

Interim report January – June 2021

Strong growth and highest operating profit ever

Second quarter of 2021

- Net sales increased by 40 percent to SEK 1,431 million (1,022). Organic growth was +44 percent and order intake was clearly higher than net sales
- Operating profit (EBITA) rose to SEK 185 million (92) and the operating margin to 12.9 percent (9.1)
- Operating cash flow amounted to SEK 76 million (116).
- Earnings per share increased by 156 percent to SEK 3.18 (1.24).
- Bufab again achieved its highest sales and operating profit ever for a single quarter
- The recruitment of a new President and CEO is proceeding as planned and is in its final stages. The Board of Directors has appointed Johan Lindqvist as acting CEO from 1 September 2021 until the permanent CEO has taken office.

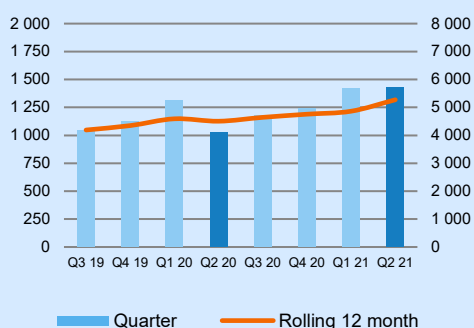
January – June 2021

- Net sales rose by 22 percent to SEK 2,854 million (2,337). Organic growth was +26 percent and order intake was clearly higher than net sales
- Operating profit (EBITA) increased to SEK 362 million (218) and the operating margin was 12.7 percent (9.3)
- Operating cash flow amounted to SEK 172 million (201)
- Earnings per share rose by 83 percent to SEK 6.49 (3.54)

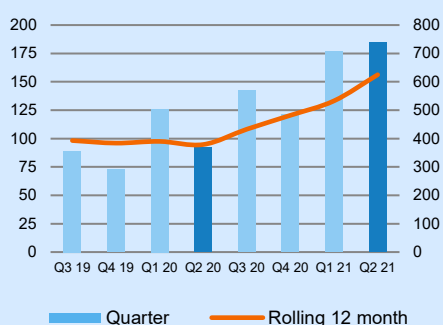
THE GROUP IN BRIEF (FOR DEFINITIONS, SEE PAGE 21)

	Quarter 2			Jan–June			12- months rolling	Full year
SEK million	2021	2020	%	2021	2020	%	2021/20	2020
Order intake	1,526	987	55	3,007	2,308	30	5,525	4,827
Net sales	1,431	1,022	40	2,854	2,337	22	5,273	4,756
Gross profit	393	258	52	790	609	30	1,433	1,252
%	27.4	25.2		27.7	26.1		27.2	26.3
Operating expenses	-208	-165	26	-428	-391	10	-809	-771
%	-14.5	-16.2		-15.0	-16.7		-15.3	-16.2
Operating profit (EBITA)	185	92	101	362	218	66	625	482
%	12.9	9.1		12.7	9.3		11.8	10.1
Operating profit	178	85	109	349	203	71	596	452
%	12.4	8.3		12.2	8.7		11.3	9.5
Profit after tax	124	46	170	243	132	84	410	299
Earnings per share, SEK	3.18	1.24	156	6.49	3.54	83	10.99	8.04

Net sales, SEK million



Operating profit (EBITA), SEK million



SALES GROWTH

40%

OPERATING MARGIN (EBITA)

12.9%

CEO's comments

The strong demand continued into the second quarter of 2021, and once again we reached an all-time-high sales and operating profit. The positive development should be seen against the backdrop of solid market demand, but also challenging market conditions.

The strong demand that returned at the end of 2020 increased further during the second quarter in all business units and all markets. Our customers, who during mid-2020 had reduced production rates and forecasts, were in many cases taken by surprise by the strength of demand since the end of 2020. This in turn led to a strong increase in the production pace and forecasts, as well as very low inventory levels throughout the supply chain. Naturally, this affected our team, which is now handling much higher volumes per person compared to a year ago. We see the same development in most industries but, of course, even more among customers whose demand has been positively impacted by the pandemic, such as customers making medical devices, kitchen and bathroom equipment and outdoor recreation. We have seen no indication of a slowdown, on the contrary, we have noted an order intake in the quarter that substantially exceeded net sales.

The strong demand resulted in a very good growth. Relative the week second quarter of 2020, organic growth was a full 44 percent, but the growth was also good relative 2019 and the first quarter of this year.

The high demand does create difficulties, in the form of a very constrained supply chain and increased prices of raw materials and transportation. The supply chain for the global manufacturing industry (and especially in Europe and North America) has struggled with serious bottlenecks for raw materials, component manufacturing and transportation. We have good insight into these problems due to our very broad customer base, which covers most geographies and industries. Bufab has never experienced a similar situation. These bottlenecks create uncertainty and additional work throughout the supply chain. Further, the imbalances in the supply chain have resulted in very strong price increases for raw materials and components, and even larger price increases for transportation.

Against this background, it is particularly gratifying that Bufab has succeeded in maintaining healthy

deliveries, a stable gross margin and a very low cost level. The entire industry was impacted by production disruptions during the quarter, but very seldom due to Bufab. We have, as everyone else, been affected by large price increases for components since the end of 2020 but have so far succeeded in offsetting these with price increases to customers.

Our strong focus on always helping our customers maintain production has caused a great deal of additional work throughout the organisation. Due to our underlying efficiency improvements and higher degree of digitalisation, we have managed these challenges with significantly fewer employees. Overall, we report a very good operating margin, which is partly driven by a very high capacity utilisation and partly by generally lower costs during the pandemic. The challenge going forward will be to meet the normalisation of the cost level with additional increased productivity and to maintain delivery precision despite bottlenecks, as well as implementing further significant price increases.

The good development creates confidence in the organisation, and we therefore continue our long-term investments, such as the further developing of our sales team and customer relations. Our market share continues to increase. We also have potential acquisitions in the pipeline, made possible by our strong balance sheet.

During the autumn, I will leave the CEO position after nearly ten years. Bufab is a great company with a fantastic business model and entrepreneurial spirit across the team of 1,300 "Solutionists." Our focus has been to create profitable growth in a sustainable manner and to continuously build a stronger company. This effort has produced good financial results: strong growth and an increase in operating profit by 17 percent per year. We have ambitious goals for profitable growth and increased sustainability moving forward. It is therefore a good time to hand over the helm to a successor, who can take Bufab to the next level.

Most of all, I am proud of the entire team at Bufab, who have done a fantastic job now as always. My warm thanks to all of you!

Jörgen Rosengren
President and CEO

The Group in brief

SECOND QUARTER

Order intake increased to SEK 1,526 million (987), which was clearly higher than net sales. Net sales rose by 40 per cent to SEK 1,431 million (1,022). Of the total growth of 40 percent, -4 percent was attributable to currency effects and a full +44 percent to organic growth.

The underlying demand was significantly higher in all segments than the weak demand in the comparative quarter in the wake of the coronavirus pandemic. But it was also higher than the same quarter in 2019 and the first quarter of 2021. The market share increased.

Gross margin rose to 27.4 per cent (25.2). The higher gross margin was primarily attributable to significantly higher volumes relative to the comparative quarter, but also to the fact that price increases for customers have to date offset increased prices for raw materials and freight. Compared with the first quarter of 2021, the gross margin declined somewhat.

The proportion of operating expenses declined to a very low 14.5 percent (16.2), mainly due to positive operational leverage on increased volumes and excellent cost control, despite major operational challenges that resulted in additional work and costs. The cost-savings programme that was completed at year-end continues to deliver strong results, and we also see positive effects of our long-term productivity work using, for example, digitalisation. As society in most markets begins to open up, the Group has again accelerated the pace of recruitment for the purpose of securing long-term growth. The number of employees increased somewhat during the quarter but remained significantly lower than in the preceding year.

During the quarter, segment UK/North America recognised government support in the form of a loan waiver. This support was recognised as other operating income and impacted the segment's operating profit positively by SEK +10 million for the quarter. In addition, segment North remeasured its provisions for additional purchase prices, due to the better-than-expected performance of the acquisition HT BENDIX. This had a negative impact on the segment's operating profit for the quarter of SEK -7 million.

Operating profit (EBITA) rose to SEK 185 million (92) equal to a margin of 12.7 percent (9.1).

Exchange-rate fluctuations impacted operating profit negatively by SEK -6 million, volumes positively by SEK +142 million, cost savings and the price/mix and other factors positively by SEK -36 million and acquisitions negatively by SEK -7 million.

Earnings per share rose by 156 percent to SEK 3.18 (1.24).

JANUARY – JUNE

Order intake was SEK 3,007 million (2,308), which was clearly higher than net sales. Net sales rose by 22 percent to SEK 2,854 million (2,337). Of the total growth of 22 percent, -4 percent was attributable to currency effects and +26 percent to organic growth.

Underlying demand was clearly higher and was observed in all of the Group's segments. The strong organic growth during the six-month period was mainly attributable to demand being significantly lower in the comparative period. However, positive organic growth was also noted relative to the first half of 2019. The market share increased.

Gross margin rose to 27.7 per cent (26.1). The higher gross margin was primarily attributable to significantly higher volumes relative to the comparative period, but also to purchasing savings in the first quarter of the year and the fact that price increases for customers have to date offset higher prices for raw materials and freight.

The proportion of operating expenses declined to a very low 15.0 percent (16.7), mainly due to positive operational leverage on increased volumes and excellent cost control.

In total, operating profit (EBITA) rose to SEK 362 million (218), equal to an operating margin of 12.7 percent (9.3).

Exchange-rate fluctuations impacted operating profit by SEK 17 million, volumes positively by SEK +197 million, cost savings and the price/mix/other negatively by SEK -23 million and acquisitions negatively by SEK -13 million.

Earnings per share rose by 83 percent to SEK 6.49 (3.54).

The Group in brief, continued

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK -14 million (-24) for the second quarter, of which exchange-rate differences accounted for SEK -5 million (-10).

During the six-month period, net financial items amounted to SEK -27 million (-30), of which exchange-rate differences accounted for SEK -2 million (+1). The Group's profit after financial items was SEK 165 million (61) for the quarter and SEK 322 (174) for the six-month period.

The improved net financial items compared with the preceding year was attributable to a lower debt/equity ratio, reduced interest rates and favourable exchange-rate differences relative to the comparative period.

The tax expense for the quarter was SEK -40 million (-15), implying an effective tax rate of 24 percent (25). The tax expense for the six-month period was SEK -79 million (-42), which implies an effective tax rate of 25 percent (24).

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

SEK million	Quarter 2		Jan-June	
	2021	2020	2021	2020
EBITDA, adjusted	198	103	385	239
Other non-cash items	7	-10	7	-8
Changes in working capital	-121	26	-209	-17
Cash flow from operations	84	119	183	214
Investments excluding acquisitions	-8	-3	-11	-13
Operating cash flow	76	116	172	201
Cash conversion ratio	38%	113%	45%	84%

Operating cash flow was significantly lower both during the quarter and during the first six months, primarily due to increased working capital, which was attributable in its entirety to the strong organic growth in the first six months, combined with the low inventory levels at the end of the preceding year.

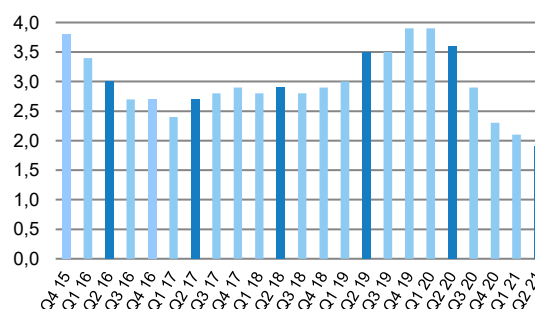
Average working capital in relation to net sales amounted to 29.6 percent (34.8). The level of

working capital is the lowest for many years and the improvement is mainly due to the robust increase in sales in the most recent four quarters, together with low inventory levels.

Adjusted net debt amounted to SEK 1,248 million (1,527). On 30 June 2021, the debt/equity ratio was 75 percent (102). The decrease in the adjusted net debt and the debt/equity ratio relative to the comparative quarter was attributable to strong cash flow in the most recent four quarters.

The performance measure ND/EBITDA, adjusted, was a multiple of 1.9 (3.6) at the end of the quarter, which was nearly half relative to the comparative quarter. In the past year, this performance measure improved particularly due to strong cash flow, as well as a strong improvement in operating profit.

Net debt / EBITDA, adjusted, multiple



Segment North

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

SECOND QUARTER

The segment's strong growth in the first quarter continued into the second quarter. Organic growth was +38 percent, mainly driven by a considerably weaker comparative quarter in the wake of the coronavirus pandemic, but also by slightly higher underlying demand compared with the first quarter of 2021. As in the first quarter, the trend was particularly strong in Denmark and in the segment's manufacturing companies. Order intake was significantly higher than net sales.

The gross margin for the quarter was significantly higher than in the comparative quarter, primarily due to higher volumes and because the segment succeeded in passing on increased raw material and freight prices to customers. However, the gross margin was somewhat lower than in the first quarter of 2021.

The proportion of operating expenses increased. The increase was primarily attributable to costs of SEK 7 million being charged to the quarter due to the remeasurement of additional purchase considerations attributable to the acquisition of HT BENDIX A/S, which performed better than expected, investments in continued growth, and the proportion of expenses in the comparative quarter being exceptionally low. However, the proportion of expenses was lower than in the first quarter of 2021.

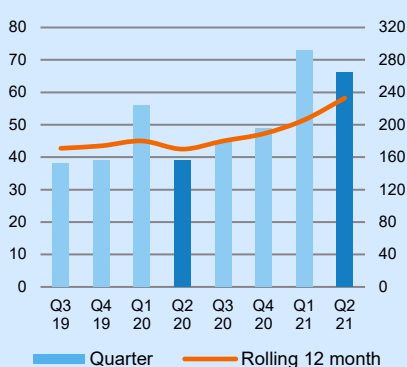
In total, operating profit and the operating margin increased significantly relative to the comparative quarter. During the summer and autumn, the focus will be on continuing to capture market shares and on managing the challenging supply situation in the market, which intensified during the second quarter, as well as passing on price increases for raw materials and freight to the customer.

	Quarter 2			Jan-June			Rolling 12 months	Full year
SEK million	2021	2020	%	2021	2020	%	2021/20	2020
Order intake	656	437	50	1,285	1,001	28	2,335	2,052
Net sales	608	448	36	1,208	1,001	21	2,211	2,005
Gross profit	154	94	64	312	231	35	546	465
%	25.2	20.9		25.9	23.1		24.7	23.2
Operating expenses	-88	-55	62	-173	-137	28	-313	-276
%	-14.4	-12.3		-14.4	-13.7		-14.2	-13.7
Operating profit (EBITA)	66	39	66	139	94	46	233	189
%	10.8	8.7		11.5	9.4		10.5	9.4

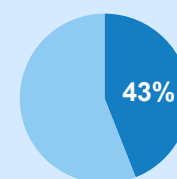
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

36%

OPERATING MARGIN (EBITA)

10.8%

Segment West

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

SECOND QUARTER

The segment had continued strong development in the second quarter. Organic growth was a full +56 percent, mainly driven by a weaker comparative quarter in the wake of the coronavirus pandemic, but also due to a somewhat higher underlying demand compared with the first quarter of 2021. The operations in the Netherlands had an especially strong performance. Order intake was clearly higher than net sales.

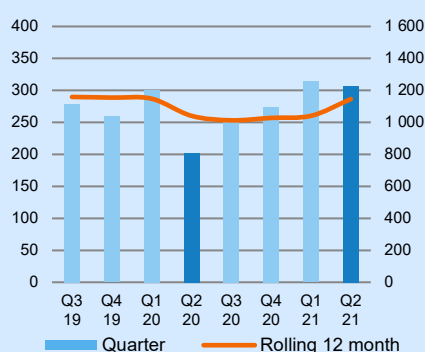
The gross margin for the quarter was higher than in the comparative quarter, primarily due to higher volumes, combined with successful work to pass on increased raw material and freight prices to customers. However, the gross margin declined somewhat relative to the first quarter.

The proportion of operating expenses declined due to good operational leverage, as well as positive contributions from restructuring and efficiency measures implemented within the framework of the global cost-savings programme.

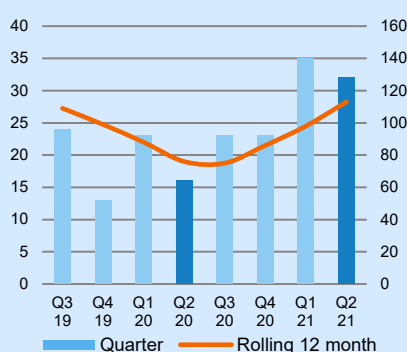
In total, operating profit nearly doubled, while the operating margin improved significantly relative to the comparative quarter. During the summer and autumn, the focus will be on continuing to capture market shares and on managing the challenging supply situation in the market, which intensified during the second quarter, as well as passing on price increases for raw materials and freight to the customer. The segment will also continue the work to restructure one of the larger companies, and with recruitment to key positions to meet the higher level of activity.

SEK million	Quarter 2			Jan-June			Rolling 12 months	Full year
	2021	2020	Δ %	2021	2020	Δ %	2021/20	2020
Order intake	325	188	73	643	487	32	1,203	1,047
Net sales	307	202	52	621	503	23	1,146	1,028
Gross profit	78	49	57	159	125	28	291	257
%	25.3	24.4		25.6	24.8		25.4	25.0
Operating expenses	-45	-33	37	-92	-85	8	-178	-171
%	-14.8	-16.4		-14.8	-17.0		-15.5	-16.7
Operating profit (EBITA)	32	16	98	67	39	71	113	86
%	10.5	7.9		10.8	7.8		9.9	8.3

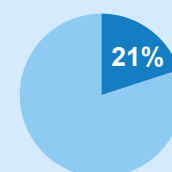
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

52%

OPERATING MARGIN (EBITA)

10.5%

Segment East

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

SECOND QUARTER

The segment reported strong development during the quarter. Organic growth was very high at 41 percent. The strong growth during the quarter was partly attributable to the segment's operations in Asia, which had a weak comparative quarter, since they were impacted early by the coronavirus pandemic. But growth was also due to most of the companies increasing their market shares and to favourable underlying demand in both Eastern Europe and Asia. The segment's customers who are active in, for example, medical devices, continue to perform strongly, since they are favoured by the pandemic. This also applies to the customers who benefit from the staycation trend. Order intake was clearly higher than net sales.

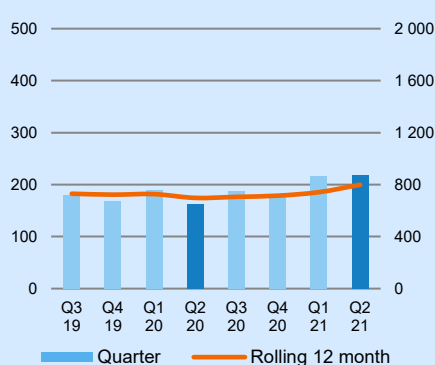
The gross margin during the quarter was lower than in the comparative quarter and the first quarter of 2021, primarily due to price pressure from a couple of the segment's major customers and to the inability to offset higher raw material and freight prices through customer price increases.

The proportion of operating expenses declined substantially. The low cost level is attributable to good operational leverage and excellent cost control, and the fact that the segment reversed provisions made in the fourth quarter of 2020.

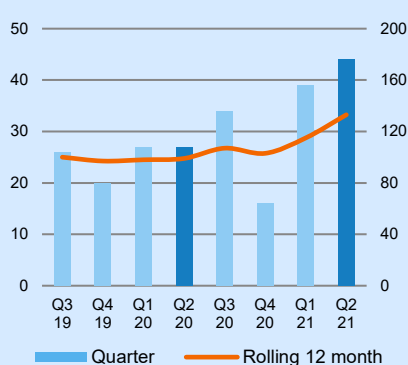
In total, both operating profit and the operating margin increased significantly relative to the comparative quarter. During the summer and autumn, the focus will be on continuing to capture market shares and on managing the challenging supply situation in the market, which accelerated during the second quarter, as well as intensifying the work to pass on price increases for raw material and freight to the customer. The long-term focus of the segment is to invest in further growth, for example, by strengthening the sales team additionally in Eastern Europe and Asia.

	Quarter 2			Jan-June			Rolling 12 months	Full year
SEK million	2021	2020	%	2021	2020	%	2021/20	2020
Order intake	236	165	43	470	354	33	841	725
Net sales	218	162	35	435	351	24	799	715
Gross profit	67	53	27	136	112	21	251	227
%	30.8	32.7		31.2	31.8		31.5	31.8
Operating expenses	-25	-26	-5	-54	-58	-8	-120	-125
%	-11.5	-16.0		-12.4	-16.5		-15.0	-17.4
Operating profit (EBITA)	42	27	59	82	53	53	131	103
%	19.3	16.7		18.8	15.1		16.4	14.4

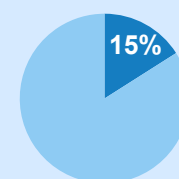
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

35%

OPERATING MARGIN (EBITA)

19.3%

Segment UK/North America

Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico.

SECOND QUARTER

Most companies in the segment reported continued strong demand during the second quarter. Organic growth was a full 50 percent Order intake was in line with net sales. The operations in North America continue to perform very strongly and benefit from the staycation trend, as noted by customers in the mobile home industry in the past year. The operations in the UK also noted strong demand during the quarter, primarily in the APEX subsidiary.

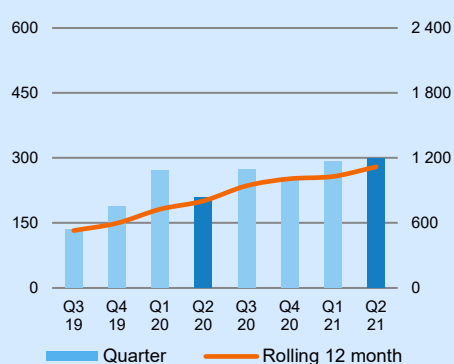
The higher gross margin is mainly attributable to considerably higher volumes relative to the comparative quarter.

The proportion of operating expenses declined substantially relative to the comparative quarter. The reduced proportion of operating expenses, in addition to good operational leverage on high volumes and continued successful work on the Group's cost-savings programme, is attributable to the US segment receiving the decision on the waiver of a government loan raised during the coronavirus pandemic. This reduced operating expenses and increased operating profit by SEK 10 million during the quarter.

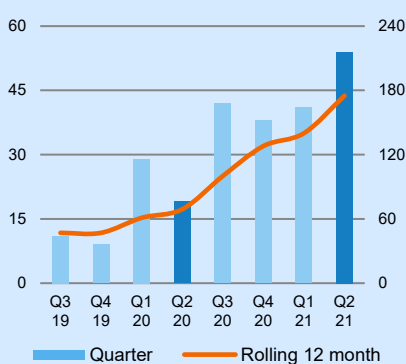
In total, both operating profit and the operating margin increased relative to a very weak comparative quarter. During the summer and autumn, the focus will be on continuing to capture market shares and on managing the continued very challenging supply situation in the market, which accelerated during the second quarter.

SEK million	Quarter 2			Jan-June			Rolling 12 months	Full year
	2021	2020	%	2021	2020	%	2021/20	2020
Order intake	309	197	57	610	465	31	1,147	1,002
Net sales	298	210	42	591	481	23	1,118	1,008
Gross profit	95	64	48	188	150	26	355	317
%	32.0	30.5		31.8	31.1		31.8	31.4
Operating expenses	-42	-45	-7	-93	-101	-8	-181	-189
%	-14.0	-21.4		-15.7	-21.0		-16.2	-18.7
Operating profit (EBITA)	54	19	184	95	49	94	175	128
%	18.0	9.1		16.0	10.1		15.6	12.7

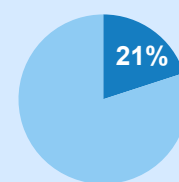
Net sales, SEK million



Operating profit (EBITA), SEK million



SHARE OF TOTAL SALES



SALES GROWTH

42%

OPERATING MARGIN (EBITA)

18.0%

Consolidated Income Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Net sales	1,431	1,022	2,854	2,337
Cost of goods sold	-1,039	-764	-2,064	-1,728
Gross profit	393	258	790	609
Distribution costs	-145	-137	-286	-298
Administrative expenses	-82	-69	-161	-147
Other operating income	27	58	43	71
Other operating expenses	-14	-24	-37	-33
Operating profit	178	85	349	203
<i>Profit/loss from financial items</i>				
Interest income and similar income items	0	1	1	1
Interest expenses and similar expenses	-14	-25	-27	-30
Profit after financial items	165	61	322	174
Tax on net profit for the period	-40	-15	-79	-42
Profit after tax	124	46	243	132

Statement of Comprehensive Income

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit after tax	124	46	243	132
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences / Currency hedging net after tax	-32	-65	20	-42
Other comprehensive income after tax	-32	-65	20	-42
Total comprehensive income	92	-19	263	89
Total comprehensive income attributable to:				
Parent Company shareholders	92	-19	263	89

Earnings per share

<i>SEK</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Earnings per share	3.18	1.24	6.49	3.54
Weighted number of shares outstanding before dilution, thousands	37,419	37,165	37,419	37,165
Diluted earnings per share, SEK	3.11	1.23	6.36	3.54
Weighted number of shares outstanding after dilution, thousands	38,155	37,442	38,155	37,304

Consolidated Balance Sheet

<i>SEK million</i>	<i>30 June 21</i>	<i>30 June 20</i>	<i>31 Dec 20</i>
ASSETS			
<i>Non-current assets</i>			
Intangible assets	1,914	2,005	1,893
Property, plant and equipment	547	581	548
Financial assets	38	33	37
Total non-current assets	2,499	2,619	2,478
<i>Current assets</i>			
Inventories	1,487	1,425	1,316
Current receivables	1,188	885	905
Cash and cash equivalents	256	246	292
Total current assets	2,931	2,556	2,513
Total assets	5,429	5,174	4,991
EQUITY AND LIABILITIES			
Equity	2,113	1,842	1,931
<i>Non-current liabilities</i>			
Non-current liabilities, interest-bearing	1,675	1,970	1,744
Non-current liabilities, non-interest-bearing	360	492	364
Total non-current liabilities	2,035	2,462	2,108
<i>Current liabilities</i>			
Current liabilities, interest-bearing	168	158	96
Current liabilities, non-interest-bearing	1,114	712	855
Total current liabilities	1,282	870	951
Total equity and liabilities	5,429	5,174	4,991

Consolidated Statement of Changes in Equity

<i>SEK million</i>	<i>30 June 21</i>	<i>30 June 20</i>
Equity at beginning of year	1,931	1,750
Comprehensive income		
Profit after tax	243	132
<i>Other comprehensive income</i>		
Items that may be reclassified in profit or loss		
Translation differences / Currency hedging net after tax	28	-43
Total comprehensive income	271	89
Transactions with shareholders		
Call option premium	4	3
Redemption call option programme	10	–
Dividends	-103	–
Total transactions with shareholders	-89	3
Equity at end of period	2,113	1,842

Consolidated Cash Flow Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Operating activities</i>				
Profit before financial items	177	85	347	203
Depreciation/amortisation and impairment	43	43	88	91
Interest and other finance income	0	1	0	1
Interest and other finance expenses	-13	-15	-27	-31
Other non-cash items	7	-9	14	-8
Income tax paid	-40	0	-76	-50
Cash flow from operating activities before changes in working capital	174	105	347	206
<i>Changes in working capital</i>				
Increase (-)/decrease (+) in inventories	-119	3	-176	37
Increase (-)/decrease (+) in operating receivables	-102	103	-302	-71
Increase (+)/decrease (-) in operating liabilities	100	-80	269	17
Cash flow from operating activities	53	131	138	189
<i>Investing activities</i>				
Acquisition of intangible assets	-2	0	-2	-15
Acquisition of property, plant and equipment	-6	-3	-9	0
Company acquisitions including additional purchase considerations	–	–	–	-13
Cash flow from investing activities	-8	-3	-11	-28
<i>Financing activities</i>				
Dividend paid	-103	–	-103	–
Call option premium	4	3	4	3
Redemption call option programme	10	–	10	–
Increase (+)/decrease (-) in borrowings	-58	-168	-81	-132
Cash flow from financing activities	130	-165	-169	-129
Cash flow for the period	-102	-37	-42	32
Cash and cash equivalents at beginning of period	358	291	292	216
Translation differences	0	-7	6	-2
Cash and cash equivalents at end of period	256	246	256	246

The Group's segment reporting

<i>SEK million</i>	2019				2020			2021	
North	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	454	451	507	554	448	470	533	599	608
Gross profit	121	111	124	137	94	110	124	159	154
%	26.7	24.6	24.4	24.8	20.9	23.5	23.2	26.5	25.2
Operating expenses	-74	-73	-85	-82	-55	-65	-75	-86	-88
%	-16.2	-16.2	-16.7	-14.8	-12.3	-13.8	-14.0	-14.4	-14.4
Operating profit (EBITA)	48	38	39	56	39	45	49	73	66
%	10.5	8.4	7.7	10.1	8.7	9.7	9.2	12.2	10.8

<i>SEK million</i>	2019				2020			2021	
West	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	309	279	259	301	202	251	274	314	307
Gross profit	83	74	65	75	49	63	69	82	78
%	26.8	26.7	24.9	25.2	24.4	25.0	25.3	26.1	25.3
Operating expenses	-55	-50	-52	-52	-33	-40	-46	-47	-45
%	-17.7	-17.9	-20.1	-17.4	-16.4	-15.9	-16.7	-15.0	-14.8
Operating profit (EBITA)	28	24	13	23	16	23	23	35	32
%	9.1	8.8	4.8	7.7	7.9	9.1	8.4	11.1	10.5

<i>SEK million</i>	2019				2020			2021	
East	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	191	179	168	189	162	187	177	216	218
Gross profit	61	57	55	59	53	60	56	68	67
%	31.9	31.8	32.5	31.0	32.7	32.0	31.5	31.5	30.8
Operating expenses	-35	-31	-35	-32	-26	-26	-40	-29	-25
%	-18.3	-17.3	-20.8	-17.0	-16.0	-13.9	-22.6	-13.4	-11.5
Operating profit (EBITA)	25	26	20	27	27	34	16	39	42
%	13.1	14.5	11.7	14.1	16.7	18.1	9.0	18.1	19.3

<i>SEK million</i>	2019				2020			2021	
UK/North America	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	134	134	188	272	210	273	254	293	298
Gross profit	42	42	56	85	64	88	79	93	95
%	31.3	31.5	29.6	31.4	30.5	32.3	31.1	31.7	32.0
Operating expenses	-30	-31	-47	-56	-45	-46	-42	-52	-42
%	-22.4	-23.2	-24.8	-20.6	-21.4	-16.9	-16.5	-17.7	-14.0
Operating profit (EBITA)	12	11	9	29	19	42	38	41	54
%	8.9	8.3	4.7	10.8	9.1	15.4	14.8	14.0	18.0

<i>SEK million</i>	2019				2020			2021	
Other	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	2	2	2	2	1	0	0	1	0
Gross profit	-4	-5	-2	-5	-3	-1	-5	-5	-1
Operating expenses	-6	-6	-6	-2	-6	-1	0	-6	-8
Operating profit (EBITA)	-10	-11	-8	-7	-8	-2	-5	-11	-9

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

<i>SEK million</i>	2019				2020			2021	
Group	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	1,089	1,044	1,124	1,316	1,022	1,181	1,238	1,423	1,431
Gross profit	303	279	297	351	258	320	323	397	393
%	27.8	26.7	26.4	26.7	25.2	27.1	26.1	27.9	27.4
Operating expenses	-200	-191	-224	-226	-165	-178	-202	-220	-208
%	-18.4	-18.3	-19.9	-17.2	-16.2	-15.0	-16.3	-15.5	-14.5
Operating profit (EBITA)	103	89	73	126	92	142	121	177	185
%	9.5	8.5	6.5	9.5	9.1	12.1	9.8	12.4	12.9

Consolidated Key Figures

For definitions, see page 21

	Quarter 2			Jan-June		
	2021	2020	Δ	2021	2020	Δ
Order intake, SEK million	1,526	987	55	3,007	2,308	30
Net sales, SEK million	1,431	1,022	40	2,854	2,337	22
Gross profit, SEK million	393	258	52	790	609	30
EBITDA, SEK million	221	130	70	436	294	48
EBITDA, adjusted, SEK million	198	103	92	385	239	61
Operating profit (EBITA), SEK million	185	92	93	362	218	66
Operating profit, SEK million	178	85	109	348	203	71
Profit after tax, SEK million	124	46	168	242	132	84
Gross margin, %	27.4	25.2		27.7	26.1	
Operating margin (EBITA), %	12.9	9.1		12.7	9.3	
Operating margin, %	12.4	8.3		12.2	8.7	
Net margin, %	8.7	4.5		8.5	5.6	
Net debt, SEK million	1,587	1,882	-16			
Net debt, SEK million, adjusted	1,248	1,527	-18			
Debt/equity ratio, %	75	102	-27			
Net debt / EBITDA, adjusted, multiple ⁽¹⁾	1.9	3.6				
Working capital, SEK million	1,662	1,536	2			
Average working capital, SEK million	1,557	1,637	-5			
Average working capital in relation to net sales, %	29.6	34.8				
Equity/assets ratio, %	39	36				
Operating cash flow, SEK million	76	116	-20	172	201	-4
Earnings per share, SEK	3.18	1.24	156	6.49	3.54	83

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

Parent Company Income Statement

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan-June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Administrative expenses	-6	-4	-11	-8
Other operating income	2	1	5	3
Operating loss	-4	-3	-6	-5
<i>Profit/loss from financial items</i>				
Interest expenses and similar expenses	150	-	150	-
Earnings from shares in Group companies	0	-	0	-
Profit/loss after financial items	146	-3	144	-5
Appropriations	-	-	-	-
Tax on net profit for the period	-	-	-	-
Profit/loss after tax	146	-3	144	-5
Other comprehensive income	-	-	-	-
Total comprehensive income	146	-3	144	-5

Parent Company Balance Sheet

<i>SEK million</i>	<i>30 June 21</i>	<i>30 June 20</i>	<i>31 Dec 20</i>
ASSETS			
<i>Non-current assets</i>			
<i>Financial assets</i>			
Participations in Group companies	845	845	845
Total non-current assets	845	845	845
<i>Current assets</i>			
Receivables from Group companies	110	59	61
Other current receivables	52	41	46
Cash and cash equivalents	–	–	–
Total current assets	162	100	107
Total assets	1,007	945	952
EQUITY AND LIABILITIES			
Equity	907	829	851
Untaxed reserves	81	100	81
<i>Non-current interest-bearing liabilities</i>			
Other non-current liabilities	–	–	–
Total non-current liabilities	0	0	0
<i>Current non-interest-bearing liabilities</i>			
Other current liabilities	19	16	20
Total current liabilities	19	16	20
Total equity and liabilities	1,007	945	952

Other information

ACCOUNTING POLICIES

This interim report has been prepared pursuant to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and the Swedish Financial Reporting Board's recommendation RFR 2. The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2020 Annual Report. The 2020 Annual Report is available at www.bufab.com.

RISKS AND RISK MANAGEMENT

Exposure to risk 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 main risks to which the Group is exposed relate to the impact of the economy on demand. For further information regarding risks and risk management, see Note 3 of the 2020 Annual Report.

SEASONAL VARIATIONS

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

RELATED-PARTY TRANSACTIONS

During the second quarter, senior executives subscribed for call options within the framework of the long-term share-based incentive programme adopted at the Annual General Meeting under the terms outlined in more detail below.

LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

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

period, a total of 90,070 call options were subscribed for.

To encourage participation in the programme, the Board of Directors has resolved on a subsidy in the form of gross salary additions to participants, which may correspond to not more than the price paid for the call options. Payment of the subsidy will occur in June 2024 and requires that participants remain at that date in their positions or in another corresponding position of employment within the Bufab Group.

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 to transfer a maximum of 350,000 of the repurchased shares to the participants of the programme. No shares were repurchased during the interim period.

ACQUISITIONS

Acquisitions made during 2019-2021.

	Date	Net sales, SEK million*	Employees
HT BENDIX A/S	16 July 2019	500	80
American Bolt & Screw Corp.	6 November 2019	500	90

*Estimated annual net sales at the date of acquisition

SIGNIFICANT EVENTS DURING THE PERIOD

Bufab joins the Science Based Targets initiative

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

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

New financial targets

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

Profitable growth

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

Profitability

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

Dividend

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

Financial stability

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

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

ORGANISATION

The Board of Directors has decided to appoint Johan Lindqvist as Acting President and CEO

On July 12, 2021, the Board of Directors appointed Johan Lindqvist as acting President and CEO of Bufab from 1/9 2021 until a permanent President and CEO takes office. The recruitment process proceeds according to plan and is in its final stages.

Jörgen Rosengren, who, after nine years at Bufab, has decided to leave his position and move on to a similar role in a different industry is at Company's disposal until the end of September.

EMPLOYEES

The number of employees in the Group at 30 June 2021 amounted to 1,310 (1,369).

CONTINGENT LIABILITIES

There were no significant changes to the company's contingent liabilities during the interim period.

AUDIT REVIEW

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

FINANCIAL REPORTING DATES

Interim report Q3, 2021

27 October 2021

Year-end report 2021

10 February 2022

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

Värnamo, 13 July 2021

Bufab AB (publ)

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

Jörgen Rosengren
President and CEO

Definitions of key figures

Gross margin, %

Gross profit as a percentage of net sales for the period

EBITDA

Operating profit before depreciation, amortisation and impairment

EBITDA, adjusted

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

Operating profit (EBITA)

Gross profit less operating expenses.

Net debt, adjusted

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

Debt/equity ratio, %

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

Net debt / EBITDA, adjusted, multiple

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

Operating expenses

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

Working capital

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

Average working capital

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

Average working capital in relation to net sales, %

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

Equity/assets ratio, %

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

Operating cash flow

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

Earnings per share

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

Performance measures not defined in accordance with IFRS

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

Organic growth

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

2021, percentage points	Quarter 2				
	Group	North	West	East	UK/North America
Organic growth	44	38	56	41	50
Currency translation effects	-4	-2	-4	-6	-8
Acquisitions	-	-	-	-	-
Recognised growth	40	36	52	35	42

2021, percentage points	Jan-June				
	Group	North	West	East	UK/North America
Organic growth	26	22	28	33	32
Currency translation effects	-4	-2	-4	-9	-9
Acquisitions	-	-	-	-	-
Recognised growth	22	20	24	24	23

Operating cash flow

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

SEK million	Quarter 2		Jan-Jun	
	2021	2020	2021	2020
EBITDA, adjusted	198	103	385	239
Other non-cash items	7	-10	7	-8
Changes in inventory	-119	3	-176	37
Changes in operating receivables	-102	103	-302	-71
Changes in operating liabilities	100	-80	269	17
Cash flow from operations	84	119	183	214
Investments excluding acquisitions	-8	-3	-11	-13
Operating cash flow	76	116	172	201

EBITDA

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	2021	2020	2021	2020
Operating profit	178	85	348	203
Depreciation/amortisation and impairment	43	45	88	91
EBITDA	221	130	436	294

EBITDA, adjusted

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–June</i>	
	2021	2020	2021	2020
Operating profit	178	85	348	203
Depreciation/amortisation and impairment	43	45	88	91
Less: amortisation on right-of-use assets according to IFRS 16	-22	-24	-45	-49
Less: interest expenses on lease liabilities according to IFRS 16	-2	-3	-5	-6
EBITDA, adjusted	198	103	385	239

EBITA

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2021	2020	2021	2020
Operating profit	178	85	348	203
Depreciation and amortisation of acquired intangible assets	7	8	14	15
EBITA	185	92	362	218

Operating expenses

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

<i>SEK million</i>	<i>Quarter 2</i>		<i>Jan–Jun</i>	
	2021	2020	2021	2020
Distribution costs	-145	-137	-286	-298
Administrative expenses	-82	-68	-161	-146
Other operating income	27	57	43	71
Other operating expenses	-14	-24	-37	-33
Depreciation and amortisation of acquired intangible assets	7	8	14	15
Operating expenses	-208	-165	-427	-391

Working capital

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	2021	2020
Current assets	2,931	2,556
Less: cash and cash equivalents	-256	-246
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	1,013	-712
Working capital on the balance-sheet date	1,662	1,597

Net debt

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	2021	2020
Non-current interest-bearing liabilities	1,675	1,970
Current interest-bearing liabilities	168	158
Less: cash and cash equivalents	-256	-246
Less: other interest-bearing receivables	0	0
Net debt on balance-sheet date	1,587	1,882

Net debt, adjusted

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

<i>SEK million</i>	<i>30 Jun</i>	<i>30 Jun</i>
	2021	2020
Non-current interest-bearing liabilities	1,675	1,970
Current interest-bearing liabilities	168	158
Less: lease liabilities according to IFRS 16	-339	-355
Less: cash and cash equivalents	-256	-246
Less: other interest-bearing receivables	0	0
Net debt, adjusted, on the balance-sheet date	1,248	1,527

CONFERENCE CALL

A conference call will be held on 13 July 2021 at 8:00 a.m. CET. Jörgen Rosengren, President and CEO, and Marcus Söderberg, CFO, will present the results. The conference call will be held in English.

To participate in the conference, use any of the following dial-in numbers: Standard Intl. +44 (0) 2071 928000, UK 08 445 718 892, Sweden 08 506 921 80 or the US 1 631 510 74 95. Conference code: 4178014.

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



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This information is such that Bufab AB (publ) is obliged to disclose in accordance with the EU's Market Abuse Regulation. The information was submitted for publication by the aforementioned contacts on 13 July 2021 at 7:00 a.m. CEST.

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About Bufab

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

Bufab was founded in 1977 in Småland and is an international company with operations in 28 countries. The head office is located in Värnamo, Sweden, and Bufab has about 1,300 employees. Bufab's net sales for the past 12 months amounted to SEK 5.3 billion and the operating margin was 11.8 percent. The Bufab share is listed on Nasdaq Stockholm, under the ticker "BUFAB". Please visit www.bufab.com for more information.