 interim report, investments
September	strategy discussions
October	Q3 interim report, evaluation of the work of the Board and Audit Committee matters
December	budget 2022

### 2022

February	financial close, year-end report, auditors' review and Remuneration Committee matters
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A telephone meeting to adopt the annual report was held.

Before ending its activities for 2021, 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 2022 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	6
Monica Bellgran	7
Mikael Ekbring <sup>1</sup>	7
Magnus Gabrielsson <sup>1</sup>	7
Anders B Johansson <sup>2</sup>	4
Kent Johansson <sup>2</sup>	5
Mats R Karlsson	7
Bengt Stillström	7
Thomas Widstrand	7
<b>Total number of meetings since 2021 AGM</b>	<b>7</b>

1) Appointed by the employees, regular Board member

2) Appointed by the employees, Deputy, Anders B Johansson was appointed in the summer

The Chairman organises and leads the work of the Board, ensuring that this work is conducted in accordance with the applicable guidelines. The Chairman monitors the company's activities through ongoing contacts with the CEO and is responsible for ensuring that the other Board members receive relevant information and the necessary decision guidance documents. Members of the Board of Directors receive monthly reports from the management team on the company's current financial and operational development. The Chairman ensures that an annual evaluation of the work of the Board and the CEO is carried out. In 2021, 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 Nomination 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 2022 Annual General Meeting.

At the inaugural meeting, the Board appointed a Remuneration Committee consisting of Thomas Widstrand, Bengt Stillström and Mats R Karlsson. 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 2021, the committee has held one meeting, with all members present, and has communicated several times by e-mail and telephone.

Salary for management in 2021 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 2021 is SEK 2,314,000, distributed among seven persons (SEK 0, 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.

The composition of the management team is presented on page 65.

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

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 2021 Annual General Meeting, the registered accountancy firm Ernst & Young AB was appointed as auditor for the period until the 2022 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 2021 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 67.

**THE BOARD'S REPORT ON INTERNAL CONTROL FOR 2021**

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 monitoring.

**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.

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 risk assessment regarding financial reporting aims to identify and evaluate the most significant risks affecting the internal control of financial reporting in the Group's companies and processes. The most significant risks identified regarding financial reporting are managed through control structures based on reporting of deviations from established standards, for example for the measurement of inventories and other significant assets. The assessment and management of the most significant risks for ProfilGruppen are described in greater detail in the Directors' Report.

**Control activities**

The principal means of control are the detailed financial monitoring reports that are compiled each month. Work to prepare these includes analysis of deviations from, among other things, set goals. 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.

**Monitoring**

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 2022

The Board of Directors of ProfilGruppen AB

\*Bengt Stillström has, as a Board member, requested that his reservation against the Board's decision to approve the annual report and Corporate Governance Report be included in the report (pursuant to the Companies Act, Ch.2 § 7 para. 7).

The reservation, which is included in the Board meeting minutes, reads: *The annual report's description of the company's situation and its corporate governance is much too idealistic and uncritical. It describes more what we are seeking to achieve and how we wish the situation to be rather than how it is, with the result that the necessary requirements and measures have not been put in place in a timely manner.*

*The financial control system, primarily with regard to external effectiveness, is not of sufficiently high quality and sufficiently forward-looking to provide an adequate picture and clarity and thereby enable the business to be well managed and allow insightful decisions to be made. Nor have we had a sufficiently good understanding of and insight into the duties of the Board, Chairman and CEO. Some necessary decisions have not been made or have been made based on unreliable information or too late and have in some cases not been followed up. The delegation of authority in the company has not been accompanied by the right instructions, and information and authorities have been unclear. The really big problem is that some members of the Board do not agree with the description of the problems, which has contributed to exacerbating the problems.*

*Fortunately the company has a wealth of knowledge and common sense, which has allowed the business to continue to function, but with inadequate profitability and a lack of change.*

**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 2021 on pages 62-64 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 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 2022  
Ernst & Young AB

Franz Lindström  
Authorized Public Accountant

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**OTHER INFORMATION**

The relevant information is always available on our website:  
[www.profilgruppen.se](http://www.profilgruppen.se)

Graphic design/photography:  
Effect reklambyrå and ProfilGruppen



## BOARD OF DIRECTORS

### 1. Bengt Stillström<sup>2</sup>

Born 1943

M.Sc. in Engineering

Board member since 2012

Formerly CEO and founder of AB Traction, currently Chairman of the same company.

Other directorships/principal positions: Board member of Ringvågen Venture AB

Shareholding in ProfilGruppen: 2,099,983

### 2. Jörgen Abrahamsson<sup>3</sup>

Born 1967

Upper secondary school

Board member since 2019

Other directorships/positions: CEO/President Gränges Europe

Shareholding in ProfilGruppen: 0

### 3. Monica Bellgran<sup>3</sup>

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<sup>3</sup>

Born 1957

M.Sc. in Economics and Business

Board member since 2012

Other directorships/positions: President and CEO of Troax Group AB and Board member of Balco Group AB

Shareholding in ProfilGruppen: 0

### 5. Mats R Karlsson<sup>3</sup>

Born 1958

Chairman since 2021

M.Sc. in Engineering

Other directorships/positions:

Chairman of Askalon AB and Centriair Holding AB. Board member of VBG AB, Fergas Group AB and Fire Fighting Systems AS.

Shareholding in ProfilGruppen: 0

### 6. Magnus Gabrielsson<sup>1</sup>

Born 1980

Employed in ProfilGruppen since 2000

Appointed by the employees

Board member since 2018

Shareholding in ProfilGruppen: 0

### 7. Anders B Johansson<sup>1</sup>

Born: 1971

Employed in ProfilGruppen since 1989

Appointed by the employees

Deputy since 2021

Shareholding in ProfilGruppen: 900

### 8. Kent Johansson<sup>1</sup>

Born 1955

Employed at ProfilGruppen since 1981

Appointed by the employees

Board member since 2019, Deputy since 2021

Shareholding in ProfilGruppen: 0

### 9. Mikael Ekbring<sup>1</sup>

Born 1966

Employed at ProfilGruppen since 1986

Appointed by the employees

Deputy since 2019, Board member since 2021

Shareholding in ProfilGruppen: 400

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

<sup>2</sup> This Board member is a major shareholder of the company.

<sup>3</sup> 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.





Fredrik Zöögling



Fredrik Uhrbom



Torgny Magnusson



Fredrik Gustafsson



Niklas Danielsson



Ulrika Svensson



Martin Lindstrand

## SENIOR MANAGEMENT

### **Fredrik Zöögling\***

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

### **Fredrik Uhrbom**

*Marketing and Sales Manager*  
Born 1972  
Employed since 2013  
Holding: 1,606

### **Torgny Magnusson**

*Production Manager Extrusion*  
Born 1961  
Employed since 1982  
Holding: 0

### **Fredrik Gustafsson**

*Supply Chain Manager*  
Born 1980  
Employed since 2020  
Holding: 0

### **Niklas Danielsson**

*CFO*  
Born 1967  
Employed since 2020  
Holding: 0

### **Ulrika Svensson**

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

### **Martin Lindstrand**

*Chief Technology Officer*  
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 2021, the company had a market capitalisation of MSEK 864.5. The number of shares traded in the market was 7,398,775.

## DIVIDEND POLICY

ProfilGruppen's aim is to give shareholders a high total yield, partly through 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 the financial year 2021, the Board of Directors of ProfilGruppen has proposed a dividend of SEK 13.50 per share, including a special dividend of SEK 5.00 per share.

## SHAREHOLDERS

At 30 December 2021, the company had 2,588 shareholders, which is an increase of 34 compared with 30 December 2020. 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

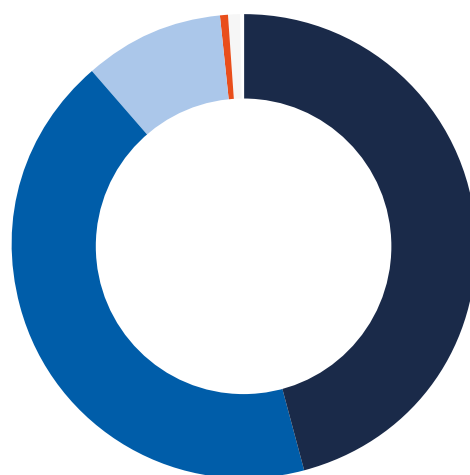
At year-end, the share price had increased by 17 per cent compared with 30 December 2020. Over the same period, the Stockholm Stock Exchange's OMXSSCPI index (Small Cap industry) gained 20 per cent.

## OWNERSHIP BY COUNTRY, % OF VOTING RIGHTS



● Sweden 99.0% ● Other Nordic countries 0.2% ● USA 0.1%  
● Rest of Europe (ex-Nordics) 0.7% ○ Rest of world 0.0%

## SHAREHOLDER CATEGORIES, % OF VOTING RIGHTS



● Swedish natural persons ● Swedish legal entities  
● Financial companies<sup>1</sup> ● Associations<sup>2</sup> ○ Owners resident abroad

<sup>1</sup> Banks, investment firms & brokerages, fund managers, insurers and pension institutions, pension funds

<sup>2</sup> Aid organisations, trade unions, religious communities.

AT 30 DEC 2021

## OWNERSHIP STRUCTURE

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF VOTING RIGHTS
1 - 500	2,068	3.7
501 - 1,000	248	2.6
1,001 - 5,000	199	5.5
5,001 - 10,000	22	2.1
10,001 - 15,000	10	1.7
15,001 - 20,000	11	2.8
20,001 -	30	81.7
<b>TOTAL</b>	<b>2,588</b>	<b>100.0</b>

AT 30 DEC 2021





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.



Profil  
Gruppen.

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