

Progress

For us, development is about fine-tuning processes. A partnership with ProfilGruppen should be uncomplicated and involve personal commitment. That requires a competent organisation which continually strives for efficiency. We take that step, every day.



next
level

TAKE A PEEK AT OUR NEXT STAR

profilgruppen.se

ANNUAL REPORT **2018**

Profil
Gruppen.

Innovative aluminium solutions

INVESTING IN FUTURE GROWTH

In April 2018, a historic decision was made to invest in new production capacity for aluminium extrusions. Following a few years of rapid growth on the back of increased reliance and new business from both new and existing customers, ProfilGruppen saw a need to add capacity. Our three existing extrusion lines have reached an annual delivery capacity of over 30,000 tonnes, which was previously regarded as their maximum capacity. To be able to continue to grow together with our customers, we therefore decided to make this bold investment.

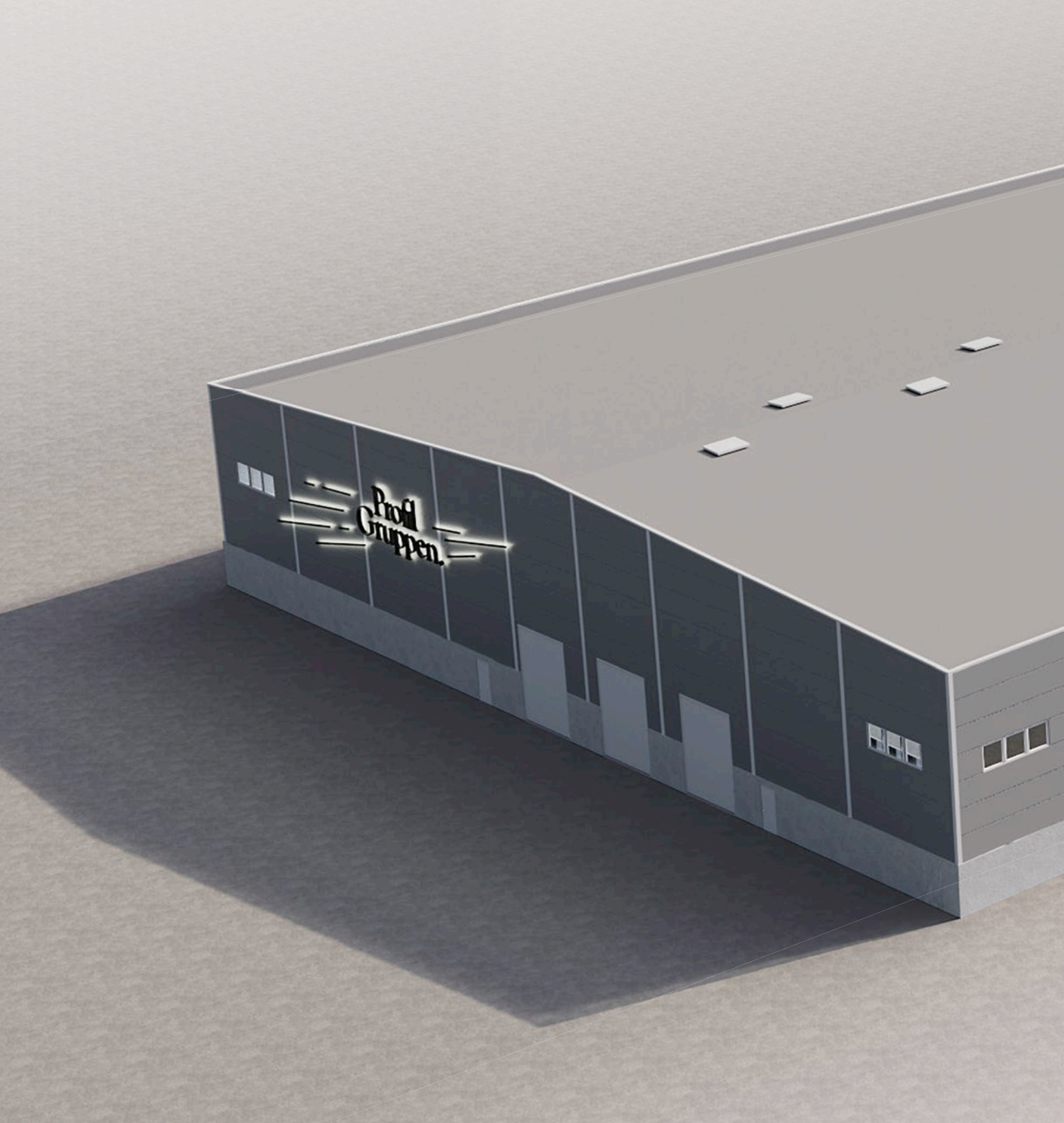
Delivery volumes, tonnes



The new extrusion line will add a further 12,500 tonnes to our capacity annually.

For the new extrusion line, we are also constructing a new building on an industrial estate close to the company's existing facilities in Åseda.

Including internal project planning and start-up costs, a total of MSEK 310 is being invested. The project was initiated during the year and you can read more about our new star Tor on the next page.



"TOR"

Our creative employees have made suggestions for what the new extrusion plant should be called, and the choice fell on TOR.

The name is suggestive of a powerful ruler who will be delivering extrusions with thunder and lightning. Meanwhile we think that he will fit in with the gang – with Eva, Mia and Max, our other presses.



12 500

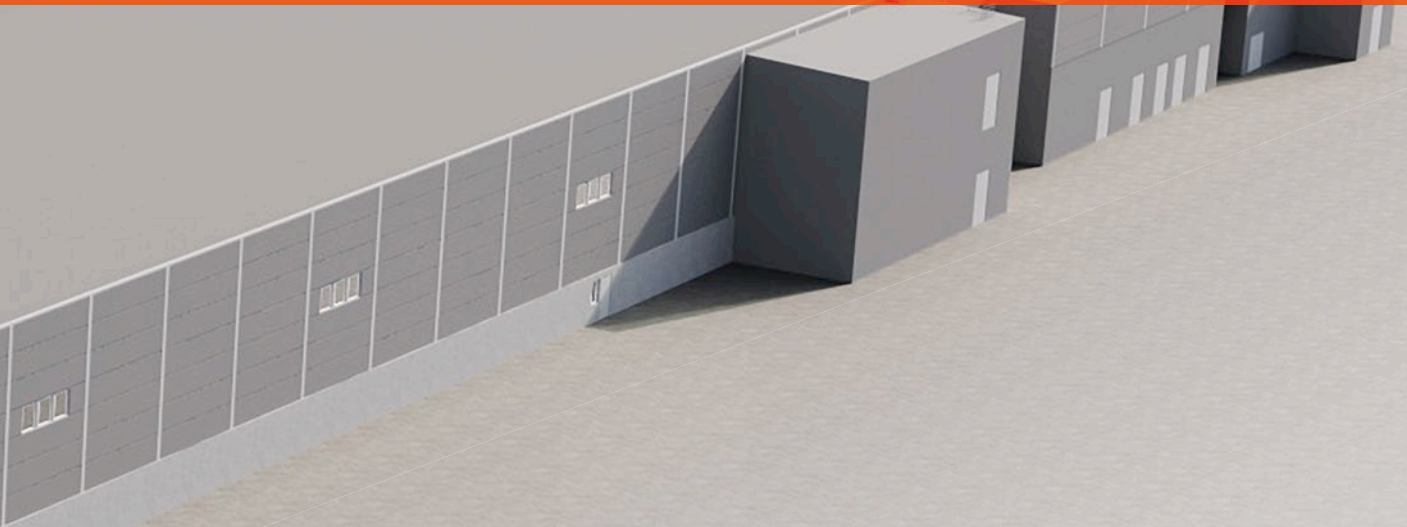
TONNES OF ALUMINIUM
EXTRUSIONS ANNUALLY

310

TOTAL INVESTMENT, MSEK

14 158

SQUARE METRES



PROFILGRUPPEN IS BUILDING A NEW EXTRUSION LINE FOR ALUMINIUM EXTRUSIONS IN ÅSEDA

Meet TOR – a world-class production plant!

ProfilGruppen is expanding! Soon, we will receive additional capacity in the form of Tor, a state-of-the-art extrusion plant that will provide a welcome addition to our existing production capacity for aluminium extrusions. We will be in an even better position to continue to offer the best delivery accuracy in the industry.

Our flexibility will increase. Tor's high degree of automation will enable us to deliver more consistent quality.

The building has quickly been built up during 2018, and in 2019 all machinery components will be installed. The plant will be equipped with a longer

discharge table than traditional presses, which will improve material efficiency. With safety issues being key focus area right from the start, the high degree of automation will make the plant a safe place to work. Truck transports can be avoided and ergonomics is a priority. By using the latest technology, we will reduce energy use per produced unit. We will also be recovering the process heat. Saving money as well as the environment is important.

The first extrusions are expected to leave TOR around year-end 2019/2020. You can follow the progress of the project on Tor's blog: <https://next-level.one>

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WHY ALUMINIUM?

We love aluminium. It is a material that enables us to develop products that are, from a lifecycle perspective, more beneficial than many alternatives. This is partly because we can create more energy-efficient and sustainable solutions and partly because it is a genuinely recyclable metal. Aluminium can be melted down and reused again and again without losing any of its valuable and sustainable properties. From a circular economy perspective, it is an excellent option. Moreover, the availability of aluminium in the crust of the earth is practically unlimited.

Aluminium has many benefits, but some of the most important are:

- Low weight
- High strength and durability
- Good corrosion resistance
- Easy to shape
- High conductivity
- Construction friendly
- Easy to work
- Environmentally friendly and easy to recycle
- Valuable
- Good access

FINANCIAL CALENDAR

Interim report for the first quarter	16 April 2019, 2 p.m.
Annual General Meeting 2019	16 April 2019, 4 p.m.
Interim report for the second quarter	15 July 2019, 2 p.m.
Interim report for the third quarter	22 October 2019, 2 p.m.
Year-end report 2019	February 2020

PROFILGRUPPEN IN SHORT

- Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe
- Started in 1981 in Åseda, Småland
- Listed on the Stockholm Stock Exchange in 1997 and included in the Small Cap list
- A large share of the company's deliveries, around 40 per cent, is exported, mainly to northern Europe
- Extruded aluminium profiles and components are used across a wide range of industries, including interior design, construction, electronics and the automotive industry
- Certified under the IATF 16949, ISO 14001 and ISO 50001 standards
- All in-house production takes place in Åseda and comprises:
 - Three extrusion lines for the manufacture of aluminium extrusions currently. Work has begun on the construction of a fourth press, which is expected to go into operation around year-end 2019/2020.
 - Anodising facility for surface treatment
 - Various forms of processing, including cutting, bending and punching
 - Fully automated facility for machining, coating and packaging of interior design details
- Partnerships with a dozen or so subcontractors broaden the range of processing options
- A partnership with ProfilGruppen should be uncomplicated and involve personal commitment

GLOSSARY

Anodising	Electrolytic surface treatment process that produces an insulating and decorative surface
Machining	Generic term for a variety of processes that further refine the aluminium extrusion, for example, bending, milling or surface treatment
Extrusion	See Extrusion
Processing	See Machining
Primary production	To produce a material, in our case aluminium ingots, for the first time from its original form in the crust of the Earth
Extrusion	Manufacturing extrusions by pressing an aluminium ingot through a die
Recycling	To recover and reuse a material which formed part of a product that has reached the end consumer
Bauxite	A soil or rock from which aluminium can be extracted
Extrusion line	The production process in which aluminium extrusions are made
Extrusion	A detail that is designed according to the customer's requirements and then pressed through a tool matrix to acquire the desired shape, properties and appearance

This is PROFILGRUPPEN

Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe. That requires a competent and customer oriented organisation which continually strives for efficiency. Our environmentally smart aluminum extrusions lay the foundation for the future demand.



Construction – product development with the customer

We begin the extrusion's journey by sitting down together with the customer to produce a customised solution which optimises the product and its production process. In addition to the product's technical properties, we also assess the logistical and administrative benefits. Already at the design stage, our ambition is to achieve a sustainable long-term solution that takes account of the product's environmental impact throughout its lifecycle.

Extrusion – flexible and efficient manufacturing

Aluminium extrusions are the heart of our business. All our extrusions are produced using this method, which begins with heated aluminium ingots being pressed through a unique tool matrix. The mechanical properties of the extrusion are ensured through a combination of technology and craftsmanship. They are then packed and sent to the next processing stage or directly to the customer.



Surface treatment – strengthening the extrusion

Many of our extrusion solutions are surface-treated to create or enhance their functionality or appearance. This may refer to adding colour, corrosion resistance or durability. Anodising and powder coating are the most common surface treatment methods but other methods may also be used.

Machining – more opportunities

We offer a wide choice of processing options for extrusions. These include simple cutting and stamping, advanced milling and bending in fully automated production cells. In some cases, we also assemble and consumer-package the product. The processing is done both in-house and through our network of subcontractors.



A sustainable and unique product

At the end of the process the customer receives a component or extrusion that has been developed to improve the product and its lifecycle, for example by increasing the product life, reducing the weight and/or decreasing fuel consumption.

ANOTHER RECORD YEAR

with major ongoing initiatives for continued future growth

ProfilGruppen's best results to date – 2018 was the third record-breaking year in a row, with an operating profit of MSEK 113.7. Through significant investments, we are also building for the future and laying the foundation for continued growth and increased efficiency.

An operating profit of MSEK 113.7 and earnings per share of SEK 10.88 make 2018 ProfilGruppen's most successful year to date. This is the third record-breaking year in a row. Our strong results also enable us to propose a dividend payment of SEK 5 per share to the AGM. I see this as an important confirmation that our strategy is working and that we are exactly what we should be – a stable company that is growing profitably.

NOT COMPLETELY SATISFIED

Our results could have been even better.

After a strong first half of the year, we experienced disruptions in the third quarter in connection with the start-up of the new production plant in our subsidiary company PG&WIP. This resulted in delays and quality issue costs of around MSEK 13. Only at the end of the fourth quarter was production back up to speed again.

In the fourth quarter, we had unused capacity. During that period, demand is naturally lower for seasonal reasons, which, combined with a sharp decline in orders from a major customer, resulted in a temporary dip in our order intake. Throughout the year, we have been running weekend shifts at all extrusion lines, and in order to safeguard the skills acquired by our new employees we decided to keep capacity at the same level also in the final quarter of the year. This is an important part of our effort to build skills and a cornerstone for our continued growth as we invest for the future by building a new extrusion plant. Meanwhile, we are also working to increase the flexibility of our operations.

CHALLENGING YEAR SHOWS UNDERLYING STRENGTH

2018 was an intense and different year that was marked by:

- an extremely turbulent commodity market as a result of the US trade sanctions that were introduced in the spring. This forced us to make quick adjustments to our supply chain to secure our access to raw aluminium. Our efforts were successful, allowing us to avoid any major operational disruptions. We now also have a stronger and broader network of suppliers after the sanctions have been lifted and the aluminium market has returned to a more normal situation.
- work on several ongoing parallel projects for the future, such as the commissioning of our new production plant in PG&WIP, the commencement of construction on our new extrusion plant and work on a new ERP system that will be implemented in the spring.

Much of our energy and focus has of course been directed at these new areas. At the same time, we have also generated new business, achieved record delivery and production volumes, and ensured a high level of delivery accuracy and short lead times. This testifies to the underlying strength of and the talent that exists in ProfilGruppen.

AN EXCEPTIONAL WORKFORCE

Each day, I am met by incredibly positive, committed employees who are proud of ProfilGruppen and of what we do. Without our employees, we would not have succeeded in achieving the growth and the improvements that we have introduced in the last few years. I would like to say a big thank you to all those who contributed to our success. We have laid a good foundation for a stable company that is capable of delivering, even during periods of intense activity when we are running multiple change projects in parallel with our normal day-to-day operations. That's why I feel very confident about the future and about ProfilGruppen's continued success.

A STRONG BACKBONE OF SKILLED EMPLOYEES

Knowing that our skills are crucial to our success, we invested in training activities in a number of different areas in 2018. These and other development initiatives will be continued as an integral part of our efforts to remain an attractive workplace and ensure that we are able to attract, retain and develop employees with the right skills.

OUR GROWTH IN THE MARKET

Our delivery volumes increased by eight per cent during the year, of which three per cent refers to Sweden.

Industry trade group EAA estimates that total growth in the aluminium extrusion market was around two per cent for Scandinavia as well as Europe as a whole.

Our strong performance in the market was broad-based, covering large, medium-sized and small customers as well as different industries. Sales of new customer tools remained high, which is a good sign that our customers, both new and existing, want to continue to grow and develop together with us.

Our growth coupled with our ongoing forward-looking investments give us confidence about the future and about our ability to generate and capture new business for continued growth.

INVESTMENTS FOR THE FUTURE

The ongoing investment, totalling MSEK 310, in our new press Tor will establish a stable foundation for continued growth and strengthen our production capacity as well as our competitiveness considerably. The construction of the plant is going to plan, with production scheduled to commence around year-end 2019/2020.

Work is also underway on a new ERP system that will be implemented during the spring. The existing systems are old and hard to work with, and our new system will enable us to improve transparency while also giving us a easier tool for monitoring and developing all aspects of our business and further improving our ability to meet our customers' future requirements.



SUSTAINABLE BUSINESS

A sustainable approach is nothing new for ProfilGruppen, but like most companies we too have increased our focus on important sustainability issues in recent years in order to help build a more sustainable society.

Sustainability is, in the first hand, a natural and integral part of our core business, where our biggest contribution lies in the natural properties of aluminium and in the fact that increased use of aluminium can make a significant contribution to a transition to a more sustainable society. The positive impact for our customers comes from the potential to reduce their own environmental impact as well as their costs.

We present our focus areas and our sustainability work at www.profilgruppen.se.

CHALLENGES

There are, of course, challenges. For example, we can never know in advance how the market will react to various external factors.

Yet as we look ahead, we do so with a basic sense of optimism and with a focus on what we know for sure right now: that there is a growing need for our products, and that as the market gains a better and more mature understanding of aluminium, its properties and opportunities, and how it can contribute to sustainable development, this demand will continue to grow.

A POSITIVE OUTLOOK

The future looks bright. ProfilGruppen stands well equipped with a clear agenda and increased financial strength. We are in a good position to continue to improve the efficiency of our operations through continuous improvements. Our ongoing major investments support our growth objectives for the future and the service we offer our customers will become even better.

CHANGE OF CEO

This summer, I will leave my role as CEO.

I am incredibly grateful for the trust I have received over the past five years to lead and be a part of the company. This has in every way been a fantastic and very enjoyable journey that I have had the privilege of taking part in together with all my highly qualified and dedicated colleagues. Together, we have achieved profound changes and enabled the company to grow and become more profitable. ProfilGruppen stands strong. By consistently following our adopted strategy, which centres on creating benefits for the customer, and by continuing to build an inspiring environment, I am

convinced that the company will continue to grow and strengthen its position in the market. The recruitment process is underway, with the ambition of achieving a good handover to my successor in August 2019.

FOCUS AREAS FOR 2019

For us, there is only one way forward – to always get better at what we do. We have entered 2019 with the same attitude as before – with the aim of continuing to strengthen ProfilGruppen's position in the market and improving our profitability.

We will do this by continuing to concentrate on those success factors that have taken us to where we are today:

- Focusing on customer benefits and always ensuring that we are our customers' first choice
- Strengthening our position and our brand in the market
- Increasing the share of processed products in our business
- Continuously challenging our customer platform for long-term growth and profitability
- Implementing operational improvements on a continuous basis
- Ensuring that we have people with the right skills sets in all parts of our organisation, and developing the skills of our existing employees

Finally, I would like to express our particular gratitude to our customers for your confidence in us. ProfilGruppen looks forward to a continued successful partnership. I would like to offer a big thank you also to all my colleagues and fellow employees for your valuable contributions during an exciting and very enjoyable year, and also to our shareholders for the confidence you have shown in choosing to invest in ProfilGruppen.

Åseda, February 2019

Per Thorsell
President and CEO

RISKS AND RISK MANAGEMENT

All commercial activities involve operational as well as financial risks, and it is part of our daily agenda to limit these risks.

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.

OPERATIONAL RISKS

DEPENDENCE 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. Only one customer accounts for sales in excess of ten per cent of ProfilGruppen's total net sales, which is due to our investments over the last few years in a subsidiary that has specialised in producing interior design details for a specific customer. Our agreements with this customer are based on specific investments and run over several years. In 2018, this customer accounted for 13 per cent (11) of total revenues. Among ProfilGruppen's other customers, the spread remains the same.

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

DEPENDENCE ON SUPPLIERS

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

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

ECONOMIC CYCLE AND SEASONAL FLUCTUATIONS

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

LIABILITY

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 work with our health and safety responsibilities is presented in our Sustainability Report.

OUTAGES

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 extensive internal training programme as well as a skills development programme aimed at enabling us to realise the company's future strategy.

IT

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

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

In 2018, we were working with preparations for replacing our ERP system, which will take place during 2019. As in all projects of this nature, there is a risk of disruptions that could have economic consequences. In this initiative, we are bringing together people with specialist expertise from all our processes to get everyone on board and reduce the risks in the project.

CAPACITY

Capacity utilisation in our extrusion production business has increased markedly over the last few years and the scope to increase volumes at our existing plants is very limited. In 2018, it was therefore decided to invest in a new aluminium extrusion line to be built next to the Group's existing production plants in Åseda. The plant, which is expected to go into operation around year-end 2019/2020, is intended to increase capacity by 12,500 tonnes annually when running at full capacity.

For the processing of our 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 MATERIALS

ProfilGruppen's main raw material is alloyed aluminium ingots. This expense item accounted for 48 per cent (45) of operating expenses in 2018.

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

As the supply of raw materials for industry is dependent on global players, it is also subject to international trade and environmental policies. This applies also to changes at earlier stages of the supply chain, such as alumina production or bauxite mining. In 2018, the aluminium market was affected by US trade sanctions against Russian oligarchs and their businesses, which created problems with raw material deliveries from some of our suppliers. We developed alternative solutions and thereby succeeded in maintaining our own ability to deliver. The sanctions were lifted in January 2019, but future disruptions caused by trade conflicts or other issues cannot be excluded.

ENERGY

ProfilGruppen's energy consumption comprises consumption of electrical energy – around 37 GWh per year – and LPG. In total, energy represents just under 3 per cent of the operating expenses. The Group had hedged the price for most of its 2019 consumption by the end of the year.



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 foreign subsidiaries have very limited activities, and thus a limited balance sheet, and the Group therefore only protects itself against transaction risk related to 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. Management 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:

	2018	2017
EUR	MSEK +/-15	MSEK +/-15
DKK	MSEK +/-2	MSEK +/-2
NOK	MSEK +/-2	MSEK +/-2

To finance investments in machinery for our new production plant, ProfilGruppen will gradually be raising a loan of approximately MEUR 13.5. The euro loan creates a currency exposure that the company does not normally have, which could have an impact on earnings, but the effect at the closing date was marginal.

INTEREST RATE RISK

Interest rate risk is the risk of an impact on the Group's earnings as a result of changes in market interest rates. To minimise the risk of such a short-term impact, the Group borrows at fixed rates and enters into interest rate swaps.

According to the financial policy, the fixed-rate period 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 current agreements also cover the ongoing investment in a new extrusion plant. The agreements specify, year for year, the financial targets that need to be met.

DIRECTORS' REPORT

The Board of Directors and CEO of ProfilGruppen AB (publ), corporate identity number 556277-8943, hereby submit the annual report and consolidated financial statements for the period 1 January-31 December 2018, which is ProfilGruppen's thirty-eighth year of activity.

ProfilGruppen runs operations in the form of a limited company (publ) and has its registered office in Uppvidinge municipality, Kronoberg county, Sweden. The company address is: Box 36, SE-364 21 Åseda, Sweden.

THE GROUP

ProfilGruppen AB (publ) is the parent company of the ProfilGruppen Group. The Group is a supplier of customised aluminium components and extrusions. The core business is conducted in the subsidiary company ProfilGruppen Extrusions AB. 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 an agent. Design, product development, extrusion manufacture and processing are carried out mainly in Åseda. Processing is also performed in close co-operation with a number of subcontractors.

The partly owned subsidiary company PG&WIP AB processes aluminium extrusions into pre-packaged products for a specific customer in the interior design industry. The company is 30 per cent owned by WIP Industries Sweden AB.

REVENUE AND PROFIT

ProfilGruppen generated revenues of MSEK 1,618.3 (1,382.8) in 2018, which is an increase of around 17 per cent on the year before. The increase is partly due to a higher raw material price. Delivery volumes increased by eight per cent to 31,975 tonnes (29,700) of aluminium extrusions.

Exports accounted for 48 per cent (45) of revenue.

The Group's operating profit amounted to MSEK 113.7 (103.9). This is equivalent to an operating margin of 7.0 per cent (7.5). ProfilGruppen's target is a long-term operating margin of 8 per cent.

Last year's earnings included a capital gain of MSEK 2.9 from the sale of a property.

Costs incurred in connection with start-up, quality issues and disruptions in production at the new production line operated by the subsidiary company PG&WIP had a negative impact on profit for the year of MSEK 13.0 (2.0). Earnings for the year were also hit by increased sales and administration costs relating to investments in future growth. Our earnings performance in other areas was achieved through increased volumes, higher capacity utilisation as well as efficiencies and margin improvements. Inventory gains were in line with the previous year.

The profit before tax was MSEK 107.6 (99.7). The profit after tax was MSEK 83.5 (77.3).

Earnings per share were SEK 10.88 (9.86). The average number of shares in thousands was 7,399 (7,399).

INVESTMENTS, DEPRECIATION AND DISINVESTMENT

Investments amounted to MSEK 137.7 (65.3). An ongoing project to develop the company's ERP system increased investments in intangible assets by MSEK 16.7 (0.0).

Of total investments, MSEK 8.0 (29.0) refers to the subsidiary company PG&WIP, where a new automated production plant for interior design details was ramped up in the first half of 2018 and a packaging line was redesigned.

In April, the company announced its decision to invest in a new production plant for extrusion of aluminium, which is intended to increase capacity by around 12,500 tonnes annually when running at full capacity. The total investment is estimated at around MSEK 310 and the plant is expected to go into operation around year-end 2019/2020. The project has been initiated and increased investments for the year by MSEK 86.6 (0.0). Most of the tangible assets linked to the project have been ordered. Other investments of MSEK 26.4 (36.3) refer mainly to ongoing improvements.

Total scheduled depreciation/amortisation for the year was MSEK 49.2 (37.2).

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/EBITDA ratio of less than 2.0. At 31 December 2018, net debt/EBITDA was 0.7 (0.6), which is well below our maximum target level. If debt related to investments in new production capacity is excluded, net debt would be MSEK 44.1, representing a net debt/EBITDA ratio of 0.3.

Return on capital employed in 2018 was 23.9 per cent (25.6).

The equity ratio at year-end was 40.8 per cent (43.7). Cash and cash equivalents amounted to MSEK 26.1 (27.9) at the end of the year, while the Group's non-utilised credit facilities, in addition to cash and cash equivalents, totalled MSEK 340.3 (112.2).

The cash flow from operating activities was MSEK 129.8 (85.5) and the corresponding figure after investments was MSEK 9.9 (19.6). Ongoing investments in new production capacity affected cash flow. Excluding this impact, cash flow after investing activities was MSEK 82.0 (19.6). Total assets at 31 December 2018 were MSEK 918.3 (742.1).

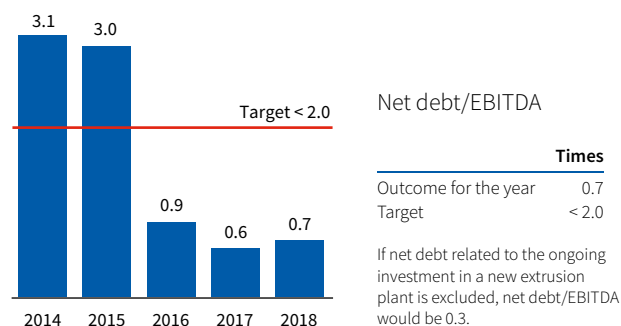
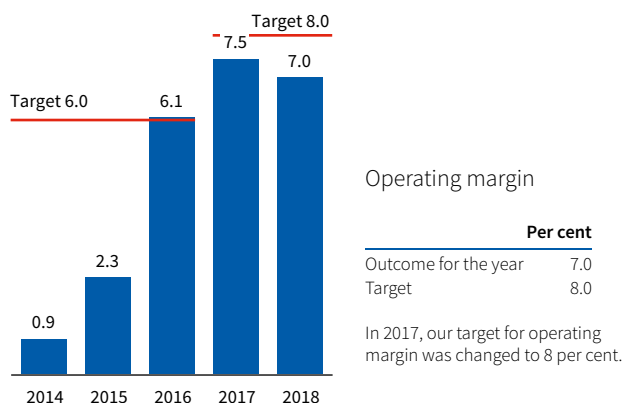
MARKET

In the latest report published by European industry trade group EEA, the market for aluminium extrusions in Scandinavia as well as Europe as a whole is estimated to have grown by around two per cent in the first three quarters of 2018 while remaining flat year on year in the fourth quarter.

MANUFACTURING

All manufacturing activities in ProfilGruppen are based on the extrusion of aluminium. The company has three extrusion lines and a facility for surface treatment of extrusions. A fourth extrusion line will be built in 2019 in a new industrial estate in Åseda. Construction of the building began in 2018.

FINANCIAL TARGETS



Group production of aluminium extrusions totalled 32,550 tonnes (29,800) in 2018. 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 details 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. Close collaboration with the customer helps to broaden knowledge of a customer's products, and constructive ideas can be put forward concerning possible improvements to product properties. During the construction and design phase, ProfilGruppen's designers have excellent opportunities to adapt a product's environmental impact, lifecycle economy and potential for recycling.

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, there is an assessment of whether or not the expenditure should be capitalised. During the year no development costs have been capitalised.

QUALITY ASSURANCE

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

ENVIRONMENT

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

ProfilGruppen's environmental impact and sustainability work are described in greater detail in the company's Sustainability Report for 2018, which is available at www.profilgruppen.se.

RISKS

ProfilGruppen's activities are, like all business activities, exposed to risks, which are described in greater detail in Note 19 and on pages 8-9.

PERSONNEL

The average number of employees in the Group totalled 459 (442). The number of employees in the Group at 31 December 2018 totalled 468 (453). Women make

up 28 per cent (28) of the Group's total workforce. Staff turnover during the year was 7.2 per cent (6.2). Payroll expenses totalled MSEK 199.5 (190.1).

POST-BALANCE SHEET EVENTS

In February 2019, Per Thorsell, President and CEO, decided to leave ProfilGruppen and move on to a new job. He will step down on 17 August 2019 and the Board is currently engaged in recruiting a new President and CEO.

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.

Largest individual shareholders

Shareholders	Number of shares	Holding % 2018	Holding % 2017
Ringvågen Venture AB	2,099,983	28.4	28.4
Lars Johansson	1,073,466	14.5	14.5
Mats Egeholm	536,419	7.2	7.2
Hanna Li Kusterer	269,073	3.6	3.5
Kerstin Egeholm	241,494	3.3	3.3
Nordea Livförsäkring Sverige AB	238,480	3.2	3.2
BNP Paribas Sec Services Paris, W81MY (GC)	188,034	2.5	2.6
Försäkringsaktiebolaget Avanza Pension	180,727	2.4	2.4
Lars Bergenhem	144,480	1.9	1.6
Mats Jonson	135,000	1.8	1.8
10 largest individual shareholders	5,107,156	68.8	68.5
Other	2,291,619	31.2	31.5
Total	7,398,775	100.0	100.0

28 December 2018

The number of shareholders was 2,675 at the beginning of the year and 2,560 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 15.

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 2019 AGM, the Nominating Committee will be responsible for proposing Board members and auditors, as well as fees for the Board, committees and auditors. More information on the work of the Board and corporate governance at Profilgruppen is available in the Corporate Governance Report in this annual report and at www.profilgruppen.se.

REMUNERATION OF SENIOR EXECUTIVES

The Board prepares a proposal for guidelines for remuneration of the Group's CEO and other senior executives. The proposal is based on the company's long-term Remuneration Policy, which is evaluated on an ongoing basis. The Board of Directors proposes that the 2019 AGM adopt the following guidelines. The guidelines cover the Chief Executive Officer and other members of the management team, currently eight individuals including the CEO. 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 results 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 generally terminable on six months' notice by either party. The Board may depart from the guidelines if there are special reasons in an individual case.

The guidelines that applied in 2018 are described in Note 4.

OUTLOOK FOR 2019

Demand is expected to remain good over the next few quarters.

THE PARENT COMPANY

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

The Board and the CEO propose that standing profits available as per the balance sheet, of SEK 164,079,269, be appropriated in the following manner:

Dividend to shareholders SEK 5.00 * 7,398,775 shares	SEK 36,993,875
To be carried forward	SEK 127,085,394
Total profits according to balance sheet	SEK 164,079,269

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 2018 are to be submitted for approval at the Annual General Meeting on 16 April 2019.

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. The Sustainability Report was handed to the auditor together with the annual report. The Sustainability Report is available at www.profilgruppen.se.

FIVE-YEAR SUMMARY

		2018	2017	2016	2015	2014
Net sales/Revenue	MSEK	1,618.3	1,382.8	1,132.0	980.2	808.6
Profit before depreciation, amortisation and impairment	MSEK	162.9	141.0	104.1	44.8	28.9
Operating profit	MSEK	113.7	103.9	69.1	22.9	7.1
Operating margin	%	7.0	7.5	6.1	2.3	0.9
Profit before tax	MSEK	107.6	99.7	65.0	17.8	0.9
Profit margin	%	6.6	7.2	5.7	1.8	0.1
Return on equity	%	23.9	26.0	20.8	6.2	2.2
Return on capital employed	%	23.9	25.6	19.0	7.4	2.8
Cash flow from operating activities	MSEK	129.8	85.5	84.8	13.2	27.4
Investments	MSEK	137.7	65.3	50.8	68.4	26.6
Liquidity reserves	MSEK	366.4	140.1	165.1	108.2	120.2
Net interest-bearing debt	MSEK	116.2	89.8	88.6	133.8	88.9
Net debt to EBITDA	times	0.7	0.6	0.9	3.0	3.1
Interest-bearing liabilities and interest-bearing provisions	MSEK	142.3	117.7	99.9	143.1	90.0
Net debt/equity ratio	times	0.3	0.3	0.3	0.6	0.4
Total assets	MSEK	918.3	742.1	606.9	539.7	478.6
Equity ratio	%	40.8	43.7	44.6	40.8	41.9
Capital turnover rate	times	3.4	3.4	3.1	3.0	2.8
Proportion of risk-bearing capital	%	44.9	48.1	49.2	45.7	46.8
Interest coverage ratio	times	16.9	23.3	14.5	3.8	1.1
Employees						
Average number of employees		459	442	379	339	331
Number of positions at year-end		468	453	393	353	324
Staff turnover	%	7.2	6.2	3.6	6.2	3.8
Average age	years	44	44	45	46	47
Salary costs including social security contributions	MSEK	285.3	268.1	229.3	195.8	195.3
Revenue per employee (average)	SEK 000's	3,526	3,129	2,987	2,892	2,443
Profit before tax per employee (average)	SEK 000's	235	226	171	52	3
Per share						
Average number of shares ^{1) 2)}	thousands	7,399	7,399	7,399	7,399	6,488
Earnings per share ²⁾	SEK	10.88	9.86	6.56	1.88	0.62
Cash flow from operating activities per share ²⁾	SEK	17.54	11.56	11.47	1.79	4.23
Net asset value per share ²⁾	SEK	48.86	42.24	35.53	29.26	27.07
Dividend per share ³⁾	SEK	5.00	4.50	3.00	0.00	0.00

¹⁾ There is no dilution. ²⁾ The number of shares has been restated in accordance with IAS 33 following the rights issue that was completed in 2014.

³⁾ The figure for 2018 refers to the dividend proposed by the Board of Directors.

For definitions, see the last page of the annual report and the website, www.profilgruppen.se.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	2018	2017
Revenue	2	1,618.3	1,382.8
Cost of goods sold		-1,410.1	-1,193.9
Gross profit		208.2	188.9
Other operating income	3	0.1	3.2
Selling expenses		-53.1	-49.0
Administrative expenses		-41.2	-38.9
Other operating expenses	3	-0.3	-0.3
Operating profit	4, 5, 6	113.7	103.9
Financial income	7	0.7	0.3
Financial expenses	7	-6.8	-4.5
Net financial income/expense		-6.1	-4.2
Profit before tax		107.6	99.7
Tax	9	-24.1	-22.4
Profit or loss for the year		83.5	77.3
Other comprehensive income			
Items that will be reclassified to net earnings			
Changes in hedging reserve	15	1.6	0.6
Changes in translation reserve		0.1	0.0
Deferred tax on the above items		-0.4	-0.1
Total items that will be reclassified to net earnings		1.3	0.5
Items that will not be reclassified to net earnings			
Restatement of defined benefit obligations		0.5	-2.1
Deferred tax on the above items		-0.1	0.5
Total items that will not be reclassified to net earnings		0.4	-1.6
Comprehensive income for the period		85.2	76.2
Profit for the year attributable to:			
Parent company shareholders		80.5	73.0
Non-controlling interests		3.0	4.3
Comprehensive income attributable to:			
Parent company shareholders		82.2	71.9
Non-controlling interests		3.0	4.3
Earnings per share, SEK	16	10.88	9.86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)	Note	31 Dec 2018	31 Dec 2017
Assets			
Intangible assets	10	31.5	14.8
Property, plant and equipment	11	362.9	291.5
Financial fixed assets	12	0.2	0.2
Total non-current assets		394.6	306.5
Inventories	13	247.5	181.2
Trade receivables	14	224.7	213.7
Prepaid expenses and accrued income	18	7.4	5.5
Other receivables	19	18.0	7.3
Cash and cash equivalents	22	26.1	27.9
Total current assets		523.7	435.6
Total assets	2	918.3	742.1
Equity			
Share capital		37.0	37.0
Other paid-up capital		29.5	29.5
Reserves		-1.9	-3.2
Profit brought forward, incl. profit/loss for the year		296.8	249.2
Total equity, controlling interests		361.4	312.5
Non-controlling interests		13.0	12.1
Total equity	15	374.4	324.6
Liabilities			
Non-current interest-bearing liabilities	17, 19, 22	78.6	51.0
Provisions for pensions	4	16.3	17.0
Deferred tax liabilities	9	35.7	32.2
Total non-current liabilities		130.6	100.2
Current interest-bearing liabilities	17, 19, 22	47.4	49.7
Trade payables		228.5	138.6
Current tax liabilities		16.9	18.4
Other liabilities	19	17.4	19.7
Accrued expenses and deferred income	18	103.1	90.9
Total current liabilities		413.3	317.3
Total liabilities		543.9	417.5
Total equity and liabilities		918.3	742.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MSEK) Consolidated equity	Note 15	Share capital	Other paid-up capital	Translation reserve	Hedging reserve	Retained earnings incl. profit for the year	Non-controlling interests	Total equity	Number of shares
Opening balance 1 Jan 2017		37.0	29.5	0.2	-3.9	200.0	7.8	270.6	7,398,775
Comprehensive income									
Profit/loss for the year						73.0	4.3	77.3	
Other comprehensive income				0.0	0.5	-1.6	0.0	-1.1	
Transactions with shareholders									
Dividend						-22.2	0.0	-22.2	
Closing balance 31 Dec 2017		37.0	29.5	0.2	-3.4	249.2	12.1	324.6	7,398,775
Opening balance 1 Jan 2018		37.0	29.5	0.2	-3.4	249.2	12.1	324.6	7,398,775
Comprehensive income									
Profit or loss for the year						80.5	3.0	83.5	
Other comprehensive income				0.1	1.2	0.4	0.0	1.7	
Transactions with shareholders									
Dividend						-33.3	-2.1	-35.4	
Closing balance 31 Dec 2018		37.0	29.5	0.3	-2.2	296.8	13.0	374.4	7,398,775

CONSOLIDATED STATEMENT OF CASH FLOWS

(MSEK)	Note	2018	2017
Operating activities	22		
Operating profit		113.7	103.9
Adjustment for non-cash items		50.5	31.4
Interest received		0.7	0.3
Interest paid		-7.4	-5.3
Income tax paid		-22.5	-6.8
Cash flow from operating activities prior to change in working capital		135.0	123.5
Cash flow from changes in working capital			
Inventories		-66.3	-34.9
Operating receivables		-22.9	-57.0
Operating liabilities		84.0	53.9
Cash flow from operating activities		129.8	85.5
Investing activities			
Acquisition of intangible assets		-16.7	-4.8
Acquisition of property, plant and equipment in 2018 affected by construction of extrusion plant in the amount of MSEK 72.1 (0.0)		-103.3	-65.1
Sale of property, plant and equipment		0.1	0.2
Sale of financial fixed assets		0.0	3.8
Cash flow from investing activities		-119.9	-65.9
Financing activities			
Dividend		-35.4	-22.2
Change in drawn overdraft facility		8.4	18.8
Borrowings		34.8	26.9
Repayment of loans		-16.5	-23.0
Repayment of lease liabilities		-3.1	-4.2
Cash flow from financing activities		-11.8	-3.7
Cash flow for the year		-1.9	15.9
Cash and cash equivalents at beginning of year		27.9	11.3
Exchange rate differences in cash and cash equivalents		0.1	0.7
Cash and cash equivalents, closing balance		26.1	27.9

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	2018	2017
Revenue	2	21.8	22.0
Cost of goods sold		-3.9	-4.6
Gross profit		17.9	17.4
Administrative expenses		-3.9	-3.5
Other operating income	3	0.0	2.2
Operating profit	4, 5	14.0	16.1
Income from participations in subsidiaries		4.9	0.0
Interest income and similar income	7	0.8	0.5
Interest expense and similar charges	7	-0.3	-0.3
Profit after financial items		19.4	16.3
Appropriations	8	38.0	25.6
Profit before tax		57.4	41.9
Tax	9	-11.6	-9.4
Profit or loss for the year		45.8	32.5

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	2018	2017
Profit/loss for the year		45.8	32.5
Other comprehensive income			
Items that will be reclassified to net earnings		0.0	0.0
Items that will not be reclassified to net earnings		0.0	0.0
Comprehensive income for the year		45.8	32.5

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	31 Dec 2018	31 Dec 2017
Assets			
Property, plant and equipment	11	113.4	73.1
Financial fixed assets	21	87.9	88.0
Total non-current assets		201.3	161.1
Receivables from Group companies		112.4	97.3
Other receivables		9.7	0.0
Total current receivables		122.1	97.3
Cash and bank balances	22	0.4	0.4
Total current assets		122.5	97.7
Total assets		323.8	258.8
Equity and liabilities			
Restricted equity			
Share capital		37.0	37.0
Non-restricted equity			
Share premium reserve		29.5	29.5
Retained earnings		88.8	89.6
Profit or loss for the year		45.8	32.5
Total equity	15	201.1	188.6
Untaxed reserves	8	46.6	34.6
Deferred tax liabilities	9	3.9	3.9
Non-current interest-bearing liabilities to credit institutions	17, 19, 22	0.0	0.0
Interest-bearing liabilities to credit institutions	17, 19, 22	48.3	19.1
Non-interest bearing liabilities			
Trade payables		11.6	0.3
Other liabilities		11.1	11.3
Accrued expenses and deferred income	18	1.2	1.0
Total current liabilities		72.2	31.7
Total equity and liabilities		323.8	258.8

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(MSEK)	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
Opening equity 1 Jan 2017	37.0	29.5	111.8	178.3
Profit/loss for the year			32.5	32.5
Transactions with shareholders				
Dividend			-22.2	-22.2
Closing equity 31 Dec 2017	37.0	29.5	122.1	188.6
Opening equity 1 Jan 2018	37.0	29.5	122.1	188.6
Profit/loss for the year			45.8	45.8
Transactions with shareholders				
Dividend			-33.3	-33.3
Closing equity 31 Dec 2018	37.0	29.5	134.6	201.1
Proposed dividend for the financial year 2018			37.0	37.0

PARENT COMPANY STATEMENT OF CASH FLOWS

(MSEK)	Note	2018	2017
Operating activities	22		
Operating profit		14.0	16.1
Adjustment for non-cash items		3.3	3.2
Interest received		5.8	0.5
Interest paid		-0.3	-0.3
Income tax paid		-11.7	-5.9
Cash flow from operating activities prior to change in working capital		11.1	13.6
Cash flow from changes in working capital			
Operating receivables		-24.7	-46.1
Operating liabilities		0.8	0.3
Cash flow from operating activities		-12.8	-32.2
Investing activities			
Acquisition of property, plant and equipment		-33.2	-0.6
Sale of property, plant and equipment		0.0	1.7
Shareholders' contributions, subsidiaries		0.1	0.0
Cash flow from investing activities		-33.1	1.1
Financing activities			
Dividend		-33.3	-22.2
Group contributions		50.0	35.0
Change in drawn overdraft facility		29.2	18.8
Repayment of loans		0.0	-0.5
Cash flow from financing activities		45.9	31.1
Cash flow for the year		0.0	0.0
Cash and cash equivalents, opening balance		0.4	0.4
Cash and cash equivalents, closing balance		0.4	0.4

NOTES

1 ACCOUNTING PRINCIPLES

COMPLIANCE WITH SET STANDARDS AND LEGISLATION

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

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

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

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

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

NEW AND AMENDED STANDARDS APPLIED BY THE GROUP

The following standards are being applied by the Group for the first time for the financial year starting on 1 January 2018

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 9 with retroactive effect, but has chosen not to recalculate the comparative figures. This means that the submitted comparative figures have been recognised in accordance with the previous accounting principles.

The Group has applied IFRS 15 Revenue from Contracts with Customers from 1 January 2018. In accordance with the transitional rules in IFRS 15, the Group has applied the new rules with retroactive effect and has recalculated the submitted comparative figures.

These have not had any impact on the amounts reported in the previous financial year. Nor are they expected to have any material impact on current or future periods.

NEW AND AMENDED STANDARDS NOT YET APPLIED BY THE GROUP

IFRS 16 Leases enters into force for the financial year beginning on 1 January 2019 and has not been applied in the preparation of this financial report. Below is an assessment of effects of the transition to IFRS 16 for the Group:

The implementation of the standard will mean that almost all leases will be recognised in the lessee's balance sheet, as no distinction is drawn between operational and financial leasing agreements. Under the new standard, a fixed asset (the right to use a leased asset) and a financial liability (non-current and current) in respect of the obligation to pay leasing fees are recognised in the balance sheet. In the statement of comprehensive income, depreciation and interest expenses are recognised instead of operating lease costs, which have been recognised in full within the operating profit. IFRS 16 will affect cash flow in that lease payments affect cash flow from current operations (e.g. interest and leases for which the underlying asset has a small value and short-term leases), and cash flow from financing activities (repayment of the lease liability). However, the total net effect on the cash flow is not affected by the transition to IFRS 16.

The Group has opted to apply the simplified transition method, which means that rights of use are valued at an amount equivalent to the lease liability as at

1 January 2019. The transition to IFRS 16 will consequently not have any effect on equity for the Group. When applying the simplified transition method, the comparative figures for 2018 will not be recalculated.

The Group has opted to apply the exemption and not to recognise short-term leases and leases for which the underlying asset has a small value as part of the right of use asset and the lease liability in the balance sheet. Payments attributable to these leases will instead be recognised as a cost linearly over the leasing period. The remaining leasing commitments are essentially made up of cars, forklift trucks, machinery and premises such as offices, warehouses and factories. For these leasing commitments, the Group will report rights of use amounting to around MSEK 10 and lease liabilities (non-current and current) of around MSEK 10.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any 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 10.

Assumptions concerning pensions

To calculate pension commitments, the 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 essentially consist 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.

The purchase method is applied in accounting for the Group's business combinations (see Note 21).

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 a foreign currency

Transactions in a foreign currency are converted to the functional currency at the exchange rate on the transaction date. 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 date 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 a right of return of 0 days. Historical data is used to estimate the size of the returns at the time of sale. Since the size of the returns has been stable in recent years, it is extremely unlikely that a substantial reversal of the reported revenue will occur. The validity of this assumption and the estimated amount of returns is reassessed on each closing date.

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, 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 has applied IFRS 9 with retroactive effect, but has chosen not to recalculate the comparative figures. This means that the submitted comparative figures have been recognised in accordance with the previous accounting principles. In those cases where the principles differ, this can be seen from the section below.

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

a) Initial recognition

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

At initial recognition, financial instruments are recognised at fair value plus, for an asset or financial liability that is not recognised at fair value via the income statement, 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 via the income statement are expensed in the statement of comprehensive income.

b) Financial assets - Classification and valuation according to IFRS 9, which applies as from 1 January 2018

The Group classifies and values its financial assets in the following categories:

- financial assets valued at amortised cost
- financial assets valued at fair value via other comprehensive income
- financial assets valued at fair value via the income statement

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

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

Financial assets at amortised cost

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

Financial assets valued at fair value via other comprehensive income

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

Financial assets valued at fair value via the income statement

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

c) Financial assets - Classification and valuation according to IAS 39, which is applied to the comparative periods before 1 January 2018

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets with the exception of items with a due date more than 12 months after the end of the reporting period, which are classified as fixed assets. The Group's "loans and receivables" are made up of trade receivables, other receivables as well as cash and cash equivalents that constitute financial instruments, and are recognised after the acquisition date at amortised cost with the application of the effective interest method.

Financial assets valued at fair value via the income statement

Financial assets valued at fair value via the income statement are recognised at fair value after the acquisition date. Profits and losses arising from changes in fair value are recognised as other income and expenses in the statement of comprehensive income. Any holdings in derivatives in the form of currency futures and interest swaps that do not meet the criteria for hedge accounting, fall into this category.

d) Reversal of financial assets

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

e) Financial liabilities - Classification and valuation

Financial liabilities valued at fair value via the income statement

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

Financial liabilities valued at fair value via the statement of 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 valued at amortised cost

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

f) Reversal of financial liabilities

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

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

g) Offsetting of financial instruments

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

h) Impairment of financial assets according to IFRS 9, which applies as from 1 January 2018

Assets recognised at amortised cost

As of 1 January 2018, 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.

i) Impairment of financial assets according to IAS 39 for the comparative periods before 1 January 2018

Assets recognised at amortised cost

At the end of each reporting period, the Group assesses whether there is objective evidence that an impairment requirement exists for a financial asset or a group of financial assets. A financial asset or group of financial assets has an impairment requirement and is impaired only if there is objective evidence of an impairment requirement as a result of one or more events having occurred after the asset has been recognised for the first time (a "loss event"), and that this event (or events) has an impact on the anticipated future cash flows for the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that an impairment requirement exists includes indications that a debtor or group of debtors is having significant financial difficulties, that payments of interest or capital have been absent or delayed, that it is probable that the debtor or group of debtors will go bankrupt or enter into other financial restructuring, or that there is observable data indicating that there is a measurable reduction in anticipated future cash flows, such as changes in due debts or other economic conditions that correlate with credit losses.

For the category "Loans and receivables", the impairment is calculated as the difference between the carrying amount of the asset and the current value of anticipated future cash flows (excluding future credit losses that have not occurred), discounted to the original effective interest rate of the financial asset. The asset's carrying amount is impaired and the impairment amount is recognised in the consolidated statement of comprehensive income, in the item "Other external expenses".

If the impairment requirement is reduced in a subsequent period and the reduction can be objectively attributed to an event that occurred after the impairment was recognised (such as an improvement to the debtor's credit rating), the reversal of the previously reported impairment will be recognised in the consolidated statement of comprehensive income.

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.

Trade payables

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

DERIVATIVES AND HEDGE ACCOUNTING

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

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

Information about the fair value of various derivative instruments used for hedging purposes can be found in Note 19. Changes in the hedging reserve in equity are shown in Note 15. The entire fair value of a derivative that constitutes

a hedging instrument is classified as a fixed asset or a non-current liability when the hedged item's remaining term is longer than 12 months, and as a current asset or current liability when the hedged item's remaining term is less than 12 months. Derivative instruments held for trading are always classified as current assets or current liabilities.

Transaction exposure – cash flow hedges

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

Hedging of the Group's fixed interest – cash flow hedges

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

Inefficiencies in hedge accounting

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

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

Inefficiencies from hedging relationships with interest rate swaps are evaluated according to the same principles as when hedging future currency purchases. Inefficiencies can occur due to:

- CVA/DVA adjustment of the interest rate swap not included in the loan,
- Differences between critical conditions between the interest rate swap and the loan

PROPERTY, PLANT AND EQUIPMENT

Owned assets

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 a tangible fixed asset is removed from the statement of financial position when this is scrapped or sold off, or when no future financial advantages are expected from the use of or scrapping/selling the asset. Any gain or loss arising from the sale or scrapping of an asset comprises the difference between the sale price and the asset's carrying amount less direct selling expenses. Gains and losses are reported as other operating revenue/expense.

Leased assets

Leases where the Group assumes or transfers all essential risks and benefits associated with a fixed asset are classified as finance leases. When the Group is the lessee the asset is capitalised and a corresponding interest-bearing current or non-current liability is recognised in the statement of financial position. The capitalised value is subject to planned depreciation/amortisation in the same way as purchased assets.

Leasing of assets where the Group does not assume all essential risks and benefits is classified as an operating lease and is not capitalised, rather the lease payments are recognised as a current expense.

Depreciation methods

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

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

INTANGIBLE ASSETS

Goodwill

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

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

INVENTORIES

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

Reversal of impairment

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

EMPLOYEE BENEFITS

Defined contribution pension schemes

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 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.

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 participations 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 (guarantees)

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.

Presentation methods

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

Property, plant and equipment

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

Operational leasing

All leases are recognised as operating leases.

Participations in subsidiaries

Participations in subsidiaries are reported at cost less deductions for any

impairments. The cost value includes acquisition-related costs and any additional purchase sums.

When there is an indication that participations 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 participations in Group companies".

Financial instruments

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

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

Dividends

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

Taxes

The parent company reports untaxed reserves including deferred tax liability.

Group contributions and shareholders' contributions for legal entities

The parent company reports Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board and applies its 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 (for investments and depreciation/amortisation) and Note 22 (for cash flow effects).

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.

External sales by market	2018	2017
Sweden	837.0	761.1
Germany	278.6	240.0
Other exports	502.7	381.7
	1,618.3	1,382.8

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

One customer accounted for 13 per cent (11) of total revenues in 2018.

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	
	2018	2017	2018	2017
Other operating income				
Profit on sale of non-current assets	0.1	3.2	0.0	2.2
Other operating expenses				
Loss on sale and scrapping of non-current asset	0.3	0.3	0.0	0.0

4 EMPLOYEES AND PERSONNEL COSTS

	2018		2017	
Average number of employees	Total	Men	Total	Men
The parent company	0	0	0	0
Group companies in Sweden	457	328	440	315
Group companies outside Sweden				
Norway, sales company	1	1	1	1
Germany, sales company	1	1	1	1
	2	2	2	2
Group, total	459	330	442	317

Gender distribution of the Board and management

During the year, the Board of ProfilGruppen AB (the parent company) consisted of 71 per cent (71) men. The Group's management team (including CEO) consisted of 71 per cent (67) men. The Group's other boards and management teams consisted of 71 per cent (71) men.

Salaries, other remuneration and payroll overheads

	2018		2017	
	Salaries and other remuneration	Payroll overheads (of which pension expenses)	Salaries and other remuneration	Payroll overheads (of which pension expenses)
Parent company	1.0	0.2 (0.0)	1.0	0.2 (0.0)
Group companies	198.5	85.7 (21.0)	189.1	77.8 (20.2)
Total, Group	199.5	85.9 (21.0)¹⁾	190.1	78.0 (20.2)¹⁾

1) Of which MSEK 1.4 (1.0) relates to the Board and CEO in the Group's different companies.

Salaries and other remuneration, divided between Board, CEO and other employees	2018		2017	
	Board and CEO	Other employees	Board of Directors and CEO	Other employees
Parent company	1.0	0.0	1.0	0.0
Group companies in Sweden	2.4	194.1	2.0	185.1
Group companies outside Sweden				
Norway, sales company	0.0	0.9	0.0	0.9
Germany, sales company	0.0	1.1	0.0	1.1
	0.0	2.0	0.0	2.0
Total, Group	3.4	196.1	3.0	187.1

Profit sharing

In 2018, 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 2018 was MSEK 4,032 (4,179) including social security contributions.

Pensions

	Group		Parent company	
Cost of defined contribution plans recognised in income statement	2018	2017	2018	2017
as cost of goods sold	9.1	7.2	0.0	0.0
as selling expenses	5.7	4.2	0.0	0.0
as administrative expenses	5.8	3.5	0.0	0.0
	20.6	14.9	0.0	0.0

Defined benefit pension schemes

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 2018, the company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP2 pension plan that is secured through an insurance policy with Alecta is therefore accounted for as a defined contribution pension. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting period for ITP2 insurance policies with Alecta are MSEK 3.8 (2.3) 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 2018, Alecta's surplus in the form of the collective funding ratio amounted to 159 per cent (154).

There are other defined benefit pension schemes 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 scheme. The parent company does not have any defined benefit plans.

Fully or partially funded obligations	Group				
	2018	2017	2016	2015	2014
Obligation balance 1 January	18.8	19.7	19.1	23.4	25.9
Correction, payroll tax	-0.1	-2.3	0.0	0.0	0.0
Cost for pensions earned during the year	0.1	0.1	0.1	0.1	0.1
Interest expense	0.4	0.4	0.6	0.4	0.9
Payments	-0.5	-0.6	-0.7	-3.8	-1.8
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	-0.5	1.6	0.4	-0.9	-1.7
Translation differences	0.0	-0.1	0.2	-0.1	0.0
Obligation balance 31 December of which unrecognised actuarial losses	18.2	18.8	19.7	19.1	23.4
Plan assets balance 1 January	1.8	1.9	1.7	2.1	6.0
Expected return on plan assets	0.0	0.0	0.1	0.1	0.2
Costs	0.0	0.0	0.0	0.0	0.0
Incoming payments	0.1	0.0	0.1	-0.3	-0.2
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Actuarial gains/losses recognised through other comprehensive income	0.0	0.0	-0.1	0.0	-3.9
Translation differences	0.0	-0.1	0.1	-0.2	0.0
Plan assets balance 31 December	1.9	1.8	1.9	1.7	2.1
Net debt recognised in the balance sheet relating to defined benefit pension plans	16.3	17.0	17.8	17.4	21.3
Cost recognised in profit or loss	0.4	0.5	0.7	0.5	0.8
of which selling expenses	0.1	0.1	0.1	0.2	0.2
of which administrative expenses	0.0	0.0	0.0	0.0	0.0
of which financial expenses	0.3	0.4	0.6	0.3	0.6
Cost recognised in other comprehensive income	-0.4	1.6	0.4	-0.8	2.3
of which caused by experience-based adjustments	-0.5	-0.4	-1.1	0.3	0.1
of which caused by changed assumptions	0.1	2.0	1.5	-1.1	2.2

Sensitivity analysis for estimated net debt at balance sheet date

Change in obligation for discount rate -0.5 percentage points	1.5
Change in obligation for discount rate +0.5 percentage points	-1.4
Change in obligation for inflation assumption -0.5 percentage points	-1.3
Change in obligation for inflation assumption +0.5 percentage points	1.4
Change in obligation for duration assumption -1 year	-0.8
Change in obligation for duration assumption +1 year	0.9

The most important actuarial assumptions as of the closing day

	Sweden		Norway	
	2018	2017	2018	2017
Discount rate	2.2%	2.2%	2.6%	2.3%
Long-term inflation assumption	2.0%	1.9%	-	-
Expected return on plan assets	-	-	2.6%	2.3%
Future salary increases	-	-	2.8%	2.5%
Future increases in pensions	2.0%	1.9%	2.5%	2.3%
Staff turnover	-	-	0.0	0.0
Expected remaining employment period	0 years	0 years	5.0 years	6.0 years
Average remaining term of the obligation	15 years	15 years	25 years	25 years
Average life expectancy, women	89 years	89 years	89 years	89 years
Average life expectancy, men	87 years	87 years	86 years	86 years

The discount rate for the Norwegian plan is based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, 25 years. For the Swedish plan, the discount rate has been based on the market yield on mortgage bonds with a maturity corresponding to the average remaining term of the obligation, in this case 15 years.

Plan assets only exist in the Norwegian scheme and consist chiefly of interest-bearing securities, which account for 77 per cent (78). Other assets are shares 13 per cent (11), real estate 9 per cent (10) and other 1 per cent (1).

The actual return on plan assets in the Norwegian plan in 2018 is not known (2017: not known).

Our best estimate of payments to defined benefit pension plans in 2018 is MSEK 0.8.

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, which was revised in February 2019.

The 2018 Annual General Meeting adopted a set of guidelines for the CEO and other members of management, a group comprising six persons at the time of the AGM. The decision encompasses guidelines 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 results 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 fixed 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 generally terminable on six months' notice by either party. The Board may depart from the guidelines if there are special reasons in an individual case.

The guidelines which the Board intends to propose to the 2019 AGM are presented in the Directors' Report.

Directors' fees and other remuneration to senior executives, kSEK

	2018	2017
Kåre Wetterberg	365	365
Monica Bellgran	150	150
Mats Egeholm	150	150
Bengt Stillström	150	150
Thomas Widstrand	150	150
Employee representatives	-	-
Total fees	965	965

During the year, the CEO of ProfilGruppen AB has received kSEK 2,896 (2,340) in fixed and variable remuneration, including benefits.

Other senior executives, totalling six people (five), have received kSEK 7,349 (6,531) 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 a total of kSEK 639 (six persons, kSEK 1,691), of which kSEK 177 (450) was paid to the CEO. The previous year's remuneration was paid during the year.

The current CEO's employment contract is terminable on six months' notice by the CEO and on twelve months' notice by the company. One other senior executive has a contract terminable on twelve months' notice by the company. Other senior executives' contracts are terminable on six months' notice.

Pension benefits and pension agreements for senior executives

For the CEO a defined benefit pension provision of 30 per cent of his total salary has been made. The annual pension costs for the CEO amounted to kSEK 783 (637), excluding special payroll tax of kSEK 190 (155). There are no agreements for early retirement.

Other senior executives during the year, six people (five), are covered by the pension plan for salaried employees in Sweden (ITP). The annual pension costs for these people amounted to kSEK 1,601 (1,079), excluding special payroll tax of kSEK 388 (262). 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	
	2018	2017	2018	2017
Ernst & Young AB				
Audit engagement	0.7	0.6	0.0	0.0
Other engagements	0.0	0.2	0.0	0.0
Other auditors				
Audit engagement	0.1	0.1	-	-

6 OPERATING EXPENSES BY TYPE OF COST

	Group	
	2018	2017
Raw materials	722.8	573.4
Personnel costs	285.4	268.1
External machining services	215.8	138.1
Depreciation/amortisation	49.2	37.2
Impairment of property, plant and equipment and intangible assets	0.0	0.0
Other operating expenses	231.5	265.3
	1,504.7	1,282.1

Other operating expenses include lease payments for the Group of MSEK 6.8 (5.5). The total sum of future non-redeemable lease payments amounts to MSEK 13.5, of which MSEK 5.6 is due within one year. The remaining MSEK 7.9 falls due in one to five years. Lease costs comprise operating lease contracts concerning IT equipment and means of transport as well as leases for premises. The parent company is not a lessee.

The cost of developing products and the business amounts to MSEK 8.1 (7.9) 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 FINANCIAL ITEMS

	Group	
	2018	2017
Interest income	0.7	0.3
Financial income	0.7	0.3
Interest portion of pension expenses for the year	0.3	0.3
Interest expenses, other	4.1	3.4
Other expenses	2.4	0.8
Financial expenses	6.8	4.5

	Parent company	
	2018	2017
Interest income, Group companies	0.8	0.5
Financial income	0.8	0.5
Interest expenses, Group companies	0.3	0.3
Interest expenses, other	0.0	0.0
Financial expenses	0.3	0.3

8 APPROPRIATIONS AND UNTAXED RESERVES

Parent company	Appropriations		Untaxed reserves	
	2018	2017	2018	2017
Accumulated accelerated depreciation Allocated (+)/dissolved (-)				
buildings	0.0	-0.1	0.0	0.0
equipment	0.1	-0.1	1.6	1.5
	0.1	-0.2	1.6	1.5
Tax allocation reserves Allocated (+) / dissolved (-) per tax year				
2011	0.0	-4.2	0.0	0.0
2012	-5.8	0.0	0.0	5.8
2015	0.0	0.0	3.2	3.2
2016	0.0	0.0	10.3	10.3
2017	0.0	13.8	13.8	13.8
2018	17.7	0.0	17.7	0.0
	11.9	9.6	45.0	33.1
Group contribution received	-50.0	-35.0	-	-
	-38.0	-25.6	46.6	34.6

9 TAXES

Reported tax expense	Group		Parent company	
	2018	2017	2018	2017
Current tax	21.0	17.9	11.7	9.1
Deferred tax related to temporary differences	3.1	4.5	-0.1	0.3
Total reported tax expense	24.1	22.4	11.6	9.4

Reconciliation effective tax, per cent	Group		Parent company	
	2018	2017	2018	2017
Tax at applicable tax rate for the parent company	22	22	22	22
Dividends, subsidiaries	0	0	-2	0
Reported effective tax	22	22	20	22

Change in reported deferred tax liability	1 Jan 2018	Recognised in profit or loss	Recognised in comprehensive income	31 Dec 2018
Group				
Property, plant and equipment	22.8	0.8	0.0	23.6
Pension provisions	-1.3	0.0	0.2	-1.1
Tax allocation reserves	12.0	2.3	0.0	14.3
Items recognised in hedging reserve	-0.9	0.0	0.3	-0.6
Other	-0.4	-0.1	0.0	-0.5
	32.2	3.0	0.5	35.7
Parent company				
Property, plant and equipment	3.9	0.0	0.0	3.9
	3.9	0.0	0.0	3.9

	1 Jan 2017	Recognised in profit or loss	Recognised in comprehensive income	31 Dec 2017
Group				
Property, plant and equipment	21.7	1.1	0.0	22.8
Pension provisions	-0.9	-0.1	-0.3	-1.3
Tax allocation reserves	8.6	3.4	0.0	12.0
Items recognised in hedging reserve	-1.0	0.0	0.1	-0.9
Other	-0.4	0.1	0.0	-0.4
	28.0	4.5	-0.2	32.2
Parent company				
Property, plant and equipment	3.6	0.3	0.0	3.9
	3.6	0.3	0.0	3.9

10 INTANGIBLE ASSETS

Goodwill	Group	
	2018	2017
Accumulated cost		
At beginning of year	12.8	12.8
At end of year	12.8	12.8
Acc. write-downs		
At beginning of year	2.8	2.8
At end of year	2.8	2.8
Other intangible assets		
Accumulated cost		
At beginning of year	4.8	0.0
New acquisitions	16.7	4.8
At end of year	21.5	4.8
Carrying amount at end of year	31.5	14.8

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 the 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 three 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 11.19 per cent before tax (11.63), 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.

11 PROPERTY, PLANT AND EQUIPMENT

	Group		Parent company	
	2018	2017	2018	2017
Land and buildings				
<i>Accumulated cost</i>				
At beginning of year	157.8	157.6	123.4	126.2
New acquisitions	41.6	0.2	41.6	0.2
Disposals and scrapping	0.0	0.0	0.0	-3.0
At end of year	199.4	157.8	165.0	123.4
<i>Acc. depreciation and impairment</i>				
Opening balance	69.6	65.8	49.1	47.4
Disposals and scrapping	0.0	0.0	0.0	-1.3
Scheduled depreciation for the year	3.8	3.8	3.0	3.0
At end of year	73.4	69.6	52.1	49.1
<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
At end of year	2.7	2.7	2.7	2.7
Carrying amount at end of year	123.3	85.5	110.2	71.6
of which buildings	109.5	79.3	97.1	65.8
land	4.4	2.7	3.9	2.3
land improvements	9.4	3.5	9.3	3.5

	Group		Parent company	
	2018	2017	2018	2017
Machinery and equipment				
<i>Accumulated cost</i>				
At beginning of year	597.5	552.5	5.0	4.9
New acquisitions	20.7	39.9	0.7	0.1
Reclassifications	41.7	10.1	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Disposals and scrapping	-0.5	-5.0	0.0	0.0
At end of year	659.4	597.5	5.7	5.0
<i>Acc. scheduled depreciation</i>				
At beginning of year	419.2	390.5	3.5	3.3
Disposals and scrapping	-0.3	-4.7	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0
Scheduled depreciation for the year	45.5	33.4	0.1	0.2
At end of year	464.4	419.2	3.6	3.5
<i>Acc. impairment</i>				
At beginning of year	14.0	14.0	0.0	0.0
Impairment losses for the year	0.0	0.0	0.0	0.0
At end of year	14.0	14.0	0.0	0.0
Carrying amount at end of year	181.0	164.3	2.1	1.5

The Group possesses machinery held through finance leases with a carrying amount of MSEK 7.7 (9.6).

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.

The cost of the non-current assets that are fully depreciated but are still used in the business is MSEK 290.5 (282.9). At 31 December 2018, ProfilGruppen had contractual obligations to acquire property, plant and equipment of MSEK 183.7 (4.9).

	Group		Parent company	
	2018	2017	2018	2017
Construction in progress and advances relating to property, plant and equipment				
At beginning of year	41.7	31.4	0.0	0.0
Reclassifications	-41.7	-10.1	0.0	0.0
New acquisitions	58.6	20.4	1.1	0.0
Carrying amount at end of year	58.6	41.7	1.1	0.0
Total carrying amount, property, plant and equipment	362.9	291.5	113.4	73.1

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

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

	Group		Parent company	
	2018	2017	2018	2017
Depreciation by function				
Cost of goods sold	49.2	37.1	3.1	3.2
Selling expenses	0.0	0.0	0.0	0.0
Administrative expenses	0.1	0.1	0.0	0.0
	49.3	37.2	3.1	3.2

12 FINANCIAL FIXED ASSETS

This item consists of shares in outside companies. The holding is unlisted.

13 INVENTORIES

	Group	
	2018	2017
Raw materials and consumables	99.1	64.7
Work in progress	97.7	84.0
Finished products and goods for resale	50.7	32.5
	247.5	181.2

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

14 TRADE RECEIVABLES

	Group	
	2018	2017
Trade receivables	224.7	213.7
Provision for expected credit losses/doubtful debts*	0.0	0.0
	224.7	213.7

* Calculation of expected credit losses in accordance with IFRS 9 has been applied from 1 January 2018 while the provision for doubtful debts has been calculated in accordance with IAS 39 for the comparative period.

Trade receivables are recognised on a net basis following deductions for doubtful debts at 31 December 2017. Doubtful debts are assessed individually and provisions of MSEK 0.0 were made in 2017 for expected bad debts.

Actual bad debts amounted to MSEK 0.0 at 31 December 2017 and arose in connection with insolvency affecting customers.

For other information on customer credits, see Note 19.

15 EQUITY

	2018	2017
Translation reserve		
Translation reserve, opening balance	0.2	0.2
Translation differences for the year	0.1	0.0
Translation reserve, closing balance	0.3	0.2

Share capital and votes

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

First refusal and conversion

There is no pre-emption clause in the articles of association.

Other paid-up capital

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

Translation reserve

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

Hedging reserve

The hedging reserve contains the effective share of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred, see table in Note 19 under Derivatives.

Own shares and repurchases

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

Dividend

After the closing day, the Board has proposed a dividend for the 2018 financial year of SEK 5.00 per share, equivalent to MSEK 37.0. The calculated average number of shares in 2018 is 7,398,775 (7,398,775). The dividend is subject to approval by the Annual General Meeting on 16 April 2019. During the year, MSEK 33.3 in dividends were paid to the shareholders.

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

Dividend to shareholders SEK 5.00 * 7,398,775 shares	SEK 36,993,875
To be carried forward	SEK 127,085,394
Total profits according to balance sheet	SEK 164,079,269

Parent company

Restricted funds

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

Non-restricted equity

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

16 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 80.5 (73.0) and a weighted average number of shares in 2018 amounting to 7,398,775 (7,398,775), which is calculated in accordance with IAS 33. There is no dilution.

17 INTEREST-BEARING LIABILITIES

	Group			
	Non-current		Current	
	2018	2017	2018	2017
Interest-bearing liabilities				
Bank loans	78.6	50.4	17.4	27.2
Overdraft facilities	-	-	28.8	18.8
Finance lease liabilities	0.0	0.6	1.2	3.7
	78.6	51.0	47.4	49.7

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

That portion of the bank loans which is payable within twelve months from the balance sheet date is classified as current. The lender agreement contains key performance indicators that the company must meet, see Note 19. Of total long-term interest-bearing liabilities, MSEK 30.8 (0.0) was raised in EUR.

Finance lease liabilities, due dates	Group	
	2018	2017
Within one year	1.2	3.7
Between one and five years	0.0	0.6
More than five years	0.0	0.0
	1.2	4.3

The Group's finance lease payments amounted to MSEK 3.0 (4.4) during the year.

18 PREPAID AND ACCRUED INCOME AND EXPENSES

Prepaid expenses and accrued income	Group		Parent company	
	2018	2017	2018	2017
Prepaid salaries	1.1	1.0	0.0	0.0
Other prepaid expenses	6.3	4.5	0.0	0.0
	7.4	5.5	0.0	0.0

Accrued expenses and deferred income	Group		Parent company	
	2018	2017	2018	2017
Holiday pay and other personnel expenses	60.6	60.0	0.1	0.0
Accrued Directors' fees	0.6	0.7	0.6	0.6
Deferred income	0.9	22.6	0.0	0.0
Other accrued expenses	41.0	7.6	0.5	0.3
	103.1	90.9	1.2	0.9

19 FINANCIAL INSTRUMENTS

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

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

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

Derivatives

Derivatives are used only for financial hedging purposes and not as speculative investments. The Group uses two types of derivatives to hedge cash flows: interest rate swaps and foreign exchange forwards.

In the consolidated statement of financial position, interest rate swaps have been recognised as other current liabilities in the amount of MSEK 1.3 (2.2) while foreign exchange forwards have been recognised as current assets in the amount of MSEK 1.2 (0.4) and as other current liabilities in the amount of MSEK 2.8 (2.6). There is no ineffectiveness related to interest rate swaps or foreign exchange forwards either for 2017 or 2018.

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

	Group	
Interest rate swap contracts	2018	2017
Carrying amount (liability)	1.3	2.2
Nominal amount	40.0	40.0
Maturity date	30 Apr 2020	30 Apr 2020
Hedge ratio	88%	100%
Change in value of outstanding derivatives since 1 January	-0.9	-1.0
Change in value of hedged item to determine effectiveness	-0.9	-1.0
Foreign exchange forwards		
Carrying amount (asset)	1.2	0.4
Carrying amount (liability)	2.8	2.6
Nominal amount, EUR	179.9	157.5
Nominal amount, DKK	17.9	13.8
Nominal amount, NOK	9.8	1.5
Maturity (last maturity date of concluded forward contracts)	21 Sep 2020	31 Dec 2018
Hedge ratio for 12 months from 31 Dec 2018, EUR	78%	78%
Hedge ratio for 12 months from 31 Dec 2018, DKK	60%	77%
Hedge ratio for 12 months from 31 Dec 2018, NOK	55%	50%
Change in value of outstanding derivatives since Jan 1.	0.8	-0.3
Change in value of hedged item to determine effectiveness	0.8	-0.3
Weighted average of forward rates for the year (including forward points) EUR	10.01	9.68
Weighted average of forward rates for the year (including forward points) DKK	1.40	1.28
Weighted average of forward rates for the year (including forward points), NOK	1.07	1.01

	Foreign exchange forwards	Interest rate swaps	Total
Hedging reserve			
Hedging reserve, opening balance 1 Jan 2017	-1.4	-2.5	-3.9
Plus: change in fair value hedging instruments recognised in OCI	-2.2	0.8	-1.4
Plus: deferred tax	-0.4	-0.5	-0.9
Less reclassified to income	1.8	0.0	1.8
Less deferred tax	0.5	0.5	1.0
Hedging reserve, closing balance 31 Dec 2017	-1.7	-1.7	-3.4
Hedging reserve, opening balance 1 Jan 2018	-1.7	-1.7	-3.4
Plus: change in fair value hedging instruments recognised in OCI	-1.9	1.0	-0.9
Plus: deferred tax	-0.4	-0.2	-0.6
Less reclassified to income	2.1		2.1
Less deferred tax	0.4	0.2	0.6
Hedging reserve, closing balance 31 Dec 2018	-1.5	-0.7	-2.2

Currency risks

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

Under ProfilGruppen's currency policy, 50-70 per cent of the expected net inflow in each currency over the next six to eighteen months should be hedged. Management has a mandate to hedge up to 100 per cent for periods of up to 24 months. Hedge accounting is used for the foreign exchange forwards, and during the year, no (no) amounts for ineffective hedges have been recognised in the income statement. The effects of the forward contracts in the income statement can be found on the revenue line, MSEK -7.6 (-3.3), and the financial expenses line, MSEK 0.0 (0.0). Foreign exchange forwards are presented above under Derivatives.

Receivables in a foreign currency amounted as of 31 December to MSEK 47.7 (49.7) and liabilities in a foreign currency to MSEK 66.5 (22.1). Of the liabilities in foreign currency, MSEK 30.8 (0) is interest-bearing, see Note 17.

To finance investments in machinery for our new press, a loan of MEUR 13.5 will gradually be raised. At year-end, the investment totalled MEUR 3.9 and the loan MEUR 3.0. The euro loan creates a currency exposure that the company does not normally have, which could have an impact on earnings. For 2018, the impact was marginal.

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%	+/- 15	+/- 12
DKK Change +/- 10%	+/- 2	+/- 2
NOK Change +/- 10%	+/- 2	+/- 1

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will have a negative impact on ProfilGruppen's earnings. To minimise this risk, the Group borrows at fixed rates and enters into interest rate swaps. 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. During reporting, hedge accounting is applied when there is an effective link between a hedged loan and an interest rate swap. Interest rates for 91 per cent of all non-current interest-bearing liabilities are hedged in one of the ways described above for the periods and levels specified in the following table.

Fixed rate until	Non-current interest-bearing liabilities, MSEK	Interest rate incl. margin (%)
2020	38.1	4.0
2022	33.1	3.0

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

If interest rates in 2019 were to rise by one percentage point, this would increase the interest expense by MSEK 0.5 on a full-year basis.

The swaps have the effect that ProfilGruppen receives variable interest and pays fixed interest. The Group has classified the interest rate swaps as hedging instruments in a cash flow hedge of future interest payments. ProfilGruppen measures the effectiveness of the hedge relationship at each reporting date. The interest rate swap and the loan have the same currency, base rate (STIBOR 3M) and interest rate fixing date, and the loan volume is not less than the nominal value of the interest rate swap, which means that there is a strong financial relationship between the loan and the interest rate swap.

Market risks

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

Raw material purchases for periods longer than six months are based on contracts with customers. 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 (0) of the Group's annual sales are insured under a credit insurance policy. Decisions on exceptions from the credit insurance policy are made annually by the CFO and CEO.

Maximum exposure to credit risks as of 31 December 2018 amounts to MSEK 239.6 (218.9). The largest individual receivable amounts to 9 per cent (8) of the total credit risk. The distribution of the credit risk is shown in the following table.

Concentration of credit risk at 31 Dec 2018	Number of customers	Percentage of number of customers
Exposure < MSEK 1.0	416	88%
Exposure MSEK 1.0-5.0	50	11%
Exposure > MSEK 5	6	1%
	472	100%

31 Dec 2018	Not past due	1-30 days past due	30+ days past due	Total
Expected credit loss	0.0	0.0	0.0	0.0
Value of gross trade receivables	220.0	2.5	2.2	224.7
Provision for losses	0.0	0.0	0.0	0.0

Liquidity risks

No significant liquidity risks are included in the company's financial instruments. Due dates for interest-bearing liabilities are presented in Note 17. In addition to the Group's cash and cash equivalents, on the closing date there were unutilised credit facilities to a value of MSEK 340.3 (112.2).

The agreement with lenders contains key performance indicators that the company is required to meet. These had been met at 31 December 2018.

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 mths	3-12 mths	1-5 yrs	> 5 yrs
Interest-bearing liabilities	28.8	5.9	14.6	50.2	37.9
Other liabilities	24.0	222.7	8.4	0.0	0.0
Derivatives	0.0	1.3	1.5	1.2	0.0
Total at 31 Dec 2018	52.8	229.9	24.5	51.4	37.9
Interest-bearing liabilities	18.8	8.6	24.5	45.5	10.5
Other liabilities	32.0	181.8	8.0	0.0	0.0
Derivatives	0.0	0.2	2.1	2.6	0.0
Total at 31 Dec 2017	50.8	190.6	34.6	48.1	10.5

Carrying amount and fair value of financial instruments

Classification according to IFRS 9 has been applied from 1 January 2018 while classification according to IAS 39 has been applied for the comparative periods.

Class	Group		Fair value		Category
	2018	2017	2018	2017	
Financial assets	0.2	0.2	0.2	0.2	Financial assets at amortised cost
Trade receivables	224.7	213.7	224.7	213.7	Financial assets at amortised cost
Accrued income	0.0	0.0	0.0	0.0	Financial assets at amortised cost
Other receivables	18.0	7.3	18.0	7.3	Financial assets at amortised cost
of which forward contracts	1.2	0.4	1.2	0.4	Derivatives designated as hedging instruments
Cash and cash equivalents	26.1	27.9	26.1	27.9	Financial assets at amortised cost
Interest-bearing liabilities	126.0	100.7	130.4	104.5	Financial liabilities at amortised cost
Trade payables	228.5	138.6	228.5	138.6	Financial liabilities at amortised cost
Accrued expenses	102.2	68.3	102.2	68.3	Financial liabilities at amortised cost
Other liabilities	17.4	19.7	17.4	19.7	Financial liabilities at amortised cost
of which forwards	2.8	2.6	2.8	2.6	Derivatives designated as hedging instruments
interest rate swaps	1.2	2.2	1.2	2.2	Derivatives designated as hedging instruments

Classification according to IFRS 9:

Financial assets at amortised cost
Derivatives designated as hedging instruments
Financial liabilities at amortised cost

Correspond to the following IAS 39 categories in the comparative year:

Loans and receivables
Derivatives designated as hedging instruments
Other financial liabilities

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

Forward contracts have been measured at observable market prices for currencies at the balance sheet date, i.e. in accordance with Level 2 under IFRS 13. Valuation models or techniques for discounted cash flows are used to determine the rate for interest rate swaps. The discount rate used is a market-based rate for similar instruments on the closing date. The value thus agrees with Level 2 under IFRS 13.

Capital administration

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

The net debt/equity ratio is defined as interest-bearing liabilities and provisions less cash and cash equivalents in relation to equity. The net debt/equity ratio at the end of the year was 0.31 (0.28).

	Group	
	2018	2017
Interest-bearing liabilities	126.0	100.7
Interest-bearing provisions	16.3	17.0
Cash and cash equivalents	-26.1	-27.9
Total net debt	116.2	89.8
Equity	372.1	324.6
Reserves in equity	1.9	3.2
Equity to manage	374.0	327.8
Total capital to manage	490.2	417.6
Net debt/equity ratio	0.31	0.28

20 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	2018	2017	2018	2017
Pledged assets for Group companies' liabilities to credit institutions				
Property mortgages	82.9	82.9	76.7	76.7
Floating charges	241.5	241.5	0.0	0.0
Shares in subsidiaries	174.8	153.6	73.8	73.9
Contingent liabilities				
Guarantees for Group companies	-	-	36.7	38.2
Guarantees for other companies	0.0	0.0	0.0	0.0
Guarantee commitments FPG/PRI	0.2	0.2	0.0	0.0

21 PARTICIPATIONS IN GROUP COMPANIES

Company	Corp. ID no.	Number of shares	Share, per cent	Equity including portion of untaxed reserves ¹	Carrying amount ²
Subsidiary					
Bergströms Utveckling AB	556568-6440	0	0	0.0	0.0 (0.1)
PG&WIP AB	556248-8949	1,000	70	30.3	14.1 (14.1)
ProfilGruppen Extrusions AB	556206-5119	940,000	100	159.9	73.7 (73.7)
ProfilGruppen Manufacturing AB	556262-3990	1,000	100	2.2	0.1 (0.1)
					87.9 (88.0)

Subsidiary of

ProfilGruppen Extrusions AB

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

¹ Represents that portion of equity over which the Group has a controlling interest.

² The value for the previous year is stated in parentheses.

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

During the year, the dormant company Bergströms Utveckling AB was divested.

Non-controlling interests in PG&WIP AB

	2018	2017
Non-current assets	22.1	26.2
Current assets	24.2	16.8
Equity	13.0	12.1
Non-current liabilities	8.5	10.8
Current liabilities	24.8	20.2
Revenue	65.2	47.0
Earnings	3.0	4.3
Comprehensive income	3.0	4.3

	Group		Parent company	
	2018	2017	2018	2017
Interest-bearing liabilities				
Opening balance	100.7	82.1	19.1	0.8
Borrowings	34.8	26.9	0.0	0.0
Repayments	-19.6	-27.1	0.0	-0.5
Exchange rate gains (-)/-losses (+)	-1.7	0.0	0.0	0.0
Change in overdraft facility	11.8	18.8	29.2	18.8
At the end of the year	126.0	100.7	48.3	19.1

22 STATEMENT OF CASH FLOWS

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

	Group		Parent company	
	2018	2017	2018	2017
Adjustment for non-cash items				
Depreciation, amortisation and impairment of assets	49.3	37.2	3.1	3.1
Capital gain/loss on sale of non-current assets	-0.1	-2.9	0.0	0.0
Unrealised exchange rate differences	1.3	-0.7	0.0	0.0
Provisions for pensions	-0.3	-2.3	0.0	0.0
Other profit/loss items not affecting liquidity	0.3	0.1	0.2	0.1
	50.5	31.4	3.3	3.2
Investments in non-current assets				
Capitalised in the balance sheet	137.7	65.3	43.4	0.3
<i>of which related to new extrusion facility</i>	<i>86.6</i>	<i>0.0</i>	<i>22.6</i>	<i>0.0</i>
Acquired through finance leases	0.0	-0.1	0.0	0.0
Unpaid	-22.9	-5.2	-10.4	-0.3
<i>of which related to new extrusion facility</i>	<i>-14.5</i>	<i>0.0</i>	<i>-3.0</i>	<i>0.0</i>
Investments from previous year, paid this year	5.2	9.9	0.2	0.6
	120.0	69.9	33.2	0.6
Exchange rate differences in cash and cash equivalents				
Exchange rate gains (+)/-losses (-) in opening cash and cash equivalents	0.1	0.4	0.0	0.0
Exchange rate gains (+)/-losses (-) in change in cash and cash equivalents	0.0	0.3	0.0	0.0
	0.1	0.7	0.0	0.0

23 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The parent company has related party relationships which involve control over its subsidiaries, see Note 21. For information on liabilities to and receivables from subsidiaries, see the parent company balance sheet. The parent company's revenue comprises revenues for services and rents from subsidiaries. These rents are determined based on market terms.

Of the total votes of ProfilGruppen AB, the Board members Bengt Stillström and Mats Egeholm control 28.4 per cent (28.4) and 10.5 per cent (10.5), respectively. The other Board members together control 0.0 per cent (0.0) of the votes. Senior executives control a total of 0.2 per cent (0.1) of the votes 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.

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 de-

velopment 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 FEBRUARY 28, 2019

Kåre Wetterberg
Chairman of the Board

Per Thorsell
CEO

Magnus Gabrielsson
Board member
Employee representative

Richard Nylin
Board member
Employee representative

Mats Egeholm
Board member

Monica Bellgran
Board member

Bengt Stillström
Board member

Thomas Widstrand
Board member

Our auditor's report was submitted on March 5, 2019
Ernst & Young AB

Franz Lindström, Authorised Public Accountant

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 2018. The annual accounts and consolidated accounts of the company are included on pages 10-31 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 2018 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 2018 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.

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.

Inventory valuation

Description

Inventories amount to 247,5 MSEK and represent a significant share of the Group's total assets. Inventories consist of both raw materials, products in progress and finished products. As shown in Note 1 in the annual report,

inventories are valued at the lowest of historical cost and net realizable value. Inventory valuation is based on manually prepared calculations, in which there are elements of assessments by management that may affect the valuation significantly. There is also a risk of inventory obsolescence due to price sensitivity in both raw materials and finished products, which requires assessments when determining the obsolescence allowance. The inventory valuation thus includes key estimates and assessments made by the company, see note 1. Overall, this means that inventories have been a key audit matter of the audit.

How our audit addressed this key audit matter

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-9. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ProfilGruppen AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Ernst & Young AB, Box 854, 391 28 Kalmar, was appointed auditor of ProfilGruppen AB by the general meeting of the shareholders on the 17 April 2018 and has been the company's auditor since the 31 March 2007.

KALMAR 5 March 2019
Ernst & Young AB

Franz Lindström, Authorized Public Accountant

CORPORATE GOVERNANCE REPORT FOR PROFILGRUPPEN 2018

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

DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE

One deviation from the Code has been made. The deviation relates to the Nominating Committee and is explained under "Nominating Committee" below.

ANNUAL GENERAL MEETING 2018

The Annual General Meeting was held on 17 April 2018 in Åseda. The AGM was attended by shareholders, personally or by proxy, representing approximately 66.9 per cent of the total number of votes in the company. The meeting was attended by the CEO, Per Thorsell, and the Group's management, the company's auditors and the Board of Directors. The Chairman of the Board, Kåre Wetterberg, was appointed to chair the meeting. The minutes from the meeting have been published on the company's website. It was resolved to re-elect Mats Egeholm, Bengt Stillström, Thomas Widstrand, Kåre Wetterberg and Monica Bellgran to the Board. Kåre Wetterberg was also elected to Chairman of the Board.

ANNUAL GENERAL MEETING 2019

The Annual General Meeting 2019 will be held on 16 April 2019, at 4 p.m. in Folkets Hus in Åseda. Shareholders wishing to submit proposals to the Nominating Committee may contact the Nominating Committee by e-mail at valberedningen@profilgruppen.se or by writing to Valberedningen, ProfilGruppen AB, Box 36, SE-364 21 Åseda, Sweden. Shareholders wishing to submit an issue for discussion at the AGM may do so by writing to the Chairman of ProfilGruppen at the above address or by sending an e-mail to styrelsen@profilgruppen.se. Information about the date, place and deadline for submission of proposals was notified in connection with the interim report for the third quarter of 2018.

NOMINATING COMMITTEE

At the 2018 Annual General Meeting it was resolved that the Nominating Committee should consist of four members and to charge the Chairman of the Board with the task of contacting the three largest shareholders before the end of the third quarter and, in consultation with the same, appoint members who, along with the Chairman of the Board, will constitute the Nominating Committee. The nominating committee appoints a chairman from among its members.

In preparation for the Annual General Meeting 2019, representatives of the company's largest shareholders were contacted, in accordance with a resolution of a previous shareholders' meeting, and invited to appoint one member each to the Nominating Committee. The composition of the Nominating Committee was published on the company's website on 12 October 2018.

The Nominating Committee for the 2019 Annual General Meeting comprises

Lars Johansson, shareholder, Chairman of the Nominating Committee	14.5% shares
Bengt Stillström, Ringvågen Venture AB	28.4% shares
Mats Egeholm, shareholder	7.2% shares
Kåre Wetterberg (Chairman of the Board)	

Due to the Code, a majority of the members of the Nominating Committee must be independent in relation to the company and its management. At least one of the members must be independent in relation to the shareholder, or group of shareholders acting in concert in respect of the management of the company, which holds the largest share of votes. The Chairman of the Board or another Board member should not be Chairman of the Nominating Committee. The company's major shareholders have appointed the Nominating Committee

and its chairman based on what they believe is appropriate and are aware that this constitutes a deviation from the Code in the sense that a majority of the members of the Nominating Committee are also Board members.

Since its appointment the Nominating Committee has held three 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 ProfilGruppen the Board of Directors shall comprise at least three and not more than seven members elected by a general meeting of shareholders, as well as a maximum of three deputies elected by a general meeting of shareholders. At the 2018 Annual General Meeting, it was decided that the number of members should be 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 2018 is presented on page 37. All AGM-elected Board members were independent of the company in 2018. Bengt Stillström and Mats Egeholm are major shareholders of the company. The major shareholders are independent of each other.

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

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 965 (965). Fees are paid only to Board members elected by a general meeting of shareholders, as shown below. The Chairman of the Board has not received any remuneration in addition to his Directors' fees.

Board member	Role on Board	Remuneration
Kåre Wetterberg	Chairman	365,000
Monica Bellgran	Board member	150,000
Mats Egeholm	Board member	150,000
Bengt Stillström	Board member	150,000
Thomas Widstrand	Board member	150,000
Total fees		965,000

THE WORK OF THE BOARD OF DIRECTORS

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

Since the 2018 Annual General Meeting, the Board has met on seven occasions. Attendance at these is shown in the table on the next page. Key issues at these meetings are drawn from the formal work plan. Among others, the following matters were addressed during the year:



April 2018	inaugural meeting
May 2018	strategy discussions
July 2018	interim report, second quarter
September 2018	project review
October 2018	interim report for the third quarter, evaluation of the work of the Board, forecast for 2018 and Audit Committee matters
December 2018	adoption of budget
February 2019	year-end report, accompanying press release, auditor's report and Remuneration Committee issues

Board member attendance and number of meetings

Board	Board meetings
Kåre Wetterberg	7
Mats Egeholm	7
Monica Bellgran	7
Thomas Widstrand	6
Bengt Stillström	6
Maria Wennberg ¹	6
Magnus Gabrielsson ¹	7
Richard Nylin ²	7
Emelie Bergström ²	7
Total number of meetings since 2018 AGM	7

1) Appointed by the employees, regular Board member

2) Appointed by the employees, deputy

In addition, a per capsulam meeting to adopt the annual report was held.

Before the Board concludes its activities for 2018, another meeting will be held in April, where the interim report for the first quarter of 2019 will be discussed among other matters.

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

Members of the Board of Directors receive monthly reports from the management team on the company's current financial and operational development. A procedure for annual evaluation of the work of the Board exists. In 2018, all Board members completed written questionnaires covering the work of the Board in general, their own performance and the work of the Chairman of the Board. The Chairman has not been involved in compiling the questionnaires concerning his work. The evaluation serves as a basis for an action plan for improvements and contributes to the work of the Nominating Committee.

REMUNERATION COMMITTEE AND AUDIT COMMITTEE

Since the constituent Board meeting in 2018, 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.

At the constituent meeting, the Board appointed a Remuneration Committee consisting of Thomas Widstrand, Mats Egeholm and Kåre Wetterberg. Guidelines and levels of remuneration for the management team are drafted by the Remuneration Committee and adopted by the Board. The committee also produces a draft set of principles for remuneration of senior executives, which is submitted for adoption by the Annual General Meeting. Neither the CEO nor the HR Manager are members of the committee, but are invited to attend meetings when their presence is appropriate. Since the Annual General Meeting 2018, the committee has held two meetings, which were attended by all members of the committee.

Salary for management in 2018 consisted of one fixed element and one variable element. The size of variable remuneration has been linked to the consolidated operating profit.

For the financial year 2018, variable remuneration of SEK 639,000 (1,691,400) was paid. 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 seven different Function Managers. The composition of the management team is presented on page 38.

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

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

AUDITORS

At the 2018 Annual General Meeting, the registered accountancy company Ernst & Young AB was appointed as auditor for the period until the 2019 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 2018 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.

THE BOARD'S REPORT ON INTERNAL CONTROL FOR 2018

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

Control environment

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

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

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

ProfilGruppen has a simple legal and operational structure, which facilitates clarification of division of responsibility and swift action in the event of changed conditions. All decisions concerning, for example, the overall strategy, acquisitions, major investments and general financial issues are prepared by the CEO and made by the Board.

Risk assessment

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

Control activities

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

Information and communication

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

Follow-Up

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

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

Åseda, 28 February 2019
The Board of ProfilGruppen AB

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the general shareholders' meeting of ProfilGruppen AB (publ.) Corp. ID 556277-8943

Assignment and allocation of responsibility

The Board of Directors is responsible for the corporate governance report for 2018, which is found on pages 34-36, and for ensuring this is prepared in accordance with the Annual Accounts Act.

Focus and scope of the examination

We have conducted our audit in accordance with FAR's statement RevU 16, *The auditor's examination of the corporate governance report*. Our review of the Corporate Governance Report has a different focus and signifi-

cantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe our review provides a sufficient basis for our opinion.

Opinion

A corporate governance report has been prepared. Disclosures pursuant to Ch. 6 § 6 second para. items 2-6 of the Annual Accounts Act and Ch. 7 § 31 second para. of the same Act are consistent with the annual accounts and consolidated financial statements and comply with the Annual Accounts Act.

KALMAR, 5 March 2019
Ernst & Young AB

Franz Lindström, Authorised Public Accountant

BOARD OF DIRECTORS

1.



2.



3.



4.



5.



6.



7.



8.



1. Richard Nylin ¹

Born 1969
Employed at Profilgruppen since 2013
Employee Representative
Deputy since 2017
Shareholding in Profilgruppen: 2,000

2. Monica Bellgran ³

Born 1966
Ph.D.
Board member since 2017
Other directorships/positions:
Professor of Industrial Production
Management at the Södertälje campus
of the KTH Royal Institute of Technology,
President of IVA department 1, Vice
President of the Swedish Foundation for
Strategic Research (SSF) and member of
the Delegation for Circular Economy.
Shareholding in Profilgruppen: 0

3. Kåre Wetterberg ¹

Born 1949
M.Sc.Eng
Board member since 2013
Other directorships/positions:
Consultant in the international aluminium
industry and industrial advisor in the
venture capital industry
Shareholding in Profilgruppen: 4,213

4. Bengt Stillström ²

Born 1943
M.Sc.Eng
Formerly CEO and founder of AB Traction,
currently Chairman of the same company
Board member since 2012
Other directorships/positions:
Board member of Ringvågen Venture AB
Shareholding in Profilgruppen: 2,099,983

5. Thomas Widstrand ³

Born 1957
B.Sc.Econ.
President and CEO of Troax Group AB,
Hillerstorp
Board member since 2012
Other directorships/positions:
Board member of San Sac Group
Shareholding in Profilgruppen: 0

6. Magnus Gabrielsson ¹

Born 1980
Employed at Profilgruppen since 2000
Employee Representative
Board member since 2018
Shareholding in Profilgruppen: 0

7. Emelie Bergström ¹

Born 1982
Employed at Profilgruppen since 2002
Employee representative
Deputy since 2012
Shareholding in Profilgruppen: 0

8. Mats Egeholm ²

Born 1945
B.Sc.Econ.
Former CFO of Profilgruppen (1980-2004)
Board member since 2010
Other directorships/positions:
CEO of Östers Support AB (publ)
Shareholding in Profilgruppen: 777,913

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

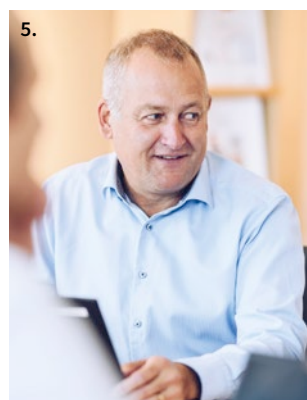
2) This Board member is a major shareholder of the company.

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

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

Maria Wennberg left the company in November 2018, until which time she was an employee representative on the Board.

SENIOR MANAGEMENT



1. Per Thorsell

President and CEO

Born 1967

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.

Employed since 2014

Shareholding in ProfilGruppen: 2,000

2. Fredrik Uhrbom

Business Area Manager Automotive & Global Accounts

Born 1972

Employed since 2013

Shareholding in ProfilGruppen: 1,606

3. Ulrika Bergmo Sköld

CFO

Born 1967

Employed since 2015

Shareholding in ProfilGruppen: 2,000

4. Ulrika Svensson

HR Director

Born 1974

Employed since 2000

Shareholding in ProfilGruppen: 1,000

5. Torgny Magnusson

Production Manager

Born 1961

Employed since 1982

Shareholding in ProfilGruppen: 2,850

6. Andreas Lindberg

Supply Chain Manager

Born 1975

Employed since 2016

Shareholding in ProfilGruppen: 2,000

7. Martin Bergman

Head of Processing

Born 1976

Employed since 2018

Shareholding in ProfilGruppen: 0

8. Richard Nylin

Marketing and Sales Manager

Born 1969

Employed since 2013

Shareholding in ProfilGruppen: 1,200

CONTACTS

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President and CEO

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CFO

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OTHER INFORMATION

This is a translation of the Swedish version of the annual report. In case of any discrepancies, the Swedish version shall prevail.

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

Graphic design and photography: Effect reklambyrå and ProfilGruppen.

FINANCIAL TERMS

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

The key performance indicators are based on figures for the Group, including non-controlling interests, except for earnings per share and net asset value per share.

ProfilGruppen is a supplier
of turnkey customised aluminium
components and extrusions.

ProfilGruppen AB

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