

Interim report January-September 2022

Continued healthy growth and strong results

Third quarter of 2022

- Net sales increased by 49 percent to SEK 2,122 million (1,425). Organic growth was 9 percent and order intake was in line with net sales
- Operating profit (EBITA) increased to SEK 272 million (164) and the operating margin was 12.8 percent (11.5)
- Adjusted for remeasured additional purchase considerations, operating profit (EBITA) increased to SEK 274 million (182) and the operating margin to 12.9 percent (12.8)
- Earnings per share increased by 62 percent to SEK 4.71 (2.90)

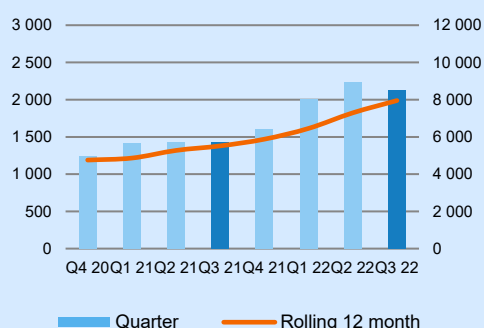
January – September 2022

- Net sales increased by 49 percent to SEK 6,358 million (4,279). Organic growth was 16 percent and order intake was in line with net sales.
- Operating profit (EBITA) increased to SEK 748 million (526) and the operating margin was 11.8 percent (12.3)
- Adjusted for remeasured additional purchase considerations, operating profit (EBITA) increased to SEK 845 million (557) and the operating margin to 13.3 percent (13.0).
- Earnings per share increased by 34 percent to SEK 12.64 (9.40)

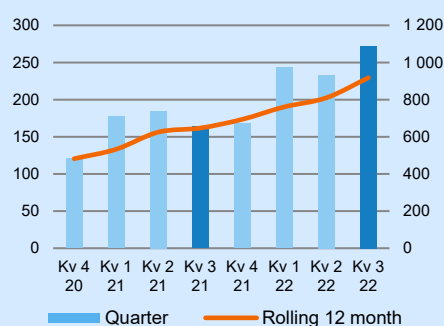
THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 22)

SEK million	Quarter 3			Jan-Sep			12-months rolling	Full year
	2022	2021	%	2022	2021	%	2022/21	2021
Order intake	2,071	1,454	42	6,361	4,461	43	7,874	6,084
Net sales	2,122	1,425	49	6,358	4,279	49	7,953	5,867
Gross profit	601	405	49	1,807	1,195	51	2,249	1,638
%	28.3	28.4		28.4	27.9		28.3	27.9
Operating expenses	-329	-241	37	-1,059	-669	58	-1,332	-942
%	-15.5	-16.9		-16.6	-15.6		-16.7	-16.1
Operating profit (EBITA)	272	164	66	748	526	42	918	695
%	12.8	11.5		11.8	12.3		11.5	11.9
Operating profit	250	157	59	705	505	40	865	664
%	11.8	11.0		11.1	11.8		10.9	11.3
Profit after tax	177	113	57	474	355	34	589	470
Earnings per share, SEK	4.71	2.90	62	12.64	9.40	34	15.57	12.57

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

49%

OPERATING MARGIN (EBITA)

12.8%

CEO's overview



This was my first quarter as CEO of Bufab and I am pleased to report that the third quarter of 2022 was yet another strong quarter despite challenging market conditions. We reported a continued healthy growth, a stable gross margin and a strong result. However, given the geopolitical and macroeconomic situation, the uncertainty regarding the upcoming year has increased.

We saw a strong growth of 49 percent during the quarter. The growth was largely driven by acquisitions completed in the past year, but we also noted a continued good organic growth of 9 percent. The underlying demand was relatively stable, and the organic growth was mainly a result of price increases and captured market shares. In particular, Segments West and UK/North America showed a strong organic growth for the quarter.

Thanks to a stable gross margin and a lower share of operating expenses, both the operating profit and the operating margin increased significantly. There is a continued good cost control within the group, and this, together with the organic growth and recent acquisitions, accounts for the good profit development in the quarter. Overall, the operating profit increased by 66 percent and the operating margin amounted to 12.8 percent (11.5). All segments contributed to the strong development, especially, Segments West and UK/North America.

The cash flow remained weak during the quarter as a direct result of a continued increase in working capital, mainly in terms of inventory. It is the strong organic growth in combination with the past two years' longer lead times, that has led to the need for us to increase our inventory. The lead times have been decreasing for some time and we have taken several measures to ensure that our inventory follows suite. We expect the trend in increasing inventory to reverse in the fourth

quarter and that the cash flow will then gradually improve.

The work to integrate the recent acquisitions is fully under way and the effort to realise growth synergies is particularly high on the agenda going forward. We also continue to develop our business for the long-term by gradually broadening our customer offer and increasing our degree of digitalisation and productivity.

The energy crisis in Europe, the war in Ukraine, the high inflation rate and rising interest rates indicate major uncertainty ahead of 2023 and point to a weaker economic development. We have noted a somewhat higher level of caution among customers in certain segments. At the same time, we have a well-diversified portfolio of customers and product items with good risk diversification. If demand were to weaken, we are well-positioned with specific measures for each Bufab company. In addition to this, we continue to focus on efficiency improvements, cost savings and price increases towards customers.

A potentially weaker economy implies greater opportunities for strong companies to capture market shares and Bufab has a history of managing challenges in a flexible, dynamic, and successful manner. This combined with a progressively broadened offer and increased customer relevance, provides a solid basis for a continued long-term, sustainable, and profitable growth journey going forward.

I took over the role of CEO of Bufab in mid-August. During the past two months, I have had the privilege to meet a large number of our employees in the Group, visited our subsidiaries and participated in customer meetings, reviews and analyses of our operations. It is clear that Bufab is well-positioned for the future. With our strong customer offering, stable global platform and well-diversified customer base, as well as our strong team and exciting growth opportunities in new and existing markets, we have every opportunity to succeed in the short and long term.

Finally, I would like to thank all our customers around the world for the trust you show in us and to extend a big thank you to our more than 1,800 "solutionists" throughout the world. Without your strong commitment and work, we could not have delivered this strong result.

Erik Lundén
President and CEO

The Group in brief

THIRD QUARTER

Order intake increased to SEK 2,071 million (1,454) and was in line with net sales. Net sales increased by 49 percent to SEK 2,122 million (1,425). Of the total growth of 49 percent, +6 percent was attributable to currency effects, +34 to acquisitions and +9 percent to organic growth.

Underlying demand was unchanged relative to the comparative quarter. Accordingly, organic growth was mainly driven by price increases and continued captured market shares.

The gross margin was 28.3 percent (28.4).

The share of operating expenses declined to 15.5 percent (16.9). The decrease is attributable to the continued growth in combination with good cost control. Adjusted for remeasured additional purchase considerations of SEK -2 million (-18), the share of operating expenses declined to 15.4 percent (15.6).

Due to a stable gross margin and a lower share of operating expenses, both operating profit and the operating margin increased significantly. Operating profit (EBITA) increased to SEK 272 million (164), corresponding to a margin of 12.8 percent (11.5). Adjusted for remeasured additional purchase considerations, operating profit increased to SEK 274 million (182), corresponding to an operating margin of 12.9 percent (12.8).

Exchange-rate fluctuations impacted operating profit by SEK +14 million (-3).

Earnings per share increased by 62 percent to SEK 4.71 (2.90).

JANUARY-SEPTEMBER

Order intake amounted to SEK 6,361 million (4,461) and was in line with net sales. Net sales increased by 49 percent to SEK 6,358 million (4,279). Of the total growth of 49 percent, +5 percent was attributable to currency effects, +28 to acquisitions and +16 percent to organic growth.

Underlying demand was higher and was observed in all segments. The strong organic growth during the nine-month period was mainly attributable to price increases and to a higher underlying demand relative to the comparative period. The market share increased.

The gross margin increased somewhat to 28.4 percent (27.9). The higher gross margin is a result of the Group successfully offsetting higher raw materials and freight prices through price increases to customers, and to an extent, due to the increased volumes and a favourable business mix relative to the comparative period.

The proportion of operating expenses increased to 16.6 percent (15.6). The increase was mainly due to the period being charged with remeasured reserves of additional purchase considerations for acquisitions in recent years. Adjusted for remeasured additional purchase considerations of SEK -97 million (-31), the share of operating expenses amounted to 15.1 percent (14.9).

Operating profit (EBITA) increased by 42 percent to SEK 748 million (526) and the operating margin was 11.8 percent (12.3). Adjusted for remeasured additional purchase considerations, operating profit (EBITA) increased by 52 percent to SEK 845 million (557), corresponding to an operating margin of 13.3 percent (13.0)

Exchange-rate fluctuations impacted operating profit by SEK +35 million (-20).

Earnings per share increased by 34 percent to SEK 12.64 (9.40)

The Group in brief, continued

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -28 million (-8) for the third quarter, of which exchange-rate differences accounted for SEK 1 million (-2).

During the nine-month period, net financial items amounted to SEK -60 million (-34), of which exchange-rate differences accounted for SEK 4 million (-4). The Group's profit after financial items was SEK 222 million (149) for the quarter and SEK 645 million (471) for the nine-month period.

The deteriorated net financial items compared with the comparative period is attributable to higher borrowings driven by recent years' acquisitions and a gradually increasing interest rate.

The tax expense for the quarter was SEK -45 million (-36), implying an effective tax rate of 20 percent (25). The tax expense for the nine-month period was SEK -171 million (-115), which implies an effective tax rate of 26 percent (24). The increase in the effective tax rate relative to the comparison period is attributable to costs during the period for remeasurement of additional purchase considerations that are not tax deductible.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 3		Jan-Sep	
	2022	2021	2022	2021
EBITDA, adjusted	285	176	787	562
Other non-cash items	30	16	143	30
Changes in working capital	-295	-138	-928	-346
Cash flow from operations	20	54	2	246
Investments excluding acquisitions	-25	-4	-40	-13
Operating cash flow	-5	50	-38	233
Cash conversion ratio	-2%	28%	-5%	41%

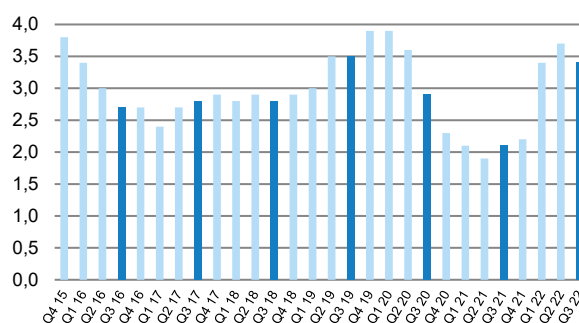
Operating cash flow was weak during the quarter and the period, which was attributable to a strong increase in working capital. The increased working capital is a direct result of the high organic growth and that the Group's inventory levels increased to

address the longer lead times from suppliers created by the strained supply chain.

Average working capital in relation to net sales amounted to 34.6 percent (29.5). The deterioration was due to the Group increasing its inventory to address the longer lead times created by the strained supply chain.

On 30 September 2022, adjusted net debt totalled SEK 3,276 million (1,450) and the debt/equity ratio was 131 percent (81). The performance measure net debt/EBITDA, adjusted, was a multiple of 3.4 (2.1) on 30 September 2022.

Net debt / EBITDA, adjusted, multiple



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, the negative exchange-rate impact on acquisition loans in foreign currency and remeasured additional purchase considerations.

If EBITDA was adjusted proforma to include the historical full-year result for the new acquisitions in the past year and, at the same time, the costs for remeasured additional purchase considerations during the year were excluded, net debt/EBITDA, adjusted, would have amounted to a multiple of 2.8 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.

THIRD QUARTER

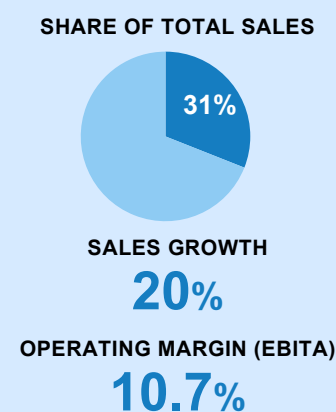
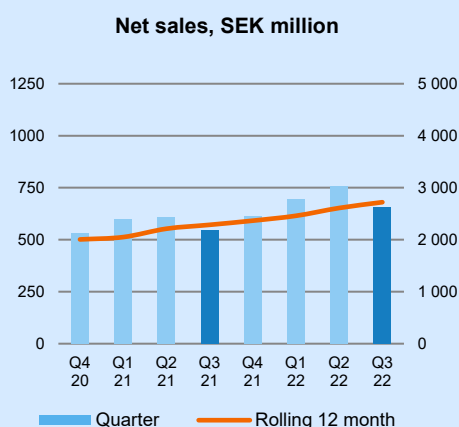
The segment noted continued favourable growth during the quarter. Total growth amounted to 20 percent, of which 4 percent was organic growth. The organic growth was fully driven by price increases and the underlying demand was lower relative to the comparative quarter. Order intake was slightly lower than net sales, mainly due to somewhat lower demand from customers in the kitchen and bathroom industry, as well as lower demand in the segment's manufacturing companies.

The gross margin for the quarter was lower than in the comparative quarter, primarily as a result of reduced volumes in the segment's manufacturing companies.

The lower gross margin was offset by a lower share of operating expenses. The comparative period was burdened by remeasured additional purchase considerations of SEK -15 million and adjusted for these, the share of operating expenses increased somewhat relative to the comparative quarter.

Overall, both operating profit and the operating margin increased relative to the comparative quarter.

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2022	2021	%	2022	2021	%		
Order intake	637	543	17	2,079	1,828	14	2,686	2,436
Net sales	656	545	20	2,108	1,753	20	2,721	2,366
Gross profit	169	145	16	557	458	22	711	611
%	25.8	26.7		26.4	26.1		26.1	25.8
Operating expenses	-99	-95	5	-292	-268	9	-386	-362
%	-15.2	-17.4		-13.9	-15.3		-14.2	-15.3
Operating profit (EBITA)	70	50	39	265	189	40	325	249
%	10.7	9.2		12.6	10.8		11.9	10.5



Segment West

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

THIRD QUARTER

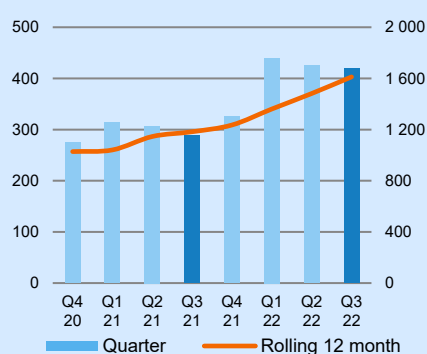
The segment noted continued strong growth in the quarter. Total growth was 45 percent and organic growth was 15 percent. The organic growth was mainly a result of increased market shares, continued strong underlying demand and price increases. The operations in the Czech Republic and France had particularly strong performance. Order intake was in line with

The gross margin was somewhat lower than in the comparative quarter, but higher than previous quarters this year. The lower gross margin relative to the comparative quarter was attributable to the acquired company Jenny Waltle, which has a lower gross margin but comparable operating margin relative to the segment's other companies. Adjusted for the acquisition of Jenny Waltle, the gross margin increased to 25.6 percent (24.3), driven by price increases and higher volumes.

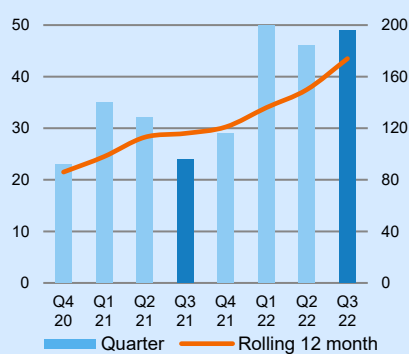
However, the share of operating expenses fell relative to the comparative quarter due to the effects of the acquisition of Jenny Waltle, but also due to successful cost savings and continued good operational leverage on the higher volumes. Overall, operating profit increased by 101 percent and the margin was 11.7 (8.5) percent.

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2022	2021	Δ %	2022	2021	Δ %	2022/21	2021
Order intake	415	316	31	1,319	959	38	1,619	1,317
Net sales	419	289	45	1,286	910	41	1,612	1,236
Gross profit	101	70	44	305	229	33	386	310
%	24.0	24.3		23.7	25.2		23.9	25.1
Operating expenses	-51	-46	13	-160	-138	16	-211	-189
%	-12.3	-15.8		-12.4	-15.1		-13.1	-15.3
Operating profit (EBITA)	49	24	101	145	92	58	174	121
%	11.7	8.5		11.3	10.1		10.8	9.8

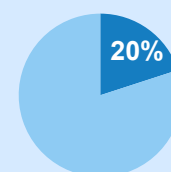
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

45%

OPERATING MARGIN (EBITA)

11.7%

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 year.

THIRD QUARTER

The segment noted continued healthy growth in the quarter. Total growth was 22 percent and organic growth was 6 percent. The organic growth was mainly attributable to price increases and increased market shares. Order intake was lower than net sales.

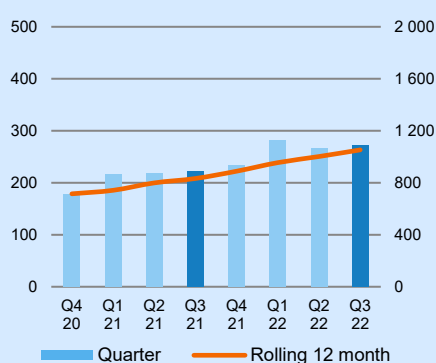
The gross margin for the quarter was higher than in the comparative quarter, mainly due to the acquisition of CDA Polska, which has a higher gross margin than other companies in the segment, but also to a successful work to pass on increased costs to customers.

The share of operating expenses increased, mainly as a result of the final costs for the earlier communicated sale of the segment's Russian operation, which had a negative impact of SEK -6 million on the quarter. Adjusted for these costs, the share of operating expenses increased somewhat relative to the comparative quarter.

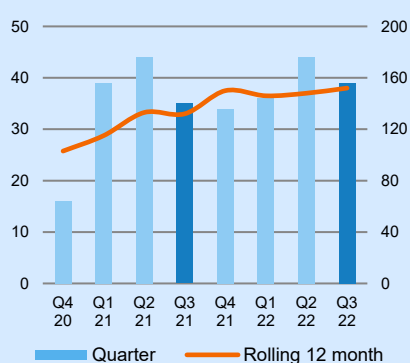
In total, operating profit increased, while the margin declined somewhat.

SEK million	Quarter 3			Jan-Sep			Rolling 12 months	Full year
	2022	2021	Δ %	2022	2021	Δ %	2022/21	2021
Order intake	251	228	10	792	698	13	1,027	933
Net sales	272	222	23	820	656	25	1,053	889
Gross profit	88	67	31	261	203	29	334	276
%	32.4	30.4		31.9	30.9		31.7	31.0
Operating expenses	-49	-33	50	-143	-87	64	-182	-126
%	-18.0	-14.8		-17.4	-13.2		-17.3	-14.2
Operating profit (EBITA)	39	35	13	119	116	2	152	150
%	14.4	15.6		14.5	17.7		14.5	16.8

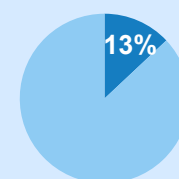
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

23%

OPERATING MARGIN (EBITA)

14.4%

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.

THIRD QUARTER

The segment reported growth of 111 percent during the quarter. Organic growth amounted to 15 percent. The organic growth was primarily driven by price increases, but also by continued healthy demand and increased market shares. Order intake was in line with net sales.

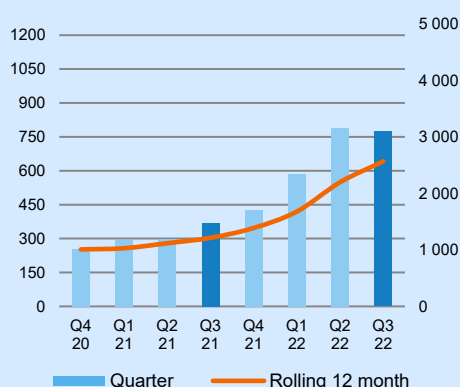
The gross margin for the quarter was lower than in the strong comparative quarter. The lower gross margin was mainly attributable to the acquisition of TI Midwood (TIMCO), which has a lower gross margin than the rest of the segment. Adjusted for the acquisition of TIMCO, the gross margin was 32.3 percent.

Supported by strong growth and continued good cost control, the share of costs decreased somewhat relative to the comparative quarter.

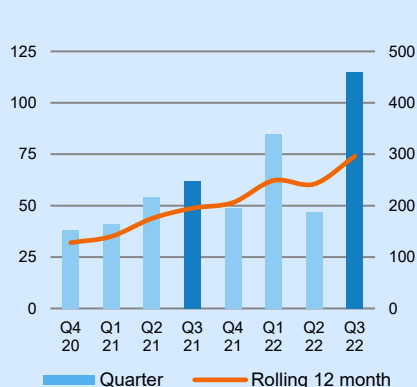
Operating profit increased 85 percent to SEK 115 million (62) and the margin was 14.9 percent (16.9).

	Quarter 3		Δ	Jan-Sep			Δ	Rolling 12 months	Full year
SEK million	2022	2021	%	2022	2021	%	2022/21	2021	
Order intake	767	366	109	2,172	976	123	2,542	1,398	
Net sales	774	369	111	2,143	960	125	2,567	1,388	
Gross profit	238	122	95	678	310	119	815	446	
%	30.7	33.0		31.6	32.2		31.7	32.2	
Operating expenses	-122	-60	104	-431	-153	182	-519	-241	
%	-15.8	-16.2		-20.1	-15.9		-20.2	-17.5	
Operating profit (EBITA)	115	62	85	247	157	57	296	206	
%	14.9	16.9		11.5	16.4		11.5	14.9	

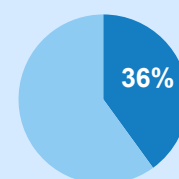
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

111%

OPERATING MARGIN (EBITA)

14.9%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Net sales	2,122	1,425	6,358	4,279
Cost of goods sold	-1,521	-1,020	-4,551	-3,084
Gross profit	601	405	1,807	1,195
Distribution costs	-233	-143	-628	-429
Administrative expenses	-129	-87	-391	-248
Other operating income and operating expenses	11	-17	-83	-12
Operating profit	250	157	705	506
<i>Profit/loss from financial items</i>				
Interest income and similar income items	8	0	11	1
Interest expenses and similar expenses	-36	-8	-71	-35
Profit after financial items	222	149	645	471
Tax on net profit for the period	-45	-36	-171	-115
Profit after tax	177	112	474	355

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit after tax	177	112	474	355
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	52	22	137	42
Other comprehensive income after tax	52	22	137	42
Total comprehensive income	229	134	611	397
Total comprehensive income attributable to:				
Parent Company shareholders	229	134	611	397

Earnings per share

<i>SEK</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Earnings per share before dilution	4.71	2.90	12.64	9.40
Weighted number of shares outstanding before dilution, thousands	37,588	37,479	37,522	37,393
Diluted earnings per share, SEK	4.64	2.85	12.40	9.21
Weighted number of shares outstanding after dilution, thousands	38,152	38,134	38,282	38,148

Consolidated Balance Sheet

<i>SEK million</i>	<i>30 Sep 22</i>	<i>30 Sep 21</i>	<i>31 Dec 21</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	3,406	2,163	2,300
Property, plant and equipment	700	563	586
Financial assets	34	36	35
Total non-current assets	4,140	2,762	2,921
<i>Current assets</i>			
Inventories	3,370	1,731	2,140
Current receivables	1,724	1,224	1,219
Cash and cash equivalents	365	303	293
Total current assets	5,459	3,258	3,652
Total assets	9,599	6,020	6,573
EQUITY AND LIABILITIES			
Equity	2,858	2,243	2,377
<i>Non-current liabilities</i>			
Non-current liabilities, interest bearing	3,815	1,973	2,104
Non-current liabilities, non-interest bearing	400	445	523
Total non-current liabilities	4,215	2,418	2,627
<i>Current liabilities</i>			
Current liabilities, interest bearing	302	137	192
Current liabilities, non-interest bearing	2,224	1,222	1,377
Total current liabilities	2,526	1,359	1,569
Total equity and liabilities	9,599	6,020	6,573

Consolidated Statement of Changes in Equity

<i>SEK million</i>	30 Sep 22	30 Sep 21
Equity at beginning of year	2,377	1,931
Comprehensive income		
Profit after tax	474	355
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	137	42
Total comprehensive income	611	397
Transactions with shareholders		
Call option premium	17	4
Redemption call option programme	-6	14
Dividend to shareholders	-141	-103
Total transactions with shareholders	-130	-85
Equity at end of period	2,858	2,243

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Operating activities</i>				
Profit before financial items	250	158	705	505
Depreciation/amortisation and impairment	69	49	174	137
Interest and other finance income	10	0	11	1
Interest and other finance expenses	-38	-8	-71	-35
Other non-cash items	30	16	143	30
Income tax paid	-60	-23	-176	-99
Cash flow from operating activities before changes in working capital	261	193	786	539
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	-376	-186	-743	-362
Increase (-)/decrease (+) in operating receivables	92	-3	-158	-305
Increase (+)/decrease (-) in operating liabilities	-12	51	27	321
Cash flow from operating activities	-35	55	-142	193
<i>Investing activities</i>				
Acquisition of intangible assets	-	-	-	-2
Acquisition of property, plant and equipment	-13	-4	-40	-13
Company acquisitions including additional purchase considerations	-	-207	-980	-207
Cash flow from investing activities	-13	-211	-1,020	-222
<i>Financing activities</i>				
Dividend paid	-	-	-140	-103
Call option premium	-	-	6	4
Redemption call option programme	5	4	5	14
Increase (+)/decrease (-) in borrowings	70	199	1,354	119
Cash flow from financing activities	75	203	1,225	34
Cash flow for the period	27	47	63	5
Cash and cash equivalents at beginning of period	335	256	293	292
Translation differences	3	0	9	6
Cash and cash equivalents at end of period	365	303	365	303

The Group's segment reporting

SEK million	2020				2021				2022
North	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	470	533	599	608	545	613	694	758	656
Gross profit	110	124	159	154	145	153	182	206	169
%	23.5	23.2	26.5	25.2	26.7	25.0	26.2	27.2	25.8
Operating expenses	-65	-75	-86	-88	-95	-93	-91	-102	-99
%	-13.8	-14.0	14.4	-14.4	-17.4	-15.2	-13.1	-13.4	-15.2
Operating profit (EBITA)	45	49	73	66	50	60	91	104	70
%	9.7	9.2	12.2	10.8	9.2	9.8	13.1	13.8	10.7

SEK million	2020				2021				2022
West	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	251	274	314	307	289	326	440	426	419
Gross profit	63	69	82	78	70	81	104	100	101
%	25.0	25.3	26.1	25.3	24.3	24.7	23.7	23.5	24.0
Operating expenses	-40	-46	-47	-45	-46	-51	-55	-54	-51
%	-15.9	-16.7	-15.0	-14.8	-15.8	-15.6	-12.5	-12.6	-12.3
Operating profit (EBITA)	23	23	35	32	24	29	50	46	49
%	9.1	8.4	11.1	10.5	8.5	9.0	11.4	10.8	11.7

SEK million	2020				2021				2022
East	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	187	177	216	218	222	233	282	266	272
Gross profit	60	56	68	67	67	73	90	83	88
%	32.0	31.5	31.5	30.8	30.4	31.3	31.7	31.4	32.4
Operating expenses	-26	-40	-29	-25	-33	-39	-54	-40	-49
%	-13.9	-22.6	-13.4	-11.5	-14.8	-16.7	-19.0	-15.0	-18.0
Operating profit (EBITA)	34	16	39	42	35	34	36	44	39
%	18.1	9.0	18.1	19.3	15.6	14.6	12.7	16.4	14.4

SEK million	2020				2021				2022
UK/North America	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	273	254	293	298	369	427	585	791	774
Gross profit	88	79	93	95	122	137	187	253	238
%	32.3	31.1	31.7	32.0	33.0	32.1	32.0	32.0	30.7
Operating expenses	-46	-42	-52	-42	-60	-88	-103	-206	-122
%	-16.9	-16.5	-17.7	-14.0	-16.2	-20.6	-17.5	-26.0	-15.8
Operating profit (EBITA)	42	38	41	54	62	49	85	47	115
%	15.4	14.8	14.0	18.0	16.9	11.5	14.5	5.9	14.9

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

*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	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	1,181	1,238	1,423	1,431	1,425	1,599	2,002	2,241	2,122
Gross profit	320	323	397	393	405	443	561	645	601
%	27.1	26.1	27.9	27.4	28.4	27.7	28.0	28.8	28.3
Operating expenses	-178	-202	-220	-208	-241	-274	-318	-411	-329
%	-15.0	-16.3	-15.5	-14.5	-16.9	-17.1	-15.9	-18.3	-15.5
Operating profit (EBITA)	142	121	177	185	164	169	243	233	272
%	12.1	9.8	12.4	12.9	11.5	10.6	12.1	10.4	12.8

Consolidated Key Figures

For definitions, see page 22

	Quarter 3			Jan-Sep		
	2022	2021	Δ	2022	2021	Δ
Order intake, SEK million	2,071	1,454	42	6,361	4,461	43
Net sales, SEK million	2,122	1,425	49	6,358	4,279	49
Gross profit, SEK million	601	405	49	1,807	1,195	51
EBITDA, SEK million	318	203	57	879	638	38
EBITDA, adjusted, SEK million	285	176	67	787	562	40
Operating profit (EBITA), SEK million	272	164	66	748	526	42
Operating profit, SEK million	250	157	59	705	505	40
Profit after tax, SEK million	177	113	57	474	355	34
Gross margin, %	28.3	28.4		28.4	27.9	
Operating margin (EBITA), %	12.8	11.5		11.8	12.3	
Operating margin, %	11.8	11.0		11.1	11.8	
Net margin, %	8.3	7.9		7.5	8.3	
Net debt, SEK million	3,752	1,807	107			
Net debt, SEK million, adjusted	3,276	1,450	126			
Debt/equity ratio, %	131	81	62			
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	3.4	2.1				
Working capital, SEK million	3,564	1,832	94			
Average working capital, SEK million	2,928	1,648	78			
Average working capital in relation to net sales, %	34.6	29.5				
Equity/assets ratio, %	30	37				
Operating cash flow, SEK million	-5	50	-110	-38	233	-116
Earnings per share, SEK	4.71	2.90	62	12.64	9.40	32

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

Parent Company Income Statement

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Administrative expenses	-6	-5	-12	-16
Other operating income	3	2	6	7
Operating loss	-3	-3	-6	-9
<i>Profit/loss from financial items</i>				
Interest expenses and similar expenses	–	–	–	–
Earnings from shares in Group companies	0	0	150	150
Profit after financial items	-3	-3	144	141
Appropriations	–	–	–	–
Tax on net profit for the period	–	–	–	–
Profit after tax	-3	-3	144	141
Other comprehensive income	–	–	–	–
Total comprehensive income	-3	-3	144	141

Parent Company Balance Sheet

<i>SEK million</i>	<i>30 Sep 22</i>	<i>30 Sep 21</i>	<i>31 Dec 21</i>
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	217	110	203
Other current receivables	50	52	50
Cash and cash equivalents	–	–	–
Total current assets	267	162	253
Total assets	1,112	1,007	1,098
EQUITY AND LIABILITIES			
Equity	997	907	983
Untaxed reserves	93	81	93
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	–	–	–
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	22	19	22
Total current liabilities	22	19	22
Total equity and liabilities	1,112	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 is 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

No related-party transactions occurred during the interim period, except for the payment of the fee to the Board of Directors, remuneration of the President and senior executives, and new subscription for call options within the framework of the long-term share-based incentive programme adopted at the Annual General Meeting under the terms outlined in more detail below. Further, the redemption of the long-term share-based incentive programme adopted at the 2019 Annual General Meeting was implemented on the terms contained in the 2021 Annual Report.

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. This acquisition would have positively impacted the Group's net sales by an estimated SEK 70 million, operating profit (EBITA) by about SEK 17 million and profit after tax by about SEK 13 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:

CDA Polska S.p.z.o.o — Preliminary acquisition analysis	Fair value
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. This acquisition would have positively impacted the Group's net sales by an estimated SEK 143 million, operating profit (EBITA) by about SEK 39 million and profit after tax by about SEK 25 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. This acquisition would have positively impacted the Group's net sales by an estimated SEK 547 million, operating profit (EBITA) by about SEK 60 million and profit after tax by about SEK 33 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.

Additional purchase considerations

The Group's liabilities for conditional considerations and unconditional additional purchase 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. Total recognised liabilities for additional purchase considerations amounted to SEK 907 million at 30 September 2022 (400), of which SEK 213 million (331) was recognised as Non-current liabilities, non-interest-bearing and SEK 694 million (100) was recognised as Current liabilities, non-interest-bearing in the consolidated balance sheet.

SIGNIFICANT EVENTS DURING THE PERIOD

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

On 15 August, Erik Lundén became the new President and CEO of Bufab.

EMPLOYEES

The number of employees in the Group at 30 September 2022 amounted to 1,843 (1,454).

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.

CALENDAR

Year-end report 2022:	9 February 2023
Interim report Q1, 2023:	20 April 2023
Interim report Q2, 2023:	13 July 2023
Interim Report Q3, 2023:	26 October 2023
Year-end report 2023:	8 February 2024

AUDITORS' REVIEW REPORT

Bufab AB (publ), Corp. Reg. No. 556685-6240

Introduction

We have conducted a review of the financial information in summary (interim report) for Bufab AB (publ) (556685-6240) as of 30 September 2022 and the nine-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA). The procedures performed in a review do not enable us to obtain a level of assurance that would make us

aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the accompanying interim report has not been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 27 October 2022

Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

Helena Pegrén
Authorised Public Accountant
Auditor in Charge

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

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

Operating profit (EBITA)

Gross profit less operating expenses.

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, 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 EBITDA, adjusted in the last twelve months

Operating expenses

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

Working capital

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

Average working capital

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

Average working capital in relation to net sales, %

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

Equity/assets ratio, %

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

Operating cash flow

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

Earnings per share

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

Performance measures not defined in accordance with IFRS

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

Organic growth

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

2022, percentage points	Quarter 3				
	Group	North	West	East	UK/North America
Organic growth	9	4	15	6	15
Currency translation effects	6	2	5	5	13
Acquisitions	34	14	25	11	83
Recognised growth	49	20	45	22	111

2022, percentage points	Jan-Sep				
	Group	North	West	East	UK/North America
Organic growth	16	8	14	14	32
Currency translation effects	5	2	4	5	11
Acquisitions	28	10	23	6	82
Recognised growth	49	20	41	25	125

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 3		Jan-Sep	
	2022	2021	2022	2021
EBITDA, adjusted	285	176	787	562
Other non-cash items	30	16	143	30
Changes in inventory	-375	-186	-743	-362
Changes in operating receivables	92	-3	-158	-305
Changes in operating liabilities	-12	51	-27	321
Cash flow from operations	20	54	2	246
Investments excluding acquisitions	-25	-4	-40	-15
Operating cash flow	-5	50	-38	231

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 3</i>		<i>Jan-Sep</i>	
	2022	2021	2022	2021
Operating profit	250	157	705	505
Depreciation/amortisation and impairment	68	46	174	134
EBITDA	318	203	879	638

EBITDA, adjusted

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

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	2022	2021	2022	2021
Operating profit	250	157	705	505
Depreciation/amortisation and impairment	68	46	174	134
Less: amortisation on right-of-use assets according to IFRS 16	-29	-24	-82	-69
Less: interest expenses on lease liabilities according to IFRS 16	-4	-3	-10	-8
EBITDA, adjusted	285	176	787	562

EBITA

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

<i>SEK million</i>	<i>Quarter 3</i>		<i>Jan-Sep</i>	
	2022	2021	2022	2021
Operating profit	250	157	705	505
Depreciation and amortisation of acquired intangible assets	22	7	43	22
EBITA	272	164	748	526

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 3</i>		<i>Jan-Sep</i>	
	2022	2021	2022	2021
Distribution costs	-233	-143	-628	-429
Administrative expenses	-129	-87	-391	-248
Other operating income	72	11	274	53
Other operating expenses	-61	-28	-357	-65
Depreciation and amortisation of acquired intangible assets	22	7	43	22
Operating expenses	-329	-241	-1,059	-669

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>	30 Sep	30 Sep
	2022	2021
Current assets	5,459	3,258
Less: cash and cash equivalents	-365	-303
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,530	-1,123
Working capital on the balance-sheet date	3,564	1,832

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>	30 Sep	30 Sep
	2022	2021
Non-current interest-bearing liabilities	3,815	1,973
Current interest-bearing liabilities	302	137
Less: cash and cash equivalents	-365	-303
Less: other interest-bearing receivables	0	0
Net debt on balance-sheet date	3,752	1,807

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>	30 Sep	30 Sep
	2022	2021
Non-current interest-bearing liabilities	3,815	1,973
Current interest-bearing liabilities	302	137
Less: lease liabilities according to IFRS 16	-476	-357
Less: cash and cash equivalents	-365	-303
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	3,276	1,450

CONFERENCE CALL

A conference call will be held on 27 October 2022 at 10:00 a.m. CEST. Erik Lundén, 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: UK +44 (0) 33 0551 0202, Sweden +46 (0) 8 5051 0086 or the US +1 678 805 0961. Conference code: 1176114#.

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 contact on 27 October 2022 at 7:30 a.m. CEST.

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www.bufab.com

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 8.0 billion and the operating margin was 11.5 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.