

Interim report January – June 2022

Strong second quarter in a continued challenging market

Second quarter 2022

- Net sales increased by 57 percent to SEK 2,241 million (1,431). The organic growth was 16 percent and order intake was in line with net sales
- Operating profit (EBITA) increased by 26 percent to SEK 233 million (185) and the operating margin was 10.4 percent (12.9). Adjusted for remeasured additional purchase considerations of SEK -80 million (-7), operating profit (EBITA) increased by 64 percent to SEK 313 million (192), corresponding to an operating margin of 14.0 percent (13.4)
- Earnings per share increased by 10 percent to SEK 3.51 (3.18)
- During the quarter, CDA Polska Sp.z.o.o. was acquired with annual sales of approximately SEK 90 million

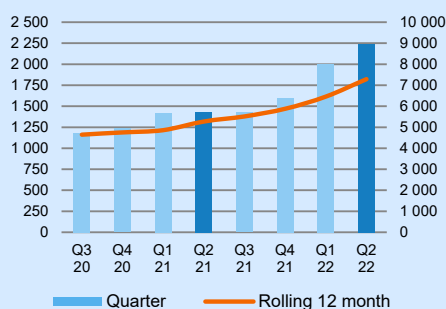
January – June 2022

- Net sales increased by 49 percent to SEK 4,235 million (2,854). Organic growth was 19 percent and order intake were slightly higher than net sales
- Operating profit (EBITA) increased by 31 percent to SEK 476 million (362) and the operating margin was 11.2 percent (12.7). Adjusted for remeasured additional purchase considerations of SEK -95 million (-7), operating profit (EBITA) increased by 55 percent to SEK 572 million (369), corresponding to an operating margin of 13.5 percent (12.9)
- Earnings per share increased by 20 percent to SEK 7.76 (6.49)

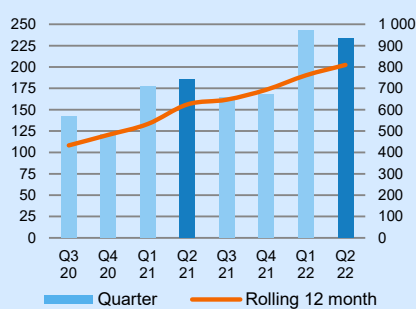
THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 21)

	Quarter 2		Δ	Jan–Jun		Δ	12- months rolling	Full year
SEK million	2022	2021	%	2022	2021	%	2022/21	2021
Order intake	2,249	1,526	47	4,290	3,007	43	7,367	6,084
Net sales	2,241	1,431	57	4,235	2,854	49	7,259	5,878
Gross profit	645	393	64	1,205	790	53	2,053	1,638
%	28.8	27.4		28.5	27.7		28.3	27.9
Operating expenses	-411	-208	98	-729	-428	70	-1,243	-942
%	-18.3	-14.5		-17.2	-15.0		-17.1	-16.0
Operating profit (EBITA)	233	185	26	476	362	31	809	695
%	10.4	12.9		11.2	12.7		11.1	11.8
Operating profit	223	178	25	455	349	31	770	664
%	9.9	12.4		10.7	12.2		10.6	11.3
Profit after tax	132	124	6	298	243	23	525	470
Earnings per share, SEK	3.51	3.18	10	7.76	6.49	20	13.84	12.57

Net sales, SEK million



Operating profit (EBITA), SEK million



NET SALES GROWTH

57%

OPERATING MARGIN (EBITA)

10.4%

CEO's overview



The second quarter was another strong quarter for Bufab. We reported continued strong growth, a stable gross margin, a robust result, and continued acquisitions.

We noted strong growth of 57 percent in the quarter, of which 16 percent was organic growth. This organic growth was a result of price increases and healthy underlying demand in all segments. It is also gratifying that we continue to capture market shares and that our order intake is stable.

The gross margin strengthened but the proportion of operating expenses increased sharply due to remeasurement of additional purchase considerations in previous acquisitions within Segment UK/North America.

Adjusted for remeasured additional purchase considerations, Bufab's operating profit increased by a full 64 percent and the margin was significantly strengthened.

Although the quarter continued to be affected by supply chain disruptions, long delivery lead times and some component shortages, the situation has stabilized. We are seeing indications among our companies of improved availability and shorter lead times, which together creates fewer disruptions and thus a better flow.

Cash flow was weak during the quarter as a direct result of a continued increase in working capital. It is mainly the longer lead times in the wake of the recent strained supply chains that have meant that we have had to increase our inventory. We expect the trend to reverse during the fall.

In April, we acquired the Polish company CDA Polska, specialized in solutions and components to the Polish construction sector, with annual sales of approximately SEK 90 million. The acquisition is a strategic addition to our business in Segment East and, together with the previous acquisitions of Pajo-Bolte and TI Midwood (TIMCO), strengthens our offering in the construction industry.

The process of integrating the recent acquisition is well under way. By applying our Best Practice model, this work strengthens both existing and newly acquired companies.

We also continue to develop our operations in the long term by gradually broadening our customer offering and increasing our degree of digitalization and productivity. For example, we launched a new e-commerce solution during the quarter, implemented more logistic solutions, and improved the efficiency of several processes using Robotic Process Automation (RPA). Our sustainability program is an increasingly important aspect for our customers and us and is an area in which we can really make a difference for our customers. Our efforts have intensified significantly in recent times under the framework of the Science Based Target initiative.

The geopolitical situation and rising inflation are causing an uncertainty concerning the future development. On the other hand, we have noted a certain improvement in the supply chain with shorter lead times and fewer disruptions. Bufab is also an entrepreneurial company with a history of tackling challenges in a flexible and dynamic manner. This, combined with the fact that we are significantly stronger today than we were a year ago, provides a solid basis for continued long-term, sustainable, and profitable growth.

After the summer, I will hand over the reins to Erik Lundén as new President and CEO and I wish him a very warm welcome to Bufab.

Without Bufab's 1,800 "solutionists," it would not have been possible to deliver these excellent results and I would like to take this opportunity to thank them for their great work in the first half of the year.

Johan Lindqvist
President and CEO

The Group in brief

SECOND QUARTER

Order intake increased to SEK 2,249 million (1,526) and was in line with net sales. Net sales increased by 57 percent to SEK 2,241 million (1,431). Of the total growth, 5 percent was attributable to currency effects, 36 percent to acquisitions and 16 percent to organic growth.

Underlying demand was somewhat higher, and the market share increased in all of the Group's segments. Organic growth was driven by price increases and continued favourable underlying demand.

The gross margin was 28.8 percent (27.4). The higher gross margin was driven by the strong performance of primarily Segment North and Segment East, driven by a combination of a positive business mix, that price increases were passed on to the customer and higher volumes in the manufacturing companies.

The proportion of operating expenses increased to 18.3 percent (14.5). The increase is primarily due to the period being charged with remeasured reserves of additional purchase considerations for the recent years' acquisitions in Segment UK/North America of SEK -80 million net. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to -14.8 percent (-14.0).

Operating profit (EBITA) increased by 26 percent to SEK 233 million (185) and the operating margin was 10.4 percent (12.9). Adjusted for remeasured additional purchase considerations amounting to SEK -80 (-7), operating profit (EBITA) increased by 64 percent to SEK 314 million (192), corresponding to an operating margin of 14.0 percent (13.4).

Earnings per share increased by 10 percent to SEK 3.51 (3.18).

JANUARY – JUNE

Order intake increased to SEK 4,290 million (3,007) and was slightly higher than net sales. Net sales increased by 49 percent to SEK 4,235 million (2,854). Of the total growth, 4 percent was attributable to currency effects, 26 percent to acquisitions and 19 percent to organic growth.

Underlying demand was higher, and the market share increased in all of the Group's segments. Organic growth was driven by a combination of favourable demand and a growing share of price increases.

The gross margin was 28.5 percent (27.7). The higher gross margin is a result of the Group successfully offsetting higher raw materials and freight prices through price increases to customers, but also due to the increased volumes and a favourable business mix compared to the comparison period.

The proportion of operating expenses increased to 17.2 percent (15.0). The increase is mainly due to the period being charged with remeasured reserves of additional purchase considerations for the recent years' acquisitions in Segment UK/North America of SEK -95 million net. Adjusted for the remeasured additional purchase considerations, the proportion of operating expenses amounted to -15.0 percent (-14.7).

Operating profit (EBITA) increased by 31 percent to SEK 476 million (362) and the operating margin was 11.2 percent (12.7). Adjusted for remeasured additional purchase considerations amounting to SEK -95 (-7), operating profit (EBITA) increased by 55 percent to SEK 572 million (369), corresponding to an operating margin of 13.5 percent (12.9).

Earnings per share increased by 20 percent to SEK 7.76 (6.49).

The Group in brief, continued

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -19 million (-14) for the second quarter, of which exchange-rate differences accounted for SEK 3 million (-5).

During the six-month period, net financial items amounted to SEK -35 million (-26), of which exchange-rate differences accounted for SEK -1 million (-2). The Group's result after financial items was SEK 204 million (165) for the quarter and SEK 424 (322) for the six-month period.

The deteriorated net financial items compared with the comparison periods are explained by higher borrowings driven by recent years' acquisitions and a gradually increasing interest rate.

The tax expense for the quarter was SEK -73 million (-40), implying an effective tax rate of 36 percent (24). The tax expense for the six-month period was SEK -126 million (79), which implies an effective tax rate of 30 percent (24). The increase in the effective tax rate relative to the comparison period is attributable to costs during the quarter for the remeasurement of additional purchase considerations that are not tax deductible.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 2		Jan-Jun	
	2022	2021	2022	2021
EBITDA, adjusted	246	198	502	385
Other non-cash items	81	7	113	7
Changes in working capital	-341	-121	-633	-209
Cash flow from operations	-14	84	-18	183
Investments excluding acquisitions	-12	-8	-27	-11
Operating cash flow	-23	76	-45	172

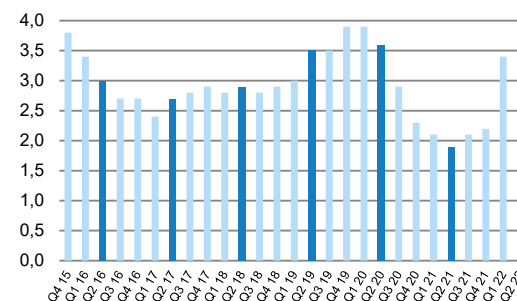
Operating cash flow was very weak during both the quarter and six-month period and is due to a sharp increase in working capital. The increased working capital is a direct result of the high organic growth, as well as a Group-wide increase in inventory levels to meet the longer lead times from suppliers brought on by strained supply chains.

Average working capital in relation to net sales amounted to 32.8 percent (29.6). The increase is due to the fact that the Group has increased its inventories in order to meet the longer lead times brought about by the strained supply chains.

As per 30 June 2022, adjusted net debt totaled SEK 3,150 million (1,248) and the debt/equity ratio was 139 percent (75).

The performance measure Net debt/EBITDA, adjusted, was a multiple of 3.7 (1.9) on 30 June 2022. The higher net debt, debt/equity ratio and the performance measure Net debt/EBITDA, adjusted, were primarily attributable to the acquisitions completed in the past year and remeasured additional purchase considerations.

Net debt / EBITDA, adjusted, multiple



If EBITDA was adjusted proforma to include the historical full-year result for the acquisitions in the past year and to exclude the costs for remeasured additional purchase considerations, net debt/EBITDA, adjusted, would have amounted to a multiple of 3.7 (1.9) at the end of the quarter.

Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, a purchasing office in China affiliated with one of the Swedish subsidiaries in the segment, as well as Pajo-Bolte A/S, which was acquired during the year. The operations mainly comprise trading companies, but also certain manufacturing of particularly demanding components.

SECOND QUARTER

The favourable demand in the first quarter continued into the second quarter. Total growth amounted to 25 percent, of which 9 percent was organic growth. Organic growth was essentially driven by price increases and higher volumes in the manufacturing companies. Order intake was in line with net sales.

The quarter's gross margin was higher than in the comparison quarter as a result of a favourable business mix, that price increases for raw materials and transport were offset by price increases to customers, and the higher volumes.

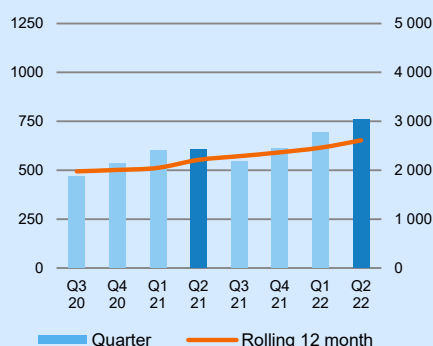
Thanks to continued growth, good operational leverage and cost control, the share of costs decreased relative to the comparison quarter.

The improved gross margin together with the lower share of operating expenses led to a significant improvement in both operating profit and margin relative to the comparison quarter.

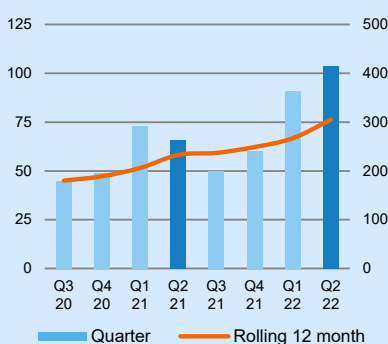
The focus moving forward will be on continued investments in long-term profitable and sustainable growth, which will require securing new business and capturing market shares.

SEK million	Quarter 2			Jan-Jun			Rolling 12 months	Full year
	2022	2021	Δ	2022	2021	Δ	2022/21	2021
Order intake	761	656	16	1,442	1,285	12	2,592	2,436
Net sales	758	608	25	1,452	1,208	20	2,610	2,366
Gross profit	206	154	34	388	312	24	687	611
%	27.2	25.2		26.7	25.9		26.3	25.8
Operating expenses	-102	-88	16	-193	-173	12	-381	-362
%	-13.4	-14.4		-13.3	-14.4		-14.6	-15.3
Operating profit (EBITA)	104	66	58	195	139	40	305	249
%	13.8	10.8		13.4	11.5		11.7	10.5

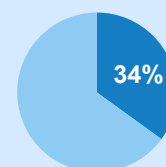
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL NET SALES



NET SALES GROWTH

25%

OPERATING MARGIN (EBITA)

13.8%

Segment West

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

SECOND QUARTER

The majority of companies in the segment noted continued strong growth in the quarter. Organic growth was 10 percent and was mainly attributable to price increases and a continued healthy underlying demand. The operations in the Czech Republic delivered an especially strong performance, supported by new business and a strong underlying demand. Order intake was slightly higher than net sales.

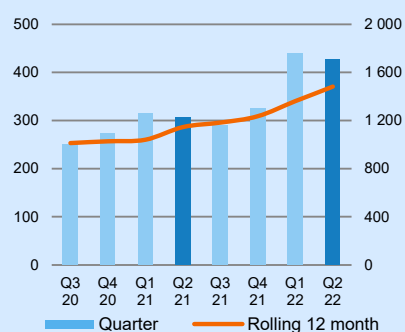
The gross margin for the quarter was lower than in the comparison quarter. The lower gross margin was partly attributable to the acquisition of Jenny Wattle, which has a lower gross margin but comparable operating margin relative to the segment's other companies and partly to the fact that a somewhat negative year-on-year business mix combined with the increased costs in recent quarters for raw material and freight, despite high activity, were not fully offset by price increases to customers.

However, the lower gross margin was more than offset by a significantly lower share of operating expenses, which in turn was due to the effects of the acquisition of Jenny Wattle in addition to successful cost savings and continued good operational leverage. Overall, operating profit increased sharply while and the margin improved slightly.

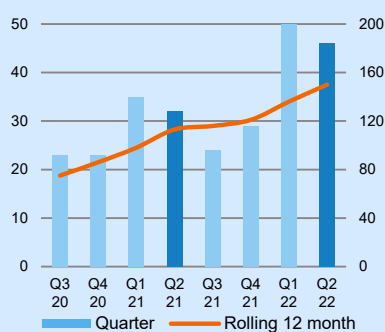
The focus moving forward will be on continued investments in long-term profitable and sustainable growth, which will require securing new business and capturing market shares. This at the same time as the strategic investments in personnel will continue.

SEK million	Quarter 2			Jan-Jun			Rolling 12 months	
	2022	2021	Δ %	2022	2021	Δ %	2022/21	2021
Order intake	447	325	38	904	643	41	1,578	1,317
Net sales	426	307	39	866	621	39	1,481	1,236
Gross profit	100	78	28	204	159	28	355	310
%	23.5	25.3		23.6	25.6		24.0	25.1
Operating expenses	-54	-45	20	-108	-92	17	-205	-189
%	-12.6	-14.8		-12.5	-14.8		-13.9	-15.3
Operating profit (EBITA)	46	32	44	96	67	43	150	121
%	10.8	10.5		11.1	10.8		10.1	9.8

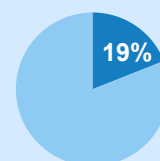
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



NET SALES GROWTH

39%

OPERATING MARGIN (EBITA)

10.8%

Segment East

Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Slovakia, Turkey, China, Singapore, other countries in Southeast Asia and India, as well as CDA Polska, which was acquired during the quarter.

SECOND QUARTER

The strong demand noted by the segment during the first quarter continued into the second quarter. Organic growth was 9 percent. Organic growth was higher in the Eastern European operations compared with Southeast Asia, which was impacted by lockdowns in the wake of the COVID-19 pandemic. Order intake was slightly lower than net sales.

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

The proportion of operating expenses increased year on year. The increase is explained by a positive impact on the share of costs in the second quarter of 2021 due to revalued reserves.

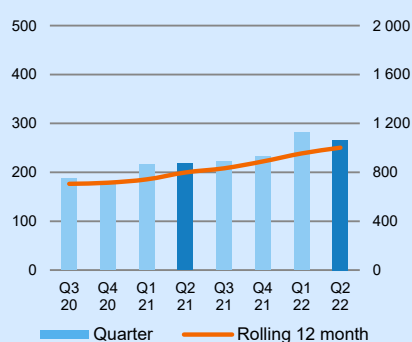
Overall, operating profit increased slightly while the margin decreased.

The segment's Russian operations has been divested to the local management team and are, as of June, no longer part of the Bufab Group.

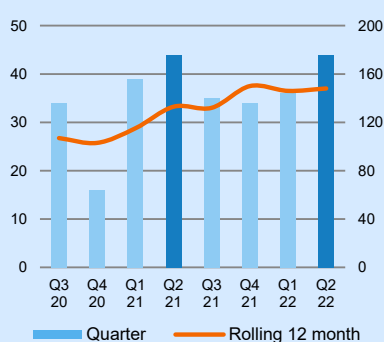
During the summer and autumn, the segment's companies will continue their efforts to capture market shares and offset the cost increases resulting from the rising inflation by increasing productivity. The long-term focus of the segment is to invest in additional growth, for example, by further strengthening the sales team in Eastern Europe and Southeast Asia.

	Quarter 2			Jan-Jun			Rolling 12 months	Full year
SEK million	2022	2021	%	2022	2021	%	2022/21	2021
Order intake	251	236	6	540	470	15	1,004	933
Net sales	266	218	22	548	435	26	1,002	889
Gross profit	83	67	24	173	136	28	313	276
%	31.4	30.8		31.6	31.2		31.2	31.0
Operating expenses	-40	-25	60	-93	-54	73	-165	-126
%	-15.0	-11.5		-17.1	-12.4		-16.5	-14.2
Operating profit (EBITA)	44	42	4	80	82	-2	148	150
%	16.4	19.3		14.5	18.8		14.7	16.9

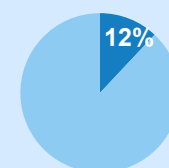
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



NET SALES GROWTH

22%

OPERATING MARGIN (EBITA)

16.4%

Segment UK/North America

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US, and Mexico, as well as TI Midwood & Co Ltd, which was acquired during the year.

SECOND QUARTER

The segment reported growth of a full 165 percent during the quarter. Organic growth was very strong at 43 percent. The organic growth was largely driven by price increases, but also by a stable demand at high levels and captured market shares. Order intake was in line with net sales. Similar to past quarters, the operations of American Bolt & Screw in North America and APEX in the UK reported the strongest performance.

The gross margin for the quarter was unchanged year on year. Adjusted for the acquisition of TI Midwood (TIMCO), which has a lower gross margin than the rest of the segment, the gross margin increased somewhat.

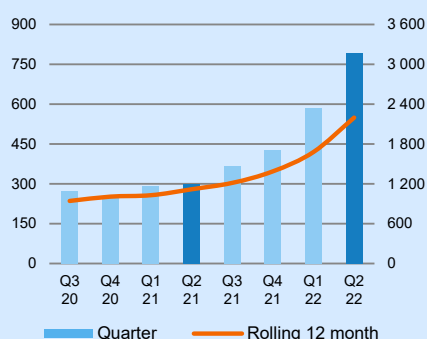
Operating expenses in the period were charged with remeasured reserves for additional purchase considerations for recent years acquisitions of SEK -80 million. The remeasured additional purchase considerations are primarily driven by the fact that the acquired companies overall continue to develop significantly better than expected. Adjusted for the remeasured additional purchase considerations, the share of operating expenses amounted to -15.4 percent (-14.0).

Operating profit and the operating margin declined to SEK 47 million and 5.9 percent, respectively, but adjusted for the remeasurement of additional purchase considerations, profit increased by 142 percent to SEK 131 million and the margin amounted to 16.0 percent.

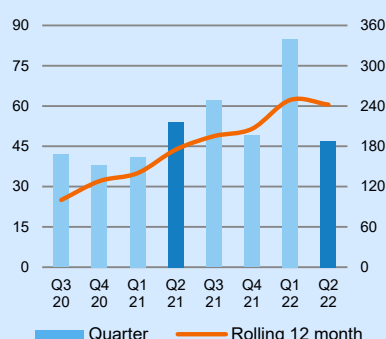
During the summer and autumn, the focus will be on continued investments in long-term and sustainable growth, broadening the business and capturing market shares.

	Quarter 2			Jan-Jun			Rolling 12 months	Full year
	2022	2021	%	2022	2021	%	2022/21	2021
SEK million								
Order intake	791	309	156	1,405	610	130	2,193	1,398
Net sales	791	298	165	1,369	591	134	2,166	1,388
Gross profit	253	95	170	441	188	133	699	446
%	32.0	32.0		32.2	31.8		32.3	32.2
Operating expenses	-206	-42	396	-309	-93	232	-457	-241
%	-26.0	-14.0		-22.6	-15.7		-21.1	-17.3
Operating profit (EBITA)	47	54	-9	131	95	38	242	206
%	5.9	18.0		9.6	16.0		11.2	14.8

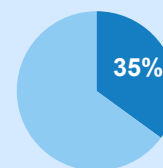
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



NET SALES GROWTH

165%

OPERATING MARGIN (EBITA)

5.9%

Consolidated Income Statement in summary

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Net sales	2,241	1,431	4,235	2,854
Cost of goods sold	-1,596	-1,039	-3,030	-2,064
Gross profit	645	393	1,205	790
Distribution costs	-222	-145	-395	-286
Administrative expenses	-139	-82	-262	-161
Other operating income and operating expenses	-61	13	-93	6
Operating profit	223	178	455	349
<i>Profit/loss from financial items</i>				
Interest income and similar income items	3	0	4	1
Interest expenses and similar expenses	-22	-14	-35	-27
Profit after financial items	204	165	424	322
Tax on net profit for the period	-73	-40	-126	-79
Profit after tax	132	124	298	243

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit after tax	132	124	298	243
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	52	-32	84	20
Other comprehensive income after tax	52	-32	84	20
Total comprehensive income	184	92	382	263
Total comprehensive income attributable to:				
Parent Company shareholders	184	92	382	263

Earnings per share

<i>SEK</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Earnings per share	3.51	3.18	7.94	6.49
Weighted number of shares outstanding before dilution, thousands	37,489	37,419	37,489	37,419
Diluted earnings per share, SEK	3.43	3.11	7.76	6.36
Weighted number of shares outstanding after dilution, thousands	38,346	38,155	38,346	38,155

Consolidated Balance Sheet in summary

<i>SEK million</i>	30 Jun 22	30 Jun 21	31 Dec 21
ASSETS			
Non-current assets			
Intangible assets	3,339	1,914	2,300
Property, plant and equipment	724	547	586
Financial assets	34	38	35
Total non-current assets	4,097	2,499	2,921
Current assets			
Inventories	2,946	1,487	2,140
Current receivables	1,772	1,188	1,219
Cash and cash equivalents	336	256	293
Total current assets	5,054	2,931	3,652
Total assets	9,151	5,429	6,573
EQUITY AND LIABILITIES			
Equity	2,624	2,113	2,377
Non-current liabilities			
Non-current liabilities, interest-bearing	3,713	1,675	2,104
Non-current liabilities, non-interest-bearing	386	360	523
Total non-current liabilities	4,099	2,035	2,627
Current liabilities			
Current liabilities, interest-bearing	269	168	192
Current liabilities, non-interest-bearing	2,159	1,114	1,377
Total current liabilities	2,428	1,282	1,569
Total equity and liabilities	9,151	5,429	6,573

Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Jun 22	30 Jun 21
Equity at beginning of year	2,377	1,931
Comprehensive income		
Profit after tax	298	243
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	84	28
Total comprehensive income	382	271
Transactions with shareholders		
Call option premium	6	4
Redemption call option programme	-	10
Dividend to shareholders	-141	-103
Total transactions with shareholders	-135	-89
Equity at end of period	2,624	2,113

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Operating activities</i>				
Profit before financial items	223	177	455	347
Depreciation/amortisation and impairment	55	43	105	88
Interest and other finance income	0	0	1	0
Interest and other finance expenses	-19	-13	-33	-27
Other non-cash items	81	7	113	14
Income tax paid	-55	-40	-116	-76
Cash flow from operating activities before changes in working capital	285	174	525	347
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	-277	-119	-367	-176
Increase (-)/decrease (+) in operating receivables	-20	-102	-250	-302
Increase (+)/decrease (-) in operating liabilities	-43	100	-15	269
Cash flow from operating activities	-55	53	-107	138
<i>Investing activities</i>				
Acquisition of intangible assets	0	-2	-	-2
Acquisition of property, plant and equipment	-12	-6	-27	-9
Company acquisitions including additional purchase considerations	-44	-	-980	-
Cash flow from investing activities	-56	-8	-1 007	-11
<i>Financing activities</i>				
Dividend paid	-140	-103	-140	-103
Call option premium	6	4	6	4
Redemption call option programme	0	10	-	10
Increase (+)/decrease (-) in borrowings	237	-58	1 284	-81
Cash flow from financing activities	103	130	1 150	-169
Cash flow for the period	8	-102	36	-42
Cash and cash equivalents at beginning of period	323	358	293	292
Translation differences	5	0	6	6
Cash and cash equivalents at end of period	336	256	336	256

The Group's segment reporting

SEK million	2020				2021			2022	
North	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Kv1	Q2
Net sales	448	470	533	599	608	545	613	694	758
Gross profit	94	110	124	159	154	145	153	182	206
%	20.9	23.5	23.2	26.5	25.2	26.7	25.0	26.2	27.2
Operating expenses	-55	-65	-75	-86	-88	-95	-93	-91	-102
%	-12.3	-13.8	-14.0	-14.4	-14.4	-17.4	-15.2	-13.1	-13.4
Operating profit (EBITA)	39	45	49	73	66	50	60	91	104
%	8.7	9.7	9.2	12.2	10.8	9.2	9.8	13.1	13.8

SEK million	2020				2021			2022	
West	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	202	251	274	314	307	289	326	440	426
Gross profit	49	63	69	82	78	70	81	104	100
%	24.4	25.0	25.3	26.1	25.3	24.3	24.7	23.7	23.5
Operating expenses	-33	-40	-46	-47	-45	-46	-51	-55	-54
%	-16.4	-15.9	-16.7	-15.0	-14.8	-15.8	-15.6	-12.5	-12.6
Operating profit (EBITA)	16	23	23	35	32	24	29	50	46
%	7.9	9.1	8.4	11.1	10.5	8.5	9.0	11.4	10.8

SEK million	2020				2021			2022	
East	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	162	187	177	216	218	222	233	282	266
Gross profit	53	60	56	68	67	67	73	90	83
%	32.7	32.0	31.5	31.5	30.8	30.4	31.3	31.7	31.4
Operating expenses	-26	-26	-40	-29	-25	-33	-39	-54	-40
%	-16.0	-13.9	-22.6	-13.4	-11.5	-14.8	-16.7	-19.0	-15.0
Operating profit (EBITA)	27	34	16	39	42	35	34	36	44
%	16.7	18.1	9.0	18.1	19.3	15.6	14.6	12.7	16.4

SEK million	2020				2021			2022	
UK/North America	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	210	273	254	293	298	369	427	585	791
Gross profit	64	88	79	93	95	122	137	187	253
%	30.5	32.3	31.1	31.7	32.0	33.0	32.1	32.0	32.0
Operating expenses	-45	-46	-42	-52	-42	-60	-88	-103	-206
%	-21.4	-16.9	-16.5	-17.7	-14.0	-16.2	-20.6	-17.5	-26.0
Operating profit (EBITA)	19	42	38	41	54	62	49	85	47
%	9.1	15.4	15.0	14.0	18.0	16.9	11.5	14.5	5.9

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

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

SEK million	2020				2021			2022	
Group	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	1,022	1,181	1,238	1,423	1,431	1,425	1,599	2,002	2,241
Gross profit	258	320	323	397	393	405	443	561	645
%	25.2	27.1	26.1	27.9	27.4	28.4	27.7	28.0	28.8
Operating expenses	-165	-178	-202	-220	-208	-241	-274	-318	-411
%	-16.2	-15.0	-16.3	-15.5	-14.5	-16.9	-17.1	-15.9	-18.3
Operating profit (EBITA)	92	142	121	177	185	164	169	243	233
%	9.1	12.1	9.8	12.4	12.9	11.5	10.6	12.1	10.4

Consolidated Key Figures

For definitions, see page 21

	Quarter 2			Jan–Jun		
	2022	2021	Δ	2022	2021	Δ
Order intake, SEK million	2,249	1,526	47	4,290	3,007	43
Net sales, SEK million	2,241	1,431	57	4,235	2,854	49
Gross profit, SEK million	645	393	64	1,205	790	53
EBITDA, SEK million	278	221	26	561	436	29
EBITDA, adjusted, SEK million	246	198	24	502	385	30
Operating profit (EBITA), SEK million	233	185	26	476	362	31
Operating profit, SEK million	223	178	25	455	349	31
Profit after tax, SEK million	132	124	6	298	243	23
Gross margin, %	28.8	27.4		28.5	27.7	
Operating margin (EBITA), %	10.4	12.9		11.2	12.7	
Operating margin, %	9.9	12.4		10.7	12.2	
Net margin, %	5.9	8.7		7.0	8.5	
Net debt, SEK million	3,646	1,587	-129			
Net debt, SEK million, adjusted	3,150	1,248	-152			
Debt/equity ratio, %	139	75	185			
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	3.7	1.9				
Working capital, SEK million	3,209	1,662	93			
Average working capital, SEK million	2,495	1,557	60			
Average working capital in relation to net sales, %	32.8	29.6				
Equity/assets ratio, %	29	39				
Operating cash flow, SEK million	-26	76	-134	-45	172	-126
Earnings per share, SEK	3.51	3.18	10	7.76	6.49	20

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

Parent Company Income Statement in summary

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-Jun</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Administrative expenses	-3	-6	-6	-11
Other operating income	2	2	3	5
Operating loss	-1	-4	-3	-6
<i>Profit/loss from financial items</i>				
Profit from shares in group companies	150	150	150	150
Earnings from shares in Group companies	0	0	0	0
Profit after financial items	149	146	147	144
Appropriations	-	-	-	-
Tax on net profit for the period	-	-	-	-
Profit after tax	149	146	147	144
Other comprehensive income	-	-	-	-
Total comprehensive income	149	146	147	144

Parent Company Balance Sheet in summary

<i>SEK million</i>	30 Jun 22	30 Jun 21	31 Dec 21
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
Current assets			
Receivables from Group companies	212	110	203
Other current receivables	51	52	50
Cash and cash equivalents	-	-	-
Total current assets	263	162	253
Total assets	1,108	1,007	1,098
EQUITY AND LIABILITIES			
Equity	996	907	983
Untaxed reserves	93	81	93
Non-current interest-bearing liabilities			
Other non-current liabilities	-	-	-
Total non-current liabilities	0	0	0
Current non-interest-bearing liabilities			
Other current liabilities	19	19	22
Total current liabilities	19	19	22
Total equity and liabilities	1,108	1,007	1,098

Other information

ACCOUNTING POLICIES

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

RISKS AND RISK MANAGEMENT

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

SEASONAL VARIATIONS

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

RELATED-PARTY TRANSACTIONS

There were no significant related-party transactions during the period.

ACQUISITIONS

Acquisitions made during 2020-2022:

	Date	Net sales*	Employees
Component Solutions Group Ltd.	8 Sep 2021	280	85
Jenny Wattle GmbH	19 Oct 2021	190	43
Tilka Trading AB	21 Oct 2021	50	18
Pajo-Bolte A/S	14 Mar 2022	190	40
TI Midwood & Co Ltd.	21 Mar 2022	730	187
CDA Polska S.p.z.o.o	21 Apr 2022	93	47

*Estimated annual net sales at the date of acquisition

Acquisition CDA Polska S.p.z.o.o

On 21 April 2022, Bufab acquired 100 percent of the shares in CDA Polska S.p.z.o.o, which sells C-parts to the construction industry. The company is based in Poland. The purchase consideration amounted to SEK 97 million, of which SEK 45 million was

conditional. The conditional portion of SEK 45 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 16 million to the Group's accumulated net sales since the transfer. This acquisition would have positively impacted the Group's net sales by an estimated SEK 47 million, operating profit (EBITA) by about SEK 14 million and profit after tax by about SEK 10 million had it been implemented on 1 January 2022.

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

<i>CDA Polska S.p.z.o.o- Preliminary acquisition analysis</i>	<i>Fair value</i>
Intangible assets	14
Other non-current assets	26
Inventories	22
Other current assets	5
Cash and cash equivalents	13
Deferred tax liabilities	-7
Other liabilities	-50
Acquired net assets	23
Goodwill	74
Purchase consideration*	96
Less: cash and cash equivalents in acquired operations	-13
Less: conditional purchase consideration	-45
Effect on the Group's cash and cash equivalents	39

* The consideration is stated excluding acquisition expenses

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

Acquisition Pajo-Bolte A/S

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

conditional. The conditional portion of SEK 21 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the acquired company's future earnings performance. The acquisition has added SEK 69 million to the Group's accumulated net sales since the transfer. This acquisition would have positively impacted the Group's net sales by an estimated SEK 94 million, operating profit (EBITA) by about SEK 12 million and profit after tax by about SEK 10 million had it been implemented on 1 January 2022.

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

Pajo-Bolte A/S – Preliminary acquisition analysis	Fair value
Intangible assets	64
Other non-current assets	34
Inventories	67
Other current assets	44
Cash and cash equivalents	4
Deferred tax liabilities	-27
Other liabilities	-60
Acquired net assets	126
Goodwill	151
Purchase consideration*	277
Less: cash and cash equivalents in acquired operations	-4
Less: conditional purchase consideration	-21
Effect on the Group's cash and cash equivalents	252

* The consideration is stated excluding acquisition expenses

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

Acquisition TI Midwood & Co Ltd.

On 21 March 2022, Bufab acquired 100 percent of the shares in TI Midwood & Co. Ltd., which sells C-parts to the construction industry. The company is based in the UK. The purchase consideration amounted to SEK 913 million, of which SEK 240 million is conditional. The conditional portion of SEK 240 million comprises 96 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. The acquisition has added SEK 255 million to the Group's accumulated net sales since

the transfer. This acquisition would have positively impacted the Group's net sales by an estimated SEK 364 million, operating profit (EBITA) by about SEK 44 million and profit after tax by about SEK 26 million had it been implemented on 1 January 2022.

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

TI Midwood & Co. Ltd. – Preliminary acquisition analysis	Fair value
Intangible assets	137
Other non-current assets	124
Inventories	256
Other current assets	189
Cash and cash equivalents	100
Deferred tax liabilities	-45
Other liabilities	-340
Acquired net assets	421
Goodwill	494
Purchase consideration*	913
Less: cash and cash equivalents in acquired operations	-100
Less: conditional purchase consideration	-240
Effect on the Group's cash and cash equivalents	574

* The consideration is stated excluding acquisition expenses

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

SIGNIFICANT EVENTS DURING THE HALF YEAR

Acquisitions

TI Midwood & Co. Ltd.

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

Pajo-Bolte A/S

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

CDA Polska S.p.z.o.o

In mid-April 2022, Bufab acquired the company CDA Polska S.p.z.o.o with operations in Poland. This acquisition adds full-year sales of

approximately PLN 42 million (SEK 93 million) to the Group.

Organisation

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

EMPLOYEES

The number of employees in the Group at 30 June 2022 amounted to 1,852 (1,310).

CONTINGENT LIABILITIES AND COLLATERALS

During the third quarter of 2021, the Group signed a new credit agreement with two Swedish banks with a maturity of three years and an extension option of two one-year periods. The new credit agreement replaces a credit agreement signed earlier and

entails an increase of the total credit framework from SEK 2,200 million to SEK 3,000 million, which can be used for general company purposes, including the financing of acquisitions. The process to release the international collateral package pledged for the obligations under the earlier credit agreement commenced during the third quarter of 2021 and was concluded in the middle of the first quarter of 2022. No collateral is pledged for the obligations under the new credit agreement.

AUDIT REVIEW

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

FINANCIAL REPORTING DATES

Interim report Q3, 2022

27 October 2022

Year-end report 2022

9 February 2023

The Board of Directors and CEO assure that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and profits, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Värnamo, 13 July 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

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortization and impairment

EBITDA, adjusted

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

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

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

Debt/equity ratio, %

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

Net debt / EBITDA, adjusted, multiple

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

Operating expenses

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

Working capital

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

Average working capital

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

Average working capital in relation to net sales, %

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

Equity/assets ratio, %

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

Operating cash flow

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

Earnings per share

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

Performance measures not defined in accordance with IFRS

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

Organic growth

Because Bufab has operations in many countries with different currencies, it is essential to provide an understanding of the company's performance without 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 recognized excluding currency effects when translating foreign subsidiaries and excluding acquired operations within the term Organic growth. This performance measure is expressed in percentage points of last year's net sales.

2022, percentage points	Quarter 2				
	Group	North	West	East	UK/North America
Organic growth	16	9	10	9	43
Currency translation effects	5	2	4	5	12
Acquisitions	36	14	24	8	112
Recognized growth	57	25	39	22	168

2022, percentage points	Jan-Jun				
	Group	North	West	East	UK/North America
Organic growth	19	10	13	18	42
Currency translation effects	4	2	4	4	10
Acquisitions	26	8	22	4	81
Recognized growth	49	20	40	26	134

Operating cash flow

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

SEK million	Quarter 2		Jan-Jun	
	2022	2021	2022	2021
EBITDA, adjusted	246	198	502	385
Other non-cash items	81	7	113	7
Changes in inventory	-278	-119	-368	-176
Changes in operating receivables	-20	-102	-250	-302
Changes in operating liabilities	-43	100	-15	269
Cash flow from operations	-14	84	-18	183
Investments excluding acquisitions	-12	-8	-27	-11
Operating cash flow	-26	76	-45	172

EBITDA

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2022	2021	2022	2021
Operating profit	223	178	455	348
Depreciation/amortisation and impairment	55	43	106	88
EBITDA	278	221	561	436

EBITDA, adjusted

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2022	2021	2022	2021
Operating profit	223	178	455	348
Depreciation/amortization and impairment	55	43	106	88
Less: amortization on right-of-use assets according to IFRS 16	-29	-22	-53	-45
Less: interest expenses on lease liabilities according to IFRS 16	-3	-2	-6	-5
EBITDA, adjusted	246	198	502	385

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, amortization and impairment of acquired intangible assets). The performance measure is defined below.

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2021	2021	2021	2021
Operating profit	223	178	455	348
Depreciation and amortisation of acquired intangible assets	10	7	21	14
EBITA	233	185	476	362

Operating expenses

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2022	2021	2022	2021
Distribution costs	-222	-145	-395	-286
Administrative expenses	-139	-82	-262	-161
Other operating income and costs	-61	13	-93	6
Depreciation and amortisation of acquired intangible assets	10	7	21	14
Operating expenses	-411	-208	-729	-427

Working capital

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	<i>2022</i>	<i>2021</i>
Current assets	5,054	2,931
Less: cash and cash equivalents	-336	-256
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1 509	-1,013
Working capital on the balance-sheet date	3 209	1,662

Net debt

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	<i>2022</i>	<i>2021</i>
Non-current interest-bearing liabilities	3,713	1,675
Current interest-bearing liabilities	269	168
Less: cash and cash equivalents	-336	-256
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,646	1,587

Net debt, adjusted

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	<i>2022</i>	<i>2021</i>
Non-current interest-bearing liabilities	3,713	1,675
Current interest-bearing liabilities	269	168
Less: lease liabilities according to IFRS 16	-496	-339
Less: cash and cash equivalents	-336	-256
Less: other interest-bearing receivables	-	-
Net debt, adjusted, on the balance-sheet date	3,150	1,248

CONFERENCE CALL

A conference call will be held on 13 July 2022 at 10:00 a.m. CEST. Johan Lindqvist, President and CEO, and Marcus Söderberg, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: +44 (0)330 165 3641, UK +46 08 5664 2754, Sweden or USA +1 646-828-8082. Conference code: 467585.

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



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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 13 July 2022 at 8:40 a.m. CEST.

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About Bufab

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

Bufab was founded in 1977 in Småland, Sweden, and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,850 employees. Bufab's net sales for the past 12 months amounted to SEK 7.3 billion and the operating margin was 11.1 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.