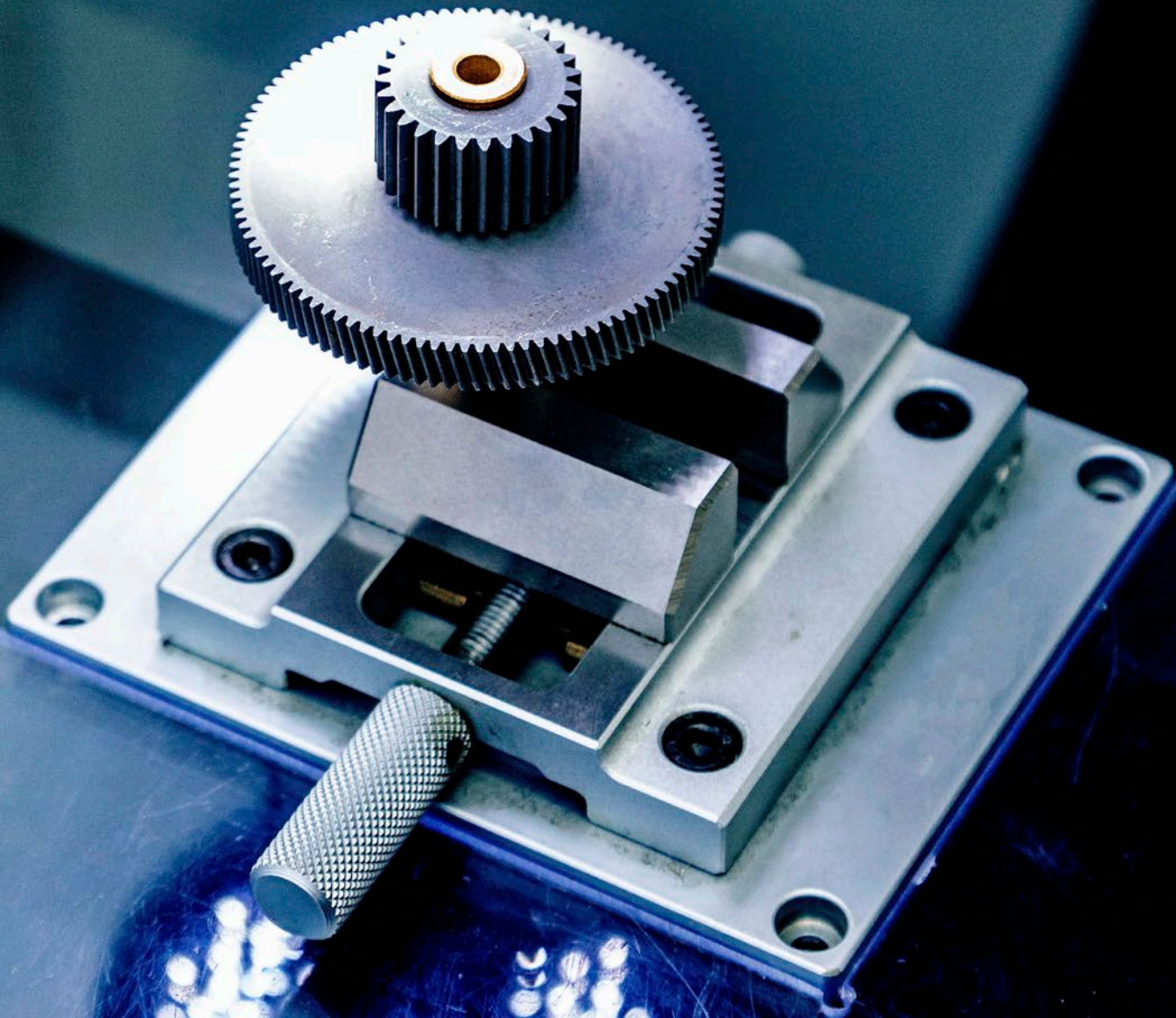


We deliver  
responsible  
growth

**BUFAB**

Annual- and  
Sustainability  
Report 2021



**1,500**  
Solutionists in  
28 countries



**16,000**  
Customers worldwide



## Contents

THE YEAR IN BRIEF	2
MESSAGE FROM THE CEO	4
THIS IS BUFAB	6
BUFAB AS AN INVESTMENT	8
MARKET TRENDS	10
VALUE CREATION	12
STRATEGY	14
BOARD OF DIRECTORS' REPORT	40
CONSOLIDATED FINANCIAL STATEMENTS	49
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	54
PARENT COMPANY FINANCIAL STATEMENTS	78
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS	81
AUDITOR'S REPORT	85
CORPORATE GOVERNANCE REPORT	90
BOARD OF DIRECTORS	96
GROUP MANAGEMENT	97
FIVE-YEAR SUMMARY	98
BUFAB ON THE STOCK EXCHANGE	99
DEFINITIONS OF KEY FIGURES	100



**165,000**  
Unique C-parts

## About this report

Bufab's Annual and Sustainability Report 2021 comprises all companies in the Group unless otherwise stated. See page 82 for a complete list of our subsidiaries. The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act's sustainability reporting requirements. Bufab's business model is presented on pages 6-7 and a risk description on page 63. See pages 26-31 for environmental disclosures, pages 24-25 and 32-37 for social issues and employees, page 37 for human rights, and page 32 for anti-corruption. Bufab supports the UN Global Compact and its ten principles.

# We are solutionists providing customers with peace of mind

A chain is no stronger than its weakest link. That’s why companies depend on a reliable supply of high-quality C-parts. These small and seemingly insignificant parts, such as clips, springs, bolts and washers, are essential to almost every kind of manufacturing industry – from engineering to automotive and telecom.

Bufab has become a leading, global supplier of C-parts, based on a strong track record of efficient sourcing, reliable quality assurance and delivery precision. Our success is the result of long-term relationships with our customers. They choose us because we provide them with peace of mind – from supply to sustainability.

## Our core values

Dedicated

Trustworthy

Fast & flexible



# The year in brief

2021 was a strong year for Bufab based on good underlying demand in all segments, but also on continued captured market shares. We delivered high organic growth and strong results, despite continued operational challenges due to the strained supply chains. We also carried out three acquisitions, with a combined annual sales of just over SEK 500 million. Combined, this shows the strength and stability of our long-term business model.

## 2021

- Net sales amounted to SEK 5,878 million (4,756), of which 23 percent was organic.
- Operating profit (EBITA) amounted to SEK 695 million (482), corresponding to a margin of 11.8 percent (10.1).
- Earnings per share amounted to SEK 12.57 (8.04).
- Operating cash flow was SEK 209 million (540).
- The Board of Directors proposes a dividend of SEK 3.75 (2.75) per share.
- Three acquisitions were concluded with a combined annual sales of just over SEK 500 million.
- CO<sub>2</sub> equivalents emissions increased by 5 percent.
- All suppliers signed Supplier Code of Conduct.
- Commitment to the Science Based Target-initiatives.
- New strategy and new financial targets set for 2025.



# +24%

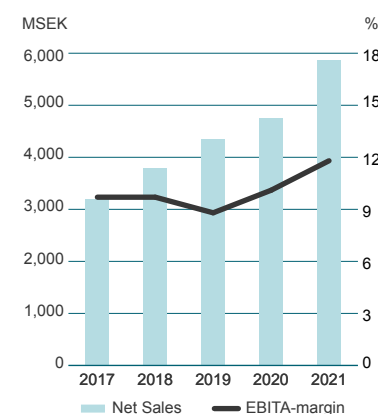
## net sales

Net sales increased by 24 percent during the year. Organic growth amounted to 23 percent which, alongside a weak comparative year, was primarily due to a strong underlying demand in all segments, but also due to continued captured market shares.

## Key figures

SEK million	2021	2020	Change, %
Net sales	5,878	4,756	24
Gross profit	1,638	1,252	31
%	27.9	26.3	
Operating expenses	-942	-771	22
%	-16.1	-16.2	
Operating profit (EBITA)	695	482	44
%	11.8	10.1	
Operating profit	664	452	47
%	11.3	9.5	
Profit after tax	470	299	57
Earnings per share, SEK	12.57	8.04	56
Dividend per share, SEK	3.75	2.75	36
Operating cash flow	209	540	-61

## Net sales and EBITA-margin



# 11.8%

## Operating profit (EBITA)

The EBITA-margin rose to a strong 11.8 percent in 2021 mainly due to a positive operational leverage on increased volumes and excellent cost control, as well as an increased productivity and enhanced efficiency.



# SEK 500 M

## in acquired sales

Acquisitions is a natural part of Bufab's business model. During the year, Bufab acquired three companies, Component Solutions Group, Jenny | Walte and Tilka Trading, adding just over SEK 500 million in acquired net sales. Read more about our acquisitions on page 16.

## Sustainable Leadership

We launched a new strategy for Sustainable Leadership early 2021. It entails intensified work with growth and profitability improvement, as well as investment in development and further acquisitions. Sustainability is very much at the center of the new strategy with the aim to have a more sustainable end-to-end supply chain required by our customers. Read more about our strategy on page 14.

# +5%

## CO<sub>2</sub> intensity

Our CO<sub>2</sub> equivalent emissions noted a slight increase during the year. In 2021 many of the countries Bufab operates in had periods of eased Covid-19 restrictions which increased the amount travelled compared to 2020. The increase in travelling resulted in a higher emissions profile.

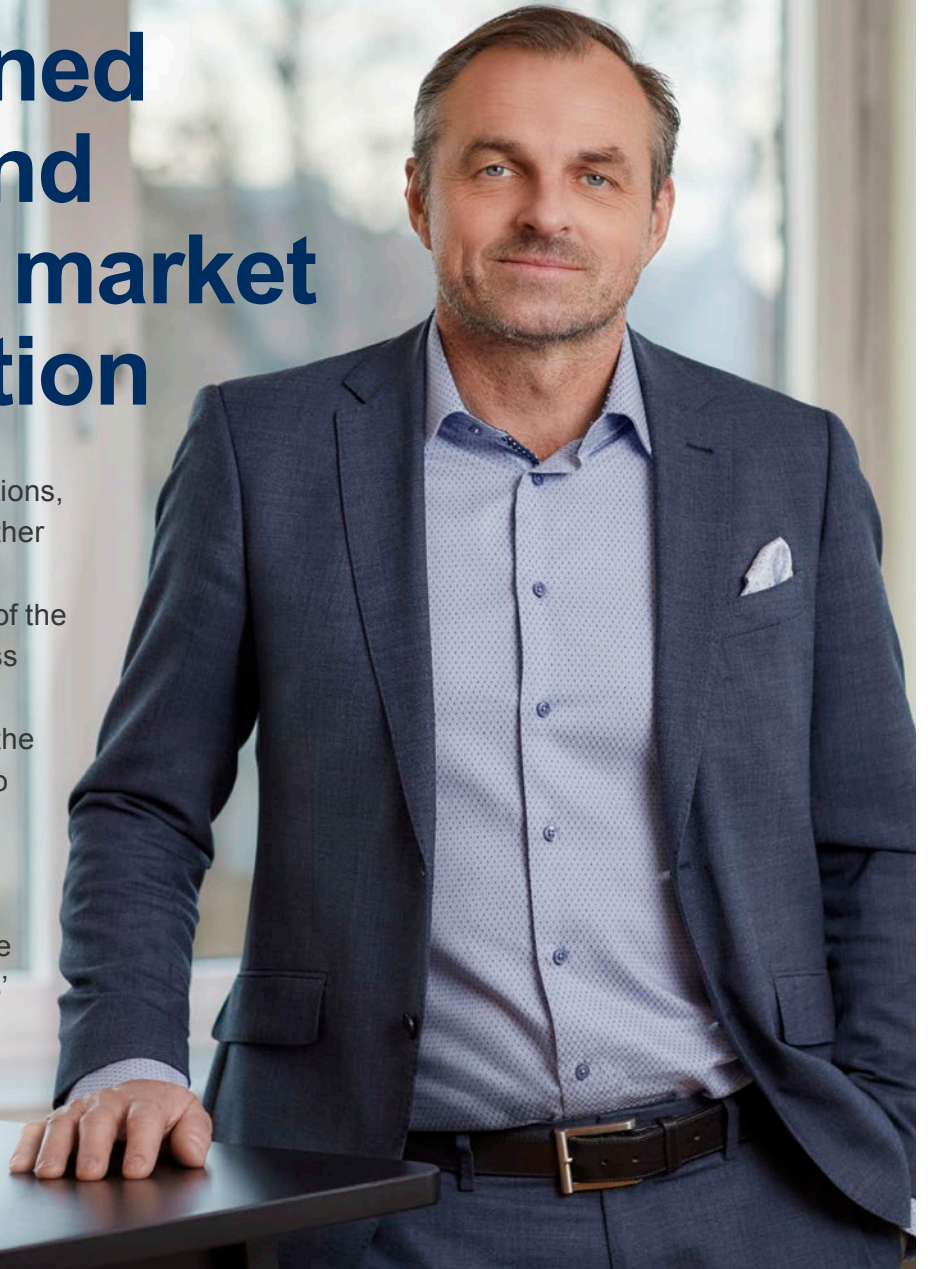


## Science-Based Targets

Bufab signed the Science-Based Targets Initiative in February 2021 as a part of our efforts to further reduce global greenhouse gas emissions. In doing so, we are committing to achieving significant reduction of greenhouse gas emissions in our supply chain and marks a significantly increased ambition level in the area of sustainability. We will set and communicate our targets mid-2022.

# Strengthened position and continued market consolidation

Despite challenging market conditions, Bufab managed to record yet another successful year with high organic growth and strong earnings. One of the most important keys to our success is a vibrant corporate culture with thousands of Solutionists around the globe, delivering on our promise to provide our customers with peace of mind. This has strengthened our customer relations over the year. Meanwhile, the strains on the supply chain increased customers' willingness to outsource their procurement processes. Bufab is in a good position to benefit from this and continue outperforming market growth.



**N**o chain is stronger than its weakest link, a fact illustrated by the way Covid-19 has disrupted supply chains around the world with ships stuck at sea, warehouses overflowing and trucks without drivers, all in all resulting in higher freight rates, much longer lead times and a global shortage of components. At the same time, the increase in commodity prices, together with a strengthening US dollar, has led to further challenges in the short term.

Our core business is what others may regard as of secondary importance; i.e. C-parts, the small and humble components of an assembled product, industrial system or a machine. Our customers generally have good control of their A and B components, but for C-parts, they have too many suppliers, too many parts, and too much complexity to manage it satisfactory. That is why they turn to a C-parts supply chain partner like Bufab. We can secure the

quality and logistics of C-parts sourced from our globally leading supplier network and we work systematically to improve sustainability, most recently through signing the international Science-Based Targets Initiative for reducing greenhouse emissions. This means that we assist customers to reduce their complexity, their risk, supplier base and total cost.

During the year we have had many opportunities to prove the benefits we can offer our customers through our experience, global network and local presence. Our decentralised organisation, with dedicated Solutionists on location in Asia, has contributed greatly to solving our customers' problems on a day-to-day basis since the pandemic broke out. One of the challenges for our customers have been the travel restrictions during the past two years. This means the services we can offer through our presence in many supplier markets has been even more appreciated by our customers, as we have managed to continue assessing suppliers and controlling supply chains.

### **STRONG GROWTH IN SALES AND PROFIT**

Bufab has delivered its highest ever sales, operating profit and earnings per share for the full year. Organic growth amounted to 23 percent, primarily due to continued strong demand in all segments, but also due to continued captured market shares. Our operating profit increased with 44 percent and profit after tax with 57 percent. Our strong results are partly due to the investments in processes and digital tools that we made in recent years and a good cost control. Meanwhile, the increased raw material and transport prices have been successfully passed on to our customers.

During the year, we continued to invest in developing internal competencies and internal processes, while we also recruited new Solutionists. Moving forward, we will continue our investments in these areas, but also in areas such as sustainability

### **CONTINUED MARKET CONSOLIDATION**

Bufab's market share has steadily increased over the past nine years, and we want to continue to grow. Growth is important for economic reasons. But it also creates international reach and a broad offering, which is increasingly important as customers consolidate their component deliveries to the leading global suppliers.

Market trends indicate that in the long run, a good portion of the market will consolidate to a few, large players with global reach and scale, the required expertise in sourcing, logistics and quality, and the ability to guarantee sustainability throughout the supply chain. We see this as an inspiring challenge and aim to be a leader in this development.

This means that we continue to focus on acquisitions, and we have a strong pipeline of potential acquisition candidates in several geographies. In 2021, we acquired Component Solutions Group, a company we have been monitoring since 2013. The company, which has annual sales of approximately SEK 280 million and 85 employees, will strengthen our position in the North American market, which we regard as one of our large future growth markets. We also acquired Jenny | Wattle and Tilka Trading with annual sales of SEK 190 million and SEK 50 million, respectively. The companies have operations in Austria and Sweden. After the end of the financial year, we acquired Pajo Bolte A/S with an annual turnover of SEK 190 million. The company operates in Denmark and will strengthen our position in the construction segment. Just like all other companies we acquire, these companies are well run and well reputed with a strong entrepreneurial spirit, thus well suited to be part of Bufab. They provide a potential for future synergies and some of them can also become a basis for bolt-on acquisitions in their geographical markets, respectively.

### **FUTURE OUTLOOK**

The spring has been marked by the ongoing war in Ukraine. Our main priority has been to protect the safety of our employees. We have a small business in Russia and very little sales to Ukraine. All in all, these correspond to approximately 0.5 percent of the Group's total turnover. Operations in Russia have now been paused and we are evaluating whether operations will be able to resume.



Organic growth amounted to 23 percent, primarily due to continued strong demand in all segments, but also due to continued captured market shares.

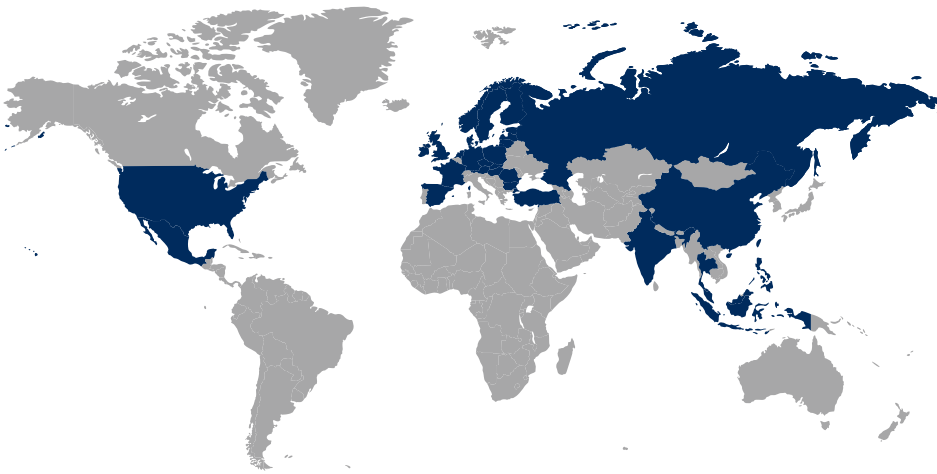
In addition to the future challenges as a result of the war in Ukraine, we continue to manage the strained supply situation in the market, meet the normalisation of the cost level, as well as continuing to pass on the higher costs of raw materials and freight to customers.

Overall, 2021 was a good year for Bufab and we are very proud that we have succeeded in maintaining supplies to our customers. I want to sincerely thank all our 1,500 Solutionists in 28 countries for the incredible focus and flexibility they have demonstrated during the year. Thanks to them and their efforts, we can promise that with Bufab as their supply chain partner, our customers' C-parts supply chain will not only be ensured, it will also grow more sustainable every year.

**Johan Lindqvist**  
President and CEO

# Solutions providing customers with peace of mind

Bufab is a trading company offering customers a sustainable full-service solution for C-parts, including sourcing, quality control and logistics.



## A GLOBAL SUPPLY CHAIN PARTNER

Bufab has an established global network of suppliers and sources a total of 165,000 unique parts, mainly from Asia and Europe. Bufab secures the quality, making sure the customers get the parts on time, in the right quantity and in accordance with the relevant ethical and environmental standards. Alongside its trading activities, Bufab also manufactures particularly technically demanding C-parts in Sweden and in the UK. Bufab's customer base consists of approximately 16,000 customers of different sizes with different needs and different sourcing behaviours. Consequently, Bufab offers both flexible local solutions and global solutions to international customers.

## BUFAB'S GLOBAL PRESENCE

Bufab is a truly international company. We offer services through 48 sister companies in 28 countries, export to additional countries and work with many of the world's leading suppliers. This global diversification of our operations, combined with a large number of customers in a wide range of industries, limit the business risks.

Bufab has a decentralised organisation, with a strong local presence. We conduct business in four segments; North, West, East and UK/North America. The segments manage local customer relationships and offer similar product and service ranges for C-parts.

**1,500**

Employees

**48**

Companies

**28**

Countries

**5**

Production sites

**16,000**

Customers

**165,000**

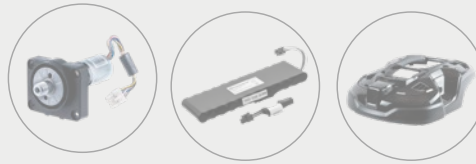
Unique C-parts



## A- and B-Parts

### Significant for A- and B-Parts:

- High unit value
- Small product variety
- Consolidated supplier base



## C-Parts

### Significant for C-Parts:

- Low unit value
- A wide product variety
- Large volumes
- Fragmented supplier base

### Definition of C-Parts:

Typical examples of C-parts are fasteners, anchors, bolts, hardware, nails, nuts, pins, clips, rivets, rods, screws, sockets, clamps, hangers, O-rings, and washers, but it could also be uniquely designed products such as turned, injected, extruded, stamped, forged, milled, or moulded parts. They are all components with a low value to the end-product, but still just as crucial to the manufacturing and function as A and B-parts.

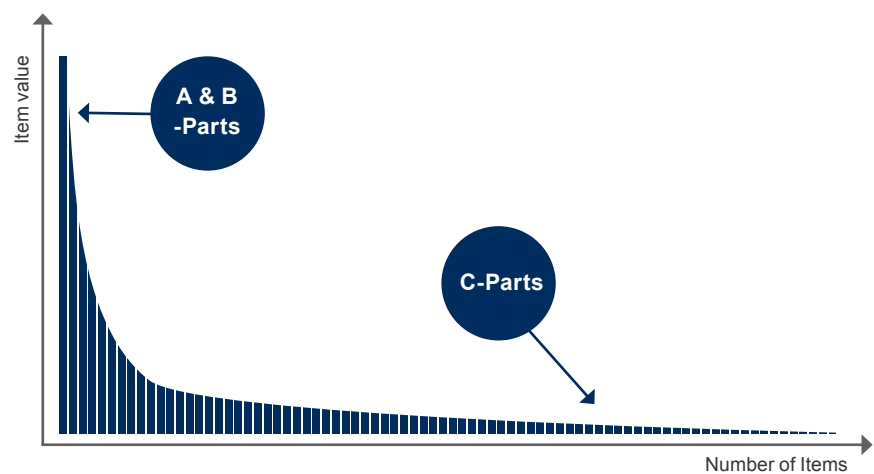


Photo: Husqvarna

### SMALL PARTS – MAJOR EFFECT

The manufacturing industry often classifies components as A-parts, B-parts and C-parts. C-parts are the least strategically important components and make up a relatively small portion of the customer's direct component costs. However, due to high volumes and the sheer number of suppliers, the indirect costs associated with C-parts are often high in relation to direct costs. The costs of potential deficiencies in C-parts quality and delivery precision can also be significant. Bufab's offer to customers is a full-service integrated solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts. Bufab is continuously working on reducing the customer's total cost of ownership and creating peace of mind.

### C-Parts – customer perspective



# Bufab as an investment

Bufab is a stable company with historically good returns and profitable growth. Since the start in 1977, the company has recorded full-year operating profits every year. Meanwhile, Bufab continues to grow faster than the market. An important reason is that industrial companies are currently reducing the complexity of their own supplier base, outsourcing their C-parts managements to industry leaders like Bufab.

**O**ur success is based on long-term relationships with our customers. Their reason for choosing us is that we meet the highest demands on quality, delivery precision and cost efficiency. Increasingly important is also that we are committed to providing the most sustainable C-parts supply chain possible, partnering with carefully selected suppliers for better control of end-to-end sustainability.

### STRONG OFFERING CREATING CUSTOMER VALUE

C-parts have low direct costs but high indirect costs and are demanding to handle professionally. Thanks to Bufab's global presence and efficient processes, customers can usually expect total cost savings, often by as much as 15–20 percent.

### GLOBAL TRENDS DRIVE ORGANIC GROWTH

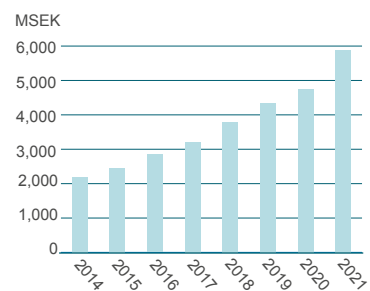
The global long-term trend for industrial companies is to reduce the complexity of

their own supplier base and outsource their C-parts sourcing to companies such as Bufab. This trend has been accelerated by a greater sustainability demand across the supply chain, increased digitalization, more trade barriers and also the recent supply chain disruptions. Bufab is one of the leading global Supply Chain Partners providing customers with peace of mind and we see a strong potential for continued organic growth above market. Meanwhile, Bufab operates in a highly fragmented market offering great potential for acquisitions.

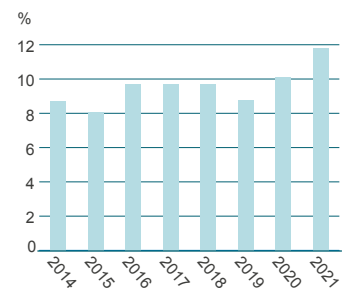
### DECENTRALISED ORGANISATION

An important success factor for Bufab is our decentralised organisation and strong Solutionist corporate culture, always putting customer and quality first. This is a culture with personal responsibility and accountability, that makes entrepreneurs bloom and that promotes value creation at every level.

Net sales



Operating margins (EBITA)



**15%**

Average annual sales growth since 2014

**9%**

Average EBITA margin since 2014

**SEK 2,400M**

Added sales from acquisitions since 2014

**BUSINESS MODEL WITH LOW RISK**

As a trading company, Bufab has a limited need for capital-intensive equipment and machinery. Low capital expenditure means that our fixed costs, primarily salaries and rent, can be adapted to demand. Our business is spread over thousands of customers and suppliers in many industries and geographic regions, which limits our dependence on individual customers. This means that Bufab's business model entails low risk.

**CONSOLIDATOR IN A FRAGMENTED MARKET**

Bufab is one of the few leading players in a highly fragmented market. An increasing demand for sustainable solutions, quality and digitalization makes it hard for smaller players to increase their market share. In each of our 28 countries, we are a strong local partner, while serving international customers on several continents. This is becoming increasingly important for customers. Our strong position makes it possible to acquire smaller players that have growth synergies with Bufab. Since 2014 we have completed twelve acquisitions with total sales of SEK 2,400 million. In this way, we have expanded our presence in new industries, product segments and geographic regions and have become even more relevant for our customers. Our ambition is to be one of the top five global consolidators.

**Financial targets and outcome**

In March 2021 new financial targets were set for the period until 2025. The new targets are based both on Bufab's strong development in recent years as well as on Bufab's new strategy for Sustainable Leadership.

Targets		Outcome 2021
<b>Profitable growth</b>	Average annual increase of net sales by 10 percent and of earnings per share by 15 percent, through both organic growth and acquisitions	<b>24%</b> <b>56%</b>
<b>Profitability</b>	Achieve an annual operating margin (EBITA) of 12 percent latest by 2023	<b>11.8%</b>
<b>Dividend</b>	Dividend of 30-60 percent of annual net profit	<b>34%</b>
<b>Financial stability</b>	Net debt in relation to operating profit before depreciation and amortization (ND/EBITDA) shall normally be in the range of 2-3x	<b>2.2x</b>



We are a strong local partner, while serving international customers on several continents.



# Relevant player in a fast-moving market

The prerequisites for operating globally in C-parts are constantly changing. An important key to Bufab's success is its ability to pro-actively analyse emerging market trends – and to respond swiftly.

**A**s an growing international Group, we must understand the world around us to retain - and further develop - our competitive edge. This means that we put a lot of effort into monitoring and analysing major trends and prerequisites, as well as smaller niche and local trends affecting our operations.

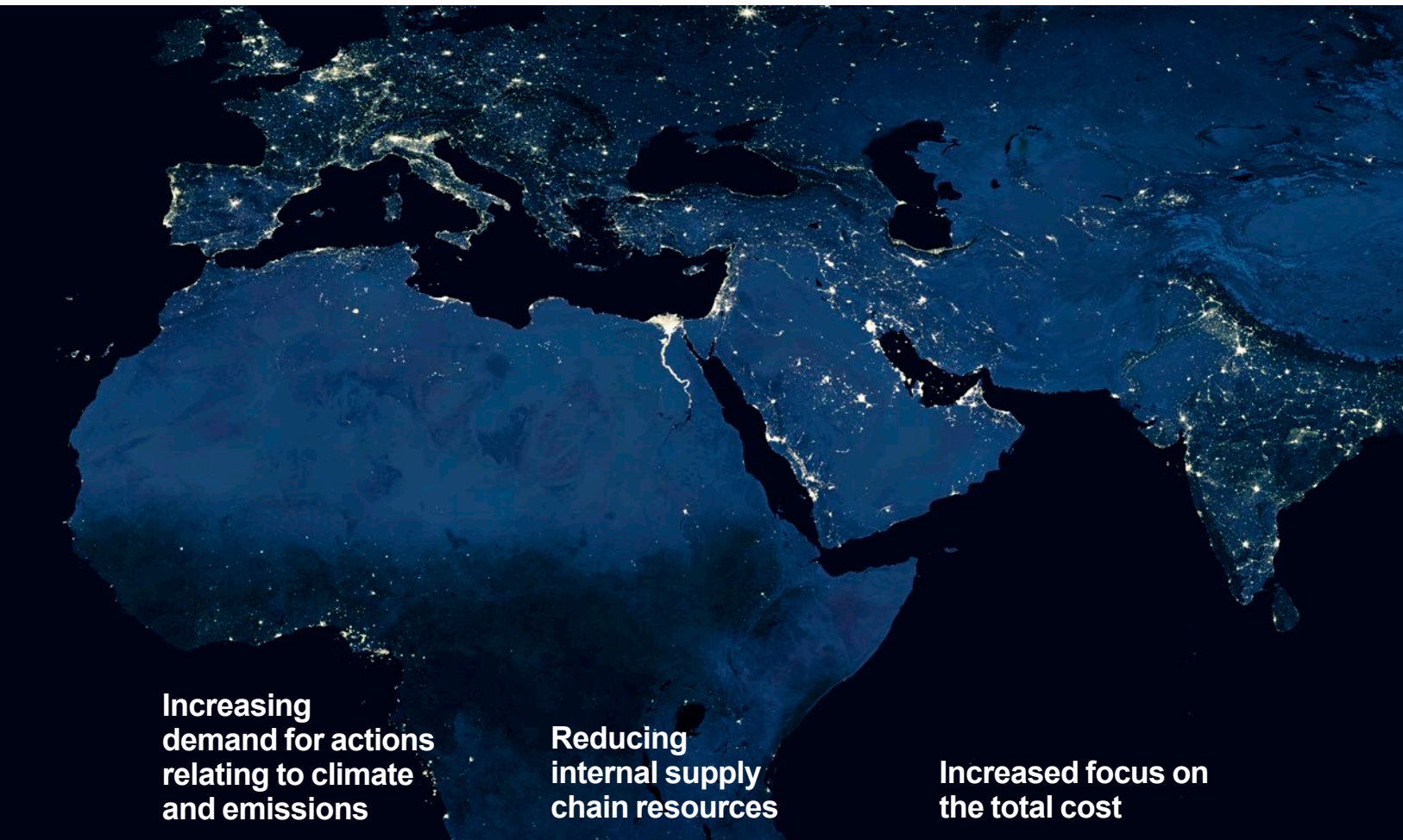
## Consolidation of fragmented supply chain

### BUFAB'S RESPONSE

Although a leading player in many markets, Bufab's market share is still well below five percent. This offers great potential for growth for Bufab, as one of only a handful of players with global scope and ambitions.

Meanwhile, many companies want to streamline, simplify and de-risk their sourcing processes. With global sourcing and procurement, companies face a range of challenges, including climate change, geopolitical risks, increased protectionism, and the newly discovered risk of mass healthcare events. Companies with complex supply-chain networks, with many non-partnership suppliers, are especially vulnerable.

This means that many companies strive to replace a great number of small local suppliers with fewer and larger, global suppliers like Bufab, which has both resilience and flexibility to adapt and meet changing demands and needs globally.



**Increasing demand for actions relating to climate and emissions**

**BUFAB'S RESPONSE**

Climate change and awareness of the effects of CO<sub>2</sub> emissions have increased dramatically in recent years. A fast growing number of companies realise that they must ensure sustainability in every part of their operations to reach long-term business success.

Meanwhile, focus on C-parts has just started. Bufab will take the leadership position when it comes to sustainability in the C-parts business, integrating sustainability throughout its internal processes and external supply chain.

**Reducing internal supply chain resources**

**BUFAB'S RESPONSE**

While many organizations manage their supply chain activities internally, industry executives predict that internal supply chain resources will be reduced and that companies instead will have a smaller team of skilled individuals focusing on strategic decisions to improve their supply chain.

This benefits Bufab with its offer of a full-service integrated solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts.

**Increased focus on the total cost**

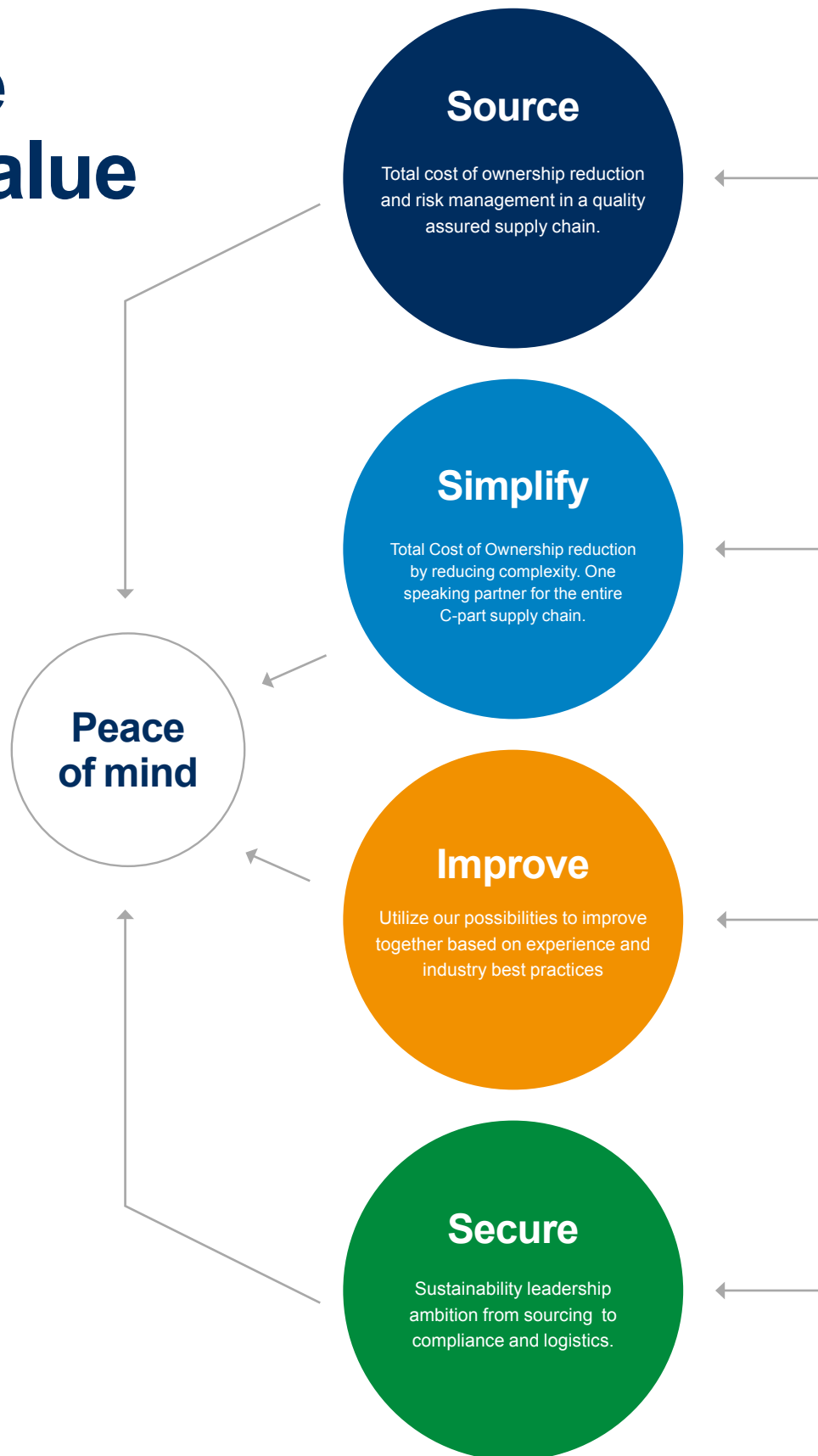
**BUFAB'S RESPONSE**

Unit cost is just one piece of the total cost equation. Total cost includes many other factors like quality assurance, meetings, travel, compliance, administration, warehousing and transportation. In the light of the pandemic, all the extra work with many suppliers has become extremely clear. In low value C-parts the indirect cost might be as high as 80 percent of total cost.

This means increasing demand for full-service providers like Bufab.

# Sustainable customer value creation

Through Bufab's sourcing, manufacturing, quality and logistics offering we create value to our customers. Using our large network and global expertise we help customers reduce total cost and complexity, free up capital, and achieve stable quality and deliveries. With our focus on sustainability in the supply chain we significantly improve value to our customers while minimizing environmental impacts and improving ethical procedures. What it boils down to is a seamless supply chain, where the headache with C-parts is gone. On the next page we explain how we create value for our customers within the four parts of our customer offering.



**Supplier base**

- Less time consumed related to quality problems, less interruptions in the production, secured supply chain
- Provides access to global network of suppliers providing optimized C-part solutions for volume, availability, compliance and cost.
- Provides access to sustainability and quality audited suppliers.

**Supply Chain**

- Ensures reliable supplies.
- Ensures better results with less effort, freeing up time for core business.

**In-house development & production**

- Offers optimized products and production solutions.
- Competence brings flexibility to develop business efficiently.

**Reduction**

- Reduced manual and administration work – True Piece of Mind & possibility to focus on more important things.
- Better communication & cooperation resulting in a better understanding and business results.
- Reduced total costs by reducing complexity in the value chain.

**Replenishment**

- Provides secured and efficient supply. Reaching carefree replenishment and secured stock level of C-parts. No shortages and line stops at a lower cost.
- Sourcing, purchasing, and delivery as each component is consumed. We deliver to the customers warehouse, market, or point-of-use.

**One delivery**

- Reducing the number of contacts, transports, invoices, and routines makes life easier.
- One or few planned deliveries instead of several and no congestion outside the loading dock.

**Warehouse & logistic**

- Analysis of existing effectiveness:
  - \*stock levels & replenishment procedures,
  - \*space & product placement of racks & bins,
  - \*internal logistics - how staff move.
- A roadmap for improvement.

**Kitting and Assembly**

- By combining components into assembled parts, we are able to cut direct and indirect costs and reduce the number of suppliers.
- We proactively discuss the possibilities with our customers to achieve an efficient and innovative product.

**Engineering**

- When companies need deeper C-part expertise than available in-house.
- When customers need design advice, help with choosing the right technology, or assistance in reviewing an existing design for cost efficiency and quality improvement.

**Sustainability**

- Reliable partner contributing to sustainable end products.
- Our value chain contribute to reduce Greenhouse gases to make our customers end products more sustainable.

**Quality and Compliance**

- Ensures supply of right quality C-parts through a validated supplier base.
- Quality excellence in every detail provides increased competitive advantages. Quality assurance according to desired requirements is always crucial for success in the market.

**On time delivery**

- On-time delivery in full is a prerequisite for effective business.
- Our logistic team is always ready to walk the extra mile for prompt delivery.

# Our strategy for sustainable leadership

We have achieved successful growth during decades based on our ambition to always put quality and customers first.

**D**uring the past years, we have strengthened our customer relationships and developed a market leading C-parts supply chain management, improved our processes, systems and productivity. We have also built a stronger supplier base, developed our team and made many successful acquisitions. Five years ago, our vision was to become the leading player in the industry. In early 2021, we raised our ambitions even further. We looked to the future and set out a strategy and a roadmap. The new plan means integrating sustainability into the company's day-to-day business. And once we attain a leadership position, we intend to keep it. Hence the strategy's new name: Sustainable Leadership.

Acquire. Growth generates good returns - but it is also strategically important for the development of our customer base and offering. Our recent investments in productivity and digitization, as well as building a stronger team and supplier base, also improve our business, something that is reflected in the financial results for 2021.

Growth and improvement create room for us to invest in improving our supplier base and logistics platforms even further. The result is a more sustainable end-to-end supply chain. This is becoming an integrated part of our commercial offering, as

many of our customers are major, global companies with increasingly stricter requirements regarding sustainability from society, as well as from customers and shareholders. Finally, we can continue to drive the consolidation of our industry by making more win-win acquisitions that can contribute further to our growth, our financial results, and our strategic position.



## SUSTAINABLE LEADERSHIP

To achieve Sustainable Leadership, we need to continue to Grow, Improve, Invest and strategically

## Grow

Our ambition is to be the preferred partner of all customers. We have consistently grown our share both regarding market and number of customers over the past eight years.

Going forward, we aim to continue growing - both rapidly and profitably. Meanwhile, we intend to continue investing in more productive solutions for our customers. In 2020, we took a new look at our entire offering and how we communicate it. We also made investment plans for developing the offering further going forward. A leading offering, combined with excellent sales staff and account teams, are critical to building lasting, growth-generating customer partnerships. That is why we have also reinforced our investments in our sales force in the "sales excellence" program. We will continue these, and other investments, with the goal to build the industry's best team of Solutionists.

# 10% growth

- Significantly above market
- Increased hit rate
- Strongest team
- World-leading offering
- Fast & Flexible and Global Best Practice



## Improve

Over the last, few years, we have been strengthening our capabilities in a number of areas. This includes dramatically improving the level of digital integration with our customers and suppliers as well internal digitalisation of our processes for increased efficiency.

Customers demand continuous improvement. This involves improving productivity, tightening quality and delivery precision, as well as improving sustainability on the strength of our new tools and processes. We will continue the work in each business unit to build stronger supplier partnerships and to reward our best partners with consolidation of more business to them. Finally, we will continue developing the skill bases organized around our centres of excellence already existing in our core business units and start establishing similar centres in more locations around the world.

**12%**  
EBITA-margin

- Improved productivity
- Shorter lead times

## Invest

Achieving Sustainable Leadership requires continuous investment in our operations. We have continued to invest – in good times and in bad – and intend to keep on doing so going forward. Major recent investment areas include IT infrastructure, development of digital tools and processes, develop Bufab Best Practice and establishing a Global Sourcing organization and continue developing new sourcing offices. The aim is to integrate sustainability in our day-to-day operations, as well as increasing the digitization of our processes to improve precision, productivity and the value to our partners, best suppliers and most demanding customers.

### Global industry LEADERSHIP

- World's best
- Supplier Partners
  - Team
  - Operational Performance

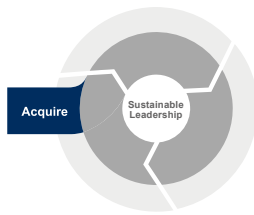
## Aquire

We have acquired more than 50 companies over the past 45 years and see further acquisitions as an important way of growing, while also strengthening our offering and skills. By increasing our global presence, we can serve customers better and in more markets.

Our Sustainable Leadership strategy includes continued focus on acquisitions. As we grow, we need to make more and larger acquisitions. All business units are tasked with identifying potential acquisition candidates. We search for attractive companies that can contribute growth synergies, customer relationships, a more substantial supplier base and expertise.

### Growth

- Stronger Bufab
- More markets
  - More products
  - More customers
  - More Solutionists



# Acquisitions part of our business model

With a track record of more than 50 acquisitions in the past 45 years, Bufab has extensive experience of acquiring and integrating businesses internationally. It is a natural part of our business model. We search for attractive companies that can contribute growth synergies, customer relationships, a stronger supplier base and expertise. In 2021, we made three such acquisitions.

**B**ufab operates in a highly fragmented market. Although a leading player in many markets, Bufab's market share is still well below five percent. This offers great potential for growth, organically, but also through acquisitions. In order to continue growing and generate synergies, Bufab is continuously monitoring attractive candidates. Players in the C-part industry are often entrepreneurial and we find that many companies that we initiate merger discussions with have a favourable opinion of our brand and ambitions.

Over the past 45 years, Bufab has made over 50 acquisitions and in the last seven years completed twelve acquisitions with a total turnover of SEK 2,400 million. Thanks to this, we have increased our presence in new industries, product segments and geographic markets and become even more relevant to our customers.

The vast majority of our acquisitions have performed very well since they became part of Bufab, and have contributed greatly to our strong earnings development. The reason is that we are very selective when acquiring new companies and acquire exclusively well-managed and profitable companies.

## “PULL INTEGRATION” STRATEGY

Bufab applies a “Pull integration” strategy, which in short means that we allow the acquired company, at their own pace, to decide which benefits they wish to pull from Bufab. We never talk about cost synergies, only growth synergies, and in most cases the new Bufab company actually grows faster after joining the group. By using this strategy - instead of pushing through a rigid integration plan - we build a common future.

The acquired sister companies' responsibilities, competence and entrepreneurship are at the center and Bufab's Best Practice is always accessible. We call them sister companies as we maintain a matrix organisation with, on the one hand, local companies that can make decisions at a local level and, on the other hand, functions that span the entire Group.

Our governance model is characterised by transparency and a collaborative decision-making process, which has been well received in merger talks and integration processes.

## THREE NEW STRATEGIC ACQUISITIONS

In 2021, we completed three strategic acquisitions, all with similar operations to Bufab. American Components Solutions

Group is a group we have been monitoring since 2013. The group, with annual sales of approximately SEK 280 million and 85 employees, will strengthen our position in the North American market, which we regard as one of the markets with highest potential for future growth. We also acquired Jenny | Wattle and Tilka Trading, with annual sales of MSEK 190 and MSEK 50 respectively. The companies have operations in Austria and Sweden, and we have followed them for some years. These three acquisitions have involved growth synergies in the form of new and broadened customer relationships, interesting suppliers and expertise.

In 2021, we have continued to strengthen our financial position, which means that we are well equipped to continue our growth journey by adding further acquisitions.

## ABILITY TO SCALE UP OPERATIONS

Another dimension of growth is obtained when Bufab takes over a major part of the supply of C-parts from a customer. This enables customers to improve efficiency as well as control over their total sustainability performance, while increasing its overall productivity.

Ernie Riling, President and CEO of Component Solutions Group

## Joining Bufab will help us grow our business

“By joining Bufab, we will be able to continue to improve our customer offerings, grow our business and strengthen our team. It will be business as usual, with the same high ambition level, but now as a part of a globally leading organization”, says Ernie Riling, President and CEO of US based Component Solutions Group “CSG”, acquired in September 2021. “We also felt comfortable with the Bufab corporate team, which was another extremely important factor in the selling process”, he adds.

**C**SG is a leading supplier of fasteners, manufacturer and provider of other C-parts in the North American market with headquarters in Dayton, Ohio. CSG was founded in 2000 and has been mainly owned and run by its current President, Ernie Riling, along with colleagues and other minority owners of the group. Under their leadership, CSG has expanded to a strong regional, technically oriented, supply chain partner with its customers that span across many industries.

– I was an original investor in the business and took over the organisation in late 2011. Now I – along with several of the partners – felt that we had reached a key decision point when it came to planning for succession. Meanwhile, we wanted to ensure that what we had built up over the years would continue to thrive, Ernie Riling says.

### SO WHY SELL TO BUFAB?

– We had an introduction call with Bufab back in 2013 and maintained the conversation for years, meeting everyone, having multiple discussions and staying in touch. The relationship we developed simply made Bufab seem to be the best choice. We have got to know the company well and see great similarities with Bufab in the solution-oriented, entrepreneurial approach to creating customer value. We felt comfortable with the Bufab team and believed they were the best suitors for our customers, employees and other team members during this period of transition.

– That Bufab would allow us to continue managing this transition, keep all our people and allowing us to make the day-to-day decisions, etc. where all major factors to consummating the transaction. Basically, we just felt very comfortable, Ernie Riling says.

### WHICH BENEFITS DO YOU SEE FROM JOINING FORCES WITH BUFAB?

– We will be able to continue developing our operations, while Bufab gets to expand their business in North America. Together, there are lot of sales opportunities. Meanwhile, we have good knowledge of the players in the North American market and can help Bufab take advantage of bolt-on acquisition opportunities as they arise.

– In the short period of time that has passed since we joined forces, we have been extremely well received by the people at Bufab. Everyone are very helpful and I look forward to continuing as President and CEO of CSG, Ernie Riling says.



### CSG at a glance

CSG is a leading supplier of fasteners, manufacturer and provider of other C-parts in the North American market. The company has headquarters in Dayton, Ohio and three subsidiaries, two of which located in Ohio and one in Kentucky. CSG specialises in manufacturing, supplying and distributing specifically engineered products designed for original equipment manufacturers. Core capabilities include engineering, precision machining, fastening systems and fastener tooling, while industries served include automotive, commercial vehicle, heavy equipment, off high-way, agriculture, aerospace & defense, medical equipment & device, and multiple other end markets. CSG has currently 85 employees and net sales of approximately SEK 280 million in 2021.

CSG facilities and operations are ISO 9001:2015 and AS9120 B certified.

# Sustainable delivery against our strategy

Bufab aims to become an industry leader in sustainability. To reach the position of Sustainable Leadership, we have added a sustainability focus to our strategy areas, setting out to Responsible Growth, Sustainable Improvements and Strategic Investments.



**W**e work continuously to ensure that all aspects of our operations have a positive impact on people and the planet. With our business growth targets its key that we create value to all stakeholders. Just like improving processes and systems to make them more sustainable, we create value for our customers, act as a great partner and continue to be a good employer. Our sustainability reporting is based on how we deliver our strategy - Grow, Improve and Invest.

**Responsible Growth**  
 Bufab's aim is to grow by 10 per cent annually. With strong financial results, we create opportunities for investment in sustainability.

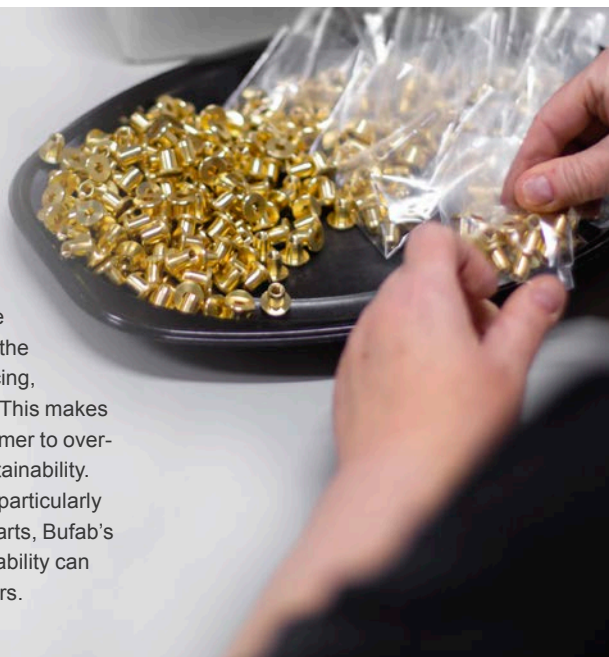
**Sustainable Improvements**  
 We strive to improve every part of our own operations and in our supply chain. The ambition is to offer customers the best – and most sustainable solutions.

**Strategic Investments**  
 Bufab has invested in a number of processes that ensure that best practice is shared and that all employees and suppliers act in accordance with Bufab's values.

## Bufab's product sustainability

Bufab improves quality and sustainability in the supply of products with low procurement value and high procurement effort, i.e. C-parts. Components used in manufacturing operations are classified as A, B or C-parts, where C-parts often make up for a large share of all part numbers in a list of materials. C-parts parts generally have unique specifications and quality requirements and are ordered from a large number of suppliers from all over the world. C-Parts usually have a low unit cost, wide product variation and are produced in large volumes. They are also unique in that only a

small part of the total cost of the component is derived from the purchase price, often as little as 20 percent. The remaining 80 percent of the total costs are indirect costs, in the form of costs for logistics, sourcing, storage and quality assurance. This makes it difficult for an individual customer to oversee, manage and measure sustainability. As sustainability issues can be particularly challenging when handling C-parts, Bufab's expertise in quality and sustainability can help creating value for customers.



## Agenda 2030

The UN's Agenda 2030 is a plan of action for people, planet and prosperity. With the 17 Sustainable development goals agreed in 2015 by world leaders, they aim to create a better, fairer, world by 2030. Based on Bufab's identified material topics, we have analysed the company's impact on the UN Sustainable Development Goals and determined the most relevant SDGs related to our business - and also where our business activities could have the biggest positive impact.

### The most relevant goals for Bufab are:

- #3 Good health and well-being
- #5 Gender equality
- #8 Decent work and economic growth
- #9 Industry innovation and infrastructure
- #12 Responsible consumption and production
- #13 Climate action
- #16 Peace, justice and strong institutions
- #17 Partnership for the goals

In 2021, Bufab increased its efforts regarding the sustainable development goals. As we are starting to adopt GRI framework reporting, while also increasing GRI reporting measurements internally, we can more easily identify our specific progress and actively contribute to the goals.

In March 2021 we signed the Science-Based Targets Initiative that commit Bufab to reduce our internal greenhouse gases to zero by

2030 and use the suppliers that do the same. In the near term, it means making sure that we buy 100 percent fossil free energy to our offices and manufacturing, but also investing in our own, sustainable energy generation for instance, with solar panel parks in our centers of excellence. Longer term, the challenge is much bigger. Reducing CO<sub>2</sub> emissions almost completely will require big changes in our value chain with our partners.



## Bufab's material issues 2021

- Anti-corruption
- Sourcing practices
- Supplier sustainability assessments
- Emissions from transport activities
- Training and education
- Diversity and non-discrimination
- Economic performance
- Market presence
- Environmental Impact

### STAKEHOLDER ENGAGEMENT

Bufab conducts regular dialogues with different stakeholders. The insight is used to develop and improve our ways of doing business, as well as identifying and addressing operational issues. It also lets us understand and respond to legitimate stakeholder concerns and potential risks. The level of engagement depends on each stakeholder's attitude. Some stakeholders wish to be more involved than others. Finding the right balance supports a good two-way communication.

#### Identifying and selecting stakeholders

The key stakeholders have been identified through a dialogue with Bufab Group Management and are:

- Customers
- Suppliers
- Employees
- Shareholders
- Institutions & Municipalities
- Board of Directors

### Stakeholder dialogue

Our stakeholder dialogues help us communicate business decisions, activities and performance. By showing an interest in our stakeholders, providing them with the opportunity to offer their opinions on activities that affect them, we strengthen relationships, while developing our business.

Stakeholder input is collected through many different channels. Our employees are both a stakeholder group and an important channel for information from other stakeholders. An example of this is that customers and suppliers rely on our employees to convey their input throughout our organization.

#### Approach to stakeholder engagement

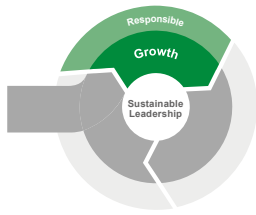
Most of our stakeholder communications is done through either physical meetings or online meetings. Safety is naturally a primary concern when organizing meetings. These meetings are done between the stakeholders and relevant Bufab employees so that we can align our practices with their needs and expectations.

### MATERIALITY ANALYSIS

Bufab aims to provide stakeholders with relevant information regarding operational, financial, environmental, and social performance. The topic boundaries are evaluated from an organizational and business context, as well as from a stakeholder perspective. It is also evaluated in terms of impact and contribution to the UN Sustainable Development Goals.

## Key topics within stakeholder dialogue

Stakeholders	Approach	Key topics raised
<b>Customers</b>	<p>Our sales teams have a continuous dialogue with our customers on topics as health and safety and general customer requirements. In addition, our customers are regularly performing audits on Bofab companies.</p> <p>In addition our sustainability team also discusses additional topics with customer representatives, like: environmental sustainability &amp; emissions, product sustainability, supply chain ethics and human rights. These talks are usually done on customer request.</p>	<ul style="list-style-type: none"> <li>• Environmental sustainability and emissions</li> <li>• Material compliance</li> <li>• Health and safety</li> <li>• Code of conduct, ethics and human rights</li> </ul>
<b>Suppliers</b>	<p>Continuous daily dialogue between our sourcing teams and our suppliers on topics such as supplier performance, supplier capabilities and supply chain assessments.</p> <p>With our partner supplier we have quarterly partnership meetings to discuss developments at the supplier, cost development and improvement.</p> <p>In addition we have performed a one-time Global Partnership Survey where key suppliers were questioned on key topics such as core values, supply chain developments, digitalization, logistics and sustainability.</p>	<ul style="list-style-type: none"> <li>• Supplier capabilities</li> <li>• Supplier performance</li> <li>• Sustainability</li> <li>• Supplier Code of Conduct</li> </ul>
<b>Employees</b>	<p>During 2021 our Global People Circle (GPC) was launched. The GPC contains representatives from several business units in Bofab and meets once every 2 months.</p> <p>During 2021 the GPC has organized a global Employee Survey, started the acquisition of a learning management system assessable by all employees and started research to improve our Best Practices with regard to human resources functions.</p>	<ul style="list-style-type: none"> <li>• Learning management system</li> <li>• People key performance indicators</li> <li>• Employee survey</li> </ul>
<b>Owners</b>	<p>Bofab Group Management has frequent meetings with our shareholders.</p> <p>Bofab also holds a yearly Capital Markets Day where shareholders get a detailed breakdown of Bofab business during the year. Other topics are our strategy and other key strategic decisions.</p>	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• Environmental sustainability and emissions</li> <li>• Material compliance</li> <li>• Health and safety</li> <li>• Code of conduct, ethics and human rights</li> </ul>
<b>Institutions &amp; Municipalities</b>	<p>Bofab companies are in dialogue with municipalities. In addition Bofab companies are members of our industry associations like the European Fasteners Distributor Association.</p> <p>We are collaborating with Universities as well and aim to increase cooperations like this.</p> <p>These collaborations are done on local level and the engagement is adjusted accordingly.</p>	<ul style="list-style-type: none"> <li>• How to attract people</li> <li>• Artificial Intelligence</li> <li>• Efficiency</li> <li>• Work of the future</li> </ul>
<b>Board of Directors</b>	<p>Bofab Group Management has quarterly meetings with our Board of Directors to discuss our strategy progression on Sustainable Leadership.</p>	<ul style="list-style-type: none"> <li>• Sustainable Leadership</li> <li>• Growth, Acquire, Invest , Improve</li> </ul>



# Responsibly grow

Bufab has continuously grown its market share over the past nine years. The aim is to continue growing, taking advantage of the potential created by customers currently consolidating their C-parts supply to industry leaders. But equally important is to grow responsibly, integrating a sustainable approach to expansion. When we grow, we create value.

**B**ufab’s aim is to grow by 10 percent annually, organically and through acquisitions, in order to generate returns for its owners while also increasing its contribution to other stakeholders: i.e. employees, society, suppliers and customers. We reached this goal in 2021, outperforming the general market growth of 8 percent.

With Bufab Best Practice, the company has created a platform for sustainable growth. It

forms the basis for acquisitions, its own production, and collaborations with its suppliers. The major efforts Bufab has made so far – and continues to do – for increasing the sustainability of its supply chain would not have been possible without growth.

Responsible growth also benefits the company’s other stakeholders. Employees benefit through salary, provisions for pension, and other benefits, as well as through opportunities for personal development

offered by an employer that encourages personal freedom and responsibility. Communities in the countries where Bufab operates benefit through direct and indirect tax revenue. Suppliers, chosen for their ability to contribute to responsible growth, can in their turn grow and invest a virtuous circle. Finally, if Bufab grows, a larger portion of its customers’ C-part supply chain is handled in a sustainable fashion.

<p><b>TARGET</b> 10 percent annual growth, both organically and through acquisitions.</p>	<p><b>ACTIVITIES 2021</b> Three new acquisitions combined with continued focus on organic growth led to increased market share.  Strong contribution from recent acquisitions propelled growth in 2021 to 24 percent. Far above our long-term target.  We integrated the three acquired companies into the Bufab Best Practice.  We continued our digitalization process and improved our new CRM system. We also continued our large investment on sales force development within the Sales Excellence program.</p>	<p><b>SDG CONTRIBUTION</b></p> 
<p><b>TARGET</b> Through continued annual growth over 10 percent, increase our contribution to society through a responsible and fair tax policy.</p>	<p><b>ACTIVITIES 2021</b> Income tax paid was 145 (92), up/down by 58 percent. The effective tax rate increased slightly.  Transfer pricing policies were audited and revised in several subsidiaries to ensure continued compliance with OECD guidelines and our internal policies.</p>	<p><b>SDG CONTRIBUTION</b></p>



## Economic value generated and distributed

Economic value generated and distributed is a metric that indicates the wealth that we create through our operations and the subsequent allocation of our revenue by stakeholder group. Throughout our operational activity we create value for a wide variety of stakeholders, including shareholders, employees, suppliers and customers, banks, state and society.

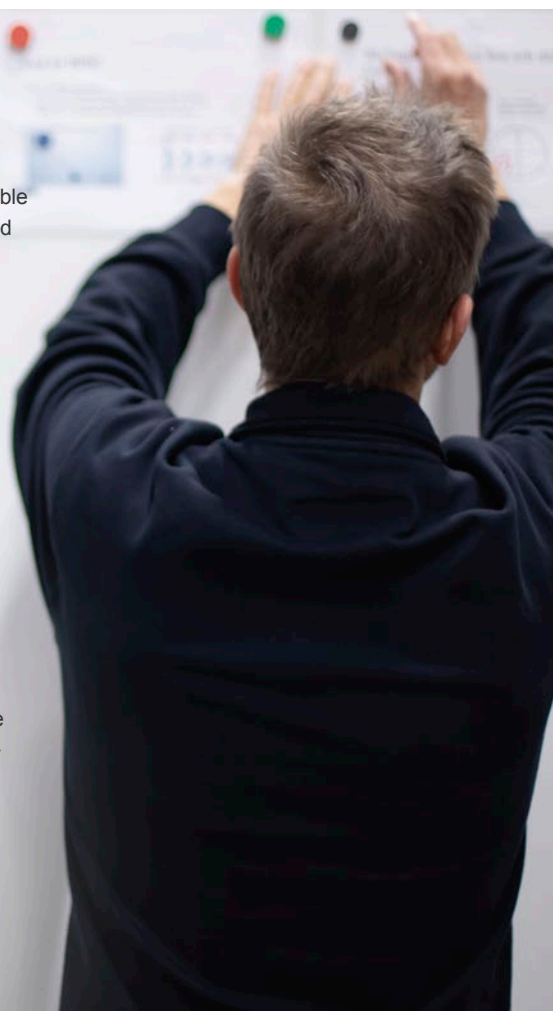


## Good business practices

Through its global network of customers and suppliers, Bufab makes positive contributions in every country in which the company operates. It supports development by ensuring good business practices, fair competition and regulatory compliance. All of these aspects are integral parts of Bufab's Best Practice.

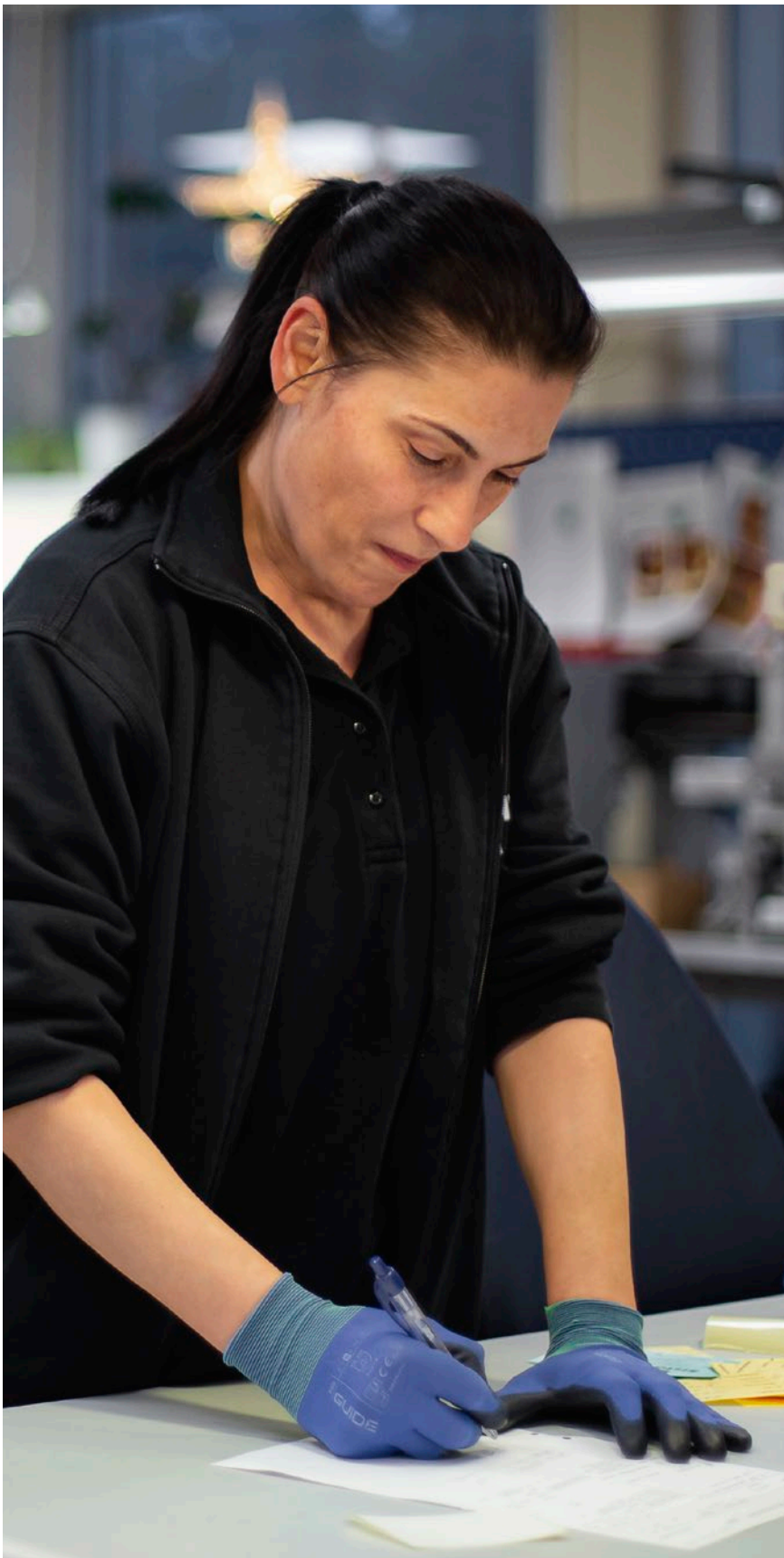
Paying taxes in the countries where Bufab operates includes far more than just complying with the law. It is also about contributing to economic growth and promoting social development. Bufab's tax strategy is part of its global strategy and integrated in the instructions for the company's 40 local Managing Directors as well as the transfer pricing documents. This, combined with the audit program, ensures that Bufab complies with national tax laws and that a fair proportion of the value generated stays within each country. In countries where Bufab's operations are too small to build up the required expertise, the company uses external consultants, such as certified auditors, to ensure compliance with local rules and regulations.

Bufab's tax strategy is based on the company's general aim to be responsible corporate citizens in the countries and communities where it has operations, and to fulfil its responsibilities towards shareholders, employees, customers, suppliers and other stakeholders. The core of the strategy is to pay the right amount of tax at the right time to the right tax authorities, respecting all the applicable tax laws of the countries in which the company operates. The transfer pricing principle is to apply arm's length transfer prices to intra-group transactions to reflect where the value is created in the company, and which jurisdiction has the right to the tax proceeds. The aim is to ensure constructive, professional and transparent relationships with tax authorities, based on the concept of integrity, collaboration and mutual trust.

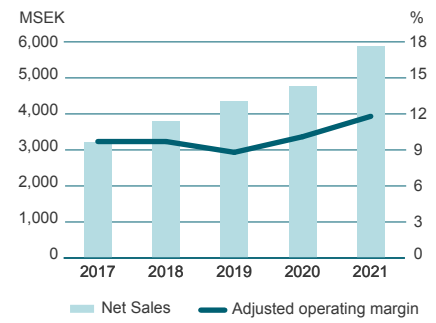


## Economic value generated and distributed

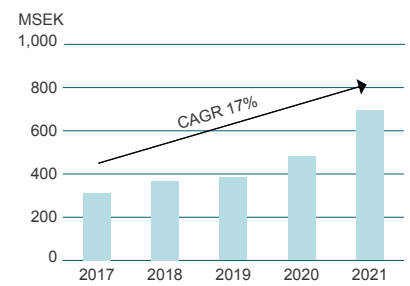
SEK million	Stakeholder	2021	2020	2019	2018	2017
Revenue – net sales	Customers	5 878	4,756	4,348	3,786	3,201
Other revenue	—	37	55	39	50	32
Total value generated		5 915	4,811	4,387	3,836	3,233
Suppliers	Suppliers	-4 212	-3,463	-3,200	-2,854	-2,403
Costs, salaries, and remuneration to employees excl. social fees	Employees	-687	-618	-561	-491	-407
Costs, social fees and pensions	State/society	-193	-162	-178	-160	-137
Financial expenses	Banks/creditors	-49	-60	-42	-29	-26
Dividend to shareholders	Shareholders	-103	0	-94	-85	-76
Income tax	State/society	-145	-92	-73	-74	-65
Total value distributed		-5 389	-4,395	-4,148	-3,693	-3,114
Economic value retained		526	416	239	143	119



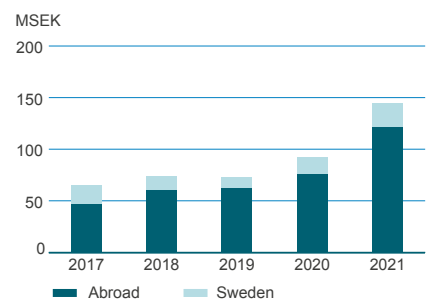
**Net sales**



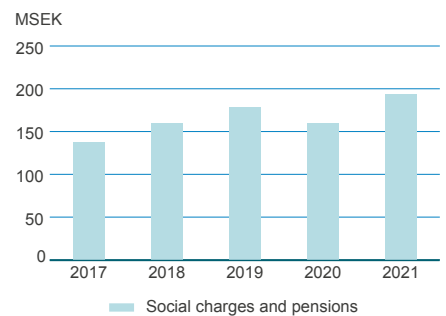
**EBITA**

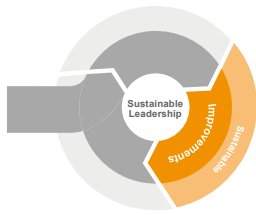


**Income tax**



**Social charges and pensions**





# Sustainable improvements

Bufab strives to continuously improve every part of its operations, increasing efficiency and sustainability. This work includes increasing the sustainability of our supply chain, continuously evaluating our suppliers and selecting to do business with the ones with the best performance. The aim is to offer customers the best – and most sustainable – solutions.






**B**y adopting sustainability topics more formally in our processes, Bufab aims to create continuous improvement in all activities. Good business practices, fair competition and regulatory compliance are all integral parts of Bufab’s Best Practice. Our overall goal is to offer our customers the best value for money, be the most attractive employer in our industry, and provide our owners with a responsible investment with a rewarding and sustainable return on investments. We plan to

achieve this with a responsible end-to-end sustainable supply chain. This we consider a most challenging ambition. To reach it, we recognize the need to integrate sustainability aspects into every part of our day-to-day operations.

### REDUCING CLIMATE IMPACT

Data shows that compared with the previous year, Bufab’s CO<sub>2</sub> emissions were slightly higher in 2021. The main reason was an increase in travelling to customers

and suppliers in periods when Covid-19 restrictions allowed to do so safely. Meanwhile, the global transport crisis in 2021 meant that Bufab in some cases had to use air freight to keep our customers production lines working. Deliveries from suppliers and regional warehouses generally take place by boat or truck. We strive to reduce the negative environmental impact of transport by minimizing the use of air, while using a high degree of filling.

<p><b>TARGET</b></p> <p>Produce and/or procure 100 percent of our energy from carbon-neutral sources by 2030.</p>	<p><b>ACTIVITIES 2021</b></p> <p>The percentage of procured electricity from renewable sources decreased from 72 percent to 67 percent due to acquisitions. We are increasing the amount of self-generated electricity. A solar panel park on the roof of our largest center of excellence is in operation since December 2021.</p>	<p><b>SDG CONTRIBUTION</b></p>  
<p><b>TARGET</b></p> <p>Achieve a material recycling rate above 90 percent by 2030, to reduce waste to landfill to 0 percent by the same year, and to reduce total waste by 20 percent by 2030.</p>	<p><b>ACTIVITIES 2021</b></p> <p>We have started to integrate our KPIs in this area into our ordinary financial reporting cycle, and to make and follow up improvement plans in the subsidiaries in a more systematic way.</p> <p>We are also working to integrate the standard for Health and Safety Practices, ISO 45001:2018 and the environmental standard ISO 14001 into the Bufab Best Practice minimum requirements.</p>	<p><b>SDG CONTRIBUTION</b></p>   

## Bufab commits to the Science Based Targets initiative

Science-Based Targets Initiative (SBTi) as part of its efforts to further reduce global greenhouse gas emissions. This means that the company has committed to set targets that are aligned with the Paris Agreement, intended to limit global warming to 1.5°C, which means that global emissions must be halved by 2031 and reach "net-zero" by 2050. After setting the base line in 2021, Bufab will start reporting in April 2022.

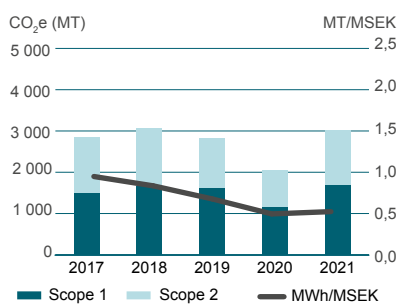
The SBTi is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). Its aim is to drive ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets.

Bufab signed the agreement to push sustainability efforts further and to reduce greenhouse gas emissions throughout the value chain. We also welcome the

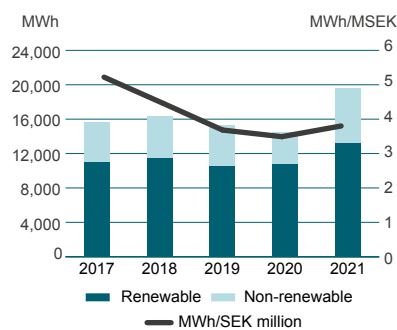
assessment of our targets and follow-up of our progress against them which form part of the science-based targets framework. Partnerships with both customers and our most important suppliers will be a key element of our plans to reach this new ambition. We see it as an integral part of our industry leadership strategy, and a way to further improve our competitiveness with sustainable solutions, products and operations.



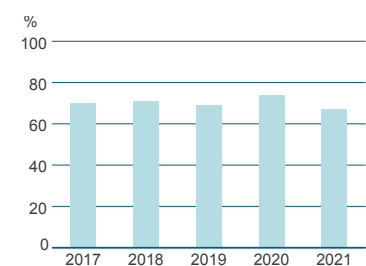
CO<sub>2</sub> Emissions\*



Electricity bought\*



Energy bought from renewable sources\*



\* Recent acquisitions excluded

Cody Yang, Shandong Tengda Stainless Steel products:

# Bufab creates lasting relationships with its suppliers

“Bufab has built the world’s best supplier base and work with suppliers on a long-term basis by creating lasting relationships. That’s why we trust Bufab and has chosen to cooperate with the company”, says Cody Yang, Sales Manager at Shandong Tengda Stainless Steel, one of Bufab’s suppliers in China.



**T**engda is located in the Shandong region of China. Established in 2000, it has some 500 employees, manufacturing stainless steel products, including fasteners, wires, microfilament, steel threaded rods & studs, stainless steel raw material and production equipment. The company exports an important part of its production internationally, mainly to Europe, South-East Asia and Australia. It is also one of Bufab’s preferred suppliers, and as such has signed the company’s Code of Conduct.

## WHAT ARE THE MAIN BENEFITS OF COOPERATING WITH BUFAB?

– Bufab is a well-known and well-connected company in the business. Through Bufab, we get the opportunity to enter many different industries - and also to create social value, contributing to making the world a better place.

– Our cooperation also gives us the opportunity to grow together with Bufab and to increase our profit, he continues.

## WHAT ARE YOUR VIEWS ON BUFAB’S STRICT POLICIES REGARDING SUSTAINABILITY?

– We fully understand and endorse the importance of sustainable development.

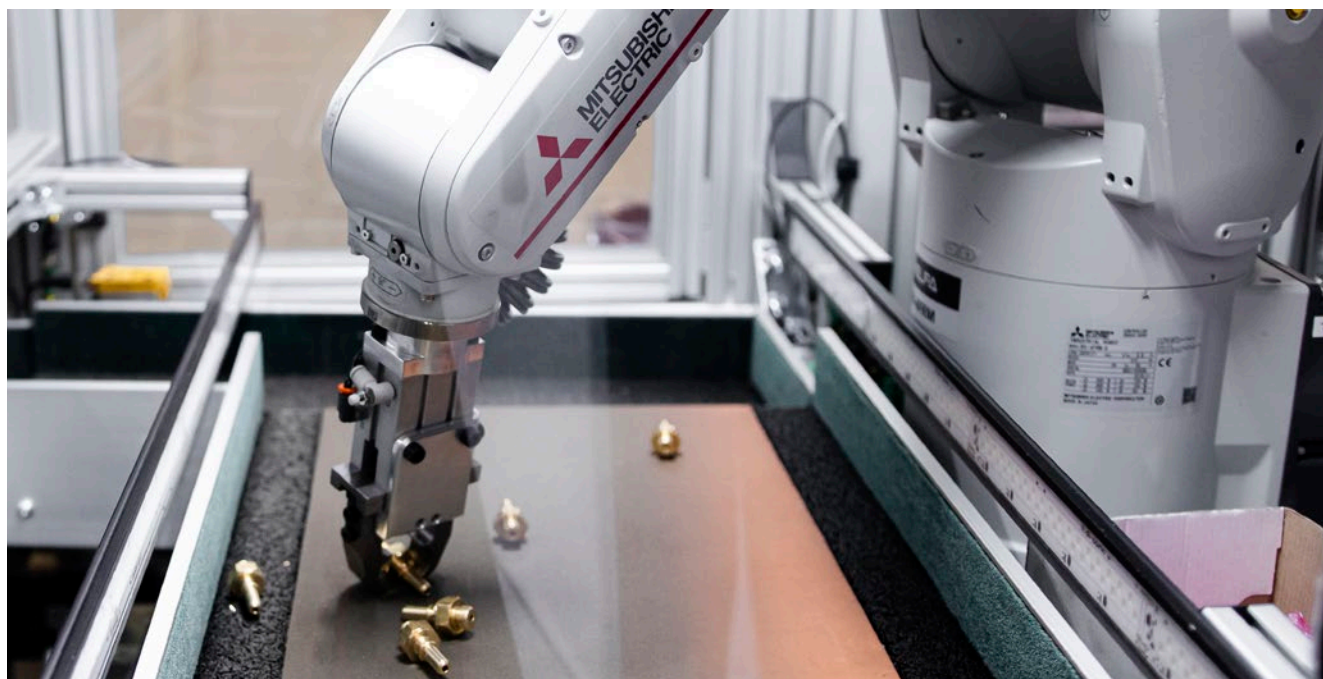
## WHICH ARE TENGDA’S MOST IMPORTANT FOCUS AREAS REGARDING SUSTAINABILITY IN THE NEXT FIVE YEARS?

– Number one is emission reduction. We have installed equipment on every forge machine that collects waste gases during forging. It purifies the waste gas, ensuring zero pollution to the environment. Number two is improving recycling efficiency; we are building a centralized recycling system for the whole production area. The third is reducing paper usage. We plan to reduce our paper consumption by 10 percent in 2022, by 30 percent in the next five years, with the goal of achieving a paperless office.

– We also plan to increase the usage of solar energy, currently building solar panels on the roofs of the production plants, says Cody Yang.



Solar panels on top of the production plant in Shandong.



## Improving supply chain sustainability

With a substantial number of suppliers and customers all over the world, Bufab is in a strong position to contribute to improving global supply chain sustainability. Since 2020, preferred suppliers must sign the company's Code of Conduct, committing to its sustainability standards, to receive new orders. In 2021 all Partnership, Preferred and Approved suppliers have signed our Code of Conduct.

Bufab aims to develop a world-class supplier base. To do so, the company strives to consolidate its sourcing to suppliers that conform to Bufab's ambitious quality, cost, and sustainability standards. Currently we have consolidated 80 percent of our spend in sourcing to 550 of the best suppliers. In 2021, we initiated a new project aimed at automating all processes linked to signing new suppliers, using machine learning and AI. The aim is to increase both efficiency and accuracy in these processes.

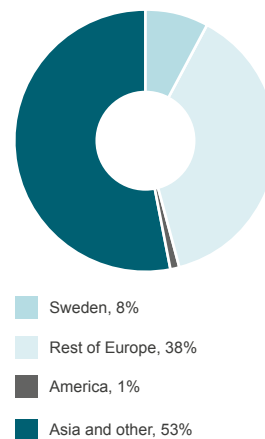
All suppliers must sign Bufab's Code of Conduct to be included on the company's list of all approved suppliers. The basis of the company's Code of Conduct derives from the principles of the UN Declaration on

Human Rights, the ILO's fundamental conventions on human rights at work, the Rio Declaration and the UN Convention against Corruption. Suppliers must also show that they run their operations in accordance with other standards and certificates, including ISO 9001 and REACH.

With more than 30,000 requests a year, Bufab must be able to ensure that suppliers have the capacity capability to deliver the requested quality, quantity and on the right time – and doing so in a sustainable way. Suppliers are selected, assessed, and developed using Bufab's global sourcing organization, which has grown rapidly in recent years. Some close supplier relationships, with suppliers from whom Bufab makes continuous purchases, develop into a partnership. The aim of partnerships is to achieve higher productivity and quality, but also to create opportunities for focusing on the suppliers' sustainability aspects and grow together. The global transport crisis in 2021 resulted in closer cooperation with a number of preferred suppliers, as we worked together to solve transport and supply problems linked to almost every

order. On top of the major capacity shortages among our suppliers, there were new proposals from the EU Commission regarding anti-dumping implementation on fasteners from China. This could entail an extra cost of 90 percent for the product concerned. Definitive measures will be decided in February 2022.

Bufab's sourcing distribution



## Supplier classification

We classify our suppliers into the following categories:

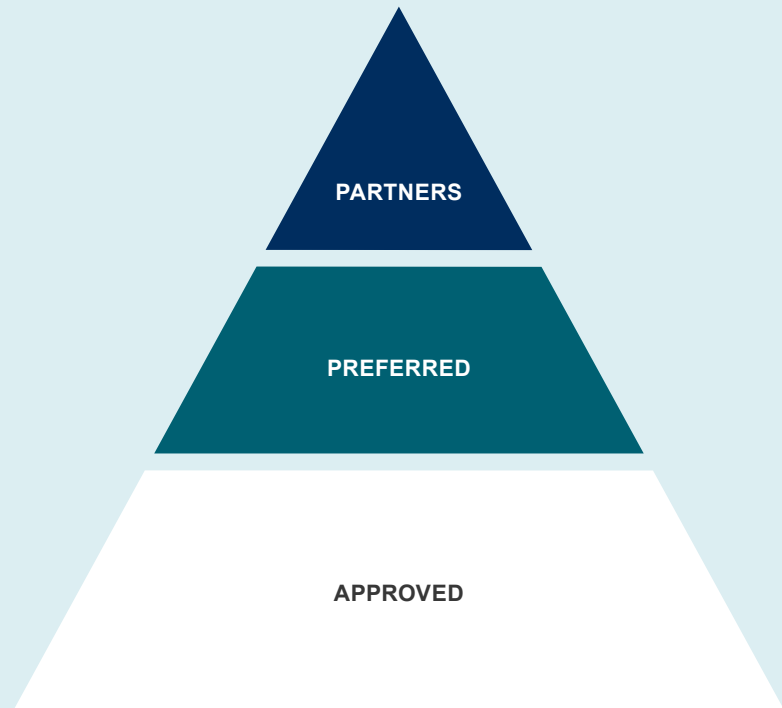
**Partners:** Has signed both a sourcing agreement and Bufab's Supplier Code of Conduct. Sustainability audit has been conducted and approved.

**Preferred:** Has signed both a sourcing agreement and Bufab's Supplier Code of Conduct.

**Approved:** Has signed Bufab's Supplier Code of Conduct.

**Potential:** Suppliers that are yet to undergo our approval process.

**Blocked:** Suppliers we do not work with, or that are being phased out.



### GLOBAL AUDITING PROGRAM

Bufab's global supplier management organization works continuously to build and improve the necessary infrastructure based on its supplier management database. This includes several important tools, such as supplier self-assessment tools, capability audit tools, scorecards and all certificates awarded to approved suppliers. Capability studies are performed on each potential new supplier. With its extensive knowledge of the supply process and larger sourcing volumes, Bufab can control C-parts suppliers from a sustainability perspective more easily than its customers.

A global auditing program governs these efforts. It involves a single, global standard, and an ambitious training program for the

auditors involved. The audits are in most cases conducted by Bufab experts, but in some cases the company collaborates with accredited external partners. During the pandemic, Bufab managed to continue auditing its suppliers using digital tools, combined with on-site physical visits to numerous suppliers, enabled by its local presence in many markets. Besides quality, capability, capacity and productivity aspects, a supplier audit examines conditions for employees and sustainability, training, health and safety work as well as accident reporting. It examines issues regarding child labour, the environment, waste and emissions, control of conflict minerals, and compliance with REACH and RoHS. Bufab also encourages extra audits initiated by customers or internal stakeholders.

### NO TO SOURCING MINERALS FROM CONFLICT AREAS

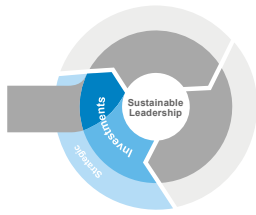
Bufab does not deal with conflict minerals, i.e. tin, tantalum, tungsten, and gold, sourced from the Democratic Republic of Congo and other surrounding countries where profits from trading these minerals fuel war and other human rights violations. All suppliers that supply Bufab with products containing conflict minerals are screened. In case of any uncertainties, the supplier is requested to clarify and, if necessary, replace the source of minerals. During 2021 we have improved our efforts and believe that in the coming years our conflict minerals management will be even better than before.



## Quality assurance integrated

At Bufab, quality assurance is fully integrated with the Best Practice management system. It includes important preventive activities such as risk assessment of new parts, finding the most suitable supplier for each part and quality inspections. As a part of our work for continuous improvements, we have implemented a process for so-called Red Flags. This process helps to manage issues at an early stage to minimize any negative consequences for Bufab's customers. Identified Red Flags are reported to management on a regular basis and ensures that analysis and corrective measures are sufficient to prevent recurrence. Recurring measures result in updates of the company's Best Practice in order to implement improvements throughout the company. Most Red Flags, however, are issued due to technicalities.





# Strategic investments

Solutionists. There is a strong reason why Bufab has chosen this name for its employees, as its success is closely linked to its culture of personal entrepreneurship and personal responsibility. Retaining this culture is also seen as a key to reaching the company's ambitious goals. That's why investing in people remains a strong priority for Bufab. This also includes suppliers and partners.

**B**ufab has established a number of processes to ensure that best practice is shared and that all employees and suppliers act in accordance with the company's values. These are important tools for Bufab in its efforts to become an industry role model in sustainability, as well as preferred partner and employer. In 2021, new steps were taken in digitalizing processes and systems to ensure adherence and efficiency.

With its Best Practice, Bufab has created a platform for sustainable growth and a world-class supplier base. The system is based on the standards ISO 9001:2015, 14001:2015 and 26000:2010. The aim is that people across the group learn from each other's experiences by sharing Best Practices, problem-solving, and smart ways of working. At present, 29 of Bufab's subsidiaries have achieved local accreditation for their quality management according to ISO 9001:2015 and seven subsidiaries have certified its systematic environmental performance according to ISO 14001:2015.

## GOVERNANCE

At Bufab, we believe that responsible growth takes place through strategic investments and sustainable improvements throughout the value chain, our way to achieve sustainable leadership. Sustainable leadership means that we want to be at the forefront of environmental and social issues, not only internally but also in our supply chain. Our strategy is supported by our policies and the company's sustainability goals. We strive to cover all material important issues environmentally, socially and through good governance of operations (ESG). Our material issues are discussed with our stakeholders and Bufab's Group Management has regular follow-up meetings with the respective business units to ensure progress, these meetings are held by either our CEO or CFO. The CEO and CFO are ultimately responsible for the Group's sustainability performance. In 2021, Bufab appointed a Sustainability Manager who is responsible for all sustainability activities and reports to our CEO.

Bufab's operations are governed by our Best Practice, our internal management system. The Best Practice Board has regular meetings held by either our CEO or CFO. We work with continuous improvements of our processes and tools and by promoting and implementing the best working methods from our companies, we create pride and drive that brings improvement and leads to achieving our goals.

## ANTI-CORRUPTION

Bufab regards its zero tolerance of corruption as a prerequisite for sound business with both customers and suppliers. An important part of Bufab's anti-corruption efforts are firmly established in its business system, sales methods, as well as its global and fully transparent purchasing and financial reporting processes. The company considers this a strong tool to detect deviating patterns at an early stage. No deviation was reported in 2021.

Since 2018, Bufab has been arranging anti-corruption training sessions for all employees in management positions in sourcing, as well as for lead buyers. In 2021, a digital version of the training was made available for the participants for repetition of key messages.

Bufab's approach to ethical business is described in the company's Code of Conduct and anti-corruption policy and handbook. Within the framework of Best Practice, the company has a systematic procedure for identifying and evaluating risk on country level, which also covers the risk of corruption. The analysis within Best Practice is based on the corruption index of transparency.org. Even though Bufab operates on a global level, less than 10 percent of its revenue is generated in countries with a higher than average risk of corruption, according to global corruption risk indexes. Risk assessment is performed in order to focus corruption prevention activities where they are most effective and necessary.



With its Best Practice, Bufab has created a platform for sustainable growth and a world-class supplier base.

**TARGET**

100 percent of our suppliers evaluated and screened on conflict minerals.

**ACTIVITIES 2021**

Improved our efforts in 2021 through a new collaboration with a third party supply chain screening partner.

**SDG CONTRIBUTION**



**TARGET**

Capability survey performed for each Approved supplier.

**ACTIVITIES 2021**

Through the sourcing academy, we secured the skills needed to for supplier development and consolidation.

The implementation of the Bufab "Supplier Management Process" was completed.

We continued the consolidation of our supplier base, and set new, more ambitious consolidation targets for each business unit for the period 2021-23. Through the Sourcing Academy, we secured the skills needed for consolidation work.

Supplier audits were difficult to carry out during 2021. Nevertheless, we managed to be inline with the number of audits complete in 2020, and also started special in-depth sustainability audits on partner suppliers.

**SDG CONTRIBUTION**



**TARGET**

Select Logistics partners that have CSR goals in line with our own goals, so we can actively work towards lowering our emissions.

**ACTIVITIES 2021**

Measurement and KPIs now in place, but coverage needs to increase and improvement plans and their follow-up need to be more structured.

**SDG CONTRIBUTION**



## Most attractive employer

Bufab aims to be the most attractive employer in the C-parts industry. To achieve this, we put a lot of effort in creating a positive and engaging work environment where inputs are valued, work performance is recognised, health and safety is assured, and wellbeing is enhanced. Today, the company comprises 1,500 Solutionists in 28 countries.

Focus is also on offering employees equal opportunities to develop their skills and competence so that they can reach their full potential. In turn, they are expected to support the company's continued success by working towards agreed goals in

accordance with our values and drivers. We strive to combine the scale and reach of an international group with the customer-first, entrepreneurial mindset of a small family company. A high degree of individual freedom is combined with high degree of responsibility. When acquiring a new company, a long-term process is initiated to implement Bufab's culture of entrepreneurship. And when recruiting new employees, the right attitudes and sharing our Solutionist approach rank high.

In 2021, Bufab initiated a trainee program aimed at developing young talents to become future leaders at Bufab. Bufab also

initiated the "Young Advisory Board" that will be used as a sounding board for discussions around topics such as the workplace of the future, sustainability and equal opportunities.



We strive to combine the scale and reach of an international group with the customer-first, entrepreneurial mindset of a small family company.



### Gender distribution

#### UNDER 30



#### 50+



#### 30-50



#### TOTAL



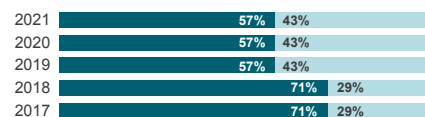
■ Men ■ Women

### Gender distribution by employment type

2021	Female	Male	Total
Total number of employees with a permanent contract	392	959	1,351
Total number of employees with a temporary contract	42	97	139
Total number of full-time employees	394	1,017	1,411
Total number of part-time employees	44	35	79

### Gender distribution in governance bodies

#### BOARD OF DIRECTORS



#### GROUP MANAGEMENT

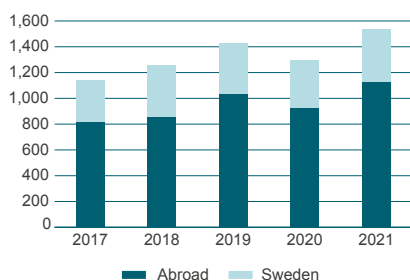


#### GLOBAL LEADERSHIP TEAM

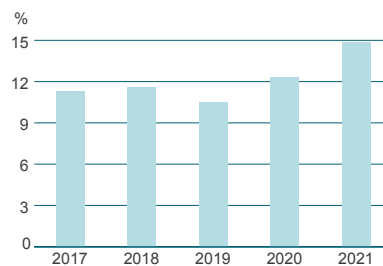


■ Men ■ Women

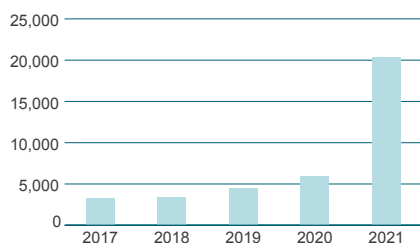
### Employees per region



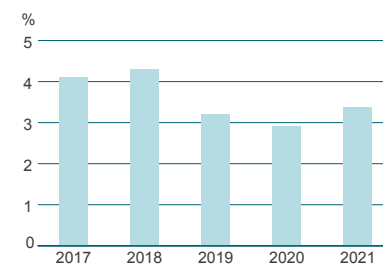
### Employee turnover



### Training hours Bufab employees



### Absence rate



# Meet two of our Solutionists



**Martijn Van Daal, Global Knowledge & Communications Director, Benelux**

– I truly appreciate working at Bufab because of the ambitious goals we set within the company. I like the variety and drive in growing the business, which can be achieved by thinking strategically and globally. It's also great to take pride in seeing something succeed that you've developed and worked for.

– I have stayed with Bufab for 20 years. The reason is that your input on how to develop Bufab's strategical and global goals is listened to and valued - and also because I have been offered different opportunities and challenges within the organization, which has ensured my personal development.

– I started within Sales and from there I have had different roles within the local company. In 2012, I joined the Global account team to work on international accounts. In 2015, I was asked if I wanted to become the Managing Director for Bufab Benelux, the company where I started my career. In May 2021, I felt it was time for a new challenge, and was happy to get the opportunity to work for the Bufab Group again as a Global Knowledge & Communication Director.



The fun part is that Bufab is a growing company, this offers possibilities for your day-to-day work and/or personal development.

– Working for Bufab gives you the opportunity to work with different people from different countries and cultures. We work within teams and try to use best practice as much as possible, to make sure we find creative and efficient solutions. The fun part is that Bufab is a growing company, this offers possibilities for your day-to-day work and personal development, within the local company, Business Unit or even on Global level.



**Helena Häger, Performance and Improvement Manager Segment North**

– Bufab is a really fun place to work, with great people and a positive view on new ideas and improvements. I appreciate the opportunity to work for a company that has a good profitability and a stable platform,

but still working on improving so many things. I feel that there are endless development opportunities, both in the efficiency of internal processes, new customers and markets as well as in your own profession.

– In my role there are many areas included, like HR strategies, controlling, process improvements within accounting and finance, project management, projects with focus on digitalization and automatization as well as acquisitions together with the implementation of new companies into the Bufab Group. I also get to work with both supporting and challenging managers and leaders in the Nordic companies.

– I started working in Bufab nine years ago. The company has a good reputation locally in Värnamo and I saw a potential in being part of a global Group with great career

opportunities. My role has changed and provided me with new challenges and areas of knowledge, which I very much appreciate. First, I worked as Finance Manager of Bufab Lann for six years and then three years ago I was appointed Regional Finance Manager. Since then, the segment has expanded from seven companies in two regions into twelve companies in four different Business Units.



I appreciate the opportunity to work for a company that has a good profitability and a stable platform, but still working on improving so many things.

### MOST ATTRACTIVE PARTNER

A key part of Bufab's sustainability efforts is to establish and maintain suitable processes for identifying suppliers that conform to the requirements of the company's Supplier Code of Conduct and policies. We source parts from all over the world, drawing on our global network of more than 3 000 suppliers. Our suppliers are chosen, qualified and developed using Bufab's global supplier management process, supported by our global category managers and our global sourcing offices in all continents.

An approved supplier to Bufab will be able to receive business proposals from all Bufab sister companies giving a wide-ranging customer base from day one.

Suppliers will be closely monitored regarding performance and cost and will be supported with audits on a regular basis to drive improvement. Suppliers that are actively working to develop their processes, performance and sustainability will be able to qualify as preferred or even strategic suppliers to Bufab where there are additional business opportunities available.

### HUMAN RIGHTS

Fundamental human rights are a universal entitlement. Support for the human rights expressed in the United Nations' Universal Declaration of Human Rights is also one of the cornerstones in Bufab's Code of Conduct, policies, values and Bufab Best Practice. In 2019, the company reviewed its Human Resources policy and through the integration of ISO 26000:2010 in Bufab's Best Practice, it ensures consistency with relevant declarations and conventions by the UN and its constituents.

This forms the structure in Bufab's management system regarding human and labor rights, as well as corruption, fair competition, and consumer concerns. As an example, ISO 26000 core subject 'Labor practices' is strongly based on ILO conventions and the Human Rights Fundamental principles and rights at work. No human rights violations were reported in 2021.

### WHISTLEBLOWER FUNCTION

It is regarded as important that all employees feel that they can report any suspected irregularities that may arise at Bufab. The company's whistleblower function, which has been available to all employees since 2016, offers anonymity through a third-party process. The number of suspected irregularities reported via the whistleblower function is at a low, relatively stable level. Bufab continues its efforts through various channels to increase the reporting frequency, in order to avoid incidents going unreported, with suspected irregularities investigated by either a third party or by the company. If the investigation is carried out by Bufab, the investigation is closely monitored by a third party. Action is taken based on the conclusions of the investigation. All employees who undergo Bufab's introduction or leadership programs are informed about the whistle-blower function and the third-party process. In addition, all managing directors are informed about the function and tasked with spreading the information in their own organizations.

## Whistleblowing and other significant deviations

SEK million	2021	2020	2019
Incident reports received by independent external parties	0	1	1
whistleblowing agency			
of which escalated to the Board of Directors	0	0	0
Incidents reported by CEO/CFO to Board of Directors	1	2	2
Other significant deviations reported by CEO/CFO to Board of Directors (i.e. significant policy violations etc.)	0	0	0

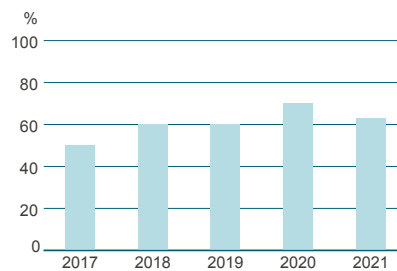
# EcoVadis

In 2021 Bufab has received a silver medal from Ecovadis for it's sustainability work. Even though Bufab improved during 2021, our competitors did so as well. The result is that we stayed on relatively the same level as in the previous year.

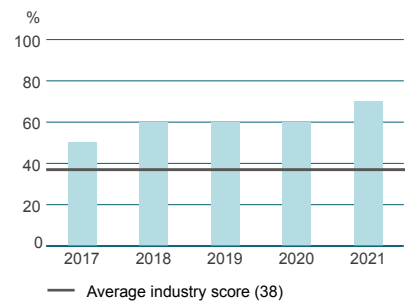
**W**e are still a top performer in our industry but we are looking to climb higher and achieve a gold medal. We continuously increase our effort to improve and great strides during 2022.

Some of our expected efforts in 2022 are; improved training material regarding sustainability and other topics, greatly increased opportunities for employees to make use of educational facilities and improved data collection efforts to steer improved efforts better.

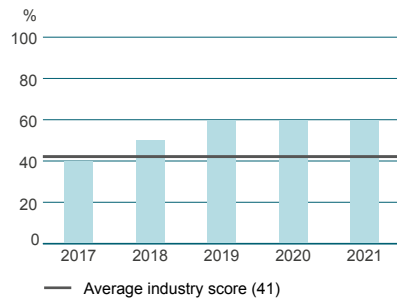
**Overall**



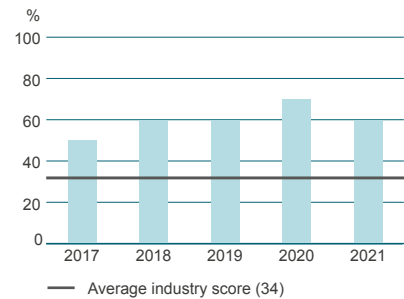
**Environment**



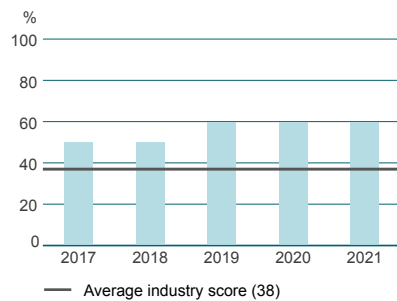
**Labor and Human Rights**



**Sustainable Procurement**



**Ethics**







## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders of Bufab AB (publ) org no 556685-6240

### Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report on pages 6–7, 24–37 and page 63 and that it has been prepared in accordance with the Annual Accounts Act.

### Scope of examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is

substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Gothenburg 24 March 2022  
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson  
Authorised Public Accountant

# Board of Directors' Report

The Board of Directors and CEO of Bufab AB (publ) (Bufab), Corporate Registration Number 556685-6240, hereby submits its Annual Report and consolidated accounts for the 2021 financial year.

## THE BUSINESS

Bufab is a trading company that offers its customers a full-service solution as a Supply Chain Partner for sourcing, quality control and logistics for C-parts. Bufab's customers are found in the manufacturing industry, in which components generally are classified as A-parts, B-parts and C-parts. C-parts are the least strategically important components, and they make up a relatively small portion of the customer's direct component costs. C-parts have a relatively low value, both per component and in total, in combination with high volumes and a large number of suppliers. This means the indirect costs associated with C-parts management are often high in relation to the direct costs. The costs of potential deficiencies in C-parts' quality and delivery precision can also be significant. Bufab's customer offering, Global Parts Productivity™, is an integrated full-service solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts. For the customer, this means more efficient handling, thus reducing the customer's total costs.

Bufab was founded in 1977 in Småland, Sweden and through organic growth and acquisitions, it has grown into a multinational corporation. Today, the Group has a total of 48 operating companies with activities in 28 countries, primarily in Europe, Asia and North America, together with exports to additional countries. Alongside its trading activities, the Group also manufactures C-parts in Sweden and in the UK. Bufab's in-house manufacturing accounts for about 6 percent of total sales and constitutes a strong complement to its trading activities.

Bufab's customer base is diversified and comprises approximately 16,000 customers in numerous different industries. These

customers are also diversified geographically, with locations in the Nordics, the rest of Europe, Asia and North America. Bufab's customers vary in size, and consequently their sourcing behaviours and needs vary as well. Bufab therefore offers both flexible solutions at the local level, and global solutions to national and international customers.

Bufab has built up a global network of suppliers and sources a total of 165,000 unique parts from mainly Europe, Asia and North America, which are stocked in about thirty own warehouses around the world for rapid and reliable deliveries. The proportion of specialised fasteners is rising at the expense of standardised fasteners and today accounts for more than half of Bufab's sales.

The head office is located in Värnamo, Sweden, and at year-end 2021, Bufab had approximately 1,500 employees around the world. The Bufab share has been listed on Nasdaq Stockholm since 21 February 2014.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### Bufab joins the Science Based Targets initiative

On 25 February 2021, Bufab signed the UN-sponsored Science Based Targets initiative, which entails a substantial increase in the ambition to further reduce the Group's greenhouse gas emissions.

Bufab has thus committed to set targets that are aligned with the Paris Agreement, intended to limit global warming to 1.5°C.

### New financial targets

On 17 March 2021, Bufab's Board of Directors resolved on new financial targets for the period through 2025. The new targets are:

### *Profitable growth*

Average annual increase of net sales by 10 percent and of earnings per share by 15 percent, through both organic growth and acquisitions.

### *Profitability*

Achieve an annual operating margin (EBITA) of 12 percent latest by 2023.

### *Dividend*

A dividend of 30–60 percent of annual net profit.

### *Financial stability*

Net debt in relation to operating profit before depreciation and amortisation (ND/EBITDA) shall normally be in the range of 2–3x.

The new financial targets are based partly on Bufab's strong performance in recent years and partly on Bufab's new "Sustainable Leadership" strategy. This strategy was communicated externally at Bufab's Capital Markets Day on 18 March 2021.

## ACQUISITIONS

Bufab has completed three acquisitions during the year. Component Solutions Group Inc. with operations in North America, Jenny Wattle GmbH, with operations in Österrik and Tilka Trading AB with operations in Sweden. All in all, these acquisitions add a full-year sales of just over SEK 500 million to the Group.

## EVENTS AFTER THE END OF THE FINANCIAL YEAR

### The war in Ukraine

The spring has been marked by the ongoing war in Ukraine. Our main priority has been to protect the safety of our employees. We have a small business in Russia and very little sales to Ukraine. All in all, these



correspond to approximately 0.5 percent of the Group's total turnover. Operations in Russia have now been paused and we are evaluating whether operations will be able to resume.

#### **New President and CEO appointed**

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

#### **Acquisition**

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

#### **ORDER INTAKE AND NET SALES**

Order intake was SEK 6,084 million (4,827), which was higher than net sales. Net sales rose by 24 percent to SEK 5,878 million

(4,756). Of the total growth of +24 percent, -3 percent was attributable to currency effects, +3 to acquisitions and +23 percent to organic growth. Underlying demand was clearly higher than in the comparison period and was observed in all of the Group's segments. The strong organic growth for the full year was mainly attributable to demand being significantly lower in the comparative period, but also to price increases. Management assessment is that the market share increased.

#### **PROFIT AND PROFITABILITY**

Gross margin rose to 27.9 percent (26.3). The increase was partly a result of the higher volumes and an advantageous product/business mix relative to the comparative period, as well as successful efforts in passing on price increases for raw materials and freight to customers.

The share of operating expenses amounted to a low 16.0 percent (16.2). The low share of operating expenses is a result of continued effective cost control and operational leverage.

As a result of high volumes, an improved gross margin and good operational leverage, operating profit (EBITA) increased by 44 percent to SEK 695 million (482) and the margin to 11.8 percent (10.1). Adjusted for remeasured provisions for additional purchase considerations, operating profit (EBITA) amounted to SEK 736 million and the margin to 12.5 percent.

Exchange-rate fluctuations impacted operating profit negatively by SEK -21 million, volumes positively by SEK 327 million, cost savings and the price/cost/mix negatively by SEK -61 million and acquisitions, including remeasured additional purchase considerations, by SEK -32 million compared to previous year.

Earnings per share rose by 56 percent to SEK 12.57 (8.04).

#### **FINANCIAL ITEMS AND TAX**

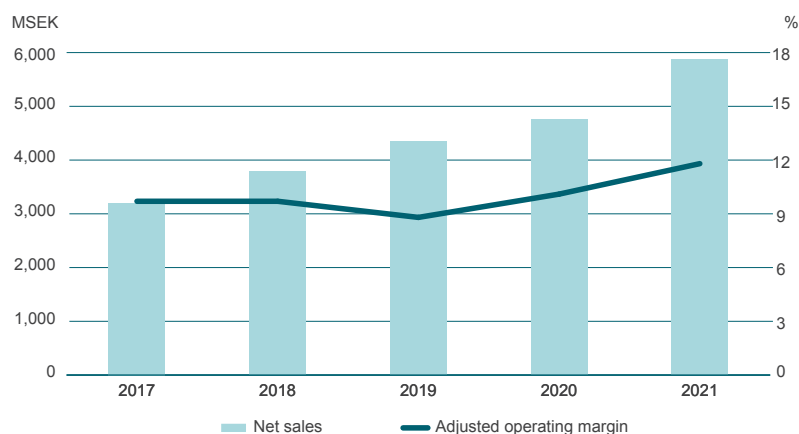
The Group's net financial items amounted to SEK -49 million (-60), of which exchange-rate differences accounted for SEK -9 million (-4). The Group's profit after financial items was SEK 615 million

(392). The improvement in net financial items year-on-year was attributable to a lower indebtedness and lower interest rates. The tax expense was SEK –145 million (–92), implying an effective tax rate of 24 percent (24).

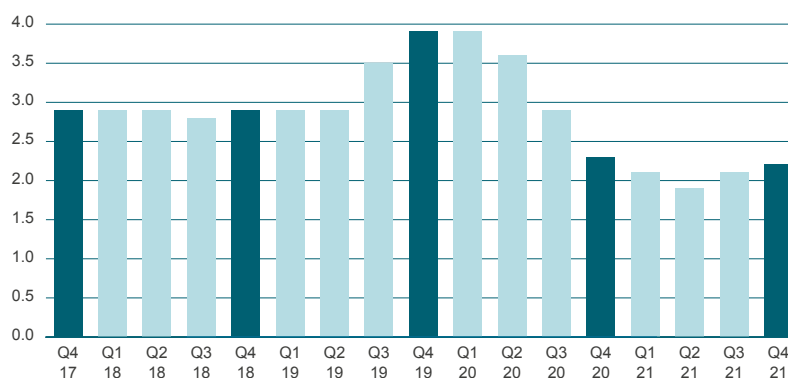
### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Operating cash flow amounted to SEK 209 million (540). The weak cash flow is a natural result of the strong organic growth, low inventory at the beginning of the year and the significantly longer lead times from suppliers that we noted in the wake of the strained supply chain. Overall, this meant that, in order to meet the high customer demand going forward, the Group needed to build up larger working capital, mainly in the form of increased inventory. Average working capital in relation to net sales amounted to 30.3 percent (33.1). The improvement is primarily attributable to increased volumes and very low levels of inventory at the beginning of the year. On 31 December 2021, the Group's adjusted net debt totalled SEK 1,621 million (1,220) and the debt/equity ratio was 84 percent (80). The higher net debt and the somewhat higher debt/equity ratio are a direct result of the acquisitions of Component Solution Group, Jenny I Wattle and Tilka Trading, combined with weak operating cash flow.

### Net sales and adjusted operating margin



### Net debt / EBITDA, adjusted, multiple



### Key figures

SEK million	2021	2020	2019	2018	2017
Order intake	6,084	4,827	4,354	3,798	3,256
Net sales	5,878	4,756	4,348	3,786	3,201
Gross profit	1,638	1,252	1,183	1,088	917
%	27.9	26.3	27.20	28.7	28.6
Operating expenses*	–942	–771	–799	–721	–606
%	–16.0	–16.2	–18.4	–19.0	–18.9
Operating profit (EBITA)	695	482	384	367	311
%	11.8	10.1	8.8	9.7	9.7
Profit after tax	470	299	253	255	213
Earnings per share, SEK	12.57	8.04	6.75	6.79	5.61
Dividend per share, SEK	3.75**	2.75	0.00	2.50	2.25
Operating cash flow	209	540	351	175	183

\* For definitions, see page 100.

\*\* Proposed by the Board of Directors.

## SEGMENT NORTH

comprises Bufab's operations in Sweden, Finland, Norway and Denmark, including the newly acquired Tilka Trading AB, as well as a purchasing office in China, which is affiliated to one of the Swedish subsidiaries. The business mainly comprises trading companies, but also some manufacturing of particularly demanding components.

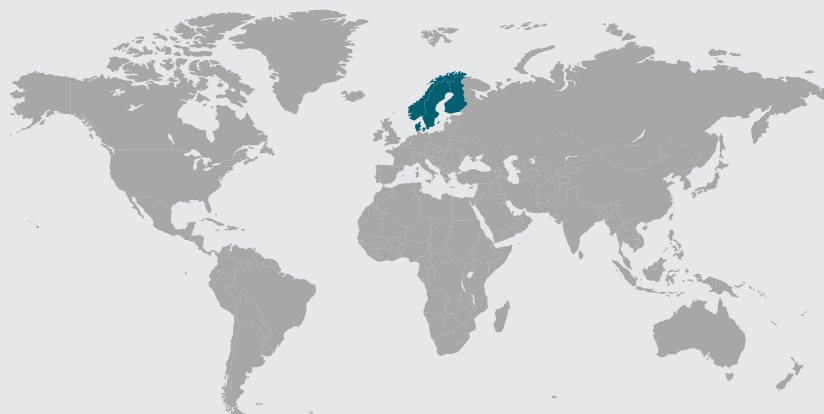
Order intake amounted to SEK 2,436 million (2,052) and was in line with net sales.

Net sales rose by 18 percent to SEK 2,366 million (2,005). Organic growth was 19 percent.

Gross margin rose to 25.8 percent (23.2). The improvement was due to increased volumes relative to the comparative period and because higher raw materials and freight prices were successfully passed on to customers.

The share of operating expenses increased as a result of continued investments in future growth, primarily in the form of the recruitment of personnel to meet higher volumes, and that the cost share in the comparative year was exceptionally low.

Operating profit (EBITA) was SEK 249 million (189), equal to a margin of 10.5 percent (9.4).

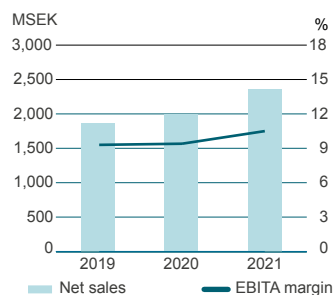


**40%**  
Share of  
total sales

**18%**  
Sales  
growth

**10.5%**  
Operating  
margin (EBITA)

Net sales and EBITA margin



SEK million	2021	2020	2019
Order intake	2,436	2,052	1,866
Net sales	2,366	2,005	1,865
Gross profit	611	465	474
%	25.8	23.2	25.4
Operating expenses	-362	-276	-300
%	-15.3	-13.7	-16.1
Operating profit (EBITA)	249	189	174
%	10.5	9.4	9.3

## SEGMENT WEST

comprises Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria and Spain, including the new acquisition Jenny | Waltle GmbH.

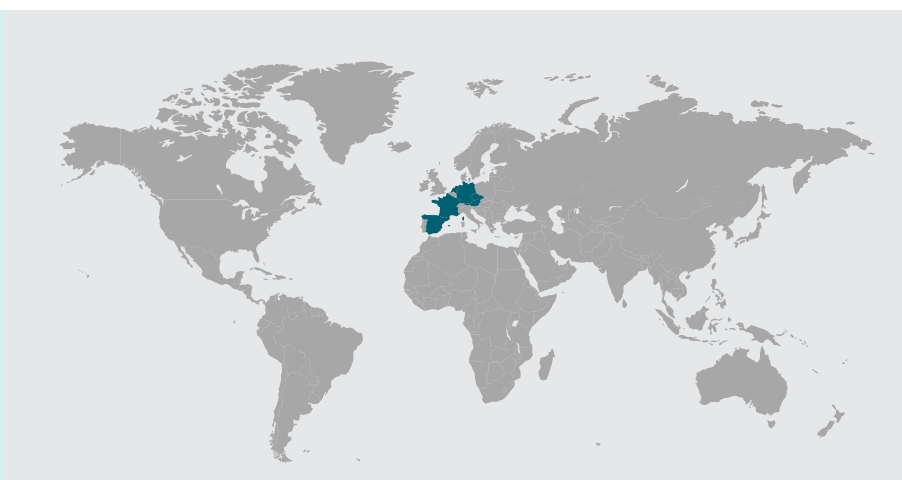
Order intake was SEK 1,317 million (1,047) and was higher than net sales.

Net sales rose by 20 percent to SEK 1,236 million (1,028). Organic growth was 21 percent.

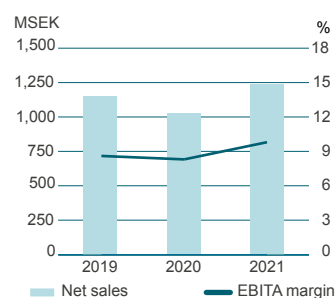
Gross margin rose to 25.1 percent (25.0), driven by higher volumes relative to the comparative year.

The share of costs declined due to good operational leverage on the higher volumes.

EBITA improved to SEK 121 million (86), equal to a margin of 9.8 percent (8.3).



Net sales and EBITA margin



SEK million	2021	2020	2019
Order intake	1,317	1,047	1,157
Net sales	1,236	1,028	1,155
Gross profit	310	257	306
%	25.1	25.0	26.5
Operating expenses	-189	-171	-207
%	-15.3	-16.7	-17.9
Operating profit (EBITA)	121	86	99
%	9.8	8.3	8.6

**SEGMENT EAST**

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

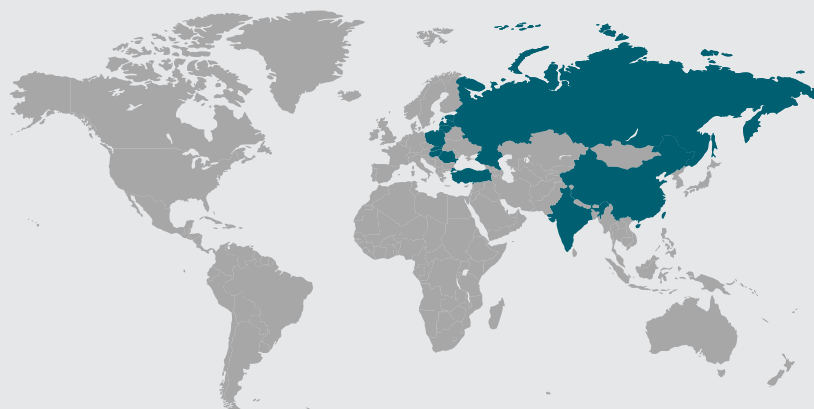
Order intake was SEK 933 million (725), which was higher than net sales.

Net sales rose by 24 percent to SEK 889 million (715). Organic growth was 30 percent.

Gross margin was 31.0 percent (31.8). The decline was a consequence of higher raw materials and freight prices for the full year not being fully passed on to customers.

The share of operating expenses decreased as a result of strong operational leverage on the higher volumes.

Operating profit (EBITA) was SEK 150 million (103), equal to a margin of 16.9 percent (14.4).



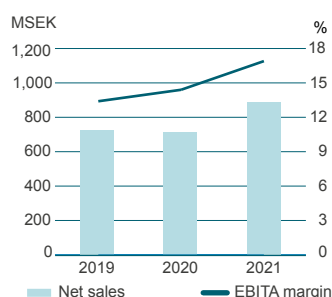
**15%**  
Share of  
total sales

**24%**  
Sales  
growth

**16.9%**  
Operating  
margin (EBITA)



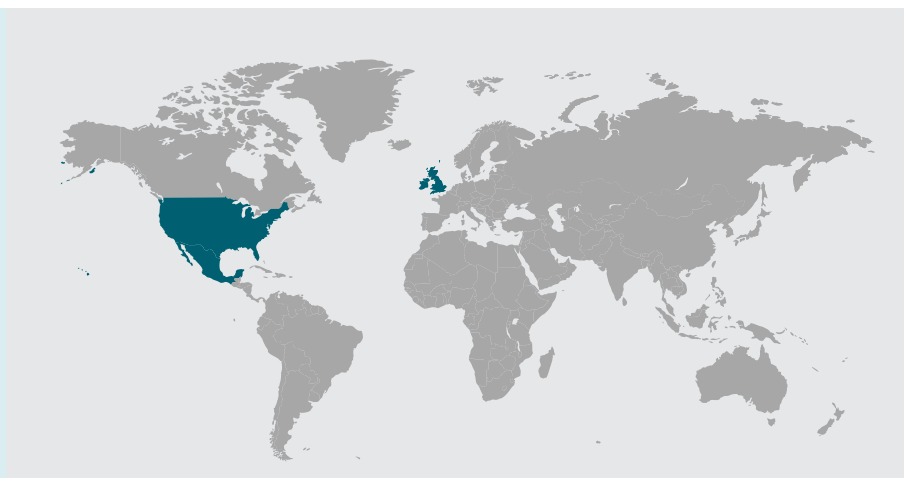
Net sales and EBITA margin



SEK million	2021	2020	2019
Order intake	933	725	721
Net sales	889	715	723
Gross profit	276	227	230
%	31.0	31.8	31.9
Operating expenses	-126	-125	-134
%	-14.2	-17.4	-18.5
Operating profit (EBITA)	150	103	97
%	16.9	14.4	13.4

### SEGMENT UK/ NORTH AMERICA

comprises Bufab's operations in the UK, Ireland, the US and Mexico, including the new acquisition of Component Solutions Group Inc.



Order intake amounted to SEK 1,398 million (1,002) and was in line with net sales.

Net sales rose by 38 percent to SEK 1,388 million (1,008). Organic growth was 29 percent.

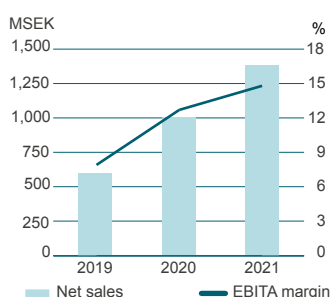
Gross margin was 32.2 percent (31.4). The higher gross margin is primarily attributable to successful work on passing on higher raw materials and freight prices to customers and the higher volumes relative to the comparative year.

As a result of effective operational leverage of the higher volumes and good cost control, the share of operating expenses declined.

Operating profit (EBITA) rose to SEK 206 million (128), corresponding to a margin of 14.8 percent (12.7).



Net sales and EBITA margin



SEK million	2021	2020	2019
Order intake	1,398	1,002	602
Net sales	1,388	1,008	598
Gross profit	446	317	185
%	32.2	31.4	31.0
Operating expenses	-241	-189	-138
%	-17.3	-18.7	-23.1
Operating profit (EBITA)	206	128	47
%	14.8	12.7	7.9



## SEASONAL VARIATION

Bufab's sales fluctuate over the year, primarily on the basis of the number of customer production days in every quarter.

## RISKS AND UNCERTAINTIES

Exposure to risk, both operational and financial, is a natural part of business activity, as reflected in Bufab's approach to risk management. The aim is to identify and prevent risks and to limit any loss or damage from these risks. The most significant risks to which the Group is exposed are related to the economy's bearing on customer demand. For further information, see Note 3 in the consolidated financial statements.

## EMPLOYEES

The number of full-time employees in the Group at 31 December 2021 amounted to 1,537 (1,295). The average number of full-time employees in 2021 was 1,423 (1,357). For further information about employees, see Note 6.

## ENVIRONMENT

The Group works proactively with environmental issues to reduce its environmental impact.

Bufab conducts operations through 48 companies, six of which operate in-house manufacturing. At year-end 2021, three of the six manufacturing companies were subject to environmental licensing requirements under the Swedish Environmental Code. Environmentally licensed operations account for about six percent of the Group's overall net sales. Environmental licences are required due to the nature of the operations. These companies have been granted licences to conduct environmentally hazardous activities. The Group's other companies conduct trading activities only, which have limited environmental impact. See also Note 3.

## SUSTAINABILITY REPORT

The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act's sustainability reporting requirements. Bufab's business model is presented on pages 6-7 and a risk

description on page 63. See pages 26–31 for environmental disclosures, pages 24–25 and 32-37 for social issues and employees, page 37 for human rights, and page 32 for anti-corruption. Bufab supports the UN Global Compact and its ten principles.

## GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2021

A summary of the guidelines adopted by Annual General Meeting (AGM) on April 21, 2021 is presented below. The full guidelines can be found on Bufab's website [www.bufab.com](http://www.bufab.com).

The guidelines apply for remuneration of the CEO and other senior executives. Bufab strives to offer total remuneration that will attract and retain qualified employees. The total remuneration may include the components described below.

Fixed salary is to be market-based and must reflect the responsibility that the work involves. The fixed salary is to be revised annually. Variable salary is not to exceed 50 percent of the fixed salary. The variable remuneration is to be based on established and measurable criteria, designed to promote the company's long-term value creation, and is to be revised annually.

The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM.

Senior executives may be offered individual pension solutions. The pensions are, as far as possible, to be defined contribution.

Other benefits may be provided but are not to constitute a significant portion of the total remuneration.

The notice of termination between the company and the CEO is a maximum of 18 months.

Other senior executives are to have a shorter notice of termination period.

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such deviation occur, information about this and the reason must be reported at the next AGM.

## PROPOSED GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2022

The proposed guidelines for remuneration of senior executives for 2022 is unchanged relative to 2021. This is detailed in the official notice of the 2022 AGM, which is available on Bufab's website, [www.bufab.com](http://www.bufab.com).

## REMUNERATION REPORT 2021

The Remuneration Report 2021 provides an overview of how the guidelines for remuneration of senior executives, as adopted by the 2021 AGM, were implemented during the year. The Remuneration Report is available on Bufab's website, [www.bufab.com](http://www.bufab.com).

## LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2021 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 45.98, corresponding to the market value of the options at the date of transfer.

Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2024–15 November 2024. The purchase price per share is SEK 261.25, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 4 May 2021–10 May 2021. During the interim period, a total of 90,070 call options were subscribed for.

A detailed description of the share-based incentive programme can be found in Note 34 on page 75 of the Annual Report.

## RELATED-PARTY TRANSACTIONS

During the period, the CEO and senior executives subscribed for call options within the framework of the long-term share-based incentive programme adopted at the AGM under the terms outlined in more detail above. In addition, fees to the Board and remuneration to senior executives have been paid out, which are described in more detail in Note 6 in the consolidated financial statements.

## PARENT COMPANY

The operations of the Parent Company, Bufab AB (publ), cover the CEO, the consolidated financial reports and the financial management of the Group. Most Group-wide operations pertaining to the remaining members of Group management and administration are managed by the subsidiary Bufab International AB. Accordingly, the Parent Company does not report any sales. The Parent Company reported a profit after financial items of SEK 139 million (–9).

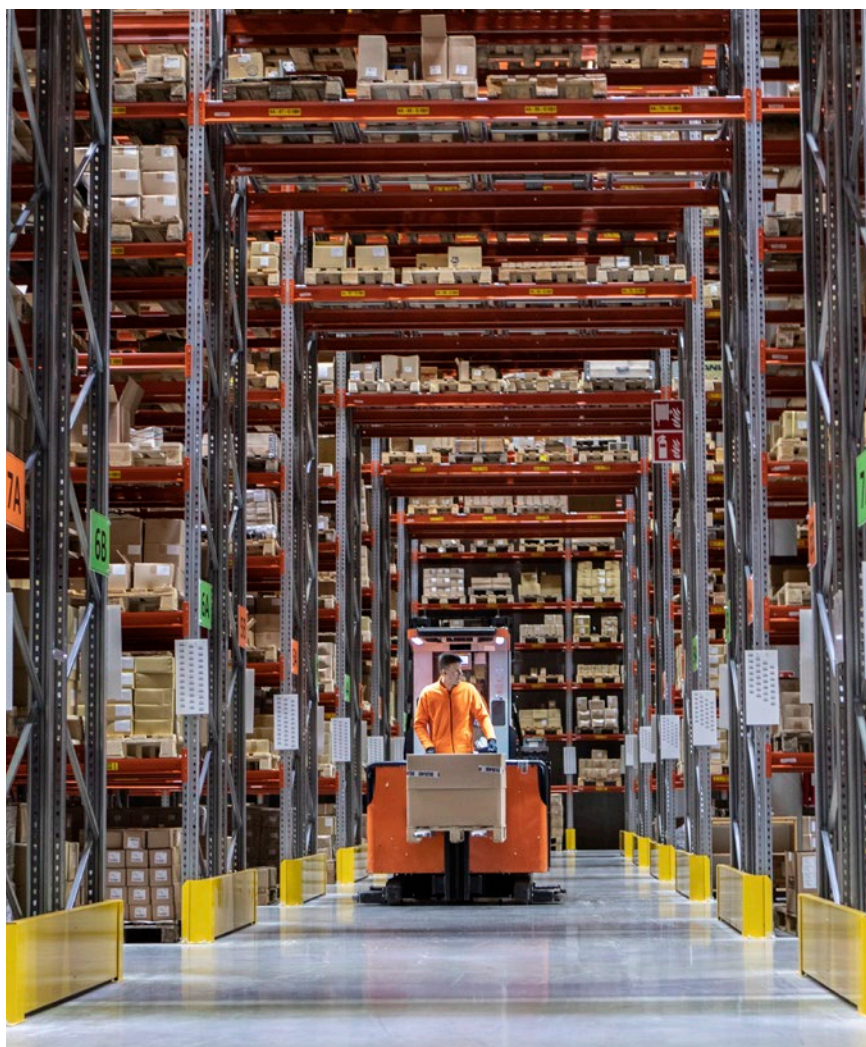
## SHARE CAPITAL AND OWNERSHIP STRUCTURE

On 31 December 2021, the Parent Company's share capital amounted to SEK 547,189,10 divided among 38,110,533 ordinary shares. There was no change in share capital during 2021. The largest shareholder on 31 December 2021 was Liljedahl Group AB with 29 percent of shares and votes. On 31 December 2021, Bufab had 621,407 repurchased shares held in treasury.

## 2022 ANNUAL GENERAL MEETING

The AGM for Bufab AB (publ) will be held on 21 April 2022 in Värnamo, Sweden.

Notice of the 2021 AGM and other documentation will be available on Bufab's website, [www.bufab.com](http://www.bufab.com), from 23 March 2022.



## PROPOSED APPROPRIATION OF PROFITS

SEK

The following earnings are at the disposal of the AGM:

<b>Retained earnings</b>	<b>494,371,313</b>
--------------------------	--------------------

The Board of Directors proposes that the earnings be appropriated as follows:

A dividend of SEK 3.75 per share to be paid to shareholders	140,584,223
To be carried forward	353,787,090
<b>Total</b>	<b>494,371,313</b>

## Consolidated income statement

SEK million	Note	2021	2020
Net sales	2, 5	5,878	4,756
Cost of goods sold	6, 7, 10	-4,240	-3,504
<b>Gross profit</b>		<b>1,638</b>	<b>1,252</b>
Distribution costs	6, 7, 10	-603	-548
Administrative expenses	6, 7, 10	-347	-287
Other operating income	8	37	55
Other operating expenses	7, 9	-61	-20
<b>Operating profit</b>	2, 3, 4, 5, 6, 7, 8, 9, 10, 13	<b>664</b>	<b>452</b>
<b>Profit from financial items</b>			
Interest and similar income items	11	1	3
Interest and similar expenses	12	-50	-63
<b>Profit after financial items</b>	13	<b>615</b>	<b>392</b>
Tax on profit for the year	14	-145	-92
<b>PROFIT FOR THE YEAR<sup>1)</sup></b>		<b>470</b>	<b>299</b>

<sup>1)</sup> Profit in its entirety is attributable to Parent Company shareholders.

## Statement of comprehensive income

SEK million	Note	2021	2020
<b>Profit after tax</b>		<b>470</b>	<b>299</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified in profit or loss			
Actuarial gains and losses, net after tax		1	1
Items that may be reclassified subsequently to profit or loss			
Translation difference, net assets in foreign currency		73	-157
Gain from hedging of net assets in foreign currency		-18	32
Deferred tax on gain from hedging		4	-7
<b>Other comprehensive income after tax</b>		<b>60</b>	<b>-131</b>
<b>Total comprehensive income</b>		<b>530</b>	<b>168</b>
Total comprehensive income attributable to:			
Parent Company shareholders		530	168
<b>Earnings per share</b>			
Earnings per share before dilution, SEK	15	12.57	8.04
Weighted number of shares outstanding before dilution, thousands		37,417	37,195
Earnings per share after dilution, SEK	15	12.32	7.95
Weighted number of shares outstanding after dilution, thousands		38,147	37,564

## Consolidated balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	16	1,994	1,677
Other intangible assets	16	302	216
Work in progress and advances for intangible assets	19	4	0
<b>Total intangible assets</b>		<b>2,300</b>	<b>1,893</b>
<i>Property, plant and equipment</i>			
Land and buildings	17	21	21
Plant and machinery	17	120	125
Equipment, tools and fixtures & fittings	17	83	84
Rights of use	19	356	304
Work in progress and advances for property, plant and equipment	18	6	14
<b>Total property, plant and equipment</b>		<b>586</b>	<b>548</b>
<i>Financial assets</i>			
Other non-current receivables	20	8	8
<b>Total financial assets</b>		<b>8</b>	<b>8</b>
Deferred tax assets	25	27	29
<b>Total deferred tax assets</b>		<b>27</b>	<b>29</b>
<b>Total non-current assets</b>		<b>2,921</b>	<b>2,478</b>
<b>Current assets</b>			
<i>Inventories</i>			
	2		
Raw materials and consumables		119	44
Products in progress		68	41
Finished goods and merchandise		1,953	1,231
<b>Total inventories</b>		<b>2,140</b>	<b>1,316</b>
<i>Current receivables</i>			
Trade receivables	21	1,072	772
Current tax assets		59	50
Other receivables		31	53
Prepaid expenses and accrued income	22	57	30
<b>Total current receivables</b>		<b>1,219</b>	<b>905</b>
Cash and bank balances		293	292
<b>Total current assets</b>		<b>3,652</b>	<b>2,513</b>
<b>TOTAL ASSETS</b>		<b>6,573</b>	<b>4,991</b>

## Consolidated balance sheet, cont.

SEK million	Note	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	23		
Share capital		1	1
Other paid-in capital		488	488
Other reserves		32	-29
Retained earnings		1,856	1,470
<b>Total equity</b>		<b>2,377</b>	<b>1,931</b>
<b>Non-current liabilities</b>			
Pension obligations, interest-bearing	24	41	38
Deferred tax, non-interest-bearing	25	112	94
Lease liabilities	19	285	239
Other interest-bearing liabilities	26, 28	1,778	1,467
Other non-interest-bearing liabilities	27	411	271
<b>Total non-current liabilities</b>		<b>2,627</b>	<b>2,108</b>
<b>Current interest-bearing liabilities</b>			
Lease liabilities	19	97	87
Liabilities to credit institutions		2	2
Overdraft facilities	28, 29	93	7
<b>Total current interest-bearing liabilities</b>		<b>192</b>	<b>95</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		815	454
Current tax liabilities		70	48
Other liabilities	27	231	160
Accrued expenses and deferred income	30	261	195
<b>Total current non-interest-bearing liabilities</b>		<b>1,377</b>	<b>857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,573</b>	<b>4,991</b>

## Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total equity
<b>Equity on 1 January 2020</b>	<b>1</b>	<b>488</b>	<b>103</b>	<b>1,158</b>	<b>1,750</b>
<b>Comprehensive income</b>					
Profit after tax	—	—	—	299	299
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations, net after tax	—	—	1	—	1
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency	—	—	-157	—	-157
Gain from hedging of net assets in foreign currency	—	—	32	—	32
Deferred tax on gain from hedging of net assets in foreign currency	—	—	-7	—	-7
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-131</b>	<b>299</b>	<b>168</b>
<b>Transactions with shareholders</b>					
Issued call options	—	—	—	3	3
Redemption of call options	—	—	—	10	10
Dividend to Parent Company shareholders	—	—	—	0	0
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Equity on 31 December 2020</b>	<b>1</b>	<b>488</b>	<b>-28</b>	<b>1,470</b>	<b>1,931</b>
<b>Equity on 1 January 2021</b>	<b>1</b>	<b>488</b>	<b>-28</b>	<b>1,470</b>	<b>1,931</b>
<b>Comprehensive income</b>					
Profit after tax	—	—	—	470	470
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations, net after tax	—	—	1	—	1
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency	—	—	73	—	73
Gain from hedging of net assets in foreign currency	—	—	-18	—	-18
Deferred tax on gain from hedging of net assets in foreign currency	—	—	4	—	4
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>60</b>	<b>470</b>	<b>530</b>
<b>Transactions with shareholders</b>					
Issued call options	—	—	—	4	4
Redemption of call options	—	—	—	15	15
Dividend to Parent Company shareholders	—	—	—	-103	-103
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-84</b>	<b>-84</b>
<b>Equity on 31 December 2021</b>	<b>1</b>	<b>488</b>	<b>32</b>	<b>1,856</b>	<b>2,377</b>

# Consolidated cash-flow statement

SEK million	Note	31 Dec 2021	31 Dec 2020
<b>Operating activities</b>			
Profit before financial items		664	452
Depreciation/amortisation and impairment		193	183
Interest and other finance income		1	3
Interest and other finance expenses		-52	-60
Other non-cash items		45	-8
Income tax paid		-137	-89
<b>Cash flow from operating activities before changes in working capital</b>		<b>714</b>	<b>480</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) / decrease (+) in inventories		-651	96
Increase (-) / decrease (+) in operating receivables		-200	-111
Increase (+) / decrease (-) in operating liabilities		309	105
<b>Cash flow from operating activities</b>		<b>172</b>	<b>570</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-31	-5
Acquisition of property, plant and equipment		-3	-61
Company acquisitions including additional purchase considerations	33	-301	-23
<b>Cash flow from investing activities</b>		<b>-335</b>	<b>-89</b>
<b>Financing activities</b>			
Dividend paid		-103	0
Call options	34	4	3
Repurchase of own shares	34	0	0
Redemption call options/sale of own shares		15	10
Amortisation lease contracts		-111	-109
Borrowings, non-current	36	461	284
Loan repayments, non-current	36	-230	-631
Change in current liabilities	36	122	-62
<b>Cash flow from financing activities</b>		<b>158</b>	<b>-396</b>
<b>Cash flow for the year</b>	36	<b>-5</b>	<b>86</b>
Cash and cash equivalents at beginning of year		292	216
Translation differences		6	-10
<b>Cash and cash equivalents at year-end</b>		<b>293</b>	<b>292</b>

# Notes to the consolidated financial statements

All amounts are in SEK million unless otherwise specified.  
The figures in brackets indicate the preceding year's values.

## NOTE 1

### GENERAL INFORMATION

The company, Bufab AB (publ), Corporate Registration Number 556685-6240, operates as a limited liability company, with its registered office in Stockholm, Sweden.

The address of the head office is Box 2266, SE-331 02, Värnamo, Sweden.

## NOTE 2

### SUMMARY OF KEY ACCOUNTING POLICIES

This Annual Report has been prepared in accordance with IFRS as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated annual financial statements have been prepared in accordance with the cost method. The Parent Company's accounting policies are consistent with those applied for the Group, unless otherwise specified.

In addition to these standards, both the Swedish Companies Act and the Swedish Annual Accounts Act contain regulations requiring the disclosure of certain additional information. Preparing financial statements in accordance with IFRS requires the use of a number of important accounting estimates. Management is also required to make certain judgements when applying its accounting policies. Information about areas that are complex or involve a high proportion of assumptions and estimates, or about areas where accounting estimates are of key significance to the consolidated financial statements, can be found in Note 4. The estimates and assumptions are reviewed regularly and the effect on the reported amounts is recognised in profit or loss.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consist of financial statements for the Parent Company and companies over which the Parent Company exercises a controlling influence. A controlling influence exists if the Parent Company has influence over the investment object, is exposed to or has the right to variable returns from its involvement, and can use its influence over the investment to impact the returns. In assessing whether a controlling influence exists, shares that potentially carry entitlement to votes and the existence of de facto control are taken into account. Shareholdings in Group companies have been eliminated according to the acquisition method, which essentially means the identifiable assets, liabilities and contingent liabilities of the company taken over are valued and recognised in the consolidated financial statements, as if they had been taken over through direct acquisition and not indirectly through the acquisition of shares in the company. The measurement is based on fair value. If the value of net assets is less than the purchase price, goodwill on consolidation arises. If the opposite is true, the difference is recognised directly in profit or loss. Goodwill is determined in local currency and is recognised at cost less any impairment. The Group's equity includes the Parent Company's equity and the share of the subsidiaries' equity earned after the date of acquisition. Acquired and divested companies are consolidated and deconsolidated respectively from the date of acquisition or divestment.

Contingent considerations are measured at fair value on the date of the transaction and remeasured subsequently when the financial statements are being prepared. The effects of the remeasurement are recognised as income or cost in consolidated profit/loss for the year.

Transaction charges in connection with the acquisition are expensed. In an acquisition, it is possible to measure non-controlling interests at fair value, which means goodwill is included in non-controlling interests. Alternatively, non-controlling interests' comprise a share of net assets. The choice is made individually for every acquisition.

Intra-Group receivables and liabilities and transactions between companies in the Group and thereby associated unrealised gains are eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

### Foreign currency translation

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional and reporting currency.

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in profit or loss.

The results and financial position of all Group entities are translated into the Group's reporting currency. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate, with all resulting exchange-rate differences recognised as a separate component of equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are reported as assets and liabilities in the Group's balance sheet and are translated at the closing rate. The following exchange rates were used for the translation of foreign operations:

Currency	Average rate		Closing rate	
	2021	2020	2021	2020
DKK	1.36	1.41	1.38	1.35
EUR	10.14	10.49	10.23	10.04
GBP	11.80	11.80	12.18	11.09
CZK	0.40	0.40	0.41	0.38
HUF	0.03	0.03	0.03	0.03
NOK	1.00	0.98	1.03	0.95
PLN	2.22	2.36	2.23	2.22
RMB	1.33	1.33	1.42	1.25
INR	0.12	0.12	0.12	0.11
NTD	0.31	0.31	0.33	0.29
RUB	0.12	0.13	0.12	0.11
USD	8.58	9.20	9.04	8.19
RON	2.06	2.18	2.07	2.06
TRY	0.99	1.33	0.70	1.12

### Classification

Non-current assets, liabilities and provisions are amounts expected to be recovered or settled more than 12 months after the balance-sheet date. Current assets and liabilities are amounts expected to be recovered or settled no more than 12 months after the balance-sheet date.

### ITEMS AFFECTING COMPARABILITY

Items affecting comparability are recognised separately in the financial statements when it is necessary to explain the Group's earnings. Items affecting comparability relate to material income or cost items recognised separately due to the significance of their nature or amount.



## INTANGIBLE ASSETS

### Goodwill

The amount by which the cost exceeds the acquisition-date fair value of the Group's share of the acquired subsidiary's net identifiable assets is recognised as goodwill. Goodwill on acquisitions of subsidiaries is reported under intangible assets.

Goodwill is not amortised but is tested for impairment annually and is carried at cost less accumulated impairment.

Goodwill is allocated to cash-generating units for impairment testing.

### Other intangible assets

The Group's other intangible assets comprise acquired customer and supplier relationships and capitalised expenditure for IT and business systems. The Group's basis for acquisitions is that customer relationships and supplier relationships have a limited useful life and are recognised at cost less any accumulated depreciation. Amortisation is applied on a straight-line basis to distribute the costs of their estimated useful lives.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised as an asset in the balance sheet when, based on available information, it is probable that future economic benefits associated with the ownership will flow to the Group/company and the cost of the asset can be measured reliably.

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of an item of property, plant and equipment is derecognised from the balance sheet on disposal or divestment, or when no future economic benefits are expected from its use. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct distribution costs. The gain or loss is reported under other operating income/expenses.

## LEASES – GROUP AS LESSEE

The Group's costs pertaining to leases are recognised on the following lines in the consolidated income statement:

- Interest expense (included in finance cost).
- Expense relating to short-term leases (included in cost of goods sold and administrative expenses).
- Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses).
- Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses).

The Group leases offices, warehouse space, machinery, equipment and vehicles. Leases are normally signed for fixed periods up to ten years, though longer maturities may be agreed. Options to extend the contract may exist.

The contract may include both lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease components based on their relative stand-alone prices where the differences are material. For lease payments on properties where the Group is tenant, lease and non-lease components have not been separated and are instead recognised as a single lease component.

Lease terms are normally negotiated on an individual basis and contain a wide range of different terms and conditions. Leases do not impose special terms or restrictions save that the lessor retains the right to pledge lease assets as security. The leased assets may not be used as security for borrowing purposes.

As of 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any benefits in connection with signing the lease
- variable lease payments to be received based on an index or a rate, initially measured using an index or price on the commencement date
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- penalties to be paid upon termination of the lease, if the lease term reflects that the Group will exercise on opportunity to terminate the lease.

Lease payments that will be paid for extension options that it is reasonably certain will be exercised are also included in the measurement of the liability.

Lease payments are discounted by the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is to be used, which is the rate that an individual lessee would have to pay to borrow the funds necessary to purchase an asset of a similar value to the right-of-use asset in a similar economic environment with similar conditions and securities. The Group's incremental borrowing rate varies depending on duration and currency area and amounts to between 1.7 percent (1.7) and 3.6 percent (4.3).

The Group decides the incremental borrowing rate as follows:

- Where possible, financing is used that was recently obtained from a external party as a starting point and is then adjusted to reflect changes to financing conditions since financing was obtained. Adjustments are made for the specific conditions in the contract, such as lease term, country, currency and security.

The Group is exposed to any future increases in the variable lease payments that depend on an index or a rate that are not included in the lease liability until they come into effect. When adjustments of lease payments that depend on an index or a rate come into effect, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payment is allocated between the liability and interest. The finance cost is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the lease liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
  - any lease payments made at or before the commencement date less any lease incentives received
  - any initial direct costs, and
  - restoration costs.
- Right-of-use assets are usually depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is amortised over the useful life of the underlying asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise, for example, IT-equipment and small items of office equipment.

## OPTIONS TO TERMINATE AND EXTEND THE LEASE

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases which relate to warehouse space, machinery, equipment, the following factors are normally most significant:

- If the contract includes substantial payments to terminate the contract (or not renew it), the Group generally assesses that it is reasonably certain that the contract will be extended (or not terminated).
- If the Group has improvement expenses on others' property and expects these to have significant remaining value, it is normally reasonably certain that the contract will be extended (or not terminated).
- Otherwise, the Group considers other factors, including past lease terms, and the costs and disruption to business operations required to replace the leased asset.

The majority of extension options concerning leases of office premises and vehicles are not included in the lease liability as the Group can replace the assets without significant costs or disruption to operations.

The lease term is reassessed if an option is exercised (or not exercised) or if the Group is obliged to exercise the option (or not exercise it). The assessment of reasonable certainty is only reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### DEPRECIATION POLICIES FOR PROPERTY, PLANT AND EQUIPMENT

Depreciation according to plan is based on original cost less estimated residual value. Depreciation is applied on a straight-line basis over the useful life of the asset.

The following depreciation periods are applied:

Customer and supplier relationships	10 years
Other intangible assets	3–5 years
Buildings	12–15 years
Plant and machinery	5–10 years
Equipment, tools and fixtures & fittings	3–10 years
Right-of-use assets	3–15 years

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not subject to depreciation or amortisation; instead, these assets are tested annually for impairment. Assets that are subject to depreciation or amortisation are also tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less distribution costs and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows.

#### BORROWING COSTS

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An obsolescence risk is also taken into account. At the end of the financial year, the obsolescence reserve was SEK 114 million (101). The cost of the Group's merchandise is calculated as a weighted average purchase price and includes expenses arising from the acquisition of inventories and bringing them to their existing location and condition.

The cost of finished goods and work in progress includes a reasonable proportion of indirect manufacturing costs. Measurement takes into account normal capacity utilisation.

#### BUSINESS COMBINATION

The purchase method is used to recognise the Group's business combinations, regardless of whether the acquisition consists of equity interests or other assets. The purchase consideration for the acquisition of a subsidiary comprises the fair value of:

- transferred assets,
- liabilities the Group assumes from previous owners,
- shares issued by the Group,
- assets or liabilities that result from an agreement covering a conditional purchase consideration,
- earlier equity interests in the acquired company.

Identifiable acquired assets, assumed liabilities and assumed contingent liabilities in a business combination are initially measured, with a few exceptions, at fair value on the date of acquisition. For each acquisition, that is, on an acquisition-by-acquisition basis, the Group determines whether non-controlling interest in the acquired company is to be recognised at fair value or at the shareholding's proportional share in the carrying amount of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as they arise.

Goodwill pertains to the amount with which

- transferred consideration,
- any holding of non-controlling interests in the acquired company, and
- fair value at the date of acquisition of earlier equity interests in the acquired company, (if the business combination was conducted in stages) exceeds the fair value of acquired net identifiable assets.

If the amount is less than the fair value of the acquired net assets, in the event of an acquisition at low price, the difference is recognised directly in profit or loss. If all or part of the purchase consideration is deferred, future payments are to be discounting to the present value at the date of acquisition. The discount rate is the company's incremental borrowing rate of interest, which is the interest rate the company would have paid for financing through loans during a corresponding period and at similar terms. Conditional purchase consideration is classified either as shareholders' equity or a financial liability. Amounts classified as financial liabilities are remeasured each period at fair value. Any remeasurement gains or losses are recognised in profit or loss.

#### EMPLOYEE BENEFITS

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate. The most common pension arrangements are defined-contribution pension plans. Under these plans, the company settles its obligations on an ongoing basis through payments to insurance companies or pension funds.

However, the company has a more extensive responsibility in the case of defined-benefit pension plans, which are based on an agreed future pension entitlement. With these plans, the company's recognised cost is affected by factors such as assumptions about the future. The Group's net obligation is calculated separately for each plan by estimating the future benefit that employees have earned through their service in the current and prior periods. The present value of this benefit is determined by discounting the estimated future cash flows. The Group has safeguarded a portion of its obligations through transfers to pension funds, and the fair value of plan assets is offset against the provision in the balance sheet. The discount rate is obtained by reference on the balance-sheet date to market yields on high-quality corporate bonds of a term consistent with the term of the Group's pension obligation. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are presented in other comprehensive income when they arise.

For salaried professionals in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and survivors' pensions are backed by an Alecta insurance policy. According to a statement from the Swedish Financial Reporting Board (UFR10 Recognition of ITP 2 pension plan financed by an Alecta insurance policy), this is a defined-benefit plan that encompasses several employers. For the 2020 financial year,

the company has not had access to enough information to report its proportional share of the plan's obligations, plan assets and costs, and the company was therefore unable to recognise it as a defined-benefit plan.

Accordingly, the ITP 2 pension plan, which is backed by an Alecta insurance policy, was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and survivors' pension is calculated on a case-by-case basis and is determined by such factors as salary, previously vested pension benefits and the expected remaining professional life of the beneficiary.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated using Alecta's actuarial methods and assumptions, which do not correspond with IAS 19. The collective consolidation level is generally permitted to range from 125 to 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, actions must be taken to enable the consolidation level to return to the standard interval. In the event of a low consolidation level, the company may raise the contractual cost of signing up for a policy and expanding the current benefits. In the event of a high consolidation level, the company may introduce premium deduction. At the end of the financial year, Alecta's surplus in the form of the collective consolidation level was 172 percent (148).

## REVENUES

Net sales comprise, in all material respects, revenues from the sale of goods and services. The Group is engaged in trading fastener products and C-parts. Revenue recognition occurs in profit or loss when the products have been delivered to the customer and control and the right of ownership have been transferred. Revenue includes only the gross inflow of economic benefits received and receivable for the company's own account. Revenue from the sale of goods is recognised when the company has transferred control of ownership of the goods and the company does not exercise any effective control over the goods sold. Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Settlement is made in cash, with revenue comprising the amount of cash received or receivable. Amounts collected on behalf of third parties are not included in the company's revenue. Revenue from the rendering of services is recognised over time as the services are performed. No financing component is considered to exist on the date of sale since the customer's credit period is shorter than one year and generally complies with market practice. A receivable is recognised when the products are delivered, as this is the date when remuneration becomes unconditional (in other words, only the passage of time is needed before payment will take place). The distribution of revenue by segment is presented in Note 5.

The item "other operating income" includes other revenues in the operation that do not stem from the day-to-day business operations, such as capital gains from the sale of non-current assets and exchange-rate gains from operating receivables/liabilities.

Dividends are recognised when the right to receive payment is established.

Intra-group sales are eliminated in the consolidated financial statements.

## COSTS

The income statement is classified using the function of expense method. The functions are:

Cost of goods sold comprises the cost of the good, the cost for material handling and manufacturing costs, including payroll and material costs, purchased services, costs of premises, and depreciation/amortisation and impairment of property, plant and equipment.

Administrative expenses comprise costs of the companies' own administrative functions and costs relating to boards, management and staff functions.

Distribution costs comprise costs associated with the sales organisation and inventory obsolescence.

Other operating income/expenses relates to secondary activities, exchange-rate differences on operating items, the remeasurement of additional purchase considerations for acquired companies and capital gains/losses on the sale of property, plant and equipment.

## FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income on bank deposits and receivables, interest expense on borrowings, dividend income, exchange-rate differences and other financial income and expenses.

The interest component of finance lease payments is recognised in profit or loss using the effective interest method, which means that the interest is allocated to each accounting period during the lease term so as to produce a constant periodic rate of interest on the balance of the liability reported during the period.

## TAX

Income tax consists of current tax and deferred tax. Taxes are recognised in profit or loss except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the current year. This includes adjustments of current tax attributable to prior periods. Deferred tax is accounted for using the balance-sheet method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates enacted or substantively enacted by the balance-sheet date. Deferred tax is not recognised on temporary differences arising from goodwill on consolidation, and is not normally recognised on temporary differences arising from participations in subsidiaries that are not expected to be taxed in the foreseeable future. Untaxed reserves are recognised including deferred tax liabilities in the legal entity. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised insofar as it is probable that they will result in lower tax payments in the future.

## GOVERNMENT GRANTS

Government support is recognised at fair value when there is reasonable certainty that the grant will be received and that the Group will meet the conditions tied to the grant. For more information, see Note 8.

## CASH-FLOW STATEMENT

The cash-flow statement is prepared using the indirect method. Recognised cash flows only concern transactions that involve cash inflows and outflows. Cash and bank balances are classified as cash and cash equivalents.

## RELATED-PARTY TRANSACTIONS

None of the Parent Company's total purchases charged to operating profit relate to transactions with other companies within the corporate group to which the company belongs. Within the Group, there are some internal sales between its different markets. Related-party transactions are also reported in Note 6 (Employees, personnel expenses and fees paid to directors and auditors) and Note 32 (Related-party transactions). Related-party transactions are made on terms equivalent to commercial transactions.

## FINANCIAL INSTRUMENTS

The Group recognises all financial instruments at amortised cost, except for contingent considerations attributable to acquisitions which are measured at fair value.

The Group classifies its financial assets and liabilities depending on the purpose for which the financial asset or liability was acquired. The classification of investments in debt instruments is dependent on the Group's business model for managing financial assets and the contractual rights for an asset's cash flow.

### Financial assets at amortised cost

Assets held for the purpose of collecting contractual cash flow and where this cash flow is made up solely of the principal amount and interest are measured at amortised cost. Assets in this category are

recognised initially at fair value including transaction costs. After the date of acquisition, these are recognised at cost by applying the effective interest method. The carrying amount of these assets are adjusted by any recognised expected credit losses (see impairment below). Interest income from these financial assets is recognised using the effective interest method and entered in financial income. Assets in this category comprise long-term financial receivables, trade receivables and other current receivables. They are included in current assets unless the settlement date is more than 12 months after the end of the reporting period, in which case they are classified as non-current assets.

#### Financial liabilities at amortised cost

The Group's other financial liabilities are recognised initially at fair value, net after transaction costs. Financial liabilities are then recognised at amortised cost by applying the effective interest method. Non-current liabilities have an expected maturity beyond 1 year while current liabilities have a maturity shorter than 1 year. This category includes liabilities to credit institutions, trade payables and other current liabilities.

#### Financial liabilities at fair value

The Group's liabilities for contingent considerations attributable to acquisitions are measured at fair value. These items are recognised at fair value in the balance sheet with changes in value recognised in profit or loss.

#### Impairment

The Group measures future expected credit losses related to investments in debt instruments recognised at amortised cost and fair value, respectively, with changes through other comprehensive income based on forward-looking information. The impairment methodology applied by the Group depends on whether or not there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach for loss allowances, meaning that the reserve will correspond to the expected loss across the entire lifetime of the trade receivables. The Group makes provisions for trade receivables based on the Group's expected losses based on a historic model of expected losses in each age category.

#### Hedge accounting

The effective portion of change in value for derivative instruments or other financial instruments that fulfil the requirements of hedge accounting according to the method for cash flow hedging or hedging of net investments in foreign operations is recognised in other comprehensive income. Accumulated change in value from hedging of net investments in foreign operations is reversed from equity to profit or loss when foreign operations are divested in full or in part.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances and other current investments with an original maturity of three months or less. Utilised overdraft facilities are reported as borrowings under current liabilities in the balance sheet.

#### BORROWINGS

Borrowings are recognised initially at fair value and are subsequently measured at amortised cost. Any difference between the amount received and the repayment amount is recognised in profit or loss over the borrowing period using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance-sheet date.

## NOTE 3

### RISKS AND RISK MANAGEMENT

#### OPERATIONAL RISKS

##### Market and business risks

Customer demand for products and services from Bufab depends on general economic conditions and the level of activity in the manufacturing industry in the countries in which Bufab and its customers operate.

Bufab operates in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Austria, the Czech Republic, Poland, the UK, Ireland, Estonia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Russia, Turkey, Romania, Singapore, Malaysia, Indonesia, Mexico and Thailand.

Bufab's customers are found in a wide spectrum of manufacturing industries, including the technology sector, electronics/telecommunications, consumer goods, the offshore and refining industry, the transportation and construction sectors, furniture and the automotive sector. Geographical diversification combined with a vast number of customers spread across many sectors reduces the effects of isolated changes in customer demand.

However, despite this breadth, it can be stated that the company is clearly impacted by customers' underlying demand, which is considered to comprise the company's most tangible operational risk. The company was substantially impacted by reduced customer demand during the sharp global economic downturn in 2009, but also during parts of the pandemic year of 2020.

There is a risk that major customers will choose to bypass the wholesale stage and deal directly with manufacturers. However, Bufab adds value to its customers by providing, for example, technically competent, efficient logistics and a broad base of suppliers, as well as a reliable level of quality. The company believes that this broad range as a logistics partner remains competitive.

Bufab can be negatively impacted when its suppliers experience economic, legal or operational problems, raise prices or when they are unable to deliver on time or at the agreed level of quality. Bufab sources most of its goods from suppliers that are mainly located in Asia and Europe. Bufab works actively with a large number of suppliers from different countries. The company aims to avoid making itself dependent on specific suppliers. These risk-minimising measures contributed to the company performing well despite the strained global supply chains experienced in 2021, which led to delivery and capacity issues for several suppliers.

Inventories constitute a significant share of Bufab's assets and are costly to relocate, store and manage. Accordingly, efficient inventory management is a key element in Bufab's operation. Inefficient inventory management can lead to inventory surpluses or deficits. Inventory surpluses expose Bufab to the risk of having to incur impairment losses on or to dispose of the inventory. Conversely, inventory deficits expose Bufab to the risk of having to source products at higher prices in order to deliver on time, or to incur expensive express delivery costs or penalties.

With its large and complex flow of items combined with a broad base of customers and suppliers, there is a risk that Bufab's customers will not receive their products at the specified time or with the right quality. Bufab may become subject to significant product liability and other claims if the products it sources and produces are defective, cause production stops or personal or property damage, or otherwise do not fulfil the requirements agreed with the customer. Such defects may be caused by mistakes made by Bufab's own personnel or the company's suppliers. If a product is defective, Bufab may also have to recall the product. Furthermore, Bufab may not be able to file or collect a corresponding claim against, for example, its own suppliers in order to receive compensation for damages and related costs. To address this risk, internal and external processes are in place that must be adhered to by employees and external parties. Bufab works continuously to develop these processes and to train employees and external parties.

Bufab could lose business or growth opportunities from existing customers as a result of many factors, including, but not limited to, relocations of the customers' manufacturing operations or customer

dissatisfaction, particularly with product quality or service, as well as customers underperforming in, or shutting down, their businesses. In connection with a customer relocating manufacturing operations, for example, to a low-cost country, Bufab may not be requested, or be able, to make deliveries to the new location to the same extent as prior to the relocation, or may not be able to efficiently source all, or any, of its products to the new location. Moreover, should customers relocate outside of Bufab's operating jurisdictions, it may be difficult or burdensome for Bufab to establish new operations and comply with local regulations in such locations. As a consequence, Bufab may lose all, or part of, its business from that manufacturing operation.

Bufab's supply chain (including manufacturing units and some warehouses) and business processes are, to a large extent, automated via hardware and software for robotics and via the Group's IT systems. Bufab is particularly dependent on these systems to purchase, sell and deliver products, to invoice its customers and to manage its production units and certain automated warehouses. It is also an important tool for accounting and financial reporting as well as inventory and net working capital management. Disruptions, as a consequence of, for example, upgrades of existing IT systems, or deficiencies that materialise in the function of its IT systems or hardware could, even in the short term, adversely affect Bufab's business, results of operations and financial condition.

Bufab's strategy covers both organic growth and growth through acquisitions. Acquisitions may expose Bufab to risks, primarily related to integration, such as impairment of relationships with key customers, inability to retain key employees and difficulties and higher costs than anticipated for combining operations. Following some of its past acquisitions, Bufab has experienced such integration difficulties. Moreover, acquisitions may expose Bufab to unknown liabilities.

There is considerable uncertainty about the operational and macro-economic effects of Brexit. As regards Brexit, Bufab has taken several operative steps to reduce any adverse impact on the Group and minimise risks. The Group is monitoring the situation carefully.

The recent years' coronavirus pandemic is a substantial uncertainty factor, particularly regarding future demand, but also in terms of its impact on the Group's operations and global supply chains. We are monitoring developments carefully and working actively with customers and suppliers to manage the situation.

The war in Ukraine is a factor of uncertainty, especially when it comes to demand going forward. However, the Group's exposure in Russia and Ukraine amounts to only approximately 0.5 percent of the Group's total net sales. Operations in Russia have been paused and we are following developments closely and evaluating the long-term consequences that the war may have on this activity.

Bufab manages its operations through operating subsidiaries in a number of countries. The business, including transactions between Group companies, is run according to Bufab's understanding or interpretation of current tax laws, tax treaties, other tax law stipulations and the requirements of the tax authorities concerned. Furthermore, the tax authorities of the countries concerned could make assessments and take decisions which deviate from Bufab's understanding or interpretation of the abovementioned laws, treaties and other regulations. Bufab's tax position, both for previous years and the current year, may change as a result of the decisions of the tax authorities concerned or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, could adversely affect Bufab's business, results of operations and financial condition.

Bufab holds environmental permits for manufacturing at its production facilities. Bufab previously conducted manufacturing at other facilities in Sweden. Bufab has completed environmental inventories and, where required, environmental technical investigations, at all properties where Bufab has historically conducted manufacturing in Sweden. These investigations detected traces of contamination at or in proximity to some of these properties. For more information regarding environmental risks, refer to Note 31.

Bufab has a substantial goodwill item in its consolidated balance sheet, which is regularly tested for impairment requirements; see also Note 16.

### Sourcing prices

Bufab is exposed to fluctuations in the market price of certain commodities, particularly steel, stainless steel (which fluctuates with the price of alloy metals) and other metals. Any increase in such prices may impact the price for which Bufab purchases its products, and thereby the cost of goods sold. Energy prices and the price of oil impact manufacturing and freight costs, which significantly affect cost of goods sold. Freight costs could also be affected significantly by fluctuating capacity in the global supply chains. In addition, labour shortages and labour costs in the countries from which Bufab sources its products may increase Bufab's cost of goods sold through its purchasing prices. Moreover, Bufab may not be able to compensate for increased sourcing prices by raising prices for its own customers.

### Competition

Bufab acts as a subcontractor to the engineering industry and faces competition in all types of customer segments. Customer requirements concerning price, quality, delivery reliability, etc. are constantly increasing. Since the entry barriers for smaller companies and the investments required to start a competing business are low, Bufab can also lose sales to new companies. The company's continued success is dependent on its ability to respond to these increasing requirements and be more competitive than its competitors in the areas of attractive pricing, delivery reliability, quality, high internal efficiency and broad, secure logistics solutions from all of the countries in which Bufab operates.

### Legal risks

Legal risks primarily include legislation and regulation, government decisions, disputes, etc. The fastener industry within Europe and North America has periodically been subject to heavy duties on imports of standard parts from certain geographies, mainly China. Bufab has been forced to find alternative purchasing channels, primarily in Asia, which has worked well considering the volume size. It cannot be ruled out that, for example, the EU or US may introduce increased duties in the future, and there is considerable uncertainty about the extent of such duties.

Bufab's operations face risks related to taxes and the environment. See also Note 31.

### Insurance

Bufab insures its assets against property damage and business interruption losses. In addition, there are insurance policies for product liability, product recall, transportation, legal protection, crime against property and business travel. There have been no claims for damages with regard to product liability or product recall that had any material impact on earnings during the last decade.

### Risks related to employees

Bufab must have access to competent and motivated employees and ensure access to good leaders as a means of achieving its established strategic and operational targets. Bufab is working in a structured manner to ensure the health and well-being of its employees and that they can find positive challenges in their daily work.

Bufab also has a strong focus on safety efforts in all units. Through strategic manpower planning, Bufab can ensure access to persons with the right qualifications at the right time. Recruitment may take place both externally and internally, where internal recruitment is facilitated as vacant positions are advertised both internally and externally. Salaries and other terms and conditions are in line with market conditions and are connected to each subsidiary's priorities. Bufab is also striving to maintain good relationships with trade union organisations. However, securing a skills supply to each subsidiary is always a challenge, given that the labour market is mobile.

### Risks in IT systems

Bufab is dependent on IT systems for its ongoing operations. Disruption or faults in critical systems have a direct impact on deliveries of products and services to customers and other important business processes. Incorrect management of financial systems may affect the company's reporting of results. In addition, the company is exposed to

attempts to harm the company through IT-based attacks, such as virus attacks, password and identity theft, or various forms of IT-based fraud or theft. These risks are increasing in an ever-more technically complex and interconnected world. In recent years, Bufab has therefore worked towards more standardised IT processes and an organisation for information security. IT security includes a continuous risk assessment, the implementation of preventive measures and the use of security technologies. Standardised processes exist to implement new systems, to change current systems as well as for daily operations. A large share of Bufab's system landscape is based on thoroughly tested products, such as Jeeves.

## FINANCIAL RISKS

Bufab is exposed to various types of financial risk in the course of its operations. Examples of these are currency, financing, interest rate and counterparty risks. The Board is responsible for adopting risk-management policies. Financial activities such as risk management, liquidity management and borrowing are managed at the Group level by the subsidiary Bufab International AB.

### Currency risks

Changes in exchange rates affect the Group's earnings and equity in different ways. Currency risk arises from:

- flow exposures in the form of receipts and payments in different currencies,
- recognised assets and liabilities of subsidiaries,
- translation of the earnings of foreign subsidiaries to SEK,
- translation of net assets of foreign subsidiaries to SEK.

Exchange-rate fluctuations may also affect the Group's competitiveness or that of its customers, thereby indirectly affecting the Group's sales and earnings. The Group's overall currency exposure has increased over time as operations have become more global, with increased trade from Asia as well as a higher proportion of sales outside Sweden – from Swedish subsidiaries but mainly from foreign subsidiaries. The Group's currency risk management policy primarily focuses on transaction-related currency risks. Currency risks are mainly managed by price adjustments to customers and suppliers, and by working to change the business's operating terms by aligning revenues and costs in currencies other than SEK with each other.

Some 82 percent (81) of the Group's total invoicing and 88 percent (85) of its costs are in foreign currencies. Flow exposure in 2021 was marginally hedged at fixed exchange rates.

During the financial year, the Group's currency flows (excluding the reporting currency, SEK) were distributed as follows (amounts in SEK million).

Currency	Costs*	Sales*
EUR	2,167	2,652
USD	1,912	1 356
GBP	223	651
DKK	140	386
RMB	151	40
NOK	38	90
PLN	166	81
SGD	65	76
INR	0	6
RUB	2	3
TRY	4	0
RON	12	30
CZK	12	7
NTD	252	0
HUF	8	0
JPY	0	0
CHF	0	0

\* Expressed in SEK million at the average rate for 2021. Currency flows represent gross flows, including intra-Group transactions

The company's largest exposure is to the USD, as trade from Asia is largely conducted in this currency, and to the EUR, as a large proportion of its European sales are in this currency.

Net assets in foreign subsidiaries correspond to investments in foreign currencies that give rise to translation differences when they are translated to SEK. Loans were raised in EUR, GBP and USD to reduce the effect of translation differences on the Group's comprehensive income and capital structure. Exchange-rate gains and exchange-rate losses on these loans are considered to be effective hedges, as defined by IFRS, of translation differences and are recognised in other comprehensive income and the accumulated amount in equity. During 2021 and 2020, the Group had some of its lending in foreign currencies with the aim of reducing the impact of currency exposure on Group's equity that originates from companies with net assets in the currency in question. The effectiveness of the hedge is assessed when entering into a hedging relationship. The hedged item and hedge instrument is then assessed regularly to ensure the conditions satisfy requirements. Total borrowing in foreign currencies defined as hedging instruments amounted to EUR 25 million (21) and GBP 22 million (16), respectively, at 31 December 2021. For a specification refer to Note 37. Refer also to the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

### Credit risk

Credit risk related to cash and cash equivalents, balances and credit exposures are managed at the Group level. Credit risk related to receivables outstanding are managed by the company in which the receivable was created. The company conducts individual assessments of its customers' credit ratings and credit risks, including customers' financial position, as well as previous experiences and other factors. The management does not anticipate any losses due to missing payments from counterparties other than the amount reserved as "doubtful debts." Provisions are made for trade receivables and contract assets in accordance with the Group's loss risk provision model. The Group therefore makes provisions for trade receivables based on the Group's expected losses based on a historic model of expected losses in each age category. Indications that specific impairment is required include the Group's assessment that there is no reasonable expectation of repayment since the debtor is failing to comply with the repayment plan. When a debtor's payments have fallen due by more than 180 days, half of the value of the receivable is written off in line with the Group's loss risk provision model. When a debtor's payments have fallen due by more than 360 days, or when there is no reasonable expectation of repayment (for example, bankruptcy) the full value of the receivable is written off. For more information about past-due receivables and multi-year history, see Note 21.

### Financing, liquidity and capital

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. Liquidity risk is managed by ensuring that the Group holds sufficient levels of cash and cash equivalents and access to financing under credit facility agreements. Executive management regularly monitors the need to refinance external loans with the aim of renegotiating the Group's credit facilities at least 12 months before the maturity date.

The Group receives its primary financing from a bank under an SEK 3,000 million credit facility with a maturity in September 2024. The credit facility was signed in July 2021. This credit is linked to certain borrowing terms (known as covenants), which are detailed in Note 26.

At year-end 2021, the Group had a liquidity reserve in the amount of SEK 1,459 million (1,242). The Group's finance policy stipulates that the available funds, meaning cash and cash equivalents and available but unutilised credits, must be greater than the Group's standard expenses for 0.7 of a month. On 31 December 2021, the liquidity reserve totalled 3.1 months' (3.5) standard expenses for the Group.

The Group's target for total capital structure is to secure the Group's ability to continue its operations, in order to generate returns for shareholders and benefits for other stakeholders and to retain a solid capital structure to keep capital costs low. Executive management regularly monitors the need to refinance external loans with the aim of renegotiating the Group's credit facilities at least 12 months before the maturity date.

The Group has an equity/assets ratio of 36 percent (39), whereby the equity/assets ratio is defined as recognised equity divided by total assets.

Equity/assets ratio	2021	2020
<b>Group</b>		
Equity	2,377	1,931
Total assets	6,573	4,991
<b>Equity/assets ratio</b>	<b>36%</b>	<b>39%</b>

The net debt/equity ratio as at 31 December 2021 amounted to 84 percent (80), where the net debt/equity ratio is defined as net debt divided by recognised equity.

Debt/equity ratio	2021	2020
<b>Group</b>		
Interest-bearing liabilities	2,296	1,840
Cash	-293	-292
Net debt	2,003	1,548
Total equity	2,377	1,931
<b>Debt/equity ratio, %</b>	<b>84%</b>	<b>80%</b>

#### Classification of financial instruments

The following table shows the classification of financial instruments in the balance sheet for 2021 and 2020 (for definition, see Note 2).

The maturity structure for existing borrowings is shown in Note 26. The amounts do not include the current portion, which will mature within one year. The overdraft facility normally matures within one year, but is usually extended on the due date.

The table below illustrates the Group's financial liabilities categorised by time left to maturity as per balance-sheet date. The amounts shown in the table are the contractual undiscounted cash flows, including estimated future interest payments.

	Within one year	Between one and five years	After five years
<b>On 31 December 2021</b>			
Bank loans and overdrafts	95	1,778	—
Interest	30	45	—
Lease liabilities	97	224	61
Liabilities for additional purchase considerations	119	363	32
Trade payables	815	—	—
<b>Total</b>	<b>1,156</b>	<b>2,410</b>	<b>93</b>
<b>On 31 December 2020</b>			
Bank loans and overdrafts	9	1,467	—
Interest	29	22	—
Lease liabilities	87	239	51
Liabilities for additional purchase considerations	79	213	40
Trade payables	454	—	—
<b>Total</b>	<b>658</b>	<b>1,941</b>	<b>91</b>

#### Financial instruments

IFRS 13 Fair Value Measurement is applied. The Group's borrowings mainly take the form of credit facilities with long-term credit but short fixed-rate periods. Consequently, it is the assessment that the fair value is essentially consistent with the carrying amount.

#### Interest-rate risk

Changes in interest rates have a direct impact on the Group's earnings, while their impact on the overall economy also produces an indirect effect. The Group's bank loans at the end of the year had an average remaining fixed-rate period of three months.

#### Sensitivity analysis

Significant factors affecting the Group's earnings are described below. The assessment is based on year-end values, assuming all other factors remain constant.

Fluctuations in sales prices are the variable that has the greatest impact on earnings. A change of +/-1 percent on resale prices would affect operating profit by about SEK 59 million (48) and a change of 5 percentage points would have an impact of approximately SEK 259 million (240) on operating profit.

Volume changes and sourcing prices affect Bufab's earnings. A 1-percentage point change in volume has an effect on earnings of about SEK 18 million (15), while a 5-percentage point change has an effect of about SEK 90 million (75) on operating profit. A 1-percentage point change in merchandise sourcing prices has an effect on earnings of about SEK 37 million (31), while a 5-percentage point change has an effect of about SEK 185 million (155) on operating profit.

Payroll costs represent a large proportion of the Group's cost base. A 1-percentage point increase affects operating profit by about SEK 7 million (6).

The Group's net debt was SEK 1,621 million (1,546) on the balance-sheet date. A one percentage point change in the market rate for the closing net debt has an effect on profit after financial items of SEK 16 million (15).

The Group has considerable net currency exposure in terms of translation and transaction effects to the USD. The currency exposure to the USD is related to the company's operations in North America and trade with Asia, particularly China and Taiwan. Local prices in Asia are largely set on the basis of the USD level. A one percentage point strengthening of the USD against the SEK, with all other variables held constant, has a negative impact of SEK 6 million (neg: 4) on operating profit. In a similar way, a five percentage point strengthening of the USD, with all other variables held constant, has a negative impact of SEK 30 million (neg: 20) on operating profit.

The Group currency exposure to EUR in terms of transaction and translation effects is also substantial. Exposure to the EUR is primarily due to the fact that the Group's invoicing in Europe is largely in this currency. A one percentage point strengthening of the EUR against SEK, with all other variables held constant, has a positive impact of SEK 5 million (4) on operating profit. In a similar way, a five percentage point strengthening of the EUR, with all other variables held constant, has a positive impact of SEK 25 million (20) on operating profit.

The Group currency exposure to GBP in terms of transaction and translation effects is also substantial. Exposure to the GBP is primarily due to the fact that the Group's invoicing in the UK is largely in this currency. A one percentage point strengthening of the GBP, with all other variables held constant, has a positive impact of SEK 4 million (2) on operating profit. In a similar way, a five percentage point strengthening of the GBP, with all other variables held constant, has a positive impact of SEK 20 million (10) on operating profit.

The Group's currency effects with regard to translation effects in foreign net assets is significant, primarily in GBP, EUR and USD. A one percentage point change in the EUR, GBP and USD, respectively, would, notwithstanding any hedges and all other variables held constant, yield a positive impact on the Group's equity of SEK 6 million (6), SEK 5 million (5) and SEK 2 million (1), respectively. A five percentage point change in the EUR, GBP and USD, respectively, would, notwithstanding any hedges and all other variables held constant, yield a positive impact on the Group's equity of SEK 30 million (30), SEK 25 million (25) and SEK 10 million (5), respectively. For information on the hedging of foreign net assets, see Note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Assets, 2021</b>	Financial assets measured at amortised cost	Financial assets measured at fair value	<b>Total</b>
<b>Financial assets</b>	<b>8</b>	<b>—</b>	<b>8</b>
<b>Current assets</b>			
– Trade receivables	1,072	—	1,072
– Other receivables	31	—	31
– Cash and cash equivalents	293	—	293
<b>Total current assets</b>	<b>1,396</b>	<b>—</b>	<b>1,396</b>
<b>Total assets</b>	<b>1,404</b>	<b>—</b>	<b>1,404</b>
<b>Liabilities, 2021</b>	Financial liabilities at amortised cost	Financial liabilities at fair value	<b>Total</b>
<b>Non-current liabilities and provisions</b>			
– liabilities for contingent considerations	—	395	395
– non-current liabilities and considerations	1,794	—	1,794
<b>Non-current liabilities and considerations</b>	<b>1,794</b>	<b>395</b>	<b>2,189</b>
<b>Current liabilities and provisions</b>			
– Trade payables	815	—	815
– Interest-bearing liabilities	192	—	192
– liabilities for contingent considerations	—	119	119
<b>Total current liabilities</b>	<b>1,007</b>	<b>514</b>	<b>1521</b>
<b>Total liabilities</b>	<b>2,801</b>	<b>909</b>	<b>3,710</b>
<b>Assets, 2020</b>	Financial assets measured at amortised cost	Financial assets measured at fair value	<b>Total</b>
<b>Financial assets</b>	<b>8</b>	<b>—</b>	<b>8</b>
<b>Current assets</b>			
– Trade receivables	772	—	772
– Other receivables	53	—	53
– Cash and cash equivalents	292	—	292
<b>Total current assets</b>	<b>1,117</b>	<b>—</b>	<b>1,117</b>
<b>Total assets</b>	<b>1,125</b>	<b>—</b>	<b>1,125</b>
<b>Liabilities, 2020</b>	Financial liabilities at amortised cost	Financial liabilities at fair value	<b>Total</b>
<b>Non-current liabilities and provisions</b>			
– liabilities for contingent considerations	—	55	55
– non-current liabilities and considerations	1,689	—	1,689
<b>Non-current liabilities and considerations</b>	<b>1,689</b>	<b>55</b>	<b>1,744</b>
<b>Current liabilities and provisions</b>			
– Trade payables	454	—	454
– Interest-bearing liabilities	95	—	95
– liabilities for contingent considerations	—	79	79
<b>Total current liabilities</b>	<b>549</b>	<b>79</b>	<b>628</b>
<b>Total liabilities</b>	<b>2,238</b>	<b>134</b>	<b>2,372</b>



## SUSTAINABILITY RISKS

### Supplier base

#### *Suppliers' sustainability work*

Bufab has a Code of Conduct for its suppliers. If Bufab's suppliers do not comply with the Code of Conduct, the suppliers' employees and the surrounding environment may be adversely impacted. The most common instances of non-compliance in our supplier audits are related to health and safety, and waste management. The risk of human rights violations, and of forced and child labour, is not considered material due to our inspections.

Bufab performs continuous audits of new and existing suppliers to ensure they conform to the requirements of our Code of Conduct. All suppliers must sign our Code of Conduct for Suppliers. We endeavour to consolidate our supplier base and increase the proportion of suppliers in the Preferred Suppliers category. In addition, best practice creates transparency and structure that counteracts breaches of human rights. Read more on pages 29–30.

#### *Conflict minerals*

There is a risk that some components provided by Bufab may contain minerals that could be attributed to conflict zones. Conflict minerals are used to support armed conflicts.

Our Code of Conduct for Suppliers must be signed by all of Bufab's suppliers. In doing so, they undertake not to purchase conflict minerals from areas of conflict. Bufab requires that suppliers using tin, tantalum, tungsten and gold in their products submit reports using the Conflict Mineral Reporting Template. The use of minerals and their extraction is continuously monitored. Read more on page 30.

### Environment

#### *Transport*

Our freight transport, mainly from Asia, contributes to carbon dioxide emissions, which have a negative environmental impact. Urgent orders sometimes require air freight that generates particularly high emissions.

Bufab endeavours to work with fewer and larger transport suppliers. Wherever possible, we use maritime transport and our goal is to increase the fill rate of our deliveries to the highest degree possible. We are also investigating the possibility of using trains for long-haul freight transportation as a sustainable alternative. Better planning will prevent the use of air freight. Read more on page 26.

#### *In-house production*

Six of Bufab's subsidiaries conduct in-house production. Our manufacturing companies have the highest Scope 1 and Scope 2 emissions in the Bufab Group. Accordingly, new plans for improvements are being prioritised in these companies first.

The manufacturing companies continuously monitor energy consumption and emissions. Bufab Lann and Bumax are certified according to the ISO 14001:2015, ISO 9001:2015 and IATF 16949:2016 standards. APEX is certified according to the ISO 9001:2015 standard. Rudhäll AB is certified according to the ISO 9001 and ISO 14001 standards. Hallborn is certified according to the ISO 9001 standard.

### Employees

Our employees' networks and relationships with customers and suppliers are a prerequisite for Bufab's continued success. If we lost several key employees, Bufab's relationships and financial position could be affected.

It is important that we can develop and motivate our employees in order to benefit from their leading expertise and relationships. With the Bufab Academy and other competency development programmes, we create the conditions for an attractive and stimulating workplace. Read more on pages 34–35.

### Anti-corruption

Bufab has more than 3,000 suppliers and over 16,000 customers. The inherent risk of corruption may be higher in some business relationships, particularly in vulnerable markets. This risk is not considered material. Corruption cases could impact Bufab's reputation and financial position, and lead to legal consequences.

Bufab's business relationships must be sound and transparent. To raise competency in this area, our induction programme includes an anti-corruption training course. Bufab has conducted an anti-corruption risk assessment of all subsidiaries. Read more on page 32.

## NOTE 4

### SIGNIFICANT ESTIMATES AND ASSESSMENTS

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances. The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome.

Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

The assumptions made in connection with goodwill impairment testing can be found in Note 16.

Inventories represents a significant item in the Group's balance sheet. At 31 December 2021, inventories amounted to SEK 2,140 million (1,316), net, after deductions for obsolescence of SEK 114 million (102).

The policies for recognising inventories are presented in Note 2. The risk of obsolescence is taken into consideration in conjunction with establishing the value of inventories. Bufab applies a Group-wide policy for determining obsolescence, which considers to turnover rate of the individual items and forecast sales volumes. Accordingly, the size of the obsolescence reserve is thus sensitive to changes in forecast sales volumes.

Bufab has been ordered to carry out surveys of environmental pollutants at an industrial property. See also Note 31.

Right-of-use assets and lease liabilities represent a significant item in the Group's balance sheet. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

The policies for assessing option extensions are presented in Note 2.

In conjunction with acquisitions, Bufab sometimes agrees on contingent considerations. On 31 December 2021, the balance sheet included contingent considerations of SEK 278 million (134). These are conditional upon the acquired companies achieving a certain earnings growth over time. Liabilities in the balance sheet pertaining to contingent considerations reflect the management's best assessment of the outcome.

If the company performs better or worse than the management's assessment, the difference is recognised in profit or loss.

Further information about the Group's purchase considerations is presented in Note 27 and Note 33.

**NOTE 5****INFORMATION ON OPERATING SEGMENTS**

Segment reporting is prepared in accordance with IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that makes decisions about resources to be allocated to the operating segments and assesses their performance. For the Group, this function has been identified as Group management. The Group has four operational segments, North, West, East and UK/North America. These segments are consistent with the internal reporting. Segment North comprises Bufab's operations in Sweden, Finland, Norway, Denmark, and a purchasing office in China, including the new acquisition Tilka Trading AB. The business mainly comprises trading companies, but also some manufacturing of particularly demanding components. Segment West comprises Bufab's operations

in France, the Netherlands, Germany, the Czech Republic, Austria and Spain, including the new acquisition Jenny | Walle GmbH, and essentially comprises trading companies. Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Russia, Slovakia, Turkey, China, Singapore and other countries in Southeast Asia, and India and comprises trading companies. Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico, including the new acquisition of Component Solution Group Inc. Common overhead costs are distributed between the segments and are allocated on an arm's length basis. In Other, the Group's two sourcing companies report together with unallocated costs for the Parent Company and Group eliminations.

Group	North		West		East		UK/North America		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Income items												
<b>Net sales</b>	<b>2,366</b>	<b>2,005</b>	<b>1,236</b>	<b>1,028</b>	<b>889</b>	<b>715</b>	<b>1,388</b>	<b>1,008</b>	<b>1</b>	<b>3</b>	<b>5,878</b>	<b>4,756</b>
<b>Operating profit/loss (EBITA)</b>	<b>249</b>	<b>189</b>	<b>121</b>	<b>86</b>	<b>150</b>	<b>103</b>	<b>206</b>	<b>128</b>	<b>-31</b>	<b>-22</b>	<b>695</b>	<b>482</b>
Amortisation of acquisition-related intangible assets	-12	-12	-2	-1	-2	-2	-15	-15	—	—	-31	-30
Financial items	—	—	—	—	—	—	—	—	—	—	-49	-60
Profit after financial items	—	—	—	—	—	—	—	—	—	—	615	391
Taxes	—	—	—	—	—	—	—	—	—	—	-145	-92
<b>Profit for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>470</b>	<b>299</b>
Non-current assets <sup>2)</sup>	453	426	140	79	50	57	233	185	16	16	892	763
<b>Geographic distribution of net sales and non-current assets</b>	<b>2021</b>						<b>2020</b>					
	Net sales <sup>1)</sup>			Non-current assets <sup>2)</sup>			Net sales <sup>1)</sup>			Non-current assets <sup>2)</sup>		
Sweden	1,436			310			1,171			331		
Denmark	603			80			529			87		
US	764			173			522			118		
UK	611			58			481			68		
Other	2,464			271			2,054			160		
	<b>5,878</b>			<b>892</b>			<b>4,756</b>			<b>764</b>		

<sup>1)</sup> No single customer accounts for 10 percent or more of Group sales.

<sup>2)</sup> Includes intangible assets and property, plant and equipment excluding Goodwill.

**NOTE 6****EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS**

Average number of employees	2021	% Male	2020	% Male
<i>Parent Company</i>				
Sweden	1	100%	1	100%
<b>Total</b>	<b>1</b>	<b>100%</b>	<b>1</b>	<b>100%</b>
<i>Subsidiaries</i>				
Sweden	382	73%	380	76%
Norway	16	81%	17	76%
Finland	54	78%	55	76%
Denmark	88	81%	84	87%
Germany	24	63%	25	68%
Poland			52	69%
Austria	42	74%	28	79%
Czech Republic	22	68%	22	59%
Spain	9	67%	10	70%
France	73	64%	81	65%
Netherlands	107	82%	93	77%
UK	191	77%	181	81%
Slovakia	12	58%	13	69%
Estonia	13	46%	13	46%
China	54	56%	56	50%
India	23	74%	22	73%
Taiwan	21	48%	21	38%
Romania	11	73%	15	73%
Russia	15	47%	15	53%
Hungary	12	67%	8	63%
Singapore	65	55%	60	52%
North America	122	61%	91	76%
Other	11	91%	9	100%
<b>Total, subsidiaries</b>	<b>1,422</b>	<b>71%</b>	<b>1,351</b>	<b>73%</b>
<b>GROUP TOTAL</b>	<b>1,423</b>	<b>71%</b>	<b>1,352</b>	<b>73%</b>

Board and senior executives	2021	% Female	2020	% Female
Board	7	43%	7	43%
CEO and other senior executives	7	14%	7	14%

	Parent Company		Subsidiaries		Group total	
	2021	2020	2021	2020	2021	2020
Salaries, employee benefits and social security fees						
Salaries and benefits excluding bonuses, etc.	5.8	6.1	669.4	601.7	675.2	607.8
Bonuses, etc.	1.8	1.8	11.4	7.6	11.7	9.4
<b>Total salaries and other remuneration</b>	<b>7.6</b>	<b>7.9</b>	<b>680.8</b>	<b>609.3</b>	<b>686.9</b>	<b>617.2</b>
Social security fees, excluding pension costs	2.9	2.7	139.9	109.2	142.8	111.9
Pension costs	1.5	1.1	48.6	49.3	50.1	50.4
<b>Total social security fees</b>	<b>4.4</b>	<b>3.8</b>	<b>188.5</b>	<b>158.5</b>	<b>192.9</b>	<b>162.3</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Salaries and other remuneration categorised by country and among Board members and CEO (senior executives) and other employees	2021		2020	
	Management <sup>1)</sup>	Other employees	Management <sup>1)</sup>	Other employees
<i>Parent Company</i>				
Salaries and other remuneration, excl. bonuses etc.	5.8	—	6.1	—
Bonuses, etc.	1.8	—	1.8	—
<b>Total Parent Company</b>	<b>7.6</b>	<b>—</b>	<b>7.9</b>	<b>—</b>
<i>Subsidiaries, Sweden</i>				
Salaries and other remuneration, excl. bonuses etc.	10.9	163.8	12.5	169.6
Bonuses, etc.	4.3	—	2.4	—
<b>Total subsidiaries, Sweden</b>	<b>15.2</b>	<b>163.8</b>	<b>14.9</b>	<b>169.6</b>
<i>Foreign subsidiaries</i>				
Salaries and other remuneration, excl. bonuses etc.	42.9	439.2	36.1	383.7
Bonuses, etc.	8.3	—	5.1	—
<b>Total foreign subsidiaries</b>	<b>51.2</b>	<b>439.2</b>	<b>41.2</b>	<b>383.7</b>
<i>Group total</i>				
Salaries and other remuneration, excl. bonuses etc.	59.6	603.0	54.6	553.3
Bonuses, etc.	14.4	—	9.3	—
<b>Group total</b>	<b>74.0</b>	<b>603.0</b>	<b>63.9</b>	<b>553.3</b>

<sup>1)</sup> Includes current and former Board members, the CEO of the Parent Company and subsidiaries, as well as other senior executives in Group management.

Group	2021				2020			
	Fee/Basic salary	Variable remuneration	Other benefits/remuneration	Pension	Fee/Basic salary	Variable remuneration	Other benefits/remuneration	Pension
<i>Board of Directors</i>								
Bengt Liljedahl	0.6	—	—	—	0.6	—	—	—
Per-Arne Blomquist	0.3	—	—	—	0.2	—	—	—
Hans Björstrand	0.3	—	—	—	0.2	—	—	—
Johanna Hagelberg	0.3	—	—	—	0.2	—	—	—
Anna Liljedahl	0.3	—	—	—	0.2	—	—	—
Eva Nilsagård	0.3	—	—	—	0.3	—	—	—
Bertil Persson	0.3	—	—	—	0.2	—	—	—
Sven-Olof Kulldorff	—	—	—	—	0.1	—	—	—
Johan Sjö	—	—	—	—	0.1	—	—	—
<i>CEO</i>								
Jörgen Rosengren (2021: Jan–Aug)	3.5	1.7	0.3	0.9	4.0	1.8	0.4	1.1
Johan Lindqvist, Acting (2021: Sept–Dec)	1.3	0.6	0.0	0.3	—	—	—	—
<i>Other senior executives, 6 (7) people.</i>	<i>11.2</i>	<i>5.6</i>	<i>1.4</i>	<i>4.3</i>	<i>12.5</i>	<i>3.5</i>	<i>1.6</i>	<i>4.6</i>

The Chairman is paid fees as resolved by the Annual General Meeting (AGM). The AGM set the Chairman's fees at SEK 0.6 million (0.5). Other Board members shall receive a total of SEK 1.8 million (1.7) including fees for committee work. Remuneration for the CEO and other senior executives comprises basic salary, variable remuneration, other benefits and remuneration as well as pension. The term "senior executives" refers to the members of Group management.

The expensed variable remuneration received by the CEOs and other senior executives is based on the achievement of financial targets. For the CEOs, a basic salary of SEK 4.8 million (4.0), variable remuneration of SEK 2.3 million (1.8) and pension benefits of SEK 1.2 million (1.1) were expensed during the year. For other senior executives, basic salaries of SEK 11.2 million (12.5) and variable remuneration of SEK 5.6 million (3.5) were expensed. There were seven (seven) other senior executives in 2021.

The CEO's retirement age is 65. Pension costs are premium based and correspond to 25 percent of basic salary paid. The company and the CEO have a mutual period of notice of 12 months (six). The retirement age for other senior executives is 65, and their pension costs are also premium based. The company and other senior executives have a maximum period of notice of 12 months when notice is initiated by the company and six months when initiated by the employee.

Auditors' fees and remuneration	2021	2020
<b>PricewaterhouseCoopers</b>		
Audit assignment	5	5
– of which to PricewaterhouseCoopers AB	2	2
Audit activities in addition to audit assignment	0	0
– of which to PricewaterhouseCoopers AB	0	0
Tax advice	0	0
– of which to PricewaterhouseCoopers AB	0	0
Other services	6	0
– of which to PricewaterhouseCoopers AB	1	0
<b>Total</b>	<b>11</b>	<b>5</b>
<b>Other auditors</b>		
Auditing fees to others	1	1

Audit assignment refers to fees for the statutory audit, meaning the work that was necessary in order to submit the audit report, as well as audit advisory services provided in connection with the audit assignment.

## NOTE 7 TYPES OF COSTS

	2021	2020
Materials purchased, including costs of delivery	3,754	3,024
Salaries, including social security contributions	911	822
Depreciation	192	183
Other	394	329
<b>Total operating expenses</b>	<b>5,251</b>	<b>4,359</b>

## NOTE 8 OTHER OPERATING INCOME

	2021	2020
Capital gain on sale of property, plant and equipment	1	—
Remeasurement of additional purchase considerations	—	15
Exchange-rate gains on operating receivables/liabilities	1	—
Government grants received	13	27
Other	22	13
<b>Total other operating income</b>	<b>37</b>	<b>55</b>

## NOTE 9 OTHER OPERATING EXPENSES

	2021	2020
Exchange-rate losses on operating receivables/liabilities	0	–3
Remeasurement of additional purchase considerations	–42	—
Other	–19	–17
<b>Total other operating expenses</b>	<b>–61</b>	<b>–20</b>

## NOTE 10 DEPRECIATION/AMORTISATION OF NON-CURRENT ASSETS

	2021	2020
<b>Depreciation/amortisation according to plan, by class of asset*</b>		
Other intangible assets	–36	–34
Buildings	–83	–84
Plant and machinery	–26	–26
Equipment, tools and fixtures & fittings	–47	–40
<b>Total depreciation/amortisation</b>	<b>–192</b>	<b>–183</b>
<b>Depreciation/amortisation according to plan, by function*</b>		
Cost of goods sold	–66	–62
Distribution costs	–88	–84
Administrative expenses	–38	–38
<b>Total depreciation/amortisation</b>	<b>–192</b>	<b>–183</b>

\* Depreciation/amortisation includes amortisation on right-of-use assets relating to leases. Refer to Note 19.

**NOTE 11**

## INTEREST AND SIMILAR INCOME

	2021	2020
Exchange-rate differences	0	0
Interest income, other	1	3
<b>Total</b>	<b>1</b>	<b>3</b>

**NOTE 12**

## INTEREST AND SIMILAR EXPENSES

	2021	2020
Interest expenses, lease liabilities	-13	-12
Interest expenses, other	-28	-47
Exchange-rate differences	-9	-4
Other	—	—
<b>Total</b>	<b>-50</b>	<b>-63</b>

**NOTE 13**

## EXCHANGE-RATE DIFFERENCES AFFECTING PROFIT/LOSS ITEMS

	2021	2020
Exchange-rate differences affecting operating profit	1	-3
Exchange-rate differences on financial items	-9	-4
<b>Total</b>	<b>-8</b>	<b>-7</b>

**NOTE 14**

## TAX ON PROFIT FOR THE YEAR

	2021	2020
<b>Current tax</b>		
Current tax for the year	-151	-105
Current tax for previous years	—	—
<b>Total</b>	<b>-151</b>	<b>-105</b>
<b>Deferred tax expense (-) / income (+)</b>		
Deferred tax income on temporary differences	6	14
<b>Total</b>	<b>6</b>	<b>14</b>
<b>Recognised tax expense</b>	<b>-145</b>	<b>-92</b>
<b>Reconciliation of effective tax</b>	<b>2021</b>	<b>2020</b>
Profit before tax	615	391
Tax according to Parent Company's applicable rate	-127	-84
Effect of foreign subsidiaries' tax rates	-25	-9
Effect of non-deductible expenses	-4	-1
Revaluation of loss carry-forwards/temp. differences	11	2
<b>Recognised tax expense</b>	<b>-145</b>	<b>-92</b>
Effective tax rate	24%	24%

**NOTE 15**

## EARNINGS PER SHARE

	2021	2020
Profit after tax	470	299
Estimated average number of ordinary shares outstanding before dilution	37,417	37,195
<b>Earnings per share before dilution, SEK</b>	<b>12.57</b>	<b>8.04</b>
Estimated average number of ordinary shares outstanding after dilution	38,147	37,564
<b>Earnings per share after dilution, SEK</b>	<b>12.32</b>	<b>7.95</b>

**NOTE 16****INTANGIBLE ASSETS**

	Goodwill		Other intangible assets	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Accumulated cost</b>				
At beginning of year	1,720	1,814	312	321
New purchases for the year	—	—	2	5
Reclassifications	—	—	-3	11
New purchases through acquisitions	246	—	108	—
Divestments and disposals	—	—	—	-3
Exchange-rate differences for the year	134	-94	20	-22
<b>At year-end</b>	<b>2,100</b>	<b>1,720</b>	<b>439</b>	<b>312</b>
<b>Accumulated amortisation according to plan and impairments</b>				
At beginning of year	-44	-44	-96	-69
Amortisation according to plan for the year	—	—	-37	-34
New purchases through acquisitions	—	—	—	—
Divestments and disposals	—	—	—	3
Amortisation in acquired companies	—	—	—	—
Exchange-rate differences for the year	0	0	-4	4
<b>At year-end</b>	<b>-44</b>	<b>-44</b>	<b>-137</b>	<b>-96</b>
<b>Carrying amount at beginning of period</b>	<b>1,677</b>	<b>1,096</b>	<b>216</b>	<b>252</b>
<b>Carrying amount at end of period</b>	<b>1,994</b>	<b>1,677</b>	<b>302</b>	<b>216</b>

Bufab tests goodwill for impairment requirements on an annual basis.

The Group's goodwill has been allocated to its lowest cash-generating units. This means that SEK 894 million (873) is attributable to segment North, SEK 224 million (194) to segment West, SEK 125 million (118) to segment East and SEK 753 million (491) to segment UK/North America.

Segment North comprises two cash-generating units with goodwill of SEK 267 million (262) and SEK 627 million (611), respectively. Segment West comprises one cash-generating unit with goodwill of SEK 125 million (118). Segment East comprises two cash-generating units with goodwill of SEK 81 million (74) and SEK 44 million (44), respectively. Segment UK/North America comprises two cash-generating units with goodwill of SEK 584 million (336) and SEK 169 million (155), respectively.

Since acquired units are integrated into Bufab's business model and exposed to similar risks, the same assumptions apply to all cash-generating units.

The recoverable amount for the cash-generating units was determined by calculating the value in use by way of discounting future cash flows.

The calculations were based on the company's budget and financial plans for 2022–2024, as approved by executive management and the Board. The plans for these years are detailed. The key components of cash flow are sales, gross margin and the various operational costs as

well as investments in working capital and non-current assets. The growth assumptions presented in the budget and financial plans during the forecast period is based on the Group's past organic growth and performance in the market segments in which Bufab is active. Since the operations are deemed to be in a phase that is representative for the long perspective, the third year of the financial plan is extrapolated with an estimated growth rate and inflation rate of 2 percent (2).

Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investment needs were also taken into account. The present value of the forecast cash flow was calculated using a discount rate of 8.0 percent (8.0) after tax.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2021 and was addressed by the company's Board. No impairment requirement was indicated in this test.

Executive management conducted a number of calculations based on reasonable potential changes in significant assumptions concerning the discount rate, growth and gross margins.

A change in the discount rate to 10 percent after tax would not result in any impairment requirement of the Group's recognised goodwill. The Group's budget and business plans during the forecast period include increases in sales, gross margin, earnings and cash flow. Nor would an assumption of growth of 0 percent result in any need for impairment of goodwill.

**NOTE 17**

## PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery		Equipment, tools and fixtures & fittings	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Accumulated cost</b>						
At beginning of year	33	36	326	325	321	307
New purchases for the year	1	3	2	12	15	32
New purchases through acquisitions	0	0	14	—	10	—
Divestments and disposals	—	–4	0	–10	–11	–4
Reclassifications	1	—	8	—	1	2
Exchange-rate differences for the year	1	–1	1	–1	11	–16
<b>At year-end</b>	<b>36</b>	<b>33</b>	<b>351</b>	<b>326</b>	<b>347</b>	<b>321</b>
<b>Accumulated depreciation according to plan</b>						
At beginning of year	–12	–15	–201	–187	–237	–226
Divestments and disposals	—	—	1	9	11	2
Amortisation according to plan for the year	–3	–2	–27	–24	–26	–24
Reclassifications	—	—	—	—	2	—
Amortisation in acquired companies	0	4	–3	—	–6	—
Exchange-rate differences for the year	0	1	–1	1	–8	11
<b>At year-end</b>	<b>–15</b>	<b>–12</b>	<b>–231</b>	<b>–201</b>	<b>–264</b>	<b>–237</b>
<b>Carrying amount at beginning of period</b>	<b>21</b>	<b>21</b>	<b>125</b>	<b>138</b>	<b>84</b>	<b>81</b>
<b>Carrying amount at end of period</b>	<b>21</b>	<b>21</b>	<b>120</b>	<b>125</b>	<b>83</b>	<b>84</b>

**NOTE 18**

## WORK IN PROGRESS AND ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT

	Intangible assets		Property, plant and equipment	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
At beginning of year	—	11	14	11
Reclassifications	—	–11	–14	–11
Investments	4	—	6	14
<b>Carrying amount at end of period</b>	<b>4</b>	<b>—</b>	<b>6</b>	<b>14</b>

**NOTE 19**

## RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The amounts related to leases recognised in the balance sheet were as follows:

	2021	2020
Properties	324	275
Machinery	1	1
Equipment and other	11	8
Vehicles	20	20
<b>Total assets with right-of-use</b>	<b>356</b>	<b>304</b>
<b>Lease liabilities</b>		
Current	97	87
Non-current	285	239
<b>Total lease liabilities</b>	<b>382</b>	<b>326</b>

In 2021, additional right-of-use assets amounted to SEK 110 million (34), SEK 39 million (0) of which from company acquisitions.

Renegotiated contracts or option extensions exercised have had an impact on right-of-use assets and lease assets of SEK 33 million (5).

For information about the interest expense and duration of the leases, see Notes 12 and Note 3, respectively.

**REPORTED AMOUNT IN INCOME STATEMENT**

The amounts related to leases recognised in the income statement were as follows:

	2021	2020
<b>Amortisation of right-of-use assets</b>		
Properties	–79	–83
Machinery	–1	–1
Equipment and other	–8	–3
Vehicles	–13	–12
<b>Total amortisation of right-of-use assets</b>	<b>–101</b>	<b>–99</b>



**NOTE 20**

## OTHER NON-CURRENT RECEIVABLES

	31 Dec 2021	31 Dec 2020
<b>Accumulated cost</b>		
At beginning of year	8	9
Investments for the year	—	—
Exchange-rate differences	—	-1
<b>Carrying amount at year-end</b>	<b>8</b>	<b>8</b>

**NOTE 21**

## PAST-DUE RECEIVABLES

	31 Dec 2021	31 Dec 2020
<b>Number of days past due</b>		
30–90 days	55	33
91–180 days	10	3
181–360 days	3	2
More than 360 days	3	3
<b>Carrying amount at year-end</b>	<b>71</b>	<b>41</b>
Provision in balance sheet for doubtful debts	8	6
<b>Bad debt losses</b>	<b>2021</b>	<b>2020</b>
Costs of bad debt losses affecting profit for the year	8	3
<b>Total</b>	<b>8</b>	<b>3</b>

Over the past five years, realised bad debt losses amount to approximately 0.1 percent of each year's net sales.

**NOTE 22**

## PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2021	31 Dec 2020
Rent	13	3
Insurance	2	3
Licences	4	3
Other prepaid expenses	38	21
<b>Carrying amount at year-end</b>	<b>57</b>	<b>30</b>

**NOTE 23**

## EQUITY

For a specification of the number of shares outstanding, refer to Note 8 for the Parent Company.

**NOTE 24**

## PENSION OBLIGATIONS, INTEREST-BEARING

	31 Dec 2021	31 Dec 2020
FPG/PRI	26	27
Retirement pension, foreign companies	15	11
<b>Total</b>	<b>41</b>	<b>38</b>

The assumptions in the table below are used to measure the pension obligation under defined-benefit pension plans.

	Sweden	
	31 Dec 2021	31 Dec 2020
Discount rate	1.8%	1.1%
Rate of salary increase <sup>1)</sup>	—	—
Inflation	2.1%	1.5%
	Other countries	
	31 Dec 2021	31 Dec 2020
Discount rate	1.6%	1.6%
Rate of salary increase <sup>1)</sup>	2.4%	2.2%
Inflation	1.3%	1.8%

<sup>1)</sup> In the Swedish companies, the FPG/PRI pension plans are closed. The benefits are instead financed through insurance with Alecta. This assumption is not used for this reason.

	2021	2020
<b>Total pension costs recognised in profit or loss (SEK million)</b>	<b>2021</b>	<b>2020</b>
<b>Costs relating to defined-benefit plans:</b>		
Service costs for current year	0	0
Interest on obligations	1	1
<b>Costs relating to defined-benefit plans</b>	<b>1</b>	<b>1</b>
Costs relating to defined-contribution plans	53	49
<b>Total costs recognised in profit or loss</b>	<b>54</b>	<b>50</b>

Post-employment benefits are settled mainly by payments to insurance companies or agencies which then assume the obligations to the employees (defined-contribution pensions). The remainder are settled under defined-benefit plans, meaning that the obligations remain in the Bufab Group. The largest defined-benefit plan is in Sweden (FPG/PRI). The company's costs and the value of the outstanding obligations under defined-benefit plans are measured using actuarial calculations designed to determine the present value of the obligations. Interest and the expected return are classified as finance costs.

Other expense items are recognised in operating profit under cost of goods sold, distribution costs or administrative expenses, depending on the employee's function.

**NOTE 25****DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

	31 Dec 2021		31 Dec 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Machinery and equipment	—	16	—	15
Tax allocation reserve	—	25	—	24
Intangible assets	—	69	—	50
Other	19	2	18	5
Loss carry-forwards	8	—	11	—
<b>Total</b>	<b>27</b>	<b>112</b>	<b>29</b>	<b>94</b>

Tax-loss carry-forwards are recognised as deferred tax assets insofar as it is probable that they can be credited against future taxable profits. According to current plans, all companies' earnings in the coming years will enable the Group to utilise the recognised tax asset that exists. The Group has no significant loss carry-forwards that were not taken into account in its financial statements. The provision for deferred tax for intangible assets is attributable to the tax effect of consolidated remeasurement of assets to fair value.

**NOTE 26****NON-CURRENT INTEREST-BEARING LIABILITIES**

	31 Dec 2021	31 Dec 2020
Amount of liability items expected to be settled one–five years after balance-sheet date	1,778	1,467
Amount of liability items expected to be settled more than five years after balance-sheet date	—	—
<b>Total</b>	<b>1,778</b>	<b>1,467</b>

Of the Group's non-current interest-bearing liabilities, SEK 1,741 million (1,428) stem from credit from Svenska Handelsbanken and SEB and the remaining amount from other credit institutions and interest-bearing lease liabilities. The Group must fulfil specific borrowing terms (covenants) required by external creditors, comprising the ratio between operating profit before depreciation/amortisation and impairment, and net debt. These covenants were fulfilled throughout the financial year. On the balance-sheet date, the average interest rate on the Group's non-current liabilities was 1.0 percent (2.0).

**NOTE 27****LIABILITIES RELATING TO ADDITIONAL PURCHASE CONSIDERATIONS**

	2021	2020
Carrying amount at beginning of year	332	409
Additional purchase considerations for acquired companies	135	—
Paid additional purchase considerations for acquired companies	–27	–23
Remeasurement of liability for additional purchase considerations	42	–15
Exchange-rate fluctuations	33	–39
<b>Carrying amount at year-end</b>	<b>514</b>	<b>332</b>
– of which recognised as "Other current liability"	119	79
– of which recognised as "Other non-interest-bearing liabilities"	395	253

Additional purchase considerations are related to acquisitions carried out in 2017–2019. For more information, see Note 33. Liabilities relating to additional purchase considerations are remeasured on an ongoing basis by management at an estimated fair value based on the acquired companies' earnings performance, established budget and business plans and forecasts. This means that the measurement of fair value is essentially based on unobservable input data (Level 3 according to the definition in IFRS 13).

Total additional purchase considerations outstanding amounted to SEK 514 million (332) on 31 December 2021, of which SEK 234 million (198) is unconditional and SEK 280 million (134) contingent considerations. Liabilities for additional purchase considerations are, in all material respects, in USD, DKK and EUR. The additional purchase considerations recognised as a liability fall due for payment between 2022 and 2029.

**NOTE 28****PLEGGED ASSETS**

	31 Dec 2021	31 Dec 2020
Floating charges	257	257
Shares in subsidiaries	2,355	1,910
<b>Total</b>	<b>2,612</b>	<b>2,167</b>

**NOTE 29****OVERDRAFT FACILITIES**

	31 Dec 2021	31 Dec 2020
Credit limit granted	131	136
Unutilised portion	–38	–129
<b>Credit amount utilised</b>	<b>93</b>	<b>7</b>

**NOTE 30**

## ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2021	31 Dec 2020
Accrued salaries incl. holiday pay	100	79
Accrued social security contributions	29	23
Other items	132	93
<b>Total</b>	<b>261</b>	<b>195</b>

**NOTE 31**

## CONTINGENT LIABILITIES

	31 Dec 2021	31 Dec 2020
Environment	30	30
VAT	—	16
Other contingent liabilities	5	5
<b>Total</b>	<b>35</b>	<b>51</b>

**ENVIRONMENT**

In accordance with an injunctive order, the company conducted environmental investigations at a property where a subsidiary had been engaged in manufacturing until 1989, which was prior to the subsidiary being acquired by Bufab. The investigations revealed traces of environmental pollution. In light of the investigations performed, it is probable that the subsidiary's operations caused the pollution at this property. The legal and technical experts engaged in this case believe that it is probable that the municipality will order the subsidiary to carry out remediation measures, although the extent of these measures is not known.

On the termination of a lease agreement in 2013, Bufab also conducted an environmental investigation at another property. In order to obtain an overview of environmental issues relevant to the Group, Bufab also conducted an environmental audit in 2013, and where necessary an environmental engineering survey, of all properties where Bufab has previously engaged in manufacturing. The investigations have shown traces of pollution in two additional cases. If any link were established between this pollution and Bufab's operations, it would be the result of working and production methods that ceased to be used in the 1980s or earlier. Based on the investigations, it is Bufab's assessment that the identified pollution may have been caused by activities conducted by parties other than Bufab. However, the legal liability issue is difficult to assess and it is not inconceivable that Bufab could be required to implement remediation measures. During the year, meetings were held with relevant authorities and the assessment is that further investigations may need to be conducted in the next few years at the initiative of Bufab or other parties. Having consulted technical and legal experts based on the information available when the financial report was issued, it is Bufab's assessment that the total cost of potential remediation measures arising from the identified environmental pollution will not exceed a total of SEK 30 million during the next decade.

**VAT**

In December 2019, Bufab received the Swedish Tax Agency's decision to deny deduction of input VAT on certain costs that arose in 2015-2018. Bufab appealed the decision, and in October 2021, the Administrative Court in Jönköping ruled that Bufab was entitled to deduct input VAT in accordance with what had been filed in Bufab's tax return for the relevant years. In October 2021, the Tax Agency repaid the amount of SEK 16 million that Bufab had previously paid as a result of the decision. No other significant changes were made to the company's contingent liabilities during the interim period.

**NOTE 32**

## RELATED-PARTY TRANSACTIONS

Related parties to the Bufab Group are primarily the senior executives. Remuneration of senior executives is presented in Note 6.

**NOTE 33**

## ACQUISITIONS

**2021**

During the 2021 financial year, three acquisitions were made: Component Solutions Group Inc., in North America in September; and Jenny | Wattle GmbH, in Austria, and Tilka Trading AB, in Sweden, in October. Component Solutions Group Inc. is recognised in Segment UK/North America, Jenny | Wattle GmbH in Segment West and Tilka Trading AB in Segment North. Transaction costs for these acquisitions amounted to SEK 8 million and are recognised in the item administrative expenses in segment Other. All of the acquired companies trade with C-parts and the business model is in all material aspects the same as for the rest of the Group. The amounts of the assets and liabilities included in the acquisitions were as follows:

	Fair value
Preliminary acquisition analysis for Component Solutions Group Inc.	
Intangible assets	50
Other non-current assets	15
Inventories	66
Other current assets	47
Cash and cash equivalents	32
Deferred tax liabilities	-15
Other liabilities	-91
<b>Acquired net assets</b>	<b>104</b>
Goodwill	202
<b>Purchase consideration<sup>1)</sup></b>	<b>306</b>
Less: cash and cash equivalents in acquired operations	-32
Less: conditional purchase consideration	-85
<b>Effect on the Group's cash and cash equivalents</b>	<b>189</b>

<sup>1)</sup> The consideration is stated excluding acquisition expenses.

The purchase consideration amounted to SEK 306 million, of which SEK 85 million is conditional. The conditional portion of SEK 85 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. The acquisition has added SEK 120 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit (EBITA) to date is SEK 11 million and the effect on profit after tax is SEK 5 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 280 million, EBITA by about SEK 22 million and profit after tax by about SEK 11 million had it been implemented on 1 January 2021. The acquisition analysis for Component Solutions Group Inc. 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.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions amounted to SEK 1 million and annual future estimated amortisation amounted to SEK 5 million.

Preliminary acquisition analysis for Jenny   Wattle GmbH	Fair value
Intangible assets	46
Other non-current assets	30
Inventories	43
Other current assets	14
Cash and cash equivalents	16
Deferred tax liabilities	-10
Other liabilities	-53
<b>Acquired net assets</b>	<b>85</b>
Goodwill	24
<b>Purchase consideration<sup>1)</sup></b>	<b>109</b>
Less: cash and cash equivalents in acquired operations	-16
Less: conditional additional purchase consideration	-20
<b>Effect on the Group's cash and cash equivalents</b>	<b>73</b>

<sup>1)</sup>The consideration is stated excluding acquisition expenses.

The purchase consideration amounted to SEK 109 million, of which SEK 20 million is conditional. The conditional portion of SEK 20 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 has added SEK 28 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 190 million, EBITA by about SEK 19 million and profit after tax by about SEK 14 million had it been implemented on 1 January 2021. The acquisition analysis for Jenny | Wattle GmbH 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.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions during the year amounted to SEK 0 million and annual future estimated amortisation amounts to SEK 5 million.

Preliminary acquisition analysis for Tilka Trading AB	Fair value
Intangible assets	12
Other non-current assets	9
Inventories	14
Other current assets	9
Cash and cash equivalents	3
Deferred tax liabilities	-4
Other liabilities	-19
<b>Acquired net assets</b>	<b>24</b>
Goodwill	16
<b>Purchase consideration<sup>1)</sup></b>	<b>40</b>
Less: cash and cash equivalents in acquired operations	-3
Less: conditional additional purchase consideration	-24
<b>Effect on the Group's cash and cash equivalents</b>	<b>13</b>

<sup>1)</sup>The consideration is stated excluding acquisition expenses.

The purchase consideration amounted to SEK 40 million, of which SEK 25 million is conditional. The conditional portion of SEK 25 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. The acquisition has added SEK 8 million to the Group's accumulated net sales since the transfer. The net impact, after acquisition costs, on operating profit (EBITA) to date is SEK -1 million and the effect on profit after tax is SEK -1 million. This acquisition would have positively impacted the Group's net sales by an estimated SEK 50 million, EBITA by about SEK 4 million and profit after tax by about SEK 3 million had it been implemented on 1 January 2021. The acquisition analysis for Tilka Trading AB 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.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions during the year amounted to SEK 0 million and annual future estimated amortisation amounts to SEK 1 million.

## 2020

No acquisitions were made in 2020.

**NOTE 34****INCENTIVE PROGRAMME****INCENTIVE PROGRAMME 2021–2024**

The Annual General Meeting on 20 April 2021 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 45.98, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2024–15 November 2024. The purchase price per share is SEK 261.25, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 4 May 2021–10 May 2021. During 2021, a total of 90,070 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in 2024, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's shares to the participants of the programme. No shares were repurchased during 2021.

**INCENTIVE PROGRAMME 2020–2023**

The Annual General Meeting on 21 April 2020 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 12.12, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2023–15 November 2023. The purchase price per share is SEK 90.20, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 5 May 2020–11 May 2020. During 2020, a total of 258,450 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in 2023, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's shares to the participants of the programme. No shares were repurchased during 2020.

**INCENTIVE PROGRAMME 2019–2023**

The Annual General Meeting on 25 April 2019 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 9.04, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 August 2022–15 February 2023. The purchase price per share is SEK 109.96, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 14 August 2019 and 20 August 2019. During 2019, a total of 306,000 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in 2022, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's shares to the participants of the programme. During 2019, 302,252 shares were repurchased for the equivalent of SEK 31 million.

**INCENTIVE PROGRAMME 2018–2021**

The Annual General Meeting on 26 April 2018 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 13.34, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 17 May 2021–15 November 2021. The purchase price per share is SEK 133.90, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 26 April 2017 and 2 May 2018. During 2018, a total of 308,950 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in 2021, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's shares to the participants of the programme. During 2018, 308,850 shares were repurchased for the equivalent of SEK 37 million.

The programme was concluded on 15 November 2021.

**INCENTIVE PROGRAMME 2017–2020**

The Annual General Meeting on 4 May 2017 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 10.01, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2020–15 November 2020. The purchase price per share is SEK 120.40, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 8 May 2017–12 May 2017. During 2017, a total of 333,950 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in 2020, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 350,000 shares in the company, and approved the transfer of a maximum of 350,000 of the company's shares to the participants of the programme. During 2017, 333,950 shares were repurchased for the equivalent of SEK 31 million.

The programme was concluded on 15 November 2020.

	2021		2020	
	Average exercise price per call option	No. of options	Average exercise price per call option	No. of options
<b>On 1 January</b>	<b>112.58</b>	<b>873,300</b>	<b>121.43</b>	<b>948,800</b>
Allocated during the year	261.25	90,070	90.20	258,450
Redeemed / bought back during the year	133.90	-308,950	120.40	-329,950
Forfeited during the year	—	—	120.40	-4,000
<b>On 31 December</b>	<b>126.48</b>	<b>654,520</b>	<b>112.58</b>	<b>873,300</b>

Incentive programme	Date of allotment	Maturity date	Exercise price	Stock options on 31 December 2021	Stock options on 31 December 2020
Incentive programme 2021–2024	10 May 2021	15 November 2024	261.25	90,070	—
Incentive programme 2020–2023	11 May 2020	15 November 2023	90.20	258,450	258,450
Incentive programme 2019–2023	15 August 2019	15 February 2023	109.96	306,000	306,000
Incentive programme 2018–2021	17 May 2018	14 November 2021	133.90	—	308,850
Incentive programme 2017–2020	15 May 2017	15 November 2020	120.40	—	—
<b>Total</b>				<b>654,520</b>	<b>873,300</b>

Participant subsidy (gross salary bonus)	2021	2020
Cost of participant subsidy	4	3
<b>Total</b>	<b>4</b>	<b>3</b>

## NOTE 35

### EVENTS AFTER THE END OF THE FINANCIAL YEAR

The spring has been marked by the ongoing war in Ukraine. Our main priority has been to protect the safety of our employees. We have a small business in Russia and very little sales to Ukraine. All in all, these correspond to approximately 0.5 percent of the Group's total turnover. Operations in Russia have now been paused and we are evaluating whether operations will be able to resume.

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

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

**NOTE 36****CHANGES TO BORROWINGS****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.

SEK million	31 Dec 2021	31 Dec 2020
Non-current interest-bearing liabilities, excluding lease liabilities	1,819	1,505
Non-current interest-bearing lease liabilities	285	239
Current interest-bearing liabilities, excluding lease liabilities	95	9
Current interest-bearing lease liabilities	97	87
Less: Cash and cash equivalents	-293	-292
Less: other interest-bearing receivables	—	—
<b>Net debt on balance-sheet date</b>	<b>2,003</b>	<b>1,549</b>

SEK million	Lease liabilities	Non-current interest-bearing liabilities, excluding lease liabilities	Current interest-bearing liabilities, excluding lease liabilities	Cash and cash equivalents	Other interest-bearing receivables	Total net debt
<b>Net debt on 1 January 2020</b>	<b>402</b>	<b>1,806</b>	<b>76</b>	<b>-216</b>	<b>—</b>	<b>2,068</b>
Exchange-rate fluctuations	-16	-48	-5	-10	—	-59
Additional leases	33	—	—	—	—	34
Amortisation leases	-109	—	—	—	—	-109
Cash flow	17	-253	-63	-86	—	-385
<b>Net debt on 1 January 2021</b>	<b>327</b>	<b>1,505</b>	<b>9</b>	<b>-292</b>	<b>—</b>	<b>1,549</b>
Exchange-rate fluctuations	10	56	5	8	—	79
Acquisition of subsidiary	27	129	—	51	—	207
Additional leases	129	—	—	—	—	129
Amortisation leases	-111	—	—	—	—	-111
Cash flow	—	113	81	-44	—	150
<b>Net debt on 31 December 2021</b>	<b>382</b>	<b>1,819</b>	<b>95</b>	<b>293</b>	<b>—</b>	<b>2,003</b>

**NOTE 37****HEDGE OF NET ASSETS IN FOREIGN CURRENCY**

The Group hedges portions of its net assets in foreign operations by borrowing in foreign currency with the aim of reducing the impact of currency exposure on the Group's equity. During the year, no ineffectiveness was noted in hedging net investments in foreign operations.

Hedged net investments in foreign operations in EUR		31 Dec 2021
Reported amount bank loans	SEK million	229
Reported amount in hedged currency	EUR million	22
The hedged amount is substantially lower than the maximum hedgeable amount		
Changes to the loan's carrying amount due to fluctuations in currency during the year	SEK million	5
Changes to the hedged item's carrying amount due to fluctuations in currency during the year	SEK million	-5
<b>Hedged net investments in foreign operations in GBP</b>		
Reported amount bank loans	SEK million	194
Reported amount in hedged currency	GBP million	16
The hedged amount is substantially lower than the maximum hedgeable amount		
Changes to the loan's carrying amount due to fluctuations in currency during the year	SEK million	19
Changes to the hedged item's carrying amount due to fluctuations in currency during the year	SEK million	-19

## Parent Company income statement

SEK million	Note	2021	2020
Administrative expenses	2	-20	-16
Other operating income		9	7
<b>Operating profit/loss</b>	2	<b>-11</b>	<b>-9</b>
<b>Profit from financial items</b>			
Interest and similar expenses	3	—	—
Earnings from shares in Group companies	4	150	—
<b>Profit/loss after financial items</b>		<b>139</b>	<b>-9</b>
Appropriations	5	88	19
Tax on profit for the year	6	-12	-3
<b>PROFIT FOR THE YEAR</b>		<b>215</b>	<b>7</b>

## Statement of comprehensive income

SEK million	2021	2020
Profit after tax	215	7
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>215</b>	<b>7</b>



# Parent Company balance sheet

SEK million	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Participations in Group companies	7	845	845
<b>Total financial assets</b>		<b>845</b>	<b>845</b>
<b>Total non-current assets</b>		<b>845</b>	<b>845</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		203	61
Other receivables		50	46
<b>Total current receivables</b>		<b>253</b>	<b>107</b>
Cash and bank balances		0	0
<b>Total current assets</b>		<b>253</b>	<b>107</b>
<b>TOTAL ASSETS</b>		<b>1,098</b>	<b>952</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	8	1	1
Other paid-in capital		488	488
<i>Unrestricted equity</i>			
Retained earnings		279	355
Profit for the year		215	7
<b>Total equity</b>		<b>983</b>	<b>851</b>
<b>Untaxed reserves</b>	9	<b>93</b>	<b>81</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		2	0
Liabilities to Group companies		13	13
Accrued expenses and deferred income	10	7	7
<b>Total current non-interest-bearing liabilities</b>		<b>22</b>	<b>20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,098</b>	<b>952</b>

## Parent Company statement of changes in equity

SEK million	Share capital	Other paid-in capital *	Retained earnings	Total equity
<b>Equity on 1 January 2020</b>	<b>1</b>	<b>488</b>	<b>341</b>	<b>830</b>
<b>Other comprehensive income</b>	<b>—</b>	<b>—</b>	<b>7</b>	<b>7</b>
<b>Transactions with shareholders</b>				
Issued call options	—	—	3	<b>3</b>
Redemption of call options	—	—	10	<b>10</b>
Dividend to Parent Company shareholders	—	—	—	<b>—</b>
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Equity on 31 December 2020</b>	<b>1</b>	<b>488</b>	<b>362</b>	<b>851</b>
<b>Other comprehensive income</b>	<b>—</b>	<b>—</b>	<b>215</b>	<b>215</b>
<b>Transactions with shareholders</b>				
Issued call options	—	—	4	<b>4</b>
Redemption of call options	—	—	15	<b>15</b>
Dividend to Parent Company shareholders	—	—	-103	<b>-103</b>
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>-84</b>	<b>-84</b>
<b>Equity on 31 December 2021</b>	<b>1</b>	<b>488</b>	<b>493</b>	<b>983</b>

\* The Parent Company's restricted equity comprises share capital and SEK 32 million in other paid-in capital.

## Parent Company cash-flow statement

SEK million	Note	2021	2020
<b>Operating activities</b>	2		
Loss before financial items		-11	-9
Income tax paid		-15	-3
<b>Cash flow from operating activities before changes in working capital</b>		<b>-26</b>	<b>-12</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) / decrease (+) in operating receivables		-42	-3
Increase (+) / decrease (-) in operating liabilities		2	2
<b>Cash flow from operating activities</b>		<b>-40</b>	<b>-13</b>
<b>Financing activities</b>			
Dividends		-103	—
Issued call options		4	3
Repurchase of own shares		—	—
Redemption of call options		15	10
Group contributions paid		—	—
Dividends received		150	—
<b>Cash flow from financing activities</b>		<b>66</b>	<b>13</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of year		0	0
<b>Cash and cash equivalents at year-end</b>		<b>0</b>	<b>0</b>

# Notes to Parent Company financial statements

**ALL AMOUNTS ARE IN SEK MILLION UNLESS OTHERWISE SPECIFIED. THE FIGURES IN BRACKETS INDICATE THE PRECEDING YEAR'S VALUES.**

## NOTE 1

### SUMMARY OF KEY ACCOUNTING POLICIES

The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Under the recommendation, the parent of a group which has voluntarily elected to apply IFRS/IAS in its consolidated financial statements is, as a general rule, to apply the IFRS/IAS that are applied in the Group.

The Parent Company's participations in Group companies are recognised using the cost method. Distributions received are only recognised as revenue if they are derived from post-acquisition earnings. Distributions received in excess of such earnings are regarded as a recovery of investment and are recognised as a reduction of the carrying amount of the investment.

Shareholders' contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required. Group contributions are recognised as appropriations in profit or loss.

## NOTE 2

### EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS

The company has 1 (1) employee.

Average number of employees	2021	2020
Female	—	—
Male	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

	2021		2020	
	Salaries and benefits	Social security fees	Salaries and benefits	Social security fees
Salaries, employee benefits and social security fees				
Salaries and remuneration to Board and CEO	7.6	4.4	7.9	3.6
(of which bonuses, etc.)	1.8		1.8	
(of which pension cost, defined-contribution plans)		1.5		1.1
<b>Total</b>	<b>7.6</b>	<b>4.4</b>	<b>7.9</b>	<b>3.6</b>

For 2021, costs for the CEO of the Parent Company are included up to and including September 2021. For the remainder of the year, the Acting CEO was employed in a different Bufab company, but the cost was charged to Bufab AB's income statement.

## SICKNESS ABSENCE

Sickness absence information is not disclosed since the Parent Company has fewer than ten employees.

Auditors' fees and remuneration	2021	2020
<i>Öhrlings PricewaterhouseCoopers AB</i>		
Audit assignment	1	1
Other services	0	0

Audit assignment refers to fees for the statutory audit, meaning the work that was necessary in order to submit the audit report, as well as audit advisory services provided in connection with the audit assignment.

## NOTE 3

### INTEREST AND SIMILAR EXPENSES

	2021	2020
Interest expenses, other	—	—
<b>Total</b>	<b>0</b>	<b>0</b>

## NOTE 4

### EARNINGS FROM SHARES IN GROUP COMPANIES

	2021	2020
Dividend	150	—
<b>Total</b>	<b>150</b>	<b>0</b>

## NOTE 5

### APPROPRIATIONS

	2021	2020
Reversal of tax allocation reserve, 2015 tax year	—	—
Reversal of tax allocation reserve, 2016 tax year	—	20
Reversal of tax allocation reserve, 2017 tax year	—	2
Transfers to tax allocation reserve, 2021 tax year	—	-3
Transfers to tax allocation reserve, 2022 tax year	-12	—
Group contributions received	100	—
Group contributions paid	—	—
<b>Total</b>	<b>88</b>	<b>19</b>

## NOTE 6

### TAX ON PROFIT FOR THE YEAR

	2021	2020
<i>Current tax</i>		
Current tax for the year	-12	-3
Current tax for previous years	0	—
<b>Total</b>	<b>-12</b>	<b>-3</b>

	2021	2020
Reconciliation of effective tax		
Profit before tax	227	10
Tax according to Parent Company's applicable rate	-46	-2
Effect of non-taxable income	35	—
Effect of non-deductible expenses	-1	-1
Tax for previous years	0	—
<b>Recognised effective tax</b>	<b>-12</b>	<b>-3</b>

**NOTE 7****PARTICIPATIONS IN GROUP COMPANIES**

	31 Dec 2021	31 Dec 2020
<i>Accumulated cost</i>		
At beginning of year	845	845
<b>Total cost</b>	<b>845</b>	<b>845</b>
<b>Carrying amount at end of period</b>	<b>845</b>	<b>845</b>

**Specification of Parent Company's and Group's holdings of shares in Group companies**

Subsidiary / Corp. Reg. No. / registered office	Holding <sup>1)</sup> , %	31 Dec 2021 Carrying amount	31 Dec 2020 Carrying amount
Bufab International AB, 556194-4884, Värnamo	100%	845	845
Bufab Sweden AB, 556082-7973, Värnamo	100%		
Bufab Lann AB, 556180-8675, Värnamo	100%		
Magnetfabriken AB, 559010-5614, Västerås	100%		
Rudhäll Industri AB, 556265-0993, Gnosjö	100%		
Hallborn Metall AB, 556096-5112, Gnosjö	100%		
Ningbo Rudhall QLC Co. Ltd., Ningbo, CN	100%		
Tilka Trading AB, 556380-7147, Mönsterås	100%		
Bufab DK Holding ApS, CVR 40546529, Hellerup, DK	100%		
HT BENDIX A/S, CVR 34215685, Herning, DK	100%		
Bufab Benelux BV, 3117232260, Eindhoven, NL	100%		
Bufab Danmark A/S, 157848, Albertslund, DK	100%		
Bufab Norge AS, 876612062, Oslo, NO	100%		
Bufab Hungary Kft, 13-09-143460, Budaörs, HU	100%		
Bufab Germany GmbH, 07229 / 21283, Mörfelden-Walldorf, DE	100%		
BUMAX AB, 556176-1957, Åshammar	100%		
Bufab Poland Sp.z.o.o., KRS 0000036164, Gdansk, PL	100%		
Bufab Austria GmbH, FN 266844 v, Vienna, AT	100%		
Bufab CZ s.r.o., (IC) 25561260, Brno, CZ	100%		
Bufab Baltic OÜ, EE101042585, Keila, EST	100%		
Bufab Spain SLU, ESB08464430, Terrassa Barcelona, ES	100%		
Bufab Industries SAS, FR12353237431, Corbas Lyon, FR	100%		
Bufab Fasteners Trading (Shanghai) Co Ltd, 310000400448552, Shanghai, CN	100%		
Bufab Finland Oy, 2042801-2, Vantaa, FI	100%		
Bufab India, U29299PN2008PTC131481, Pune, IN	100%		
Bufab USA Inc, 26-2606492, New York, US	100%		
Bufab Taiwan Co Ltd, 29002549, Kaohsiung City, TW	100%		
Bufab Slovakia s.r.o., 31 639 291, Banska Bystrica, SK	100%		
Bufab Russia, INN7840408623, St Petersburg, RU	100%		
Bufab Turkey, 1890607929, Istanbul, TR	100%		
Bufab Romania SRL, RO25446590, Apahida Cluj, RO	100%		
Bufab Ireland LTD, NI061428, Dundalk, NI	100%		
Bufab Singapore PTE. Ltd, 201614160Z, Singapore, SG	100%		
Bufab Supply Chain Management Co., Ltd, 91330211, Ningbo, CN	100%		
Flos B.V., 17062762, Eindhoven, NL	100%		
Apex Stainless Holdings Limited, 08403936, Rugby, UK	100%		
Apex Stainless Fasteners Limited, 02631068, Rugby, UK	100%		
Montrose Holdings Limited, 09731597, High Wycombe, UK	100%		
Montrose Fasteners Limited, 02646431, High Wycombe, UK	100%		
Thunderbolts Group Limited, 02841225, Southampton, UK	100%		
Thunderbolts Fasteners Limited, 02841171, Southampton, UK	100%		
Kian Soon Mechanical Components Pte. Ltd., 198703945H, Singapore, SG	100%		
Puresys Pte. Ltd., 201210504E, Singapore, SG	100%		
PT Kian Soon Hardware, 03-184-577-9-215-000, Batam, ID	100%		
Kian Soon Mechanical Components Sdn. Bhd., 1081316P, Penang, MY	100%		
Kian Soon Mechanical Components Co., Ltd., 0105557000304, Samutprakan, TH	100%		
Bufab USA Holding, Inc.20-197844524, Delaware, US	100%		
American Screw & Bolt Mfg. Corp., 11-2328266, Ontario, California, US	100%		
American Bolt De México, S. de R.L de C.v, ABM15061878A, Tijuana, MX	100%		
Component Solutions Group Inc, 31-1563590, Dayton, Ohio, USA	100%		
A-1 Fastener Inc, 31-1704462, Dayton, Ohio, USA	100%		
Blue Grass Manufacturing II, 84-2454553, LLC, Lexington, Kentucky, USA	100%		
Perlans Sales Inc, 34-1619036, Stow, Ohio, USA	100%		
Industrias Bufab de Mexico, S.a. de C.v., IBM170911RV6, Guadalajara, MX	100%		

845

<sup>1)</sup>Ownership of capital, which also corresponds to the percentage of votes for the total number of shares.

**NOTE 8****EQUITY**

A total of 38,110,533 ordinary shares were issued on the balance-sheet date.

The shares had a quotient value of SEK 0.01436 on the balance-sheet date.

All issued shares have been paid for in full. On 31 December 2021, Bufab had 621.407 repurchased shares held in treasury.

In accordance with the Group's financial targets, as adopted by Bufab's Board of Directors, the regular dividend to shareholders is to correspond to about 30–60 percent of the Group's profit after tax during the year. Exemptions are permissible in exceptional circumstances. For example, the Board resolved in 2020 to propose that no dividend be paid for 2019, due to the uncertainty that prevailed in conjunction with the COVID-19 pandemic. The Bufab Group's capital requirements, its profit, financial position, capital requirement, covenants and the prevailing cyclical conditions must also be taken into account. No change has taken place in the Parent Company's capital management during the year.

**NOTE 9****UNTAXED RESERVES**

	31 Dec 2021	31 Dec 2020
Tax allocation reserve, 2017 tax year	30	30
Tax allocation reserve, 2018 tax year	28	28
Tax allocation reserve, 2019 tax year	21	21
Tax allocation reserve, 2021 tax year	3	3
Tax allocation reserve, 2022 tax year	12	–
<b>Total</b>	<b>93</b>	<b>81</b>

**NOTE 10****ACCRUED EXPENSES AND DEFERRED INCOME**

	31 Dec 2021	31 Dec 2020
Accrued salaries incl. holiday pay	4	4
Accrued social security contributions	1	1
Other items	2	2
<b>Total</b>	<b>7</b>	<b>7</b>

**NOTE 11****PLEGGED ASSETS**

	31 Dec 2021	31 Dec 2020
Shares in subsidiaries	845	845
<b>Total</b>	<b>845</b>	<b>845</b>

**NOTE 12****CONTINGENT LIABILITIES**

	31 Dec 2021	31 Dec 2020
Guarantees to subsidiaries	845	845
<b>Total</b>	<b>845</b>	<b>845</b>

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 option to extend the maturity by two one-year periods. The new credit agreement replaces a previously concluded credit agreement and entails an increase in the total credit framework from SEK 2,200 million to SEK 3,000 million, which can be used for general corporate purposes including financing of acquisitions. The process of releasing the international security package set for the obligations under the previous credit agreement began in the third quarter of 2021 and ended in the middle of the first quarter of 2022. For the obligations under the new credit agreement, no collateral is issued.

**NOTE 13****APPROPRIATION OF PROFITS**

	SEK
Proposed appropriation of profits	
The following earnings are at the disposal of the AGM:	
<b>Retained earnings</b>	<b>494,371,313</b>

The Board of Directors and CEO propose that the earnings be appropriated as follows:

A dividend of SEK 3.75 per share to be paid to shareholders	140,584,223
To be carried forward	353,787,090
<b>Total</b>	<b>494,371,313</b>

**THE INCOME STATEMENTS AND BALANCE SHEETS WILL BE PRESENTED FOR ADOPTION BY THE ANNUAL GENERAL MEETING ON 20 APRIL 2021.**

The undersigned certify that the annual report for the Group and the Parent Company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting policies, and gives a true and fair view of the financial positions and results of the Group and the Parent

Company, and that the Board of Directors' Report gives a fair overview of the performance of the operations, financial positions and results of the Group and the Parent Company, and describes substantial risks and uncertainties faced by the Group's companies.

Värnamo, 18 March 2022

**Bengt Liljedahl**  
Chairman of the Board

**Hans Björstrand**  
Board member

**Per-Arne Blomquist**  
Board member

**Johanna Hagelberg**  
Board member

**Anna Liljedahl**  
Board member

**Eva Nilsagård**  
Board member

**Bertil Persson**  
Board member

**Johan Lindqvist**  
President and CEO

Our audit report was submitted on 24 March 2022  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorised Public Accountant  
Auditor in Charge

**Helena Pegrén**  
Authorised Public Accountant

# Auditor's report

Unofficial translation

To the general meeting of the shareholders of Bufab AB (publ),  
corporate identity number 556685-6240

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts for Bufab AB (publ), for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 40–84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Auditors Ordinance (537/2014).

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, as the case may be, its parent company or its controlled company within the EU.

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

### Our audit approach

#### *Audit focus and scope*

When we designed our group audit strategy and group audit plan, we determined the degree of audit activities required by the group audit team, respective component auditors within the PwC network. As a result of the group's decentralised finance organisation, a significant portion of the group's financial reporting is prepared in components outside Sweden. This implies that a significant portion of the group audit is required to be executed by component auditors working within the PwC network in other countries.

When we assessed the degree of audit activities required to be implemented in the respective units, we considered the group's geographical spread, the size of the respective units, and the specific risk profile represented by the respective components. Against this background, we determined that a full audit was to be executed on, in addition to the parent company in Sweden, financial information prepared by twelve significant subsidiaries (with registered offices in a total of seven different countries).

For the components (16 units in 16 countries) where we have deemed that it is not motivated to execute a complete audit, we have instructed the component auditors to undertake specifically defined audit measures. For the other units deemed individually to be of no significance to the group audit, the group team undertook analytical procedures at group level.

In the case the component auditors execute work which is significant to our audit of the group, we evaluate, in our role as group auditors, the need and degree of involvement required in the work of the component auditors with the aim of determining whether significant audit evidence has been obtained to provide the basis for our opinion in the group's Auditor's Report.

#### *Materiality*

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### *Key audit matters*

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key audit matter

**VALUATION OF GOODWILL**

At 31 December 2021, the group reported goodwill of 1,994 MSEK which is divided between a total of seven cash-generating units, of which two cash-generating units are attributable to segment North, two are attributable to segment UK/North America, two attributable to East and one attributable to segment West.

In accordance with IAS 36, the group tests, on an annual basis, the existence of an impairment requirement as regards reported goodwill. This testing is undertaken per cash-generating unit and through the recoverable value being calculated and compared with the carrying value of the operations.

The recoverable value is determined by company management on the basis of a calculation of the cash-generating units' capacity to generate cash flow in the future.

The impairment tests are significant to our audit as goodwill represents a major item in the balance sheet and, in addition, the impairment testing implies that company management are required to undertake significant estimates and judgements of the future.

Based on the group's prepared impairment tests, no impairment requirement for goodwill was identified as at 31 December 2021. The most significant assumptions applied in the impairment testing are described in Note 16.

**VALUATION OF INVENTORIES**

At 31 December 2021, the group reported inventories of 2,140 MSEK.

The valuation of inventories is significant to our audit as this valuation includes a number of estimations and judgements and, in addition, the value of the inventory is equivalent to a major portion (approximately 33%) of the group's total assets.

An important assessment which company management is required to undertake in making a valuation of the inventory comprises of the group's capacity to sell its products in the inventory at a price in excess of acquisition cost and, in this context, consider the risk of obsolescence.

The risk of obsolescence is impacted by Bufab's business model as an important portion of the group's client offering is comprised of fulfilling the clients' needs regarding fasteners quickly and cost effectively. Consequently, and with the aim of meeting the clients' requirements, Bufab can, in cases, find it necessary to keep in stock significant quantities of articles which reduces the turnover rate and increases the risk of obsolescence.

With the aim of identifying and calculating the consistency in the risk of obsolescence, company management has adopted a group-wide obsolescence policy. The obsolescence policy considers the individual articles' turn-over rate which, together with assessed future sales volumes, comprises the basis on which company management can determine a reasonable obsolescence provision.

The group's principles for the valuation of inventory and reporting of obsolescence are described in Note 2 on page 26 in the annual report. Important estimations and judgements required to be undertaken by the group in conjunction with the accounting of the inventory are found in Note 4 in the annual report.

## How our audit addressed the Key audit matter

Our audit measures included an assessment of the cash flow calculations' mathematical correctness and a reconciliation of the cash flow forecasts against the 2022 budget adopted by the Board of the Directors and against financial plans for 2022-2024.

We have evaluated and assessed the company's valuation model to determine if it is in accordance with generally accepted valuation techniques.

We have challenged the company management regarding the reasonableness of the assumptions having the greatest effect on the impairment testing, which includes the sustainable growth rate, sustainable gross margin and the discount rate.

On the basis of our own implemented sensitivity analyses, we have challenged company management's assumptions and tested the margin of safety and assessed the risk of an impairment requirement.

We have also assessed whether the company has provided sufficient disclosures in the annual report regarding the assumptions which in the case of a change could lead to an impairment of goodwill in the future.

Our audit measures included an evaluation of the group's principles for calculating obsolescence in the inventory.

With the aim of assessing the reasonability of the company's obsolescence provisions, we have instructed our component auditors to examine and report back to the group team any possible deviations from the group-wide obsolescence policy.

We have tested the reasonableness of the assumptions and judgements made by company management regarding the saleability of articles with a low turnover rate.

We have, on a sample basis, tested the mathematical correctness of the company's reports concerning obsolescence calculations.

We have also discussed with management and examined minutes from Board meetings and other management meetings with the aim of identifying forecasted changes in the company's sales which could result in inventory items being obsolete.

Finally, we have evaluated to determine if the group has described, in an appropriate manner, its principles for inventory valuation in the annual report, including the estimations and judgements made to value the inventory at 31 December 2021.



## OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other Information than the annual accounts and consolidated accounts which can be found on pages 1–39 and pages 89–100. Other information also includes the remuneration report that we obtained prior to the date of this auditor's report. The Board of Directors and CEO are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

### Responsibilities of the Board of Directors and the Managing Director

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

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

The Board's Audit Committee shall, without affecting the other tasks and responsibilities of the Board, monitor the company's financial reporting, among other things.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Directors of Bufab AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

### Basis for Opinions

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

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

### Responsibilities of the Board of Directors and the Managing Director

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

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

### Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2021 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Bufab AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors (and the Managing Director) are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Öhrlings PricewaterhouseCoopers AB, 113 21 Stockholm, Sweden was appointed Bufab AB (publ)'s auditor at the Annual General Meeting on 25 April 2019, and has been the company's auditor since 12 September 2005. Bufab AB (publ) has been a public interest company since 21 February 2014.

Gothenburg 24 March 2022

Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorised Public Accountant  
Auditor-in-charge

**Helena Pegrén**  
Authorised Public  
Accountant



# Corporate Governance Report

Bufab Holding AB (publ) is a Swedish public limited liability company. Bufab has been listed on Nasdaq Stockholm since 21 February 2014. Bufab applies the Swedish Corporate Governance Code (the "Code") and hereby submits its Corporate Governance Report for the 2021 financial year in accordance with the provisions of the Swedish Annual Accounts Act and the Code. The Corporate Governance Report was reviewed by the company's auditors.

The Code guidelines are available on the website of the Swedish Corporate Governance Board ([www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)). The Code is based on the principle of "comply or explain," which means that companies applying the Code do not always have to comply with every rule on condition that an explanation is provided. Bufab did not make any such deviations in 2021, with the exception of the fact that the Group has not set up a separate internal audit function.

Read more at [www.bufab.com/investors/corporate-governance](http://www.bufab.com/investors/corporate-governance)

## DELEGATION OF RESPONSIBILITY

The purpose of Bufab's corporate governance is to create a clear delegation of roles and responsibilities between owners, the Board, the Board's Committees and senior management. Corporate governance at Bufab is based on applicable legislation, primarily the Swedish Companies Act, Nasdaq Stockholm's rules and regulations, the Code and internal guidelines and rules.

## A. SHAREHOLDERS

At the top of the corporate governance structure, the shareholders impact the main direction of the company by exercising their influence. Strong principal owners contribute a large amount of interest in and commitment to the company and its success. At year-end, the company's share capital amounted to SEK 547,189, represented by a total of 38,110,533 shares. All shares carry equal voting rights and there are no limitations governing how many votes each shareholder may cast at a general meeting. At year-end 2021, Bufab had 8,901 shareholders (5,607). Of the total number of shares, 20.0 percent were held by foreign shareholders. The ten largest shareholders owned a combined total of 61.9 percent of the shares. The largest shareholder was Liljedahl Group, with 29.2 percent of the capital and votes. For more information about the share and shareholders, see page 99.

## B. GENERAL SHAREHOLDERS' MEETING

The general shareholders' meeting is the company's highest decision-making body. At the general shareholders' meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of Board members and the CEO, election of the Chairman, Board members and auditors and remuneration of the Board of Directors and the auditors. There are no provisions contained in the Articles of Association concerning the appointment or dismissal of Board members, or regarding changes to the Articles of Association. Further information about the AGMs, the minutes of the Meetings, and Bufab's Articles of Association are available on [www.bufab.com](http://www.bufab.com).

### 2021 Annual General Meeting

Due to the ongoing coronavirus pandemic, the 2021 Annual General Meeting (AGM) was held exclusively using advance voting (postal voting) on 20 April 2021. This entailed that the AGM was conducted without physical attendance of shareholders, representatives or external parties and that the shareholders' voting rights could only be exercised through postal voting in the order prescribed in the notification.

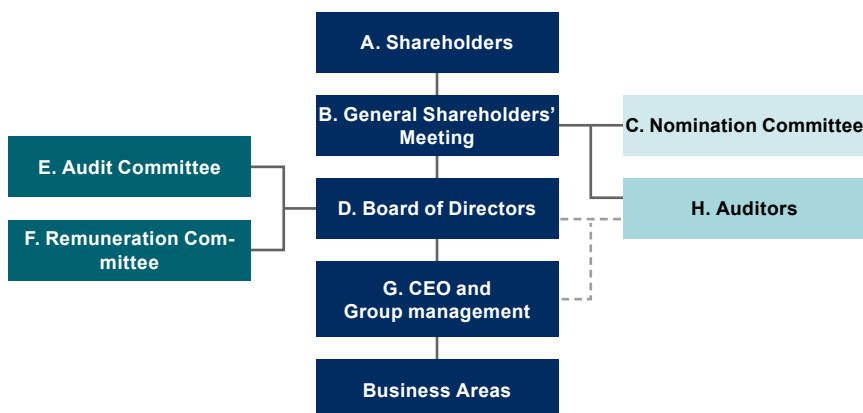
Resolutions at the 2021 AGM included:

- Adoption of the income statement and balance sheets for 2020, appropriation of the company's results, and discharge from liability of Board members and the CEO.
- The re-election as Board members of Bengt Liljedahl, Hans Björstrand, Johanna Hagelberg, Eva Nilsagård, Anna Liljedahl, Per-Arne Blomquist and Bertil Persson. Bengt Liljedahl was elected Chairman of the Board.
- Guidelines for remuneration of senior executives
- Resolution on a long-term share-based incentive programme for 2021 was approved.

### 2022 Annual General Meeting

The 2022 AGM will be held on 21 April 2022. Notice of the AGM is available at [www.bufab.com](http://www.bufab.com). Shareholders who, no later than 11 April 2022, are entered in the share register maintained by Euroclear Sweden AB and who have notified their intention to attend the AGM no later than 13 April 2022, are entitled to attend the AGM, in person or by proxy.

## Governance structure



### Important external rules and regulations

- Swedish Companies Act
- Stock market's rule book for issuers
- Swedish Corporate Governance Code
- Swedish Annual Accounts Act
- Book-keeping Act

### Important internal rules and regulations

- Articles of Association
- Board's rules of procedure
- Rules of procedure for Board committees
- Rules of procedure for the Board of Directors and CEO instruction
- The Group's and business areas' resolutions procedure
- Bufab's Code of Conduct
- Control documents in the form of policies, regulations, guidelines and instructions

### C. NOMINATION COMMITTEE

Bufab is to have a Nomination Committee comprising one representative for each of the four largest shareholders in terms of number of votes in the shareholders' register maintained by Euroclear Sweden AB as of 31 August in the year prior to the AGM, who on being asked expressed a wish to participate in the nomination work, as well as the Chairman of the company. The names of the four owner representatives and the shareholders they represent must be announced not later than six months prior to the AGM. The Nomination Committee's mandate is valid until a new Nomination Committee is appointed. If the group of the largest shareholders changes during the nomination process, the composition of the Nomination Committee may change. The Nomination Committee's task is to prepare proposals on the following issues:

- Chairman of the Meeting,
- Board members,
- Chairman of the Board,
- remuneration of the Board,
- auditor,
- auditor's fees, and
- any changes to the Nomination Committee's instructions.

The Nomination Committee for the 2021 AGM consisted of Fredrik Liljedahl (Liljedahl Group), Adam Gerge (Didner & Gerge fonder), Johan Ståhl (Lannebo fonder), Niklas Johansson (Handelsbanken Fonder) and the Chairman of the Board Bengt Liljedahl co-opted member.

The reasoned statement to the 2021 AGM shows that the Nomination Committee has applied Section 4.1 of the Swedish Corporate Governance Code as diversity policy when making its proposal.

With regards to the company's operations, development stages and conditions in general, the goal of the policy is that the Board should have an appropriate composition characterised by versatility and width of expertise, experience and background as well as an even gender distribution. The 2021 AGM decided to appoint members of the Board in accordance with the Nomination Committee proposal, resulting in the current Board of Directors with seven members (unchanged), of whom three women and four men, which means the proportion of women remains at 43 percent. Regarding gender balance on the Board of Directors, the Nomination Committee notes that female representation of 43 percent is well aligned with the level of ambition pronounced by the Swedish Corporate Governance Board, but falls below the Nomination Committee's long-term goal concerning gender balance.

#### Nomination Committee ahead of the 2022 AGM

Name	Representing	Share of votes, %
Fredrik Liljedahl (Chairman)	Liljedahl Group	29.15
Johan Ståhl	Lannebo fonder	8.23
Adam Gerge	Didner & Gerge fonder	6.50
Niklas Johansson	Handelsbanken Fonder	6.12
Bengt Liljedahl	Chairman of the Board, co-opted	

### D. BOARD OF DIRECTORS

#### Composition

According to Bufab's Articles of Association, the Board of Directors is to be comprised of not less than three and not more than ten AGM-elected members, with not more than three deputy members.

Bufab applies section 4.1. in the Code relating to the composition of the Board. The Board should therefore be characterised by diversity and breadth of expertise, experience and background of the members elected by the AGM. An even gender distribution should be pursued.

Since the 2021 AGM, the Board has comprised seven AGM-elected members; Bengt Liljedahl (Chairman), Hans Björstrand, Per-Arne Blomquist, Johanna Hagelberg, Anna Liljedahl, Eva Nilsagård, and Bertil Persson. All Board members are independent in relation to the company and company management. All Board members, except for Bengt Liljedahl and Anna Liljedahl, are independent in relation to the company's

largest shareholders. Accordingly, the Board meets the requirement that at least two Board members who are independent in relation to the company and company management are also independent in relation to the largest shareholders. Further information regarding the Board members is presented on page 96 of the Annual Report and on [www.bufab.com](http://www.bufab.com).

#### Work of the Board

The Board is responsible for the organisation of the company and for managing the company's operations. The Board is also to issue guidelines and instructions to the CEO. Furthermore, the Board is to ensure that the organisation of the company regarding accounting, management of funds and financial position are controlled in a satisfactory manner. The Board of Directors applies written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year. Among other aspects, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the Board of Directors and the CEO. At the statutory Board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting. The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to address issues which cannot be postponed until the next ordinary Board meeting. The Chairman of the Board and the CEO also engage in an ongoing dialogue concerning the management of the company.

The Board's obligations are partly performed by the Audit Committee and Remuneration Committee and the Board has also adopted rules of procedure for these Committees.

#### Evaluation of Board work

The Chairman of the Board is responsible for evaluating the Board's work, including assessing the performance of each Board member. This is performed on an annual basis according to an established process. The assessment focuses on such factors as availability of and requirement for specific expertise in the Board, commitment, the quality of the Board material and the time required for reading such material. The evaluation is reported to the Nomination Committee and comprises the basis of the Nomination Committee's proposal for Board members and fees to be paid to the Board.

#### Work of the Board in 2021

The Board regularly addresses strategic matters that affect Bufab's operations and orientation, potential divestments and acquisitions, as well as major investments. The company's financial statements and Annual Report are addressed at the beginning of the year, as are matters to be presented at the AGM. At the end of the year, the Board deals with the budget for the forthcoming year as well as the Group's long-term strategic plan, in addition to which it also reviews the quarterly results after each quarter. The work of the Board's two Committees is also presented at each scheduled Board meeting.

The agenda is approved by the Chairman and sent to each Board member, along with the relevant material, approximately one week before each meeting. At each meeting, the CEO presents the Group's sales and earnings, the current business situation and important external factors that may have bearing on the Group's earnings. Each Board meeting includes a discussion that is not attended by the CEO. When appropriate, other senior executives may attend and present plans and proposals. The company's auditor participates in meetings when necessary, and participates once a year without the presence of management.

In addition to the information presented in connection with Board meetings, management issues a monthly report to Board members and maintains regular contact with the Chairman of the Board.

## ATTENDANCE AND REMUNERATION OF THE BOARD 2021

Group	Attendance		Remuneration Committee	Remuneration Fee/basic salary, SEK million
	Board meetings	Audit Committee		
<b>Board of Directors</b>				
Bengt Liljedahl	12/12	4/4	3/3	0.6
Per-Arne Blomquist	12/12	4/4		0.3
Hans Björstrand	12/12			0.3
Johanna Hagelberg	11/12	3/3		0.3
Anna Liljedahl	11/12		2/2	0.3
Eva Nilsagård	11/12	7/7		0.3
Bertil Persson	11/12		2/2	0.3

**Remuneration of Board members**

Fees and other remuneration to Board members, including the Chairman, are resolved on by the AGM. At the AGM held on 20 April 2021, it was resolved that the Chairman be paid SEK 600,000 (500,000) and that the other non-executive members be paid SEK 275,000 (250,000). The three members of the Audit Committee were paid a further fee of SEK 60,000 (50,000) each. No remuneration shall be paid for work in the Remuneration Committee.

Board members are not entitled to any benefits after leaving their position on the Board.

**E. AUDIT COMMITTEE**

The Audit Committee is, without it affecting the responsibilities and tasks of the Board of Directors, to monitor the company's financial reporting, monitor the efficiency of the company's internal control, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated financial statements, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other non-audit services for the company, and assist the Nomination Committee in the preparation of proposals for the general shareholders' meeting's decision on election of auditors.

The Audit Committee is to comprise three members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Board also adopts an instruction for the Committee's work at the statutory meeting.

**Audit Committee:**

- Eva Nilsagård (Chairman),
- Per-Arne Blomquist
- Bengt Liljedahl

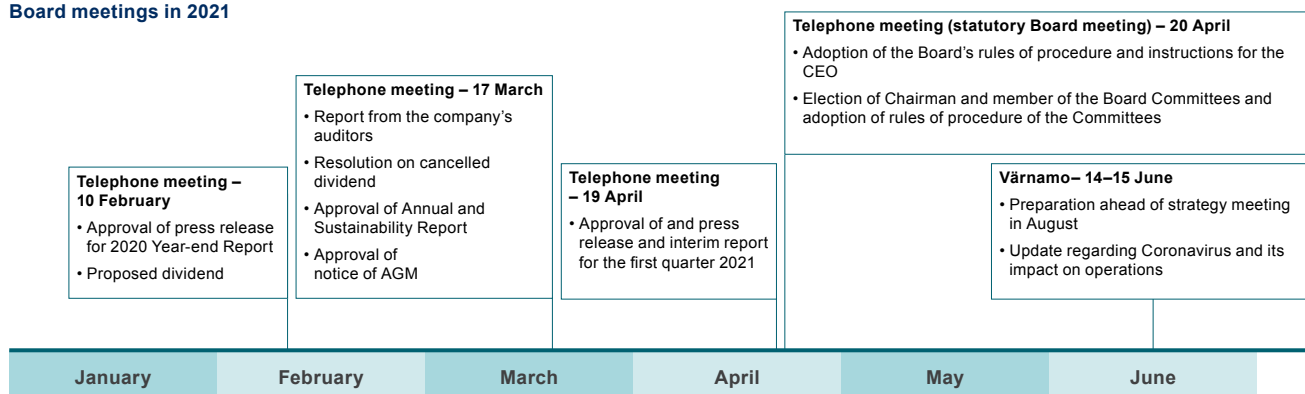
**F. REMUNERATION COMMITTEE**

The Remuneration Committee is to prepare matters concerning remuneration principles, and remuneration and other employment terms for the CEO and senior executives.

The Remuneration Committee is to comprise a minimum of two members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Board also adopts an instruction for the Committee's work at the statutory meeting.

**Remuneration Committee:**

- Bengt Liljedahl (Chairman)
- Anna Liljedahl
- Bertil Persson

**Board meetings in 2021**

## G. CEO AND GROUP MANAGEMENT

In addition to the President and CEO, Group management consists of four business area managers and two managers responsible for Bufab's Group functions: Finance and purchasing. The President and CEO until September 2021 was Jörgen Rosengren, who was after leaving Bufab then replaced by acting President and CEO Johan Lindqvist. In March 2022, the Board of Directors announced that Erik Lundén had been appointed new President and CEO of Bufab, effective August 15, 2022. A presentation is contained in the Annual Report on page 97 and on [www.bufab.com](http://www.bufab.com).

The CEO is subordinate to the Board of Directors and is responsible for the everyday management and operations of the company. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions. These are adopted every year at the statutory Board meeting. The CEO is also responsible for the preparation of reports and compiling information from management prior to the Board meetings and for presenting such material at the Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the Board of Directors receives information adequate to enable evaluation of the company's financial position.

### Remuneration to the CEO and Group management

The guidelines for remuneration to the CEO and other senior executives were adopted at the AGM on 20 April 2021.

Bufab strives to offer total remuneration that will attract and retain qualified employees. The total remuneration may include the components described below.

Fixed salary is to be market-based and must reflect the responsibility that the work involves. The fixed salary is to be revised annually. Variable salary is not to exceed 50 percent of the fixed salary. The variable remuneration is to be based on established and measurable criteria, designed to promote the company's long-term value creation, and is to be revised annually. The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM.

Senior executives may be offered individual pension solutions. The pensions are, as far as possible, to be defined contribution.

Other benefits may be provided but are not to constitute a significant portion of the total remuneration.

The notice of termination between the company and the CEO is a maximum of 18 months. Other senior executives are to have a shorter notice of termination period.

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such deviation occur, information about this and the reason must be reported at the next AGM.

### Share-based incentive programmes

The 2021 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 350,000 call options, corresponding to approximately 0.9 percent of the total number of shares in the company.

The purchase price for the call options is to correspond to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2024–15 November 2024. The purchase price per share when redeeming call options is to correspond to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the five trading days occurring prior to the Board's decision on allocation of call options.

The allocation of call options is to use the market-based value on the date of the transfer using an external independent valuation, by applying the Black & Scholes pricing model.

A detailed description of the share-based incentive programme can be found in Note 34 on page 75 of the Annual Report.

### Current employment agreements for the CEO and other senior executives

Decisions as to the current remuneration levels and other conditions for employment for the CEO and other senior executives have been resolved on in accordance with the existing guidelines for remuneration adopted by the AGM. All decisions on individual remuneration to senior executives have been made within these guidelines. Agreements concerning pensions are, wherever possible, to be based on fixed premiums and must correspond with the levels, practices and collective bargaining agreements applicable in the country where said senior executive is employed.

For senior executives resident in Sweden, six months' notice applies when resigning and a maximum of 12 months' notice when dismissed by the company. Refer also to Note 6 of the Annual Report.

## H. AUDITING

The auditor is to review the company's annual reports and accounting, as well as the management of the company by the Board of Directors



and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the AGM. Pursuant to Bufab's Articles of Association, the company is to have no less than one and no more than two auditors and no more than two deputy auditors. The company's auditor until the conclusion of the 2022 AGM is Öhrlings PricewaterhouseCoopers AB, with Fredrik Göransson as Auditor in Charge. The company's auditor is presented in more detail in "Group management and auditors." Fees to auditors are to be paid in accordance with approved invoices. In 2021, the company's auditor was paid a total of SEK 11 million.

### INTERNAL CONTROL OVER THE FINANCIAL REPORTING

The objective of the internal financial control at Bufab is to create an efficient decision process in which requirements, targets and frameworks are clearly defined. The company and management use internal control systems to monitor the operation and the Group's financial position.

#### Control environment

The basis for the internal control over the financial reporting is the overall control environment. Bufab's control environment consists of sound core values, expertise, management philosophy, organisational structure, responsibility and authority. Bufab's internal instructions, policies, guidelines and manuals serve as guides for employees. The control environment also includes laws and external rules and regulations.

At Bufab, there is a distinct division between role and responsibility to efficiently handle the risks of the operations, including rules of procedure for the Board and Committees, as well as instructions for the CEO. In the operating activities, the CEO is also responsible for the system of internal controls required to generate a control environment for significant risks.

Bufab also has guidelines and policies for financial control and monitoring, communication issues and business ethics. Most of the companies in the Group have the same financial system with the same accounting systems.

The Board has appointed an Audit Committee tasked to ensure compliance with established policies for financial reporting and for maintaining the internal control.

#### Internal audit

The company's size combined with the work of the Audit Committee and established and implemented solid control procedures mean that the Board does not believe that it need establish a separate internal audit function. However, the matter of a separate internal audit function is addressed annually.

#### Risk assessment and control activities

Risks of material misstatement in the annual accounts may occur in connection with accounting and the evaluation of assets, liabilities, income and expenses or deviation from disclosure requirements.

Bufab's accounting function performs a risk analysis every year regarding items in the consolidated balance sheets and income statements based on qualitative and quantitative risks.

Normal control activities include reconciliation of accounts and support controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. In the Group's work with internal control, the material risks identified in the financial reporting are handled through control structures, which, in all material respects, are based on deviation reporting from established goals or norms.

#### Information

Accurate internal and external information entails that all sections of the operations will be able to efficiently exchange and report relevant material information. In addition to managers' information responsibility, Bufab has a well-functioning intranet for exchanging information. Bufab has established a policy document to inform employees and other relevant personnel at Bufab about the applicable regulations and instructions for disclosing company information and the special requirements that apply for inside information.

For communication with external parties, there is a policy that states the guidelines for how such communication is to take place. The aim of this is to ensure compliance with information obligations and to ensure that investors receive the right information in time.

The Group has a whistleblower function. Employees can anonymously contact a third party to report behaviour or actions that constitute breaches or suspected breaches of laws and guidelines, etc. All contact is logged and a summary about the calls and measures taken is regularly reported to the Board.

#### Monitoring

The Group applied IFRS as defined in Bufab's accounting manual. This manual includes accounting and valuation rules that must be adhered to by all companies within the Group, and reporting instructions. Financial data is reported from all legal entities every month.

Reporting takes place in accordance with standardised reporting procedures documented in the Group's accounting manual. This reporting comprises the basis of the Group's consolidated financial reporting. Consolidation takes place based on a legal and operating perspective, which results in quarterly statutory reports containing complete income statements and balance sheets for every company and consolidated for the Group, and monthly operating reports.

Every Board member receives a monthly report containing consolidated income statements and balance sheets for the Group and income statements and balance sheets for the subsidiaries with comments. In addition to this monthly information, similar information is received in connection with Board meetings and a report that includes monitoring of tax obligations, disputes, compliance with policies, whistleblower summaries and environment.

Värnamo, 18 March 2022

**Bengt Liljedahl**  
Chairman of the Board

**Hans Björstrand**

**Per-Arne Blomquist**

**Johanna Hagelberg**

**Anna Liljedahl**

**Eva Nilsagård**

**Bertil Persson**



## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 90-94 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Gothenburg 24 March 2022  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorised Public Accountant

# Board of Directors



## Bengt Liljedahl

Chairman of the Board since 2020. Board member since 2016.

**Born:** 1947.

**Education:** MSc in Economics and Business Administration.

**Present assignments:** President, CEO and founder of Liljedahl Group. Previously CEO Skånebil, Regional Manager AB Volvo Sweden.

**Other Board assignments:** Chairman of the Board of Liljedahl Group AB, Elcowire Group AB, LWW Group AB, Board member of Hörle Wire Group AB, LMT Group AB.

**Shareholding (including through companies and related parties):** 11,107,500



## Hans Björstrand

Board member since 2006.

**Born:** 1950.

**Education:** Upper secondary school economics programme.

**Previous assignments:** President and CEO Bufab.

**Other Board assignments:** Board member of Värnamo Energi AB, Värnamo Elnät AB, Entreprenörinvest Sverige AB, Ekeborg Kapital AB, Axelent AB and Ryds Båtar AB.

**Shareholding (including through companies and related parties):** 5,000



## Johanna Hagelberg

Board member since 2015.

**Born:** 1972.

**Education:** MSc in Industrial Engineering and Management from Institute of Technology at Linköping University and Cranfield University.

**Present assignments:** EVP Biomaterials division Stora Enso Oyj.

**Previous assignments:** EVP Sourcing and Logistics Stora Enso Oyj, Chief Procurement Officer at Vattenfall and NCC AB and senior positions in procurement in the automotive industry.

**Other Board assignments:** Hoegh Autoliners AS.

**Shareholding (including through companies and related parties):** 1,500



## Eva Nilsagård

Board member since 2015.

**Born:** 1964.

**Education:** Degree of Master of Science in Business and Economics and Executive MBA from School of Business, Economics and Law at the University of Gothenburg.

**Present assignments:** Founder and CEO Nilsagård consulting.

**Previous assignments:** CFO Optigroup AB, CFO Plastal Group, SVP Strategy & Business development within sales and marketing, EMEA at Volvo Trucks, CFO Vitrolife (publ). Various senior positions in finance and business development within Volvo, AstraZeneca Group and SKF.

**Other Board assignments:** Board member of AddLife AB, SEK (Svensk Exportkredit AB), Hansa Biopharma AB, Nimbus Group AB and Xbrane Biopharma AB, Nanexa AB and eEducation Albert AB, and Chairman of the Board of Spermosens AB.

**Shareholding (including through companies and related parties):** 0



## Anna Liljedahl

Board member since 2019.

**Born:** 1974.

**Education:** Degree of Master of Science in Business and Economics.

**Present assignments:** CEO Finnvedens Lastvagnar AB and previous experience as Global Product Manager at HemoCue AB and Product Manager at Astellas Pharma GmbH.

**Other Board assignments:** Chairman of the Board of Finnvedens Bil AB and Board member of Liljedahl Group AB, Liljedahl Group Fastighets AB, Motorbranschens Arbetsgivareförbund and Motorbranschens Riksförbund, Styrelsen Tunga Fordon.

**Shareholding (including through companies and related parties):** 11,107,500



## Per-Arne Blomquist

Board member since 2020.

**Born:** 1962.

**Education:** Bachelor of Business Administration and Finance.

**Present assignments:** CEO of Qaribo AB. Senior advisor at EQT.

**Previous assignments:** CFO and Deputy CEO of Dometic Holding AB. Per-Arne also has experience from positions including CFO and Acting CEO of TeliaSonera AB, CFO at SEB, Chairman of the Board of Zmart Group/Freedom Finance and IP-Only, and Board member of Neste Oil Oy.

**Other Board assignments:** Chairman of the Board of Bluestep Holding AB and C-RAD AB.

**Shareholding (including through companies and related parties):** 80,000



## Bertil Persson

Board member since 2020.

**Born:** 1961.

**Education:** Bachelor of Business Administration and Finance.

**Previous assignments:** President and CEO of Beijer Alma AB, Deputy CEO of LGP Telecom AB, CFO of Scania and head of Treasury at Investor.

**Other Board assignments:** Board member of Troax AB and Christian Berner Tech Trade AB. Senior advisor Hjalmarsson & Partners.

**Shareholding (including through companies and related parties):** 0

The information regarding Board members' and Group Management's holding of shares and other financial instruments in Bufab refers to the conditions as per 31 December 2021 and includes own and closely associated natural persons' holdings, as well as holdings by legal persons that are directly or indirectly controlled by the person or its closely associated persons. The information for the CEO also includes any significant shareholdings and partnership in companies which Bufab has significant business relations with.

### Auditors

Öhrlings PricewaterhouseCoopers AB has been the company's auditor since 2005 and was re-elected at the 2021 AGM until the end of the 2022 AGM. Fredrik Göransson (born 1973) is the Auditor in Charge. Fredrik Göransson is an Authorised Public Accountant and a member of FAR (professional institute for authorised public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Skånegatan 1, SE-405 32 Gothenburg, Sweden. Öhrlings PricewaterhouseCoopers AB was the company's auditor throughout the period covered by the historic financial information in this Annual Report.

# Group management



## Johan Lindqvist

Acting President and CEO since 2021 (employed since 1998).

**Born:** 1969.

**Education:** Qualified engineer.

**Previous assignments:** Skanska and Primo AB.

**Shareholding (including through companies and related parties):** 128,570 shares and 46,500 options.



## Urban Bülow

Group Director North America (employed 2014).

**Born:** 1965.

**Education:** MSc in Electrical Engineering from Chalmers University of Technology.

**Previous assignments:** Latour Group, Kapsch TrafficCom, SAAB and Electrolux.

**Shareholding (including through companies and related parties):** 6,483 shares and 0 options.



## Carina Lööf

Global Sourcing Director since 2018.

**Born:** 1969.

**Education:** Degree in chemical engineering, Växjö University.

**Previous assignments:** Trioplas, Cargotec Corporation

**Shareholding (including through companies and related parties):** 0 shares and 48,000 options.



## Marcus Söderberg

CFO since 2017 (employed 2014).

**Born:** 1983.

**Education:** MSc in Business Administration from Växjö University.

**Previous assignments:** Ernst & Young (EY)

**Shareholding (including through companies and related parties):** 14,778 shares and 49,000 options.



## Johan Sandberg

Global Business Development Director, since 2019 and Group Director UK since 2020.

**Born:** 1971.

**Education:** MSc in Business Administration, Linköping University.

**Previous assignments:** Hiab, Cargotec, Volvo Group, General Motors and Saab Automobile.

**Shareholding (including through companies and related parties):** 100 shares and 31,500 options.



## Jörn Maurer

Group Director West since 2015 (employed since 2003).

**Born:** 1974.

**Education:** 1974. BA in Business Administration and Operations & Industrial Mechanic Field, CCI Darmstadt.

**Previous assignments:** Mitsubishi Polyester Film; Tartler Group

**Shareholding (including through companies and related parties):** 32,133 shares and 39,000 options.

# Five-year summary

SEK million	2021	2020	2019	2018	2017
<b>EARNINGS</b>					
Order intake	6,084	4,827	4,354	3,798	3,256
Net sales	5,878	4,756	4,348	3,786	3,201
North	2,366	2,005	1,865	1,508	—
West	1,236	1,028	1,155	1,064	—
East	889	715	723	696	—
UK/North America	1,388	1,008	598	510	—
<b>Gross profit</b>	<b>1,638</b>	<b>1,252</b>	<b>1,183</b>	<b>1,088</b>	<b>917</b>
<b>Operating profit (EBITA)</b>					
North	249	189	174	153	—
West	121	86	99	95	—
East	150	103	97	100	—
UK/North America	206	128	47	61	—
Depreciation and amortisation of acquired intangible assets	-31	-30	-15	-9	-7
<b>Net financial items</b>	<b>-49</b>	<b>-60</b>	<b>-42</b>	<b>-29</b>	<b>-26</b>
<b>Profit/loss after financial items</b>	<b>615</b>	<b>391</b>	<b>326</b>	<b>329</b>	<b>278</b>
<b>Tax on profit for the year</b>	<b>-145</b>	<b>-92</b>	<b>-73</b>	<b>-74</b>	<b>-65</b>
<b>Profit for the year</b>	<b>470</b>	<b>299</b>	<b>253</b>	<b>255</b>	<b>213</b>
<b>MARGINS</b>					
<b>Gross margin, %</b>	<b>27.9</b>	<b>26.3</b>	<b>27.2</b>	<b>28.7</b>	<b>28.6</b>
<b>Operating margin, %</b>	<b>11.8</b>	<b>10.1</b>	<b>8.8</b>	<b>9.7</b>	<b>9.7</b>
North	10.5	9.4	9.3	10.1	—
West	9.8	8.3	8.6	8.9	—
East	16.9	14.4	13.4	14.4	—
UK/North America	14.8	12.7	7.9	12.0	—
<b>CAPITAL STRUCTURE</b>					
Net debt	2,003	1,546	2,068	1,177	1,015
Net debt, adjusted	1,621	1,220	1,666	1,177	1,015
Equity	2,377	1,931	1,750	1,600	1,416
Debt/equity ratio, %	84	80	118	74	72
Equity/assets ratio, %	36	39	33	43	43
Average working capital in relation to net sales, %	28.6	33.1	35.3	35.7	35.4
<b>CASH FLOW</b>					
Operating cash flow	210	540	351	175	183
<b>KEY FIGURES PER SHARE</b>					
Earnings per share	12.57	8.04	6.75	6.79	5.61
Dividend per share	3.75*	2.75	—	2.50	2.25
<b>EMPLOYEES</b>					
Average number of employees	1,423	1,357	1,296	1,177	1,058

\* Proposed by the Board of Directors.

# Bufab on the stock exchange

## LISTING AND TURNOVER

The Bufab share has been listed on Nasdaq Stockholm since 21 February 2014. The total turnover of Bufab shares in 2021 was 13.2 million shares for a total amount of SEK 3.9 billion and the average turnover was 52,236 shares.

## BRIEF FACTS

Listing: Nasdaq Stockholm  
 Number of shares: 38,110 533  
 Ticker: BUFAB  
 ISIN code: SE 0005677135

## MORE INFORMATION

For share price and up-to-date information, visit [www.bufab.com/investors](http://www.bufab.com/investors)

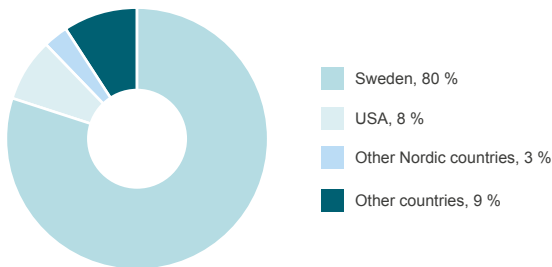
Share data	2021	2020
Earnings per share before dilution, SEK	12.57	8.04
Earnings per share after dilution, SEK	12.32	7.95
Dividend per share, SEK	3.75 <sup>1)</sup>	2.75
Yield <sup>2)</sup>	0.8%	1.4%
Share of dividend <sup>3)</sup>	29.8%	34.2%
Share price at year-end, SEK	447.0	194.4
Highest share price, SEK	449.0	199.6
Lowest share price, SEK	189.2	61.0
Number of shareholders at year-end	8,901	5,607
Market capitalisation at year-end, SEK million	17,035	7,409

<sup>1)</sup> The dividend pertains to the Board's proposal.

<sup>2)</sup> The dividend in relation to the share price at year-end.

<sup>3)</sup> The dividend for the financial year in relation to profit for the year per share.

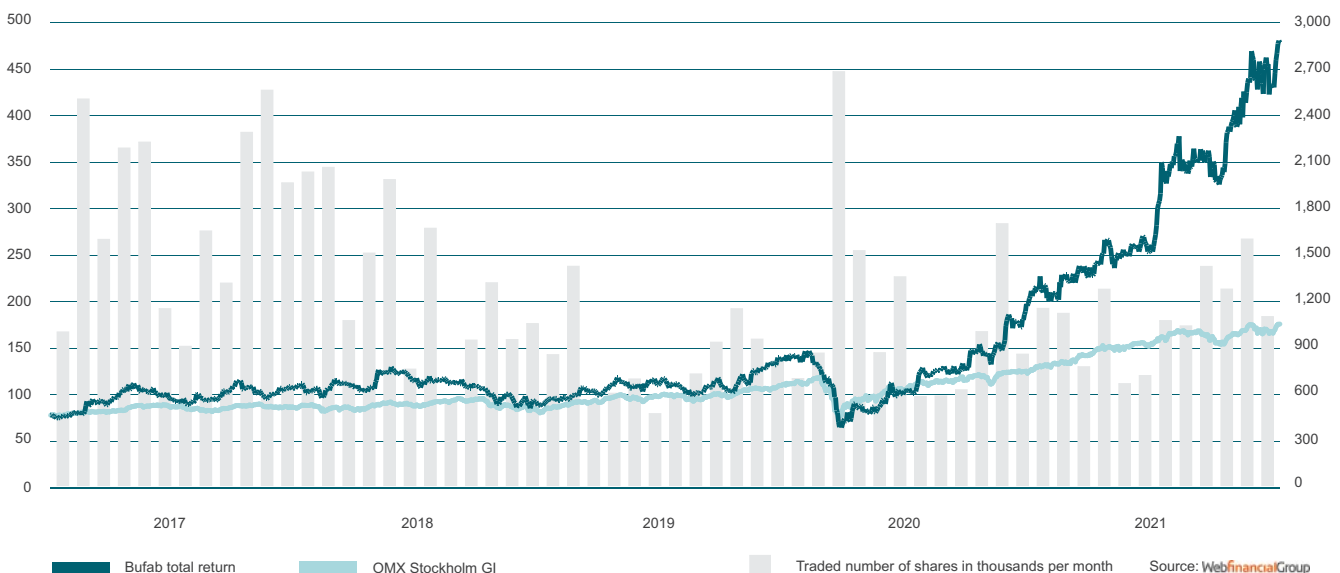
## OWNERSHIP DISTRIBUTION BY COUNTRY, 31 DECEMBER 2021



Largest shareholders on 31 December 2021	Share of capital and votes
Liljedahl Group	29.15
Lannebo fonder	8.52
Handelsbanken fonder	4.96
Didner & Gerge fonder	4.32
Spiltan fonder	4.02
State Street Bank	3.22
Nordea fonder	2.33
Swedbank Robur fonder	1.97
Odin small cap	1.71
Länsförsäkringar fondförvaltning	1.70
Other shareholders	38.12
<b>Total</b>	<b>100%</b>

Source: Euroclear on 31 December 2021

## BUFAB'S TOTAL RETURN 2017-2021



# Definitions of key figures

## GROSS MARGIN, %

Gross profit as a percentage of net sales for the period.

## ADJUSTED GROSS PROFIT

Gross profit adjusted for items affecting comparability.

## ADJUSTED GROSS MARGIN, %

Adjusted gross profit as a percentage of net sales for the period.

## EBITDA

Operating profit before depreciation, amortisation and impairment.

## ADJUSTED EBITDA

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.

## ADJUSTED OPERATING PROFIT (EBITA)

Adjusted gross profit less operating expenses.

## OPERATING MARGIN, %

Operating profit as a percentage of net sales for the period.

## ADJUSTED OPERATING PROFIT

Operating profit (EBITA) adjusted for items affecting comparability.

## ADJUSTED OPERATING MARGIN, %

Adjusted operating profit (EBITA) as a percentage of net sales for the period.

## ADJUSTED PROFIT AFTER TAX

Profit after tax adjusted for items affecting comparability.

## ADJUSTED NET MARGIN, %

Adjusted profit after tax as a percentage of net sales during the period.

## NET DEBT

Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets, calculated at the end of the period.

## 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.

## OPERATING EXPENSES

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

## DEBT/EQUITY RATIO, %

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

## NET DEBT/ADJUSTED EBITDA, MULTIPLE

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

## WORKING CAPITAL

Total current assets less cash and cash equivalents less current non-interest-bearing liabilities, excluding liabilities for additional purchase prices, calculated at the end of the period.

## AVERAGE WORKING CAPITAL

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

## WORKING CAPITAL/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 for the period divided by the average number of ordinary shares adjusted for the set-off issue and 80:1 split conducted in the first quarter of 2014.

## ADJUSTED EARNINGS PER SHARE

Adjusted profit for the period after tax divided by the average number of ordinary shares adjusted for the set-off issue and 80:1 split conducted in the first quarter of 2014.

## ITEMS AFFECTING COMPARABILITY

Non-recurring items with a significant impact on the results which are important for understanding the underlying development of the business.

## Key figures not defined in accordance with IFRS

### 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	2021	2020
EBITDA, adjusted	741	524
Other non-cash items	45	-8
Changes in inventory	-650	96
Changes in operating receivables	-200	-111
Changes in operating liabilities	309	105
<b>Cash flow from operations</b>	<b>243</b>	<b>606</b>
Investments excluding acquisitions	-34	-66
<b>Operating cash flow</b>	<b>209</b>	<b>540</b>

### EBITDA

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

SEK million	2021	2020
Operating profit	664	452
Depreciation/amortisation and impairment	191	183
<b>EBITDA</b>	<b>855</b>	<b>635</b>

### 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 key figure is defined below.

SEK million	2021	2020
Operating profit	664	452
Depreciation/amortisation and impairment	191	183
Less: amortisation on right-of-use assets according to IFRS 16	-101	-99
Less: interest expenses on lease liabilities according to IFRS 16	-13	-12
<b>EBITDA</b>	<b>741</b>	<b>524</b>

### 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 key figure is defined below.

SEK million	2021	2020
Operating profit	664	452
Depreciation/amortisation and impairment	31	30
<b>EBITA</b>	<b>695</b>	<b>482</b>

### OPERATING EXPENSES

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

SEK million	2021	2020
Distribution costs	-603	-548
Administrative expenses	-347	-287
Other operating income	37	110
Other operating expenses	-61	-75
Depreciation and amortisation of acquired intangible assets	31	30
<b>Operating expenses</b>	<b>-942</b>	<b>-771</b>

### 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.

SEK million	2021	2020
Current assets	3,652	2,513
Less: cash and cash equivalents	-293	-292
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,258	-776
<b>Working capital on the balance-sheet date</b>	<b>2,101</b>	<b>1,445</b>

### 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 key figure is defined below.

SEK million	2021	2020
Non-current interest-bearing liabilities	2,104	1,744
Current interest-bearing liabilities	192	96
Less: Cash and cash equivalents	-293	-292
Less: other interest-bearing receivables	0	0
<b>Net debt on balance-sheet date</b>	<b>2,003</b>	<b>1,546</b>

### 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 key figure is defined below.

SEK million	2021	2020
Non-current interest-bearing liabilities	2,104	1,744
Current interest-bearing liabilities	192	96
Less: lease liabilities according to IFRS 16	-382	-326
Less: cash and cash equivalents	-293	-292
Less: other interest-bearing receivables	0	0
<b>Net debt on balance-sheet date</b>	<b>1,621</b>	<b>1,220</b>

**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 currency 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 key figure is expressed in percentage points of last year's net sales.

	2021				
	Group	North	West	East	UK/North America
Organic growth	23	19	21	30	29
Currency translation effects	-3	-1	-3	-6	-4
Acquisitions	3	0	3	0	12
<b>Recognised growth</b>	<b>24</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>38</b>

	2020				
	Group	North	West	East	UK/North America
Organic growth	-5	-6	-10	4	-1
Currency translation effects	-2	-1	0	-5	-2
Acquisitions	16	14	-1	0	72
<b>Recognised growth</b>	<b>10</b>	<b>8</b>	<b>-11</b>	<b>-1</b>	<b>69</b>

\* Due to the new segment structure from 1 January 2020, comparative figures are not reported for 2019 with respect to organic growth for the segments.





---

**Bufab**

Box 2266,  
SE-331 02, Värnamo, Sweden.

Visiting address: Stenfalksvägen 1,  
Värnamo, Sweden

Phone: +46 370 69 69 00

[www.bufab.com](http://www.bufab.com)