

Interim report January - March 2022

Continued strong growth and earnings in an uncertain world. Bufab once again achieved its highest ever quarterly result.

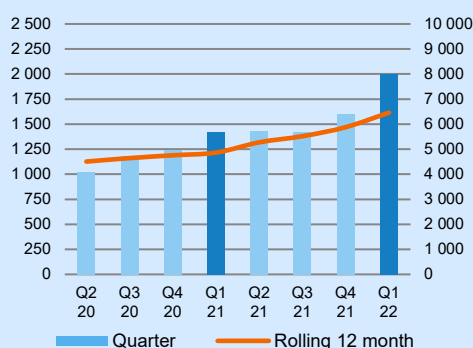
First quarter 2022

- Net sales rose by 41 percent to SEK 2,002 million (1,423).
Organic growth was +21 percent and order intake was higher than net sales
- Operating profit (EBITA) increased 37 percent to SEK 243 million (177) and the operating margin was 12.1 percent (12.4). Adjusted for costs related to the discontinuation of Bufab's Russian operations amounting to SEK -15 million (0), remeasured additional purchase considerations amounting to SEK -15 million (-6) and acquisition costs amounting to SEK -8 million (0), operating profit (EBITA) increased by 53 percent to SEK 281 million (183), corresponding to an operating margin of 14.0 percent (12.9)
- Earnings per share rose by 39 percent to SEK 4.42 (3.18)
- During the quarter, Pajo-Bolte A/S and TIMCO (TI Midwood & Co Ltd.) were acquired, with annual sales of approximately SEK 190 million and SEK 730 million, respectively
- The Board of Directors appointed Erik Lundén as new President and CEO of Bufab. He takes office mid-August 2022. At the same time Johan Lindqvist will take on the role as Vice President and Deputy CEO
- Bufab once again achieved its highest ever sales, operating profit, and earnings per share for a single quarter

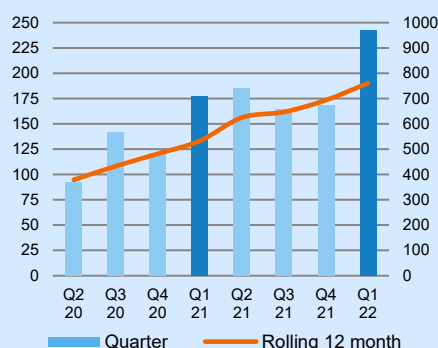
THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 20)

SEK million	Quarter 1		Δ	12-months rolling	Full year
	2022	2021	%	2021/22	2021
Order intake	2,041	1,481	38	6,644	6,084
Net sales	2,002	1,423	41	6,456	5,878
Gross profit	561	397	41	1,801	1,638
%	28.0	27.9		27.9	27.9
Operating expenses	-318	-220	45	-1,040	-942
%	-15.9	-15.5		-16.1	16.0
Operating profit (EBITA)	243	177	37	761	695
%	12.1	12.4		11.8	11.8
Operating profit	233	170	37	727	664
%	11.6	11.9		11.3	11.3
Profit after tax	166	119	39	517	470
Earnings per share, SEK	4.42	3.18	39	13.81	12.57

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

+41%

OPERATING MARGIN (EBITA)

12.1%

Continued strong results in an uncertain world

During the first quarter of 2022, Bufab once again delivered its highest ever sales, operating profit and earnings per share for a single quarter. In addition, we completed two strategic acquisitions with combined annual sales of approximately SEK 930 million.

The healthy level of demand continued into the first quarter of this year, and we noted a strong organic growth of 21 percent. The organic growth is a result of strong underlying demand in all segments, price increases, and higher market shares.

We have offset increased costs of raw materials and freight by passing these on to the customers, given us a stable gross margin for the quarter.

The share of operating expenses increased somewhat during the quarter but adjusted for costs related to the discontinuation of our Russian operations, remeasured additional purchase considerations and acquisitions costs, the share of operating expenses declined compared with the preceding year. This combined with the healthy growth, explains the strong results in the quarter.

Overall, operating profit rose by 37 percent and the margin was 12.1 percent. Adjusted for the items in the preceding paragraph, operating profit increased by a full 53 percent and the margin amounted to a strong 14.0 percent.

During the quarter, we acquired TIMCO, which conducts operations in the UK, and has annual sales of approximately SEK 730 million. The acquisition is the largest to date for Bufab and is a significant strategic addition to our operations in the UK. TIMCO is a strong brand with a long history of supplying C-parts to the construction industry and this acquisition will reinforce Bufab's customer offering in this industry. During the quarter, we also acquired the Danish company Pajo-Bolte, with annual sales of nearly SEK 200 million, which will help us to improve our position in Denmark, as well as our customer offering to the construction industry in the Nordic market.

We have already begun working with the business opportunities brought about by both of these acquisitions. Acquisition costs of approximately SEK 8 million were charged to the quarter.

The Board has decided to discontinue our small inventory- and sales office in Russia. In total, this operation corresponds to approximately 0.5 percent of

the Group's total annual sales. As a result of this discontinuation of operations, we have recognised costs of SEK 15 million for the quarter.

Looking ahead, the war in Ukraine will affect us in many ways, perhaps primarily through supply chain disruptions. In the past month it has become clear to us that a great deal in this global world is interconnected and is impacted by this conflict. We currently invest a large amount of energy in securing deliveries to our customers as there continues to be major disruptions in supply chains continue. We will need to offset the higher inflation in Europe and the US by increasing productivity and continuing our work to pass on cost increases for raw materials and freight to our customers.

Under these circumstances, it is however important that we also continue working on the development of our operations in areas such as digitalisation, efficiency, and strengthening our team. The aim of this is to be even more relevant for our customers. We have made much progress, but still have a lot of work left.

To wisely integrating the acquisitions we have made recently is also a priority area. By using our Best Practice model, both existing and newly acquired companies are strengthened.

We are also working on several activities within the area of sustainability, a strategically important area for Bufab and, among other activities, we intend to have our Science Based Target Initiatives validated during the summer and the autumn.

A strong first quarter, with a healthy order intake, creates the conditions for stable development also in the second quarter of this year. However, considering all of the challenges that the geopolitical situation entails, it is difficult to comment on the future.

Regardless of the developments, however, Bufab's position is significantly stronger overall than it was a year ago. I want to thank all of Bufab's 1,750 "solutionists" for their excellent work so far this year.

Johan Lindqvist
President and CEO

The Group in brief

FIRST QUARTER

Order intake was SEK 2,041 million (1,481), which was slightly higher than net sales.

Net sales rose by a full 41 percent to SEK 2,002 million (1,423). Of the total growth of 41 percent, 3 percent was attributable to currency effects, 16 percent to acquisitions and 21 percent to organic growth. Underlying demand was higher, and the market share increased in all segments. The organic growth is also driven by significant price increases and that the quarter had one invoicing day more than in the comparative quarter.

Gross margin was 28.0 percent (27.9). The stable gross margin is a result of the Group successfully offsetting the higher raw materials and freight prices through price increases to customers, and to an extent, due to the increased volumes in relation to the comparative quarter.

The proportion of operating expenses increased somewhat to 15.9 percent (15.5). Adjusted for the costs of the discontinuation of Bufab's Russian operations of SEK -15 million, remeasured additional purchase considerations attributable to the acquisition of American Bolt & Screw of SEK -15 million, and acquisition costs related to the acquisition of Pajo-Bolte and TIMCO totalling SEK -8 million, the share of operating expenses amounted to 14.0 percent, this is a direct result of strong operational leverage and effective cost control.

Operating profit (EBITA) rose by 37 percent to SEK 243 million (177) and the operating margin was 12.1 percent (12.4). Adjusted for the items in the preceding paragraph, operating profit amounted to SEK 281 million and the operating margin amounted to a strong 14.0 percent.

Earnings per share rose by 39 percent to SEK 4.42 (3.18).

Exchange-rate fluctuations impacted operating profit by SEK 6 million, volumes by SEK 46 million, price/cost/mix/other by SEK 19 million and acquisitions including acquisition costs and remeasured additional purchase considerations of SEK -5 million.

FINANCIAL ITEMS AND TAX

Net financial items amounted to SEK -13 million (-13), of which exchange-rate differences accounted for SEK -1 million (-2). Profit after financial items amounted to SEK 220 million (157).

The tax expense was SEK -54 million (-38), implying an effective tax rate of 25 percent (25).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

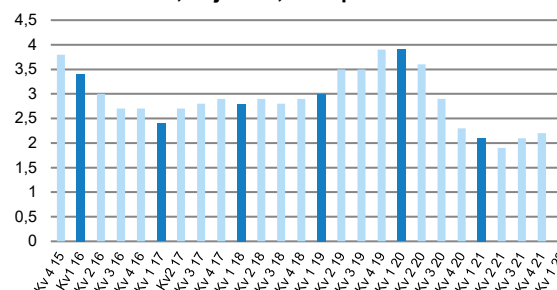
SEK million	Quarter 1	
	2022	2021
EBITDA, adjusted	256	189
Other non-cash items	32	7
Changes in working capital	-292	-88
Cash flow from operations	-7	108
Investments excluding acquisitions	-15	-3
Operating cash flow	-22	105

Operating cash flow was very weak during the quarter, a result of the strong organic growth and that the Group continued to increase its inventory in the first months of the quarter to meet the high level of demand going forward.

Average working capital in relation to net sales amounted to 30.9 percent (32.0). The improvement was primarily due to the higher volumes in the past four quarters and to the low inventory levels during the second and third quarters of 2021.

On 31 March 2022, the adjusted net debt totalled SEK 2,782 million (1,189) and the debt/equity ratio was 128 percent (74). The performance measure net debt/EBITDA, adjusted, was a multiple of 3.4 (2.1) at the end of the quarter. The higher net debt, debt/equity ratio and the performance measure net debt/EBITDA, adjusted, were attributable to the acquisitions completed in the past year.

Net debt / EBITDA, adjusted, multiple



In the event that EBITDA, adjusted is to include the full-year results for the last twelve months of acquisitions, the net debt/EBITDA, adjusted at the end of the quarter was 2.8x (2.1x).

Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, a purchasing office in China, which is affiliated to the segment, and the newly acquired company Pajo-Bolte A/S. The companies' operations mainly comprise trading companies, but also some manufacturing of particularly demanding components.

FIRST QUARTER

The segment noted strong growth during the quarter. Organic growth was +12 percent and was mainly attributable to continued healthy underlying demand and price increases in most of the segment's companies. Order intake was slightly lower than net sales.

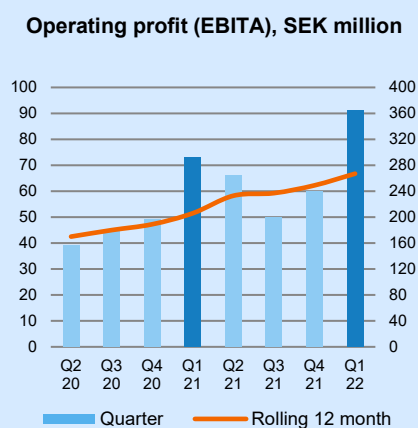
The gross margin for the quarter was essentially unchanged compared with the comparative quarter, primarily due to higher raw materials and freight prices being successfully passed on to customers.

The share of operating expenses decreased relative to the comparative period, primarily as a result of effective cost control and operational leverage.

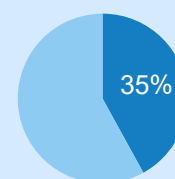
Due to a stable gross margin and a lower share of costs, both operating profit and the operating margin increased relative to the comparative quarter.

During the spring and summer, the segment will focus on continuing to capture market shares, as well as managing the challenging supply situation and the cost increases generated by rising inflation.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2022	2021		2021/22	2021
Order intake	681	629	8	2,488	2,436
Net sales	694	599	16	2,460	2,366
Gross profit	182	159	14	635	611
%	26.2	26.5		25.8	25.8
Operating expenses	-91	-86	6	-368	-362
%	-13.1	-14.4		-14.9	-15.3
Operating profit (EBITA)	91	73	25	267	249
%	13.1	12.2		10.9	10.5



SHARE OF TOTAL SALES



SALES GROWTH

+16%

OPERATING MARGIN (EBITA)

13.1%

Segment West

Segment West comprises Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria and Spain.

FIRST QUARTER

The segment reported strong demand during the quarter. Organic growth was +16 percent and was mainly attributable to continued healthy underlying demand and to price increases. Order intake was higher than net sales.

The gross margin declined as a result of the segment not being entirely successful in offsetting increased costs for raw materials and freight through price increases to customers.

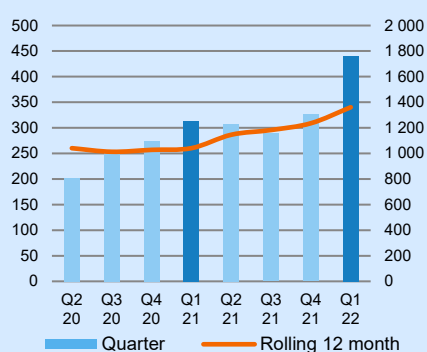
However, the weak gross margin was fully offset by a lower share of operating expenses. The share of operating expenses decreased relative to the comparative period, primarily as a result of effective cost control and operational leverage.

Due to strong growth and low operating expenses, operating profit increased by 43 percent. The operating margin also increased.

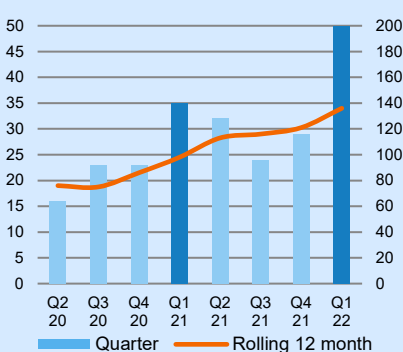
During the spring and summer, efforts to pass on price increases for raw materials and freight to our customers will be intensified. Recruitment to fill key positions for continued growth will also be a focus area.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2022	2021		2021/22	2021
Order intake	457	318	44	1,457	1,317
Net sales	440	314	40	1,361	1,236
Gross profit	104	82	27	332	310
%	23.7	26.1		24.4	25.1
Operating expenses	-55	-47	17	-197	-189
%	-12.5	-15.0		-14.4	-15.3
Operating profit (EBITA)	50	35	43	136	121
%	11.4	11.1		10.0	9.8

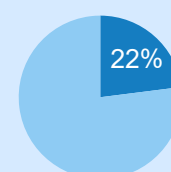
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



NET SALES, TREND

40%

OPERATING MARGIN

11.4%

Segment East

Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Russia, Slovakia, Turkey, China, the Philippines, Singapore and other countries in Southeast Asia, and India.

FIRST QUARTER

The segment noted continued very strong growth during the quarter. Organic growth was a high +28 percent. The strong growth was attributable to healthy underlying demand, price increases and increased market shares. Order intake was slightly higher than net sales.

The gross margin for the quarter was higher than in the comparative quarter, primarily due to successful work to pass on increased raw material and freight costs to customers.

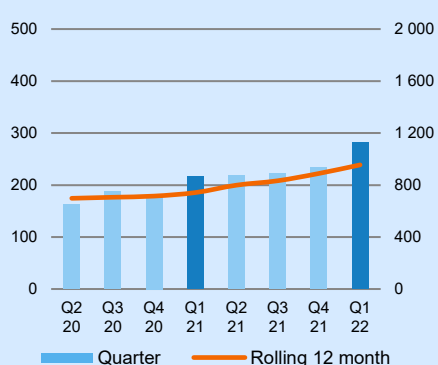
The share of operating expenses increased strongly, which is fully explained by costs of approximately SEK 15 million attributable to the Board's decision to discontinue the Group's operations in Russia. Adjusted for these costs, the share of operating expenses was unchanged relative to the comparative quarter.

As a result of the mentioned decommissioning costs, operating profit decreased somewhat. However, adjusted for these costs, both operating profit and the operating margin increased strongly.

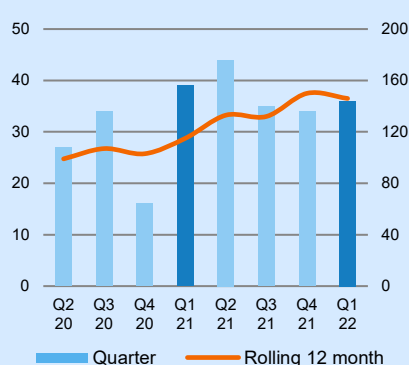
During the spring and summer, the focus will be on continuing to capture market shares, as well as managing the challenging supply situation and the cost increases generated by rising inflation. The long-term focus of the segment is to invest in additional growth, for example, by further strengthening the sales team in Eastern Europe and Asia.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2022	2021		2021/22	2021
Order intake	289	234	24	988	933
Net sales	282	216	31	955	889
Gross profit	90	68	32	297	276
%	31.7	31.5		31.1	31.0
Operating expenses	-54	-29	86	-151	-126
%	-19.0	-13.4		-15.8	-14.2
Operating profit (EBITA)	36	39	-8	146	150
%	12.7	18.1		15.3	16.9

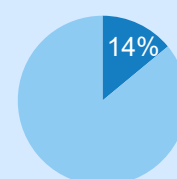
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

+31%

OPERATING MARGIN (EBITA)

12.7%

Segment UK/North America

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US, Mexico and the newly acquired company TI Midwood & Co Ltd.

FIRST QUARTER

The segment reported very strong development during the quarter. Organic growth was +42 percent and was mainly attributable to continued healthy underlying demand, in both the North American market and in the UK, and to price increases. It was primarily APEX, which conducts trading in stainless steel fasteners, and American Bolt & Screw, which mainly sells C-parts to the mobile home industry, that reported the strongest performance. Order intake was higher than net sales.

The gross margin increased somewhat relative to the comparative quarter, primarily due to successful work to pass on increased raw material and freight costs to customers.

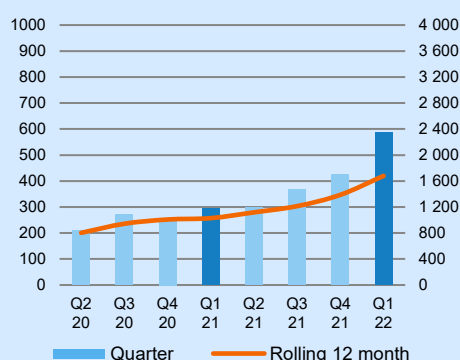
The proportion of operating costs declined slightly. The proportion of operating expenses in the quarter was charged with costs of SEK -15 million due to the remeasurement of additional purchase considerations attributable to the acquisition of American Bolt & Screw, which continued to perform significantly better than expected. Adjusted for these costs, the share of operating expenses declined relative to the comparative quarter to 15.8 percent (17.5), a decrease that was attributable to effective operational leverage and continued good cost control.

Operating profit rose by 107 percent to SEK 85 million, equal to an operating margin of 14.5 percent (14.0). Adjusted for remeasured additional purchase considerations, operating profit increased by 148 percent to SEK 103 million, corresponding to an operating margin of 17.5 percent.

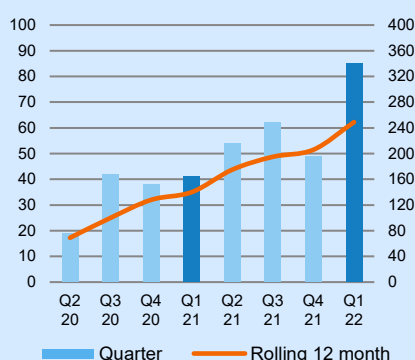
During the spring and summer, the focus will be on continuing to capture market shares and to broaden the business, and continuing to manage the challenging supply situation and the cost increases generated by rising inflation.

SEK million	Quarter 1		Δ %	Rolling 12 months	Full year
	2022	2021		2021/22	2021
Order intake	614	301	104	1,712	1,398
Net sales	585	293	100	1,679	1,388
Gross profit	187	93	101	541	446
%	32.0	31.7		32.2	32.2
Operating expenses	-103	-52	99	-292	-241
%	-17.5	-17.7		-17.4	-17.3
Operating profit (EBITA)	85	41	107	249	206
%	14.5	14.0		14.8	14.8

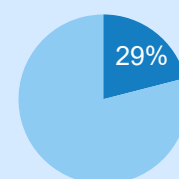
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH
+100%

OPERATING MARGIN (EBITA)
14.5%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Net sales	2,002	1,423
Cost of goods sold	-1,441	-1,026
Gross profit	561	397
Distribution costs	-172	-141
Administrative expenses	-124	-79
Other operating income	6	16
Other operating expenses	-38	-23
Operating profit	233	170
<i>Profit/loss from financial items</i>		
Interest income and similar income items	1	1
Interest expenses and similar expenses	-14	-14
Profit after financial items	220	157
Tax on net profit for the period	-54	-38
Profit after tax	166	119

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Profit after tax	166	119
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences / Currency hedging net after tax	32	52
Other comprehensive income after tax	32	52
Total comprehensive income	198	171
Total comprehensive income attributable to:		
Parent Company shareholders	198	171

Earnings per share

<i>SEK</i>	<i>Quarter 1</i>	
	2022	2021
Earnings per share	4.42	3.18
Weighted number of shares outstanding before dilution, thousands	37,489	37,281
Diluted earnings per share, SEK	4.35	3.11
Weighted number of shares outstanding after dilution, thousands	38,144	38,155

Consolidated Balance Sheet

<i>SEK million</i>	<i>31 Mar 22</i>	<i>31 Mar 21</i>	<i>31 Dec 21</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	3,130	1,943	2,300
Property, plant and equipment	736	578	586
Financial assets	34	38	35
Total non-current assets	3,900	2,559	2,921
<i>Current assets</i>			
Inventories	2,602	1,408	2,140
Current receivables	1,702	1,132	1,219
Cash and cash equivalents	323	362	293
Total current assets	4,627	2,902	3,652
Total assets	8,527	5,461	6,573
EQUITY AND LIABILITIES			
Equity	2,575	2,102	2,377
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	3,334	1,814	2,104
Non-current liabilities, non-interest-bearing	849	381	523
Total non-current liabilities	4,183	2,195	2,627
<i>Current liabilities</i>			
Current liabilities, interest-bearing	281	100	192
Current liabilities, non-interest-bearing	1,488	1,064	1,377
Total current liabilities	1,769	1,164	1,569
Total equity and liabilities	8,527	5,461	6,573

Consolidated Statement of Changes in Equity

<i>SEK million</i>	31 Mar 22	31 Mar 21
Equity at beginning of year	2,377	1,931
Comprehensive income		
Profit after tax	166	119
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	32	52
Total comprehensive income	198	171
Transactions with shareholders		-
Total transactions with shareholders		-
Equity at end of period	2,575	2,102

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2022</i>	<i>2021</i>
<i>Operating activities</i>		
Profit before financial items	232	170
Depreciation/amortisation and impairment	50	45
Interest and other finance income	1	1
Interest and other finance expenses	-14	-14
Other non-cash items	32	7
Income tax paid	-61	-36
Cash flow from operating activities before changes in working capital	210	173
<i>Changes in working capital</i>		
Increase (-)/decrease (+) in inventories	-90	-57
Increase (-)/decrease (+) in operating receivables	-230	-200
Increase (+)/decrease (-) in operating liabilities	28	169
Cash flow from operating activities	-67	-85
<i>Investing activities</i>		
Acquisition of property, plant and equipment	-15	-3
Company acquisitions including additional purchase considerations	-936	-
Acquisition of intangible assets	-	-
Cash flow from investing activities	-951	-3
<i>Financing activities</i>		
Increase (+)/decrease (-) in borrowings	1,047	-23
Cash flow from financing activities	1,047	-23
Cash flow for the period	28	60
Cash and cash equivalents at beginning of period	293	291
Translation differences	1	6
Cash and cash equivalents at end of period	323	358

The Group's segment reporting

<i>SEK million</i>	2020				2021				2022
North	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	554	448	470	533	599	608	545	613	694
Gross profit	137	94	110	124	159	154	145	153	182
%	24.8	20.9	23.5	23.2	26.5	25.2	26.7	25.0	26.2
Operating expenses	-82	-55	-65	-75	-86	-88	-95	-93	-91
%	-14.8	-12.3	-13.8	-14.0	-14.4	-14.4	-17.4	-15.2	-13.1
Operating profit (EBITA)	56	39	45	49	73	66	50	60	91
%	10.1	8.7	9.7	9.2	12.2	10.8	9.2	9.8	13.1

<i>SEK million</i>	2020				2021				2022
West	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	301	202	251	274	314	307	289	326	440
Gross profit	75	49	63	69	82	78	70	81	104
%	25.2	24.4	25.0	25.3	26.1	25.3	24.3	24.7	23.7
Operating expenses	-52	-33	-40	-46	-47	-45	-46	-51	-55
%	-17.4	-16.4	-15.9	-16.7	-15.0	-14.8	-15.8	-15.6	-12.5
Operating profit (EBITA)	23	16	23	23	35	32	24	29	50
%	7.7	7.9	9.1	8.4	11.1	10.5	8.5	9.0	11.4

<i>SEK million</i>	2020				2021				2022
East	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	189	162	187	177	216	218	222	233	282
Gross profit	59	53	60	56	68	67	67	73	90
%	31.0	32.7	32.0	31.5	31.5	30.8	30.4	31.3	31.7
Operating expenses	-32	-26	-26	-40	-29	-25	-33	-39	-54
%	-17.0	-16.0	-13.9	-22.6	-13.4	-11.5	-14.8	-16.7	-19.0
Operating profit (EBITA)	27	27	34	16	39	42	35	34	36
%	14.1	16.7	18.1	9.0	18.1	19.3	15.6	14.6	12.7

<i>SEK million</i>	2020				2021				2022
UK/North America	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	272	210	273	254	293	298	369	427	585
Gross profit	85	64	88	79	93	95	122	137	187
%	31.4	30.5	32.3	31.1	31.7	32.0	33.0	32.1	32.0
Operating expenses	-56	-45	-46	-42	-52	-42	-60	-88	-103
%	-20.6	-21.4	-16.9	-16.5	-17.7	-14.0	-16.2	-20.6	-17.5
Operating profit (EBITA)	29	19	42	38	41	54	62	49	85
%	10.8	9.1	15.4	15.0	14.0	18.0	16.9	11.5	14.5

<i>SEK million</i>	2020				2021				2022
Other	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	2	1	0	0	1	0	0	0	1
Gross profit	-5	-3	-1	-5	-5	-1	1	0	-3
Operating expenses	-2	-6	-1	0	-6	-8	-7	-3	-16
Operating profit (EBITA)	-7	-8	-2	-5	-11	-9	-7	-3	-18

*Other includes unallocated costs of a Group-wide nature and costs for the Sourcing offices in China and Taiwan.

<i>SEK million</i>	2020				2021				2022
Group	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net sales	1,316	1,022	1,181	1,238	1,423	1,431	1,425	1,599	2,002
Gross profit	351	258	320	323	397	393	405	443	561
%	26.7	25.2	27.1	26.1	27.9	27.4	28.4	27.7	28.0
Operating expenses	-226	-165	-178	-202	-220	-208	-241	-274	-318
%	-17.2	-16.2	-15.0	-16.3	-15.5	-14.5	-16.9	-17.1	-15.9
Operating profit (EBITA)	126	92	142	121	177	185	164	169	243
%	9.5	9.1	12.1	9.8	12.4	12.9	11.5	10.6	12.1

Consolidated Key Figures

For definitions, see page 18.

	Quarter 1		Δ	12-months rolling	Full year
	2022	2021			
Order intake, SEK million	2,041	1,481	38	6,644	6,084
Net sales, SEK million	2,002	1,423	41	6,457	5,878
Gross profit, SEK million	561	397	41	1,802	1,638
EBITDA, SEK million	283	215	32	923	855
EBITDA, adjusted, SEK million	256	189	35	808	741
Operating profit (EBITA), SEK million	243	177	37	761	695
Operating profit, SEK million	233	170	37	727	664
Profit after tax, SEK million	166	119	39	517	470
Gross margin, %	28.0	27.9		27.9	27.9
Operating margin (EBITA), %	12.1	12.4		11.8	11.8
Operating margin, %	11.6	11.9		11.3	11.3
Net margin, %	8.3	8.4		8.0	8.0
Net debt, SEK million	3,292	1,552	112		
Net debt, SEK million, adjusted	2,782	1,189	134		
Debt/equity ratio, %	128	74			
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	3.4	2.1			
Working capital, SEK million	2,839	1,653	72		
Average working capital, SEK million	2,109	1,554	36		
Average working capital in relation to net sales, %	30.9	32.0			
Equity/assets ratio, %	30	38			
Operating cash flow, SEK million	-22	105	-121		
Earnings per share, SEK	4.42	3.18	39		

⁽¹⁾ Paid purchase prices have been charged in full to adjusted net debt while EBITDA, adjusted, has only been credited from the respective acquisition date.

Parent Company income statement

<i>SEK million</i>	<i>Quarter 1</i>	
	<i>2022</i>	<i>2021</i>
Administrative expenses	-3	-5
Other operating income	1	3
Operating loss	-2	-2
<i>Profit/loss from financial items</i>		
Interest expenses and similar expenses	-	-
Loss after financial items	-2	-2
Appropriations	-	-
Tax on net profit for the period	-	-
Loss after tax	-2	-2
Other comprehensive income	-	-
Total comprehensive income	-2	-2

Parent Company Balance Sheet

<i>SEK million</i>	<i>31 Mar 22</i>	<i>31 Mar 21</i>	<i>31 Dec 21</i>
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	198	54	203
Other current receivables	54	53	50
Cash and cash equivalents	-	-	-
Total current assets	252	107	253
Total assets	1,097	952	1,098
EQUITY AND LIABILITIES			
Equity	981	849	983
Untaxed reserves	93	81	93
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	23	22	22
Total current liabilities	23	22	22
Total equity and liabilities	1,097	952	1,098

Other information

ACCOUNTING POLICIES

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and the Swedish Financial Reporting Board's recommendation RFR 2. The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2021 Annual Report. The 2021 Annual Report is available at www.bufab.com.

RISKS AND RISK MANAGEMENT

Exposure to risk is a natural part of business activity and this reflected in Bufab's approach to risk management. Risk management aims to identify and prevent risks and to limit any loss or damage from these risks. The main risks to which the Group is exposed relate to the impact of the economy on demand. For further information regarding risks and risk management, see Note 3 of the 2021 Annual Report.

SEASONAL VARIATIONS

Bufab has no significant seasonal variation in its sales, but sales over the year vary based on the number of production days in each quarter for customers.

RELATED-PARTY TRANSACTIONS

There were no related-party transactions during the period.

ACQUISITIONS

Acquisitions made during 2020-2022:

	Date	Net sales*	Employees
Component Solutions Group Ltd.	8 Sep 2021	280	85
Jenny Wattle GmbH	19 Oct 2021	190	43
Tilka Trading AB	21 Oct 2021	50	18
Pajo-Bolte A/S	14 Mar 2022	190	40
TI Midwood & Co Ltd.	21 Mar 2022	730	187

*Estimated annual net sales at the date of acquisition

Acquisitions during the year - Pajo-Bolte A/S

On 14 March 2022, Bufab acquired 100 percent of the shares in Pajo-Bolte A/S, which sells C-parts to the construction industry. The company is based in Denmark. The purchase consideration amounted to SEK 273 million, of which SEK 21 million is conditional. The conditional portion of SEK 21 million comprises 100 percent of the maximum

outcome of the additional purchase consideration and is subject to the acquired company's future earnings performance. The acquisition added SEK 0 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit (EBITA) to date was SEK -1 million and the effect on profit after tax was SEK -1 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 47 million, operating profit (EBITA) by about SEK 6 million and profit after tax by about SEK 5 million had it been implemented on 1 January 2022.

The amounts of the assets and liabilities included in the acquisition according to the preliminary acquisition analysis were as follows:

<i>Pajo-Bolte A/S – Preliminary acquisition analysis</i>	<i>Fair value</i>
Intangible assets	64
Other non-current assets	34
Inventories	72
Other current assets	40
Cash and cash equivalents	0
Deferred tax liabilities	-17
Other liabilities	-56
Acquired net assets	137
Goodwill	136
Purchase consideration*	273
Less: cash and cash equivalents in acquired operations	0
Less: conditional purchase consideration	-21
Effect on the Group's cash and cash equivalents	252

* The consideration is stated excluding acquisition expenses

The acquisition analysis above is preliminary. Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it. Goodwill is tested annually for any impairment requirement. The preliminary identified intangible assets will be amortised over a period of five years.

Acquisition during the year – TI Midwood & Co. Ltd.

On 21 March 2022, Bufab acquired 100 percent of the shares in TI Midwood & Co. Ltd., which sells C-parts to the construction industry. The company is based in the UK. The purchase consideration

amounted to SEK 910 million, of which SEK 240 million is conditional. The conditional portion of SEK 240 million comprises 96 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. The acquisition added SEK 35 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit (EBITA) to date was SEK -8 million and the effect on profit after tax was SEK -6 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 182 million, operating profit (EBITA) by about SEK 12 million and profit after tax by about SEK 10 million had it been implemented on 1 January 2022.

The amounts of the assets and liabilities included in the acquisition according to the preliminary acquisition analysis were as follows:

TI Midwood & Co. Ltd. – Preliminary acquisition analysis	<i>Fair value</i>
Intangible assets	153
Other non-current assets	124
Inventories	256
Other current assets	189
Cash and cash equivalents	100
Deferred tax liabilities	-49
Other liabilities	-340
Acquired net assets	433
Goodwill	477
Purchase consideration*	910
Less: cash and cash equivalents in acquired operations	-100
Less: conditional purchase consideration	-240
Effect on the Group's cash and cash equivalents	570

* The consideration is stated excluding acquisition expenses

The acquisition analysis above is preliminary. Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it. Goodwill is tested annually for any impairment requirement. Intangible assets will be amortised over a period of ten years.

SIGNIFICANT EVENTS DURING THE QUARTER

Acquisitions

TI Midwood & Co. Ltd.

In mid-March 2022, Bufab acquired the company TI Midwood & Co. Ltd with operations in the UK. This acquisition adds full-year sales of approximately GBP 60 million (SEK 730 million) to the Group.

Pajo-Bolte A/S

In mid-March 2022, Bufab acquired the company Pajo-Bolte A/S with operations in Denmark. This acquisition adds full-year sales of approximately DKK 140 million (SEK 190 million) to the Group.

Organisation

In March 2022, the Board of Directors announced that Erik Lundén had been appointed new President and CEO of Bufab, with effect from 15 August 2022. In conjunction with this, the current acting President and CEO, Johan Lindqvist, will assume the role of Vice President and Deputy CEO.

EMPLOYEES

The number of employees in the Group at 31 March 2022 amounted to 1,750 (1,298).

CONTINGENT LIABILITIES AND COLLATERALS

During the third quarter of 2021, the Group signed a new credit agreement with two Swedish banks with a maturity of three years and an extension option of two one-year periods. The new credit agreement replaces a credit agreement signed earlier and entails an increase of the total credit framework from SEK 2,200 million to SEK 3,000 million, which can be used for general company purposes, including the financing of acquisitions. The process to release the international collateral package pledged for the obligations under the earlier credit agreement commenced during the third quarter of 2021 and was concluded in the middle of the first quarter of 2022. No collateral is pledged for the obligations under the new credit agreement.

AUDIT REVIEW

This interim report has not been examined by the company's auditors.

FINANCIAL REPORTING DATES

Annual General Meeting 2022

21 April 2022 at 10.30

Värnamo, 21 April 2022

Interim report Q2, 2022

13 July 2022

Johan Lindqvist
President and CEO

Interim report Q3, 2022

27 October 2022

Year-end report 2022

9 February 2023

Definitions of key figures

Gross margin

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

Operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets according to IFRS 16 Leases. This key figure is an approximation and is intended to present a comparable EBITDA as though IAS 17 continued to be applied.

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

Interest-bearing liabilities, lease liabilities according to IFRS 16, less cash and cash equivalents and interest-bearing assets, calculated at the end of the period

Debt/equity ratio, %

Net debt divided by equity, calculated at the end of the period

Net debt / EBITDA, adjusted, multiple

Net debt, adjusted, at the end of the period divided by adjusted EBITDA in the last twelve months

Operating expenses

Total distribution costs, administrative expenses, other operating income and other operating expenses excluding depreciation, amortisation and impairment of acquisition-related intangible assets

Working capital

Total current assets less cash and cash equivalents less current non-interest-bearing liabilities, calculated at the end of the period

Average working capital

Average working capital calculated as the average of the past four quarters

Average working capital in relation to net sales, %

Average working capital as a percentage of net sales in the last twelve months

Equity/assets ratio, %

Equity as a percentage of total assets, calculated at the end of the period

Operating cash flow

EBITDA, adjusted, plus other non-cash items, minus changes in working capital and investments

Earnings per share

Profit after tax for the period divided by the average number of common shares

Performance measures not defined in accordance with IFRS

Bufab uses certain performance measures not defined in the rules for financial reporting adopted by Bufab. The purpose of these performance measures is to provide a better understanding of the performance of the operations. It should be pointed out that these alternative performance measures, as they are defined, are not fully comparable with other companies' performance measures with the same name.

Organic growth

Because Bufab has operations in many countries with different currencies, it is essential to provide an understanding of the company's performance without current effects when translating foreign subsidiaries. In addition, Bufab has an important strategic objective in carrying out value-generating acquisitions. For these reasons, growth is also recognised excluding currency effects when translating foreign subsidiaries and excluding acquired operations within the term Organic growth. This performance measure is expressed in percentage points of last year's net sales.

2022, percentage points	Quarter 1				
	Group	North	West	East	UK/North America
Organic growth	21	12	16	28	42
Currency translation effects	3	1	4	3	8
Acquisitions	16	3	21	-	50
Recognised growth	41	16	40	30	99

2021, percentage points	Quarter 1				
	Group	North	West	East	UK/North America
Organic growth	14	10	11	28	17
Currency translation effects	-6	-2	-5	-13	-9
Acquisitions	-	-	-	-	-
Recognised growth	8	8	5	15	8

Operating cash flow

In order to improve its total cash flow, Bufab continuously measures the cash flow generated by operations in all its companies. This is expressed as Operating cash flow and defined below.

SEK million	Quarter 1	
	2022	2021
EBITDA, adjusted	256	189
Other non-cash items	32	0
Changes in inventory	-90	-57
Changes in operating receivables	-230	-200
Changes in operating liabilities	28	176
Cash flow from operations	-7	108
Investments excluding acquisitions	-15	-3
Operating cash flow	-22	105

EBITDA

EBITDA is an expression of operating profit before depreciation, amortisation and impairment. The performance measure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Operating profit	233	170
Depreciation/amortisation and impairment	50	45
EBITDA	283	215

EBITDA, adjusted

The performance measure EBITDA, adjusted, is an expression of operating profit before depreciation, amortisation and impairment, less amortisation on right-of-use assets and interest expenses on lease liabilities according to IFRS 16. The performance measure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Operating profit	233	170
Depreciation/amortisation and impairment	50	45
Less: amortisation on right-of-use assets according to IFRS 16	-24	-23
Less: interest expenses on lease liabilities according to IFRS 16	-3	-3
EBITDA, adjusted	256	189

EBITA

Bufab's growth strategy includes the acquisition of companies. For the purpose of illustrating the underlying operation's performance, management has chosen to monitor EBITA (operating profit before depreciation, amortisation and impairment of acquired intangible assets). The performance measure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Operating profit	233	170
Depreciation and amortisation of acquired intangible assets	10	7
EBITA	243	177

Operating expenses

Operating expenses is an expression of operating expenses before depreciation, amortisation and impairment of acquired intangible assets. The performance measure is defined below.

<i>SEK million</i>	<i>Quarter 1</i>	
	2022	2021
Distribution costs	-172	-141
Administrative expenses	-124	-78
Other operating income	6	16
Other operating expenses	-38	-23
Depreciation and amortisation of acquired intangible assets	10	7
Operating expenses	-318	-220

Working capital

Because Bufab is a trading company, working capital represents a large share of the balance sheet's value. In order to optimise the company's cash generation, management focuses on the local company's development, and thereby the entire Group's development, of working capital as it is defined below.

<i>SEK million</i>	<i>31 Mar</i>	<i>31 Mar</i>
	2022	2021
Current assets	4,627	2,902
Less: cash and cash equivalents	-323	-362
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,465	-887
Working capital on the balance-sheet date	2,839	1,653

Net debt

Net debt is an expression of how large the financial borrowing is in the company in absolute figures after deductions for cash and cash equivalents. The performance measure is defined below.

<i>SEK million</i>	<i>31 Mar</i>	<i>31 Mar</i>
	2022	2021
Non-current interest-bearing liabilities	3,334	1,814
Current interest-bearing liabilities	281	100
Less: cash and cash equivalents	-323	-362
Less: other interest-bearing receivables	0	0
Net debt on balance-sheet date	3,292	1,552

Net debt, adjusted

Net debt, adjusted, is an expression of how large the financial borrowing is in the company in absolute figures after deductions for lease liabilities according to IFRS 16 and cash and cash equivalents. The performance measure is defined below.

<i>SEK million</i>	<i>31 Mar</i>	<i>31 Mar</i>
	2022	2021
Non-current interest-bearing liabilities	3,334	1,814
Current interest-bearing liabilities	281	100
Less: lease liabilities according to IFRS 16	-510	-363
Less: cash and cash equivalents	-323	-362
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	2,782	1,189

CONFERENCE CALL

A conference call will be held on 21 April 2022 at 9:00 a.m. CEST. Johan Lindqvist, President and CEO, and Marcus Söderberg, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: +44 (0)203 0095710, Sweden 08 506 921 85 or the US 1 866 869 23 21. Conference code: 4298442.

Please dial in 5-10 minutes ahead in order to complete the short registration process.



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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 21 April 2022 at 7:30 a.m. CEST.

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About Bufab

Bufab AB (publ), Corporate Registration Number 556685–6240, is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts (screws, nuts, etc.). Bufab's Global Parts Productivity™ customer offering aims to improve productivity in the customers' value chain for C-Parts.

Bufab was founded in 1977 in Småland and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,750 employees. Bufab's net sales for the past 12 months amounted to SEK 6.5 billion and the operating margin was 11,8 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.