



**We deliver  
responsible  
growth**

Annual and Sustainability Report 2022

**BUFAB**

# Contents

## Operations

Bufab in brief	4
The year in brief	5
Message from the CEO	7
Bufab's operations	9
Targets and outcome	12
Bufab as an investment	14
Market trends	15

## Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable delivery of our strategy	26
Ecovadis	45
Auditor's report on the statutory sustainability report	46

## Board of Directors' Report

Board of Directors' Report	48
----------------------------	----

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Corporate Governance Report

Corporate Governance Report	104
Board of Directors	110
Group management	111

## Other

Five-year summary	113
EU taxonomy	114
Bufab on the stock exchange	118
Definitions of key figures	119
Information and addresses	122

## About this report

Bufab's Annual and Sustainability Report 2022 comprises all companies in the Group unless otherwise stated. See page 96 for a complete list of our subsidiaries. The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act's sustainability reporting requirements. Bufab's business model is presented on pages 9–10 and a risk description on page 67. See pages 33–38 for environmental disclosures, pages 39–42 for social issues and employees, page 42 for human rights, and page 39 for anti-corruption. Bufab supports the UN Global Compact and its ten principles.

A photograph of a female worker in a dark blue uniform operating a large industrial machine in a factory. The machine has a long, perforated metal tray. The background is slightly blurred, showing other industrial equipment and a window. The overall lighting is bright and clean.

# Operations

**Operations**

- ▶ **Bufab in brief** 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

# We provide our customers with peace of mind

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

A key aspect of our business model is to grow through acquisitions. Since Bufab was founded in 1977, we have acquired more than 50 companies across the globe. Apart from this being an important part of our growth, it also strengthens our offering and expertise. During the year, we have acquired a further three companies, adding more than SEK 1 billion in sales.

Our Sustainable Leadership strategy means that sustainability is integrated into our daily operations, while we also aim to be the industry leader. And once we attain this position, we intend to keep it.

**1,800**  
Solutionists  
in 28 countries

**18,000**  
Customers  
worldwide

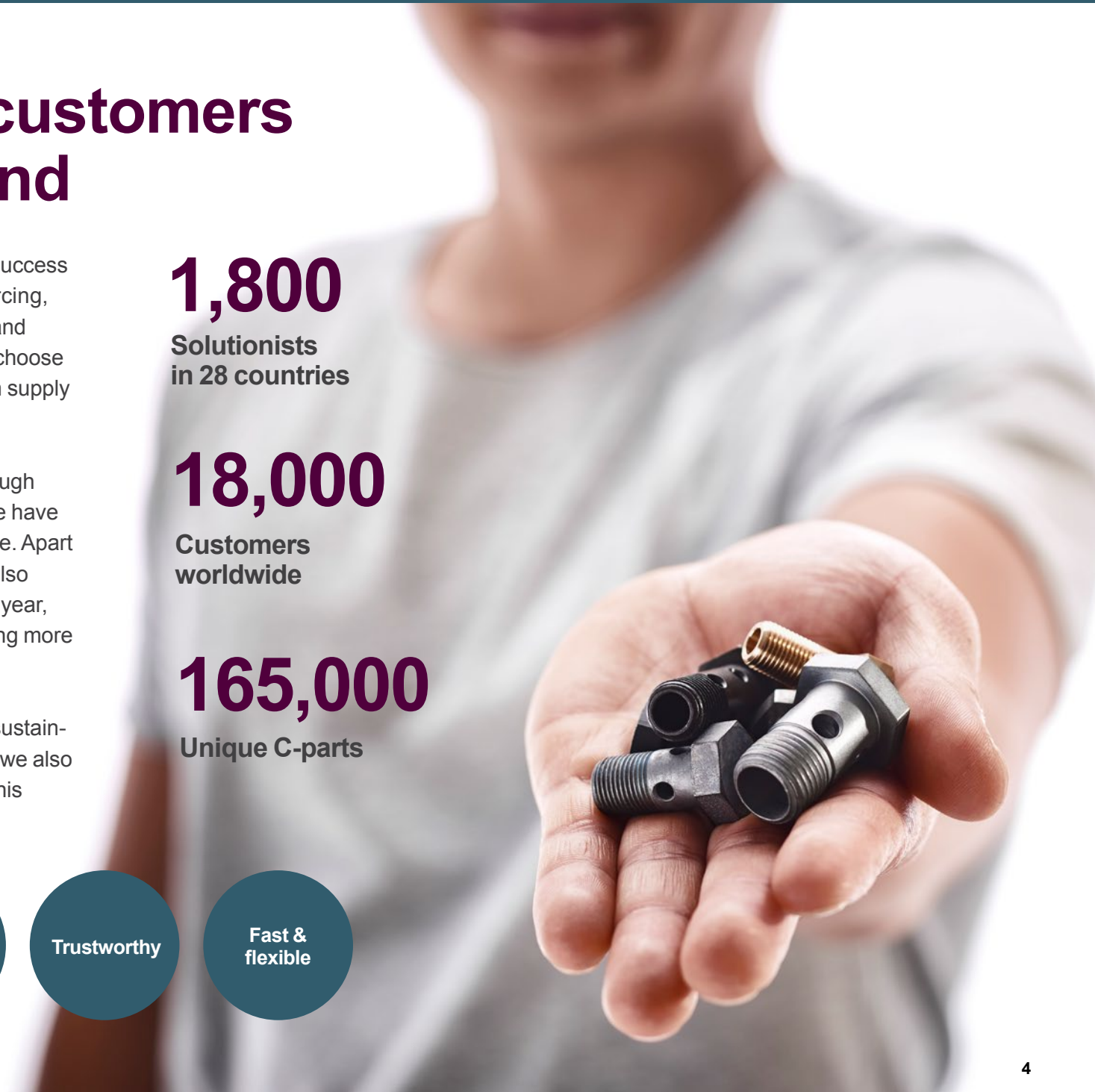
**165,000**  
Unique C-parts

## Our core values

Dedicated

Trustworthy

Fast & flexible



## Operations

- Bufab in brief 4
- ▶ The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

# The year in brief

2022 was a strong year for Bufab, despite challenging market conditions. We reported healthy growth, a stable gross margin and strong earnings. We completed three acquisitions with total annual sales of more than SEK 1 billion, while continuing to develop our operations towards further long-term and profitable growth.

## Financial highlights

- Net sales increased to SEK 8,431 million (5,878), of which 12 percent was organic growth.
- Operating profit (EBITA) amounted to SEK 990 million (695), corresponding to a margin of 11.7 percent (11.8).
- Earnings per share amounted to SEK 16.23 (12.57).
- Operating cash flow was SEK 99 million (209).
- The Board of Directors proposes a dividend of SEK 4.75 (3.75) per share.
- Three acquisitions were completed, with combined annual sales of over SEK 1 billion.

### Key figures

SEK million	2022	2021	Change, %
Order intake	8,453	6,084	39
Net sales	8,431	5,878	44
Gross profit	2,389	1,638	45
%	28.3	27.9	
Operating expenses	-1,399	-942	48
%	-16.6	-16.1	
Operating profit (EBITA)	990	695	42
%	11.7	11.8	
Operating profit	930	664	40
%	11.0	11.3	
Profit after tax	609	470	30
Earnings per share, SEK	16.23	12.57	29
Dividend per share, SEK	4.75**	3.75	27
Operating cash flow	99	209	-46

\* For definitions, see page 119.  
 \*\* Proposed by the Board of Directors.

**+44%**  
net sales

We saw strong growth during the year of 44 percent. Of the total growth, 27 percent was attributable to acquisitions, 12 percent to organic growth and 5 percent to currency effects. The organic growth was mainly a result of price increases but also of healthy underlying demand in all segments. We also continued to capture market shares. Order intake was in line with net sales.

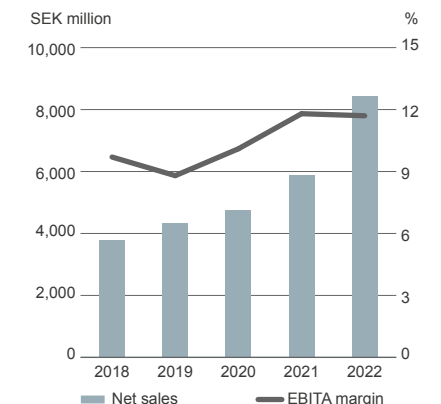
**11.7%**  
EBITA margin

Operating profit (EBITA) increased by 42 percent to SEK 990 million (695) due to strong growth combined with a somewhat higher gross margin and a stable share of operating expenses. The EBITA margin amounted to 11.7 (11.8). Adjusted for remeasured additional purchase considerations of SEK -94 million (-45), operating profit (EBITA) increased by 46 percent to SEK 1,084 million (740) and the EBITA margin was 12.9 (12.5).

**1,000 SEK million**  
in acquired sales

During the year, Bufab acquired TI Midwood & Co (TIMCO), in the UK, with annual sales of approximately SEK 730 million. This acquisition was the largest to date for Bufab and a key strategic addition to the Group's operations in the UK. TIMCO is a strong brand with a long history in C-parts within the construction industry, which strengthens Bufab's customer offering in the segment. Additional acquisitions during the year included Pajo-Bolte in Denmark and CDA Polska in Poland, both of which also serve the construction industry. In total, the acquisitions added more than SEK 1 billion to Bufab's sales in 2022.

### Net sales and EBITA margin:



## Operations

Bufab in brief	4
▶ The year in brief	5
Message from the CEO	7
Bufab's operations	9
Targets and outcome	12
Bufab as an investment	14
Market trends	15

### SCIENCE BASED TARGETS

Bufab became a signatory to the Science Based Targets initiative (SBTi) in 2021 as part of our work to further reduce global greenhouse gas (GHG) emissions. We have established climate targets that are aligned with the most recent climate science considerations necessary for maintaining global warming at a maximum of 1.5° C. Our roadmap for achieving the climate goals of the Paris Agreement was validated and approved by Science Based Targets initiative in November 2022. In doing so, we have committed ourselves to significantly reducing greenhouse gas emissions in our supply chain. This marks a significant increase in the level of ambition in the area of sustainability.

# -16%

### CO<sub>2</sub> emissions

Bufab's absolute CO<sub>2</sub> equivalent emissions for Scope 1 and 2 decreased during the year by 16 percent, excluding the new acquisitions. During the year, we started to measure Scope 3, being purchased goods and services. Our total Scope 3 decreased by 14 percent for existing companies, mainly due to significantly reduced purchases compared to the previous year. TIMCO, our largest acquisition, added 250 ktCO<sub>2</sub> equivalents. Pajo-Bolte and CDA Polska contributed an additional 39 ktCO<sub>2</sub>. As a result, when we measure our carbon footprint in relation to net sales, we have reduced emissions from 181 tCO<sub>2</sub>-eq/MSEK to 132 tCO<sub>2</sub>-eq/MSEK.

### BUFAB ONLINE

In spring 2022, we launched a new customer-focused website – www.bufab.com – with increased emphasis on communicating our customer offering and the value we deliver. Under the heading “insights”, we present thoughts, facts, and knowledge on sourcing, quality control, and logistics for C-parts. The new digital catalog and e-commerce site have an advanced search engine and filter to enable customers to quickly find and buy the products they are looking for. Customers can also download 3D files of the products for use in their designs. At www.bufabgroup.com, the Group is presented with a focus on investors, companies seeking new ownership, and others who want to know more about corporate Bufab.

### SUPPLY CHAIN DISRUPTIONS

A chain is no stronger than its weakest link. This is a fact illustrated by how the covid-19 pandemic and the war in Ukraine have caused disruption to global supply chains. These events have led to higher freight costs, longer lead times and a global shortage of components. During spring 2022, the situation stabilised and we noted better availability and shorter lead times. The effect was fewer disruptions and thus better flows. During 2022, we put a lot of energy into securing deliveries to our customers and succeeded in effectively meeting customer demand.



### NEW RPA SOLUTION

Bufab's operations are based on an enormous quantity of transactions. Accordingly, it is of utmost importance that our solution-oriented employees focus on issues that add real value for our customers – problem-solving and customer care. With this in mind, Bufab Sweden implemented Robot Process Automation (RPA) in 2022, mainly to improve efficiency and enable our

employees to focus on their core operations instead of transactions. To date, we have used RPA in two different areas – orders and reminders – but we see several areas with opportunities to benefit from the system in the future. A reduced amount of mail, clearer communication, and, in particular, even better service are examples of how the system benefits our customers.

Operations

- Bufab in brief 4
- The year in brief 5
- ▶ Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

# Message from the CEO

Bufab delivered its highest ever sales, operating profit and earnings per share for the full year. One of the main reasons for our success is a vibrant corporate culture with thousands of Solutionists around the globe, delivering on our promise to provide our customers with peace of mind.

Despite challenging market conditions, I am pleased to state that 2022 was another favourable year for Bufab with strong growth of 44 percent. Growth was primarily driven by the acquisitions we completed during the year. However, we continued to grow organically by 12 percent. The main reason was price increases, but also a healthy underlying demand in all segments.

The gross margin was slightly strengthened during the year, but the share of operating expenses increased due to remeasured additional purchase considerations in earlier acquisitions. The favourable earnings trend was the result of continued effective cost control combined with organic growth and the recent acquisitions. Overall, operating profit increased by a full 42 percent, while the operating margin amounted to 11.7 percent (11.8).

All segments contributed to the strong earnings performance. Although we remained affected by the supply chain disruptions, long delivery times and some component shortages, the situation

stabilised during the year. In addition, these challenges increased customers' willingness to outsource their sourcing processes. Bufab is in a good position to benefit from this and to continue to outperform the market.

The operating cash flow was weak during the year as a direct result of a continued increase in working capital, primarily in terms of inventory. The reason we needed to increase our inventory was the strong organic growth in combination with longer lead times from our suppliers the past two years. However, towards the end of the year, the trend was reversed and our cash flow was slightly strengthened. We expect it to continue to improve during 2023.

Our market share has grown continuously in recent years and we aim to continue along this path. We believe that a significant share of the market will be consolidated in the long term and that this will result in fewer, but larger players with a global presence and the ability to guarantee sustainability throughout the supply chain.



”

The favourable earnings trend was the result of continued effective cost control combined with organic growth and the recent acquisitions.

Erik Lundén  
President and CEO

## Operations

Bufab in brief	4
The year in brief	5
▶ Message from the CEO	7
Bufab's operations	9
Targets and outcome	12
Bufab as an investment	14
Market trends	15



At the same time, a weaker economy creates favourable conditions for a strong player such as Bufab as it enables us to capture market shares, since customers intensify their focus on reducing their indirect costs, often within C-parts.

We view this as an inspiring challenge and intend to become one of the future leaders in the industry. During the year, we acquired TIMCO, with operations in the UK and annual sales of approximately SEK 730 million. The acquisition, which was the largest to date for Bufab, comprises a key strategic addition to our operations in the UK. TIMCO is a strong brand with a long history in C-parts for the construction industry and will strengthen our customer offering in the area. Other acquisitions during the year included the Danish company Pajo-Bolte and CDA Polska in Poland, both of which also serve the construction industry. In total, the acquisitions added over SEK 1 billion to Bufab's sales in 2022.

We are currently working intensively to integrate the recent acquisitions. The realisation of growth synergies, in particular, are high on the agenda. We are also continuing to develop our operations for long term growth by integrating sustainability throughout our business, broadening our customer offering and increasing our level of digitalisation and productivity. These measures are being conducted to make us even more relevant to our customers. They include a new e-commerce solution, several new logistics solutions and the optimisation of a number of processes using Robotic Process Automation (RPA). During the year, our climate targets were also validated by the Science Based Target initiative.

Given the geopolitical and macroeconomic situation, there is great uncertainty ahead of 2023 and we have noted increased caution among our customers in certain industrial segments. During the end of 2022, we have prepared our operations for more challenging times, with potentially lower demand as a result. But something that also strengthens Bufab in a weaker economy is that both our customer base and our parts portfolio are highly diversified with a good risk spread. This means that some of our segments will benefit from the prevailing market conditions.

At the same time, a weaker economy creates favourable conditions for a strong player like Bufab as it enables us to capture market shares, since customers intensify their focus on reducing their indirect costs, often within C-parts. The rate of consolidation of C-parts suppliers is also increasing. All of these opportunities, combined with a progressively broadened offering and greater customer relevance, provide a solid platform for continued long-term, sustainable and profitable growth.

Finally, I would like to thank all of our customers for the confidence they have shown us during the year. Meanwhile, I extend my warm thanks to our more than 1,800 Solutionists across the world. Without your strong commitment and drive, it would not have been possible to deliver such strong results that we have achieved in 2022.

Erik Lundén  
President and CEO



Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- ▶ **Bufab's operations 9**
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

# Solutions providing customers with peace of mind

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

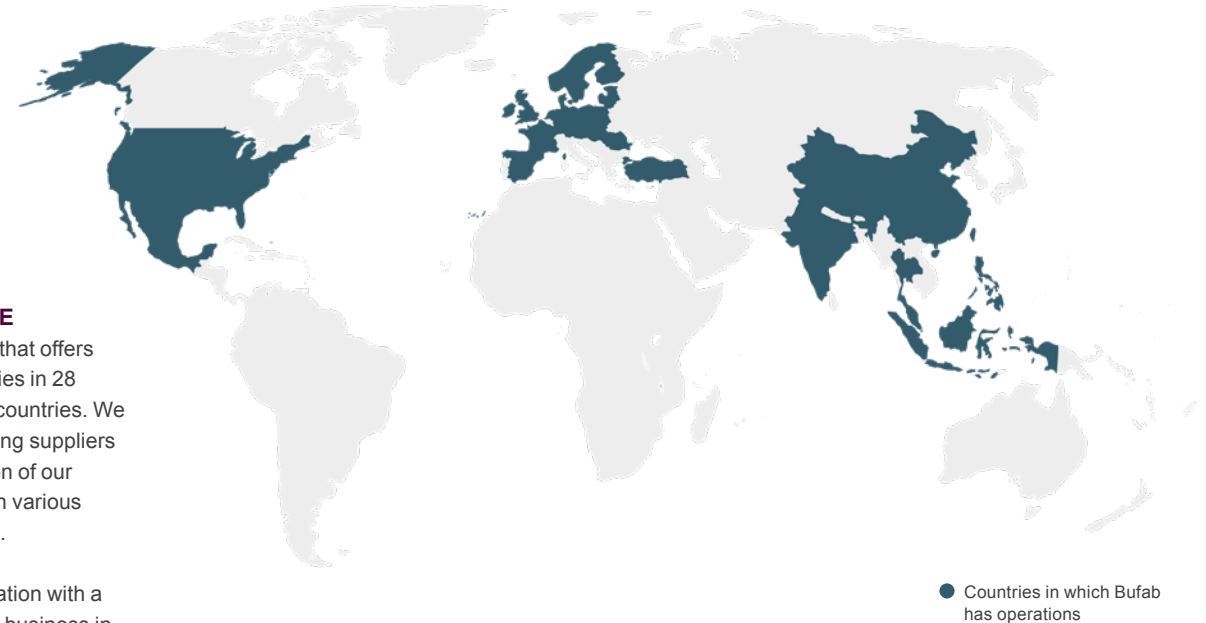
### A GLOBAL SUPPLY CHAIN PARTNER

Bufab has an established global network of suppliers and sources a total of 165,000 unique parts, mainly from Asia and Europe. We assure the quality of the parts, ensuring the customers get them on time, in the right quantity and in accordance with the relevant ethical and environmental requirements. Alongside our trading activities, we also manufacture technically demanding C-parts. Our customer base comprises approximately 18,000 customers of varying sizes with different needs and sourcing behaviours. Consequently, Bufab offers flexible local and global solutions to international customers.

### BUFAB'S GLOBAL PRESENCE

Bufab is an international company that offers services through 51 sister companies in 28 countries with export to additional countries. We work with many of the world's leading suppliers of C-parts. The global diversification of our operations, with many customers in various industries, limits the business risks.

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



**1,800**  
Employees

**51**  
Sister companies

**28**  
Countries

**18,000**  
Customers

**165,000**  
Unique C-parts

## Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- ▶ **Bufab's operations 9**
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

### A- and B-Parts

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

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



### C-Parts

**Significant for C-Parts:**

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



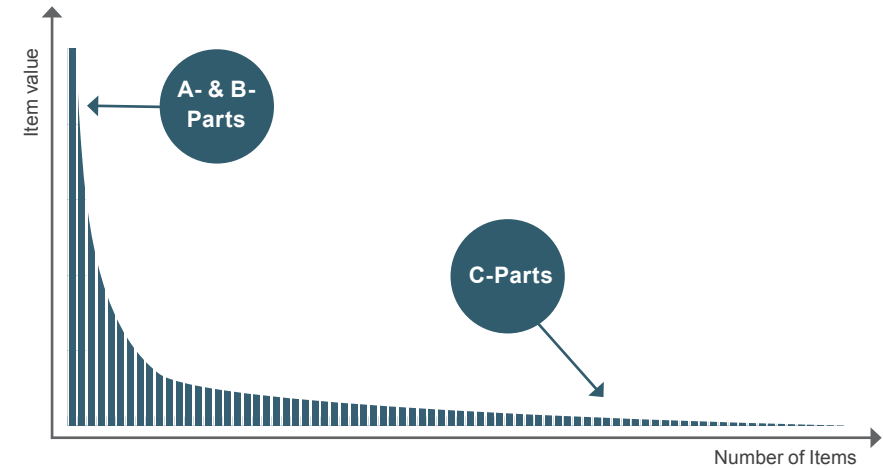
**Definition of C-Parts:**

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



Photo: Husqvarna

### C-Parts – customer perspective



**SMALL PARTS – MAJOR EFFECT**

The manufacturing industry often classifies components as A-parts, B-parts and C-parts. C-parts are the least strategically important components and make up a relatively small portion of the customer's direct component costs. However, due to high volumes and the sheer number of suppliers, the indirect costs associated with C-parts are often high in relation to direct costs.

The costs of potential deficiencies in both quality and delivery precision of C-parts can also be significant. Bufab's offer to customers is a full-service integrated solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts globally and locally. Bufab is continuously working on reducing the customer's total cost of ownership and creating peace of mind.

CASE

Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- ▶ **Bufab's operations** 9
- Targets and outcome 12
- Bufab as an investment 14
- Market trends 15

# “Our 20-year cooperation is based on shared values”



For 65 years, the family-owned steel products company EAB has worked to develop an operation that, over time, has become synonymous with sustainability in the Swedish province of Småland. For more than 20 of these years, EAB has entrusted Bufab to be their supplier. “Our long-standing cooperation is partly based on Bufab being responsive and solution-oriented, partly the fact that we share values,” says Kajsa Andersson, Business Unit Director at EAB and the third generation to work at the company.

**E**AB was established in Smålandsstenar in 1957. Over time, the company has developed into a significant regional employer and a major supplier of storage equipment, doors and steel buildings to customers worldwide. The company specialises in design, production and development, all gathered under a single roof.

“Our motto, Built to last®, comes from our products' robust design and, consequently, their durability. But, over time, it has also become a promise that we give to our customers, employees, partners and suppliers,” says Kajsa Andersson.

**SUSTAINABLE SUPPLY CHAIN**

An illustrative example of the long-term relationship approach is the company's cooperation with Bufab, which extends over two decades.

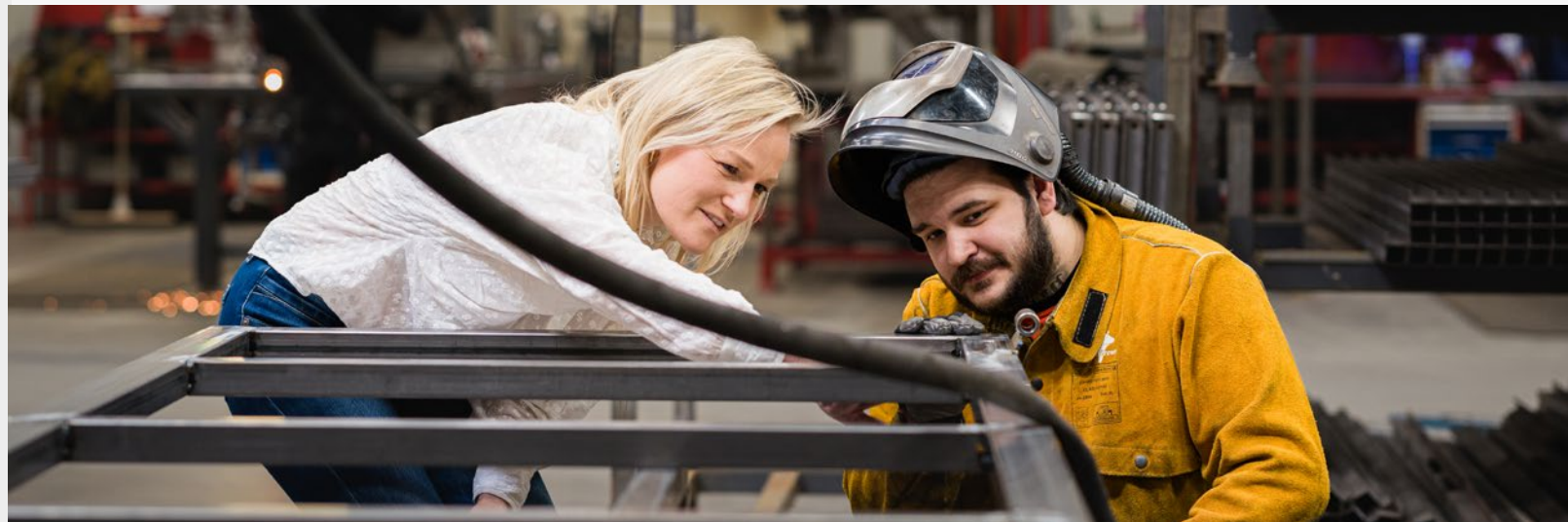
“We have developed together. Bufab has always been responsive to our needs. Whenever we face a challenge, like when Bufab had difficulties with the supply of parts from Asia, in conjunction with the pandemic, they made an extraordinary effort to ensure that we maintained the delivery times to our customers,” says Kajsa Andersson.

“EAB always selects its suppliers according to quality and reliability of delivery to give us the best prerequisites. But the choice of supplier is also made based on values; the supplier must always be aware of and agree with the values that EAB stands for. In our view, a sustainable supply chain is based on quality and know-how at all levels and a shared responsibility to comply with international conventions, laws and specific customer requirements. In this respect, Bufab is a good fit for us,” she continues.

**INCREASED SUSTAINABILITY DEMANDS FROM CUSTOMERS**

EAB's focus on sustainability is also in line with its customers' increased demands for sustainability and traceability throughout the supply chain – and this makes it essential that suppliers can also account for their share in this, according to Kajsa Andersson.

“If we were to wish for something more from our collaboration with Bufab in future, it would be for them to optimise their deliveries to us so that we can always operate with full pallets. But this is in the process of happening now. We would also like to increase the number of deliveries from European sources,” says Kajsa Andersson.



**FACTS EAB AB:**

- Established:** 1957
- Head office & production:** Smålandsstenar, Sweden
- Number of employees:** Approx. 380
- Sales:** Approx. SEK 1.9 billion
- Products:** Warehouse fittings, doors and steel buildings
- Markets:** Europe and North America
- Subsidiaries:** Norway, Finland, Netherlands, Czech Republic, Denmark, North America and Sweden

Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- ▶ **Targets and outcome 12**
- Bufab as an investment 14
- Market trends 15

# Targets and outcome

In 2021, financial targets were set for the period until 2025, with a focus on growth, profitability, dividends and financial position. The targets are based on our strong development in recent years and our strategy for Sustainable Leadership. We have also established sustainability goals for the period until 2030, with a focus on climate, circularity and ethics. To monitor our progress, we report several key figures for our operations.

## Financial targets 2021–2025

		Outcome 2022	Comments	Five-year trend
Profitable growth	<b>10%</b> Average annual increase of net sales	<b>44%</b>	Net sales increased by 44 percent during 2022. Of the total growth, 27 percent was attributable to acquisitions, 12 percent to organic growth and 5 percent to currency effects.	
	<b>15%</b> Earnings per share through both organic growth and acquisitions	<b>27%</b>	Earnings per share increased by 27 percent during 2022.	
Profitability	<b>12%</b> Annual operating margin (EBITA) by 2023 at the latest	<b>11.7%</b>	The EBITA margin amounted to 11.7 percent in 2022. Adjusted for remeasured additional purchase considerations, the margin was 12.9 percent.	
Dividend policy	<b>30–60%</b> Of annual net profit	<b>30%</b>	The Board of Directors has proposed for the 2023 Annual General Meeting a dividend of SEK 4.75 per share, corresponding to a dividend of 30 percent of annual net profit and an increase with SEK 1 per share compared to previous year.	
Financial stability	<b>2–3x</b> Net debt in relation to operating profit before depreciation and amortisation	<b>3.2x</b>	The Net debt/EBITDA, adjusted at the end of 2022 was 3,2x, driven by the acquisition agenda over the last year.	

Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- ▶ **Targets and outcome 12**
- Bufab as an investment 14
- Market trends 15

Sustainability goals

		Outcome 2022	Comments	
<b>Carbon neutrality</b>	<b>100%</b> Produce and/or procure 100 percent of our energy from carbon-neutral sources by 2030	<b>66%</b>	Bufab bought a larger share of fossil-free energy in 2022 and reduced its emissions by 9 percent. The new acquisitions added ~400 tCO <sub>2</sub> -eq, which resulted in us as a group remaining at the same level as in 2021.	<p><b>Five-year trend</b></p> <p>MWh/MSEK</p>
<b>Recycling rate</b>	<b>90%</b> Material recycling rate above 90 percent, reduce waste to landfill to 0 percent and total waste by 20 percent by 2030	<b>95%</b>	The majority of the products we buy and sell are recyclable and adapted for circularity. In 2023, we will evaluate a measurement method for our products.	<p>Recycling rate</p>
<b>Conflict minerals</b>	<b>100%</b> 100 percent of our suppliers are evaluated and screened in relation to conflict minerals	<b>100%</b>	An evaluation and verification of conflict minerals is done on an annual basis to ensure that our suppliers do not use conflict minerals in our articles.	<p>Screening conflict minerals</p>
<b>Capability audits</b>	<b>100%</b> Capability audits performed for each approved supplier	<b>100%</b>	Prior to engaging a new supplier, we evaluate their code of conduct, compliance and how their capabilities meet the requirements of our customers.	<p>Capability audits</p>
<b>Logistics partners</b>	Select logistics partners that have CSR goals aligned with Bufab's goals, to enable us to actively work towards lowering our emissions		We are working to replace our transports to fossil-free solutions. In 2022 HT Bendix switched to carbon-neutral sea freight, in line with SDG12 and SDG13.	

Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- ▶ **Bufab as an investment 14**
- Market trends 15

# Bufab as an investment

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

**O**ur success is based on long-term relationships with our customers. They choose us because we meet the highest demands on quality, delivery precision, cost efficiency and sustainability. We are committed to providing the most sustainable C-parts supply chain possible. We partner with carefully selected suppliers to better control end-to-end sustainability.

**STRONG OFFERING CREATES CUSTOMER VALUE**

C-parts have low direct but high indirect costs and are demanding to manage. However, thanks to Bufab's global presence and efficient processes, customers can usually expect total cost savings, often by as much as 20 percent. Bufab will take a leading position when it comes to sustainability within C-parts. This means that we will integrate sustainability into both our internal processes and our external supply chains, which will further increase our competitiveness.

**GLOBAL TRENDS DRIVE ORGANIC GROWTH**

The long-term global trend for industrial companies is to reduce the complexity of their supplier base and outsource their C-parts sourcing to

companies like Bufab. This trend has been accelerated by greater demand for sustainability across the supply chain, increased digitalisation, more trade barriers and, recently, supply chain disruptions. Bufab is one of the leading global companies for C-parts, providing customers with what we call "peace of mind". As a result, we see strong potential for continuing to grow organically faster than the market. Meanwhile, we operate in a highly fragmented market with excellent acquisition potential.

**DECENTRALISED ORGANISATION**

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

**LOW-RISK BUSINESS MODEL**

As a trading company, Bufab has a limited need for capital-intensive equipment and machinery. Low capital expenditure means that our fixed costs, primarily salaries and rent, can be adapted to demand. In addition, our business is spread over thousands of customers and suppliers in

many industries and geographic regions, which limits our dependence on individual customers. This means that Bufab's business model entails low risk.

**CONSOLIDATOR IN A FRAGMENTED MARKET**

Bufab is one of the few leading players in a highly fragmented market. Increasing demand for sustainable solutions, quality and digitalisation make it difficult for smaller players to increase their market share. We are a strong local partner in each of our 28 countries while serving international customers on several continents. C-part suppliers are becoming increasingly important for customers. Our strong position enables us to acquire smaller players with growth synergies with Bufab. Since 2014, we have completed 15 acquisitions with total annual sales of SEK 3,400 million. In this manner, we have expanded our presence in new industries, product segments and geographic regions and have become even more relevant for our customers. Our ambition is to be one of our industry's top five global consolidators.

**18%**

**Average annual sales growth since 2014**

**10%**

**Average EBITA margin since 2014**

**3,400 SEK million**

**Added sales from acquisitions since 2014**



Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- Bufab as an investment 14
- ▶ Market trends 15

# Relevant player in a fast-moving market

The prerequisites for operating globally in C-parts are constantly changing. The extraordinary events of the past year clearly demonstrated the company's ability to monitor, analyse and be proactive, as well as to adapt its operations to a new reality and market trends.

**S**trengthening our competitiveness and creating profitable growth requires major global and local adaptation to new conditions. The geopolitical unrest, the energy crisis in Europe and rising inflation all contribute to a large amount of uncertainty for what the future will hold. The supply chain remains under strain, although we have recently seen an improvement, with shorter lead times and fewer disruptions. However, challenges such as these increase customer willingness to outsource their sourcing processes, thus increasing the possibilities for strong companies to capture market shares.

# 1

## Recession puts costs in focus

### BUFAB'S RESPONSE

A geographically widespread recession is resulting in a decline in many of Bufab's customers' purchasing volumes – but at the same time, it creates favourable opportunities for us to increase our market shares among new and existing customers. Bufab's customers are generally more interested in reducing their costs by availing of the efficiency improvements we can offer as more restrictive economic conditions prevail. Our Solutionists are capitalising on this by, for example, actively contacting customers.

Operations

- Bufab in brief 4
- The year in brief 5
- Message from the CEO 7
- Bufab's operations 9
- Targets and outcome 12
- Bufab as an investment 14
- ▶ Market trends 15

2

Consolidation of a fragmented supply chain

BUFAB'S RESPONSE

Although Bufab is a leading player in many markets, the company's market share is still well below 5 percent. This offers healthy growth potential for Bufab, as one of only a handful of players with global scope.

In challenging times, interest is increasing among many companies to streamline, simplify and reduce the risks in their sourcing processes. Geopolitical risks, war, climate change, increased protectionism and fluctuating demand are some of the main factors affecting these processes. Companies with complex supply chain networks, with many non-partnership suppliers, are especially vulnerable.

This means that many companies strive to replace a large number of small suppliers with fewer major suppliers like Bufab, which can offer both resilience and flexibility to adapt to and meet customer demands.

3

Increased demand for climate and emissions action

BUFAB'S RESPONSE

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

Meanwhile, the focus on C-parts has just begun. Bufab aims to take a leading position in sustainability in the C-parts business. This means that we will integrate sustainability throughout our internal processes and external supply chains.

4

Reducing internal supply chain resources

BUFAB'S RESPONSE

Today, many organisations manage their supply chains internally. At the same time, most industry executives predict that internal supply chain resources will be reduced and that companies instead will have a smaller team of skilled individuals focusing on strategic decisions to improve their supply chain.

This benefits Bufab with its global and local customer offering, which includes a full-service integrated solution for sourcing, design, logistics and management, warehousing and quality assurance of C-parts.

5

Increased focus on total cost

BUFAB'S RESPONSE

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

This increases the demand for full-service providers such as Bufab.





# Strategy

Strategy

- ▶ Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Sustainable value creation for customers

We create value for our customers through Bufab's sourcing, manufacturing, quality, and logistics offerings. Using our global network and expertise, we help customers reduce total cost and complexity, unlock capital, achieve secured quality and deliveries. With our focus on sustainability in the supply chain, we significantly improve value for our customers while minimising the negative environmental impact and improving ethical procedures. Ultimately, the value we create is providing a seamless supply chain, eliminating the headache of C-parts delivery. On the next page, we explain how we create value for our customers within the four parts of our customer offering.



## Strategy

▶ Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

### Source

#### Supplier base

- Access to a global supply network that optimises product, volume, quality, availability and cost, with a low level of own input.
- Simple future flexibility in connection with changes.
- Compliance with quality and sustainability requirements.

#### Supply chain

- Provides access to sustainability and quality-audited suppliers.
- Ensures reliable supplies.
- Ensures better results with less effort, releasing time to their core business.

#### In-house development & production

- Offers optimised products and production solutions.
- Access to competence early in the development process to optimise product performance and price.

### Simplify

#### Reduction

- Standardisation of products and reduction in the number of suppliers releases time for more important activities.
- Better communication and cooperation resulting in a better understanding and business results.
- Lower total costs by reducing complexity in the supply chain.
- Reduced risks in a geopolitically strained landscape.

#### Replenishment

- Simple logistics solutions provide a secure and efficient supply chain without faults and stoppages.
- Sourcing, purchasing, and delivery as each component is consumed. We deliver to the customer's warehouse, material marketplace, or point-of-use.
- Reduced manual work and true peace of mind.

#### One delivery

- Reducing the number of contacts, transports, invoices, and routines makes life easier.
- One or few planned deliveries instead of several, which means avoiding congestion outside the loading dock.

### Improve

#### Warehouse & logistics

- Analysis of the customer's existing replenishment routines and efficiency.
- Analysis of product placement on shelves and in boxes.
- Analysis of internal logistics – and how staff move.
- A roadmap for improvements.

#### Kitting and Assembly

- We proactively discuss the possibilities with our customers to achieve efficient and innovative solutions.
- The exact number of different components packed in a bag can ensure that the right components are assembled without error.
- Pre-assembly can facilitate the customer's internal flows and free up production space.

#### Engineering

- A customer facing a design or construction challenge can always depend on our help.
- Together with an advisor at the local Bufab company, we provide an effective solution according to specific needs and requirements.

### Secure

#### Sustainability

- Bufab contributes to sustainable end products and drives improvements throughout the supply chain.
- Suppliers are assessed, selected and developed using Bufab's global supplier process.
- Bufab's sustainability work is based on the ten principles of the UN Global Compact, combined with our commitment according to the Science-Based Targets initiative.

#### Quality

- It should be simple for the customer to secure the right quality. Bufab has systems and processes that integrate the customer's requirements in day-to-day work.
- Quality assurance in accordance with the desired requirements is always decisive for the customer's and Bufab's success.

#### On-time delivery

- On-time and in-full deliveries are a prerequisite for effective business operations.
- Our logistics team is always ready to go the extra mile for prompt delivery.

Strategy

- Value creation 18
- ▶ Strategy 20
- Acquisitions 23
- Sustainable approach 26
  - Responsible growth 30
  - Sustainable improvements 33
  - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Our Sustainable Leadership strategy

Our vision is to become the leading player in the industry. Through our “Sustainable Leadership 2025” strategy, which was launched in 2021, we have intensified our work on growth and profitability improvement, while also investing in development and strategic acquisitions. This strategy also entails that sustainability is integrated into the company’s daily operations and that Bufab aims to become an industry leader in sustainability.



## Acquire

We have acquired more than 50 companies over the past 46 years and see further acquisitions as an important way of growing, while also strengthening our offering and expertise. By increasing our global presence, we can serve customers better and in more markets.

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

### Priorities during 2023

- Integration of our sustainability programme in our acquisitions.
- Sustainable Supplier Engagement Program (SSEP).

### Link to risk

“Market and business risks” and “Financing, liquidity and capital”

## Grow

Our ambition is to be the preferred partner of all customers. As a result, we have consistently grown in market share and the number of customers over the past eight years.

We plan to continue growing – both rapidly and profitably.

Meanwhile, we intend to continue investing in better solutions for our customers. In 2020, we took a new look at our entire offering and how we communicate it. We also made investment plans for developing the offering further going forward. A leading offering, combined with excellent sales staff and account teams are critical to building lasting, growth-generating customer partnerships. Consequently, we have also reinforced our investments in our sales

force in the “sales excellence” program. We will continue these and other investments, to build the industry’s best team of Solutionists.

### Priorities during 2023

- Improve our communication about the customer benefits that Bufab’s offer leads to.
- Continue to increase our market share, both towards existing and new customers.

### Link to risk

“Market and business risks”

## Strategy

Value creation	18
▶ Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

## Improve

Customers demand continuous improvement of their suppliers concerning, for example, increased productivity, quality and delivery precision, as well as improved sustainability. In response, we have strengthened our capacity in these areas in recent years with the support of our new processes and tools. This includes improving digital integration with our customers and suppliers and internal digitalisation of our processes for increased efficiency.

We will continue the work in each business unit to build stronger supplier partnerships and reward our best partners by consolidating

more business with them. We will also continue developing the skill bases organised around our centres of excellence and establish similar centres in more locations worldwide.

### Priorities during 2023

- Continue to engage our partnership suppliers in our sustainability programme

### Link to risk

Risk related to "IT systems" and "Employees", and "Suppliers' sustainability work"

## Invest

Achieving Sustainable Leadership requires continuous investment in our operations. Major recent investment areas include IT infrastructure, development of digital tools and processes, development of Bufab Best Practice and establishment of a global sourcing organisation, and continuing to establish new sourcing offices. The aim is to integrate sustainability into our day-to-day operations and increase the digitalisation of our processes to improve precision, productivity and value to our partners, suppliers and most demanding customers.

### Priorities during 2023

- Establish more sourcing offices to further increase flexibility in an unstable geopolitical landscape.

### Link to risk

Risk related to "IT systems" and "Employees" and "Suppliers' sustainability work"



Strategy

Value creation	18
► Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

**Task force on Climate-related Financial Disclosures (TCFD)**

During the year, we commenced work to identify and evaluate climate-related risks and opportunities according to the TCFD's recommendations. In this way, we will gradually succeed in assessing the risks and opportunities, as well as their impact on the company's strategy and future development. This will be an important tool for both Bufab and its stakeholders for future operational governance. In the coming years, we will continue to advance our work in identifying, evaluating and addressing climate-related risks and opportunities.

We analyse the effect of each risk on our operating profit against the probability that the risk will be realised. An annual review of medium and long-term risks will be conducted at Group level. We integrate ESG risks and opportunities in this assessment and the management of business risks/opportunities, mainly in relation to legal and regulatory compliance and regulatory changes.

Governance	Strategy	Risk management	Indications and goals
<p><b>a) Describe the Board's review of climate-related risks and opportunities</b> Our climate-related risks are evaluated on an annual basis by the company's general functions to ensure that we cover all areas of Bufab. Risks and opportunities are also presented to the Board, which makes decisions and approves actions.</p> <p><b>b) Describe management's role in assessing and managing climate-related risks and opportunities</b> We work on our risks and opportunities partly by collecting information through our scanning system, Supplier Management Module (SMM), of suppliers, in which we review geographical locations and aspects using AI. Information is also collected from our global network; we have local presence in 28 countries.</p>	<p><b>a) Describe the climate-related risks and opportunities that the organisation has identified in the short, medium and long term</b> Bufab's influence is mainly exercised through our supply chain. Accordingly, we must continue to take an active approach using our Partnership Programme – this year we added the Sustainable Supplier Engagement Program (SSEP), which is an integral part of our continuing effort to reduce our climate impact.</p> <p>Management: For Scope 1 &amp; 2. The short-term risk in our business is low. In the medium (2027) and long term (2031), we have stable plans in place.</p> <p><b>b) Describe the impact of climate-related risks and opportunities for the organisation's business, strategy and financial planning</b> We regard the climate-related initiatives that we work with as a growing competitive advantage and a means for growth.</p> <p>Transformation risks Risk description/impact: We have a large portfolio of suppliers that grows with each new acquisition we make and accordingly, there are risks that the transformation of these new suppliers will take longer than the time specified in our strategy. There may be transformation risks related to the geographical location of our companies, where we are dependent on a country's degree of maturity regarding the availability of fossil-free alternatives.</p> <p><b>c) Describe the resilience in the organisation's strategy in relation to various climate scenarios, including a scenario of 2°C or lower</b> No climate scenario analysis has yet been made, but we will continue to work on the recommendations according to the TCFD. We anticipate that a climate scenario analysis will be in place by the time of the 2023 Annual Report.</p>	<p><b>a) Describe the organisation's processes to identify and evaluate climate-related risks</b> We use a methodology by which we review risk/opportunity models and seriousness/ probability. During the year, we held workshops on the Sustainable Development Goals (SDGs) for which we can make a difference in our daily work. The evaluation of risks and opportunities is conducted at Bufab's 51 sister companies, as well as by our suppliers through our Supplier Management Module (SMM).</p> <p><b>b) Describe the organisation's processes to manage climate-related risks</b> Since 99.6 percent of our emissions are created by our suppliers, we have placed major focus in our partnership programme on auditing sustainability, as well establishing a Sustainable Supplier Engagement Program during the year to reduce our suppliers' greenhouse gases. See page 36 Engaging our suppliers to reduce Scope 3 emissions.</p> <p><b>c) Describe how processes to identify, assess and manage climate-related risks are integrated into the organisation's overall risk management</b> The evaluation of risks and opportunities is conducted at Bufab's 51 companies, as well as by our suppliers through our Supplier Management Module (SMM). In conjunction with the other risk analyses, we also identify and evaluate the suppliers' climate-related risks.</p>	<p><b>a) Provide information about the parameters used to assess climate-related risks and opportunities in line with their strategy and risk management process</b> Our KPIs are in line with the goals of the Paris Agreement and require robust annual decreases of emissions, which are to be maintained for decades to ensure that we limit global warming to 1.5°C specified in SDG 13 Climate action.</p> <p>Quarterly reporting and monitoring of sustainability KPIs: Reduce CO<sub>2</sub>-eq 5.5 percent/year for Scope 3</p> <p><b>b) Provide information about GHG emissions in Scope 1, 2 and if possible, Scope 3 and the related risk</b> Scope 1: CO<sub>2</sub>e/year, 0.2 percent share of GHG Scope 2: 0.2 percent share of GHG Scope 3: 99.6 percent share of GHG</p> <p><b>c) Describe the goals used by the organisation to manage climate-related risks, opportunities and performance in relation to the goals</b> Our goal for Scope 1 &amp; 2 is to achieve zero emissions by 2030 and for Scope 3, we have the goal of a 55 percent reduction by 2031 in relation to our base year of 2021. The goals are intensity-based.</p>

Strategy

- Value creation 18
- Strategy 20
- ▶ Acquisitions 23
- Sustainable approach 26
- Responsible growth 30
- Sustainable improvements 33
- Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Acquisitions are part of our business model

With a track record of more than 50 acquisitions in the past 45 years, Bufab has extensive experience of acquiring and integrating businesses internationally. It is a natural part of our business model. We seek attractive companies that can contribute growth synergies, customer relationships, a stronger supplier base and expertise. In 2022, we made three such acquisitions.

**B**ufab operates in a highly fragmented market. Although Bufab is a leading player in many markets, the company's market share is still well below 5 percent. This offers excellent growth potential, organically but also through acquisitions. To continue growing and generating synergies, Bufab is continuously monitoring attractive candidates. Players in the C-part industry are often entrepreneurial and we find that many companies we initiate discussions with have a favourable opinion of our brand and ambitions.

Over the past 45 years, Bufab has made over 50 acquisitions and, in the last seven years, completed 15 acquisitions with total annual sales of SEK 3,400 million. Thanks to this, we have increased our presence in new industries, product segments and geographic markets and become even more relevant to our customers. Furthermore, most of our acquisitions have performed very well since they became part of Bufab, and have contributed significantly to our strong earnings development. The reason is that we are very selective when acquiring new companies and acquire exclusively well-managed and profitable companies.

**“PULL INTEGRATION” STRATEGY**

Bufab applies a “Pull Integration” strategy. In brief, this means that we allow the acquired companies

to decide at their own pace which benefits they wish to adopt from Bufab. We never talk about cost synergies, only growth synergies, and in most cases, the new Bufab company grows faster after joining the Group. By applying this strategy – instead of pushing through a rigid integration plan – we build a common future.

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

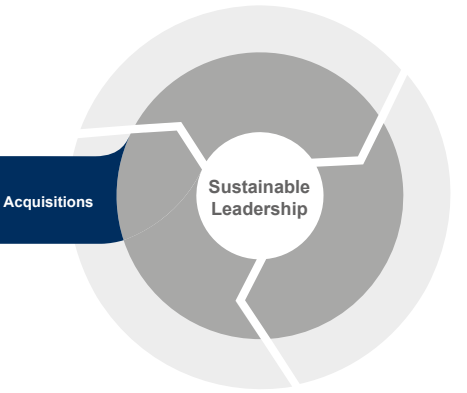
Our governance model is characterised by transparency and a collaborative decision-making process, which has been well-received in merger talks and integration processes.

**THREE NEW STRATEGIC ACQUISITIONS**

During the year, TIMCO was acquired, a UK company with annual sales of approximately SEK 730 million. The acquisition was the largest to date for Bufab and a key strategic addition to the company's operations in the UK. TIMCO is a strong

brand with a long history of providing C-parts for the construction industry and will strengthen our customer offering in the area. Additional acquisitions during the year included Pajo-Bolte in Denmark and CDA Polska in Poland, both of which also serve the construction industry. The acquisitions added over SEK 1 billion to Bufab's sales in 2022.

In 2022, we continued to strengthen our financial position, which means we are well-equipped to



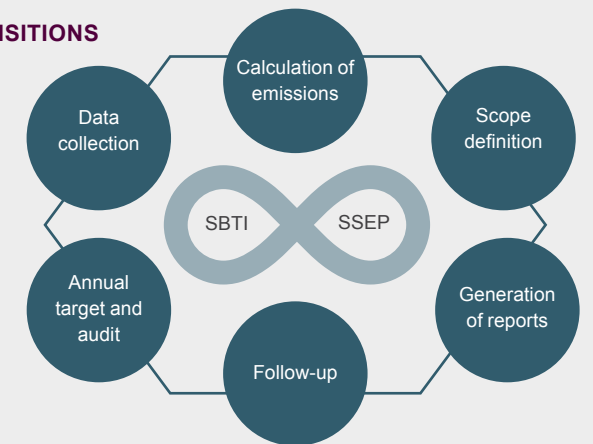
continue our growth journey by adding further acquisitions.

**ABILITY TO SCALE UP THE BUSINESS**

Another dimension of growth is obtained when Bufab takes over a major part of a customer's C-part sourcing. This enables customers to improve efficiency and control over their total sustainability performance, while increasing their overall productivity.

**INTEGRATION OF NEW ACQUISITIONS IN SBTI AND SSEP**

To understand how the companies we acquire will impact us and which climate actions must be adjusted, we conduct a Scope 1, 2 and 3 evaluation as part of the due diligence process. This creates a profile of the company and the activities we must implement to comply with our overall target of reducing greenhouse gas emissions in line with the Paris Agreement.



Strategy

- Value creation 18
- Strategy 20
- ▶ Acquisitions 23
- Sustainable approach 26
  - Responsible growth 30
  - Sustainable improvements 33
  - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46



CASE

# “Adding muscle for faster growth”

In March 2022, Bufab announced its largest acquisition to date: TIMCO, one of the UK’s leading distributors to retailers in the construction industry. “We had come to a point where we required major investments to future-proof the business. That was the reason we decided to sell to Bufab,” says Simon Midwood, previously CEO of TIMCO and now member of the Board.



Selling was an emotional move. My dad started TIMCO 50 years ago and I have headed the business for 22 years – nearly all of my adult life. The focus going forward will be on keeping to what has been our recipe for success to date, which is to continuously expand our range of quality products, while also delivering first-class customer service.

Simon Midwood  
Board member of TIMCO

**T**IMCO has been family-owned since it was established in 1972 by Tim Midwood and for the past 22 years has been led by his son, Simon Midwood. Under Simon’s management, TIMCO has grown to become a complete distributor to more than 4,500 independent construction retailers across the UK and Ireland, to which TIMCO delivers key construction products daily, from screws and nails to fasteners, chemicals and safety equipment. The company has its head office in Nantwich in the UK, and a sales office in Monaghan, Ireland. In January 2023, Craig Varey was appointed new CEO of TIMCO and Simon was elected Board member.

“I was only 24 years old when my dad died and for the following five years, the company was headed by a person from outside the family. This gave me the opportunity to start my professional life in London and bring new ideas back to the business. My dad had created a name that stood for quality and making life easier for customers – and we wanted to develop TIMCO in a way that would honour his legacy,” says Simon Midwood.

**FOCUS ON RELIABILITY**

Since then, the company has expanded its range of goods under the TIMCO brand, from about 1,500 products to 7,500, while at the same time increasing its annual sales from around GBP 5 million to approximately GBP 60 million.

“Our success is based on delivering a high and consistent level of quality and service. We buy from about 160 factories in many countries – and I visit each and every one of these to ensure the quality of the products”, says Simon Midwood.

During the entire rapid growth of the company, Simon Midwood and his team have worked hard to retain the values that his parents instituted when TIMCO was established. These include the “Dear Mum” principle, which entails that employees are expected to treat customers, suppliers and colleagues as if they were their own mother. This attitude has resulted in a workplace characterised by respect and award-winning customer service.

**INVESTMENTS FOR THE FUTURE**

Like many other companies, TIMCO was affected by a tough trade climate caused by the pandemic and Brexit, and faced up to these challenges by investing in the company for future growth.

“Now we need to take the next step, which includes an automation of the warehouse premises. We are also looking at the prospects of expanding into new markets. That is why we needed a strong partner – and Bufab proved to be a good choice. Now we hope to be able to sell through Bufab’s network”.

“I am pleased to be able to continue as Board member of TIMCO to ensure that the business continues to be run in line with the same principles, that is, the delivery of first-class products and service. At the same time, such a large and reputable international owner as Bufab gives us security for the future as well as the necessary muscle for rapid growth. I look forward to an exciting future for TIMCO,” says Simon Midwood.



Strategy

Value creation	18
Strategy	20
▶ Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

CASE

## “Our ambition was to continue to expand”

For the Polish trading company, CDA Polska, the sale to Bufab means an opportunity to continue the expansion of its successful operation. “We had achieved maximum growth based on our financial capacity – and we needed a strong partner to establish in new markets,” says Giuseppe Gangemi, CEO of CDA.

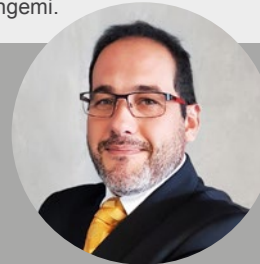
In April 2022, Bufab acquired CDA Polska, a leading trading company specialised on products in tempered glass and glass solutions targeted at the Polish construction and housing sector. The company was founded in 2003 by Włodzimierz Bandelak and Giuseppe Gangemi.

“Initially, there were three of us; me and my partner and a secretary. We did everything ourselves, had a streamlined, efficient organisation, and we grew very quickly,” Giuseppe Gangemi comments.

Since then, CDA has developed into a leading trading company for glass products for bathrooms and fittings, as well as sliding systems, with the Polish construction and housing

market as the primary target group. Today, the company has its head office in Wrocław and branches in Gdynia and Warsaw, about 60 employees and some 2,500 customers, mainly in Poland, but also in the Baltic states and the Czech Republic. Annual sales are approximately SEK 93 million.

“About two years ago, I realised that we had achieved maximum growth based on our financial situation. We looked at companies that potentially had the right qualifications to be the type of owner we were looking for – and we found Bufab. During our discussions, they said something that closed the transaction for me: “We won't change anything, but simply support you so that you can develop further,” says Giuseppe Gangemi.



” Our ambition was to continue to expand – and to investigate the potential in markets outside Poland. Therefore, I thought it was a good idea to sell the company to a large, international company that had both the means and the expertise to assist us in the process.

Giuseppe Gangemi, CEO of CDA

CASE

## “Bufab was the perfect partner for us”

After 20 years of constant growth, the Danish family-owned trading company, Pajo Bolte, decided that it was time to think about the future. “It took us several years to get used to the idea of selling – and there was only a handful of companies that we could envisage selling to. After extensive discussions, we understood that Bufab was the perfect partner for us,” says Lars Johansen, CEO of Pajo Bolte.

Pajo Bolte, based in Hobro in Denmark, was established in 1992 by Lars Johansen's father, with operations focused on delivering screws and bolts to the Danish construction industry. Since Lars Johansen took over as CEO a number of years ago, Pajo Bolte has expanded its business to become a distribution partner to the construction, installation and manufacturing industry. Today, Pajo Bolte has 40 employees and annual sales of approximately SEK 190 million.

An important reason for the choice of Bufab as new owner was the possibility to continue

operations as usual – but with the benefit of belonging to a large group with many sister companies. In March 2022, the agreement was signed.

“For me in my continued position as CEO and for the CFO, there are some new procedures to follow, but for our employees, it is business as usual. I am extremely satisfied with the agreement, which has proved to secure exactly what we wanted, which means a promising future for a business that my family and I have put our hearts and souls into,” says Lars Johansen.



” Our new financial strength means that we can continue to develop new opportunities, such as offering C-parts in Norway, where we are already collaborating with Bufab Norway. We are also strong in special screws and bolts for the steel industry, where we see strong future potential.

Lars Johansen, CEO of Pajo Bolte.

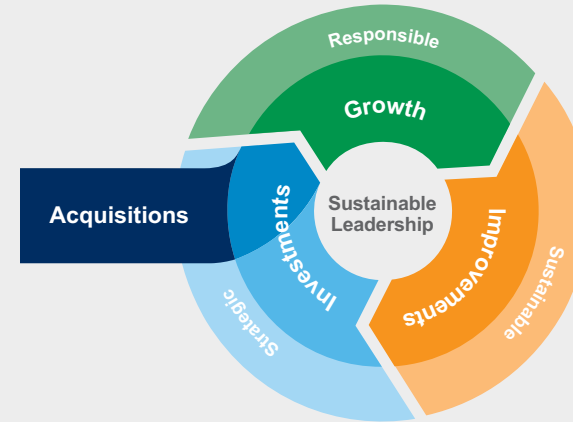
Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - ▶ Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Sustainable delivery of our strategy

Bufab aims to become an industry leader in sustainability. To achieve the position of Sustainable Leadership, we have added a sustainability focus to our strategy areas, aiming for Responsible growth, Sustainable improvements and Strategic investments.

**W**e work continuously to ensure that all aspects of our operations have a positive impact on people and the planet. To realise our business growth targets, it is crucial that we create value for all stakeholders. By improving processes and systems to make them more sustainable, we create value for our customers, act as a competent partner and continue to act as a good employer. Our sustainability reporting is based on how we deliver our strategy – Grow, Improve and Invest.



RESPONSIBLE GROWTH	SUSTAINABLE IMPROVEMENTS	STRATEGIC INVESTMENTS
<p>Bufab's aim is to grow by 10 percent annually. With strong financial results, we create opportunities for investment in sustainability.</p>	<p>We strive to improve every part of our own operations and in our supply chain. The ambition is to offer customers the best – and most sustainable solutions.</p>	<p>Bufab has invested in a number of processes that ensure that best practice is shared and that all employees and suppliers act in accordance with Bufab's values. During 2022, we continued to invest in a sustainability tool to make it easier to gain an overview of the planned activities of the companies for meeting our sustainability goals. As part of our partnership programme with our suppliers, we have also initiated a sustainability module so that we can jointly ensure that our supply chain can halve greenhouse gases by 2031.</p>

**BUFAB'S PRODUCT SUSTAINABILITY**

Bufab improves quality and sustainability in the supply of products with low sourcing value and high sourcing effort, i.e. C-parts. C-parts usually have a low unit cost, wide product variation and are produced in large volumes. They are also unique since only a small part of the total cost of the component is derived from the purchase price, often as little as 20 percent. The remaining 80 percent of the total costs are indirect costs for logistics, sourcing, storage and quality assurance. This makes it difficult for an individual customer to oversee, manage and measure sustainability. As sustainability issues are particularly challenging when handling C-parts, Bufab's expertise in quality and sustainability can help create value for customers.



## Strategy

Value creation	18
Strategy	20
Acquisitions	23
▶ Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46



## Agenda 2030

The UN's Agenda 2030 and the Sustainable Development Goals (SDGs) are a plan of action for people, the planet and prosperity. World leaders' 17 ambitious SDGs agreed upon in 2015 aim to create a better, fairer world by 2030. Based on the SDGs, Bufab has identified the most relevant issues for its operations. This work comprises an analysis of the company's impact on the SDGs and where our business activities could have the most significant positive impact.

During 2021, Bufab increased efforts around the goals for sustainable development. As a result, as we started the work to report according to GRI, it became easier to identify our progress and work to meet our goals actively.

In November 2022, we were validated and approved by the Science Based Targets initiative. This means that Bufab is committed to reducing internal emissions of greenhouse gases to zero by 2030 and choosing suppliers that do the same.

In the short term, this means ensuring that we source 100 percent fossil-free energy for our offices and manufacturing plants and invest in our own sustainable energy production, such as photovoltaic systems. In the longer term, the challenge is much greater. Reducing carbon emissions almost entirely will require major changes in our value chain together with our partners. Therefore, in 2022, we started training our partner suppliers through a Sustainable Supplier Engagement Program (SSEP) that aims to jointly ensure activities and investments to reduce our greenhouse gases in the value chain by 55 percent by 2031.



### The most relevant goals for Bufab are:

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

## Strategy

Value creation	18
Strategy	20
Acquisitions	23
▶ Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

## Bufab's material issues 2022

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

### STAKEHOLDER ENGAGEMENT

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

### IDENTIFICATION AND SELECTION OF STAKEHOLDERS

Key stakeholders have been identified through a dialogue with Bufab Group management and include:

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

### STAKEHOLDER DIALOGUE

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

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

### APPROACH TO STAKEHOLDER ENGAGEMENT

Most of our stakeholder communications are conducted through physical or online meetings. These meetings are held between the stakeholders and relevant Bufab employees to align our practices with their needs and expectations.

### MATERIALITY ANALYSIS

Bufab aims to provide stakeholders with relevant operational, financial, environmental and social performance information. The topic boundaries are evaluated from an organisational, business, and stakeholder perspective. They are also assessed regarding impact and contribution to the UN SDGs.



Strategy

Value creation	18
Strategy	20
Acquisitions	23
▶ Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

Key stakeholder dialogue topics

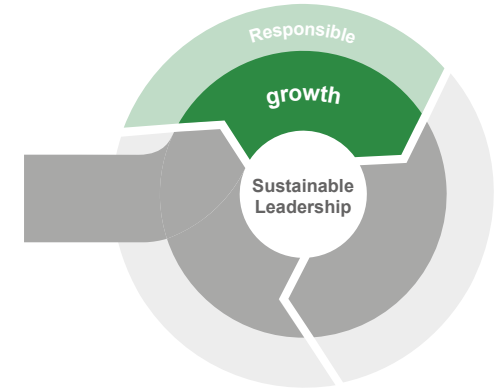
Stakeholders	Customers	Suppliers	Employees	Owners	Institutions & Municipalities	Board of Directors
<b>Approach</b>	<p>Our sales teams continuously dialogue with our customers on topics relating to health and safety and general customer requirements. In addition, our customers regularly perform audits on Bufab companies.</p> <p>Our sustainability team also discusses additional issues with customer representatives, such as environmental sustainability and emissions, product sustainability, supply chain ethics and human rights. These talks are usually carried out at the request of the customer.</p>	<p>Continuous daily dialogue between our sourcing teams and suppliers on suppliers' sustainability performance, supplier capabilities and supply chain assessments.</p> <p>We have quarterly partnership meetings with our partner suppliers to discuss developments at the supplier, cost development, sustainability activities and improvement.</p> <p>In addition, we performed the annual "Global Partnership Survey", where key suppliers were questioned on vital topics such as core values, supply chain developments, digitalisation, logistics and sustainability.</p>	<p>In 2021, our Global People Circle (GPC) was launched. The GPC contains representatives from several Bufab business units and meets once every two months.</p> <p>In 2021, the GPC organised a global employee survey, introduced a learning management system accessible to all employees and launched a project to examine how to improve our best practices in our human resources functions.</p> <p>In 2022, we implemented a new general sustainability policy, a sustainability handbook, and a health and safety policy to further strengthen our work in those areas. In addition, due to our expansion in the UK, we have also introduced a modern slavery policy.</p>	<p>Bufab Group Management has frequent meetings with our shareholders at individual meetings and seminars.</p> <p>Bufab also holds a Capital Markets Day where shareholders are presented with a detailed breakdown of Bufab's business operations during the year. Other topics are our strategy and other key strategic decisions.</p>	<p>Bufab companies are engaged in dialogue with municipalities. In addition, Bufab companies are members of industry associations such as the European Fasteners Distributor Association.</p> <p>We also collaborate with universities and aim to expand such cooperation.</p> <p>These collaborations are conducted at local level and the level of engagement is adjusted accordingly.</p>	<p>Bufab Group Management has quarterly meetings with the Board of Directors to discuss our strategy progression on Sustainable Leadership.</p>
<b>Key topics raised</b>	<ul style="list-style-type: none"> <li>• Environmental sustainability and emissions</li> <li>• Material compliance</li> <li>• Health and safety</li> <li>• Code of Conduct, ethics and human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier capability</li> <li>• Supplier performance</li> <li>• Sustainability</li> <li>• Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Learning management system</li> <li>• People key performance indicators</li> <li>• Employee survey</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• Environmental sustainability and emissions</li> <li>• Material compliance</li> <li>• Health and safety</li> <li>• Code of Conduct, ethics and human rights</li> </ul>	<ul style="list-style-type: none"> <li>• How to attract people</li> <li>• Artificial Intelligence</li> <li>• Efficiency</li> <li>• Work moving forwards</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Leadership</li> <li>• Growth, Acquire, Invest, Improve</li> </ul>

Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
  - ▶ Responsible growth 30
  - Sustainable improvements 33
  - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Responsible growth

Growth provides the opportunity to create value. For the past decade, Bufab has continued to grow and increase its market share. Our growth creates value by applying a perspective of responsibility and sustainability to our expansion. As a customer, engaging Bufab is a more effective way of sourcing C-parts than independently managing the supply chain. At the same time, Bufab can increase its value creation through continued growth.



**B**ufab aims to grow by 10 percent annually, organically and through acquisitions, to generate returns for its owners while increasing its contribution to other stakeholders: employees, society, suppliers and customers. This goal was again achieved in 2022, and we significantly outperformed the market as a whole in terms of growth.

In 2022, interest in our sustainability work among old and new customers increased. Increasing requirements are being placed on customers by end-customers and owners to report improvements in their supply chain. Engaging Bufab often creates better conditions to succeed with this task.

Responsible growth also benefits the company's other stakeholders. Employees benefit through salaries, pensions and additional benefits, and also opportunities for personal development offered by an employer that encourages individual freedom and responsibility. Communities in the countries where Bufab operates benefit through direct and indirect tax revenue. Suppliers, chosen for their ability to contribute to responsible growth, can in turn, grow and invest in a virtuous circle.

<p><b>TARGET</b></p> <p>10 percent annual growth, both organically and through acquisitions.</p>	<p><b>ACTIVITIES 2022</b></p> <p>Three new acquisitions combined with continued focus on organic growth led to an increased market share.</p> <p>A strong contribution from recent acquisitions propelled growth in 2022 to 44 percent – far in excess of our long-term growth target.</p> <p>Work was carried out to integrate six recently acquired companies in Bufab Best Practice.</p> <p>The digitalisation process and improvements to our new CRM system continued. In terms of suppliers, a new system with simplified supplier management</p>	<p><b>SDG CONTRIBUTION</b></p> <ul style="list-style-type: none"> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li>17 PARTNERSHIPS FOR THE GOALS</li> </ul>
<p><b>TARGET</b></p> <p>Through continued annual growth of 10 percent, increase our contribution to society through a responsible and fair tax policy.</p>	<p><b>ACTIVITIES 2022</b></p> <p>Income tax paid was SEK 218 million (145), up by 50 percent. The effective tax rate increased slightly.</p> <p>Transfer pricing policies were audited and revised in several subsidiaries to ensure continued compliance with OECD guidelines and our internal policies.</p>	<p><b>SDG CONTRIBUTION</b></p>

## Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
<b>Responsible growth</b>	<b>30</b>
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46



## Good business practices

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

Paying taxes in the countries where Bufab operates goes far beyond merely complying with the law. It is also about contributing to economic growth in each country and promoting social development. Bufab's tax strategy is part of its global strategy and is integrated in the instructions for the company's 40 local managing directors

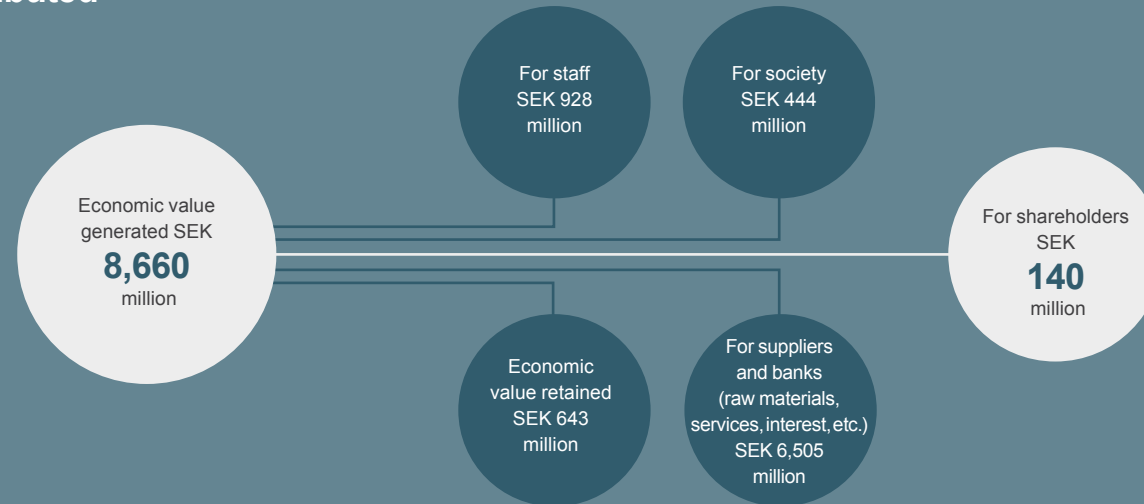
and the transfer pricing documents. Combined with the audit programme, this ensures that Bufab complies with national tax laws and that a fair proportion of the value generated stays within each country. In countries where Bufab's operations are too small to build up the required expertise, the company uses external consultants, such as certified auditors, to ensure compliance with local rules and regulations.

Bufab's tax strategy is based on the company's general aim to be a responsible corporate citizen in the countries and communities where it has operations, and to fulfil our responsibilities towards shareholders, employees, customers,

suppliers and other stakeholders. The core of the strategy is to pay the right amount of tax at the right time to the right tax authorities, respecting all the applicable tax legislation of the countries in which the company operates. The transfer pricing principle is to apply arm's length transfer prices to intra-group transactions to reflect where the value is created in the company, and which jurisdiction has the right to the tax proceeds. The aim is to ensure constructive, professional and transparent relationships with tax authorities, based on the concept of integrity, collaboration and mutual trust.

## Economic value generated and distributed

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



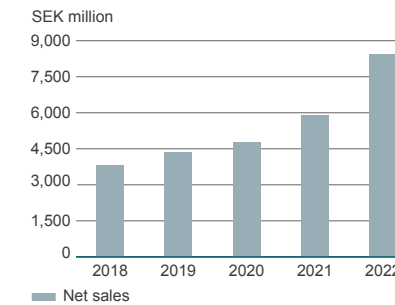
## Strategy

- Value creation 18
- Strategy 20
- Acquisitions 23
- Sustainable approach 26
- ▶ **Responsible growth 30**
- Sustainable improvements 33
- Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

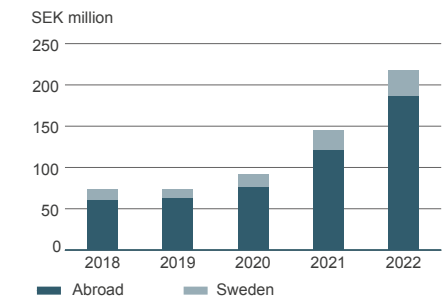
### Economic value generated and distributed

SEK million	Stakeholders	2022	2021	2020	2019	2018
Revenue – net sales	Customers	8,431	5,878	4,756	4,348	3,786
Other revenue	—	229	37	55	39	50
<b>Total value generated</b>		<b>8,660</b>	<b>5,915</b>	<b>4,811</b>	<b>4,387</b>	<b>3,836</b>
Suppliers	Suppliers	-6,403	-4,212	-3,463	-3,200	-2,854
Costs, salaries, and remuneration to employees, excl. social fees	Employees	-928	-687	-618	-561	-491
Costs, social fees and pensions	Government/society	-226	-193	-162	-178	-160
Financial expenses	Banks/creditors	-102	-49	-60	-42	-29
Dividend to shareholders	Shareholders	-140	-103	0	-94	-85
Income tax	Government/society	-218	-145	-92	-73	-74
<b>Total value distributed</b>		<b>-8,017</b>	<b>-5,389</b>	<b>-4,395</b>	<b>-4,148</b>	<b>-3,693</b>
<b>Economic value retained</b>		<b>643</b>	<b>526</b>	<b>416</b>	<b>239</b>	<b>143</b>

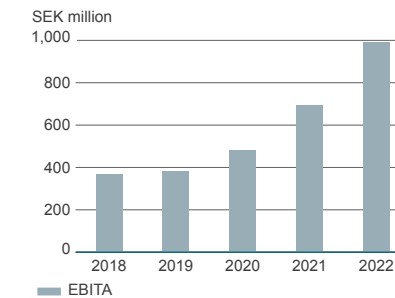
### Net sales



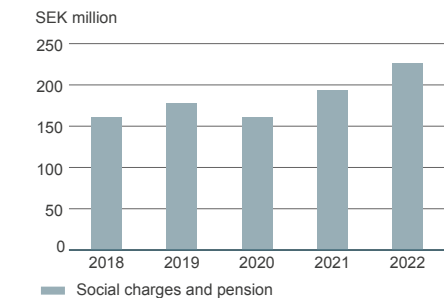
### Income tax



### EBITA



### Social charges and pensions



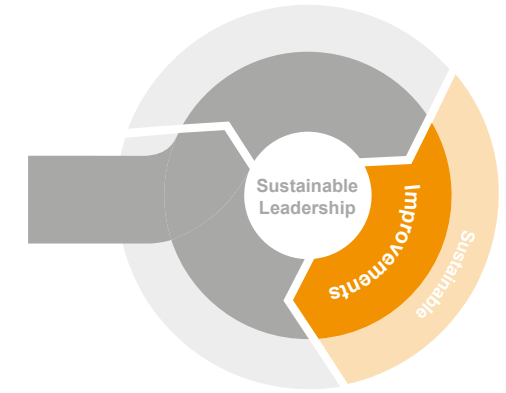


Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33**
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

# Sustainable improvements

Bufab strives to improve its operations by increasing efficiency and promoting sustainability continuously. This work includes constantly evaluating our suppliers and choosing to do business with the ones with the best performance. The aim is to offer customers the best – and most sustainable – solutions.



**B** Bufab aims to create continuous improvement across all activities by adopting sustainability topics more formally in our processes. Good business practices, fair competition and regulatory compliance, are all integral parts of Bufab's Best Practice. Our overall goal is to offer our customers the best value for money, be the most attractive employer in our industry, and provide our shareholders with a sustainable and profitable investment. We plan to achieve this by offering a responsible and sustainable supply chain. To achieve this challenging objective, we need to integrate sustainability aspects into every part of our day-to-day operations.

### REDUCING CLIMATE IMPACT

Bufab's absolute CO<sub>2</sub> equivalent emissions for Scope 1 and 2 decreased during the year by 16 percent excluding the new company acquisitions. During the year, we started to measure Scope 3, purchased goods and services. Our total Scope 3 decreased by 14 percent for existing companies and this decrease is mainly due to the fact that we sharply reduced our purchases compared to the previous year. TIMCO, our largest acquisition, added 520 tCO<sub>2</sub> equivalents for Scope 1 & 2 and 250 ktCO<sub>2</sub> for Scope 3, and the total impact on the group corresponding to 23 percent. Pajo-Bolte and CDA Polska contributed an additional 265 tCO<sub>2</sub> equivalents, Scope 1 & 2 and 39 ktCO<sub>2</sub> for Scope 3. When we measure our carbon footprint in relation to net sales for the full year, we have reduced emissions from 181 tCO<sub>2</sub>-eq/MSEK to 132 tCO<sub>2</sub>-eq/MSEK. Deliveries from suppliers and regional warehouses are generally made by boat or truck and we strive for a high degree of filling.

<p><b>TARGET</b></p> <p>Produce and/or procure 100 percent of our energy from carbon-neutral sources by 2030.</p>	<p><b>ACTIVITIES 2022</b></p> <p>The share of purchased electricity from renewable sources decreased from 67 percent to 66 percent as a result of the companies' energy efficiency programmes. Meanwhile, we are also increasing the amount of self-generated electricity. A photovoltaic system on the roof of one of our largest competence centres has been in operation since December 2021.</p>	<p><b>SDG CONTRIBUTION</b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #f09428; color: white; padding: 5px; margin-bottom: 5px;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="background-color: #2e8b57; color: white; padding: 5px;"> <p>13 CLIMATE ACTION</p> </div> </div>
<p><b>TARGET</b></p> <p>Achieve a material recycling rate above 90 percent by 2030, reduce waste to landfill to 0 percent by the same year, and reduce total waste by 20 percent by 2030.</p>	<p><b>ACTIVITIES 2022</b></p> <p>Work began to integrate our KPIs in this area into our ordinary financial reporting cycle, and to more systematically prepare and follow-up improvement plans in the subsidiaries.</p> <p>Activities also included integrating ISO 45001:2018, a standard for occupational health and safety management, and ISO 14001, an environmental management standard, into Bufab Best Practice minimum requirements.</p>	<p><b>SDG CONTRIBUTION</b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #2e8b57; color: white; padding: 5px; margin-bottom: 5px;"> <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="background-color: #f09428; color: white; padding: 5px; margin-bottom: 5px;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="background-color: #2e8b57; color: white; padding: 5px;"> <p>13 CLIMATE ACTION</p> </div> </div>

Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33**
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

The Science Based Targets initiative

In 2021, Bufab became a signatory to the international Science Based Targets initiative (SBTi) as part of our further efforts to reduce greenhouse gas emissions. In November 2022, we were validated and approved. This means that we have committed to set targets and activities aligned with the Paris Agreement, intended to limit global warming to 1.5°C, which means that global emissions must be halved by 2031 and reach "net zero" by 2050. Starting from the base year of 2021, Bufab commenced reporting during the year and initiated a sustainability programme

for our partnership suppliers. In the case of new acquisitions, the base year of 2021 will be recalculated, and the Group's overall activities will be replanned. The SBTi is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). It aims to drive ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. Bufab signed the agreement to promote its sustainability efforts further and reduce greenhouse

gas emissions throughout the supply chain. We also welcome the assessment of our targets and follow-up of our progress as required under the SBTi framework. Partnerships with customers and key suppliers will be a decisive part of our plans to reach this goal. We see this as an integral part of our Sustainable Leadership strategy and a way to further improve our competitiveness with sustainable solutions, products and operations.

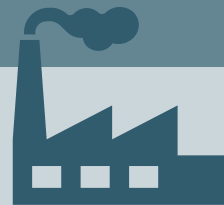


Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33**
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

Roadmap to reduce carbon footprint

Bufab supports the Paris Agreement and has planned initiatives to limit the global temperature increase and to support those hit by the effects of climate change. The Paris Agreement is linked to the United Nations Framework Convention on Climate Change, UNFCCC, which aims to prevent climate change and restrict global warming to 1.5°C. The Agreement was adopted in conjunction with the COP21 climate conference in Paris in December 2015 and formally came into force in November 2016.



Our commitment to customers to reduce CO<sub>2</sub> in the supply chain...



...and take responsible action to drive the SDGs for the benefit of future generations.



Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33**
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

Reduction of greenhouse gas emissions in the supply chain

Bufab's impact is mainly exercised through our supply chain. Accordingly, we must continue to take an active approach using our Partnership Programme, to which we added the Sustainable Supplier Engagement Program (SSEP) in 2022. This represents a vital part of our continuing effort to reduce our climate impact.

We engage and support suppliers in their efforts to reduce greenhouse gas emissions. Our commitment includes training webinars, sharing best practices, data collection, partnerships and third-party tools to consolidate and track data and progress.

We engage our suppliers to reduce Scope 3 emissions

Prepare

**Step 1:** Questionnaire to partner suppliers to prepare data on sustainability – for energy, transport, material, waste, etc. – and provide feedback.

Engage

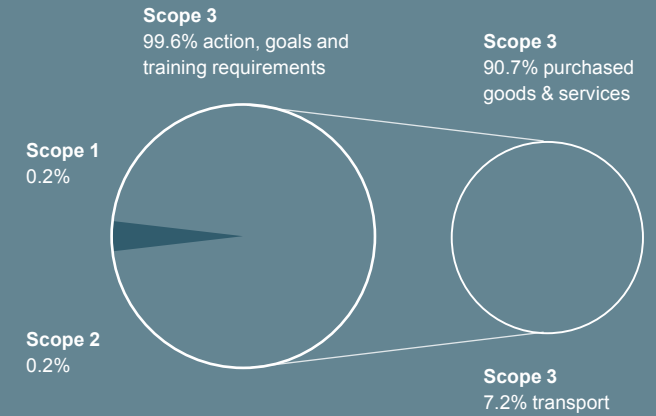
**Step 2:** Establish base year. The goal is to establish data for the base year, including sharing knowledge between programme participants, guidelines, checklist templates, best practice and training.

**Step 3:** Establish goals. When the base year has been established, the estimated emissions reduction in line with the Paris Agreement is provided. Bufab's suppliers need to reduce their greenhouse gases by 5.5 percent CO<sub>2</sub>e each year until 2031.

Implement

**Step 4:** Implement measures. To achieve the goals, measures will be implemented in accordance with various categories.

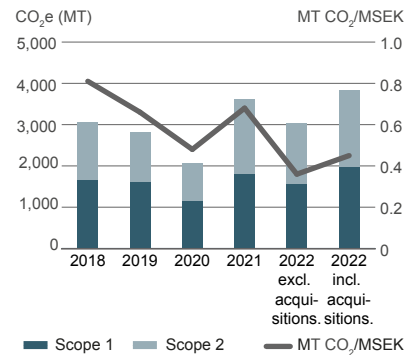
**Step 5:** Communication & follow-up. We communicate quarterly on action, goals and training requirements.



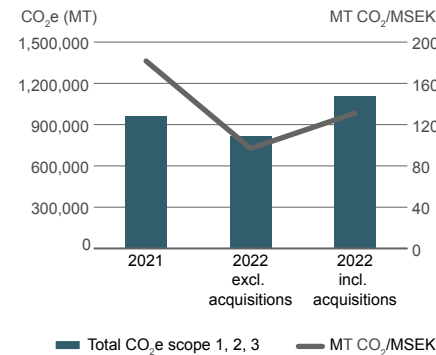
Bufab's Scope 1, 2 & 3 emissions:

- Scope 1:** Direct emissions from our own operations.
- Scope 2:** Indirect emissions from, for example, purchasing energy, heat and cooling.
- Scope 3:** All other direct and indirect emissions.

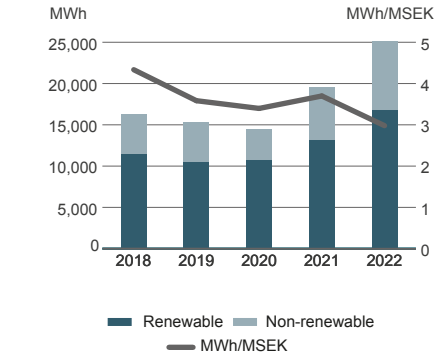
CO<sub>2</sub> emissions - scope 1 and 2



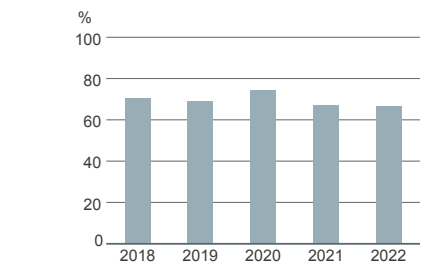
Total CO<sub>2</sub> emissions



Purchased electricity



Energy purchased from renewable sources



## Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
▶ Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

## Improving supply chain sustainability

With a substantial number of suppliers and customers worldwide, Bufab is in a solid position to contribute to improving sustainability in the supply chain. As of 2020, all direct material suppliers must sign the company's Code of Conduct, committing to its sustainability standards, to receive new orders. All Partners, Preferred and Approved suppliers have signed our Code of Conduct.

### INCREASED AUTOMATION AND OPTIMISATION OF PROCESSES

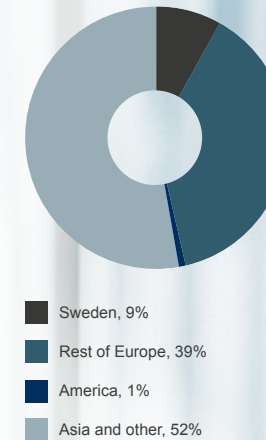
Bufab's goal is to develop a world-leading supplier base. To do so, the company strives to consolidate its sourcing to suppliers that conform to Bufab's quality, cost and sustainability standards. Currently we have consolidated 80 percent of our spend in sourcing to 550 of the best suppliers. In 2021, we initiated a new project to automate all processes linked to signing new suppliers using machine learning and AI. The aim is to increase both efficiency and accuracy in these processes. In 2022, we continued with system integration connected with our new Supplier Management Module (SMM), in which we manage and collaborate with suppliers. SMM enables us to effectively control everything from one platform where we can gather supplier data and information, identify risks in the supply chain, and manage contracts, documents and products. We can also assess and monitor compliance and certificates, evaluate and improve performance, and drive innovation. In addition, AI reading documents helps improve efficiency, highlight deviations, visualise trends, and provide suggestions for solutions.

### SELECT, EVALUATE AND DEVELOP SUPPLIERS

All suppliers must sign Bufab's Supplier Code of Conduct to be included on the company's list of suppliers. The basis of the company's Code of Conduct derives from the principles of the UN Declaration on Human Rights, the ILO's fundamental conventions, the Rio Declaration and the UN Convention against Corruption, as well as the OECD guidelines for multinational companies and the general declaration on human rights. Suppliers must also show that they conduct their operations in accordance with other standards and certificates, including ISO 9001 and REACH.

With more than 30,000 inquiries a year, Bufab must be able to ensure that suppliers have the capacity, capability to deliver the requested quality and quantity at the right time – and do so in a sustainable way. Suppliers are selected, evaluated and developed using Bufab's global supplier process. This is driven by our global sourcing organisation, which has grown rapidly in recent years. Certain relationships with suppliers, which Bufab makes regular purchases from, are developed into partnerships. The partnerships aim to achieve higher productivity and quality, create opportunities for focusing on sustainability aspects, and grow together. The war in Ukraine has brought pressures to the supply chain, not least regarding the energy supply and increased geopolitical instability. Accordingly, we worked to further spread our risks and opportunities during the year by developing more global partnerships.

Bufab's sourcing distribution



Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
▶ Sustainable improvements	33
Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

Supplier classification

We classify our suppliers into the following categories:

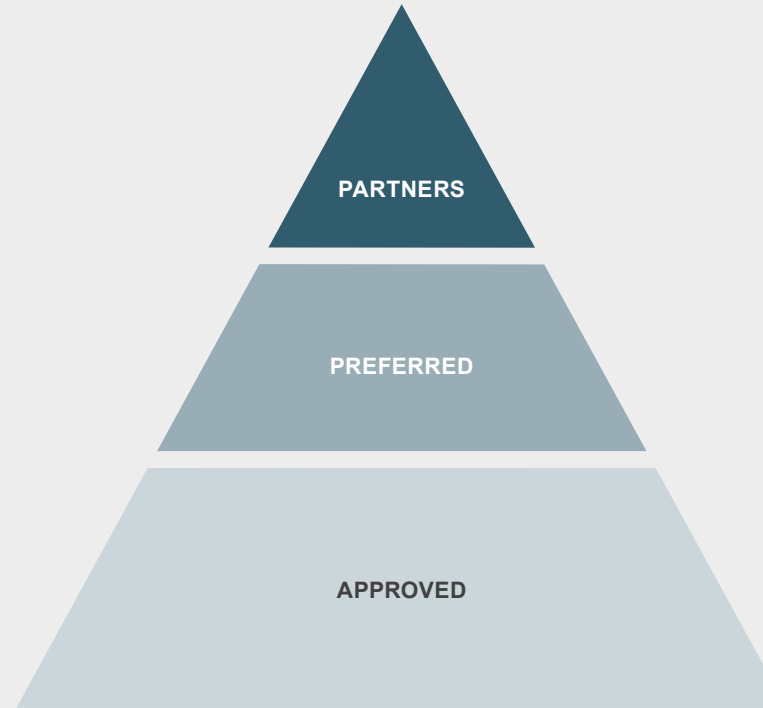
**Partners:** Have signed both a sourcing agreement and Bufab's Supplier Code of Conduct. Sustainability audit has been conducted and approved.

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

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

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

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



NO TO SOURCING OF MINERALS FROM CONFLICT AREAS

Bufab does not purchase minerals from conflict areas. This applies, for example, to tin, tantalum, tungsten and gold, sourced from the Democratic Republic of Congo and other surrounding countries where profits from trading these minerals fuel war and other human rights violations. All suppliers that supply Bufab with products containing conflict minerals are screened. In case of any uncertainties, the supplier is requested to clarify and, if necessary, replace the source of minerals. During 2022, we continued this work, and we believe we have a solid process for managing conflict minerals.

QUALITY ASSURANCE INTEGRATED

At Bufab, quality assurance is fully integrated with the Bufab Best Practice management system. It includes important preventive activities, such as risk assessment of new parts, identifying the most suitable supplier for each part and quality inspections. In addition, we have implemented a "Red Flag" process as part of continuous improvement efforts. This process helps manage risks early to minimise any negative consequences for Bufab's customers. Identified Red Flags are reported to management regularly, ensuring that analysis and corrective measures are sufficient to prevent a recurrence. Recurring measures result in updates of the company's Best Practice to implement improvements throughout the company. Most Red Flags, however, are issued due to technicalities.

GLOBAL AUDITING PROGRAMME

Bufab's global supplier management organisation works continuously to build and improve the necessary infrastructure based on the Supplier Management Module. This includes several essential tools, such as supplier self-assessment tools, capability audit tools, scorecards and all certificates awarded to Preferred suppliers. Capability studies are performed on each potential new supplier. With our extensive knowledge of the supply process and larger sourcing volumes, Bufab

can control C-parts suppliers from a sustainability perspective more efficiently than our customers.

A global auditing program governs these efforts. This involves a global standard and an ambitious training program for auditors. In most cases, the audits are conducted by Bufab experts, although sometimes the company collaborates with accredited external partners. For example, during the pandemic, Bufab continued auditing its suppliers using digital tools and on-site physical visits to

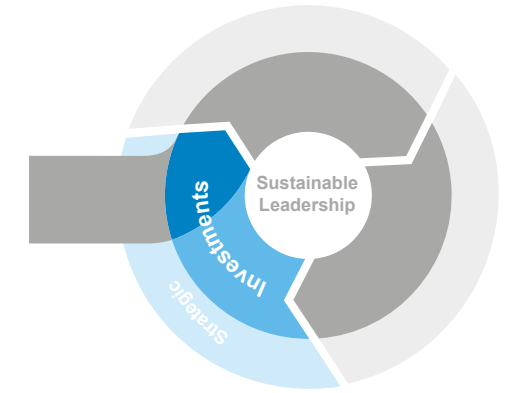
numerous suppliers, enabled by its local presence in many markets. In addition to quality, capability, capacity and productivity, audits are conducted on employee conditions, sustainability, training, health and safety work, and accident reporting. This includes child labour, environmental issues, waste and emissions, control of conflict minerals, and compliance with REACH and RoHS. Bufab also encourages extra audits initiated by customers or internal stakeholders.

Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
▶ Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46

# Strategic investments

Solutionists. There is a strong reason why Bufab has chosen this name for its employees. The company's successes align closely with its personal entrepreneurship and individual responsibility culture. Retaining this culture is also vital to reaching the company's ambitious goals. That's why investing in people remains a strong priority for Bufab. This also includes suppliers and partners.



**B**ufab has established several processes to ensure that Best Practice is shared and that all employees and suppliers act following the company's values. These are essential tools for Bufab in its efforts to become an industry role model in sustainability and a preferred partner and employer. In 2022, new steps were taken in digitalising processes and systems to ensure compliance and efficiency.

With its Best Practice, Bufab has created a platform for sustainable growth and a world-class supplier base. The system is based on the ISO 9001:2015, 14001:2015 and 26000:2010 standards. The aim is that people across the group learn from each other's experiences by sharing Best Practices, problem-solving, and smart ways of working. At present, 33 of Bufab's subsidiaries have achieved local accreditation for their quality management according to ISO 9001:2015 and eleven subsidiaries have certified their systematic environmental performance according to ISO 14001:2015.

**GOVERNANCE**

At Bufab, we believe that responsible growth takes place through strategic investments and sustainable improvements throughout the supply chain, our way to achieve Sustainable Leadership. Sustainable Leadership means that we want to be at the forefront of environmental and social issues internally and in our supply chain. Our strategy is supported by our policies and the company's sustainability goals. We strive to cover all material issues environmentally, socially and through good governance of operations (ESG). Our material issues are discussed with our stakeholders, and Bufab's Group management has regular follow-up meetings with the respective business units to ensure progress. These meetings are led by either our CEO or CFO. The CEO and CFO are ultimately responsible for the Group's sustainability performance. In 2021, Bufab appointed a Sustainability Manager accountable for all sustainability activities and reports to our CEO.

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

**ANTI-CORRUPTION**

Bufab regards its zero tolerance of corruption as a prerequisite for sound business with customers and suppliers. An important part of Bufab's anti-corruption efforts is solidly integrated into our business system and sales, sourcing and reporting processes. These are global and fully transparent. The company considers this a robust tool to detect deviating patterns at an early stage. No deviations were reported in 2022.

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

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

Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - ▶ **Strategic investments 39**
  - Ecovadis 45
  - Auditor's report on the statutory sustainability report 46

<p><b>TARGET</b></p> <p>100 percent of our suppliers evaluated and screened in relation to conflict minerals.</p>	<p><b>ACTIVITIES 2022</b></p> <p>We improved our efforts in 2022 through a new collaboration with a third-party supply chain screening partner.</p>	<p><b>SDG CONTRIBUTION</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>9</p>  <p>INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;"> <p>16</p>  <p>PEACE, JUSTICE AND STRONG INSTITUTIONS</p> </div> </div>
<p><b>TARGET</b></p> <p>Capability survey performed for each Approved supplier.</p>	<p><b>ACTIVITIES 2022</b></p> <p>We secured the skills needed for supplier development and consolidation through the Sourcing Academy.</p> <p>We continued the consolidation of our supplier base and set new, more ambitious consolidation targets for each business unit for the 2021-2025 period. Through the Sourcing Academy, we secured the skills needed for consolidation work.</p> <p>In 2022, we raised the ambition for supplier audits, and the number of audits in 2022 proceeded at a rate of 300 per year. The audits comprise quality, capability and comprehensive sustainability audits at partner suppliers.</p>	<p><b>SDG CONTRIBUTION</b></p> <div style="display: grid; grid-template-columns: 1fr 1fr; gap: 5px;"> <div style="text-align: center;"> <p>8</p>  <p>DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;"> <p>9</p>  <p>INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;"> <p>12</p>  <p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;"> <p>13</p>  <p>CLIMATE ACTION</p> </div> </div>
<p><b>TARGET</b></p> <p>Select logistics partners that have CSR goals aligned with our goals, so we can actively work towards lowering our emissions.</p>	<p><b>ACTIVITIES 2022</b></p> <p>Measurement and key figures in place.</p>	<p><b>SDG CONTRIBUTION</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>9</p>  <p>INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;"> <p>13</p>  <p>CLIMATE ACTION</p> </div> </div>





Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

**MOST ATTRACTIVE EMPLOYER**

Bufab aims to be the most attractive employer in the C-parts industry. To achieve this, we put much effort into creating a positive and engaging work environment where inputs are valued, work performance is recognised, health and safety are assured, and well-being is enhanced. Today, the company comprises 1,800 Solutionists in 28 countries.

Focus is also on offering employees equal opportunities to develop their skills and competence to reach their full potential. In turn, they are expected to support the company's continued success by working towards agreed goals following our values and drivers. Bufab strives to combine the scale and reach of an international group with the customer-first, entrepreneurial mindset of a small family company. A high degree of individual freedom is combined with a high degree of responsibility. When acquiring a new company, a long-term process is initiated to implement Bufab's culture of entrepreneurship. And when recruiting new employees, the right attitudes and sharing our Solutionist approach rank high.

In 2021, Bufab initiated a trainee program to develop young talents to become future leaders at Bufab. Bufab also created the Young Advisory Board in 2022, which will be used as a sounding board for discussions around topics such as the future workplace, sustainability and equal opportunities.

**Gender distribution**

**UNDER 30**



**30-50**



**50+**



**TOTAL**

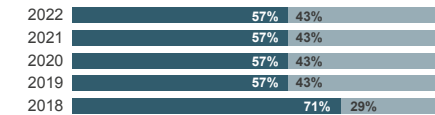


**Gender distribution by employment type**

2022	Female	Male	Total
Total number of employees with a permanent contract	514	1,204	1,718
Total number of employees with a temporary contract	35	88	123
Total number of full-time employees	509	1,255	1,764
Total number of part-time employees	40	37	77

**Gender distribution in governance bodies**

**BOARD OF DIRECTORS**



**GROUP MANAGEMENT**

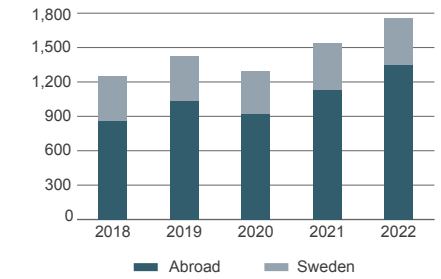


**GLOBAL LEADERSHIP TEAM**

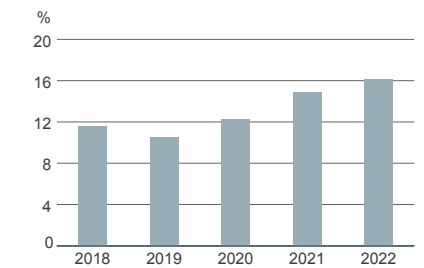


■ Male ■ Female

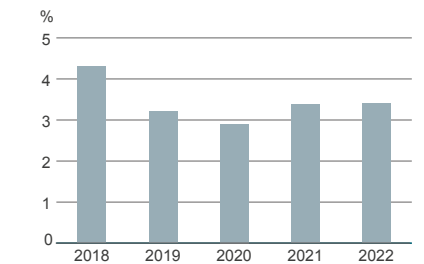
**Employees per region**



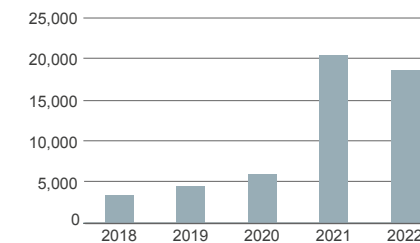
**Employee turnover**



**Absence rate**



**Training hours Bufab employees**



Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - ▶ Strategic investments 39
- Ecovadis 45
- Auditor's report on the statutory sustainability report 46

**MOST ATTRACTIVE PARTNER**

A fundamental part of Bufab's sustainability efforts is to establish and maintain suitable processes for identifying suppliers that conform to the requirements of the company's Supplier Code of Conduct and policies. We source parts worldwide, drawing on our global network of more than 4,000 suppliers. Our suppliers are chosen, qualified and developed using Bufab's global supplier management process, supported by our global category managers and global sourcing offices on all continents.

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

Suppliers will be closely monitored regarding performance and cost and undergo regular audits to drive improvements. Suppliers actively working to develop their processes, performance, and sustainability will qualify as preferred or even strategic suppliers to Bufab, where additional business opportunities are available.

**HUMAN RIGHTS**

Fundamental human rights are a universal entitlement. Therefore, support for the human rights expressed in the United Nations' Universal Declaration of Human Rights is also one of the cornerstones in Bufab's Code of Conduct, policies, values and Bufab Best Practice. In 2019, the company reviewed its human resources policy. By integrating ISO 26000:2010 into Bufab's Best Practice, we ensured consistency with relevant declarations and conventions by the UN and its constituents.

This forms the structure in Bufab's management system regarding human and labour rights, corruption, fair competition and consumer rights. For example, the ISO 26000 core subject, "Labour practices", is firmly based on ILO conventions and the Human Rights Fundamental principles and rights at work. As a result, no human rights violations were reported in 2022.

**WHISTLEBLOWER FUNCTION**

It is regarded as fundamental that all employees feel that they can report any suspected irregularities that may arise at Bufab. Since 2016, all employees can use the company's whistleblower function, which offers anonymity through a third-party process. The number of suspected

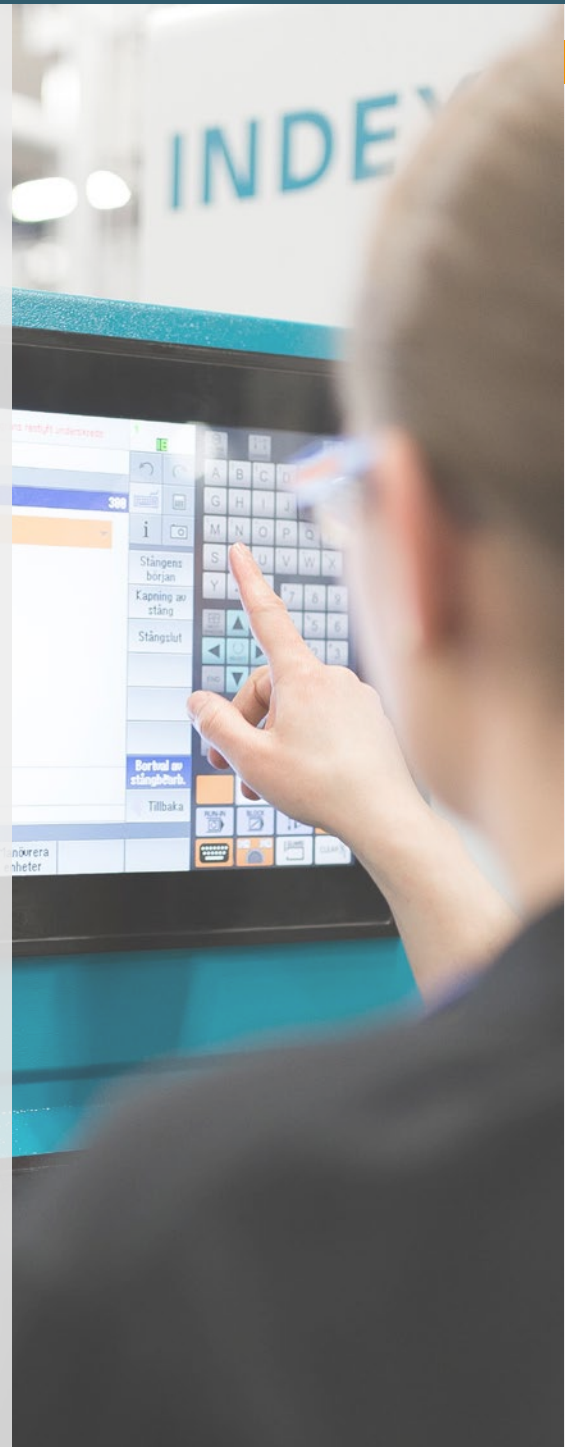
irregularities reported via the whistleblower function is low and relatively stable. Bufab continues its efforts through various channels to increase the reporting frequency to avoid unreported incidents. Suspected irregularities are investigated by either a third party or by the company. In cases in which Bufab investigates the matter, the investigation is monitored closely by a third party. Action is taken based on the conclusions of the investigation. All employees who undergo Bufab's introduction or leadership programs are informed about the whistleblower function and the third-party process. In addition, all managing directors are informed about the function and tasked with disseminating the information in their organisations.

**Whistleblowing and other significant deviations**

SEK million	2022	2021	2020
Incident reports received by independent external parties	0	0	1
whistleblowing agency			
of which escalated to the Board of Directors	0	0	0
Incidents reported by CEO/CFO to Board of Directors	1	1	2
Other significant deviations reported by CEO/CFO to Board of Directors (i.e. significant policy violations, etc.)	0	0	0

Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
► Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46



CASE

# “The more digitalisation, the more customer value”

“My task is to constantly seek opportunities for efficiency and improvement in all parts of our business – from how we interact with customers and suppliers to how we work in our own warehouses. A key requirement for success is to increase the degree of digitalisation of the processes, for example, by digitally integrating the information flows to and from customers and suppliers.

“We also spend a lot of energy on digitalising warehouse management, which is the heart of our distribution apparatus. A vital tool in this work is our Warehouse Management System (WMS), an IT system designed to control, support and optimise daily operations at the warehouse. The aim is to relieve the staff of monotonous tasks so that they can spend time on value-adding activities, meaning they will be Solutionists and have time and energy to identify optimal solutions to customer needs”.

“This is one of several digital tools we offer our sister companies. But we don't use a push strategy, that is to say, forcing new tools onto them. Instead, every business can choose what they want to use, which gives them a reason to think through their processes. Other digital solutions include portals for suppliers and customers so that they can place orders directly in our systems”.

“Efficiency enhancement increases customer value – and means that we can tie our customers closer to us. So, in principle, it can be said that the more we digitalise, the greater the customer value we can deliver. This is because it not only helps us to meet the customers' existing needs – but also to predict their future needs”, says Stephanie Dofs.

“After five years at Bufab, I am now Operation and Quality Manager in Segment West, responsible for Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Spain and Austria. I work from Bufab's office in Lyon and I am assisted by a team of four with expertise in quality coordination, IT, data analysis, digitalisation and ERP use. It's an exciting job in which I feel I am always developing”.

“I am attracted by Bufab's concept of being a Solutionist and seeking pragmatic solutions to customer challenges. It is also a significantly smaller company than the multinational groups in the chemicals and automotive industries for which I worked previously, and that means that I can exert influence in a completely different way. It is also Swedish – and I have Swedish heritage and speak Swedish. These are important reasons why I applied to Bufab”, Stephanie Dofs says.



Efficiency enhancement increases customer value – and means that we can tie our customers closer to us. So, in principle, it can be said that the more we digitalise, the greater the customer value we can deliver. This is because it not only helps us to meet the customers' existing needs – but also to predict their future needs.

Stephanie Dofs  
Operation and Quality Manager,  
Bufab Business Unit West

Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
▶ Strategic investments	39
Ecovadis	45
Auditor's report on the statutory sustainability report	46



CASE

# “Every time we turn over a stone, we find 20 new ones left unturned”

“My work is focused on promoting sales within Bufab and its subsidiaries. Some of the work comprises training intended to inspire sales leaders in how they should coach their teams. In these, I use my experience from 15 years in sales and as a sales manager”.

“Another, and increasingly important, aspect is encouraging sales staff to use new digital tools. We recently introduced a digital system aimed at connecting sales and sourcing, that is, sales staff and suppliers. With all information gathered in one place, we can achieve significant synergies, save time and make the sales process much more effective. The system enables us to match inquiries and orders with supply instantly. This is a key step towards fully automating the entire sales process”, says Sven Bosman.

“My assignment is based on inspiring rather than forcing our companies – which means that our strategy is based on pull rather than push. However, there is a strong will among the Bufab companies to join the new system, which has already been installed at 56 percent of the companies, many of which were added in the past year”.

“I feel that, generally, there is a strong will to share methods and experiences of sales work. One of the best aspects of working at Bufab is

that everyone is so positive about supporting each other and that there is great enthusiasm about finding new ways to improve our service and quality. When working in sales, you sometimes feel like you hit a wall – and then you need experienced colleagues who can help you find ways to get around that wall”.

“I began working for Bufab Benelux in 2015 as sales manager. I was attracted to Bufab as it was a healthy, growing company in what I found to be an interesting industry. The job has given me many opportunities to develop, which I truly appreciate. To work here, you must appreciate change – because the company constantly changes. In 2020, I was promoted to my current position in the Global Growth team, which means I can collaborate with some truly visionary and interesting people from across the globe”.

“If you want to be part of a winning team, Bufab is a good choice. By that, I don't mean that we win each time – but with our combination of products and services, we have a good potential to do so. Our industry has so much potential – every time we turn over a stone, we find 20 new ones left unturned. Even in the worst of times, the customers need our knowledge and service to improve efficiency and productivity and thus address concerns in the supply chain”, Sven Bosman says.



One of the best aspects of working at Bufab is that everyone is so positive about supporting each other and that there is great enthusiasm about finding new ways to improve our service and quality.

Sven Bosman, Manager of Process, IT & Digital for Growth, Bufab

Strategy

- Value creation 18
- Strategy 20
  - Acquisitions 23
  - Sustainable approach 26
    - Responsible growth 30
    - Sustainable improvements 33
    - Strategic investments 39
  - Ecovadis 45**
  - Auditor's report on the statutory sustainability report 46

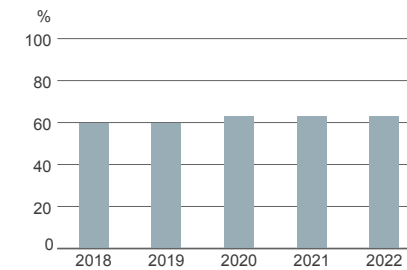
# EcoVadis

In 2022, Bufab received a silver medal from Ecovadis for its sustainability work. Although Bufab improved in 2022, so did our competitors. As a result, we stayed at the same level as the previous year relative to the competition.

**W**e are still a top performer in our industry but want to climb higher and achieve a gold medal. We will continue our sustainability work internally and externally, aiming for great strides during 2023.

Some of our focus areas in 2023 are: improved training material for sustainability and other topics, significantly increased opportunities for employees to use our educational platform, intensification of sustainability integration in our daily processes for all employees and improved data collection efforts to better steer improvement efforts.

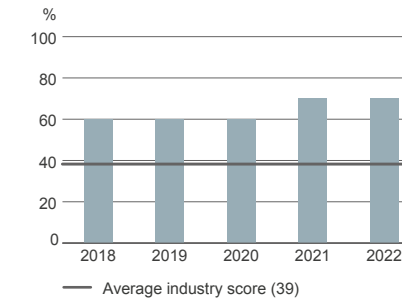
Overall



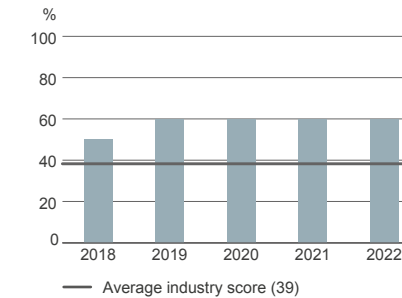
Sustainable sourcing



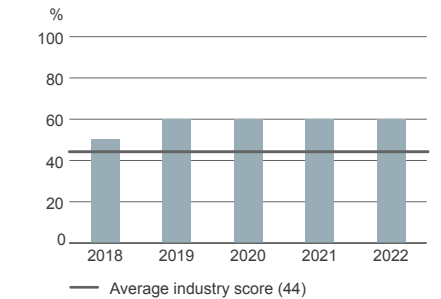
Environment



Ethics



Labour and human rights



Strategy

Value creation	18
Strategy	20
Acquisitions	23
Sustainable approach	26
Responsible growth	30
Sustainable improvements	33
Strategic investments	39
Ecovadis	45
▶ Auditor's report on the statutory sustainability report	46

# Auditor's report on the statutory sustainability report

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

It is the board of directors who is responsible for the statutory sustainability report on pages 9–10, 33–42 and page 67 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Gothenburg 28 March 2023  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorized Public Accountant



# Board of Directors' Report

## Board of Directors' Report

▶ Board of Directors' Report 48

# Board of Directors' Report

The Board of Directors and CEO of Bufab AB (publ) (Bufab), Corporate Registration Number 556685-6240, hereby submit the Annual Report and consolidated accounts for the 2022 financial year.

### THE BUSINESS

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

Bufab was founded in 1977 in Småland, Sweden and through organic growth and acquisitions, it has grown into a multinational corporation. Today, the Group has a total of 51 operating companies with activities in 28 countries, primarily in Europe, Asia and North America, together with exports to additional countries. Alongside its trading

activities, the Group also manufactures C-parts in Sweden and in the UK. Bufab's in-house manufacturing accounts for about 6 percent of total sales and constitutes a strong complement to its trading activities.

Bufab's customer base is diversified and comprises approximately 18,000 customers in numerous different industries. These customers are also diversified geographically, with locations in the Nordics, the rest of Europe, Asia and North America. Bufab's customers vary in size, and consequently their sourcing behaviours and needs vary as well. Bufab therefore offers both flexible solutions at the local level, and global solutions to national and international customers.

Bufab has built up a global network of suppliers and sources a total of 165,000 unique parts from mainly Europe, Asia and North America, which are stocked in about thirty own warehouses around the world for rapid and reliable deliveries. The proportion of specialised fasteners is rising at the expense of standardised fasteners and today accounts for more than half of Bufab's sales. The head office is located in Värnamo, Sweden, and at year-end 2022, Bufab had approximately 1,800 employees around the world. The Bufab share has been listed on Nasdaq Stockholm since 21 February 2014.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### Acquisitions

*TI Midwood & Co. Ltd.*

In mid-March 2022, Bufab acquired the company TI Midwood & Co Ltd., with operations in the UK.

*Pajo-Bolte A/S*

In mid-March 2022, Bufab acquired the company Pajo-Bolte A/S, with operations in Denmark.

*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.

#### Organisation

On 15 August 2022, Erik Lundén became the new President and CEO of Bufab.

On 18 November 2022, Marcus Söderberg, CFO, announced his decision to leave Bufab for a new position outside the Group.

### EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

### ORDER INTAKE AND NET SALES

Order intake amounted to SEK 8,453 million (6,084) and was in line with net sales.

Net sales rose by 44 percent to SEK 8,431 million (5,878). Of the total growth of +44 percent, +5 percent was attributable to currency effects, +27 percent to acquisitions and +12 percent to organic growth. Underlying demand was clearly higher than in the preceding year, particularly during the first six months, and was noted in all of the Group's segments. Strong organic growth was attributable to healthy underlying demand, combined with the need for the Group to pass on extensive cost increases to customers for raw materials and transport.

### PROFIT AND PROFITABILITY

Gross margin rose slightly to 28.3 percent (27.9). The increase was primarily as a result of the higher volumes and a favourable business mix compared with the preceding year.

The proportion of operating expenses increased to 16.6 percent (16.0). The increase was mainly due to the fact that the year was charged with remeasured provisions for additional purchase considerations for successful acquisitions in recent years. Adjusted for remeasured provisions relating to additional purchase considerations of SEK -94 million (-45), the share of operating expenses amounted to 15.5 percent (15.3).



## Board of Directors' Report

Board of Directors' Report 48

With strong growth in combination with a somewhat higher gross margin and a stable share of operating expenses, operating profit (EBITA) increased by 42 percent to SEK 990 million (695). The operating margin was 11.7 percent (11.8).

Adjusted for remeasured provisions related to additional purchase considerations, operating profit (EBITA) amounted to SEK 1,084 million (736) and the margin to 12.9 percent (12.5).

Exchange-rate fluctuations impacted operating profit by SEK +43 million (-21).

Earnings per share rose by 29 percent to SEK 16.23 (12.57).

### FINANCIAL ITEMS AND TAX

For the full year, net financial items amounted to SEK -102 million (-49), of which exchange-rate differences accounted for SEK +5 million (-9). The Group's profit after financial items was SEK 828 million (615).

The reduced net financial items compared with the preceding year is attributable to higher borrowings, supported by the Group's active acquisition agenda during the year, combined with higher underlying interest and weaker cash flow relative to 2021.

The full-year tax expense was SEK -218 million (-145), implying an effective tax rate of 26 percent (24). The increase in the effective tax rate relative to the preceding year is attributable to costs for the remeasurement of additional purchase considerations, which are non-tax deductible.

### CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Operating cash flow was very weak during the first three quarters of the year, driven by strong organic growth combined with inventory accumulation due to longer lead times from suppliers in the wake of a strained supply chain. However, cash flow strengthened slightly in the latter part of the year. Operating cash flow for the full year was SEK 99 million (209).

Average working capital in relation to net sales amounted to 34.3 percent (29.9). The deterioration was primarily due to the Group increasing its inventory during the year in response to the longer lead times created by the strained supply chain.

Consolidated net debt, adjusted, at 31 December 2022 amounted to SEK 3,273 million (1,621) and the debt/equity ratio to 124 percent (84). The performance measure net debt/EBITDA, adjusted, was a multiple of 3.2 (2.2) at the end of the year.

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 costs attributable to remeasured additional purchase considerations.

### Key figures

SEK million	2022	2021	2020	2019	2018
Order intake	8,453	6,084	4,827	4,354	3,798
Net sales	8,431	5,878	4,756	4,348	3,786
Gross profit	2,389	1,638	1,252	1,183	1,088
%	28.3	27.9	26.3	27.20	28.7
Operating expenses*	-1,399	-942	-771	-799	-721
%	-16.6	-16.0	-16.2	-18.4	-19.0
Operating profit (EBITA)	990	695	482	384	367
%	11.7	11.8	10.1	8.8	9.7
Profit after tax	609	470	299	253	255
Earnings per share, SEK	16.23	12.57	8.04	6.75	6.79
Dividend per share, SEK	4.75**	3.75	2.75	0.00	2.50
Operating cash flow	99	209	540	351	175

\* For definitions, see page 119.

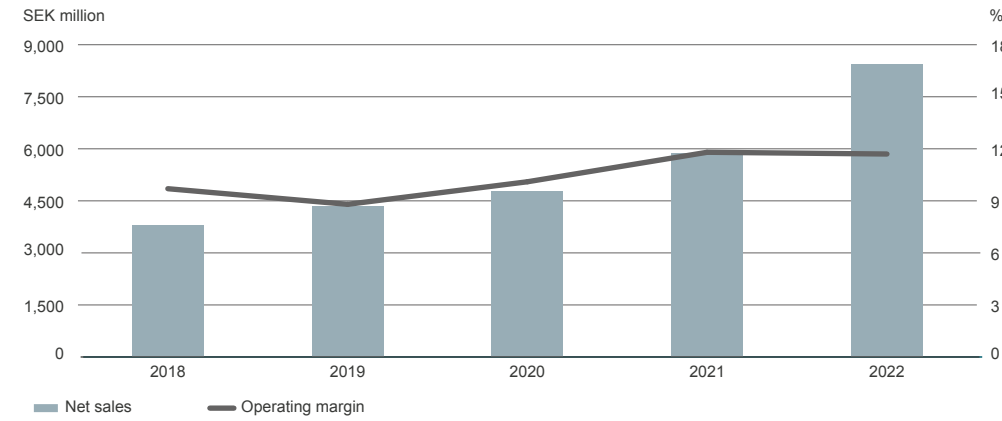
\*\* Proposed by the Board of Directors.



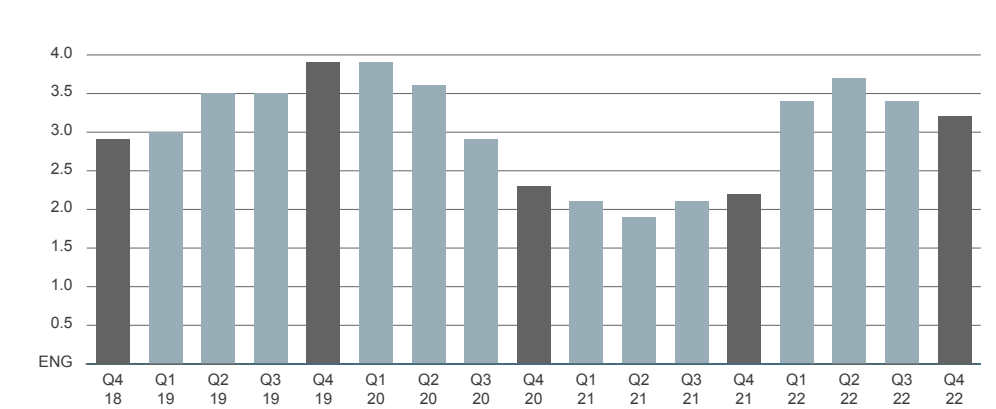
# Board of Directors' Report

Board of Directors' Report 48

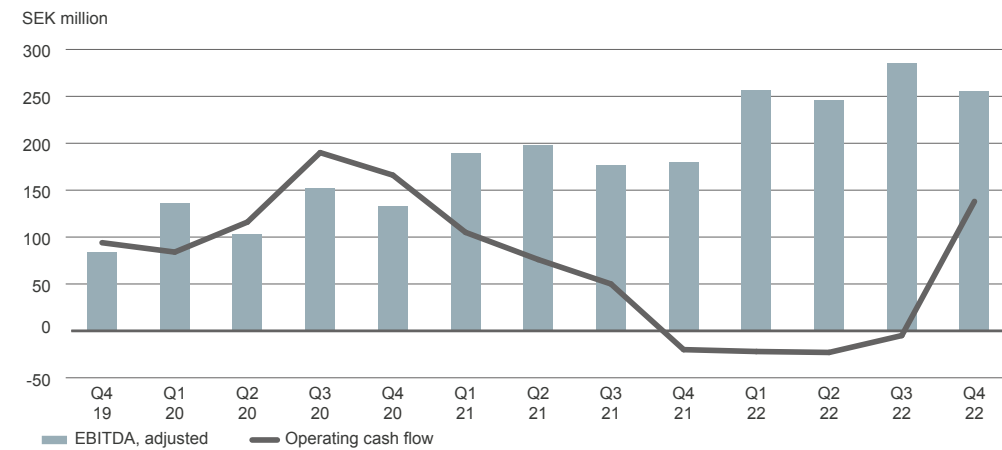
Net sales and adjusted operating margin



Net debt/EBITDA, adjusted



EBITDA, adjusted and operating cash flow



Board of Directors' Report

Board of Directors' Report 48

# Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark, a sourcing 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.



## Financial highlights

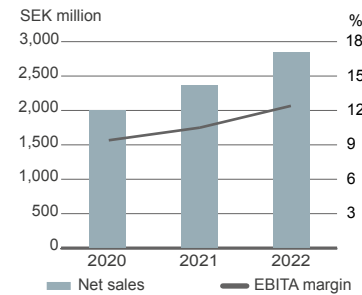
- Order intake amounted to SEK 2,815 million (2,436) and was in line with net sales.
- Net sales increased by 20 percent to SEK 2,837 million (2,366). Organic growth was 7 percent.
- Gross margin rose to 26.0 percent (25.8). The higher gross margin was mainly a result of higher volumes compared with 2021.
- The share of operating expenses decreased primarily as a result of continued effective cost control.
- Operating profit (EBITA) was SEK 352 million (249), equal to a margin of 12.4 percent (10.5).

**34%**  
Share of total sales

**20%**  
Sales growth

**12.4%**  
EBITA margin

Net sales and EBITA margin:



Key figures

SEK million	2022	2021	2020
Order intake	2,815	2,436	2,052
Net sales	2,837	2,366	2,005
Gross profit	737	611	465
%	26.0	25.8	23.2
Operating expenses	-384	-362	-276
%	-13.5	-15.3	-13.7
Operating profit (EBITA)	352	249	189
%	12.4	10.5	9.4

Board of Directors' Report

Board of Directors' Report 48

# Segment West

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



## Financial highlights

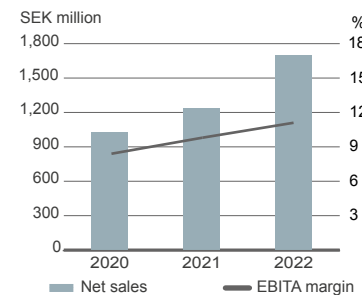
- Order intake was SEK 1,716 million (1,317), which was slightly higher than net sales.
- Net sales increased by 37 percent to SEK 1,694 million (1,236). Organic growth was 13 percent.
- The gross margin declined to 24.1 percent (25.1) mainly as a result of the segment not being entirely successful in offsetting increased costs for raw materials and freight during the first two quarters of the year.
- The share of costs decreased as a result of continued effective cost control.
- Operating profit (EBITA) improved to SEK 188 million (121), equal to a margin of 11.1 percent (9.8).

**20%**  
Share of total sales

**37%**  
Sales growth

**11.1%**  
EBITA margin

### Net sales and EBITA margin:



### Key figures

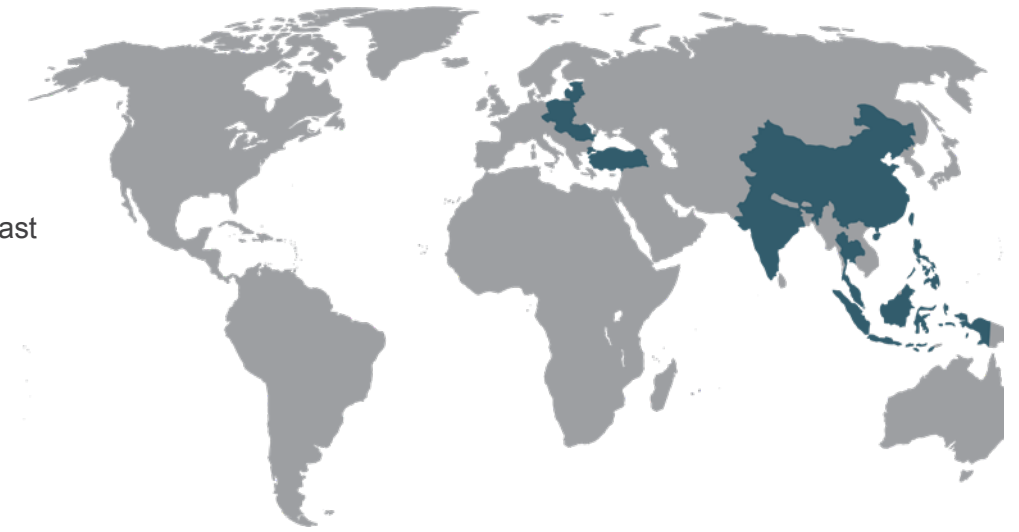
SEK million	2022	2021	2020
Order intake	1,716	1,317	1,047
Net sales	1,694	1,236	1,028
Gross profit	408	310	257
%	24.1	25.1	25.0
Operating expenses	-219	-189	-171
%	-12.9	-15.3	-16.7
Operating profit (EBITA)	188	121	86
%	11.1	9.8	8.3

Board of Directors' Report

Board of Directors' Report 48

# Segment East

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



## Financial highlights

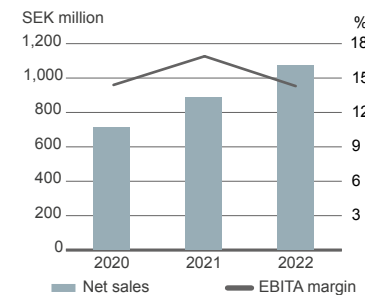
- Order intake amounted to SEK 1,066 million (933) and was in line with net sales.
- Net sales increased by 21 percent to SEK 1,073 million (889). Organic growth was 11 percent.
- Gross margin was 31.9 percent (31.0). The increase was primarily due to the acquisition of CDA Polska, which has a higher gross margin than other companies in the segment.
- The share of operating expenses increased, mainly as a result of the previously recognised divestment costs of SEK -21 million in conjunction with the divestment of the segment's Russian operation.
- Operating profit (EBITA) was SEK 153 million (150), equal to a margin of 14.2 percent (16.9).

**13%**  
Share of total sales

**21%**  
Sales growth

**14.2%**  
EBITA margin

### Net sales and EBITA margin:



### Key figures

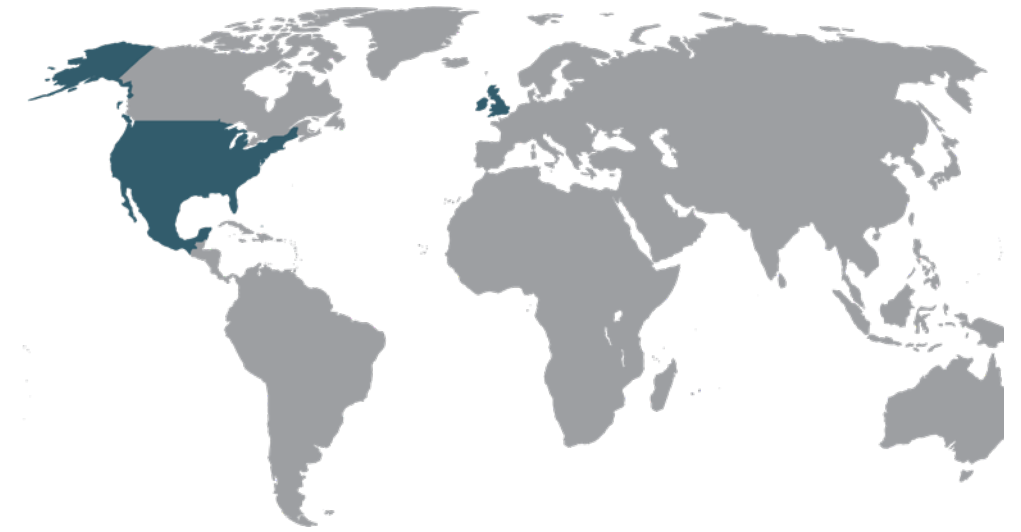
SEK million	2022	2021	2020
Order intake	1,066	933	725
Net sales	1,073	889	715
Gross profit	342	276	227
%	31.9	31.0	31.8
Operating expenses	-190	-126	-125
%	-17.7	-14.2	-17.4
Operating profit (EBITA)	153	150	103
%	14.2	16.9	14.4

Board of Directors' Report

Board of Directors' Report 48

# 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.



## Financial highlights

- Order intake was SEK 2,855 million (1,398), which was slightly higher than net sales.
- Net sales increased by 105 percent to SEK 2,824 million (1,388). Organic growth was 21 percent.
- Gross margin was 31.5 percent (32.2). The lower gross margin was primarily attributable to the acquisition of TI Midwood & Co, which has a lower gross margin than other companies in the segment.
- The proportion of operating expenses increased. The higher share of operating expenses was mainly attributable to remeasured provisions for additional purchase considerations, driven by a very strong performance in American Bolt & Screw.
- Operating profit (EBITA) increased to SEK 321 million (206), corresponding to a margin of 11.4 percent (14.8).

**33%**

Share of total sales

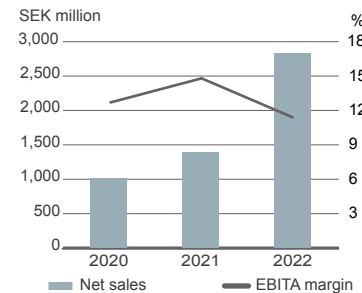
**105%**

Sales growth

**11.4%**

EBITA margin

Net sales and EBITA margin:



Key figures

SEK million	2022	2021	2020
Order intake	2,855	1,398	1,002
Net sales	2,824	1,388	1,008
Gross profit	890	446	317
%	31.5	32.2	31.4
Operating expenses	-568	-241	-189
%	-20.1	-17.3	-18.7
Operating profit (EBITA)	321	206	128
%	11.4	14.8	12.7

## Board of Directors' Report

▶ Board of Directors' Report 48

### SEASONAL VARIATION

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

### RISKS AND UNCERTAINTIES

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

### EMPLOYEES

The number of full-time employees in the Group at 31 December 2022 amounted to 1,841 (1,537). The average number of full-time employees in 2022 was 1,754 (1,423). For further information about employees, see Note 6.

### ENVIRONMENT

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

Bufab conducts operations through 51 companies, six of which operate in-house manufacturing. At year-end 2022, three of the six manufacturing companies were subject to environmental licensing requirements under the Swedish Environmental Code. Environmentally licensed operations account for about six percent of the Group's overall net sales. Environmental licences are required due to the nature of the operations. These companies have been granted licences to conduct environmentally hazardous activities. The Group's other companies

conduct trading activities only, which have limited environmental impact. See also Note 3.

### SUSTAINABILITY REPORT

The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act's sustainability reporting requirements and reported as a separate document in relation to the annual report. The statutory sustainability report includes the following pages: Bufab's business model is presented on pages 9–10 and a risk description on page 67. See pages 33–38 for environmental disclosures, pages 39–42 for social issues and employees, page 42 for human rights, and page 39 for anti-corruption. Bufab supports the UN Global Compact and its ten principles.

### GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2022

A summary of the guidelines adopted by the Annual General Meeting (AGM) on 21 April 2022 is presented below (unchanged since the 2021 AGM). The full guidelines can be found on Bufab's website [www.bufabgroup.com](http://www.bufabgroup.com).

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

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



The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM. Senior executives may be offered individual pension solutions. The pensions are, as far as possible, to be defined contribution.

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

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

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

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such

deviation occur, information about this and the reason must be reported at the next AGM.

### PROPOSED GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2023

The proposed guidelines for remuneration of senior executives for 2023 is unchanged relative to 2022. This is detailed in the official notice of the 2023 AGM, which is available on Bufab's website, [www.bufabgroup.com](http://www.bufabgroup.com).

### REMUNERATION REPORT 2022

The Remuneration Report 2022 provides an overview of how the guidelines for remuneration of senior executives, as adopted by the 2022 AGM, were implemented during the year. The Remuneration Report is available on Bufab's website, [www.bufabgroup.com](http://www.bufabgroup.com).

## Board of Directors' Report

Board of Directors' Report 48

### LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2022 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 200,000 call options, corresponding to approximately 0.5 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 60.84, corresponding to the market value of the options at the date of transfer.

Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2025–15 November 2025. The purchase price per share is SEK 331.96, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 5 May 2022–11 May 2022. During the financial year, a total of 102,850 call options were subscribed for.

A detailed description of this and other share-based incentive programmes can be found in Note 34 on pages 86–87 of the Annual Report.

### RELATED-PARTY TRANSACTIONS

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

### PARENT COMPANY

The operations of the Parent Company, Bufab AB (publ), cover the CEO, the consolidated financial reports and the financial management of the Group. Most Group-wide operations pertaining to the remaining members of Group management and administration are managed by the subsidiary Bufab International AB. Accordingly, the Parent Company does not report any sales. The Parent Company reported a profit after financial items of SEK 141 million (139).

### SHARE CAPITAL AND OWNERSHIP STRUCTURE

On 31 December 2022, the Parent Company's share capital amounted to SEK 547,189,10 divided among 38,110,533 ordinary shares. There was no change in share capital during 2022. The largest shareholder on 31 December 2022 was Liljedahl Group AB with just over 29 percent of shares and votes. On 31 December 2022, Bufab had 493,255 repurchased shares held in treasury.

### 2023 ANNUAL GENERAL MEETING

The AGM for Bufab AB (publ) will be held on 20 April 2023 in Värnamo, Sweden.

Notice of the 2023 AGM and other documentation will be available on Bufab's website, [www.bufabgroup.com](http://www.bufabgroup.com), from 22 March 2023.

### Proposed appropriation of profits

	SEK
The following earnings are at the disposal of the AGM:	
<b>Retained earnings</b>	<b>584,506,912</b>
The Board of Directors proposes that the earnings be appropriated as follows:	
A dividend of SEK 4.75 per share to be paid to shareholders	179,212,132
To be carried forward	405,294,780
<b>Total</b>	<b>584,506,912</b>

\* The dividend has been based on the numbers of shares outstanding when the Annual Report was issued.







# Financial statements

## Financial statements

### Consolidated financial statements 58

Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Consolidated income statement

SEK million	Note	2022	2021
Net sales	2, 5	8,431	5,878
Cost of goods sold	6, 7, 10	-6,042	-4,240
<b>Gross profit</b>		<b>2,389</b>	<b>1,638</b>
Distribution costs	6, 7, 10	-863	-603
Administrative expenses	6, 7, 10	-526	-347
Other operating income	8	229	37
Other operating expenses	7, 9	-299	-61
<b>Operating profit</b>	2, 3, 4, 5, 6, 7, 8, 9, 10, 13	<b>930</b>	<b>664</b>
<b>Profit from financial items</b>			
Interest and similar income items	11	15	1
Interest and similar expenses	12	-117	-50
<b>Profit after financial items</b>	13	<b>828</b>	<b>615</b>
Tax on profit for the year	14	-218	-145
<b>PROFIT FOR THE YEAR<sup>1)</sup></b>		<b>609</b>	<b>470</b>

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

## Statement of comprehensive income

SEK million	Note	2022	2021
<b>Profit after tax</b>		<b>609</b>	<b>470</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified in profit or loss			
Actuarial gains and losses, net after tax		7	1
Items that may be reclassified subsequently to profit or loss			
Translation difference, net assets in foreign currency		185	73
Gain from hedging of net assets in foreign currency		-19	-18
Deferred tax on gain from hedging		4	4
<b>Other comprehensive income after tax</b>		<b>177</b>	<b>60</b>
<b>Total comprehensive income</b>		<b>786</b>	<b>530</b>
Total comprehensive income attributable to:			
Parent Company shareholders		786	530
<b>Earnings per share</b>			
Earnings per share before dilution, SEK	15	16.23	12.57
Weighted number of shares outstanding before dilution, thousands		37,546	37,417
Earnings per share after dilution, SEK	15	15.95	12.32
Weighted number of shares outstanding after dilution, thousands		38,191	38,147

## Financial statements

### Consolidated financial statements 58

Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Consolidated balance sheet

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	16	2,857	1,994
Other intangible assets	16	513	302
Work in progress and advances for intangible assets	18	3	4
<b>Total intangible assets</b>		<b>3,373</b>	<b>2,300</b>
<i>Property, plant and equipment</i>			
Land and buildings	17	22	21
Plant and machinery	17	113	120
Equipment, tools and fixtures & fittings	17	107	83
Rights of use	19	459	356
Work in progress and advances for property, plant and equipment	18	10	6
<b>Total property, plant and equipment</b>		<b>711</b>	<b>586</b>
<i>Financial assets</i>			
Other non-current receivables	20	8	8
<b>Total financial assets</b>		<b>8</b>	<b>8</b>

SEK million	Note	31 Dec 2022	31 Dec 2021
Deferred tax assets	25	25	27
<b>Total deferred tax assets</b>		<b>25</b>	<b>27</b>
<b>Total non-current assets</b>		<b>4,117</b>	<b>2,921</b>
<b>Current assets</b>			
<i>Inventories</i>			
Raw materials and consumables		171	119
Products in progress		64	68
Finished goods and merchandise		3,214	1,953
<b>Total inventories</b>		<b>3,449</b>	<b>2,140</b>
<i>Current receivables</i>			
Trade receivables	21	1,385	1,072
Current tax assets		58	59
Other receivables		40	31
Prepaid expenses and accrued income	22	65	57
<b>Total current receivables</b>		<b>1,548</b>	<b>1,219</b>
Cash and bank balances		322	293
<b>Total current assets</b>		<b>5,319</b>	<b>3,652</b>
<b>TOTAL ASSETS</b>		<b>9,436</b>	<b>6,573</b>

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1	1
Other paid-in capital		488	488
Other reserves		202	32
Retained earnings		2,345	1,856
<b>Total equity</b>		<b>3,036</b>	<b>2,377</b>
<b>Non-current liabilities</b>			
Pension obligations, interest bearing	24	32	41
Deferred tax, non-interest bearing	25	163	112
Lease liabilities	19	371	285
Other interest bearing liabilities	26, 28	2,770	1,778
Other non-interest bearing liabilities	27	207	411
<b>Total non-current liabilities</b>		<b>3,543</b>	<b>2,627</b>
<b>Current interest bearing liabilities</b>			
Lease liabilities	19	117	97
Liabilities to credit institutions		611	2
Overdraft facilities	28, 29	183	93
<b>Total current interest bearing liabilities</b>		<b>911</b>	<b>192</b>
<b>Current non-interest bearing liabilities</b>			
Trade payables		769	815
Current tax liabilities		75	70
Other liabilities	27	794	231
Accrued expenses and deferred income	30	308	261
<b>Total current non-interest bearing liabilities</b>		<b>1,946</b>	<b>1,377</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,436</b>	<b>6,573</b>

## Financial statements

► Consolidated financial statements 58

Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

# Consolidated statement of changes in equity

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

## Financial statements

### Consolidated financial statements 58

Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Consolidated statement of changes in equity, cont.

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total equity
<b>Equity on 1 January 2022</b>	1	488	32	1,856	2,377
<b>Comprehensive income</b>					
Profit after tax	—	—	—	609	609
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified in profit or loss</i>					
Actuarial loss on pension obligations, net after tax	—	—	—	7	7
<i>Items that may be reclassified in profit or loss</i>					
Translation difference, net assets in foreign currency	—	—	185	—	185
Gain from hedging of net assets in foreign currency	—	—	-19	—	-19
Deferred tax on gain from hedging of net assets in foreign currency	—	—	4	—	4
<b>Total comprehensive income</b>	—	—	170	616	786
<b>Transactions with shareholders</b>					
Issued call options	—	—	—	6	6
Redemption of call options	—	—	—	7	7
Dividend to Parent Company shareholders	—	—	—	-140	-140
<b>Total transactions with shareholders</b>	0	0	0	-127	-127
<b>Equity on 31 December 2022</b>	1	488	202	2,345	3,036

## Financial statements

### Consolidated financial statements 58

Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Consolidated cash-flow statement

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>Operating activities</b>			
Profit before financial items		930	664
Depreciation/amortisation and impairment		240	193
Interest and other finance income		15	1
Interest and other finance expenses		-118	-52
Other non-cash items		128	45
Income tax paid		-236	-137
<b>Cash flow from operating activities before changes in working capital</b>		<b>959</b>	<b>714</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) / decrease (+) in inventories		-797	-651
Increase (-) / decrease (+) in operating receivables		11	-200
Increase (+) / decrease (-) in operating liabilities		-220	309
<b>Cash flow from operating activities</b>		<b>-47</b>	<b>172</b>
<b>Investing activities</b>			
Acquisition of intangible assets		-6	-31
Acquisition of property, plant and equipment		-60	-3
Company acquisitions including additional purchase considerations	33	-1,016	-301
<b>Cash flow from investing activities</b>		<b>-1,082</b>	<b>-335</b>

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>Financing activities</b>			
Dividend paid		-140	-103
Call options	34	6	4
Redemption call options/sale of own shares		7	15
Amortisation lease contracts	36	-125	-111
Borrowings, non-current	36	1,790	583
Loan repayments, non-current	36	-393	-230
<b>Cash flow from financing activities</b>		<b>1,145</b>	<b>158</b>
Cash flow for the year	36	16	-5
Cash and cash equivalents at beginning of year		293	292
Translation differences		13	6
<b>Cash and cash equivalents at year-end</b>		<b>322</b>	<b>293</b>

Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

# Notes to the consolidated financial statements

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

## NOTE 1 GENERAL INFORMATION

The company, Bufab AB (publ), Corporate Registration Number 556685-6240, operates as a limited liability company, with its registered office in Stockholm, Sweden. The address of the head office is Box 2266, SE-331 02, Värnamo, Sweden.

## NOTE 2 SUMMARY OF KEY ACCOUNTING POLICIES

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

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

### CONSOLIDATED FINANCIAL STATEMENTS

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

Contingent considerations are measured at fair value on the date of the transaction and remeasured subsequently when the financial statements are being prepared. The effects of the remeasurement are recognised as

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

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

### Foreign currency translation

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

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in profit or loss. Countries with hyperinflationary economies are recognised in accordance with IAS 29. In 2022, Türkiye was defined as a hyperinflationary economy. The effect was not material for the Group.

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

Currency	Average rate		Closing rate	
	2022	2021	2022	2021
DKK	1.43	1.36	1.50	1.38
EUR	10.63	10.14	11.13	10.23
GBP	12.47	11.80	12.58	12.18
CZK	0.43	0.40	0.46	0.41
HUF	0.03	0.03	0.03	0.03
NOK	1.05	1.00	1.06	1.03
PLN	2.27	2.22	2.37	2.23
CNY	1.50	1.33	1.50	1.42
INR	0.13	0.12	0.13	0.12
NTD	0.34	0.31	0.34	0.33
RUB	0.11	0.12	0.10	0.12
USD	10.12	8.58	10.44	9.04
RON	2.15	2.06	2.25	2.07
TRY	0.61	0.99	0.56	0.70

## Financial statements

Consolidated financial statements	58
▶ Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### Classification

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

### ITEMS AFFECTING COMPARABILITY

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

### INTANGIBLE ASSETS

#### Goodwill

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

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

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

#### Other intangible assets

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

### PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

### LEASES – GROUP AS LESSEE

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

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

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

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

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

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

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

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

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

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

The Group decides the incremental borrowing rate as follows:

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

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

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

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

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



## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

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

### OPTIONS TO TERMINATE AND EXTEND THE LEASE

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

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

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

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

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

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

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

### DEPRECIATION POLICIES FOR PROPERTY, PLANT AND EQUIPMENT

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

#### The following depreciation periods are applied:

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

### IMPAIRMENT OF NON-FINANCIAL ASSETS

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

### BORROWING COSTS

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

### INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An obsolescence risk is also taken into account. At the end of the financial year, the obsolescence reserve was SEK 190 million (114). The cost of the Group's merchandise is calculated as a weighted average purchase price and includes expenses arising from the acquisition of inventories and bringing them to their existing location and condition.

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

### BUSINESS COMBINATION

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

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

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

Acquisition-related costs are expensed as they arise.

Goodwill pertains to the amount with which

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

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

### EMPLOYEE BENEFITS

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

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

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

For salaried professionals in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and survivors' pensions are backed by an Alecta insurance policy. According to a statement from the Swedish Financial Reporting Board (UFR 10 Recognition of ITP 2 pension plan financed by an Alecta insurance policy), this is a defined-benefit plan that encompasses several employers. For the 2022 financial year, the company has not had access to enough information to report its proportional share of the plan's obligations, plan assets and costs, and the company was therefore unable to recognise it as a defined-benefit plan.

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

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

### REVENUES

Net sales comprise, in all material respects, revenues from the sale of goods and services. The Group is engaged in trading fastener products and C-parts. Revenue recognition occurs in profit or loss when the products have been delivered to the customer and control and the right of ownership have been transferred. Revenue includes only the gross inflow of economic benefits received and receivable for the company's own account. Revenue from the sale of goods is recognised when the company has transferred control of ownership of the goods and the company does not exercise any effective control over the goods sold. Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Settlement is made in cash, with revenue comprising the amount of cash received or receivable. Amounts collected on behalf of third parties are not included in the company's revenue. Revenue from the rendering of services is recognised over time as the services are performed. No financing component is considered to exist on the date of sale since the

customer's credit period is shorter than one year and generally complies with market practice. A receivable is recognised when the products are delivered, as this is the date when remuneration becomes unconditional (in other words, only the passage of time is needed before payment will take place). The distribution of revenue by segment is presented in Note 5.

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

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

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

### COSTS

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

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

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

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

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

### FINANCIAL INCOME AND EXPENSES

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

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

### TAX

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

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

### GOVERNMENT GRANTS

Government support is recognised at fair value when there is reasonable certainty that the grant will be received and that the Group will meet the conditions tied to the grant.

### CASH-FLOW STATEMENT

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

### RELATED-PARTY TRANSACTIONS

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

## Financial statements

Consolidated financial statements	58
▶ Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### FINANCIAL INSTRUMENTS

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

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

#### Financial assets at amortised cost

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

#### Financial liabilities at amortised cost

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

#### Financial liabilities at fair value

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

#### Impairment

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

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

#### Hedge accounting

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

### CASH AND CASH EQUIVALENTS

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

### BORROWINGS

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

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

## NOTE 3 RISKS AND RISK MANAGEMENT

### OPERATIONAL RISKS

#### Market and business risks

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

Bufab operates in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Austria, the Czech Republic, Poland, the UK, Ireland, Estonia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Türkiye, Romania, Singapore, Malaysia, Indonesia, Mexico and Thailand. The operations in Russia were divested in the second quarter of 2022.

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

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

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

Bufab can be negatively impacted when its suppliers experience economic, legal or operational problems, raise prices or when they are unable to deliver on time or at the agreed level of quality. Bufab sources most of its goods from suppliers that are mainly located in Asia and Europe. Bufab works actively with a large number of suppliers from different countries. The company aims to avoid making itself dependent on specific suppliers. These risk-minimising measures contributed to the company performing well despite the strained global supply chains experienced throughout 2021 and in the first half of 2022, which led to delivery and capacity issues for several suppliers, resulting in increased lead times for goods and raw materials.

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

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

## Financial statements

Consolidated financial statements	58
▶ Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

compensation for damages and related costs. To address this risk, internal and external processes are in place that must be adhered to by employees and external parties. Bufab works continuously to develop these processes and to train employees and external parties.

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

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

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

The recent years' coronavirus pandemic has been a substantial uncertainty factor, particularly regarding future demand, but also in terms of its impact on the Group's operations and global supply chains. We continue to monitor developments carefully and to work actively with customers and suppliers to manage the potential impact on the Group's business.

The war in Ukraine is a factor of uncertainty, especially when it comes to its possible impact on global demand going forward. Since the divestment of the Russian operations in the second quarter of 2022, the Group has no remaining business in Russia or Ukraine.

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

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

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

### Sourcing prices

Bufab is exposed to fluctuations in the market price of certain commodities, particularly steel, stainless steel (which fluctuates with the price of alloy metals) and other metals. Any increase in such prices may impact the price for which Bufab purchases its products, and thereby the cost of goods sold. Energy prices and the price of

oil impact manufacturing and freight costs, which significantly affect cost of goods sold. Freight costs could also be affected significantly by fluctuating capacity in the global supply chains. In addition, labour shortages and labour costs in the countries from which Bufab sources its products may increase Bufab's cost of goods sold through its purchasing prices. Moreover, Bufab may not be able to compensate for increased sourcing prices by raising prices for its own customers.

### Competition

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

### Legal risks

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

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

### Insurance

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

### Risks related to employees

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

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

### Risks in IT systems

Bufab is dependent on IT systems for its ongoing operations. Disruption or faults in critical systems have a direct impact on deliveries of products and services to customers and other important business processes. Incorrect management of financial systems may affect the company's reporting of results. In addition, the company is exposed to attempts to harm the company through IT-based attacks, such as virus attacks, password and identity theft, or various forms of IT-based fraud or theft. These risks are increasing in an ever-more technically complex and interconnected world. In recent years, Bufab has therefore worked towards more standardised IT processes and an organisation for information security. IT security includes a continuous risk assessment, the implementation of preventive measures and the use of security technologies. Standardised processes exist to implement new systems, to change current systems as well as for daily operations. Large parts of Bufab's system landscape are based on thoroughly tested products, such as the Jeeves business system.

## Financial statements

Consolidated financial statements	58
▶ Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### FINANCIAL RISKS

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

#### Currency risks

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

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

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

Some 87 percent (82) of the Group's total invoicing and 90 percent (88) of its costs are in foreign currencies. Flow exposure in 2022 was marginally hedged at fixed exchange rates.

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

Currency	Costs*	Sales*
EUR	2,495	3,377
USD	2,842	1,766
GBP	367	1,375
DKK	135	359
PLN	212	159
NOK	44	104
CNY	193	62
SGD	71	38
MXN	15	25
RON	4	9
CZK	17	9
INR	2	7
NTD	246	0
HUF	10	0
TRY	6	0
JPY	3	0

\* Expressed in SEK million at the average rate for 2022. Currency flows represent gross flows, including intra-Group transactions

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

Net assets in foreign subsidiaries correspond to investments in foreign currencies that give rise to translation differences when they are translated to SEK. Loans were raised in EUR, GBP and USD to reduce the effect of translation differences on the Group's comprehensive income and capital structure. Exchange-rate gains and exchange-rate losses on these loans are considered to be effective hedges, as defined by IFRS, of translation differences and are recognised in other comprehensive income and the accumulated amount in equity. During 2022 and 2021, the Group had some of its lending in foreign currencies with the aim of reducing the impact of currency exposure on Group's equity that originates from companies with net assets in the currency in question. The effectiveness of the hedge is assessed when entering into a hedging relationship. The hedged item and hedge instrument is then assessed regularly to ensure the conditions satisfy requirements. Total borrowing in foreign currencies defined as hedging instruments amounted to EUR 32 million (25) and GBP 6 million (22), respectively, at 31 December 2022. For a specification refer to Note 37. Refer also to the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

#### Credit risk

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

#### Financing, liquidity and capital

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

The Group receives its primary financing from a bank under two credit facilities of SEK 4,000 million (3,000) with a maturity in July 2025 and one credit facility of SEK 600 (0) million with a maturity in December 2023. The credit facilities were signed in July 2021 and December 2022, respectively. This credit is linked to certain borrowing terms (known as covenants), which are detailed in Note 26.

At year-end 2022, the Group had a liquidity reserve in the amount of SEK 1,494 million (1,459). The Group's finance policy stipulates that the available funds, meaning cash and cash equivalents and available but unutilised credits, must be greater than the Group's standard expenses for 0.7 of a month. On 31 December 2022, the liquidity reserve totalled 2.4 months' (3.1) standard expenses for the Group.

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

The Group has an equity/assets ratio of 32 percent (36), whereby the equity/assets ratio is defined as recognised equity divided by total assets.

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

Equity/assets ratio	2022	2021
<b>Group</b>		
Equity	3,036	2,377
Total assets	9,436	6,573
<b>Equity/assets ratio</b>	<b>32%</b>	<b>36%</b>

The net debt/equity ratio as at 31 December 2022 amounted to 124 percent (84), where the net debt/equity ratio is defined as net debt divided by recognised equity.

Debt/equity ratio	2022	2021
<b>Group</b>		
Interest-bearing liabilities	4,084	2,296
Cash	-322	-293
Net debt	3,762	2,003
Total equity	3,036	2,377
<b>Debt/equity ratio, %</b>	<b>124%</b>	<b>84%</b>

### Classification of financial instruments

The following table shows the classification of financial instruments in the balance sheet for 2022 and 2021 (for definition, see Note 2).

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

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

On 31 December 2022	Within one year	Between one and five years	After five years
Bank loans and overdrafts	794	2,770	—
Interest	131	338	—
Lease liabilities	117	274	97
Liabilities for additional purchase considerations	636	181	9
Trade payables	769	—	—
<b>Total</b>	<b>2,447</b>	<b>3,563</b>	<b>106</b>

On 31 December 2021	Within one year	Between one and five years	After five years
Bank loans and overdrafts	95	1,778	—
Interest	30	45	—
Lease liabilities	97	224	61
Liabilities for additional purchase considerations	119	363	32
Trade payables	815	—	—
<b>Total</b>	<b>1,156</b>	<b>2,410</b>	<b>93</b>

### Financial instruments

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

### Interest-rate risk

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

### Sensitivity analysis

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

Fluctuations in sales prices are the variable that has the greatest impact on earnings. A change of +/-1 percent on resale prices would affect operating profit by about SEK 84 million (59) and a change of 5 percentage points would have an impact of approximately SEK 420 million (295) on operating profit.

Volume changes and sourcing prices affect Bufab's earnings. A 1-percentage point change in volume has an effect on earnings of about SEK 25 million (18), while a 5-percentage point change has an effect of about SEK 125 million (90) on operating profit. A 1-percentage point change in merchandise sourcing prices has an effect on earnings of about SEK 55 million (37), while a 5-percentage point change has an effect of about SEK 275 million (185) on operating profit.

Payroll costs represent a large proportion of the Group's cost base. A 1-percentage point increase in the Group's payroll costs has an effect on earnings of about SEK 11 million (7), while a 5-percentage point change has an effect of about SEK 55 million (45) on operating profit.

The Group's net debt was SEK 3,761 million (1,621) on the balance-sheet date. A one percentage point change in the market rate for the closing net debt has an effect on profit after financial items of SEK 38 million (16) and a five percentage point change in the market rate for the closing net debt has an effect on profit after financial items of SEK 198 million (105).

The Group has considerable net currency exposure in terms of translation and transaction effects to the USD. The currency exposure to the USD is related to the company's operations in North America and trade with Asia, particularly China and Taiwan. Local prices in Asia are largely set on the basis of the USD level. A one percentage point strengthening of the USD against the SEK, with all other variables held constant, has a negative impact of SEK 10 million (neg: 6) on operating profit. In a similar way, a five percentage point strengthening of the USD, with all other variables held constant, has a negative impact of SEK 50 million (neg: 30) on operating profit.

The Group currency exposure to EUR in terms of transaction and translation effects is also substantial. Exposure to the EUR is primarily due to the fact that the Group's invoicing in Europe is largely in this currency. A one percentage point strengthening of the EUR against SEK, with all other variables held constant, has a positive impact of SEK 8 million (5) on operating profit. In a similar way, a five percentage point strengthening of the EUR, with all other variables held constant, has a positive impact of SEK 40 million (25) on operating profit.

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

The Group currency exposure to GBP in terms of transaction and translation effects is also substantial. Exposure to the GBP is primarily due to the fact that the Group's invoicing in the UK is largely in this currency. A one percentage point strengthening of the GBP, with all other variables held constant, has a positive impact of SEK 10 million (4) on operating profit. In a similar way, a five percentage point strengthening of the GBP, with all other variables held constant, has a positive impact of SEK 50 million (20) on operating profit.

The Group's currency effects with regard to translation effects in foreign net assets is significant, primarily in GBP, EUR and USD. A one percentage point change in the EUR, GBP and USD, respectively, would, notwithstanding any hedges and all other variables held constant, yield a positive impact on the Group's equity of SEK 8 million (6), SEK 7 million (5) and SEK 4 million (2), respectively. A five percentage point change in the EUR, GBP and USD, respectively, would, notwithstanding any hedges and all other variables held constant, yield a positive impact on the Group's equity of SEK 40 million (30), SEK 37 million (25) and SEK 22 million (10), respectively. For information on the hedging of foreign net assets, see Note 37.

Assets, 2022	Financial assets measured at amortised cost	Financial assets measured at fair value	Total
<b>Financial assets</b>	8	—	<b>8</b>
<b>Current assets</b>			
– Trade receivables	1,385	—	<b>1,385</b>
– Other receivables	37	—	<b>37</b>
– Cash and cash equivalents	322	—	<b>322</b>
<b>Total current assets</b>	<b>1,744</b>	—	<b>1,744</b>
<b>Total assets</b>	<b>1,752</b>	—	<b>1,752</b>

Liabilities, 2022	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
<b>Non-current liabilities and provisions</b>			
– liabilities for unconditional and contingent considerations	—	190	<b>190</b>
– other non-current liabilities and considerations	2,802	—	<b>2,802</b>
<b>Total non-current liabilities and considerations</b>	<b>2,802</b>	<b>190</b>	<b>2,992</b>
<b>Current liabilities and provisions</b>			
– Trade payables	769	—	<b>769</b>
– Interest-bearing liabilities	911	—	<b>911</b>
– liabilities for contingent considerations	—	636	<b>636</b>
<b>Total current liabilities</b>	<b>1,680</b>	<b>636</b>	<b>2,316</b>
<b>Total liabilities</b>	<b>4,482</b>	<b>826</b>	<b>5,308</b>

Assets, 2021	Financial assets measured at amortised cost	Financial assets measured at fair value	Total
<b>Financial assets</b>	8	—	<b>8</b>
<b>Current assets</b>			
– Trade receivables	1,072	—	<b>1,072</b>
– Other receivables	31	—	<b>31</b>
– Cash and cash equivalents	293	—	<b>293</b>
<b>Total current assets</b>	<b>1,396</b>	—	<b>1,396</b>
<b>Total assets</b>	<b>1,404</b>	—	<b>1,404</b>

Liabilities, 2021	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
<b>Non-current liabilities and provisions</b>			
– liabilities for unconditional and contingent considerations	—	395	<b>395</b>
– non-current liabilities and considerations	1,794	—	<b>1,794</b>
<b>Non-current liabilities and considerations</b>	<b>1,794</b>	<b>395</b>	<b>2,189</b>
<b>Current liabilities and provisions</b>			
– Trade payables	815	—	<b>815</b>
– Interest-bearing liabilities	192	—	<b>192</b>
– liabilities for contingent considerations	—	119	<b>119</b>
<b>Total current liabilities</b>	<b>1,007</b>	<b>514</b>	<b>1,521</b>
<b>Total liabilities</b>	<b>2,801</b>	<b>909</b>	<b>3,710</b>

## SUSTAINABILITY RISKS

### Supplier base

#### Suppliers' sustainability work

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

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

## Financial statements

Consolidated financial statements	58
▶ Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### Conflict minerals

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

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

### Environment

#### Transport

Our goods transports contribute to carbon dioxide emissions that have a negative impact on the environment, in 2022 we started to switch to fossil-free solutions. Urgent orders sometimes require air freight that generates particularly high emissions.

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

#### In-house production

All companies have a plan to reduce their emissions for Scope 1 & 2 to zero by 2030. Our manufacturing companies have in recent years implemented energy efficiency programs, which has yielded good results, these companies can now contribute to helping our new acquisitions with best practices on how energy efficiency can be realized.

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

### Employees

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

It is important that we can develop and motivate our employees in order to benefit from their leading expertise and relationships. With the Bufab Academy and other competency development programmes, we create the conditions for an attractive and stimulating workplace. Read more on page 41.

### Anti-corruption

Bufab has more than 4,000 suppliers and over 18,000 customers. The inherent risk of corruption may be higher in some business relationships, particularly in vulnerable markets. This risk is not considered material. Corruption cases could impact Bufab's reputation and financial position, and lead to legal consequences.

Bufab's business relationships must be sound and transparent. To raise competency in this area, our induction programme includes an anti-corruption training course. Bufab has conducted an anti-corruption risk assessment of all subsidiaries. Read more on page 39.

## NOTE 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances. The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

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

Inventories represents a significant item in the Group's balance sheet. At 31 December 2022, inventories amounted to SEK 3,449 million (2,140), net, after deductions for obsolescence of SEK 190 million (114).

The policies for recognising inventories are presented in Note 2.

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

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

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

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

In conjunction with acquisitions, Bufab sometimes agrees on contingent considerations. On 31 December 2022, the balance sheet included contingent considerations of SEK 555 million (280). These are conditional upon the acquired companies achieving a certain earnings growth over time. Liabilities in the balance sheet pertaining to contingent considerations reflect the management's best assessment of the outcome.

If the company performs better or worse than the management's assessment, the liabilities pertaining additional purchase considerations will be adjusted and the difference is recognised in profit or loss.

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



## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### NOTE 5 INFORMATION ON OPERATING SEGMENTS

Segment reporting is prepared in accordance with IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that makes decisions about resources to be allocated to the operating segments and assesses their performance. For the Group, this function has been identified as Group management. The Group has four operational segments, North, West, East and UK/North America. These segments are consistent with the internal reporting. Segment North comprises Bufab's operations in Sweden, Finland, Norway, Denmark, and a sourcing office in China, including the new acquisition Pajo-Bolte A/S. The operations mainly comprise trading companies, but also certain manufacturing of particularly demanding components. Segment West comprises Bufab's operations in France, the Netherlands, Germany, the Czech Republic, Austria and Spain and essentially comprises trading companies. Segment East comprises Bufab's operations in Poland, Hungary, Romania, the Baltic States, Slovakia, Türkiye, China, Singapore and other countries in Southeast Asia, and India and the recently acquired company CDA Polska Sp.z.o.o and comprises trading companies. Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico, including the new acquisition of TI Midwood & Co. Ltd. Common overhead costs are distributed between the segments and are allocated on an arm's length basis. In Other, the Group's two sourcing companies report together with unallocated costs for the Parent Company and Group eliminations.

Group	North		West		East		UK/North America		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income items												
<b>Net sales</b>	<b>2,837</b>	<b>2,366</b>	<b>1,694</b>	<b>1,236</b>	<b>1,073</b>	<b>889</b>	<b>2,824</b>	<b>1,388</b>	<b>3</b>	<b>1</b>	<b>8,431</b>	<b>5,878</b>
<b>Operating profit (EBITA)</b>	<b>361</b>	<b>249</b>	<b>202</b>	<b>121</b>	<b>168</b>	<b>150</b>	<b>324</b>	<b>206</b>	<b>-57</b>	<b>-31</b>	<b>990</b>	<b>695</b>
Amortisation of acquisition-related intangible assets	-18	-12	-6	-2	-3	-2	-32	-15	—	—	-60	-31
Financial items	—	—	—	—	—	—	—	—	—	—	-103	-49
Profit after financial items	—	—	—	—	—	—	—	—	—	—	828	615
Taxes	—	—	—	—	—	—	—	—	—	—	-218	-145
<b>Profit for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>609</b>	<b>470</b>
Non-current assets <sup>2)</sup>	<b>550</b>	<b>453</b>	<b>117</b>	<b>140</b>	<b>60</b>	<b>50</b>	<b>494</b>	<b>233</b>	<b>5</b>	<b>16</b>	<b>1,227</b>	<b>892</b>

Geographic distribution of net sales and non-current assets	2022		2021	
	Net sales <sup>1)</sup>	Non-current assets <sup>2)</sup>	Net sales <sup>1)</sup>	Non-current assets <sup>2)</sup>
Sweden	1,619	304	1,436	310
Denmark	794	185	603	80
US	1,334	182	764	173
UK	1,451	312	611	58
Other	3,233	244	2,464	271
	<b>8,431</b>	<b>1,227</b>	<b>5,878</b>	<b>892</b>

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

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

## Financial statements

Consolidated financial statements 58

Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

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

Average number of employees	2022	% Male	2021	% Male
<b>Parent Company</b>				
Sweden	1	100%	1	100%
<b>Total</b>	<b>1</b>	<b>100%</b>	<b>1</b>	<b>100%</b>
<b>Subsidiaries</b>				
Sweden	406	73%	382	73%
Norway	17	94%	16	81%
Finland	54	80%	54	78%
Denmark	122	88%	88	81%
Germany	25	76%	24	63%
Poland	88	82%	55	71%
Austria	75	77%	42	74%
Czech Republic	23	70%	22	68%
Spain	10	63%	9	67%
France	70	59%	73	64%
Netherlands	106	84%	107	82%
UK	333	81%	191	77%
Slovakia	12	58%	12	58%
Estonia	14	37%	13	46%
China	61	54%	54	56%
India	25	76%	23	74%
Taiwan	22	37%	21	48%
Romania	11	73%	11	73%
Russia	4	50%	15	47%
Hungary	10	70%	12	67%
Singapore	67	57%	65	55%
North America	184	65%	122	61%
Other	18	95%	11	91%
<b>Total, subsidiaries</b>	<b>1,753</b>	<b>74%</b>	<b>1,422</b>	<b>71%</b>
<b>GROUP TOTAL</b>	<b>1,754</b>	<b>74%</b>	<b>1,423</b>	<b>71%</b>
<b>Board and senior executives</b>				
	<b>2022</b>	<b>% Female</b>	<b>2021</b>	<b>% Female</b>
Board	7	43%	7	43%
CEO and other senior executives	7	14%	7	14%

Salaries, employee benefits and social security fees	Parent Company		Subsidiaries		Group total	
	2022	2021	2022	2021	2022	2021
Salaries and benefits excluding bonuses, etc.	1.8	5.8	911.4	669.4	913.2	675.2
Bonuses, etc.	0.7	1.8	13.9	11.4	14.6	11.7
<b>Total salaries and other remuneration</b>	<b>2.5</b>	<b>7.6</b>	<b>925.3</b>	<b>680.8</b>	<b>927.8</b>	<b>686.9</b>
Social security fees, excluding pension costs	0.6	2.9	169.9	139.9	170.5	142.8
Pension costs	0.4	1.5	54.6	48.6	55.0	50.1
<b>Total social security fees</b>	<b>1.0</b>	<b>4.4</b>	<b>224.5</b>	<b>188.5</b>	<b>225.5</b>	<b>192.9</b>

Salaries and other remuneration categorised by country and among Board members and CEO (senior executives) and other employees	2022		2021	
	Management <sup>(1)</sup>	Other employees	Management <sup>(1)</sup>	Other employees
<b>Parent Company</b>				
Salaries and other remuneration, excl. bonuses etc.	1.8	—	5.8	—
Bonuses, etc.	0.7	—	1.8	—
<b>Total Parent Company</b>	<b>2.5</b>	<b>—</b>	<b>7.6</b>	<b>—</b>
<b>Subsidiaries, Sweden</b>				
Salaries and other remuneration, excl. bonuses etc.	14.4	200.2	10.9	163.8
Bonuses, etc.	5.4	—	4.3	—
<b>Total subsidiaries, Sweden</b>	<b>19.8</b>	<b>200.2</b>	<b>15.2</b>	<b>163.8</b>
<b>Foreign subsidiaries</b>				
Salaries and other remuneration, excl. bonuses etc.	53.2	643.6	42.9	439.2
Bonuses, etc.	8.5	—	8.3	—
<b>Total foreign subsidiaries</b>	<b>61.7</b>	<b>643.6</b>	<b>51.2</b>	<b>439.2</b>
<b>Group total</b>				
Salaries and other remuneration, excl. bonuses etc.	69.4	843.8	59.6	603.0
Bonuses, etc.	14.6	—	14.4	—
<b>Group total</b>	<b>84.0</b>	<b>843.8</b>	<b>74.0</b>	<b>603.0</b>

## Financial statements

Consolidated financial statements 58

Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 6 EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS, CONT.

Group	2022				2021			
	Fee/ Basic salary	Variable remuneration	Other benefits/ remuneration	Pension	Fee/ Basic salary	Variable remuneration	Other benefits/ remuneration	Pension
<i>Board of Directors</i>								
Bengt Liljedahl	0.7	—	—	—	0.6	—	—	—
Per-Arne Blomquist	0.3	—	—	—	0.3	—	—	—
Hans Björstrand	0.3	—	—	—	0.3	—	—	—
Johanna Hagelberg	0.3	—	—	—	0.3	—	—	—
Anna Liljedahl	0.3	—	—	—	0.3	—	—	—
Eva Nilsagård	0.3	—	—	—	0.3	—	—	—
Bertil Persson	0.3	—	—	—	0.3	—	—	—
<i>CEO</i>								
Jörgen Rosengren (2021: Jan–Aug)	—	—	—	—	3.5	1.7	0.3	0.9
Johan Lindqvist, Acting (2021–2022: Sep–Aug)	2.6	1.3	0.3	1.0	1.3	0.6	0.0	0.3
Erik Lundén (2022: Sep–Dec)	1.4	0.7	0.4	0.4	—	—	—	—
<i>Other senior executives, 6 (6) people.</i>	11.9	5.9	1.3	4.6	11.2	5.6	1.4	4.3

The Chairman is paid fees as resolved by the Annual General Meeting (AGM). The AGM set the Chairman's fees at SEK 0.7 million (0.6). Other Board members shall receive a total of SEK 1.8 million (1.8) including fees for committee work. Remuneration for the CEO and other senior executives comprises basic salary, variable remuneration, other benefits and remuneration as well as pension. The term "senior executives" refers to the members of Group management.

The expensed variable remuneration received by the CEOs and other senior executives is based on the achievement of financial targets. For the CEOs, a basic salary of SEK 4.0 million (4.8), variable remuneration of SEK 2.0 million (2.3) and pension benefits of SEK 1.4 million (1.2) were expensed during the year. For other

senior executives, basic salaries of SEK 11.9 million (11.2) and variable remuneration of SEK 5.9 million (5.6) were expensed. There were six (six) other senior executives in 2022.

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

## Financial statements

Consolidated financial statements 58

Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 6 EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS, CONT.

	2022	2021
Auditors' fees and remuneration		
<b>PricewaterhouseCoopers</b>		
Audit assignment	7	5
– of which to PricewaterhouseCoopers AB	3	2
Audit activities in addition to audit assignment	0	0
– of which to PricewaterhouseCoopers AB	0	0
Tax advice	0	0
– of which to PricewaterhouseCoopers AB	0	0
Other services	6	6
– of which to PricewaterhouseCoopers AB	1	1
<b>Total</b>	<b>13</b>	<b>11</b>
<b>Other auditors</b>		
Auditing fees to others	3	2

Audit assignment refers to fees for the statutory audit, meaning the work that was necessary in order to submit the auditor's report, as well as audit advisory services provided in connection with the audit assignment. Other services primarily refers to due diligence assignments in conjunction with acquisitions.

### NOTE 7 TYPES OF COSTS

	2022	2021
Materials sourced, including costs of delivery	5,542	3,754
Salaries, including social security contributions	1,219	911
Depreciation	240	192
Other	729	394
<b>Total operating expenses</b>	<b>7,730</b>	<b>5,251</b>

### NOTE 8 OTHER OPERATING INCOME

	2022	2021
Capital gain on sale of property, plant and equipment	1	1
Remeasurement of additional purchase considerations	184	—
Exchange-rate gains on operating receivables/liabilities	11	1
Government grants received	0	13
Other	33	22
<b>Total other operating income</b>	<b>229</b>	<b>37</b>

### NOTE 9 OTHER OPERATING EXPENSES

	2022	2021
Exchange-rate losses on operating receivables/liabilities	0	0
Remeasurement of additional purchase considerations	–278	–42
Other	–21	–19
<b>Total other operating expenses</b>	<b>–299</b>	<b>–61</b>

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

	2022	2021
<b>Depreciation/amortisation according to plan, by class of asset*</b>		
Other intangible assets	–63	–36
Buildings	–96	–83
Plant and machinery	–27	–26
Equipment, tools and fixtures & fittings	–54	–47
<b>Total depreciation/amortisation</b>	<b>–240</b>	<b>–192</b>
<b>Depreciation/amortisation according to plan, by function*</b>		
Cost of goods sold	–70	–66
Distribution costs	–127	–88
Administrative expenses	–43	–38
<b>Total depreciation/amortisation</b>	<b>–240</b>	<b>–192</b>

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

## Financial statements

Consolidated financial statements 58

▶ Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 11 INTEREST AND SIMILAR INCOME

	2022	2021
Exchange-rate differences	5	0
Interest income, other	10	1
<b>Total</b>	<b>15</b>	<b>1</b>

### NOTE 12 INTEREST AND SIMILAR EXPENSES

	2022	2021
Interest expenses, lease liabilities	-14	-13
Interest expenses, other	-103	-28
Exchange-rate differences	0	-9
Other	—	—
<b>Total</b>	<b>-117</b>	<b>-50</b>

### NOTE 13 EXCHANGE-RATE DIFFERENCES AFFECTING PROFIT/LOSS ITEMS

	2022	2021
Exchange-rate differences affecting operating profit	11	1
Exchange-rate differences on financial items	5	-9
<b>Total</b>	<b>16</b>	<b>-8</b>

### NOTE 14 TAX ON PROFIT FOR THE YEAR

	2022	2021
<b>Current tax</b>		
Current tax for the year	-232	-151
Current tax for previous years	—	—
<b>Total</b>	<b>-232</b>	<b>-151</b>

#### Deferred tax expense (-) / income (+)

Deferred tax income on temporary differences	14	6
<b>Total</b>	<b>14</b>	<b>6</b>

#### Recognised tax expense

	2022	2021
Profit before tax	828	615
Tax according to Parent Company's applicable rate	-171	-127
Effect of foreign subsidiaries' tax rates	-54	-25
Effect of non-deductible expenses	-6	-4
Revaluation of loss carry-forwards/temp. differences	13	11
<b>Recognised tax expense</b>	<b>-218</b>	<b>-145</b>
Effective tax rate	26%	24%

### NOTE 15 EARNINGS PER SHARE

	2022	2021
Profit after tax	609	470
Estimated average number of ordinary shares outstanding before dilution	37,546	37,417
<b>Earnings per share before dilution, SEK</b>	<b>16.23</b>	<b>12.57</b>
Estimated average number of ordinary shares outstanding after dilution	38,191	38,147
<b>Earnings per share after dilution, SEK</b>	<b>15.95</b>	<b>12.32</b>

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 16 INTANGIBLE ASSETS

	Goodwill		Other intangible assets	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Accumulated cost</b>				
At beginning of year	2,038	1,720	439	312
New purchases for the year	—	—	6	2
Reclassifications	—	—	—	-3
New purchases through acquisitions	693	246	230	108
Divestments and disposals	—	—	—	—
Exchange-rate differences for the year	180	72	50	20
<b>At year-end</b>	<b>2,911</b>	<b>2,038</b>	<b>725</b>	<b>439</b>
<b>Accumulated amortisation according to plan and impairments</b>				
At beginning of year	-44	-44	-137	-96
Amortisation according to plan for the year	—	—	-63	-37
New purchases through acquisitions	-10	—	—	—
Divestments and disposals	—	—	—	—
Amortisation in acquired companies	—	—	—	—
Exchange-rate differences for the year	—	0	-12	-4
<b>At year-end</b>	<b>-54</b>	<b>-44</b>	<b>-212</b>	<b>-137</b>
Carrying amount at beginning of period	1,994	1,677	302	216
Carrying amount at end of period	2,857	1,994	513	302

Bufab tests goodwill for impairment requirements on an annual basis.

The Group's goodwill has been allocated to its lowest cash-generating units. This means that SEK 1,075 million (894) is attributable to Segment North, SEK 235 million (224) to Segment West, SEK 218 million (125) to Segment East and SEK 1,329 million (753) to Segment UK/North America.

Segment North comprises one cash-generating unit with goodwill of SEK 1,075 million (894). Segment West comprises one cash-generating unit with goodwill of SEK 235 million (224). Segment East comprises two cash-generating units with goodwill of SEK 125 million (44) and SEK 93 million (81), respectively. Segment UK/North America comprises two cash-generating units with goodwill of SEK 672 million (584) and SEK 658 million (169), respectively.

Acquired units are integrated into Bufab's business model and exposed to similar business risks. However, each cash-generating unit operates in different geographic markets, which is why individual assumptions concerning risk-free interest were deemed necessary.

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

The calculations were based on the company's budget and financial plans for 2022–2024, as approved by executive management and the Board. The plans for these years are detailed. The key components of cash flow are sales, gross margin and the various operational costs as well as investments in working capital and non-current assets. The growth assumptions presented in the budget and financial plans during the forecast period is based on the Group's past organic growth and performance in the market segments in which Bufab is active. Since the operations are deemed to be in a phase that is representative for the long perspective, the third year of the financial plan is extrapolated with an estimated growth rate and inflation rate of 2 percent (2).

Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investment needs were also taken into account. The present value of the forecast cash flow was calculated using the following discount rates; Segment North 10.5 percent (8.0), Segment West 11.5 percent (8.0), Segment East 11.5 percent (8.0) and 11.7 percent (8.0), respectively, and Segment UK/North America 11.4 percent (8.0) and 12.3 percent (8.0) after tax.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2022 and was addressed by the company's Board. No impairment requirement was indicated in this test.

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

A change in the discount rate to 15 percent after tax would not result in any impairment requirement of the Group's recognised goodwill. The Group's budget and business plans during the forecast period include increases in sales, gross margin, earnings and cash flow, but even an assumption of growth of 0 percent would not result in any need for impairment of goodwill.

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 17 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery		Equipment, tools and fixtures & fittings	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Accumulated cost</b>						
At beginning of year	36	33	351	326	347	321
New purchases for the year	3	1	16	2	31	15
New purchases through acquisitions	0	0	1	14	56	10
Divestments and disposals	—	—	0	0	-13	-11
Reclassifications	—	1	4	8	-10	1
Exchange-rate differences for the year	1	1	2	1	25	11
<b>At year-end</b>	<b>40</b>	<b>36</b>	<b>374</b>	<b>351</b>	<b>436</b>	<b>347</b>
<b>Accumulated depreciation according to plan</b>						
At beginning of year	-15	-12	-231	-201	-264	-237
Divestments and disposals	—	—	0	1	13	11
Depreciation according to plan for the year	-3	-3	-26	-27	-33	-26
Reclassifications	—	—	—	—	9	2
Depreciation in acquired companies	0	0	-1	-3	-34	-6
Exchange-rate differences for the year	0	0	-3	-1	-20	-8
<b>At year-end</b>	<b>-18</b>	<b>-15</b>	<b>-261</b>	<b>-231</b>	<b>-329</b>	<b>-264</b>
<b>Carrying amount at beginning of period</b>	<b>21</b>	<b>21</b>	<b>120</b>	<b>125</b>	<b>83</b>	<b>84</b>
<b>Carrying amount at end of period</b>	<b>22</b>	<b>21</b>	<b>113</b>	<b>120</b>	<b>107</b>	<b>83</b>

### NOTE 18 WORK IN PROGRESS AND ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT

	Intangible assets		Property, plant and equipment	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
At beginning of year	4	—	6	14
Reclassifications	—	—	-5	-14
Divestments and disposals	-2	—	—	—
Investments	1	4	9	6
<b>Carrying amount at end of period</b>	<b>3</b>	<b>4</b>	<b>10</b>	<b>6</b>

### NOTE 19 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	2022	2021
Properties	417	324
Machinery	0	1
Equipment and other	19	11
Vehicles	23	20
<b>Total assets with right-of-use</b>	<b>459</b>	<b>356</b>
<b>Lease liabilities</b>		
Current	117	97
Non-current	371	285
<b>Total lease liabilities</b>	<b>488</b>	<b>382</b>

In 2022, additional right-of-use assets amounted to SEK 166 million (110), SEK 145 million (39) of which from company acquisitions.

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

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

#### REPORTED AMOUNT IN INCOME STATEMENT

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

	2022	2021
<b>Amortisation of right-of-use assets</b>		
Properties	-93	-79
Machinery	-1	-1
Equipment and other	-7	-8
Vehicles	-14	-13
<b>Total amortisation of right-of-use assets</b>	<b>-115</b>	<b>-101</b>

## Financial statements

Consolidated financial statements 58

Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 20 OTHER NON-CURRENT RECEIVABLES

	31 Dec 2022	31 Dec 2021
<b>Accumulated cost</b>		
At beginning of year	8	8
Investments for the year	—	—
Exchange-rate differences	—	—
<b>Carrying amount at year-end</b>	<b>8</b>	<b>8</b>

### NOTE 21 PAST-DUE RECEIVABLES

	31 Dec 2022	31 Dec 2021
Number of days past due		
30–90 days	84	55
91–180 days	11	10
181–360 days	3	3
More than 360 days	11	3
<b>Carrying amount at year-end</b>	<b>109</b>	<b>71</b>
Provision in balance sheet for doubtful debts	11	8
Bad debt losses	2022	2021
Costs of bad debt losses affecting profit for the year	4	8
<b>Total</b>	<b>4</b>	<b>8</b>

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

### NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2022	31 Dec 2021
Rent	13	13
Insurance	4	2
Licences	7	4
Other prepaid expenses	41	38
<b>Carrying amount at year-end</b>	<b>65</b>	<b>57</b>

### NOTE 23 EQUITY

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

### NOTE 24 PENSION OBLIGATIONS, INTEREST-BEARING

	31 Dec 2022	31 Dec 2021
FPG/PRI	18	26
Retirement pension, foreign companies	14	15
<b>Total</b>	<b>32</b>	<b>41</b>

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

	Sweden	
	31 Dec 2022	31 Dec 2021
Discount rate	4.0%	1.8%
Rate of salary increase <sup>1)</sup>	—	—
Inflation	2.1%	2.1%
	Other countries	
	31 Dec 2022	31 Dec 2021
Discount rate	2.6%	1.6%
Rate of salary increase	3.2%	2.4%
Inflation	0.7%	1.3%

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



## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### NOTE 24 PENSION OBLIGATIONS, INTEREST-BEARING, CONT.

Total pension costs recognised in profit or loss (SEK million).	2022	2021
<b>Costs relating to defined-benefit plans:</b>		
Service costs for current year	0	0
Interest on obligations	1	1
<b>Costs relating to defined-benefit plans</b>	<b>1</b>	<b>1</b>
Costs relating to defined-contribution plans	55	53
<b>Total costs recognised in profit or loss</b>	<b>56</b>	<b>54</b>

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

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

### NOTE 25 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	31 Dec 2022		31 Dec 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Machinery and equipment	—	17	—	16
Tax allocation reserve	—	25	—	25
Intangible assets	—	121	—	69
Other	21	–5	19	2
Loss carry-forwards	4	—	8	—
<b>Total</b>	<b>25</b>	<b>158</b>	<b>27</b>	<b>112</b>

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

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

	31 Dec 2022	31 Dec 2021
Amount of liability items expected to be settled one–five years after balance-sheet date	3,141	2,063
Amount of liability items expected to be settled more than five years after balance-sheet date	—	—
<b>Total</b>	<b>3,141</b>	<b>2,063</b>

Of the Group's non-current interest-bearing liabilities, SEK 2,746 million (1,741) stem from credit from Svenska Handelsbanken and SEB and the remaining amount from other credit institutions and interest-bearing lease liabilities. In conjunction with the acquisition of TI Midwood & Co. Ltd. in March 2022, Bufab increased the current credit facility with Svenska Handelsbanken and SEB by a further SEK 1,000 million to a total of SEK 4,000 million and extended the entire credit facility's maturity until July 2025. In December 2022, a short-term credit facility was agreed with Nordea of SEK 600 million with a maturity in December 2023. The Group must fulfil specific borrowing terms (covenants) required by external creditors, comprising the ratio between operating profit before depreciation/amortisation and impairment, and net debt. These covenants were fulfilled throughout the financial year. On the balance-sheet date, the average interest rate on the Group's non-current liabilities was 3.9 percent (1.0).

### NOTE 27 LIABILITIES RELATING TO ADDITIONAL PURCHASE CONSIDERATIONS

	2022	2021
Carrying amount at beginning of year	514	332
Additional purchase considerations for acquired companies	310	135
Paid additional purchase considerations for acquired companies	–156	–27
Remeasurement of liability for additional purchase considerations	94	42
Exchange-rate fluctuations	64	33
Carrying amount at year-end	<b>826</b>	<b>514</b>
– of which recognised as "Other current liability"	190	119
– of which recognised as "Other non-interest-bearing liabilities"	636	395

Additional purchase considerations are related to acquisitions carried out in 2017–2022. For more information, see Note 33. Liabilities relating to additional purchase considerations are remeasured on an ongoing basis by management at an estimated fair value based on the acquired companies' earnings performance, established budget and business plans and forecasts. This means that the measurement of fair value is essentially based on unobservable input data (Level 3 according to the definition in IFRS 13).

Total additional purchase considerations outstanding amounted to SEK 826 million (514) on 31 December 2022, of which SEK 271 million (234) is unconditional and SEK 555 million (280) contingent considerations. Liabilities for additional purchase considerations are, in all material respects, in USD, GBP and DKK. The additional purchase considerations recognised as a liability fall due for payment between 2023 and 2029.

## Financial statements

Consolidated financial statements 58

▶ Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 28 PLEDGED ASSETS

	31 Dec 2022	31 Dec 2021
Floating charges	0	257
Shares in subsidiaries	0	2,355
<b>Total</b>	<b>0</b>	<b>2,612</b>

In conjunction with the Group's refinancing in 2021, the process began to release the international collateral package pledged for the obligations under the earlier credit agreement. This process was completed in the first quarter of 2022. For the obligations under the new credit agreement, no collateral is issued.

### NOTE 29 OVERDRAFT FACILITIES

	31 Dec 2022	31 Dec 2021
Credit limit granted	329	131
Unutilised portion	-188	-38
<b>Credit amount utilised</b>	<b>141</b>	<b>93</b>

### NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2022	31 Dec 2021
Accrued salaries incl. holiday pay	118	100
Accrued social security contributions	32	29
Accrued expenses from contracts with customers	27	0
Other items	131	132
<b>Total</b>	<b>308</b>	<b>261</b>

### NOTE 31 CONTINGENT LIABILITIES

	31 Dec 2022	31 Dec 2021
Environment	30	30
VAT	—	—
Other contingent liabilities	5	5
<b>Total</b>	<b>35</b>	<b>35</b>

#### ENVIRONMENT

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

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

### NOTE 32 RELATED-PARTY TRANSACTIONS

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

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 33 ACQUISITIONS

#### 2022

During the 2022 financial year, three acquisitions were made: Pajo-Bolte A/S in Denmark and TI Midwood & Co. Ltd. in the UK, both in March, as well as CDA Polska Sp.z.o.o in Poland in April. Pajo-Bolte A/S is recognised in Segment North, TI Midwood & Co. Ltd. in Segment UK/North America and CDA Polska Sp.z.o.o in Segment East. In all instances, 100 percent of shares were acquired in the companies. Transaction costs for these acquisitions amounted to SEK 18 million and are recognised in the item administrative expenses in segment Other. All of the acquired companies trade with C-parts and the business model is in all material aspects the same as for the rest of the Group. However, all three acquisitions are considerably more exposed to the construction industry compared with other Group companies.

The preliminary amounts of the assets and liabilities included in the acquisitions were as follows:

Preliminary acquisition calculation for Pajo-Bolte A/S	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
<b>Acquired net assets</b>	<b>126</b>
Goodwill	151
<b>Purchase consideration<sup>1)</sup></b>	<b>277</b>
Less: cash and cash equivalents in acquired operations	-4
Less: conditional purchase consideration*	-21
<b>Effect on the Group's cash and cash equivalents</b>	<b>252</b>

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

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 company's future earnings performance. This acquisition would have positively impacted the Group's net sales by an estimated SEK 190 million, EBITA by about SEK 50 million and profit after tax by about SEK 33 million had it been implemented on 1 January 2022.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions amounted to SEK 5 million and annual future estimated amortisation amounted to SEK 6 million.

Preliminary acquisition calculation for TI Midwood & Co. Ltd. (TIMCO)	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
<b>Acquired net assets</b>	<b>421</b>
Goodwill	494
<b>Purchase consideration<sup>1)</sup></b>	<b>913</b>
Less: cash and cash equivalents in acquired operations	-100
Less: conditional purchase consideration*	-240
<b>Effect on the Group's cash and cash equivalents</b>	<b>574</b>

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

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 730 million, EBITA by about SEK 67 million and profit after tax by about SEK 38 million had it been implemented on 1 January 2022.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it.

The amounts allocated to intangible assets refer to customer relationships. They were valued at the discounted amount of future cash flows and are amortised on a straight-line basis over a period of ten years. Amortisation for the year regarding intangible assets for acquisitions amounted to SEK 10 million and annual future estimated amortisation amounted to SEK 14 million.

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 33 ACQUISITIONS, CONT.

Preliminary acquisition calculation for CDA Polska S.p.z.o.o	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
<b>Acquired net assets</b>	<b>23</b>
Goodwill	74
<b>Purchase consideration<sup>1)</sup></b>	<b>96</b>
Less: cash and cash equivalents in acquired operations	-13
Less: conditional purchase consideration*	-45
<b>Effect on the Group's cash and cash equivalents</b>	<b>39</b>

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

The purchase consideration amounted to SEK 97 million, of which SEK 45 million is 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 company's future earnings performance. This acquisition would have positively impacted the Group's net sales by an estimated SEK 93 million, EBITA by about SEK 20 million and profit after tax by about SEK 14 million had it been implemented on 1 January 2022.

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.

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

### 2021

During the 2021 financial year, three acquisitions were made: Component Solutions Group Inc., in North America in September; and Jenny | Wattle GmbH, in Austria, and Tilka Trading AB, in Sweden, in October. Component Solutions Group Inc. is recognised in Segment UK/North America, Jenny | Wattle GmbH in Segment West and Tilka Trading AB in Segment North. In all instances, 100 percent of shares were acquired in the companies. Transaction costs for these acquisitions amounted to SEK 8 million and are recognised in the item administrative expenses in segment Other. All of the acquired companies trade with C-parts and the business model is in all material aspects the same as for the rest of the Group.

The final amounts of the assets and liabilities included in the acquisitions were as follows:

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

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

The purchase consideration amounted to SEK 306 million, of which SEK 85 million is conditional. The conditional portion of SEK 85 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. This acquisition would have positively impacted the Group's net sales by an estimated SEK 280 million, EBITA by about SEK 22 million and profit after tax by about SEK 11 million had it been implemented on 1 January 2021. Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it.

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

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 33 ACQUISITIONS, CONT.

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

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

The purchase consideration amounted to SEK 109 million, of which SEK 20 million is conditional. The conditional portion of SEK 20 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the acquired company's future earnings performance. This acquisition would have positively impacted the Group's net sales by an estimated SEK 190 million, EBITA by about SEK 19 million and profit after tax by about SEK 14 million had it been implemented on 1 January 2021.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it.

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

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

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

The purchase consideration amounted to SEK 40 million, of which SEK 25 million is conditional. The conditional portion of SEK 25 million comprises 100 percent of the maximum outcome of the additional purchase consideration and is subject to the company's future earnings performance. This acquisition would have positively impacted the Group's net sales by an estimated SEK 50 million, EBITA by about SEK 4 million and profit after tax by about SEK 3 million had it been implemented on 1 January 2021.

Goodwill arising in connection with the acquisition is attributable to the knowledge accrued in the acquired company and the established and consolidated market positions and the anticipated profitability related to it.

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

## Financial statements

Consolidated financial statements 58

► **Notes to the consolidated financial statements** 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 34 INCENTIVE PROGRAMME

#### INCENTIVE PROGRAMME 2022–2025

The Annual General Meeting on 21 April 2022 resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 200,000 call options, corresponding to approximately 0.5 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 60.84, corresponding to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2025–15 November 2025. The purchase price per share is SEK 331.96, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 5 May 2022–11 May 2022. During the period, a total of 102,850 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants who remain as employees of the company in June 2025, which may correspond to not more than the price paid for the call options.

To hedge Bufab's delivery of shares, the Annual General Meeting also resolved to authorise the Board of Directors to repurchase a maximum of 200,000 shares in the company, and approved the transfer of a maximum of 200,000 of the company's shares to the participants of the programme. No shares were repurchased during the year.

#### INCENTIVE PROGRAMME 2021–2024

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

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

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

#### INCENTIVE PROGRAMME 2020–2023

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

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

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

#### INCENTIVE PROGRAMME 2019–2023

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

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

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

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 34 INCENTIVE PROGRAMME, CONT.

#### INCENTIVE PROGRAMME 2018–2021

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

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

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

The programme was concluded on 15 November 2021.

	2022		2021	
	Average exercise price per call option	No. of options	Average exercise price per call option	No. of options
On 1 January	126.48	654,520	112.58	873,300
Allocated during the year	60.84	102,850	261.25	90,070
Redeemed / bought back during the year	9.04	-178,750	133.90	-308,850
Forfeited during the year	—	—	—	—
<b>On 31 December</b>	<b>151.09</b>	<b>578,620</b>	<b>126.48</b>	<b>654,520</b>

Incentive programme	Date of allotment	Maturity date	Exercise price	Stock options on 31 December 2022	No. of options on 31 December 2021
Incentive programme 2022–2025	11 May 2022	15 November 2025	331.96	102,850	—
Incentive programme 2021–2024	10 May 2021	15 November 2024	261.25	90,070	90,070
Incentive programme 2020–2023	11 May 2020	15 November 2023	90.20	258,450	258,450
Incentive programme 2019–2023	15 August 2019	15 February 2023	109.96	306,000	306,000
Incentive programme 2018–2021	17 May 2018	14 November 2021	133.90	—	—
<b>Total</b>				<b>757,370</b>	<b>654,520</b>

Participant subsidy (gross salary bonus)	2022	2021
Cost of participant subsidy	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

### NOTE 35 EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

## Financial statements

Consolidated financial statements 58

► Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

### NOTE 36 CHANGES TO BORROWINGS

#### NET DEBT

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

SEK million	31 Dec 2022	31 Dec 2021
Non-current interest-bearing liabilities, excluding lease liabilities	2,802	1,819
Non-current interest-bearing lease liabilities	371	285
Current interest-bearing liabilities, excluding lease liabilities	794	95
Current interest-bearing lease liabilities	117	97
Less: Cash and cash equivalents	-322	-293
Less: other interest-bearing receivables	—	—
<b>Net debt on balance-sheet date</b>	<b>3,762</b>	<b>2,003</b>

SEK million	Cash and cash equivalents	Lease liabilities	Borrowings	Interest-bearing pension provisions	Total
<b>Net debt on 1 January 2021</b>	<b>292</b>	<b>-327</b>	<b>-1,514</b>	<b>-38</b>	<b>-1,587</b>
Cash flow	-5	109	-311	-1	-208
Acquisitions	—	-123	—	—	-123
Revaluation	—	-31	—	-2	-33
Exchange-rate differences	6	-10	-47	-1	-52
<b>Net debt on 31 December 2021</b>	<b>293</b>	<b>-382</b>	<b>-1,872</b>	<b>-42</b>	<b>-2,003</b>

SEK million	Cash and cash equivalents	Lease liabilities	Borrowings	Interest-bearing pension provisions	Total
<b>Net debt on 1 January 2022</b>	<b>293</b>	<b>-382</b>	<b>-1,872</b>	<b>-42</b>	<b>-2,003</b>
Cash flow	17	125	-1,397	—	-1,255
Acquisitions	—	-159	-134	—	-293
Revaluation	—	-51	—	8	-43
Exchange-rate differences	12	-21	-159	—	-168
<b>Net debt on 31 December 2022</b>	<b>322</b>	<b>-488</b>	<b>-3,564</b>	<b>-32</b>	<b>-3,762</b>



## Financial statements

Consolidated financial statements 58

▶ Notes to the consolidated financial statements 63

Parent Company financial statements 90

Notes to Parent Company financial statements 94

Auditor's report 99

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

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

		31 Dec 2022
Hedged net investments in foreign operations in EUR		
Reported amount bank loans	SEK million	356
Reported amount in hedged currency	EUR million	32
The hedged amount is substantially lower than the maximum hedgeable amount		
Changes to the loan's carrying amount due to fluctuations in currency during the year		25
Changes to the hedged item's carrying amount due to fluctuations in currency during the year		-25
Hedged net investments in foreign operations in GBP		
Reported amount bank loans	SEK million	76
Reported amount in hedged currency	GBP million	6
The hedged amount is substantially lower than the maximum hedgeable amount		
Changes to the loan's carrying amount due to fluctuations in currency during the year		4
Changes to the hedged item's carrying amount due to fluctuations in currency during the year		-4

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

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

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
▶ Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Parent Company income statement

SEK million	Note	2022	2021
Administrative expenses	2	-17	-20
Other operating income		8	9
<b>Operating profit/loss</b>	2	<b>-9</b>	<b>-11</b>
<b>Profit from financial items</b>			
Interest and similar expenses	3	0	—
Earnings from shares in Group companies	4	150	150
<b>Profit after financial items</b>		<b>141</b>	<b>139</b>
Appropriations	5	99	88
Tax on profit for the year	6	-22	-12
<b>PROFIT FOR THE YEAR</b>		<b>218</b>	<b>215</b>

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

## Statement of comprehensive income

SEK million	Note	2022	2021
<b>Profit after tax</b>		<b>218</b>	<b>215</b>
Other comprehensive income		—	—
<b>Total comprehensive income</b>		<b>218</b>	<b>215</b>

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
▶ Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

## Parent Company balance sheet

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Participations in Group companies	7	845	845
<b>Total financial assets</b>		<b>845</b>	<b>845</b>
<b>Total non-current assets</b>		<b>845</b>	<b>845</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		318	203
Other receivables		26	50
<b>Total current receivables</b>		<b>344</b>	<b>253</b>
Cash and bank balances		0	0
<b>Total current assets</b>		<b>344</b>	<b>253</b>
<b>Total financial assets</b>		<b>1,189</b>	<b>1,098</b>

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	8	1	1
Other paid-in capital		488	488
<i>Unrestricted equity</i>			
Retained earnings		366	279
Profit for the year		218	215
<b>Total equity</b>		<b>1,073</b>	<b>983</b>
<b>Untaxed reserves</b>			
	9	94	93
<b>Current non-interest-bearing liabilities</b>			
<i>Trade payables</i>			
		1	2
<i>Liabilities to Group companies</i>			
		13	13
<i>Accrued expenses and deferred income</i>			
	10	8	7
<b>Total current non-interest-bearing liabilities</b>		<b>22</b>	<b>22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,189</b>	<b>1,098</b>

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
▶ Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

# Parent Company statement of changes in equity

SEK million	Share capital	Other paid-in capital*	Retained earnings	Total equity
<b>Equity on 1 January 2021</b>	1	488	362	851
<b>Other comprehensive income</b>	—	—	215	215
<b>Transactions with shareholders</b>				
Issued call options	—	—	4	4
Redemption of call options	—	—	15	15
Dividend to Parent Company shareholders	—	—	-103	-103
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>-84</b>	<b>-84</b>
<b>Equity on 31 December 2021</b>	<b>1</b>	<b>488</b>	<b>493</b>	<b>983</b>
<b>Other comprehensive income</b>	—	—	218	218
<b>Transactions with shareholders</b>				
Issued call options	—	—	6	6
Redemption of call options	—	—	7	7
Dividend to Parent Company shareholders	—	—	-140	-140
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>-128</b>	<b>-128</b>
<b>Equity on 31 December 2022</b>	<b>1</b>	<b>488</b>	<b>584</b>	<b>1,073</b>

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
▶ Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

# Parent Company cash-flow statement

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>Operating activities</b>	2		
Loss before financial items		-9	-11
Income tax paid		-22	-15
<b>Cash flow from operating activities before changes in working capital</b>		<b>-31</b>	<b>-26</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) / decrease (+) in operating receivables		8	-42
Increase (+) / decrease (-) in operating liabilities		0	2
<b>Cash flow from operating activities</b>		<b>-23</b>	<b>-40</b>

SEK million	Note	31 Dec 2022	31 Dec 2021
<b>Financing activities</b>			
Dividends		-140	-103
Issued call options		6	4
Repurchase of own shares		—	—
Redemption of call options		7	15
Group contributions paid		—	—
Dividends received		150	150
<b>Cash flow from financing activities</b>		<b>23</b>	<b>66</b>
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year		0	0
<b>Cash and cash equivalents at year-end</b>		<b>0</b>	<b>0</b>

Financial statements

Consolidated financial statements 58

Notes to the consolidated financial statements 63

Parent Company financial statements 90

► Notes to Parent Company financial statements 94

Auditor's report 99

# Notes to Parent Company financial statements

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

## NOTE 1 SUMMARY OF KEY ACCOUNTING POLICIES

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

The Parent Company's participations in Group companies are recognised using the cost method. Distributions received are only recognised as revenue if they are derived from post-acquisition earnings. Distributions received

in excess of such earnings are regarded as a recovery of investment and are recognised as a reduction of the carrying amount of the investment.

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

## NOTE 2 EMPLOYEES, PERSONNEL EXPENSES AND FEES PAID TO DIRECTORS AND AUDITORS

The company has one (one) employee.

	2022	2021
Average number of employees		
Female	—	—
Male	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

	2022		2021	
	Salaries and benefits	Social security fees	Salaries and benefits	Social security fees
Salaries, employee benefits and social security fees				
Salaries and remuneration to Board and CEO	2.5	1.0	7.6	4.4
(of which bonuses, etc.)	0.7		1.8	
(of which pension cost, defined-contribution plans)		0.4		1.5
<b>Total</b>	<b>2.5</b>	<b>1.0</b>	<b>7.6</b>	<b>4.4</b>

For 2021, costs for the CEO of the Parent Company are included up to and including September 2021. Acting CEO in the October–December 2021 period and January–August 2022 period was employed in another Group company. The total cost of the acting CEO, totalling SEK 2.2 million in 2021 and SEK 5.2 million in 2022, was however charged to the Parent Company and recognised as an administrative expense in profit or loss.

### SICKNESS ABSENCE

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

Auditors' fees and remuneration	2022	2021
Öhrlings PricewaterhouseCoopers AB		
Audit assignment	1	1
Other services	0	0

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

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### NOTE 3 INTEREST AND SIMILAR EXPENSES

	2022	2021
Interest expenses, other	—	—
<b>Total</b>	<b>0</b>	<b>0</b>

### NOTE 4 EARNINGS FROM SHARES IN GROUP COMPANIES

	2022	2021
Dividend	150	150
<b>Total</b>	<b>150</b>	<b>150</b>

### NOTE 5 APPROPRIATIONS

	2022	2021
Reversal of tax allocation reserve, 2016 tax year	29	—
Reversal of tax allocation reserve, 2017 tax year	—	—
Transfers to tax allocation reserve, 2021 tax year	—	—
Transfers to tax allocation reserve, 2022 tax year	—	-12
Transfers to tax allocation reserve, 2023 tax year	-30	-12
Group contributions received	100	100
Group contributions paid	—	—
<b>Total</b>	<b>99</b>	<b>88</b>

### NOTE 6 TAX ON PROFIT FOR THE YEAR

	2022	2021
<i>Current tax</i>		
Current tax for the year	-19	-12
Current tax for previous years	-4	0
<b>Total</b>	<b>-23</b>	<b>-12</b>
<i>Reconciliation of effective tax</i>		
Profit before tax	241	227
Tax according to Parent Company's applicable rate	-50	-46
Effect of non-taxable income	31	35
Effect of non-deductible expenses	0	-1
Tax for previous years	-4	0
<b>Recognised effective tax</b>	<b>-23</b>	<b>-12</b>

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
Auditor's report	99

### NOTE 7 PARTICIPATIONS IN GROUP COMPANIES

		31 Dec 2022	31 Dec 2021
<i>Accumulated cost</i>			
At beginning of year		845	845
<b>Total cost</b>		<b>845</b>	<b>845</b>
<b>Carrying amount at end of period</b>			
		<b>845</b>	<b>845</b>
<b>Specification of Parent Company's and Group's holdings of shares in Group companies</b>			
Subsidiary / Corp. Reg. No. / registered office	Holding <sup>1)</sup> , %	31 Dec 2022 Carrying amount	31 Dec 2021 Carrying amount
Bufab International AB, 556194-4884, Värnamo, Sweden	100%	845	845
Bufab USA Inc, 26-2606492, New York, US	100%		
Industries Bufab de Mexico S.A. de C.V., IBM170911RV6, Mexico	100%		
Bufab USA Holding Inc, 84-4059868, Delaware, US	100%		
American Bolt & Screw Mfg Corp, 11-2328266, Ontario, US	100%		
American Bolt de Mexico S de RL de VC, ABM15061878A, Mexico	100%		
Component Solutions Group Inc, 31-1563590, Dayton, US	100%		
Perlanc Sales Inc, 34-1619036, Stow, US	100%		
A-1 Fastener Inc, 31-1704462, Dayton, US	100%		
Blue Grass Manufacturing II LLC, 84-2454553, Lexington, US	100%		
Bufab Ireland Ltd, NI061428, Lisburn, UK	100%		
Montrose Holdings Ltd, 09731597, High Wycombe, UK	100%		
Bufab (UK) Ltd, 02646431, High Wycombe, UK	100%		
Apex Stainless Holdings Ltd, 08403986, Rugby, UK	100%		
Apex Stainless Fasteners Ltd, 02631068, Rugby, UK	100%		
Bufab UK Holdings Ltd, 13941159, High Wycombe, UK	100%		
T I Midwood & Co Ltd, 03360713, Nantwich, UK	100%		
Bufab DK Holdings ApS, 40546529, Herning, Denmark	100%		
HT Bendix A/S, 34215685, Herning, Denmark	100%		
Pajo Bolte A/S, 10221994, Hobro, Denmark	100%		
Bufab Sweden AB, 556082-7973, Värnamo, Sweden	100%		
Tilka Trading AB, 556380-7147, Mönsterås, Sweden	100%		
Bufab Danmark A/S, 80795815, Albertslund, Denmark	100%		
Bufab Norge AS, 876612062, Oslo, Norway	100%		
Bufab Finland Oy, 2042801-2, Kerava, Finland	100%		
Magnetfabriken AB, 559010-5614, Västerås, Sweden	100%		
Bufab Lann AB, 556180-8675, Värnamo, Sweden	100%		
Rudhäll Industri AB, 556265-0993, Gnosjö, Sweden	100%		
Rudhall Trading (Ningbo) Co Ltd, 91330200583973663Y, Ningbo, China	100%		
Hallborn Metall AB, 556096-5112, Gnosjö, Sweden	100%		

<b>Specification of Parent Company's and Group's holdings of shares in Group companies</b>			
Subsidiary / Corp. Reg. No. / registered office	Holding <sup>1)</sup> , %	31 Dec 2022 Carrying amount	31 Dec 2021 Carrying amount
Bumax AB, 556176-1957, Åshammar, Sweden	100%		
Bufab Taiwan Company Limited, 29002549, Kaohsiung City, Taiwan	100%		
Bufab Supply Chain Management (Ningbo) Co Ltd, 91330211MA2GT0YF2E, Ningbo, China	100%		
Bufab Germany GmbH, HRB 54654, Mörfelden-Walldorf, Germany	100%		
Bufab Austria GmbH, FN 266844, Wien, Austria	100%		
Jenny I Wattle GmbH, FN 553747, Frastanz, Austria	100%		
Bufab CZ Sro, 25561260, Brno, Czech Republic	100%		
Bufab Spain SLU, ESB08464430, Barcelona, Spain	100%		
Bufab France SAS, 353237431, Corbas, France	100%		
Bufab Flos B.V., 17062762, Eindhoven, Netherlands	100%		
Bufab Poland Spzoo, KRS 0000036164, Gdansk, Poland	100%		
CDA Polska Spzoo Spk, KRS 0000491876, Wroclaw, Poland	100%		
Bufab Hungary Kft, 13-09-143460, Budaörs, Hungary	100%		
Bufab Baltic OU, 11242462, Hürü, Estonia	100%		
Bufab Slovakia Sro, 31639291, Banska Bystrica, Slovakia	100%		
Bufab International AB Merkezi İsveç Türkiye İstanbul Şubesi, 688311, İstanbul, Türkiye	100%		
Bufab Romania SRL, J12/899/2009, Apahida Cluj, Romania	100%		
Bufab India Fasteners PVT Ltd, U29299PN2008PTC131481, Pune, India	100%		
Bufab Fasteners Trading (Shanghai) Co Ltd, 91310000717861385U, Shanghai, China	100%		
Kian Soon Mechanical Components PTE Ltd, 198703945H, Singapore, Singapore	100%		
Puresys PTE Ltd, 201210504E, Singapore, Singapore	100%		
PT Kian Soon Hardware, 9120208151864, Batam, Indonesia	100%		
Kian Soon Mechanical Components SDN Bhd, 201401005237, Penang, Malaysia	100%		
Kian Soon Mechanical Components Co Ltd, 0105557000304, Samut Prakan, Thailand	100%		
Kian Soon Mechanical Components Philippines Inc, 2020080001302-02, Cavite, Philippines	100%		
		<b>845</b>	<b>845</b>

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



## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
► Notes to Parent Company financial statements	94
Auditor's report	99

### NOTE 8 EQUITY

A total of 38,110,533 ordinary shares were issued on the balance-sheet date. The shares had a quotient value of SEK 0.01436 on the balance-sheet date. All issued shares have been paid for in full. On 31 December 2022, Bufab had 493,255 repurchased shares held in treasury.

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

### NOTE 9 UNTAXED RESERVES

	31 Dec 2022	31 Dec 2021
Tax allocation reserve, 2017 tax year	–	30
Tax allocation reserve, 2018 tax year	28	28
Tax allocation reserve, 2019 tax year	21	21
Tax allocation reserve, 2021 tax year	3	3
Tax allocation reserve, 2022 tax year	12	12
Tax allocation reserve, 2023 tax year	30	–
<b>Total</b>	<b>94</b>	<b>93</b>

### NOTE 10 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2022	31 Dec 2021
Accrued salaries incl. holiday pay	4	4
Accrued social security contributions	2	1
Other items	2	2
<b>Total</b>	<b>8</b>	<b>7</b>

### NOTE 11 PLEDGED ASSETS

	31 Dec 2022	31 Dec 2021
Shares in subsidiaries	845	845
<b>Total</b>	<b>845</b>	<b>845</b>

In conjunction with the Group's refinancing in 2021, the process began to release the international collateral package pledged for the obligations under the earlier credit agreement. This process was completed in the first quarter of 2022. For the obligations under the new credit agreement, no collateral is issued.

### NOTE 12 CONTINGENT LIABILITIES

	31 Dec 2022	31 Dec 2021
Guarantees to subsidiaries	0	845
<b>Total</b>	<b>0</b>	<b>845</b>

### NOTE 13 APPROPRIATION OF PROFITS

	SEK
Proposed appropriation of profits	
The following earnings are at the disposal of the AGM:	
<b>Retained earnings</b>	<b>584,506,912</b>

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

A dividend of SEK 4.75 per share to be paid to shareholders*	179,212,132
To be carried forward	405,294,780
<b>Total</b>	<b>584,506,912</b>

\*The dividend has been based on the numbers of shares outstanding when the annual report was issued.

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
▶ Notes to Parent Company financial statements	94
Auditor's report	99

**THE INCOME STATEMENTS AND BALANCE SHEETS WILL BE PRESENTED FOR ADOPTION BY THE ANNUAL GENERAL MEETING ON 20 APRIL 2023.**

The undersigned certify that the annual report for the Group and the Parent Company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting policies, and gives a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Board of Directors' Report gives a fair overview of the performance of the operations, financial positions and results of the Group and the Parent Company, and describes substantial risks and uncertainties faced by the Group's companies.

Värnamo 21 March 2023

**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

**Erik Lundén**  
President and CEO

Our auditor's report was submitted on 28 March 2023  
Öhrlings PricewaterhouseCoopers AB

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

**Helena Pegrén**  
Authorised Public Accountant

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
<b>Auditor's report</b>	<b>99</b>

# Auditor's report

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts for Bufab AB (publ), for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 48-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

### Basis for Opinions

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

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

### Our audit approach

#### *Audit focus and scope*

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

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

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

For the components (14 units in 14 countries) where we have deemed that it is not motivated to execute a complete audit, we have instructed the component auditors to undertake specifically defined audit measures. For the other units deemed individually to be of no significance to the group audit, the group team undertook analytical procedures at group level.

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

### Materiality


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

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

### Key audit matters

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

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
 Auditor's report	99

### Key audit matter

#### VALUATION OF GOODWILL

At 31 December 2022, the group reported goodwill of 2 857 MSEK which is divided between a total of six cash-generating units, of which two cash-generating units are attributable to segment North, two are attributable to segment UK/North America, two attributable to East and one attributable to segment West.

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

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

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

Based on the group's prepared impairment tests, no impairment requirement for goodwill was identified as at 31 December 2022. The most significant assumptions applied in the impairment testing are described in Note 16.

#### VALUATION OF INVENTORIES

At 31 December 2022, the group reported inventories of 3 449 MSEK.

The valuation of inventories is significant to our audit as this valuation includes a number of estimations and judgements and, in addition, the value of the inventory is equivalent to a major portion (approximately 38%) of the group's total assets.

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

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

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

The group's principles for the valuation of inventory and reporting of obsolescence are described in Note 2 on page 65 in the annual report. Important estimations and judgements required to be undertaken by the group in conjunction with the accounting of the inventory are found in Note 4 in the annual report.

### How our audit addressed the Key audit matter

Our audit measures included an assessment of the cash flow calculations' mathematical correctness and a reconciliation of the cash flow forecasts against the 2023 budget adopted by the Board of the Directors and against financial plans for 2023-2025.

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

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

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

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

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

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


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

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

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

Finally, we have evaluated to determine if the group has described, in an appropriate manner, its principles for inventory valuation in the annual report, including the estimations and judgements made to value the inventory at 31 December 2022.

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
 Auditor's report	99

### OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts which can be found on pages 1-47 and pages 100-121. Other information also includes the remuneration report that we obtained prior to the date of this auditor's report. The Board of Directors and CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

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

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

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

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

### Auditor's responsibility

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### The auditor's review of management and proposals for dispositions of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Directors of Bufab AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

#### Basis for Opinions

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

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

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

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

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

### Auditor's responsibility

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

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

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

## Financial statements

Consolidated financial statements	58
Notes to the consolidated financial statements	63
Parent Company financial statements	90
Notes to Parent Company financial statements	94
<b>Auditor's report</b>	<b>99</b>

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

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

### THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2022 .

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

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

#### Basis for Opinions

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

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

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

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

#### Auditor's responsibility

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

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

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

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

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

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

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

Öhrlings PricewaterhouseCoopers AB, 113 21 Stockholm, Sweden was appointed Bufab AB (publ)'s auditor at the Annual General Meeting on 21 April 2022, and has been the company's auditor since 12 September 2005. Bufab AB (publ) has been a public interest company since 21 February 2014.

Gothenburg 28 March 2023

Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**

**Authorised Public Accountant**

Auditor-in-charge

**Helena Pegrén**

**Authorised Public Accountant**



# Corporate Governance Report

## Corporate Governance Report

- ▶ Corporate Governance Report 104
- Board of Directors 110
- Group management 111

# Corporate Governance Report

Bufab Holding AB (publ) is a Swedish public limited liability company. Bufab has been listed on Nasdaq Stockholm since 21 February 2014. Bufab applies the Swedish Corporate Governance Code (the "Code") and hereby submits its Corporate Governance Report for the 2022 financial year in accordance with the provisions of the Swedish Annual Accounts Act and the Code. The Corporate Governance Report was reviewed by the company's auditors.

The Code guidelines are available on the website of the Swedish Corporate Governance Board ([www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)). The Code is based on the principle of "comply or explain," which means that companies applying the Code do not always have to comply with every rule on condition that an explanation is provided. Bufab did not make any such deviations in 2022, with the exception of the fact that the Group has not set up a separate internal audit function.

Read more at [www.bufabgroup.com/en/investors](http://www.bufabgroup.com/en/investors)

### DELEGATION OF RESPONSIBILITY

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

### A. SHAREHOLDERS

At the top of the corporate governance structure, the shareholders impact the main direction of the company by exercising their influence. Strong principal owners contribute a large amount of interest in and commitment to the company and its success. At year-end, the company's share capital amounted to SEK 547,189, represented by a total of 38,110,533 shares. All shares carry equal voting rights and there are no limitations governing how many votes each shareholder may cast at a general meeting. At year-end 2022, Bufab had 9,696 shareholders (8,901). Of the total number of shares, 23.0 percent were held by foreign shareholders. The ten largest shareholders owned a combined total of 65.5 percent of the shares. The largest shareholder was Liljedahl Group, with 29.2 percent of the capital and votes. For more information about the share and shareholders, see page 118.

### B. GENERAL SHAREHOLDERS' MEETING

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

#### 2022 Annual General Meeting

The Annual General Meeting (AGM) was held in Värnamo on 21 April 2022. Some 183 shareholders attended the Meeting, in person or by proxy. In light of the ongoing coronavirus pandemic, shareholders were also allowed to use advance voting (postal voting) as prescribed in the notification. A total of 69.8 percent of the company's voting rights were represented. The Board was represented at the meeting by the Chairman Bengt Liljedahl. The CEO, CFO and auditor also attended.

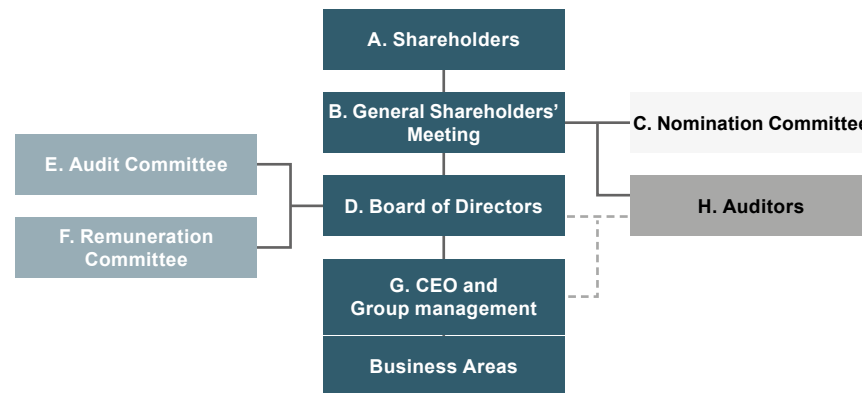
Resolutions at the 2022 AGM included:

- Adoption of the income statement and balance sheets for 2021, appropriation of the company's results, and discharge from liability of Board members and the CEO.
- The re-election as Board members of Bengt Liljedahl, Per-Arne Blomquist, Hans Björstrand, Johanna Hagelberg, Eva Nilsagård, Anna Liljedahl and Bertil Persson. Bengt Liljedahl was elected Chairman of the Board.
- Guidelines for remuneration of senior executives
- Resolution on a long-term share-based incentive programme for 2022 was approved.

#### 2023 Annual General Meeting

The 2023 AGM will be held on 20 April 2023. Notice of the AGM is available at [www.bufabgroup.com](http://www.bufabgroup.com). Shareholders who, no later than 12 April 2023, are entered in the share register maintained by Euroclear Sweden AB and who have notified their intention to attend the AGM no later than 14 April 2023, are entitled to attend the AGM, in person or by proxy.

### Governance structure



### Important external rules and regulations

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

### Important internal rules and regulations

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



## Corporate Governance Report

► Corporate Governance Report 104

Board of Directors 110

Group management 111

### C. NOMINATION COMMITTEE

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

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

The Nomination Committee for the 2022 AGM consisted of Fredrik Liljedahl (Liljedahl Group), Adam Gerge (Didner & Gerge fonder), Johan Ståhl (Lannebo fonder), Niklas Johansson (Handelsbanken Fonder) and the Chairman of the Board Bengt Liljedahl co-opted member.

The reasoned statement to the 2022 AGM shows that the Nomination Committee has applied Section 4.1 of the Swedish Corporate Governance Code as diversity policy when making its proposal.

With regards to the company's operations, development stages and conditions in general, the goal of the policy is that the Board should have an appropriate composition characterised by versatility and width of expertise, experience and background as well as an even gender distribution. The 2022 AGM decided to appoint members of the Board in accordance with the Nomination Committee proposal, resulting in the current Board of Directors with seven members (unchanged), of whom three women and four men, which means the proportion of women remains at 43 percent. Regarding gender balance on the Board of Directors, the Nomination Committee notes that female representation of 43 percent is well aligned with the level of ambition pronounced by the Swedish Corporate Governance Board, but falls below the Nomination Committee's long-term goal concerning gender balance.

#### Nomination Committee ahead of the 2023 AGM

Name	Representing	Share of votes, %
Fredrik Liljedahl (Chairman)	Liljedahl Group	29.2
Per Trygg	Lannebo fonder	7.9
Niklas Johansson	Handelsbanken fonder	7.0
Pär Andersson	Spiltan fonder	3.8
Bengt Liljedahl	Chairman of the Board, co-opted	

### D. BOARD OF DIRECTORS

#### Composition

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

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

Since the 2022 AGM, the Board has comprised seven AGM-elected members; Bengt Liljedahl (Chairman), Hans Björstrand, Per-Arne Blomquist, Johanna Hagelberg, Anna Liljedahl, Eva Nilsagård, and Bertil Persson. All Board members are independent in relation to the company and company management. All Board members, except for Bengt Liljedahl and Anna Liljedahl, are independent in relation to the company's largest shareholders. Accordingly, the Board meets the requirement that at least two Board members who are independent in relation to the company and company management are also independent in relation to the largest shareholders. Further information regarding the Board members is presented on page 110 of the Annual Report and on [www.bufabgroup.com](http://www.bufabgroup.com).

#### Work of the Board

The Board is responsible for the organisation of the company and for managing the company's operations. The Board is also to issue guidelines and instructions to the CEO. Furthermore, the Board is to ensure that the organisation of the company regarding accounting, management of funds and financial position are controlled in a satisfactory manner. The Board of Directors applies written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year. Among other aspects, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the Board of Directors and the CEO.

At the statutory Board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting. The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to address issues which cannot be postponed until the next ordinary Board meeting. The Chairman of the Board and the CEO also engage in an ongoing dialogue concerning the management of the company.

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

#### Evaluation of Board work

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

#### Work of the Board in 2022

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

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

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

## Corporate Governance Report

- ▶ Corporate Governance Report 104
- Board of Directors 110
- Group management 111

### ATTENDANCE AND REMUNERATION OF THE BOARD 2022

Group	Attendance			Remuneration
	Board meetings	Audit Committee	Remuneration Committee	Approved fee/basic salary, SEK million
<b>Board of Directors</b>				
Bengt Liljedahl	12/12	7/7	2/2	0.7
Per-Arne Blomquist	12/12	7/7		0.4
Hans Björstrand	12/12			0.3
Johanna Hagelberg	11/12			0.3
Anna Liljedahl	12/12		2/2	0.3
Eva Nilsagård	11/12	7/7		0.4
Bertil Persson	12/12		2/2	0.3

#### Remuneration of Board members

Fees and other remuneration to Board members, including the Chairman, are resolved on by the AGM. At the AGM held on 21 April 2022, it was resolved that the Chairman be paid SEK 650,000 (600,000) and that the other non-executive members be paid SEK 290,000 (275,000). The three members of the Audit Committee were paid a further fee of SEK 60,000 (60,000) each. The three members of the Remuneration Committee were paid a fee of SEK 10,000 (0).

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

#### E. AUDIT COMMITTEE

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

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

#### Audit Committee:

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

#### F. REMUNERATION COMMITTEE

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

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

#### Remuneration Committee:

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

#### G. CEO AND GROUP MANAGEMENT

In addition to the President and CEO, Group management consists of four business area managers and two managers responsible for Bufab's Group functions: finance and sourcing. Johan Lindqvist was CEO until August 2022. In March 2022, the Board of Directors announced that Erik Lundén had been appointed new President and CEO of Bufab, effective 15 August 2022. A presentation is contained in the Annual Report on page 111 and on [www.bufabgroup.com](http://www.bufabgroup.com).

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

#### Remuneration to the CEO and Group management

The guidelines for remuneration to the CEO and other senior executives were adopted at the AGM on 21 April 2022.

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

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

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

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

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

## Corporate Governance Report

- ▶ Corporate Governance Report 104
- Board of Directors 110
- Group management 111

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

### Share-based incentive programmes

The 2022 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 200,000 call options, corresponding to approximately 0.6 percent of the total number of shares in the company.

The purchase price for the call options is to correspond to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2025–15 November 2025. The purchase price per share when redeeming call options is to correspond to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the five trading days occurring prior to the Board's decision on allocation of call options.

The allocation of call options is to use the market-based value on the date of the transfer using an external independent valuation, by applying the Black & Scholes pricing model.

A detailed description of the share-based incentive programme can be found in Note 34 on page 86 of the Annual Report.

### Current employment agreements for the CEO and other senior executives

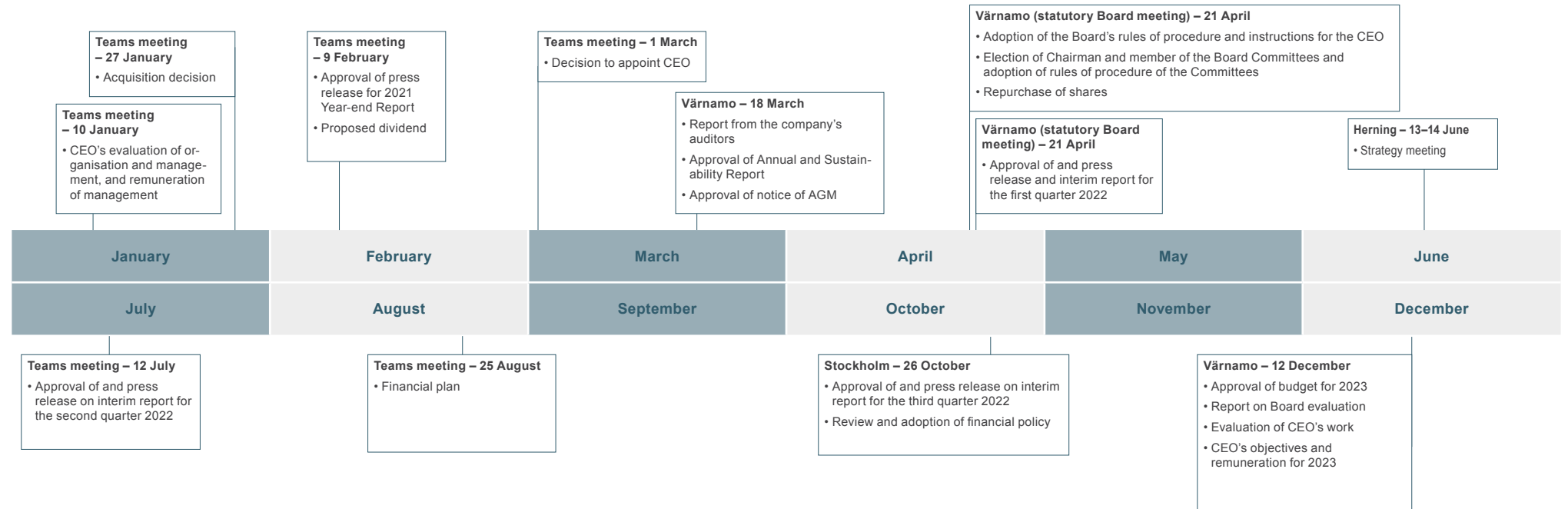
Decisions as to the current remuneration levels and other conditions for employment for the CEO and other senior executives have been resolved on in accordance with the existing guidelines for remuneration adopted by the AGM. All decisions on individual remuneration to senior executives have been made within these guidelines. Agreements concerning pensions are, wherever possible, to be based on fixed premiums and must correspond with the levels, practices and collective bargaining agreements applicable in the country where said senior executive is employed.

For senior executives resident in Sweden, six months' notice applies when resigning and a maximum of 12 months' notice when dismissed by the company. Refer also to Note 6 of the Annual Report.

### H. AUDITING

The auditor is to review the company's annual reports and accounting, as well as the management of the company by the Board of Directors and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the AGM. Pursuant to Bufab's Articles of Association, the company is to have no less than one and no more than two auditors and no more than two deputy auditors. The company's auditor until the conclusion of the 2023 AGM is Öhrlings PricewaterhouseCoopers AB, with Fredrik Göransson as Auditor in Charge. The company's auditor is presented in more detail in "Group management and auditors." Fees to auditors are to be paid in accordance with approved invoices. In 2022, the company's auditor was paid a total of SEK 13 million.

### Board meetings in 2022



## Corporate Governance Report

- ▶ Corporate Governance Report 104
- Board of Directors 110
- Group management 111

### INTERNAL CONTROL OVER THE FINANCIAL REPORTING

The objective of the internal financial control at Bufab is to create an efficient decision process in which requirements, targets and frameworks are clearly defined. The company and management use internal control systems to monitor the operation and the Group's financial position.

#### Control environment

The basis for the internal control over the financial reporting is the overall control environment. Bufab's control environment consists of sound core values, expertise, management philosophy, organisational structure, responsibility and authority. Bufab's internal instructions, policies, guidelines and manuals serve as guides for employees. The control environment also includes laws and external rules and regulations.

At Bufab, there is a distinct division between role and responsibility to efficiently handle the risks of the operations, including rules of procedure for the Board and Committees, as well as instructions for the CEO. In the operating activities, the CEO is also responsible for the system of internal controls required to generate a control environment for significant risks.

Bufab also has guidelines and policies for financial control and monitoring, communication issues and business ethics. Most of the companies in the Group have the same financial system with the same accounting systems.

The Board has appointed an Audit Committee tasked to ensure compliance with established policies for financial reporting and for maintaining the internal control.

#### Internal audit

The company's size combined with the work of the Audit Committee and established and implemented solid control procedures mean that the Board does not believe that it need establish a separate internal audit function. However, the matter of a separate internal audit function is addressed annually.

#### Risk assessment and control activities

Risks of material misstatement in the annual accounts may occur in connection with accounting and the evaluation of assets, liabilities, income and expenses or deviation from disclosure requirements. Bufab's accounting function performs a risk analysis every year regarding items in the consolidated balance sheets and income statements based on qualitative and quantitative risks.

Normal control activities include reconciliation of accounts and support controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. In the Group's work with internal control, the material risks identified in the financial reporting are handled through control structures, which, in all material respects, are based on deviation reporting from established goals or norms.

#### Information

Accurate internal and external information entails that all sections of the operations will be able to efficiently exchange and report relevant material information. In addition to managers' information responsibility, Bufab has a well-functioning intranet for exchanging information. Bufab has established a policy document to inform employees and other relevant personnel at Bufab about the applicable regulations and instructions for disclosing company information and the special requirements that apply for inside information.

For communication with external parties, there is a policy that states the guidelines for how such communication is to take place. The aim of this is to ensure compliance with information obligations and to ensure that investors receive the right information in time.

The Group has a whistleblower function. Employees can anonymously contact a third party to report behaviour or actions that constitute breaches or suspected breaches of laws and guidelines, etc. All contact is logged and a summary about the calls and measures taken is regularly reported to the Board.

### Monitoring

The Group applied IFRS as defined in Bufab's accounting manual. This manual includes accounting and valuation rules that must be adhered to by all companies within the Group, and reporting instructions. Financial data is reported from all legal entities every month.

Reporting takes place in accordance with standardised reporting procedures documented in the Group's accounting manual. This reporting comprises the basis of the Group's consolidated financial reporting. Consolidation takes place based on a legal and operating perspective, which results in quarterly statutory reports containing complete income statements and balance sheets for every company and consolidated for the Group, and monthly operating reports.

Every Board member receives a monthly report containing consolidated income statements and balance sheets for the Group and income statements and balance sheets for the subsidiaries with comments. In addition to this monthly information, similar information is received in connection with Board meetings and a report that includes monitoring of tax obligations, disputes, compliance with policies, whistleblower summaries and environment.

Värnamo 21 March 2023

**Bengt Liljedahl**  
Chairman of the Board

**Hans Björstrand**

**Per-Arne Blomquist**

**Johanna Hagelberg**

**Anna Liljedahl**

**Eva Nilsagård**

**Bertil Persson**

## Corporate Governance Report

▶ Corporate Governance Report 104

Board of Directors 110

Group management 111

# The auditor's examination of the corporate governance statement

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

The Board of Directors is responsible for that the corporate governance statement on pages 104–108 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Gothenburg 28 March 2023  
Öhrlings PricewaterhouseCoopers AB

**Fredrik Göransson**  
Authorized Public Accountant

## Corporate Governance Report

Corporate Governance Report	104
▶ Board of Directors	110
Group management	111

# Board of Directors



### Bengt Liljedahl

Chairman of the Board since 2020. Board member since 2016.

**Born:** 1947.

**Education:** MSc in Economics and Business Administration.

**Present assignments:** President, CEO and founder of Liljedahl Group. Previously CEO Skånebil, Regional Manager AB Volvo Sweden.

**Other Board assignments:** Chairman of the Board of Liljedahl Group AB, Elcowire Group AB, LWW Group AB, Board member of Hörle Wire Group AB, LMT Group AB.

**Shareholding (including through companies and related parties):** 11,132,500



### Hans Björstrand

Board member since 2006.

**Born:** 1950.

**Education:** Upper secondary school economics programme.

**Previous assignments:** Founder and President and CEO Bufab.

**Other Board assignments:** Board member of Värnamo Energi AB, Värnamo Elnät AB, Entreprenörinvest Sverige AB, Ekeberg Kapital AB and Ryds Båtar AB.

**Shareholding (including through companies and related parties):** 5,000



### Johanna Hagelberg

Board member since 2015.

**Born:** 1972.

**Education:** MSc in Industrial Engineering and Management from Institute of Technology at Linköping University and Cranfield University.

**Present assignments:** EVP Bio-materials division Stora Enso Oyj.

**Previous assignments:** EVP Sourcing and Logistics Stora Enso Oyj, Chief Procurement Officer at Vattenfall and NCC AB and senior positions in procurement in the automotive industry.

**Other Board assignments:** Hoegh Autoliners AS.

**Shareholding (including through companies and related parties):** 1,500



### Eva Nilsagård

Board member since 2015.

**Born:** 1964.

**Education:** Degree of Master of Science in Business and Economics and Executive MBA from School of Business, Economics and Law at the University of Gothenburg.

**Present assignments:** Founder and CEO Nilsagård consulting.

**Previous assignments:** CFO Opti-group AB, CFO Plastal Group, SVP Strategy & Business development within sales and marketing, EMEA at Volvo Trucks, CFO Vitrolife (publ). Various senior positions in finance and business development within Volvo, AstraZeneca Group and SKF.

**Other Board assignments:** Board member of AddLife AB, SEK (Svensk Exportkredit AB), Hansa Biopharma AB, Nimbus Group AB and Xbrane Biopharma AB, Nanexa AB, Ernströngruppen AB and eEducation Albert AB, and Chairman of the Board of Spermosens AB.

**Shareholding (including through companies and related parties):** 0



### Anna Liljedahl

Board member since 2019.

**Born:** 1974.

**Education:** Degree of Master of Science in Business and Economics.

**Present assignments:** CEO Finnvedens Lastvagnar AB and previous experience as Global Product Manager at HemoCue AB and Product Manager at Astellas Pharma GmbH.

**Other Board assignments:** Chairman of the Board of Finnvedens Bil AB and Board member of Liljedahl Group AB, Liljedahl Group Fastighets AB, Motorbranschens Arbetsgivareförbund and Tanka i Sverige AB.

**Shareholding (including through companies and related parties):** 11,132,500



### Per-Arne Blomquist

Board member since 2020.

**Born:** 1962.

**Education:** Bachelor of Business Administration and Finance.

**Present assignments:** CEO of Carlbo AB. Senior advisor at EQT.

**Previous assignments:** CFO and Deputy CEO of Dometic Holding AB. Per-Arne also has experience from positions including CFO and Acting CEO of TeliaSonera AB, CFO at SEB, Chairman of the Board of Zmarta Group/Freedom Finance and IP-Only, and Board member of Neste Oil Oy.

**Other Board assignments:** Chairman of the Board of Bluestep Holding AB and C-RAD AB.

**Shareholding (including through companies and related parties):** 80,000



### Bertil Persson

Board member since 2020.

**Born:** 1961.

**Education:** Bachelor of Business Administration and Finance.

**Previous assignments:** President and CEO of Beijer Alma AB, Deputy CEO of LGP Telecom AB, CFO of Scania and head of Treasury at Investor.

**Other Board assignments:** Board member of Troax AB and Christian Berner Tech Trade AB.

**Shareholding (including through companies and related parties):** 0

The information regarding Board members' and Group Management's holding of shares and other financial instruments in Bufab refers to the conditions as per 31 December 2022 and includes own and closely associated natural persons' holdings, as well as holdings by legal persons that are directly or indirectly controlled by the person or its closely associated persons. The information for the CEO also includes any significant shareholdings and partnership in companies which Bufab has significant business relations with.

**Auditors**  
Öhrlings PricewaterhouseCoopers AB has been the company's auditor since 2005 and was re-elected at the 2022 AGM until the end of the 2023 AGM. Fredrik Göransson (born 1973) is the Auditor in Charge. Fredrik Göransson is an Authorised Public Accountant and a member of FAR (professional institute for authorised public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Skånegatan 1, SE-405 32 Gothenburg, Sweden. Öhrlings PricewaterhouseCoopers AB was the company's auditor throughout the period covered by the historic financial information in this Annual Report.

Corporate Governance Report

Corporate Governance Report 104  
 Board of Directors 110  
 ▶ Group management 111

Group management



**Erik Lundén**  
 President and CEO since 2022.  
**Born:** 1981.  
**Education:** MSc, Stockholm School of Economics.  
**Previous assignments:** Sandvik, Lagerkvist & Partners.  
**Shareholding (including through companies and related parties):** 4,000 shares and 26,000 options.



**Johan Lindqvist**  
 Vice President Bufab Group & Director Segment North (employed 1998).  
**Born:** 1969.  
**Education:** Qualified engineer.  
**Previous assignments:** Skanska and Primo AB.  
**Other assignments:** Board member Idun Industrier AB.  
**Shareholding (including through companies and related parties):** 139,056 shares and 32,000 options.



**Urban Bülow**  
 Group Director North America (employed 2014).  
**Born:** 1965.  
**Education:** MSc in Electrical Engineering from Chalmers University of Technology.  
**Previous assignments:** Latour Group, Kapsch TrafficCom, SAAB and Electrolux.  
**Shareholding (including through companies and related parties):** 3,283 shares and 0 options.



**Carina Lööf**  
 Global Sourcing- and Sustainability Director since 2018.  
**Born:** 1969.  
**Education:** Degree in chemical engineering, Växjö University.  
**Previous assignments:** Trioplast, Cargotec Corporation  
**Shareholding (including through companies and related parties):** 17,097 shares and 21,000 options.



**Jörn Maurer**  
 Group Director West since 2015 (employed 2003).  
**Born:** 1974.  
**Education:** BA in Business Administration and Operations & Industrial Mechanic Field, CCI Darmstadt.  
**Previous assignments:** Mitsubishi Polyester Film; Tartler Group  
**Shareholding (including through companies and related parties):** 44,260 shares and 19,500 options.



**Johan Sandberg**  
 Global Business Development Director since 2019.  
**Born:** 1971.  
**Education:** MSc in Business Administration, Linköping University.  
**Previous assignments:** Hiab, Cargotec, Volvo Group, General Motors and Saab Automobile.  
**Shareholding (including through companies and related parties):** 2,153 shares and 39,000 options.



**Marcus Söderberg**  
 CFO since 2017 (employed 2014).  
**Born:** 1983.  
**Education:** MSc in Business Administration from Växjö University.  
**Previous assignments:** Ernst & Young (EY)  
**Other assignments:** Board member Seafire AB.  
**Shareholding (including through companies and related parties):** 13,578 shares and 54,000 options.



# Other



Other

► Five-year summary 113

EU Taxonomy 114

Bufab on the stock exchange 118

Definitions of key figures 119

Information and addresses 122

## Five-year summary

SEK million	2022	2021	2020	2019	2018
<b>EARNINGS</b>					
Order intake	8,453	6,084	4,827	4,354	3,798
Net sales	8,431	5,878	4,756	4,348	3,786
<i>North</i>	729	2,366	2,005	1,865	1,508
<i>West</i>	409	1,236	1,028	1,155	1,064
<i>East</i>	253	889	715	723	696
<i>UK/North America</i>	681	1,388	1,008	598	510
Gross profit	2,389	1,638	1,252	1,183	1,088
<b>Operating profit (EBITA)</b>					
<i>North</i>	352	249	189	174	153
<i>West</i>	188	121	86	99	95
<i>East</i>	153	150	103	97	100
<i>UK/North America</i>	321	206	128	47	61
<b>Depreciation and amortisation of acquired intangible assets</b>					
	-60	-31	-30	-15	-9
Net financial items	-102	-49	-60	-42	-29
Profit after financial items	828	615	391	326	329
Tax on profit for the year	-218	-145	-92	-73	-74
Profit for the year	609	470	299	253	255
<b>MARGINS</b>					
Gross margin, %	28.1	27.7	26.3	27.2	28.7
Operating margin, %	11.7	11.7	10.1	8.8	9.7
<i>North</i>	12.4	10.5	9.4	9.3	10.1
<i>West</i>	11.1	9.8	8.3	8.6	8.9
<i>East</i>	14.2	16.9	14.4	13.4	14.4
<i>UK/North America</i>	11.4	14.8	12.7	7.9	12.0

SEK million	2022	2021	2020	2019	2018
<b>CAPITAL STRUCTURE</b>					
Net debt	3,762	2,003	1,546	2,068	1,177
Net debt, adjusted	3,273	1,621	1,220	1,666	1,177
Equity	3,036	2,377	1,931	1,750	1,600
Debt/equity ratio, %	124	84	80	118	74
Equity/assets ratio, %	32	36	39	33	43
Average working capital in relation to net sales, %	34.3	28.6	33.1	35.3	35.7
<b>CASH FLOW</b>					
Operating cash flow	99	210	540	351	175
<b>KEY FIGURES PER SHARE</b>					
Earnings per share	16.23	12.57	8.04	6.75	6.79
Dividend per share	4.75*	3.75	2.75	—	2.50
<b>EMPLOYEES</b>					
Average number of employees	1,835	1,423	1,357	1,296	1,177

\* Proposed by the Board of Directors.

Other

Five-year summary 113

► **EU Taxonomy 114**

Bufab on the stock exchange 118

Definitions of key figures 119

Information and addresses 122

# EU Taxonomy

**CONTEXTUAL INFORMATION AND 2022 REPORTING**

Bufab is mainly a trading company offering customers a sustainable full-service solution for C-parts, including sourcing, quality control and logistics. Alongside its trading activities, Bufab also manufactures particularly technically

demanding C-parts in Sweden and in the UK. The EU Taxonomy is intended to support a sustainable transition within European Union (EU). Large companies are required to provide a non-financial statement, according to the Non-Financial Reporting Directive has to report according to the EU Taxonomy regulation. The taxonomy

regulation constitutes a classification system that lists environmentally sustainable economic activities regarding the six defined objective areas within the EU. For financial year 2022, the reporting requirements relates to the first two environmental objectives: climate change mitigation and adaptation. The taxonomy regulation introduces a

classification system which at present stage of the taxonomy covers sectors and economic activities with the highest potential to avoid and reduce emissions and thereby reach the EU goals set for climate objectives with a comprehensive plan of cutting net carbon dioxide emissions and achieving net-zero emissions by 2050.

**Turnover**

*The proportion of turnover (sales) from products or services associated with economic activities that are aligned with the Taxonomy*

Economic activities	Code(s)	Absolute turnover SEK million	Proportion of turnover %	Substantial contribution criteria		DNSH criteria (Does Not Significantly Harm)						Minimum safeguards Y/N	Taxonomy-aligned proportion of sales, year 2022 Percent	Taxonomy-aligned proportion of sales, year 2021 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Bio-diversity and eco-systems Y/N					

**A. TAXONOMY-ELIGIBLE ACTIVITIES**

<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																
Turnover of eligible taxonomy-aligned activities (A.1)		0	0%										0			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																
Turnover of taxonomy-eligible not but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0%										0			
<b>Total (A.1 + A.2)</b>		0	0%										0	0		

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

Turnover of non-eligible activities (B)		8,431	100%
<b>Total (A + B)</b>		8,431	100%

Other

Five-year summary 113

► EU Taxonomy 114

Bufab on the stock exchange 118

Definitions of key figures 119

Information and addresses 122

**Capital expenditure (CapEx)**

The proportion of CapEx from products or services associated with economic activities that are aligned with the taxonomy

Economic activities	Code(s)	Absolute CapEx SEK million	Proportion of CapEx %	Substantial contribution criteria		DNSH criteria (Does Not Significantly Harm)						Minimum safeguards Y/N	Taxonomy-aligned proportion of CapEx, year 2022 Percent	Taxonomy-aligned proportion of CapEx, year 2021 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Bio-diversity and eco-systems Y/N					

**A. TAXONOMY-ELIGIBLE ACTIVITIES**

<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																	
<b>CapEx of environmentally sustainable activities (A.1)</b>		0	0%														
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																	
Acquisition and ownership of buildings	7.1	137	26%														
Manufacture of low carbon technologies for transport	3.3	15	3%														
Installation, maintenance and repairs of energy-efficient equipment	7.3	1	0%														
Installation, maintenance and repairs of charging points in buildings	7.4	0.4	0%														
Installation, maintenance and repairs of renewable energy technology	7.6	2.6	0%														
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		156	29%														
<b>Total (A.1 + A.2)</b>		156	29%										0	0			

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

<b>CapEx of taxonomy-non-eligible activities (B)</b>		366	71%														
<b>Total (A + B)</b>		522	100%														

Other

Five-year summary 113

► EU Taxonomy 114

Bufab on the stock exchange 118

Definitions of key figures 119

Information and addresses 122

OpEx

The proportion of OpEx from products or services associated with economic activities that are aligned with the taxonomy

Economic activities	Code(s)	Absolute OpEx SEK million	Proportion of OpEx %	Substantial contribution criteria		DNSH criteria (Does Not Significantly Harm)						Minimum safeguards Y/N	Taxonomy-aligned proportion of OpEx, year 2022 Percent	Taxonomy-aligned proportion of OpEx, year 2021 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Bio-diversity and ecosystems Y/N					

**A. TAXONOMY-ELIGIBLE ACTIVITIES**

A.1. Environmentally sustainable activities (taxonomy-aligned)																
OpEx of environmentally sustainable activities (A.1)		0	0%													
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0%													
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>										<b>0</b>	<b>0</b>		

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

OpEx of taxonomy-non-eligible activities (B)		32	100%
<b>Total (A + B)</b>		<b>32</b>	<b>100%</b>

Other

Five-year summary	113
► EU Taxonomy	114
Bufab on the stock exchange	118
Definitions of key figures	119
Information and addresses	122

**COMPLIANCE WITH THE TAXONOMY REGULATION**

**Turnover**

Bufab has made a screening of economic activities that potentially can be eligible to the Taxonomy. We conclude that Bufab does not carry out any economic activities generating turnover that are described in Annex I or II to the delegated act for Climate under the Taxonomy regulation. In house manufactured parts as an economic activity is not, at this time, regarded as part of a sector in scope of the Taxonomy. It might well be in the future. In such case the reporting will be adjusted accordingly. Nor is there any other of Bufab's sales defined within the EU taxonomy delegated acts for climate mitigation and climate adaptation, including enabling economic activity within other sectors. For this reason none of Bufab's turnover is eligible according to the EU Taxonomy. Bufab is aware that additional environmental objectives are under development and that current economic activities might be eligible as the EU Taxonomy framework evolves.

**CapEx**

As Bufab has no taxonomy eligible turnover the eligibility for capex relates to points 7.3-7.6 of Annex I to the Climate Delegated Act as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3) of Regulation (EU) 2020/852. We have assessed our 2022 capex for activities described in Annex I to the Climate Delegated Act and activities listed in Article 10(3), Article 11(3) of Regulation (EU) 2020/852. The assessment shows that Bufab has a small proportion (1% related to solar panel installations, charging stations and led lightning) of capex related to 7.3, 7.4 and 7.6 in annex 1, Climate Delegated Act. Main eligibility relates Article 10(3) and includes leasing of buildings (26%) and vehicles (6%). Due to the granularity of the information we have on hand, Bufab has not been able to classify the above investments as aligned with all the requirements regarding technical screening criteria, DNSH & minimum safeguards, for the 2022 reporting

**OpEx**

For OpEx Article 10(3) as well as Article 11(3) of Regulation (EU) 2020/852 is applicable. In the context of the Taxomy, Bufab do not consider OpEx to be material as we are mainly a trading company with low degree of opex related to short term leases and maintenance/service of tangible assets.

**REPORTING PRINCIPLES**

**Turnover**

Turnover is defined as net sales as disclosed in the consolidated financial statement of 2022. See page 58.

**CapEx**

Capital expenditures are including tangible and intangible assets including additions and acquisitions through business combinations during the fiscal year of 2022. Excluding goodwill, remeasurement, depreciation, amortisation or impairment as well as any changes in fair value in the numerator and denominator. See note 16 , note 17 and Note 19.

**OpEx**

Applicable expenditures for Bufab includes non-capitalised costs for repair and maintenance of capex related assets and short term leases in 2022. Bufab does not have any non-capitalised R&D expenses or other maintenance costs (such costs are all defined as OpEx under the Taxonomy))

Other

Five-year summary 113

EU Taxonomy 114

► **Bufab on the stock exchange 118**

Definitions of key figures 119

Information and addresses 122

# Bufab on the stock exchange

**LISTING AND TURNOVER**

The Bufab share has been listed on Nasdaq Stockholm since 21 February 2014. The total turnover of Bufab shares in 2022 was 21.4 million shares for a total amount of SEK 6.2 billion and the average turnover was 84,562 shares.

**BRIEF FACTS**

Listing: Nasdaq Stockholm  
 Number of shares: 38,110 533  
 Ticker: BUFAB  
 ISIN code: SE 0005677135

**MORE INFORMATION**

For share price and up-to-date information, visit [www.bufabgroup.com](http://www.bufabgroup.com)

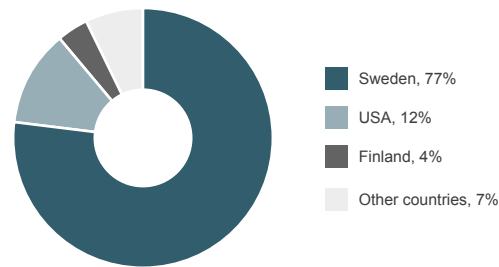
SEK million	2022	2021
Earnings per share before dilution, SEK	16.23	12.57
Earnings per share after dilution, SEK	15.95	12.32
Dividend per share, SEK	4.75 <sup>1)</sup>	3.75
Yield <sup>2)</sup>	2.0%	0.8%
Share of dividend <sup>3)</sup>	29.3%	29.8%
Share price at year-end, SEK	242.5	447.0
Highest share price, SEK	455.0	449.0
Lowest share price, SEK	195.2	189.2
Number of shareholders at year-end	9,696	8,901
Market capitalisation at year-end, SEK million	9,242	17,035

<sup>1)</sup> The dividend pertains to the Board's proposal.  
<sup>2)</sup> The dividend in relation to the share price at year-end.  
<sup>3)</sup> The dividend for the financial year in relation to profit for the year per share.

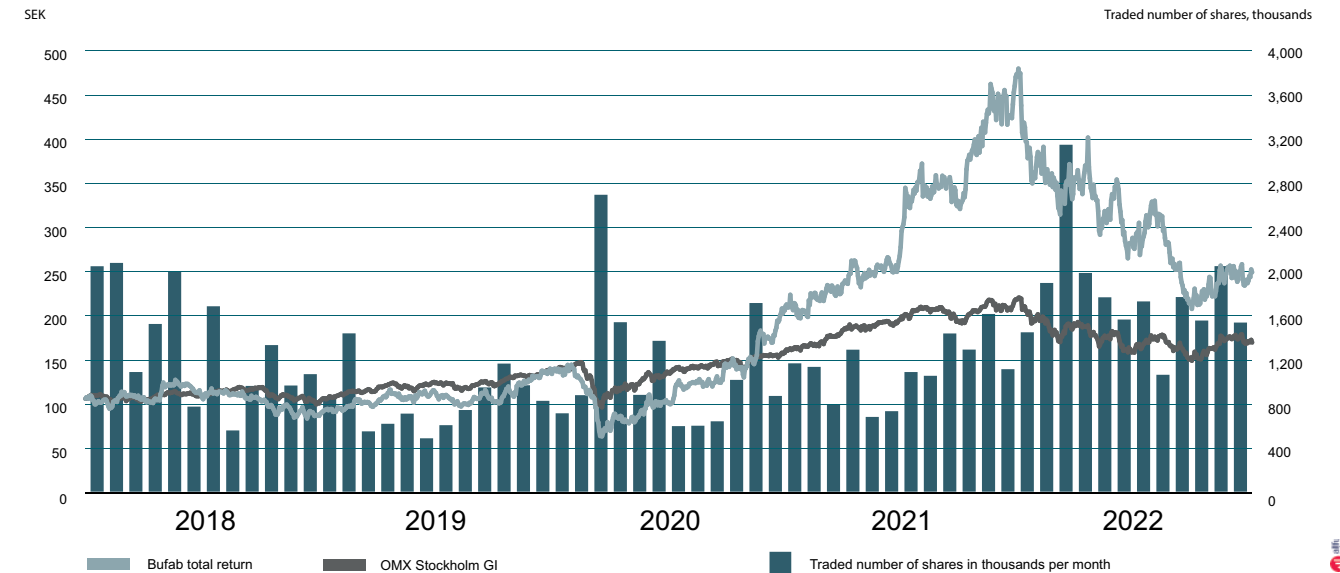
Largest shareholders on 31 December 2022	Share of capital and votes
Liljedahl Group	29.21
Lannebo fonder	8.06
Handelsbanken fonder	6.81
State Street Bank	4.05
Spiltan fonder	3.76
Nordea fonder	3.05
Didner & Gerge fonder	2.89
JP Morgan Chase	2.51
Avanza pension	2.44
BNY Mellon	2.08
Other shareholders	35.14
<b>Total</b>	<b>100%</b>

Source: Euroclear on 31 December 2022

**OWNERSHIP DISTRIBUTION BY COUNTRY, 31 DECEMBER 2022**



**BUFAB'S TOTAL RETURN 2018–2022**



**Other**

Five-year summary	113
EU Taxonomy	114
Bufab on the stock exchange	118
▶ Definitions of key figures	119
Information and addresses	122

## Definitions of key figures

**GROSS MARGIN, %**

Gross profit as a percentage of net sales for the period.

**EBITDA**

Operating profit before depreciation, amortisation and impairment.

**EBITDA, ADJUSTED**

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

**OPERATING PROFIT (EBITA)**

Gross profit less operating expenses.

**OPERATING MARGIN, %**

Operating profit as a percentage of net sales for the period.

**NET DEBT**

Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets, calculated at the end of the period.

**NET DEBT, ADJUSTED**

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

**OPERATING EXPENSES**

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

**DEBT/EQUITY RATIO, %**

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

**NET INDEBTEDNESS/EBITDA, ADJUSTED, MULTIPLE**

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

**WORKING CAPITAL**

Total current assets less cash and cash equivalents less current non-interest-bearing liabilities, excluding liabilities for additional purchase prices, calculated at the end of the period.

**AVERAGE WORKING CAPITAL**

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

**WORKING CAPITAL/NET SALES, %**

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

**EQUITY/ASSETS RATIO, %**

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

**OPERATING CASH FLOW**

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

**CASH CONVERSION**

Operating cash flow divided by EBITDA, adjusted

**EARNINGS PER SHARE**

Profit for the period divided by the average number of ordinary shares adjusted for the set-off issue and 80:1 split conducted in the first quarter of 2014.

Other

Five-year summary 113  
 EU Taxonomy 114  
 Bufab on the stock exchange 118  
 ► Definitions of key figures 119  
 Information and addresses 122

## Key figures not defined in accordance with IFRS

### OPERATING CASH FLOW

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

SEK million	2022	2021
EBITDA, adjusted	1,041	741
Other non-cash items	128	45
Changes in inventory	-795	-65
Changes in operating receivables	11	-201
Changes in operating liabilities	-220	310
<b>Cash flow from operations</b>	<b>165</b>	<b>244</b>
Investments excluding acquisitions	-66	-34
<b>Operating cash flow</b>	<b>99</b>	<b>209</b>

### EBITDA

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

SEK million	2022	2021
Operating profit	930	664
Depreciation/amortisation and impairment	240	191
<b>EBITDA</b>	<b>1,170</b>	<b>855</b>

### EBITDA, ADJUSTED

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

SEK million	2022	2021
Operating profit	930	664
Depreciation/amortisation and impairment	240	191
Less: amortisation on right-of-use assets according to IFRS 16	-115	-101
Less: interest expenses on lease liabilities according to IFRS 16	-14	-13
<b>EBITDA</b>	<b>1,041</b>	<b>741</b>

### EBITA

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

SEK million	2022	2021
Operating profit	930	664
Depreciation/amortisation and impairment	60	31
<b>EBITDA</b>	<b>990</b>	<b>695</b>

### OPERATING EXPENSES

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

SEK million	2022	2021
Distribution costs	-863	-603
Administrative expenses	-526	-347
Other operating income	229	37
Other operating expenses	-299	-61
Depreciation and amortisation of acquired intangible assets	60	31
<b>Operating expenses</b>	<b>-1,399</b>	<b>695</b>

### WORKING CAPITAL

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

SEK million	2022	2021
Current assets	5,319	3,652
Less: cash and cash equivalents	-322	-293
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,310	-1,258
<b>Working capital on the balance-sheet date</b>	<b>3,686</b>	<b>2,101</b>



Other

Five-year summary 113

EU Taxonomy 114

Bufab on the stock exchange 118

▶ Definitions of key figures 119

Information and addresses 122

**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 reported additional purchase considerations are included from the time when they are finally calculated and paid out. The key figure is defined below.

SEK million	2022	2021
Non-current interest-bearing liabilities	3,173	2,104
Current interest-bearing liabilities	911	192
Less: Cash and cash equivalents	-322	-293
Less: other interest-bearing receivables	-	-
<b>Net debt on balance-sheet date</b>	<b>3,762</b>	<b>2,003</b>

**ORGANIC GROWTH**

Because Bufab has operations in many countries with different currencies, it is essential to provide an understanding of the company's performance without currency effects when translating foreign subsidiaries. In addition, Bufab has an important strategic objective in carrying out value-generating acquisitions. For these reasons,

	2022				
	Group	North	West	East	UK/North America
Organic growth	12	7	13	11	21
Currency translation effects	5	2	5	5	13
Corporate acquisition/divestment	27	11	19	5	71
<b>Recognised growth</b>	<b>44</b>	<b>20</b>	<b>37</b>	<b>21</b>	<b>105</b>

	2021				
	Group	North	West	East	UK/North America
Organic growth	23	19	21	30	29
Currency translation effects	-3	-1	-3	-6	-4
Acquisitions	3	0	3	0	12
<b>Recognised growth</b>	<b>24</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>38</b>

**NET DEBT, ADJUSTED**

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

SEK million	2022	2021
Non-current interest-bearing liabilities	3,173	2,104
Current interest-bearing liabilities	911	192
Less: lease liabilities according to IFRS 16	-488	-382
Less: cash and cash equivalents	-322	-293
Less: other interest-bearing receivables	-	-
<b>Net debt on balance-sheet date</b>	<b>3,273</b>	<b>1,621</b>

growth is also recognised excluding currency effects when translating foreign subsidiaries and excluding acquired operations within the term Organic growth. This key figure is expressed in percentage points of last year's net sales.

**Other**

Five-year summary	113
EU Taxonomy	114
Bufab on the stock exchange	118
Definitions of key figures	119
▶ Information and addresses	122

# Information and addresses

**BUFAB**

Box 2266  
 SE-331 02, Värnamo, Sweden.  
 Visiting address: Stenfalksvägen 1,  
 Värnamo, Sweden  
 Phone: +46 370 69 69 00  
[www.bufabgroup.com](http://www.bufabgroup.com)

Bufab's Annual and Sustainability Report is published in Swedish and in an English translation. In the event of any discrepancies between the two versions, the Swedish version takes precedence.

**BUFAB**