

21

**2021**

**KWH GROUP ANNUAL REPORT**



## THE KWH GROUP HAS A LONG HISTORY OF RENEWAL

*Our industrial knowledge, our networks  
and our financial strength give us a solid  
foundation on which to build for the future.*

The KWH Group has its roots in the timber trade in the 1920s and 1930s. Investments were subsequently made in fur animal breeding as well as plastic products such as expanded polystyrene, floor tiles, plastic pipes and plastic film. In the following decades, investments were made in what forms the basis of today's diversified business; logistics in the 1950s, abrasives in the 1960s and water traps in the 1980s.

Over the years, we have invested in companies in attractive new markets and industries and have also divested companies along the way. The KWH Group and its predecessors have never been afraid

to renew. Our ability to constantly seize new opportunities and create customer value has meant that the KWH Group has developed over time into a diversified, international industrial group and service provider in the logistics industry. Diversity, courage to innovate and flexibility have also helped us minimize the effect of the corona pandemic to our businesses.

The KWH Group is a family company with strong roots in Ostrobothnia. Our industrial knowledge, our networks and our financial strength give us a solid foundation on which to build for the future.

## *Group President's Review*

# A YEAR OF STRONG GROWTH

2021 turned out to be just as exciting as we had expected. Despite having lived with the Covid-19 Pandemic now for more than two years it is not over yet. The consequences of new outbreaks have decreased considerably however, and we have all learned to live with, and manage through the pandemic.

The KWH Group is also managing the corona pandemic and we can once again say that we emerge stronger from a time of crisis. Through a mix of successful business strategy, active leadership, and a good cooperation between all employee groups we have worked together to get the job done. The KWH Group has once again shown its strength based on a broad and strong local presence on its different markets and a good balance between its branches.

Compared to 2020 turnover increased by 18% for a total of 593 million Euro. The operating profit improved by 14 million Euro for a total of 71 million Euro. Our operating margin increased from 11.4% to 12% and we made investments for a total of 70 million Euro. The large investments of the previous three years are starting to show results both in terms of turnover and profitability.

But at the same time as we see a continuation of these positive developments in the beginning of 2022, we can also see some dark clouds which will impact the coming reporting period. The Russian invasion of Ukraine is very serious. Even if it is overshadowed by other matters, the crisis will also result in economical consequences. The markedly worsened external situation is going to have a negative impact on trade and industry. Furthermore there is the risk of delivery disruptions which in turn could lead to difficulties in procuring raw materials and components for our production. The shortage of containers, logistical difficulties and rising oil prices have increased shipping costs.

Our powerful growth shows in the increase in our work force. At the end of 2021 we employed 2,524 people. There is a continued need for recruitment within all our business units. In order to meet the competition for labour we take care to create pleasant workplaces and a cozy and safe working environment. As a family-owned growth company our priority is long term growth and profitability over short term gains, which is something that is shown in how we face different challenges.

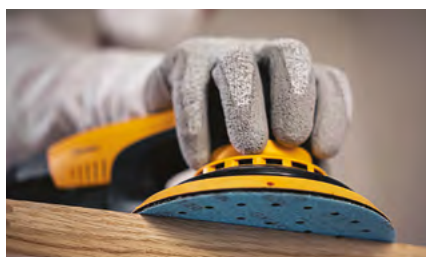
The importance of conducting business in a sustainable way has also had an impact on KWH Group. We want to strengthen our trust capital by conducting our business in a way that financial and non-financial assets are optimized, and where metrics and activities are being reported and communicated in a relevant and transparent way to our different stakeholders. Our business should be conducted in a sustainable and ethical way in order for us to be able to offer products and services that meet the requirements of our customers. This will also let us recruit top talent which will allow us to perform better than our competitors in the long run.

For 2022 our plan has been continued growth and high profitability. But in light of the crisis in Ukraine and the economical sanctions directed towards Russia as well as Russian countermeasures it seems like we are facing a period of uncertainty. In order to meet these challenges, the Group has prepared necessary action plans. In this way we will be prepared to act quickly and adapt to what is happening in the world.

  
**Kjell Antus,**  
Group President







# KWH – A FAMILY-OWNED GROWTH COMPANY

## Operating principles

### AN INDUSTRIAL GROWTH COMPANY

We are a knowledge company that focuses on expertise, professionalism, and quality.

We are a committed long-term owner aiming for growth in our businesses through our financial strength and industrial know-how.

### RENEWAL THROUGH INNOVATION

Our subsidiaries conduct internationally competitive, knowledge-intensive, and service-oriented niche business. We achieve this through digitalization and both technical and commercial innovation.

Our business is built around unique products and processes or a unique industry position. That gives us long-term competitive advantages.

## Core values

### CUSTOMER FIRST

Our goal is to create value and contribute to solutions for our customers

### INNOVATIVE SOLUTIONS

Our subsidiaries are know-how leaders in their lines of business

We have the ambition to become best-in-class in our main processes  
We continuously seek and develop new business opportunities

### COMMITTED EMPLOYEES

We focus on well-being, motivation, and creativity  
We give all employees the opportunity to fulfil their potential

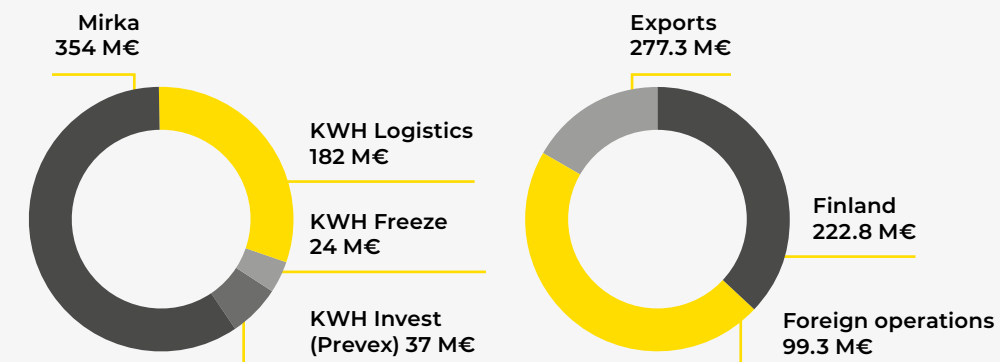
### SUSTAINABLE BUSINESS

We run our businesses in a responsible, long-term, and sustainable manner

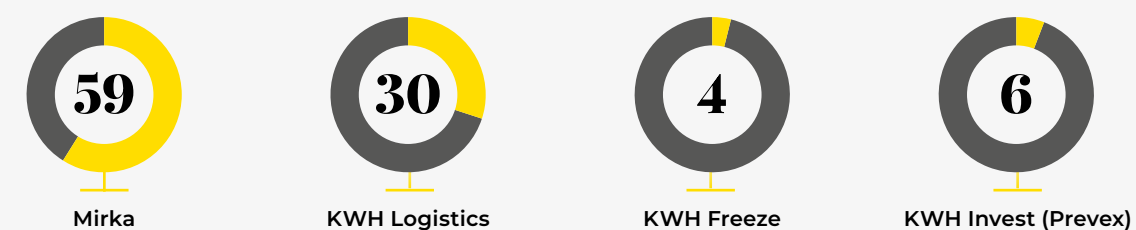
### EFFECTIVE RISK MANAGEMENT

Our renewal is based on financial strength and well-balanced risks

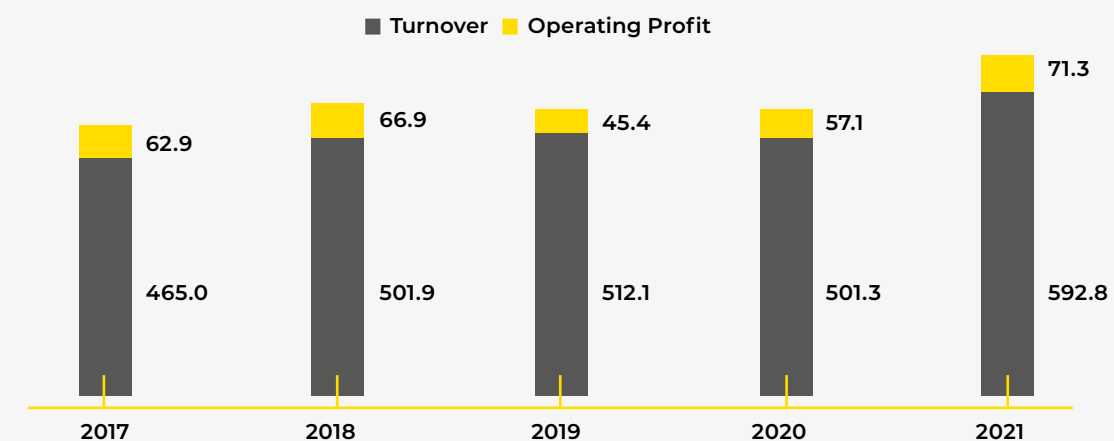
## Turnover



## Share of Group Turnover %

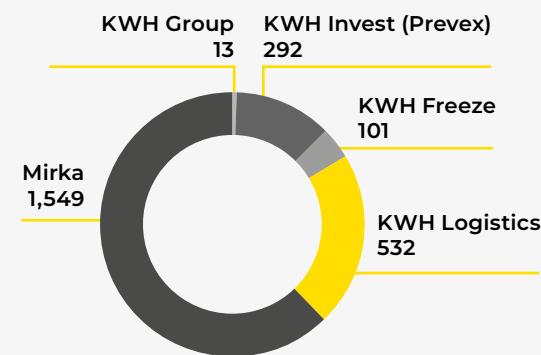


## Turnover and Profit M€

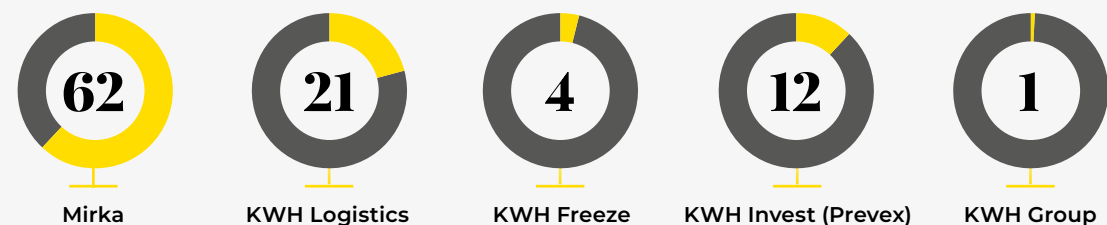


## Equity Ratio 77%

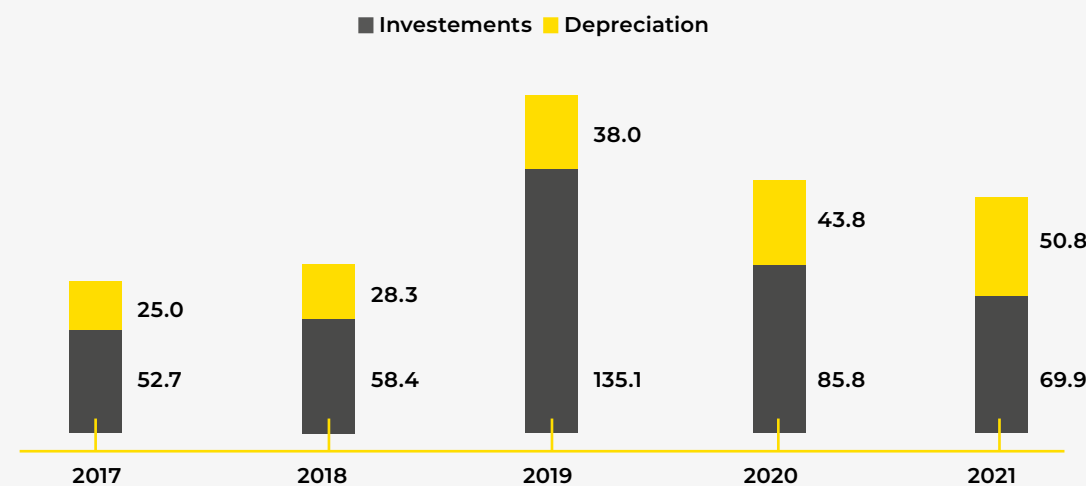
Personnel



Share of Group Personnel %



Investments and Depreciation M€



Investments in Finland 62 M€



KWH AT GLANCE

KWH LOGISTICS

Port Logistics: Stowage, freight forwarding, ship clearance, port activities and logistics solutions for bulk, break bulk and heavy project cargo.

- Blomberg Stevedoring
- Rauanheimo
- Stevena
- Rodén Shipping
- Jalander

International Transports: International transports and global logistics solutions with varying modes of transport.

- Backman-Trummer
- Moonway

Industrial Services: Handling and transport of goods, port and factory logistics, rental of heavy machinery and specialty tools.

- Adolf Lahti
- Blomberg Rent

MIRKA

Manufactures abrasives, polishing compounds, grinding machines and accessories and offers solutions for surface finishing and precision industry.

Has 18 subsidiaries and 4 branch offices around the world. Production in Finland, Italy, and Belgium. About 97% of the products are exported and sold in over 100 countries.

KWH FREEZE

Finland's largest cold storage operator. Close to half of the frozen foodstuffs consumed in Finland pass through its warehouses.

KWH INVEST

**Prevex:** One of Europe's leading manufacturers of water traps. Develops, designs, and produces water traps and related products for the kitchen and bathroom industry. Has factories in Nykarleby and Jakobstad, Finland and in Poznan, Poland. Prevex exports 90% of its products.

**Strategic holdings:** Uponor Infra Ltd, share of ownership 45%, production of various plastic pipe systems.



	2021	2020	2019	2018	2017
<b>CONSOLIDATED INCOME STATEMENT, MEUR</b>					
Turnover					
Finland	222.8	204.4	200.8	199.0	174.5
Exports from Finland	277.3	220.6	228.1	219.9	212.4
Foreign Operations	99.3	81.9	88.6	88.0	82.7
Total	592.8	501.3	512.1	501.9	465.0
Salaries, Wages and Social Charges	157.7	137.7	141.1	129.4	113.8
Depreciation and Impairment	50.8	43.8	38.0	28.3	25.0
Operating Profit	71.3	57.1	45.4	66.9	62.9
Financing Items	1.5	5.1	1.0	1.9	3.4
Profit before Taxes	69.8	52.0	44.4	65.0	59.5
Taxes according to the Income Statement	14.4	9.2	9.1	11.4	11.5
Profit for the Financial Year	55.4	42.7	35.3	53.5	48.0
<b>CONSOLIDATED BALANCE SHEET, MEUR</b>					
Non-current Assets	508.7	485.6	439.1	341.0	323.0
Inventories	90.4	65.5	59.3	56.1	50.2
Receivables	91.8	79.9	75.4	75.4	72.9
Cash in Hand and at Bank	69.3	63.4	75.7	112.8	95.2
Shareholders' Equity	584.4	542.2	507.1	483.5	438.8
Liabilities	175.7	152.2	143.3	101.8	102.5
Net interest-bearing Liabilities	-8.0	-8.7	-25.8	-95.0	-76.5
Balance Sheet Total	760.1	694.4	649.4	585.3	541.3
<b>RATIOS, %</b>					
Change in Turnover	18	-2	2	8	18
Exports and Foreign Operations	64	60	62	61	63
Share of Group Turnover					
Mirka	60	57	58	57	60
KWH Logistics	30	32	32	32	30
KWH Freeze	4	5	4	4	4
KWH Invest	6	6	6	6	7
Return on Capital Employed	12	9	9	14	14
Return on Shareholders' Equity	10	8	7	12	11
Equity Ratio	77	78	78	83	81
Gearing	-1	-2	-5	-20	-17
<b>OTHER INFORMATION</b>					
Gross Investments, MEUR	69.9	85.8	135.1	58.4	52.7
Net Investments, MEUR	69.5	84.5	133.6	57.8	52.4
Average Number of Personnel	2,487	2,300	2,363	2,195	1,927
of which abroad	799	746	740	726	596
Turnover per Employee, EUR 1.000	238	218	217	229	241
<b>CALCULATION OF FINANCIAL RATIOS</b>					
<b>RETURN ON CAPITAL EMPLOYED</b>			<b>EQUITY RATIO</b>		
profit before taxes + interest and other financial expenses x 100			shareholders' equity x 100		
balance sheet total - non-interest-bearing liabilities in average			balance sheet total - advances received		
<b>RETURN ON SHAREHOLDERS' EQUITY</b>			<b>GEARING</b>		
net profit x 100			interest-bearing liabilities - cash in hand and at bank x 100		
shareholders' equity + minority interest in average			shareholders' equity		

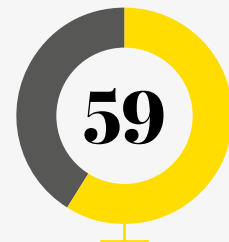




# MIRKA

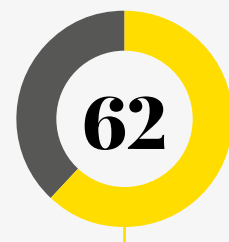
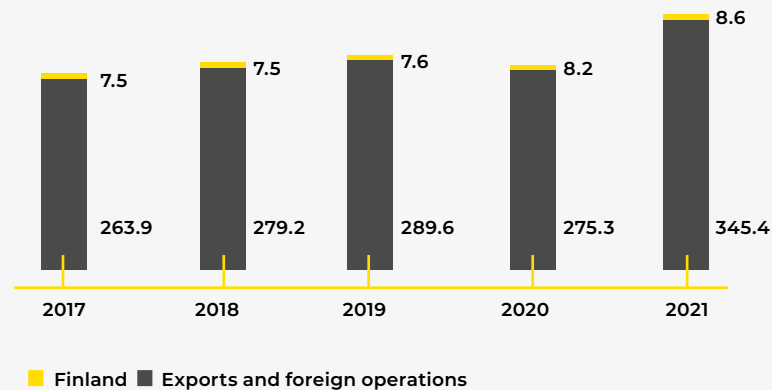
*The rapid recovery of Mirka after the initial pandemic shock saw a strong continuation during all of 2021. The company achieved sales records month after month and was also able to capture new market shares.*





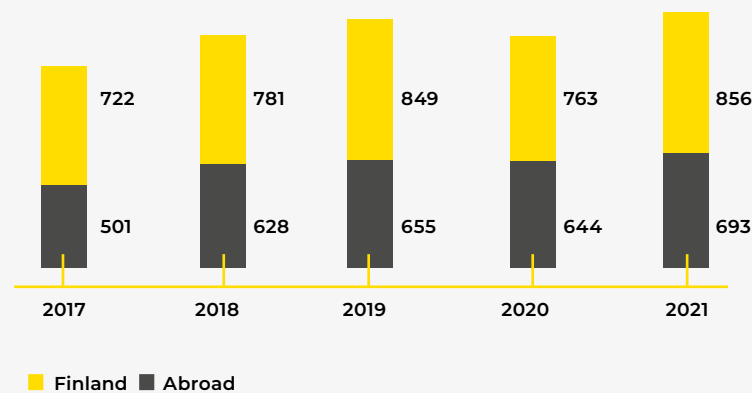
% Share of Group  
Turnover

## Turnover M€

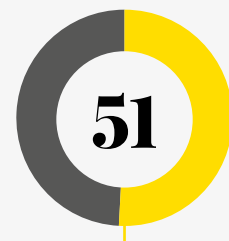


% Share of Group  
Personnel

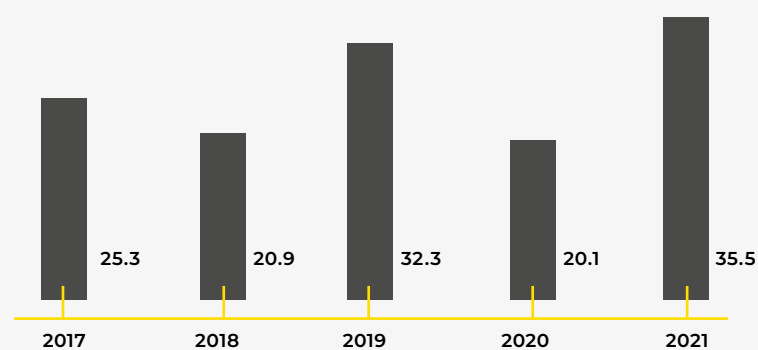
## Personnel



## Investments M€\*



% Share of Group  
Gross Investments



\*includes IFRS16 since 2019

The year 2021 was a year of steady and high growth for Mirka, as many previous sales records were beaten. When Covid-19 suddenly appeared in the spring of 2020, Mirka experienced, like many other companies around the world, a sudden drop in orders.

But even so it wasn't long until the market for Mirka had recovered. From the third quarter of 2020 Mirka has had strong and rising sales which continued all through 2021. And the company has not only grown but also managed to capture new market shares from the competitors. One of the proofs of that is that Mirka has grown also within those customer segments which were negatively impacted by the pandemic, such as the automotive aftermarket.

Already during the spring 2021, Mirka could see that the trend was pointing steadily upwards, and proceeded to adjust budgets and sales goals upwards.

### GOOD REPORTING AND SALES ORGANIZATION

So what are the reasons that Mirka has managed so well during the pandemic?

Firstly, Mirka has the same high-quality requirements when it comes to reporting as they do for their products. The well-developed reporting has given Mirka an exceptionally good basis for decision making, almost in real time, which has made it easy to make quick but also well-founded decisions.

Secondly, the corporate structure at Mirka, with sales companies located around the world, is perfectly adapted to work effectively even during times of crisis. Since Mirka's salespeople don't operate out of Finland, but rather locally in their respective markets, they haven't been impacted as much by lockdowns and international travel restrictions. The salespeople were quick to go out to customers as soon as the restrictions allowed it.

Another reason for Mirka's rapid comeback is that they never laid off staff. That means that Mirka was able to meet rising demand with full force as soon as the market recovered.

Lastly, many of Mirka's customer segments actually benefited from the pandemic. When

people weren't able to travel, they instead spent their money on renovations and construction. Political stimulus packages have further increased the rate of construction. And as everyone knows, construction and renovations require abrasive materials.

Of course the pandemic has also brought its share of challenges, such as the lack of materials and components. The disruptions in the global logistics flow, which came with the pandemic, have also presented a challenge for Mirka, and it has required hard work to get hold of raw materials and components.

### ROBOTIC TOOLS AND CORPORATE ACQUISITIONS

The large growth during 2021 came mostly from the abrasive materials division, but also Mirka's division for Power Tools has seen a continued growth. Sanding tools have been one of Mirka's success stories during the last years, and the tools have won several prizes for their light weight and ergonomic design.

As a rule, the tools are for manual sanding, but during 2021 Mirka was able to launch its first sanding tool designed for robots, Mirka® AIROS. The robot tool is an important launch and will

### MIRKA IN A NUTSHELL

Mirka offers a broad range of solutions for surface finishing and precision grinding. The company specializes in complete solutions, where the grinding materials are complemented by innovative machines and polishing compounds.

Mirka has achieved its current position as a global technology leader thanks to inventing dust-free sanding at the turn of the millennium. Other success factors for Mirka are a corporate culture with a will and capacity for constant development, as well as a global sales network.



be followed up with more sanding solutions for robots.

Another step which strengthened Mirka's position within solutions for industry was the acquisition of the Italian company Urma Rolls. In 2021 Urma Rolls become a wholly owned subsidiary of the company Cafro, which Mirka acquired in 2017.

Urma Rolls is a highly specialized company producing dressing rolls and tools for precision grinding. The requirements for these correction tools are very high, with tolerances requirements within microns.

The precision grinding business, where the work is done with superabrasive diamond tools, differs in a lot of ways from Mirka's traditional business, even though they both concern sanding and grinding. The goal of Mirka is to be able to offer a complete portfolio; grinding products, polishing solutions and diamond tools.

**DIGITALIZATION AND WORK SAFETY**

The pandemic has given the whole world a crash course in digitalization, something which can also be seen in the changed purchasing behaviour among customers. Mirka is far ahead the rest of the business when it comes to new digital sales and distribution channels. This is thanks

to the large investments made by the company in this area since 2017. 2021 was the year when Mirka could finally start to cash in on these investments in electronic retail and marketing automation.

The investments in work safety also continued throughout the year. Mirka has been able to keep the amount of Covid-19 infections at a low rate thanks to careful safety routines.

One of the biggest challenges after the pandemic is the welfare of the staff after the disappearance of a large part of the social interaction. This is why Mirka is investing a lot into strengthening the working community and well-being at the workplace.

*2021 was the year when  
Mirka could finally start to  
cash in on the investments in  
electronic retail and marketing  
automation.*



**MIRKA LTD**  
Finland

- Brazil** Mirka Brasil Ltda.

**Belgium** Mirka Belgium Logistics NV

**Canada** Mirka Canada Inc.

**China** Mirka Trading Shanghai Co., Ltd

**Finland & Baltics** Mirka Ltd

**France** Mirka France Sarl

**Germany** Mirka GmbH

**India** Mirka India Pt Ltd

**Italy** Mirka Italia s.r.l., CAFRO S.p.A
- Mexico** Mirka Mexicana S.A de C.V.

**Russia** Mirka Rus LLC

**Singapore** Mirka Asia Pacific Pte Ltd

**Spain** KWH Mirka Ibérica S.A.U.

**Sweden** Mirka Scandinavia Ab

**Turkey** Mirka Turkey Zimpara Ltd Sirketi

**United Kingdom** Mirka (UK) Ltd

**United Arab Emirates** Mirka Middle East FZCO

**USA** Mirka USA Inc.



**STEFAN SJÖBERG**  
CEO

**JOACHIM RÄNNAR**  
Operations Director

**MATS SUNDELL**  
R&D Director, Deputy Chief Executive

**JAN TORRKULLA**  
Production Director

**OLAV HELLMAN**  
CFO

**SIMON BLOXHAM**  
VP Sales, Surface Finishing

**NINA NYMAN**  
Marketing Director

**THEO SAKALIS**  
VP sales, Precision Industry

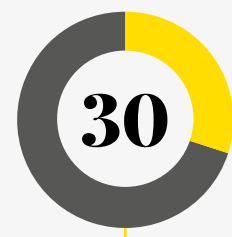




# KWH LOGISTICS

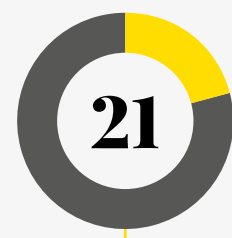
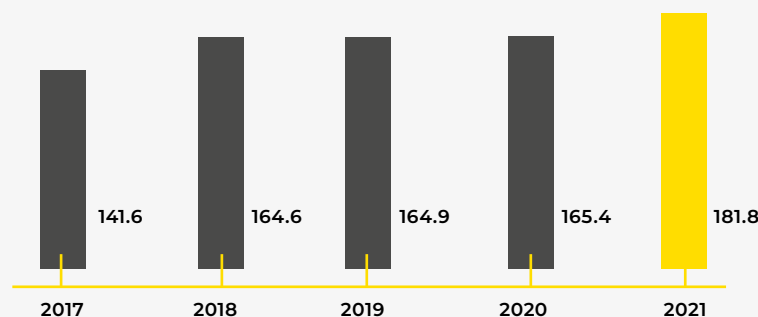
*The year 2021 was one of the best years ever for KWH Logistics. The large investments made during the last years have started bearing fruit and the company grew within all segments.*





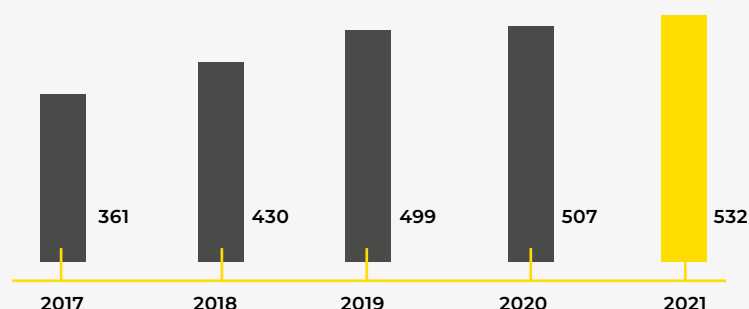
% Share of Group  
Turnover

## Turnover M€

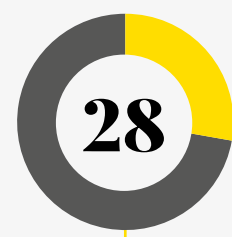


% Share of Group  
Personnel

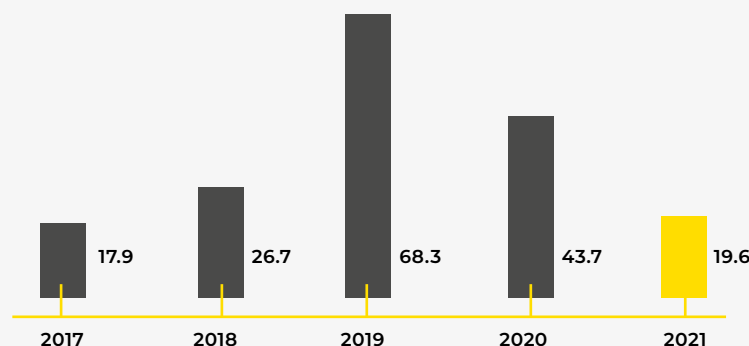
## Personnel



## Investments M€\*



% Share of Group  
Gross Investments



\*includes IFRS16 since 2019

As one of Finland's biggest port operators KWH Logistics has made several large investments during the last years. The company has established itself in several new ports as well as new cities in the inland.

These new investments are now starting to be seen in turnover and growth. The total volume handled in the ports during 2021 was around 16,5 million tonnes, which is an increase of 30 percent from the year before. The turnover grew by 10 percent.

The growth partly originated from the new investments in Tornio, Tahkoluoto, Koverhar and Mussalo. But the other areas also saw a good growth with increases both in project cargo, Ro-Ro traffic and freight forwarding.

### INVESTMENTS AND ESTABLISHMENTS IN NEW CITIES

The single largest investments made by KWH Logistics are the bulk cargo handling facilities in the ports of Tahkoluoto and Mussalo. The facility in Tahkoluoto in Pori came into production during the autumn of 2021, and it is one of the reasons for the solid growth experienced by KWH Logistics during the year.

In Tornio, where KWH Logistics cooperates with Outokumpu, investments have been made in new cranes. Other new cities where KWH Logistics has established itself during 2021 are Raahe, Uusikaupunki, Akaa and Sotkamo. Most of these new establishments are for Adolf Lahti which offers logistics solutions and service for heavy industry.

### NEW KNOW-HOW AND NEW SERVICES

A new area of specialization for KWH Logistics is logistics solutions for the growing battery industry. The mining company Terrafame appointed Rauanheimo as its logistics partner in Finland and Adolf Lahti has constructed a custom-made warehouse in Kokkola for an international actor in the battery business. This means that the division now has a unique know-how when it comes to logistics solutions for battery chemicals.

Another new addition for 2021 is the virtual ship clearance. For several years KWH Logistics has been offering physical ship clearance in the ports where they operate, but from now on they will be able to offer ship clearance in all Finnish ports through a digital service.

### GROWTH ALSO IN OLDER BUSINESSES

Not only the new sectors experienced a good growth during the previous year, the same can be said for the ports where KWH Logistics has been established for a long time. One of the reasons for this was the rapid expansion of wind power along the Finnish western coast, which increased demand for project cargo. The expansion of wind power will increase during the years

#### KWH LOGISTICS

KWH Logistics is the leading port operator in Finland. The business unit subsidiaries are also active within a number of other logistics areas.

##### Port Logistics

Stowage, freight forwarding, ship clearance, port activities and logistics solutions for bulk, break bulk and heavy project cargo.

- Blomberg Stevedoring
- Rauanheimo
- Stevena
- Rodén Shipping
- Jalander

##### International Transports

International transports and global logistics solutions with varying modes of transport.

- Backman-Trummer
- Moonway

##### Industrial Services

Handling and transport of goods, port and factory logistics, rental of heavy machinery and specialty tools.

- Adolf Lahti
- Blomberg Rent

to come, which is something that the port operators Blomberg Stevedoring and Rauanheimo are taking advantage of.

Backman-Trummer's Freight Forwarding department had an increased number of orders which increased their turnover by 50 percent. This was in part due to the increased freight prices on the world market, and in part due to systematic market activities.

The machine renting business of Blomberg Rent was able to reach the highest yearly turnover yet during the past year.

Rauanheimo also experienced a good year with growing transport volumes from Russia. There was also an increase in the Ro-Ro traffic being conducted by the port operator Stevena in Hanko and Uusikaupunki.



**KWH LOGISTICS' LOCATIONS**

- Tornio
- Kemi
- Oulu
- Raahe
- Kalajoki
- Kokkola
- Pietarsaari
- Vaasa
- Kristiinankaupunki
- Pori
- Rauma
- Uusikaupunki
- Naantali
- Turku
- Sotkamo & Lahnaslampi
- Savonlinna
- Äänekoski
- Vuonos (Outokumpu)
- Tampere
- Akaa
- Heinola
- Kärkölä
- Hamina
- Kotka
- Loviisa
- Helsinki
- Koverhar
- Hanko

**INVESTMENTS IN SUSTAINABILITY AND QUALITY**

During the past year, KWH Logistics has increased its investments in risk management, sustainability and quality, among other things by setting up a new position of ESQ Director. The efforts in sustainability have resulted in a switch to LED lighting and plans to increase the fleet of electric vehicles and implementing more sustainable transportation alternatives.

Processes have been developed to allow KWH Logistics to follow up on its emissions with the goal to be able to give customers more exact data regarding carbon dioxide emissions in the various operations. The Freight Forwarding -department will continue investing into the development of digital tools in order to be able to provide customers even better online information about their cargo, including reporting about the cargo's environmental impact.

In terms of safety KWH Logistics has made further improvements in accident reports in order to prevent future accidents. Investments into staff have also been intensified, among other things by providing more training possibilities and improving internal communications.

**RISKS AND STRENGTHS**

The year 2021 will be remembered as a year of pandemic, but KWH Logistics was less impacted by the pandemic than many other businesses. There was of course a container shortage which resulted in raised prices for freights and shipping but the impact on KWH Logistics as a whole was limited. Thanks to the fact that the business of the different subsidiaries differs quite a bit from each other, the risk diversification in the division is good. Project cargoes on the west coast are not, for example, impacted especially by larger trends on the world market.

Because of this diversification KWH Logistics can provide a superior service offering and complete solutions to its customers. This coupled with the fact that KWH Logistics is an independent and privately owned actor with good investment capacity results in an unbeatable combination.

The war in Ukraine entails severe economic sanctions against Russia. These measures as well as Russian countersanctions will have a negative impact on operations in the coming reporting period.



**JOAKIM LAXÅBACK**  
Head of Division  
CEO,  
Backman-Trummer, Otto Rodén,  
Jalander & Kiinteistö Oy Port Handling

**BERNT BJÖRKHOLM**  
Managing Director,  
Blomberg Stevedoring &  
Blomberg Rent  
Director, Freight Forwarding

**ANDERS BACK**  
Financial Director,  
KWH Logistics

**MARKKU MÄKIPERE**  
Managing Director,  
Stevena & Moonway  
Marketing Director, KWH Logistics

**VESA PELTOLA**  
ICT Director,  
KWH Logistics

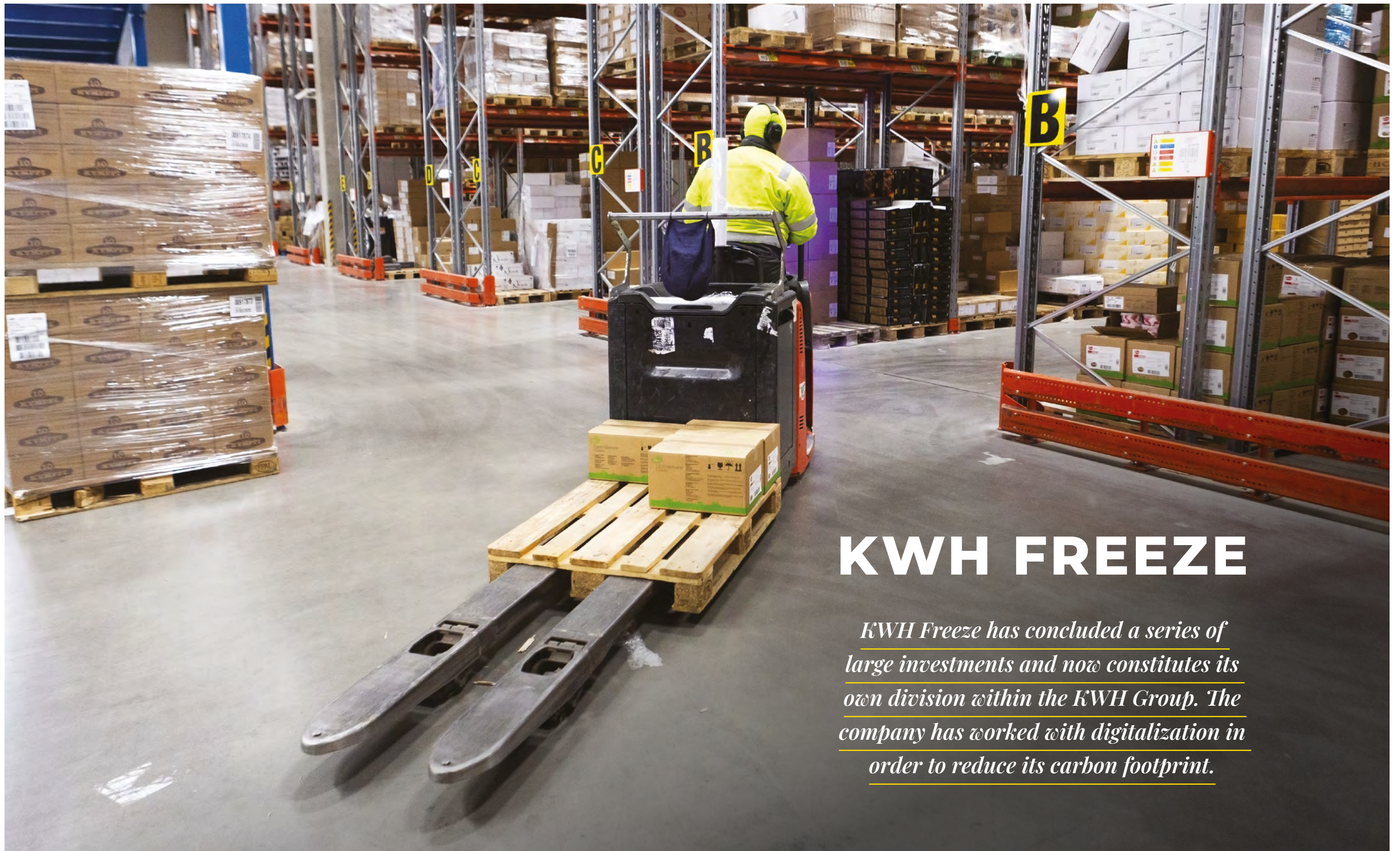
**MONA ANDERSSON-KUORIKOSKI**  
HR Director,  
KWH Logistics

**SOFIE WISS**  
ESQ Director,  
KWH Logistics

**TERO KOSONEN**  
Managing Director,  
Rauanheimo

**PEKKA PÖLLÄNEN**  
Managing Director,  
Adolf Lahti

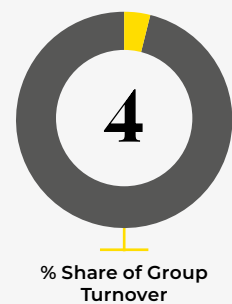




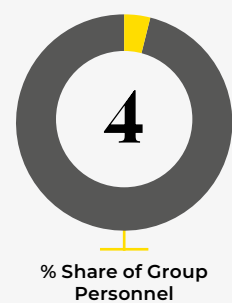
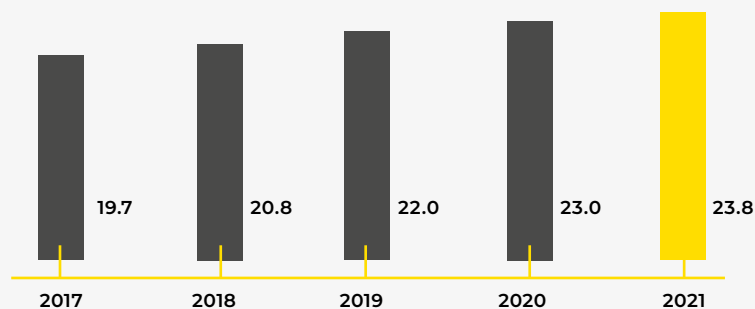
# KWH FREEZE

*KWH Freeze has concluded a series of large investments and now constitutes its own division within the KWH Group. The company has worked with digitalization in order to reduce its carbon footprint.*

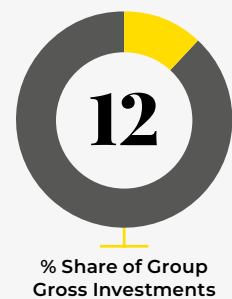
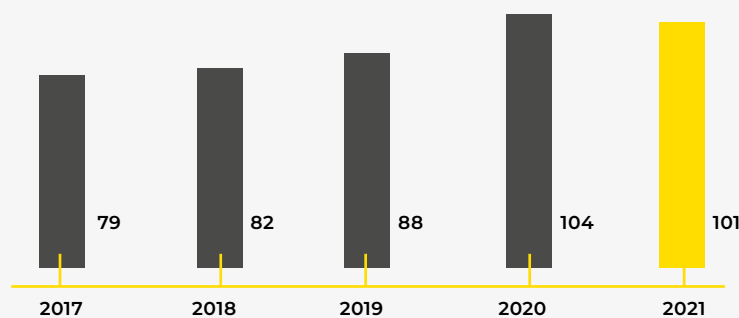




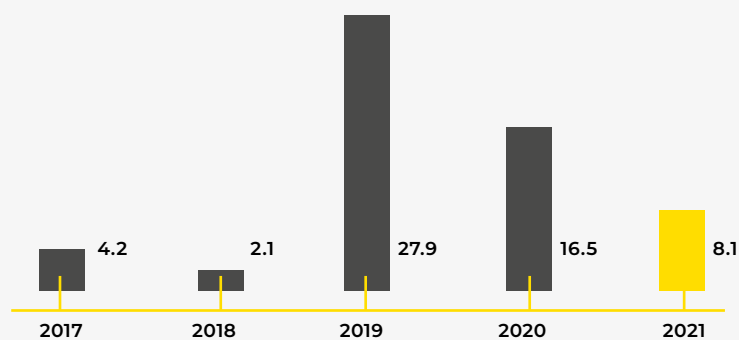
## Turnover M€



## Personnel



## Investments M€\*



\*includes IFRS16 since 2019

**K**WH Freeze is Finland's largest company within cold storage – close to half of all frozen food stuff consumed in Finland pass through the company's warehouse in Vantaa.

During recent years KWH Freeze has been growing steadily thanks to a series of large investments which started in 2018. Year 2021 saw the conclusion of the latest major expansion of the cold storage in Vantaa, which increased its capacity by 8 percent or 6,000 square metres. The new warehouse was taken into use in February 2022.

This means that KWH Freeze has now grown so large that it constitutes its own separate division within the KWH Group earlier being a part of the division KWH Logistics. The two divisions will still continue to cooperate, for example when it comes to marketing and HR.

### SOLAR PANELS AND ENVIRONMENTAL EFFORTS

Cold storage is an energy intensive industry and the high energy prices during the end of 2021 didn't go unnoticed at KWH Freeze. The company is actively pursuing alternative energy solutions which will at the same time lessen its

carbon footprint. One step on this road was to double the amount of solar panels on the roof of the cold storage at Vantaa during 2021. Solar power from its own roof now generates 1.5 MW which is the equivalent of 8 percent of the total amount of electricity used by the company.

KWH Freeze is also working full time at finding solutions to harness the heat being generated by cooling the storage buildings.

*Close to half of all frozen food stuff consumed in Finland pass through the company's warehouse in Vantaa.*



**PETER LÅNG**  
Head of Division,  
CEO

**EIJA SAVELA**  
CFO



**MIKA HALVORSEN**  
Development Manager

**ANU SAARI**  
IT Manager



**THE AFTERMATH OF  
THE COVID-19 PANDEMIC**

Just as many other companies, KWH Freeze was impacted somewhat by the Covid-19 Pandemic during 2021. The company put a lot of effort into making the day-to-day operations run as smoothly as possibly as well as to ensure that not too much of the staff were in quarantine at the same time. This has also succeeded well thanks to careful planning and strict internal restrictions.

Covid-19 unfortunately also to some extent limited a number of HR endeavours. Despite this it was possible to conduct a training session for foremen and as the restrictions are lifted, KWH Freeze will be holding events aimed at strengthening the sense of community and wellbeing at the workplace.

The pandemic also affected the business in another way. Due to the restrictions, demand among commercial kitchens and restaurants has been lower, but to a large extent it has been compensated by an increased demand in the grocery sector.

**DIGITALIZATION AND LIQUIDATION**

Another area where KWH Freeze has been putting in an enormous effort during the last years

is in digitalization of the business. The company continues to strive for a deeper cooperation with its customers which amongst other things, encompasses digital connections between customers and warehouse. The order traffic by now is almost entirely digital and KWH Freeze is therefore able to flexibly meet the clients' demands.

At the same time that digitalization is increasing, other areas are being liquidated. An era came to its end during 2021 when KWH Freeze made the decision to close its warehouse in Inkoo. The warehouse was constructed 1965 and the building would have required too large investments to be made fit for purpose for the needs of today. This means that KWH Freeze has consolidated the entirety of its operations to Vantaa.

*Year 2021 saw the  
conclusion of the latest  
major expansion  
of the cold storage.*



**JONNE SIITARI**  
IT and Process Coordinator

**JARI PAASONEN**  
Warehouse Manager

**STEFAN THILMAN**  
Warehouse and  
Transportation Superior

**ANNE TURUNEN**  
Chief Accountant

**KIM ELONEN**  
Risk Management and Safety Manager,  
Quality and Environmental Manager



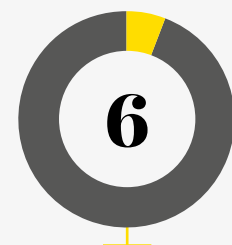




# PREVEX

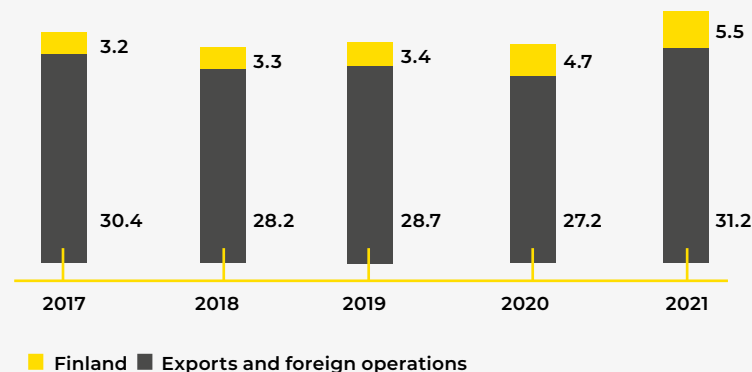
*Prevex saves a million kilos of new plastic a year, as all water traps will contain at least 50% recycled plastic. The goal is to create the most sustainable water traps in the world.*



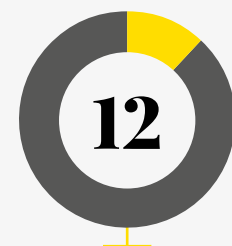


% Share of Group Turnover

## Turnover M€

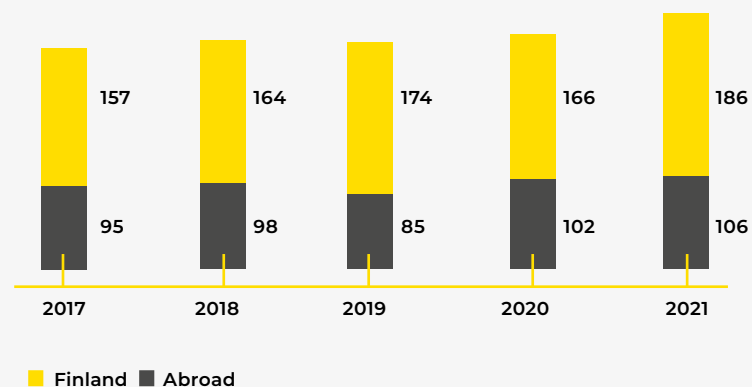


■ Finland ■ Exports and foreign operations



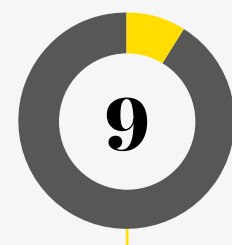
% Share of Group Personnel

## Personnel

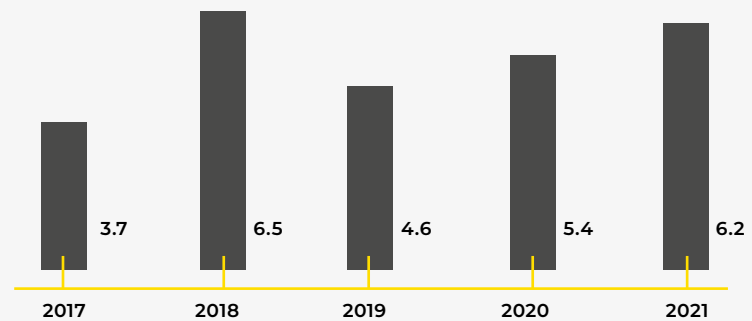


■ Finland ■ Abroad

## Investements M€\*



% Share of Group Gross Investments



\*includes IFRS16 since 2019

Prevex is one of the few companies worldwide with a focus on water traps for kitchens and bathrooms. The water traps from the company are flexible, easy to clean, and nowadays also environmentally friendly. During the year 2021, Prevex conducted a large-scale environmental product development project, in order to find more sustainable products.

The result of this project is that the company's water traps will start to be produced out of at least 50 percent recycled plastic. The conversion will start during 2022, and by the end of the year all the products will be made of at least half recycled plastic. The same goes for the plastic packaging used for the water traps.

### WILL SAVE A MILLION KG OF PLASTIC PER YEAR

It's worth noting that the quality of the water traps will be unchanged, despite the large amount of recycled plastic used. This is something Prevex can promise after having conducted innumerable test runs during the whole of 2021. High quality is of course of the utmost importance, since a leaking water trap can ruin a valuable kitchen or bathroom.

All together the change to recycled plastic will save a million kilos of new plastic per year. The water traps will also be completely recyclable, making them a part of the plastic material cycle.

The new, more environmentally friendly water traps have already gotten a warm reception by the customers. As well as the quality, other properties of the water traps will remain the same as before.

### CARBON NEUTRAL 2023

The change to products from recycled plastic is but one step of Prevex environmental investments. The company is already using only electricity from renewable sources, both at the factory in Nykarleby in Finland, and at the factory in Poznań in Poland. In addition, waste heat of the production is being utilized to warm up the factory in Nykarleby.

Prevex is also planning to switch out some of the metal components in its products to plastic parts in the future, since life cycle analysis show that metal components often have twice as high environmental impact as plastic.

This measure and the switch to recycled plastic will together reduce Prevex total environmental impact by a third. The company is aiming to be carbon neutral in 2023.



**NEW UNIT I JAKOBSTAD**

At the same time as the intensive work to switch over to recycled plastics in production has been going on, Prevox has continued growing. This has made the unit in Nykarleby too limited, and therefore Prevox has been searching for new facilities.

Suitable facilities were located 20 kilometres away in Jakobstad, where Prevox has established itself during 2021. The assembly lines, warehouse and shipping are now located in Jakobstad, where a quarter of the Finnish staff are now working. Offices and injection molding are still located in Nykarleby.

**INVESTMENTS IN WORK SAFETY**

The largest challenge during 2021 was, as for many other companies, the access to materials and increased prices for raw materials – both caused by the Covid-19 Pandemic.

When the pandemic is over, Prevox is looking forward to once again being able to hold staff events. The well-being and occupational safety of the staff is a constant focus, an example being the popular bicycle benefit which was introduced 2021.

A step towards improved work safety and a higher degree of automation was the purchase of a new automatic truck, which started being used in the factory in Nykarleby during the end of 2021. During 2021, Prevox also conducted an inspection of all its machinery together with an external consultant in order to ensure that they are being used in a safe way.

*The quality of the water traps will be unchanged, despite the large amount of recycled plastic used.*



**MIKAEL GÄDDNÄS**  
Chief Operating Officer,  
Prevox Group

**MARCIN KOWALSKI**  
CEO,  
Prevox Poland

**FILIP JANKOWSKI**  
Sales Director,  
Prevox Group

**KRYSTIAN KRYSKOWIAK**  
Process owner,  
Prevox Poland



# UPONOR INFRA

Uponor Infra Oy started its operations on July 1<sup>st</sup>, 2013, with the fusion between KWH Group and Uponor Oyj and their infrastructure solution units. Uponor Infra Oy is majority owned by Uponor (55.3%) and is consolidated in Uponor as the Infrastructure segment. The KWH Group owns 44.7% of the shares.

The company had a turnover of 286.8 (252.0) million Euro. Operating profit was somewhat

lessened due to high costs of raw materials which they didn't have time to compensate fully for with price increases. On the positive side Uponor Infra saw increased sales volumes and the product mix was improved.

The general situation has an impact on Uponor Infra's most important markets. Demand during the coming years is expected to be stable as a whole on the main markets.



Consolidated income statement

EUR 1,000	1.1–31.12.2021	1.1–31.12.2020
<strong>TURNOVER</strong>	<strong>592,797</strong>	<strong>501,330</strong>
Other operating income	2,395	2,851
Change in inventories of finished goods and work in progress	12,857	5,562
Production for own use	4,239	4,388
Materials and services	-252,157	-211,670
Personnel expenses	-157,742	-137,680
Depreciation and impairment	-50,785	-43,767
Other operating expenses	-86,843	-71,425
Share of loss in associate	6,543	7,464
<strong>Operating profit</strong>	<strong>71,304</strong>	<strong>57,052</strong>
Financial income	2,729	2,430
Financial expenses	-4,269	-7,515
<strong>Profit before taxes</strong>	<strong>69,764</strong>	<strong>51,967</strong>
Income tax expense	-14,378	-9,243
<strong>PROFIT FOR THE FINANCIAL YEAR</strong>	<strong>55,386</strong>	<strong>42,724</strong>
Split:		
Equity holders of the parent company	55,388	42,726
Non-controlling interest	-3	-2
<strong>Profit for the financial year</strong>	<strong>55,386</strong>	<strong>42,724</strong>
<strong>STATEMENT OF COMPREHENSIVE INCOME</strong>		
<strong>PROFIT FOR THE FINANCIAL YEAR</strong>		
Items that may be reclassified to income statement:		
Share of other comprehensive income, associated companies		
- net other comprehensive income	-186	130
Cash flow hedging		
- net profit/loss	-1,422	644
- in accounting year's result	1,412	435
Recalculation differences		
- recalculation differences in current period	-101	-1,109
<strong>Other comprehensive income after tax in total</strong>	<strong>-296</strong>	<strong>100</strong>
<strong>TOTAL COMPREHENSIVE INCOME</strong>	<strong>55,092</strong>	<strong>42,826</strong>
<strong>Split:</strong>		
Parent company's shareholders	55,092	42,826
Non-controlling interest of the Group consolidation result	-3	-2
<strong>Comprehensive income in total</strong>	<strong>55,089</strong>	<strong>42,824</strong>

Consolidated balance sheet

Assets EUR 1,000	31.12.2021	31.12.2020
<strong>NON-CURRENT ASSETS</strong>		
Intangible assets	26,613	22,591
Goodwill	8,596	9,878
Tangible assets	389,336	373,281
Investment property	1,449	1,593
Investments in associates	78,049	74,374
Financial assets available-for-sale	1,966	1,969
Other financial assets	1,234	913
Deferred tax assets	1,437	968
<strong>Non-current assets, total</strong>	<strong>508,680</strong>	<strong>485,567</strong>
<strong>CURRENT ASSETS</strong>		
Inventories	90,412	65,480
Trade and other receivables	91,059	78,350
Income tax receivables	716	1,591
Financial assets intended for trading	4,323	4,162
Cash and cash equivalents	64,941	59,262
<strong>Current assets, total</strong>	<strong>251,451</strong>	<strong>208,845</strong>
<strong>ASSETS, TOTAL</strong>	<strong>760,131</strong>	<strong>694,412</strong>
<strong>Equity and liabilities EUR 1,000</strong>	<strong>31.12.2021</strong>	<strong>31.12.2020</strong>
<strong>EQUITY</strong>		
Share capital	3,756	3,756
Share premium reserve	7,931	7,931
Reserve fund	124	124
Translation differences	-1,038	-937
Fair value reserve	939	948
Retained earnings	572,523	530,208
Non-controlling interest	174	177
<strong>Equity, total</strong>	<strong>584,409</strong>	<strong>542,207</strong>
<strong>NON-CURRENT LIABILITIES</strong>		
Provisions	2,628	2,441
Deferred tax liabilities	24,053	19,191
Interest bearing liabilities	0	6,981
Finance lease liabilities	30,297	26,395
Trade and other payables	91	79
<strong>Non-current liabilities, total</strong>	<strong>57,069</strong>	<strong>55,089</strong>
<strong>CURRENT LIABILITIES</strong>		
Interest-bearing liabilities	18,927	10,068
Finance lease liabilities	7,769	7,389
Trade and other payables	89,412	78,579
Income tax liabilities	2,544	1,081
<strong>Current liabilities, total</strong>	<strong>118,652</strong>	<strong>97,116</strong>
<strong>EQUITY AND LIABILITIES, TOTAL</strong>	<strong>760,131</strong>	<strong>694,412</strong>

## Board of Directors

The KWH Group’s Board of Directors has eight members and a secretary. Many of the Board members are shareholders, so the owners have a strong position regardless of whether there are shareholders in the operational management or not.

The Board’s mission is to manage the KWH Group’s affairs on behalf of the owners. The Board is responsible for ensuring that the Group is managed efficiently and in accordance with good business principles. The Board approves, follows and monitors the KWH Group’s business strategy, strategic goals, risk strategy and management.

*KWH's subsidiaries have the ambition to be best-in-class in their main processes.*

*Our renewal is based on financial strength and well-balanced risks.*



**HENRIK HÖGLUND**  
B Sc (Econ)  
Chairman since 1998  
Board Member since 1974



**JOHANNA HÖGLUND**  
M Sc  
Board Member since 2021



**OLA TIDSTRÖM**  
M Sc (Econ)  
Vice Chairman since 1993  
Board Member since 1975



**SOFIA KOHTALA**  
Hotel and Restaurant Manager  
Board Member since 2014



**PETER HÖGLUND**  
B A  
Board Member since 1973  
Chairman 1988–1997



**JANNEKE VON WENDT**  
MSc (Econ)  
Board Member since 2016



**JOHAN HEIKFOLK**  
LL.M.  
Secretary of the Board since 2017



**CAJ-ANDERS SKOG**  
M Sc (Econ)  
Board Member since 2016



**STEFAN WIKMAN**  
LL.M. with court training  
Board Member since 2019



# Group Management

The KWH Group’s Group Management consists of Heads of Division or CEOs and the parent company’s managers. Group management members are responsible for a business division or group function and the Group President leads Group development work and supports the rest of the management.

The Group Management is a diverse team that executes the Board’s decisions and sets the framework and direction for the organization. The management is responsible for ensuring that goals and strategies are fulfilled and for structuring and leading the Group’s operations to achieve set goals.

*KWH Group's subsidiaries are know-how leaders in their lines of business.*

*We continuously seek and develop new business opportunities.*



**KJELL ANTUS**  
M Sc (Econ)  
Group President, Head of Division,  
KWH Invest  
Employed since 1988

**MARKO NYLUND**  
M Sc (Eng), MBA  
CEO, Prevox  
Employed since 2019

**STEFAN SJÖBERG**  
M Sc (Econ)  
Head of Division, Mirka  
Employed since 2011

**CARL-MAGNUS TIDSTRÖM**  
M Sc (Econ)  
CFO  
Employed since 1997

**JOHAN HEIKFOLK**  
LL.M.  
General Counsel  
Employed since 2017

**JOAKIM LAXÅBACK**  
Forestry Engineer, MBA  
Head of Division, KWH Logistics  
Employed since 2002

**PETER LÅNG**  
Bachelor of Commerce  
Head of Division, KWH Freeze  
Employed since 1987

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**KRISTIAN BERG**  
M Sc (Econ), APA  
Ernst & Young Oy

**BENGT NYHOLM**  
M Sc (Econ), APA  
Ernst & Young Oy

## DEPUTY AUDITORS

**ANDERS SVENNAS**  
M Sc (Econ), APA  
Ernst & Young Oy

**MARJA HUHTALA**  
M Sc (Econ), APA  
Ernst & Young Oy

## SUPERVISORY AUDITOR

**ERNST & YOUNG OY**

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## OY MOONWAY AB

www.moonway.fi

## OY M. RAUANHEIMO AB

www.rauanheimo.com

## STEVENA OY

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www.prevex.com







## A YEAR OF STRONG GROWTH

**THE KWH ANNUAL REPORT CONSISTS OF AN ANNUAL REVIEW AND A FINANCIAL REPORT.**

The Annual Review gives a picture of the Group and its Business Operations and contains the Consolidated Income Statement and the Consolidated Balance Sheet. The Annual Review is also available for download under [www.kwhgroup.com](http://www.kwhgroup.com). The Annual Review is available in English, Finnish and Swedish. The Financial Report contains the financial statements including notes and can be ordered from KWH Group Ltd by e-mail [info@kwhgroup.com](mailto:info@kwhgroup.com). The Financial Report is available in Swedish.