

DUROC INVESTS IN EQUIPMENT FOR THE PRODUCTION OF COATED TEXTILES

April 20, 2022

Duroc AB's Board of Directors has decided that the French unit within the Coting Group, Griffine SA, will invest approximately SEK 110 million in a new production line for the production of coated textiles. The investment, which includes approximately SEK 30 million of a previously announced investment, will be financed partly from own funds and partly with locally raised debt.

The investment is part of the group's strategic plan to increase the business's competitiveness, and thus profitability, by building Europe's most modern and cost - effective production facility of its kind. By installing the new line within the framework of the existing factory in Nucourt (approx. 50 km NW of Paris), significant efficiency gains can be utilized, at the same time as the factory's total capacity is significantly expanded.

The investment will give Griffine new and greatly improved opportunities to, together with the good reputation the company already has in its markets, meet customers' demands for innovation, quality and reliability and meet clear trends in the industry, such as;

- Transition from leather to artificial leather, so-called "vegan leather"
- Rising demand for sustainable products based on recycled and bio-based materials, respectively.
- Sustainable supply chains where products intended for the European market are also produced in Europe.

The conditions for Griffine to significantly increase its market share in this growing sector in the long run are therefore considered good. The previously announced order for a total of approximately SEK 530 million from a player in the automotive industry, means that the new production line can be given a basic occupancy already from its start-up, which is expected to take place in late 2023.

Griffine has, among other things as a result of the automotive industry's lack of components, but also due to internal problems, placed a burden on the Duroc Group's results in 2021/22. The business will probably not deliver any significant, positive results before the new production line is taken into use.

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"This is a very positive message that creates good conditions for reversing the recent profitability challenges in Griffine, and for creating a niche cutting-edge company with the ability to meet customers' demands for innovation and sustainability and to meet the extensive pent-up need for products among other car industry after the covid and semiconductor crisis.

The decision to launch this plan with the announced investment reflects Duroc's strategy to develop our businesses with a long-term investment horizon - among other things made possible by the Group's strong financial position and largely good profitability" says Duroc's CEO John Häger in a comment.

For further information

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The information in this press release is such that Duroc AB is obliged to publish in accordance with EU's Market Abuse Regulation. The information herein was provided for publication at 9:57 a.m. (CET), 20 April 2022 by the contact person above

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