2020

KWH GROUP ANNUAL REVIEW

KWH GROUP

Active leadership and flexible organisation

After a strong start to the year, Covid-19 caused havoc in the world and on our markets in the spring. WHO (the World Health Organization) declared on 11 March 2020 that a pandemic had broken out and the lives of companies and individuals were subsequently changed dramatically. Lockdowns were imposed, and this led to a lull in sales in many countries. Restrictions and limited opportunities to meet customers meant that we were forced to abandon the growth targets for the year.

After the crash in the spring, our operations recovered strongly in the second half of 2020 and sales ultimately only fell by two (2) per cent (%) over the year.

The pandemic has shown how important it is for organisations to be flexible and be able to rapidly adapt to changes in the business environment. With active leadership, we were able to lower overheads by around EUR 10 million without risking leaving any significant business undone in the short term. The KWH Group demonstrated again that its strength is based on a broad, strong local presence on the markets and a successful mix of sectors.

At the start of 2021, the pharmaceuticals industry gained approval for its vaccines and vaccinations have begun, which means that we can slow the advance of the virus by the end of the year. We are prepared to return to a different, new world in which the effects of the pandemic will be felt for a long time.

After two years of record investments, mainly in KWH Logistics, it is now time for consolidation and to focus on ensuring that our initiatives achieve their goals. We are not talking about a savings budget for 2021. Both Mirka and KWH Freeze plan major growth-driven investments.

It is important that we keep up with the times and actively follow and respond to changes in our business environment. We continue to focus actively on digitisation and new technology. In addition to the traditional renewal work, there is currently increased pressure to develop new business models and processes.

Our labour force is almost unchanged from 2019. During the Covid-19 pandemic in 2020, we prioritised employee health and safety. The success of the KWH Group is based on all our committed, motivated employees. After a year of Covid-19 stress, it is important to take measures that boost solidarity, enhance well-being and maintain motivation and commitment. We have learned effective new working methods. Together, we will evaluate which of these will last, and will adapt them to optimise their integration in our future working environments.

Many of the political storm clouds have been overshadowed by the advance of the pandemic. The USA now has a new president, which is highly likely to create greater stability for activities on the US market. In the EU, Brexit is now a reality, and we are rapidly adapting to the new customs procedures. In the past year, we also witnessed a number of political decisions aimed at holding systems together and lowering economic risk. Massive liquidity has been built up, which will also generate strong demand on our markets as soon as the pandemic nears its end.

I look forward to a very exciting 2021 and hope that the ‘lost’ year of 2020 is history and we can return to focusing on growth and development. Our strong financial position gives us the freedom to act, even in times of financial difficulty.

Kjell Antus, Group president


C
LOWLANDS RICE
SAFETY + FIRST
TUG

The history of the KWH Group dates back more than 90 years

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 booming 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 and courage to innovate have also helped us through the year 2020 marked by the corona pandemic.

The KWH Group today 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.

KWH Group Ltd – 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

KWH AT GLANCE

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 LOGISTICS

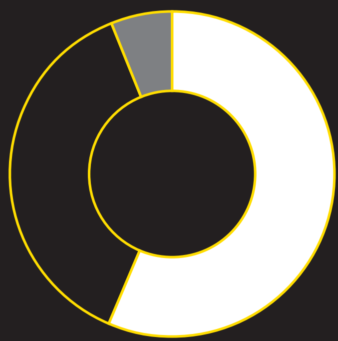
Port Logistics, International Transports, Industrial Services and Cold Storage: Port operations, transport, storage, in-plant service logistics, stevedoring and global logistics solutions for export industry and tradeas well as cold and chilled storage facilities.

KWH INVEST

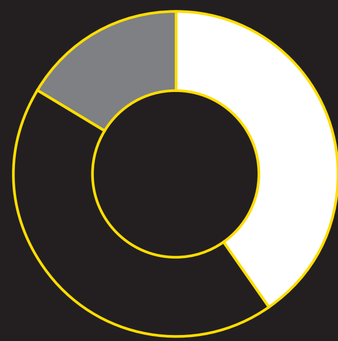
Prevex: One of Europe's leading manufactures of water traps. Specializes in functional and space-saving water traps for kitchens and bathrooms. Factories are located in Uusikaarlepyy, Finland and in Poznan, Poland. Prevex exports 90% of its products.

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

TURNOVER



- Mirka €
  Turnover 283.6 milj. €
  Share of Group Turnover 57 %
- KWH Logistics
  Turnover 188.5 milj. €
  Share of Group Turnover 38 %
- KWH Invest
  Turnover (Prevex) 31.9 milj. €
  Share of Group Turnover 6 %



- Finland
  204.4 milj. €
- Export
  220.6 milj. €
- Foreign Operations
  81.9 milj. €

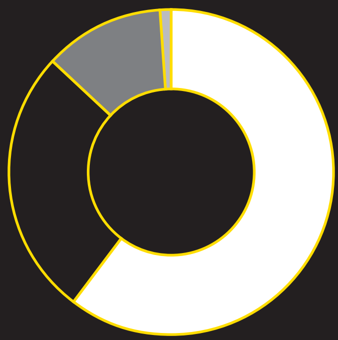
Turnover
501 milj. €

TURNOVER AND PROFIT MEUR

Turnover   Operating Profit

EQUITY RATIO 78 %

PERSONNEL

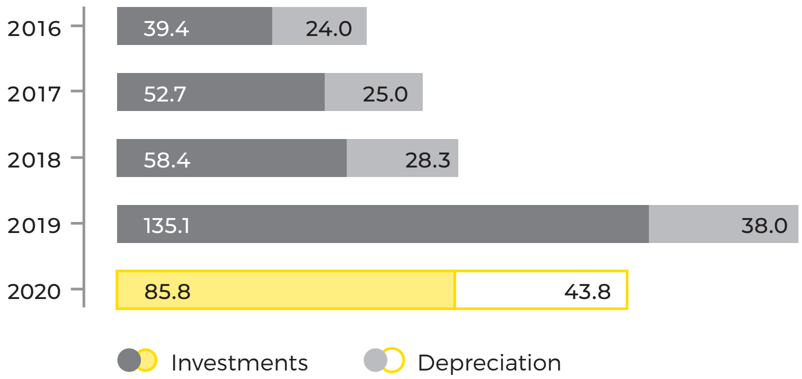


- Mirka
  Personnel 1,407
  Share of Group Personnel 61 %
- KWH Logistics
  Personnel 611
  Share of Group Personnel 27 %
- KWH Invest
  Personnel (Prevex) 268
  Share of Group Personnel 12 %
- KWH Group
  Personnel 13
  Share of Group Personnel 1 %

- In Finland
  Personnel 1,554
- Abroad
  Personnel 746

Personnel
2,300

INVESTMENTS AND DEPRECIATION MEUR



INVESTMENTS IN FINLAND 83 M€


MIRKA
Johan Öst

	2020	2019	2018	2017	2016
CONSOLIDATED INCOME STATEMENT, MEUR					
Turnover					
Finland	204.4	200.8	199.0	174.5	141.8
Exports from Finland	220.6	228.1	219.9	212.4	189.1
Foreign Operations	81.9	88.6	88.0	82.7	68.4
Total	501.3	512.1	501.9	465.0	394.7
Salaries. Wages and Social Charges	137.7	141.1	129.4	113.8	98.7
Depreciation and Impairment	43.8	38.0	28.3	25.0	24.0
Operating Profit	57.1	45.4	66.9	62.9	47.1
Financing Items	5.1	1.0	1.9	3.4	1.2
Profit before Taxes	52.0	44.4	64.9	59.5	47.0
Taxes according to the Income Statement	9.2	9.1	11.5	11.5	10.7
Profit for the Financial Year	42.7	35.3	53.5	48.0	35.3
CONSOLIDATED BALANCE SHEET, MEUR					
Non-current Assets	485.6	439.1	341.0	323.0	290.8
Inventories	65.5	59.3	56.1	50.2	46.0
Receivables	79.9	75.4	75.4	72.9	57.3
Cash in Hand and at Bank	63.4	75.7	112.8	95.2	94.9
Shareholders' Equity	542.2	507.1	483.5	438.8	396.9
Liabilities	152.2	143.3	101.8	102.5	92.1
Net interest-bearing Liabilities	-8.7	-26.0	-95.0	-76.5	-73.5
Balance Sheet Total	694.4	649.4	585.3	541.3	489.0
RATIOS, %					
Change in Turnover	-2	2	8	18	8
Exports and Foreign Operations	60	62	61	63	65
Share of Group Turnover					
Mirka	57	58	57	59	61
KWH Logistics	38	36	37	34	33
KWH Invest and others	6	6	6	7	7
Return on Capital Employed	10	9	14	14	11
Return on Shareholders' Equity	8	7	12	11	9
Equity Ratio	78	78	83	81	81
Gearing	-2	-5	-20	-17	-19
OTHER INFORMATION					
Gros Investments, MEUR	85.8	135.1	58.4	52.7	39.4
Net Investments, MEUR	84.5	133.6	57.8	52.4	37.4
Average Number of Personnel	2,300	2,363	2,195	1,927	1,730
of which abroad	746	740	726	596	477
Turnover per Employee, EUR 1,000	218	217	229	241	228

CALCULATION OF FINANCIAL RATIOS

RETURN ON CAPITAL EMPLOYED

$$\frac{\text{profit before taxes + interest and other financial expenses} \times 100}{\text{balance sheet total - non-interest-bearing liabilities in average}}$$

EQUITY RATIO

$$\frac{\text{shareholders' equity} \times 100}{\text{balance sheet total - advances received}}$$

RETURN ON SHAREHOLDERS' EQUITY

$$\frac{\text{net profit} \times 100}{\text{shareholders' equity + minority interest in average}}$$

GEARING

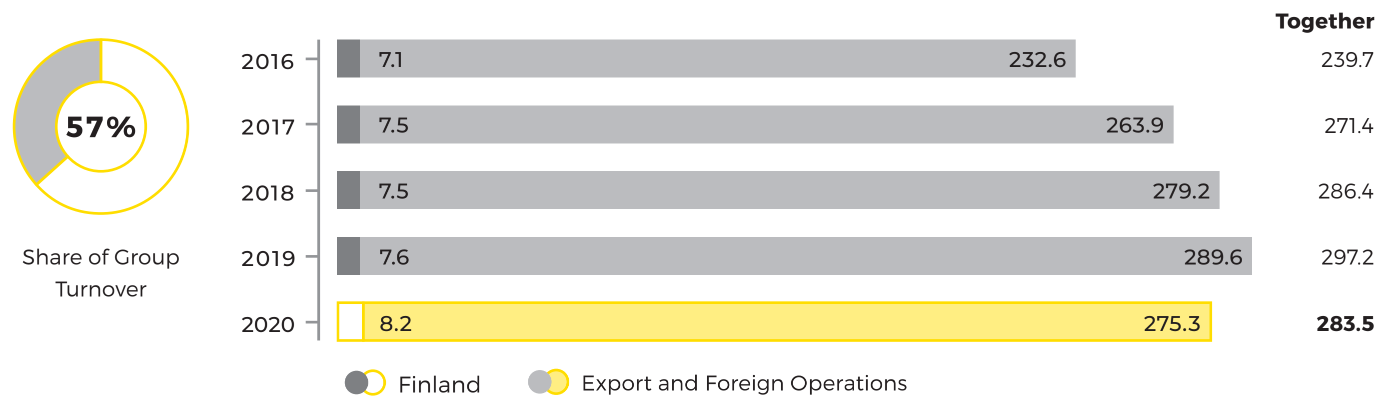
$$\frac{\text{interest-bearing liabilities - cash in hand and at bank} \times 100}{\text{shareholders' equity}}$$

MIRKA

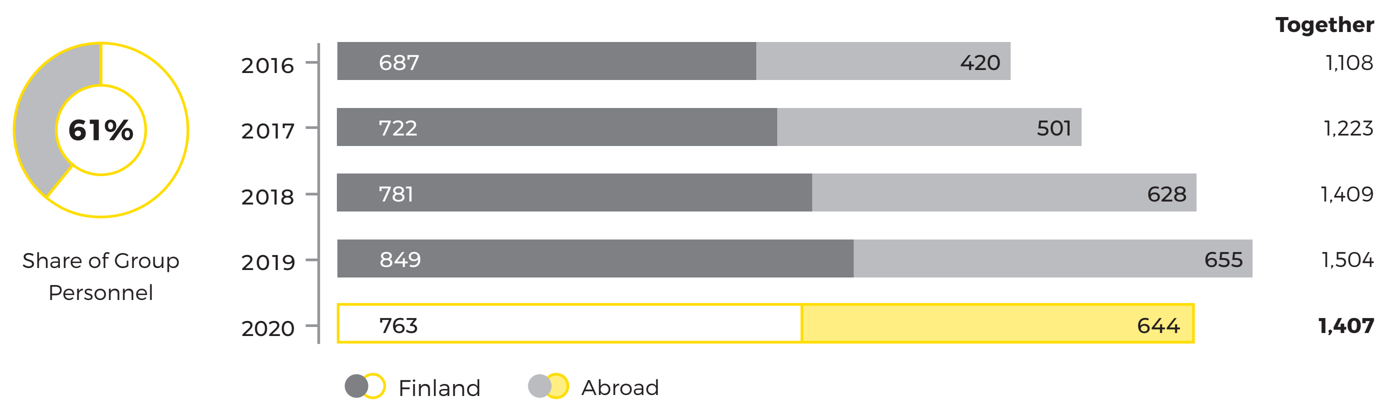
Rapid recovery with record sales

MIRKA KEY FIGURES

TURNOVER MEUR



PERSONNEL



INVESTMENTS MEUR*

*IFRS16 included since 2019

Mirka offers a wide range of solutions for surface finishing and precision sanding. The company specialises in total solutions in which the abrasives are supplemented by innovatively designed machines and polishing compounds.

Mirka achieved its current position as the global technology leader as a result of having invented dust-free sanding at the turn of the millennium. Mirka's other success factors are a corporate culture characterised by a desire and an ability to constantly develop as well as a large global sales network.

MAJOR INVESTMENTS IN DIGITAL PLATFORM

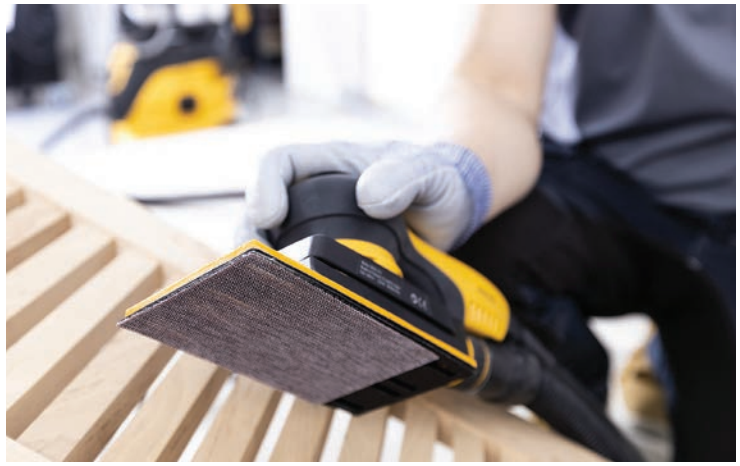
Mirka's biggest investments in 2020 were in digitisation, above all in building a new digital customer experience platform. Work began in 2019 and continued in 2020, and the platform has now been partly taken into use.

The digital platform is designed to transform operations to make them entirely digital, and integrates a large number of functions such as:

- Sales
- Marketing automation
- Customer service
- B2B e-commerce

The construction of the platform went entirely to plan, despite all work being done remotely on account of the Covid-19 pandemic. The quieter period at the start of the pandemic could also be used to train staff, primarily sales staff, in the new digital tools.

Mirka is now continuing to train customers, distributors and its own staff in the new way of working, aiming to further develop B2B e-commerce.



GROWTH IN THE CONSTRUCTION AND DECORATION SECTOR

As for so many other companies, 2020 was characterised by the Covid-19 pandemic for Mirka. From a broader perspective, the pandemic hit certain sectors hard, while others instead benefited from it. This is clearly reflected in Mirka's operations. While, for example, the automotive industry suffered a decline, the Construction and Decoration sector experienced a boom as people were able to spend more time at home, with time and funds to renovate. Mirka's Construction & Decoration sector therefore grew dramatically during the latter part of 2020 and now accounts for a significant proportion of sales.

RAPID RECOVERY FROM THE PANDEMIC

At the start of the year, Mirka could already see that sales in China were being affected by the Covid-19 pandemic, but the first quarter was still in line with the budget. In mid-March, the pandemic broke out properly in large parts of the world, and Mirka quickly lost a large proportion of its sales.

STEFAN SJÖBERG

CEO

OLAV HELLMAN

CFO

THEO SAKALIS

VP Sales,
precision industry

JOACHIM RÄNNAR

Operations Director

NINA NYMAN

Marketing
Director

SIMON BLOXHAM

VP Sales,
surface finishing

MATS SUNDELL

R&D Director,
Deputy Chief Executive

JAN TORKULLA

Production Director

The company reacted fast and was able to make significant savings in a short time. When the restrictions were eased in May and June, customers returned almost overnight. In the summer, sales were back at the 2019 level.

RECORD SALES IN THE AUTUMN

Autumn 2020, in turn, was a period of strong recovery for Mirka, with record sales for four full months in a row. Looking at the big picture, it can be said that Mirka emerged from the pandemic almost unscathed. Total sales for the year were only just below the 2019 level and the operative result was also at a good level. Mirka made savings by furloughing staff and by incurring significantly lower costs for trade fairs, travel and events.

It is also worth noting that Mirka managed to capture market shares during its recovery, and that the company recovered from the crash faster than many of its competitors. Mirka estimates that the strong recovery during autumn 2020 will continue in 2021. By autumn 2021, operations are expected to be back to normal.

STRENGTHS DURING THE PANDEMIC

The rapid recovery from the pandemic is partly due to the fact that Mirka is extremely well organised. The company has very well developed reporting, which proved to be worth its weight in gold in 2020 as it was possible to see trends early and react almost in real time.

The pandemic also showed the benefit of Mirka's longstanding major focus on health and safety issues. Thanks to strict safety procedures, Mirka's organisation and production facilities were 100% ready to deliver at all times, and there were no cases of infection in production facilities. Consequently, money spent on health and safety at work should not be seen as expenses, but rather as investments that produce a return.

Mirka also works systematically on these issues at European level through the trade association SEAM (Sustainable European Abrasive Manufacturers), which was launched in early 2020.

Another of Mirka's strengths that have become very clear during the Covid-19 pandemic is the company's structure, with subsidiaries and sales companies throughout the world. As sales are made not from Finland but via independent local companies, the organisation is more resilient. This meant that operations could continue throughout, despite the introduction in most countries of various types of lockdown, restrictions and travel bans.

NEW MEETING PLACE IN JEPPO

Another major initiative in 2020 was the extension of Mirka's head office in Jeppo, Finland. The oldest part of the office was demolished to make room for a meeting facility three times its size, called Mirka Home. It was possible to adapt the building to the new flexible way of working, in which much of the work is done remotely. Among other things, all meeting rooms have integrated options for remote meetings, and the workstations are planned on the basis that Mirka employees will continue to work remotely for some of the time after the end of the pandemic.

KWH LOGISTICS CONSISTS OF FOUR BUSINESS UNITS

Port Logistics
Stevedoring, port operations and logistics solutions for bulk cargo, general cargo and heavy project loads and ship agency. Oy Blomberg Stevedoring Ab, Oy M. Rauanheimo Ab, Stevena Oy, Oy Otto Rodén Ab, A. Jalander Oy

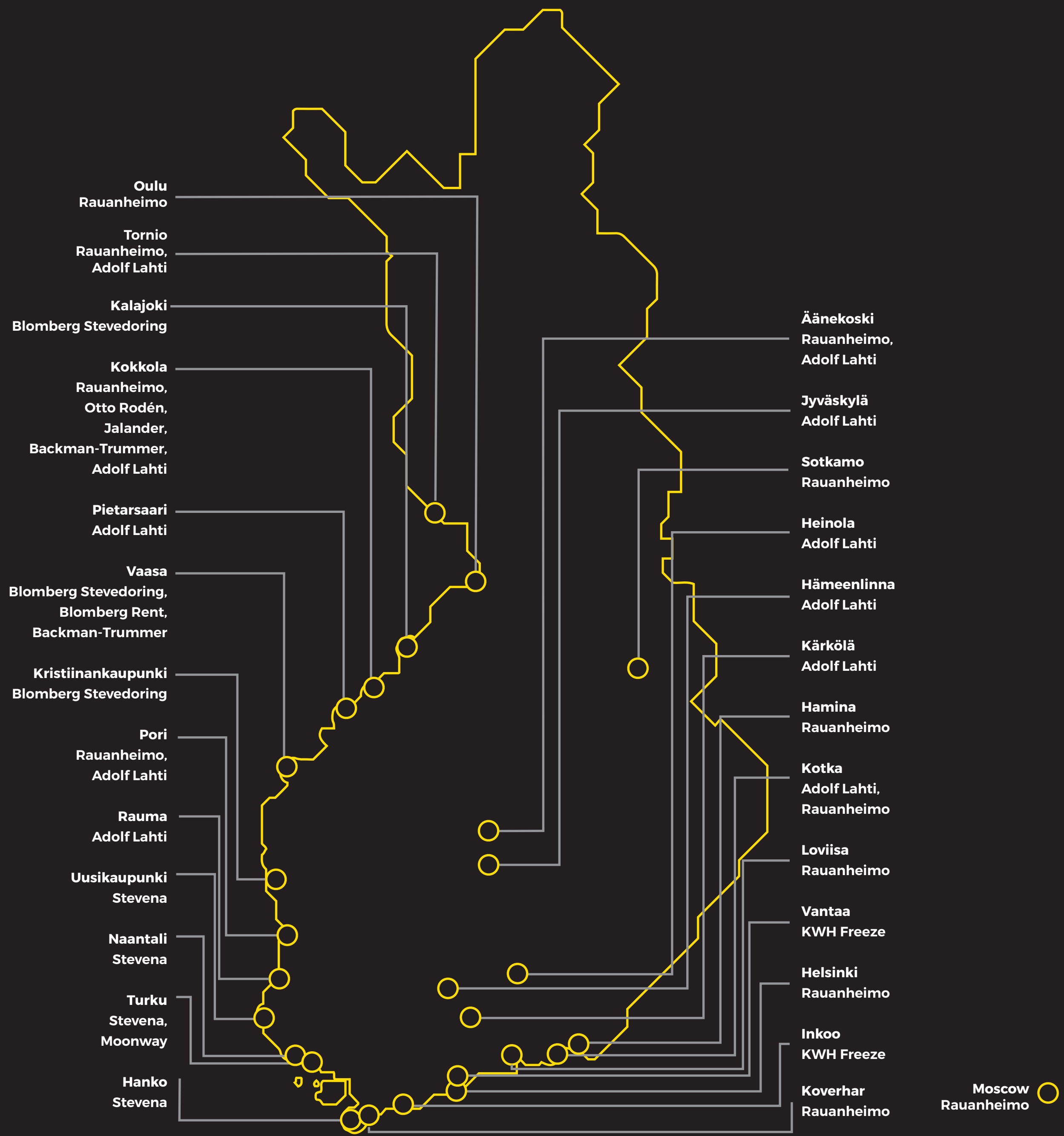
International Transports
Forwarding, international transports and global logistics solutions by different modes of transportation. Oy Backman-Trummer Ab, Oy Moonway Ab

Industrial Services
Handling, storage, and transport of goods, construction excavation, workshop for heavy machinery, in-plant service logistics and other related operations together with rental of small machinery and scaffolding.
Oy Adolf Lahti Yxpila Ab,
Oy Blomberg Rent Ab

Cold Storage
Handling and storage of frozen and chilled foods. KWH Freeze Oy Ab

KWH LOGISTICS

Continued investment and establishment in new locations



KWH Logistics is Finland's biggest port operator and the leading player in Russian transit traffic. The Group also operates in a number of other logistics areas. Among other things, it has the largest freezer store in Finland.

KWH Logistics grew fast throughout the past decade. The driving factors behind the growth were restructuring in the sector, the outsourcing trend in industry and higher flows of goods through Finland..

CONTINUED HIGH INVESTMENT

KWH Logistics has invested heavily to allow it to grow over the years. The record investments that started in 2019 were largely completed in 2020. Investments totalled just over EUR 54 million during the year.

The single biggest investment was an environmental-friendly system for bulk handling in the deep-water port of Tahkoluoto in Pori, where the subsidiary Rauanheimo has started its operations. After a slight delay, the system was taken into use in late winter 2021.

Another major investment was in Mussalo, which belongs to HaminaKotka port. In 2020, a brand new unloading terminal for rail wagons was completed, and Rauanheimo also invested heavily in storage capacity in the port. The company now has over 50,000 m^2 of own storage on the site, as well as operational responsibility for storage owned by customers.

KWH Logistics also constantly invests in the renewal of machinery and, when possible, acquires new energy-efficient materials handling systems.

LIMITED IMPACT FROM COVID-19

2020 will go down in history as the year in which the Covid-19 pandemic hit people and economies worldwide, but KWH Logistics was ultimately affected very little by the pandemic. The majority of flows of goods continued at a stable, normal level, and some even increased as a result of the pandemic. For example, there is increased demand for cellulose as a result of the growth of e-commerce and thus demand for packaging.

KWH Logistics' sales were slightly higher than in 2019, but the major investments made have laid the foundations for significantly higher growth in the years to come.

Like everyone else, KWH Logistics hopes, of course, that the pandemic will be overcome as soon as possible so that society can return to normal. KWH Logistics therefore has cautiously positive expectations of 2021.

FROZEN STORAGE WITH SOLAR POWER

The subsidiary KWH Freeze, which offers frozen storage, has made big investments in recent years. The latest extension of the

MONA ANDERSSON-KUORIKOSKI

HR Director,
KWH Logistics

HANNU UUSI-POHJOLA

Head of Division
CEO, Backman-Trummer

JOAKIM LAXÅBACK

Managing Director,
M. Rauanheimo,
Adolf Lahti Yxpila,
Otto Rodén,
A. Jalander & Kiinteistö Oy
Port Handling

BERNT BJÖRKHOLM

Managing Director,
Blomberg Stevedoring
& Blomberg Rent
Director,
Backman-Trummer,
Freight Forwarding

MARKKU MÄKIPERE

Managing Director,
Stevena & Moonway
Marketing Director,
KWH Logistics

PETER LÅNG

Managing Director,
KWH Freeze

VESA PELTOLA

ICT Director,
KWH Logistics

ANDERS BACK

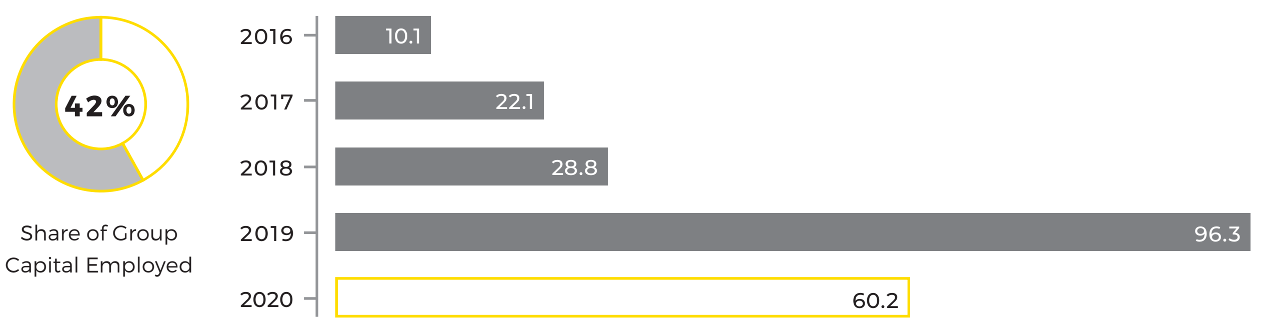
Financial Director,
KWH Logistics

KWH LOGISTICS KEY FIGURES

TURNOVER MEUR

PERSONNEL

INVESTMENTS MEUR*



*IFRS16 included since 2019

freezer store in Vantaa was completed in 2020, and the new building now also has its roof covered by solar panels. The solar power plant reduces the company's carbon dioxide emissions by nearly 100,000 kg a year, which is equivalent to the emissions from driving 800,000 kilometres in a car.

Due to high demand, KWH Freeze has already submitted an application for a building permit for a new expansion, which is expected to be ready for use in early 2022.

KWH Freeze experienced a fall in demand in 2020, when the hotel and restaurant sector was hit hard by the pandemic. However, it was possible to largely compensate for the decline with increased demand for frozen products in the retail trade.

NEW PLACES ON THE MAP

Rauanheimo is the subsidiary of KWH Logistics that has grown most in recent years, and the company now operates in all of the major ports in Finland. In 2020, Rauanheimo became established in Tornio, where operations were facilitated by a long-term agreement with Outokumpu. Rauanheimo's investments there included five new cranes in the port.

Container management was also expanded at the Vuosaari Harbour in Helsinki in 2020.

The subsidiary Adolf Lahti, which offers services to industry, has also grown fast. The company became established in Kärkölä in southern Finland during the year. Due to its versatile and comprehensive service product range, KWH Logistics can provide its customers with full-service solutions and assume total responsibility for their logistics.

STABILITY AT ALL BUSINESS UNITS

2020 was also a good year for other subsidiaries, given the Covid-19 situation. The port operator Blomberg Stevedoring has been busy, largely due to increased demand for handling of wind turbines.

The freight forwarder Backman-Trummer managed to achieve a reasonable result despite tough competition, and Moonway, which offers bulk container transport, also performed well.

The port operator Stevena, which operates in western Finland, was affected to some extent by the downturn in the automotive industry, but 2020 turned out to be a good year after all.

Blomberg Rent, which hires out equipment for the construction industry, benefited from extensive activity in the construction sector in Vasa.

DIGITISATION AT KWH LOGISTICS

KWH Logistics continued to strengthen its support functions, in other words HR, ICT, Marketing and Finance. In 2020, digital transformation continued to be in focus and many digitalisation projects were completed during the year. For example, a new CRM-software was taken into use within KWH Logistics and furthermore customer-specific, integrated digitalisations projects were completed with some of the biggest customers.

In the Port Logistics business unit, the roll-out of the new resource management system was continued to accelerate the work processes and to improve the quality of material handling.

PREVEX

Continued focus on sustainability

MARKO NYLUND

CEO, Prevex Group

MARCIN KOWALSKI

CEO, Prevex Poland

CAMILLA WIKMAN

CMO, Prevex Group

KRYSTIAN KRYSKOWIAK

Chief Purchase and Logistics Manager, Prevex Poland

FILIP JANKOWSKI

Sales Director, Continental Europe

PETER ENGSTRAND

Sales Director, Nordic countries

THOMAS NYSTRÖM

CFO, Prevex Group

Prevex is one of the few companies worldwide specialising in water traps for kitchens and bathrooms. Prevex has in-depth product development know-how and focuses on flexible water traps that are easy to install and clean.

The company is able to operate in such a narrow niche segment because the KWH Group looks at all its subsidiaries as a whole, and the overall risk diversification in the Group is therefore at an acceptable level.

ENVIRONMENTAL INITIATIVES CONTINUING

In 2020, Prevex continued the ambitious environmental work that had been started in previous years. This work resulted in several specific measures, primarily concerning the buildings in Nykarleby.

A heat pump now utilises the waste heat from production, saving 800 MWh of energy a year. This is equivalent to district heating for 60 homes and supplies virtually all the heating required for the factory. In addition, solar panels were installed on the production building in summer 2020. When the weather conditions are right, they supply all the power the office needs.

However, the biggest environmental initiative in 2020 involved the factory in Poland switching to 100% renewable power. The factory in Nykarleby made the same switch a year earlier. This means that all Prevex water traps are made only with renewable electricity.

At the same time, the product development work continued to try and find more sustainable materials for the water traps themselves, and Prevex hopes to be able to present the results of this work in 2021.

BRAND RENEWAL AND REORGANISATION OF PRODUCTION

In 2020, Prevex began a major brand renewal process which will be completed in 2021. The work began with a thorough analysis of customer needs, which resulted in the insight that Prevex needs to focus more on long-term partnerships. This is because Prevex' know-how is best employed in the type of customer relationships that permit deep collaboration on product development.

Prevex also reorganised production in 2020. The company's production, injection moulding and demanding automation are now concentrated in Nykarleby in Finland, while the Polish unit handles more extensive assembly work. This leads to better overall logistics and efficiency.

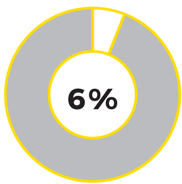
INITIATIVES DURING THE PANDEMIC

Like so many other companies, Prevex was initially hit hard when the Covid-19 pandemic began in March 2020. Nevertheless, the upturn in early summer was just as fast as the downturn in the spring, resulting in sales for the full year being roughly the same as in 2019.

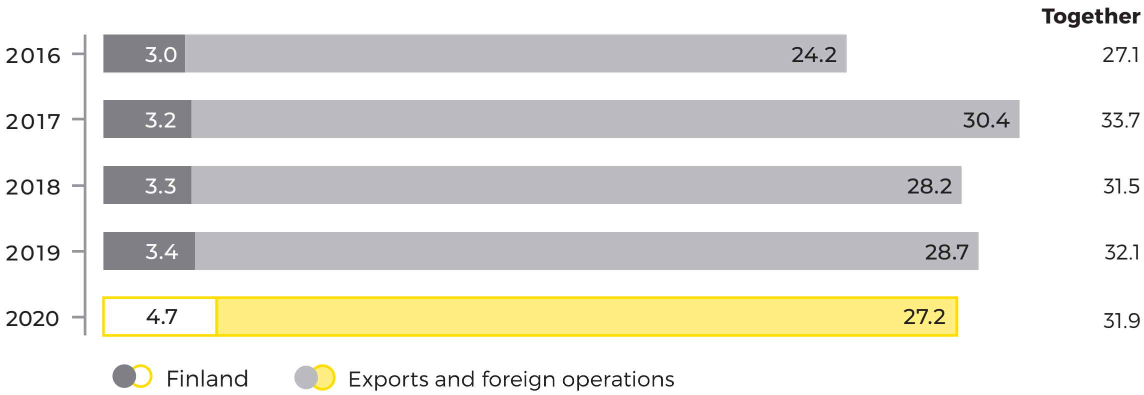
While part of production was idle in April-May, Prevex was also able to do its bit to combat the epidemic. At short notice, the company began making earpieces for visors for the healthcare sector. As there was a great shortage of personal protective equipment in the healthcare sector at the time, staff found this initiative very meaningful.

PREVEX KEY FIGURES

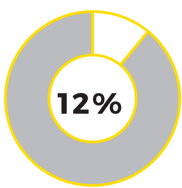
TURNOVER MEUR



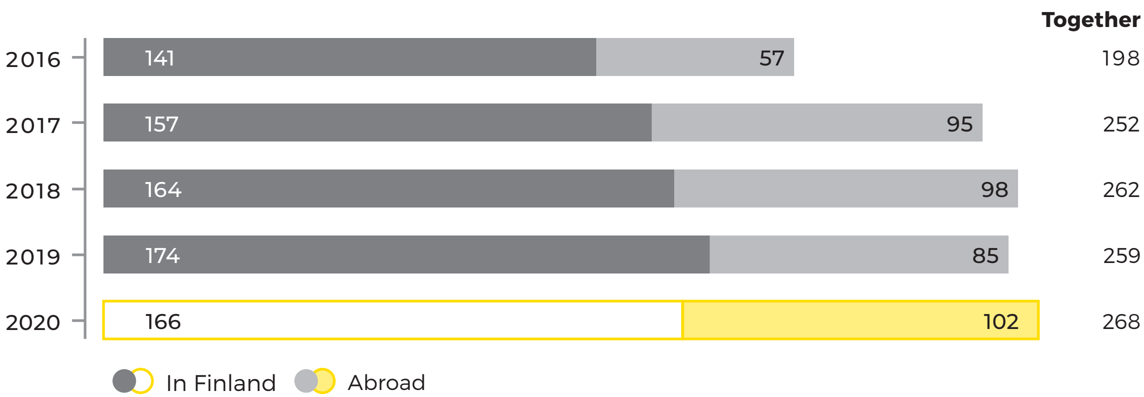
Share of Group Turnover



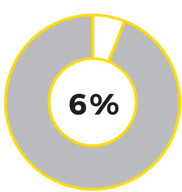
PERSONNEL



Share of Group Personnel



INVESTMENTS MEUR*



Share of Group Capital Employed

*IFRS16 included since 2019

UPONOR INFRA

On 1 July 2013, Uponor Infra Oy began trading, with the merger of the infrastructure solution business units of the KWH Group and Uponor Oyj. Uponor is Uponor Infra Oy's majority shareholder (55.3%), and Uponor Infra Oy is consolidated in Uponor as the infrastructure segment. The KWH Group owns 44.7% of shares.

The Company's sales amounted to EUR 252.0 (243.9) million. Uponor Infra continued the successful execution of its profitability improvement strategy, which also had a negative impact on net sales.

The general situation has affected demand in Uponor Infra's most important markets. Overall demand in the main markets is expected to be stable in the coming years.

Consolidated income statement

EUR 1,000	1.1–31.12.2020	1.1–31.12.2019
TURNOVER	501,330	512,146
Other operating income	2,851	3,237
Change in inventories of finished goods and work in progress	5,562	1,422
Production for own use	4,388	5,222
Materials and services	-211,670	-217,824
Personnel expenses	-137,680	-141,101
Depreciation and impairment	-43,767	-37,985
Other operating expenses	-71,425	-82,750
Share of loss in associate	7,464	3,045
Operating profit	**57,052**	**45,412**
Financial income	2,430	2,577
Financial expenses	-7,515	-3,586
Profit before taxes	**51,967**	**44,403**
Income tax expense	-9,243	-9,097
PROFIT FOR THE FINANCIAL YEAR	**42,724**	**35,306**
Attributable to:		
Equity holders of the parent company	42,726	35,307
Non-controlling interest	-2	-1
Profit for the financial year	**42,724**	**35,306**
STATEMENT OF COMPREHENSIVE INCOME		
PROFIT FOR THE FINANCIAL YEAR	42,724	35,306
Items that may be reclassified to income statement:		
Share of other comprehensive income in associates		
- net total comprehensive income	130	-292
Cash flow hedges		
- net profits/losses	644	-1,912
- transferred to profit and loss	435	601
Translation differences		
- translation differences for the financial year	-1,109	198
Other comprehensive income for the financial year, Net of tax	**100**	**-1,405**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**42,824**	**33,901**
Attributable to:		
Equity holders of the parent company	42,826	33,903
Non-controlling interest	-2	-1
Total comprehensive income for the financial year	**42,824**	**33,901**

Consolidated balance sheet

Assets EUR 1,000	31.12.2020	31.12.2019
NON-CURRENT ASSETS		
Intangible assets	22,591	19,490
Goodwill	9,878	9,970
Tangible assets	373,281	336,258
Investment property	1,593	1,704
Investments in associates	74,374	68,121
Financial assets available-for-sale	1,969	1,969
Other financial assets	913	400
Deferred tax assets	968	1,234
Non-current assets, total	**485,567**	**439,145**
CURRENT ASSETS		
Inventories	65,480	59,254
Trade and other receivables	78,350	71,082
Income tax receivables	1,591	4,280
Financial assets intended for trading	4,162	0
Cash and cash equivalents	59,262	75,667
Current assest, total	**208,845**	**210,282**
ASSETS, TOTAL	**694,412**	**649,427**

Equity and liabilities eur 1,000	31.12.2020	31.12.2019
EQUITY		
Share capital	3,756	3,756
Share premium reserve	7,931	7,931
Reserve fund	124	124
Translation differences	-937	172
Fair value reserve	948	-131
Retained earnings	530,208	495,084
Non-controlling interest	177	179
Equity, total	**542,207**	**507,115**
NON-CURRENT LIABILITIES		
Provisions	2,441	2,447
Deferred tax liabilities	19,191	16,590
Interest bearing liabilities	6,981	0
Finance lease liabilities	26,395	28,008
Trade and other payables	79	42
Non-current liabilities, total	**55,089**	**47,087**
CURRENT LIABILITIES		
Interest-bearing liabilities	10,068	15,271
Finance lease liabilities	7,389	6,813
Trade and other payables	78,579	72,274
Income tax liabilities	1,081	867
Current liabilities, total	**97,116**	**95,225**
EQUITY AND LIABILITIES, TOTAL	**694,412**	**649,427**

Board of directors

The KWH Group´s Board of Directors had eight members and one secretary in 2020. 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.

HENRIK HÖGLUND

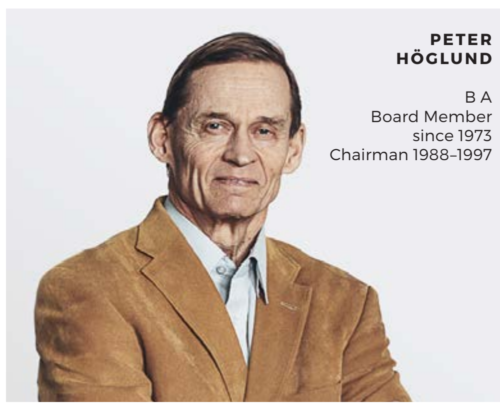
B Sc (Econ)
Chairman since 1998
Board Member since 1974

SOFIA KOHTALA

Hotel and Restaurant Manager
Board Member since 2014

OLA TIDSTRÖM

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



PETER HÖGLUND

B A
Board Member since 1973
Chairman 1988–1997

ANDERS HÖGLUND

BSc (Econ. & Bus. Adm.)
Board Member
since 2020

STEFAN WIKMAN

LL.M. with
court training
Board Member
since 2019

JANNEKE VON WENDT

MSc (Econ)
Board Member
since 2016

CAJ-ANDERS SKOG

M Sc (Econ)
Board Member
since 2016

JOHAN HEIKFOLK

LL.M.
Secretary of the Board
since 2017

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.

MARKO NYLUND

M.Sc. (Eng), MBA
CEO, Prevex
Employed since 2019

KJELL ANTUS

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

CARL-MAGNUS TIDSTRÖM

M Sc (Econ)
Head of Administration and Finance
Employed since 1997

STEFAN SJÖBERG

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

JOHAN HEIKFOLK

LL.M.
General Counsel
Employed since 2017

HANNU UUSI-POHJOLA

Engineer
Head of Division, KWH Logistics
Employed since 2003

Auditors

STATUTORY AUDITORS

KJELL BERTS
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

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

SUPERVISORY AUDITOR

ERNST & YOUNG OY

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OY MOONWAY AB
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OY M. RAUANHEIMO AB
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OY OTTO RODÉN AB
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OY BLOMBERG RENT AB
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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**. 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**. The Financial Report is available in Swedish.

KWH GROUP