



Discovering the next solution

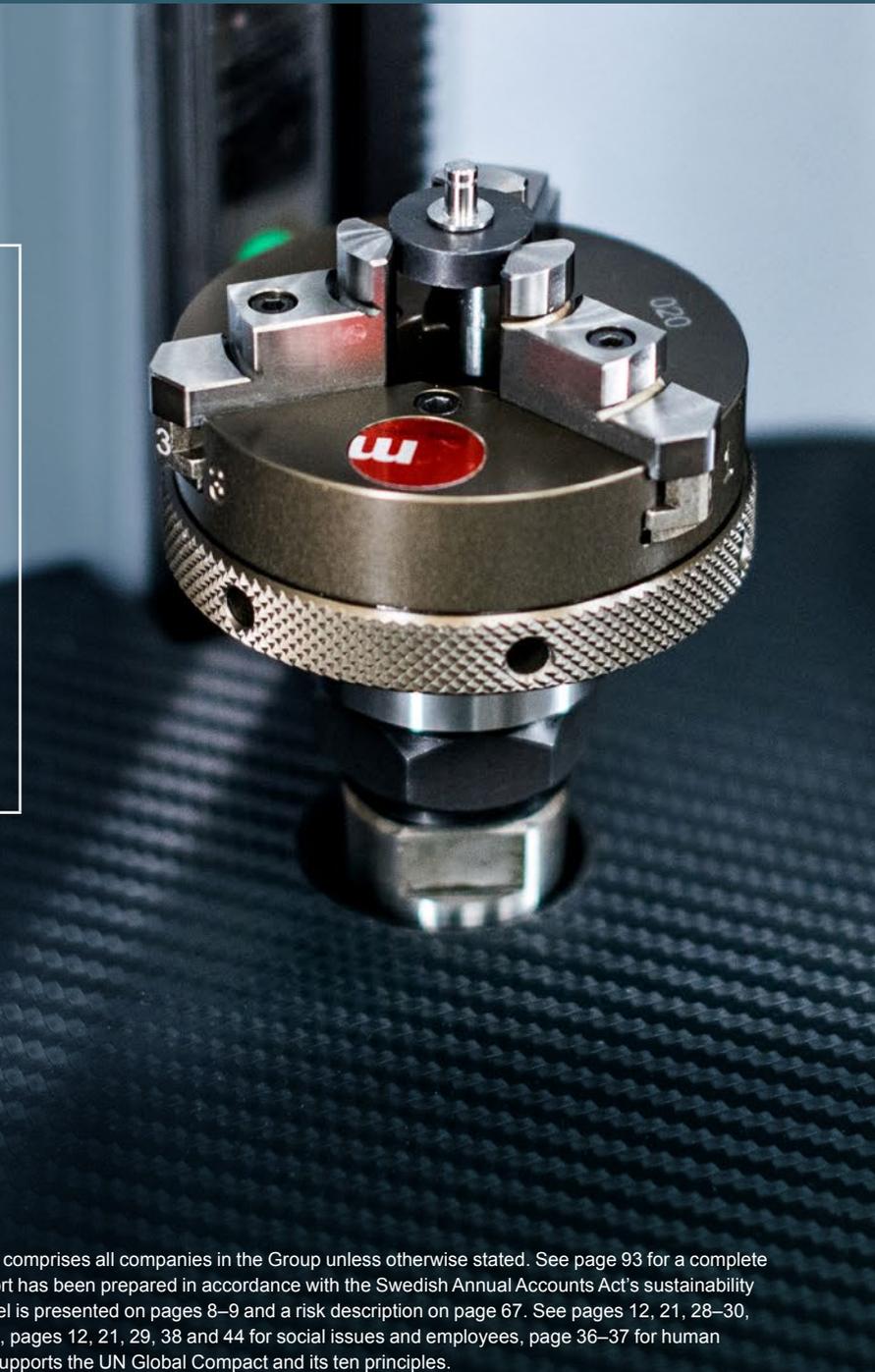


Annual and Sustainability Report 2023

BUFAB

Contents

<p>Operations</p> <ul style="list-style-type: none"> 4 Bufab in brief 5 The year in brief 6 Message from the CEO 8 Bufab's operations 11 Targets and outcome 13 Bufab as an investment 14 Market trends 	<p>Strategy</p> <ul style="list-style-type: none"> 17 Value creation 18 Strategic focus areas 24 Acquisitions 	<p>Sustainability</p> <ul style="list-style-type: none"> 27 Sustainable alignment 29 Sustainable development 31 Materiality 35 Our obligations 41 Sustainability Report 46 Ecovadis 47 Auditor's report on the statutory sustainability report 	<p>Board of Directors' Report</p> <ul style="list-style-type: none"> 49 Board of Directors' Report
<p>Financial Statements</p> <ul style="list-style-type: none"> 58 Consolidated financial statements 63 Notes to the consolidated financial statements 87 Parent Company financial statements 91 Notes to Parent Company financial statements 96 Auditor's Report 	<p>Corporate Governance Report</p> <ul style="list-style-type: none"> 101 Corporate Governance Report 107 Board of Directors 108 Group Management 	<p>Other</p> <ul style="list-style-type: none"> 110 Five-year summary 111 EU taxonomy 115 Bufab on the stock exchange 116 Definitions 119 Information and addresses 	<p>About this report</p> <p>Bufab's Annual and Sustainability Report 2023 comprises all companies in the Group unless otherwise stated. See page 93 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 8–9 and a risk description on page 67. See pages 12, 21, 28–30, 34–35 and 41–43 for environmental disclosures, pages 12, 21, 29, 38 and 44 for social issues and employees, page 36–37 for human rights, and page 45 for anti-corruption. Bufab supports the UN Global Compact and its ten principles.</p>





Operations

Operations

► **Bufab in brief**

The year in brief

Message from the CEO

Bufab's operations

Targets and outcome

Bufab as an investment

Market trends

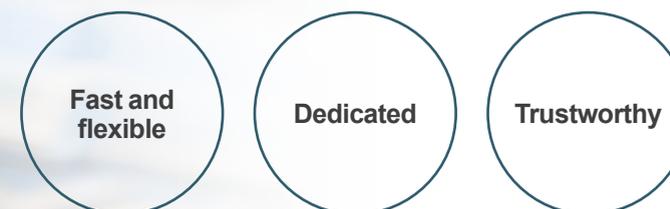


We provide our customers with peace of mind

Bufab is a leading global supplier of C-parts and technical components. The core of our customer value is taking over the responsibility from sourcing to sustainability, quality, and supply security so that customers can focus on their core business. Our customers choose us because we give them peace of mind throughout the entire value chain.

During the eventful 2023, we further developed our strategy to create even more value for existing and new customers in their increasingly complex value chains. Focus is on creating value based on the customer's existing situation and future opportunities through solutions that increase their competitiveness and reduces their total cost. For Bufab, this means more satisfied customers and profitable growth.

Our values



VISION

To become the leading player in the industry.

MISSION

We give our customers peace of mind by creating sustainable and outstanding value.

Operations

Bufab in brief

► The year in brief

Message from the CEO

Bufab's operations

Targets and outcome

Bufab as an investment

Market trends

The year in brief

- Net sales increased by 3 percent. Organically, sales decreased by 6 percent, negatively impacted by strong comparative figures and lower demand in certain industrial segments. Order intake for the Group was somewhat lower than net sales.
- Adjusted operating profit (EBITA) amounted to SEK 1,121 million, corresponding to an operating margin of 12.9 percent.
- Operating cash flow improved significantly compared with the preceding year and amounted to SEK 1,602 million, as a result of a robust improvement of the working capital.
- At the Capital Markets Day in December, Bufab presented the updated strategy, with a focus on creating even more value for existing and new customers in their increasingly complex value chains.
- As part of the strategy, the profitability target for the operating margin (EBITA) was raised from 12 to 14 percent and a strategic review was initiated of Bufab Lann AB and Hallborn Metall AB, Bufab's manufacturing companies.
- The work to integrate sustainability throughout our operation continued during the year. The customer offering for sustainability has been expanded and the sustainability efforts have been strengthened to prepare for compliance with the EU's new legal requirements under the Corporate Sustainability Reporting Directive (CSRD).



Key figures

SEK million	2023	2022	Change, %
Order intake	8,602	8,453	2
Net sales	8,680	8,431	3
Gross profit	2,494	2,389	4
Gross margin (%)	28.7	28.3	
Operating expenses	-1,451	-1,399	4
Share of net sales (%)	-16.7	-16.6	
Operating profit (EBITA)	1,043	990	5
Operating margin EBITA (%)	12.0	11.7	
Operating profit (EBITA), adjusted	1,121	1,084	3
Operating margin EBITA, (%) adjusted	12.9	12.9	
Operating profit	974	930	5
Operating margin (%)	11.2	11.0	
Profit after tax	574	609	-6
Earnings per share, SEK	15.17	16.23	-7
Dividend per share, SEK	5.00*	4.75	
Operating cash flow	1,602	99	

*Proposed by the Board of Directors.



From left, Jorge Albert Pena (Procurement Director, Schneider Electric), Véronique Garrigos (Manager Strategic Accounts, BUFAB Group) and Stephanie Dofs (BU West Operations & Quality Director, Bufab France).

Quality Award from Schneider Electric

In June 2023, Schneider Electric held a ceremony to recognise its partners who had especially contributed to achieving their targets in the areas of sustainable growth and improvement. Out of more than 13,000 suppliers in Europe, Bufab received the Quality Award for its contribution to continuous improvements and good quality results over the past two years, whilst also acting in a very complex supply chain.

SUSTAINABILITY AWARDS

Bufab has received several sustainability awards and is included in several prestigious indices.



Operations

Bufab in brief

The year in brief

► **Message from the CEO**

Bufab's operations

Targets and outcome

Bufab as an investment

Market trends

Message from the CEO

For the full-year of 2023, Bufab delivered its highest sales and operating profit to date. During the year, we worked purposefully on the implementation of our new strategy, with higher value creation for our customers, an improved customer and product mix, and more efficient management of our working capital yielding results. We also delivered our highest operating margin and strongest cash flow to date, demonstrating our resilience even in more challenging market conditions.

I am pleased to say that 2023 was another good year for Bufab. We reported a strong result, despite lower demand during the year. Net sales increased by 3 percent. Organically, sales decreased by 6 percent, negatively impacted by strong comparative figures and challenging market conditions, particularly in segment East and UK/North America. Order intake was slightly lower than last year but was still at a high level.

Adjusted for the remeasurement of additional purchase considerations, the operating margin (EBITA adjusted) was 12.9 percent (12.9), which we are very satisfied with. Segment West, in particular, contributed to operating profit, while segment East had a weaker development.

We delivered our strongest cash flow to date, thanks to a strong improvement in working capital. Our objective is to gradually reduce the Net debt/EBITDA ratio, which by the end of the year amounted to 2.6 (3.2).

Recently, we have noted an increase in M&A activity and our strengthened financial position provides scope for acquisitions moving forward. We believe that a significant part 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 with the ability to guarantee sustainability throughout the supply chain.

At our Capital Markets Day in December, we presented Bufab's updated strategy, which focuses on profitable growth by creating even more value for current and new customers. In line with our new, more ambitious plans for Bufab, we announced that our profitability target is raised from 12 to 14 percent considering our strong offering, which is becoming increasingly relevant and generating greater value for our customers. We will also initiate a strategic review of Bufab's manufacturing companies, Bufab Lann AB and Hallborn Metall AB, given that we expect our trading business will be our core operation moving forward.

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Erik Lundén
President and CEO



Operations

Bufab in brief

The year in brief

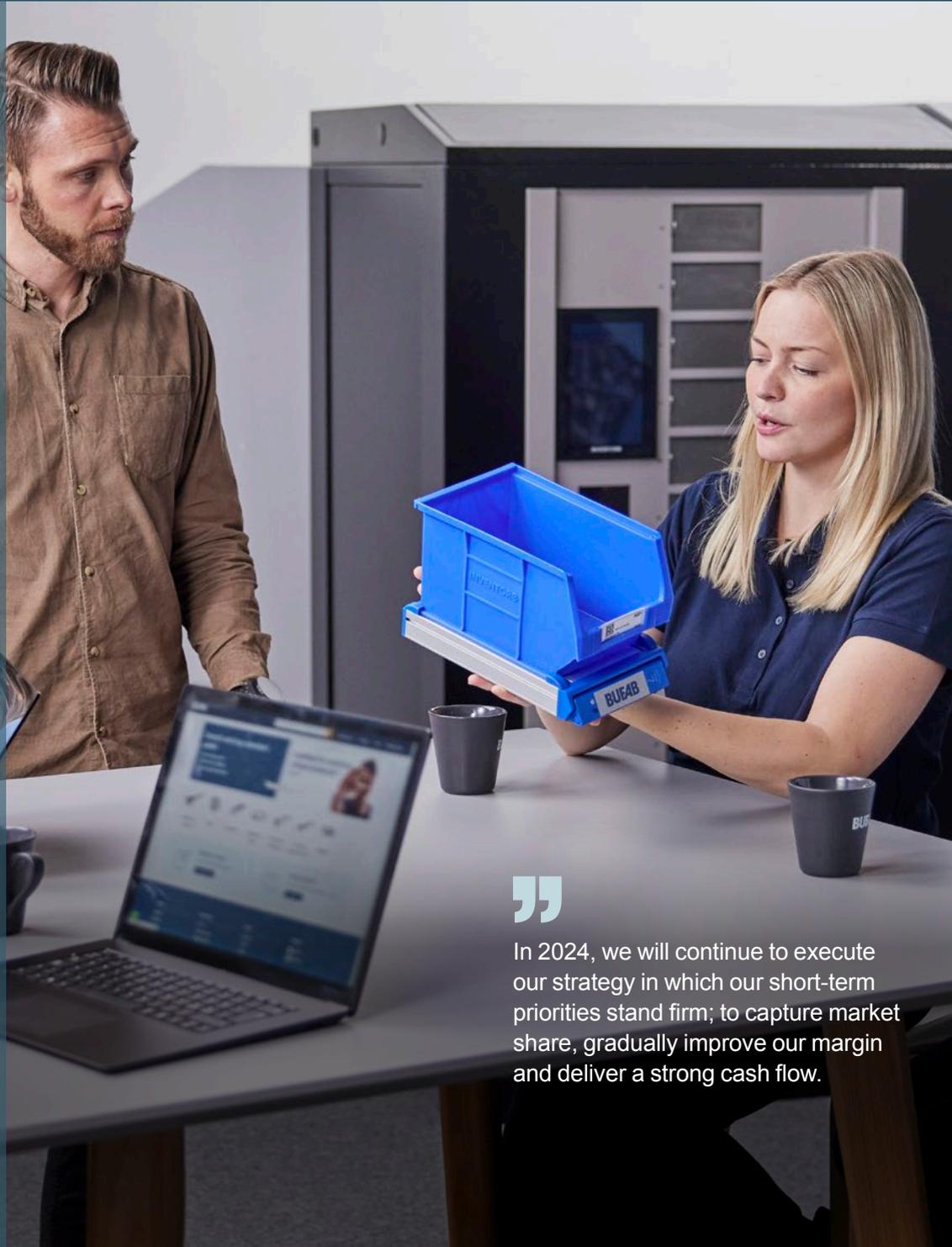
▶ Message from the CEO

Bufab's operations

Targets and outcome

Bufab as an investment

Market trends



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In 2024, we will continue to execute our strategy in which our short-term priorities stand firm; to capture market share, gradually improve our margin and deliver a strong cash flow.

We live in a time of great geopolitical uncertainty, impacting the market outlook and which in 2023 led to increased caution among our customers in certain industrial segments. We have, however, a well-diversified customer base and article portfolio, with a good spread of risk among various sectors and markets, and a strategy that is well-adapted for the future.

In addition, current market challenges have increased customers' willingness to reduce the number of C-part suppliers and, instead, work with a strong partner who can take overall responsibility and deliver a cost-effective, sustainable solution adapted to their specific needs. This creates excellent opportunities for Bufab to continue to grow faster than the market through the strong value we create for our customers.

Part of our new strategy is to continue to focus on leading the development of sustainability in our industry. We have a strong customer offering regarding sustainability well suited to the needs of both large and

small customers. We will continue to develop our customer offering with sustainability in mind and continue to integrate sustainability throughout our operations, with the goal of reaching net zero by 2050. We have also prepared for compliance with the EU's new legal requirements regarding the Corporate Sustainability Reporting Directive (CSRD).

In 2024, we will continue to execute our strategy in which our short-term priorities stand firm; to capture market share, gradually improve our margin and deliver a strong cash flow. Bufab is a more robust company today than it was at the start of 2023, and our offering to customers is becoming increasingly relevant.

Finally, I want to thank all our customers around the world for the trust they have shown us and to extend a big thank you to our 1,800 "solutionists" worldwide for their outstanding work in 2023.

Erik Lundén
President and CEO

Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- ▶ **Bufab's operations**
- Targets and outcome
- Bufab as an investment
- Market trends

Solutions that provide our customers with peace of mind

Bufab is a trading company that offers its customers sustainable comprehensive solutions for procurement, quality assurance, and logistics for C-parts and technical components.

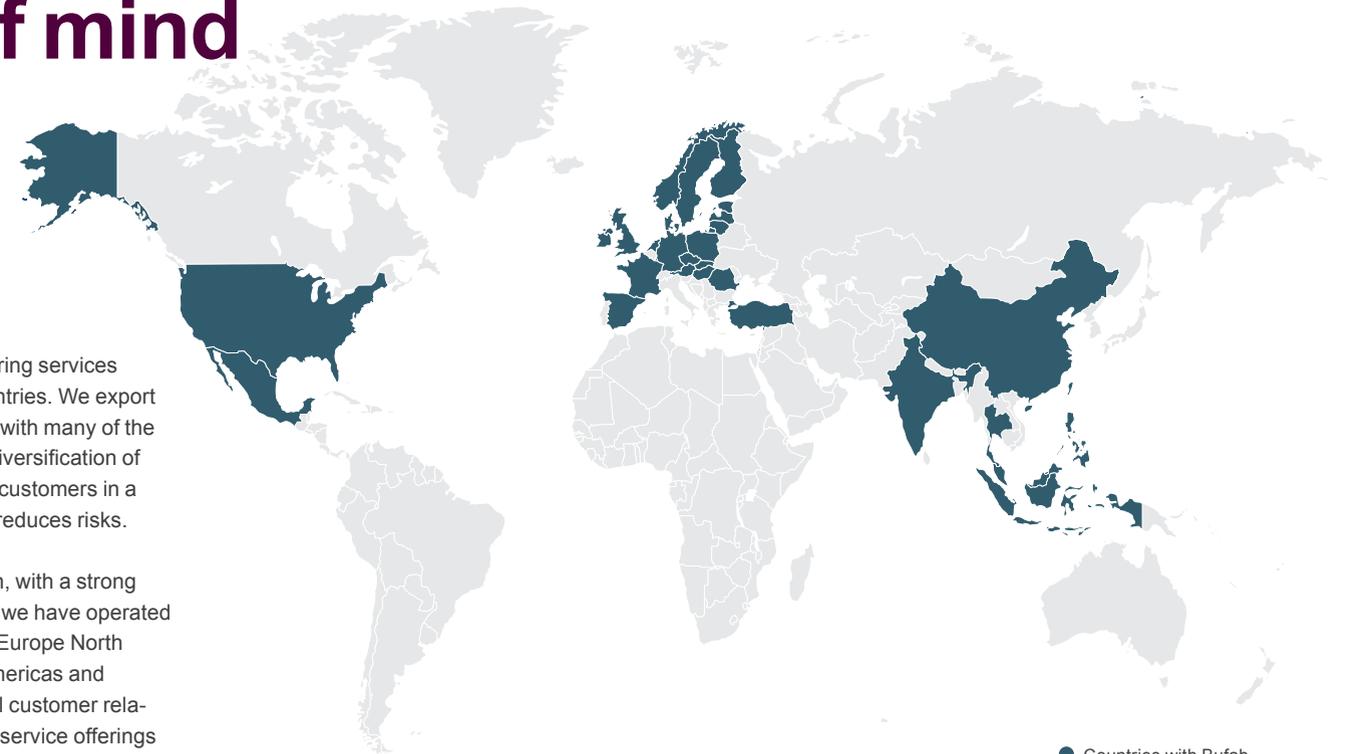
A GLOBAL SUPPLY CHAIN PARTNER

Bufab is a trading company with an established global network of suppliers. We purchase 175,000 unique items, primarily from Asia and Europe. We ensure quality and that customers receive products on time, in the right quantity, and in accordance with ethical and environmental requirements. In addition to trading activities, we also have our own manufacturing of certain technically demanding C-parts. Our customer base consists of approximately 18,000 customers of various sizes with different needs and purchasing behaviours. As a result, Bufab offers both flexible local solutions and global comprehensive solutions to international customers.

BUFAB'S GLOBAL PRESENCE

Bufab is an international company offering services through 47 sister companies in 28 countries. We export to additional countries and collaborate with many of the world's leading C-part suppliers. The diversification of our operations, with a large number of customers in a variety of industries and geographies, reduces risks.

Bufab has a decentralised organisation, with a strong local presence. Since 1 January 2024, we have operated according to a new regional structure: Europe North & East, Europe West, UK & Ireland, Americas and Asia-Pacific. The regions manage local customer relationships and offer similar product and service offerings of C-parts and technical components.



● Countries with Bufab operations

<p>1,800 Employees</p>	<p>28 Countries</p>	<p>18,000 Customers</p>	<p>175,000 Unique C-parts</p>
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Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- ▶ **Bufab's operations**
- Targets and outcome
- Bufab as an investment
- Market trends

A- and B-Parts

Characteristics of A- and B-Parts:

- High value
- Small product range
- Consolidated supplier base



C-Parts

Characteristics of C-Parts:

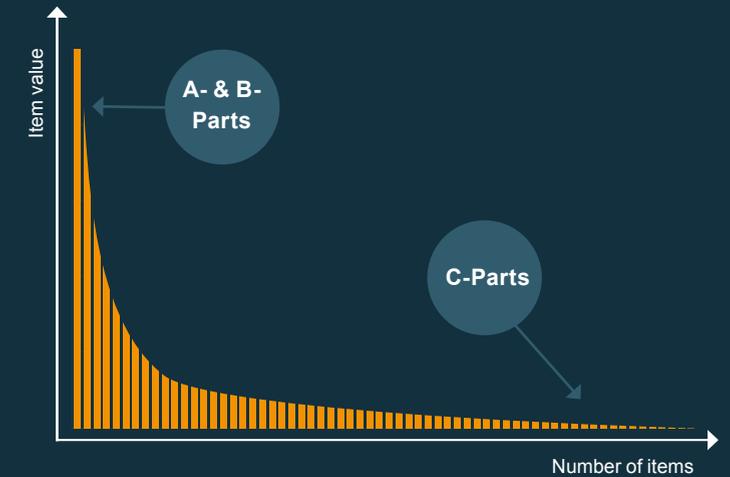
- Low value
- Wide product range
- Large volumes
- Fragmented supplier base

Definition of C-Parts:

The term C-parts is broad. It could be, for example, a fastener, a magnet or a customer-unique plastic or metal part. They can be turned, injection moulded, extruded, punched, forged, milled or cast. They are all components with a low value to the final product, yet just as important to manufacturing and function as A- and B-parts.



C-Parts – customer perspective



SMALL PARTS – BIG IMPACT

The manufacturing industry often classifies the components used in manufacturing into A-parts, B-parts, and C-parts. C-parts are the least strategically important components and account for a relatively small part of the customer's direct component costs. However, due to high volumes and a large number of suppliers, the indirect costs associated with handling C-parts are often higher than the direct costs.

Also, costs can be significant in the event of deficiencies in the quality and delivery precision of C-parts. Bufab's customer offering is an integrated, comprehensive solution for procurement, design, logistics and handling, warehousing, and quality assurance of C-parts globally and locally. Bufab continuously works to reduce the customer's total cost and provide our customers with peace of mind.



Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- **Bufab's operations**
- Targets and outcome
- Bufab as an investment
- Market trends

Contributing to Steelcase's ambitious climate goals

"Bufab not only contributes to Steelcase achieving its goals of reducing emissions among its suppliers, but they are also encouraging their own suppliers, in turn, to reduce their emissions." "This means that the effects are spreading throughout the supply chain and multiplying the impacts," says Averí Cumings, senior sustainability analyst at US-based workplace design Steelcase.

Founded in 1912 in Grand Rapids, Michigan, Steelcase is a global design and thought leader in the world of work. The business idea aims to help people perform at the top of their ability by creating places that work better. Steelcase is a listed company with 2023 sales of USD 3.2 billion and 12,000 employees and a global dealer network.

Ever since its inception, one of Steelcase's core values has been to protect the environment. The company has ambitious climate targets and in 2020 became the first in the business to achieve carbon neutrality for their own operations, the first to set science-based targets to reduce emissions from its operations by 50 percent, the first to establish emission reduction targets together with its suppliers and the first – and so far the only – to offer CarbonNeutral® certified products.



Photo credit: Steelcase

MOST EMISSIONS SCOPE 3

The company's leadership in the area of sustainability is mainly noticeable in three key areas of impact – reducing the carbon footprint, designing for circularity, and choosing and using materials responsibly.

– As most of our emissions are considered indirect, or Scope 3, we encourage and offer support to our suppliers to set their own science-based targets by 2025. During the two years that I have held this position, I have worked directly with Steelcase's selected suppliers globally to establish such targets," says Averí Cumings.

– I was both encouraged and happy that Bufab responded to the request from Steelcase and that the company introduced science-based targets, validated by the Science Based Targets initiative (SBTi), during



the year 2022. Bufab not only contributes to Steelcase achieving its goals of reducing emissions among its suppliers, but they are also encouraging their own suppliers, in turn, to reduce their emissions. This means that the effects are spreading throughout the supply chain and multiplying the impacts," she continues.

THOROUGH EVALUATION OF SUPPLIERS

Steelcase suppliers are expected to disclose how their products are chemically structured and offer additional information to clarify how the products affect the life cycle.

– Our sustainability team works closely with our global supplier teams to evaluate suppliers and analyses the potential impacts on people and the environment of the materials they use. In addition to having expectations of the materials and processes that make up their products, we also have expectations of their businesses. Our suppliers are expected to comply with the Steelcase Supplier Code of Conduct and local laws and regulations. They are also expected to reduce waste as well as increase the efficiency of material use over time.

– There is always more work to do, and our ambition is to make new progress every day. That's why our goals are science-based and our focus is to help reduce the worst impacts of climate change," says Averí Cumings.



FACTS STEELCASE:
Established: 1912
Head office & production: Grand Rapids, Michigan, USA
Number of employees: 12,000
Sales: USD 3.2 billion, approx. SEK 33.5 billion
Products: Furniture for offices, hospitals and classrooms
Markets: Global
Retailers: 770

Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- Bufab's operations
- ▶ **Targets and outcome**
- Bufab as an investment
- Market trends

Targets and outcome

In 2021, financial targets were set until 2025, where the financial target relating to profitability was set to be achieved by 2023 at the latest. In December 2023 Bufab's updated strategy was presented and we communicated that the profitability target will be raised from 12 to 14 percent. 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.

	Profitable growth		Profitability	Dividend policy	Financial stability																																																						
Target	10% Average annual increase of net sales	15% Earnings per share through both organic growth and acquisitions	12% Annual operating margin (EBITA) by 2023 at the latest	30–60% Dividend of annual net profit	2–3x Net debt in relation to operating profit before depreciation and amortisation																																																						
Outcome 2023	3%	-7%	12%	33%	2.6x																																																						
Comments	Net sales increased by 3 percent during 2023. Of the total growth, 5 percent came from currency effects, 4 percent from acquisitions and -6 percent from organic growth. Earnings per share decreased by 7 percent.		The operating margin was 12.0 percent in 2023. Adjusted for remeasurement of additional purchase considerations, the margin was 12.9 percent.	The Board of Directors has proposed to the 2024 Annual General Meeting a dividend of SEK 5.00 per share, corresponding to a dividend of 33 percent of net profit and an increase of SEK 0.25 per share.	Net debt/EBITDA, adjusted at the end of 2023, was 2.6. The key figure decreased by 0.6 in 2023. The improvement is mainly due to the strong cash flow, which contributed to a reduction of loans.																																																						
Five-year trend	<table border="1"> <caption>Five-year trend: Net sales growth and Earnings per share growth</caption> <thead> <tr> <th>Year</th> <th>Net sales growth (%)</th> <th>Earnings per share growth (%)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>15</td> <td>10</td> </tr> <tr> <td>2020</td> <td>10</td> <td>18</td> </tr> <tr> <td>2021</td> <td>22</td> <td>55</td> </tr> <tr> <td>2022</td> <td>42</td> <td>28</td> </tr> <tr> <td>2023</td> <td>3</td> <td>-7</td> </tr> </tbody> </table>		Year	Net sales growth (%)	Earnings per share growth (%)	2019	15	10	2020	10	18	2021	22	55	2022	42	28	2023	3	-7	<table border="1"> <caption>Five-year trend: EBITA margin</caption> <thead> <tr> <th>Year</th> <th>EBITA margin (%)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>8.5</td> </tr> <tr> <td>2020</td> <td>10</td> </tr> <tr> <td>2021</td> <td>11.5</td> </tr> <tr> <td>2022</td> <td>11.5</td> </tr> <tr> <td>2023</td> <td>12</td> </tr> </tbody> </table>	Year	EBITA margin (%)	2019	8.5	2020	10	2021	11.5	2022	11.5	2023	12	<table border="1"> <caption>Five-year trend: Dividend, percent of annual net profit</caption> <thead> <tr> <th>Year</th> <th>Dividend, percent of annual net profit (%)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>35</td> </tr> <tr> <td>2020</td> <td>30</td> </tr> <tr> <td>2021</td> <td>30</td> </tr> <tr> <td>2022</td> <td>30</td> </tr> <tr> <td>2023</td> <td>33</td> </tr> </tbody> </table>	Year	Dividend, percent of annual net profit (%)	2019	35	2020	30	2021	30	2022	30	2023	33	<table border="1"> <caption>Five-year trend: Net debt/EBITDA, Adjusted</caption> <thead> <tr> <th>Year</th> <th>Net debt/EBITDA, Adjusted</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>3.8</td> </tr> <tr> <td>2020</td> <td>2.2</td> </tr> <tr> <td>2021</td> <td>2.2</td> </tr> <tr> <td>2022</td> <td>3.0</td> </tr> <tr> <td>2023</td> <td>2.6</td> </tr> </tbody> </table>	Year	Net debt/EBITDA, Adjusted	2019	3.8	2020	2.2	2021	2.2	2022	3.0	2023	2.6
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Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- Bufab's operations
- ▶ **Targets and outcome**
- Bufab as an investment
- Market trends

Sustainability goals

	Carbon neutrality	Recycling rate	Conflict minerals	Capability audits	Logistics partners																																																										
Target	<p>100%</p> <p>Produce and/or procure 100 percent of our energy from carbon-neutral sources by 2030</p>	<p>90%</p> <p>Material recycling rate above 90 percent, reduce waste to landfill to 0 percent and total waste by 20 percent by 2030</p>	<p>100%</p> <p>100 percent of our suppliers are evaluated and screened in relation to conflict minerals</p>	<p>100%</p> <p>Capability audits performed for each approved supplier</p>	<p>Select logistics partners that have CSR goals aligned with Bufab's goals, to enable us to actively work towards lowering our emissions</p>																																																										
Outcome 2023	<p>66%</p>	<p>94%</p>	<p>100%</p>	<p>100%</p>																																																											
Comments	<p>In 2023, we remained at the same share of renewable energy but reduced total consumption by 12% through energy efficiency projects.</p>	<p>The majority of the products we buy and sell are recyclable and adapted for circularity.</p>	<p>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>	<p>Prior to engaging a new supplier, we evaluate their code of conduct, compliance and how their capabilities meet the requirements of our customers.</p>	<p>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.</p>																																																										
Five-year trend	<table border="1"> <caption>Five-year trend: Energy consumption (MWh/MSEK)</caption> <thead> <tr> <th>Year</th> <th>Renewable</th> <th>Non-renewable</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>~10,000</td> <td>~5,000</td> <td>~15,000</td> </tr> <tr> <td>2020</td> <td>~10,500</td> <td>~4,500</td> <td>~15,000</td> </tr> <tr> <td>2021</td> <td>~11,000</td> <td>~4,000</td> <td>~15,000</td> </tr> <tr> <td>2022</td> <td>~11,500</td> <td>~3,500</td> <td>~15,000</td> </tr> <tr> <td>2023</td> <td>~12,000</td> <td>~3,000</td> <td>~15,000</td> </tr> </tbody> </table>	Year	Renewable	Non-renewable	Total	2019	~10,000	~5,000	~15,000	2020	~10,500	~4,500	~15,000	2021	~11,000	~4,000	~15,000	2022	~11,500	~3,500	~15,000	2023	~12,000	~3,000	~15,000	<table border="1"> <caption>Five-year trend: Recycling rate (%)</caption> <thead> <tr> <th>Year</th> <th>Recycling rate</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>~95%</td> </tr> <tr> <td>2022</td> <td>~94%</td> </tr> <tr> <td>2023</td> <td>~94%</td> </tr> <tr> <td>Target 2030</td> <td>90%</td> </tr> </tbody> </table>	Year	Recycling rate	2021	~95%	2022	~94%	2023	~94%	Target 2030	90%	<table border="1"> <caption>Five-year trend: Screening conflict minerals (%)</caption> <thead> <tr> <th>Year</th> <th>Screening conflict minerals</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>100%</td> </tr> <tr> <td>2020</td> <td>100%</td> </tr> <tr> <td>2021</td> <td>100%</td> </tr> <tr> <td>2022</td> <td>100%</td> </tr> <tr> <td>2023</td> <td>100%</td> </tr> </tbody> </table>	Year	Screening conflict minerals	2019	100%	2020	100%	2021	100%	2022	100%	2023	100%	<table border="1"> <caption>Five-year trend: Capability audits (%)</caption> <thead> <tr> <th>Year</th> <th>Capability audits</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>100%</td> </tr> <tr> <td>2020</td> <td>100%</td> </tr> <tr> <td>2021</td> <td>100%</td> </tr> <tr> <td>2022</td> <td>100%</td> </tr> <tr> <td>2023</td> <td>100%</td> </tr> </tbody> </table>	Year	Capability audits	2019	100%	2020	100%	2021	100%	2022	100%	2023	100%	
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Operations

- Bufab in brief
- The year in brief
- Message from the CEO
- Bufab's operations
- Targets and outcome
- **Bufab as an investment**
- Market trends

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.

Our 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.

16%
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

The year in brief

Message from the CEO

Bufab's operations

Targets and outcome

Bufab as an investment

▶ **Market trends**

Relevant player in a fast-moving market

The conditions for conducting global operations within C-parts are constantly changing. Another year of extraordinary events once again demonstrated the company's ability to follow, analyse, act proactively and adapt its operations to new conditions and market trends.

Significant demands are placed on global and local adaptation to new conditions to strengthen our competitiveness and create profitable growth. The geopolitical unrest and the unstable macroeconomic environment create considerable uncertainty about the future. Throughout the year, the supply chain remained volatile and challenging. However, these challenges increase customers' willingness to externally outsource their procurement processes, increasing opportunities for relevant companies like Bufab to gain market share.



Operations

Bufab in brief

The year in brief

Message from the CEO

Bufab's operations

Targets and outcome

Bufab as an investment

▶ Market trends

1

Increased complexity in the supply of goods

Everyone is affected by today's rapid changes regarding inflation, cost of capital, exchange rates, protectionism, trade barriers, restrictions, and wars.

BUFAB'S ACTIONS

Many companies are increasingly interested in streamlining, simplifying, and reducing risks in their procurement processes in challenging times. Geopolitical risks, wars, climate change, increased protectionism, and demand variations are some main factors affecting these processes. Companies with complex networks involving many smaller suppliers are particularly vulnerable.

Bufab actively and preventively mitigates the effects of unforeseen events, for example, by engaging alternative suppliers. Overall, many companies strive to replace a large number of smaller suppliers with fewer major suppliers like Bufab, which have both the strength and flexibility to adapt and meet customer needs. Bufab takes responsibility and relieves the customer.

2

Increased demands on sustainability

Both legislators and customers are gradually imposing greater demands, resulting in the need for increased knowledge, action, and documentation.

BUFAB'S ACTIONS

Climate change and awareness of the effects of carbon dioxide emissions have increased dramatically in recent years. More and more companies realize that they must ensure sustainability in every aspect of their operations to achieve long-term success.

The increased focus on C-parts has only just begun. Bufab has taken a leading position in sustainability within C-parts. This means integrating sustainability into both our internal processes and our external supply chains. Bufab contributes to C-part sustainability efforts, freeing up time for customers to focus on their more strategic components.

3

Increased focus on total cost

For low value C-parts, indirect costs can account for as much as 80 percent of the total cost before the item is used.

BUFAB'S ACTIONS

Total cost includes many other factors, such as quality assurance, meetings, travel, compliance with laws and regulations, administration, inventory, and transportation. Against the backdrop of the pandemic, wars, and restrictions, all the extra work with many suppliers has become evident as it's easy to "forget" and not evaluate internal costs.

The volume advantages of companies like Bufab compared to their customers are significant. This translates to increased demand for holistic suppliers like Bufab, who can reduce the total cost.

4

Supply chain consolidation

Many companies manage a cumbersome large number of suppliers on their own with limited resources.

BUFAB'S ACTIONS

The trend is that industry leaders predict reduced internal resources not focused on core operations. This means decreasing resources for internal work with C-parts and that companies will instead have a minor team of skilled individuals concentrate on strategic decisions to improve their supply chain.

This benefits Bufab with its global and local customer offerings. It includes an integrated and sustainable end-to-end solution for procurement, design, logistics and handling, warehousing, and C-part quality assurance.



Strategy

Strategy

Value creation

Strategic focus areas

Acquisitions

Our strategy for value creation

Discovering the next solution

During 2023, we have further developed our strategy to create even more value for existing and new customers in their increasingly complex value chains. The focus is on creating value based on the customer's existing situation and future opportunities through solutions that enhance their competitiveness. For Bufab, this results in happier customers and profitable growth.

Our vision is to become the leading player in the industry. We will achieve this by creating appreciated customer value for an increasing number of customers. Through organic growth and strategic acquisitions, we will broaden our customer base and offer to new and adjoining market segments.



OUR MISSION AND FOUNDATION

Our mission drives us with pride; to give our customers peace of mind by creating sustainable and outstanding value. It is worth noting that we primarily trade in items perceived to be of subordinate importance to the customer's end product, while quality and delivery reliability are crucial. Therein lies the core of our customer value: taking over the responsibility from sourcing to sustainability, quality, and delivery reliability so that the customer can focus on their core business.

Being the customer's partner, entrusted to manage their large number of C-parts and technical components, makes the customers' relationship with us crucial. The foundations of everything we do is based on our employees and our Solutionist culture. We are a family of entrepreneurs who work and deliver as responsible teams, always focusing on the customer.

To succeed, we have a decentralised operational model with extensive autonomy and accountability where decisions are made close to the customer and the business. This allows our dedicated employees to act quickly and flexibly, creating trust and substantial customer value.

Strategy

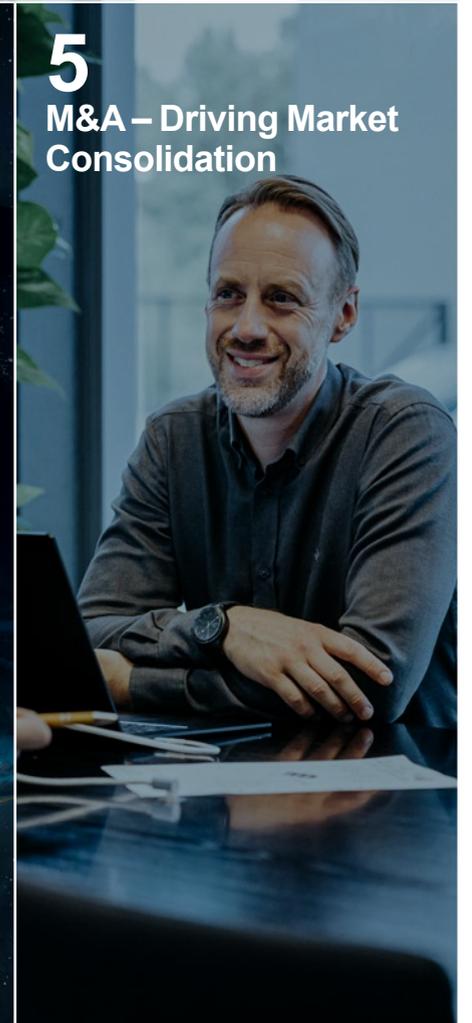
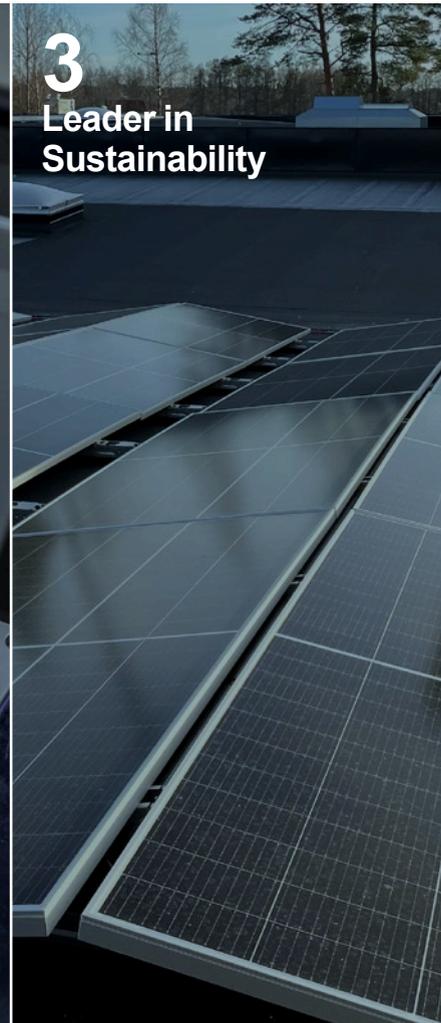
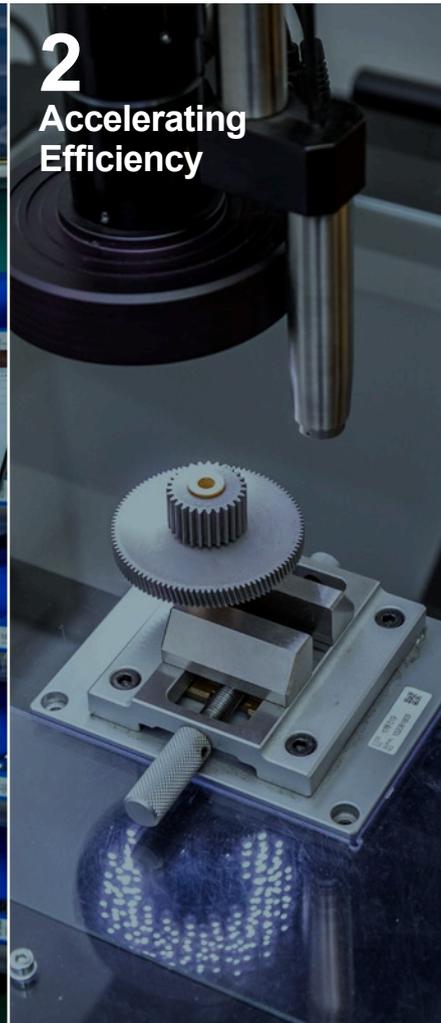
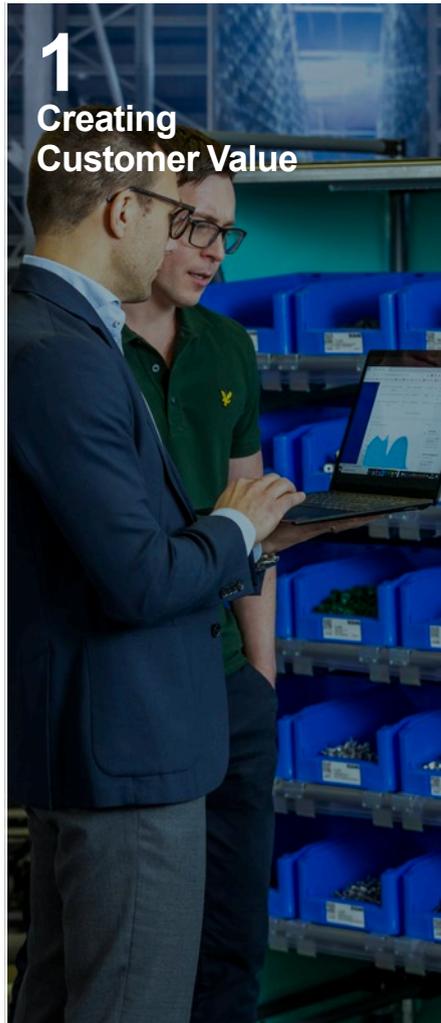
Value creation

► **Strategic focus areas**

Acquisitions

Focus areas

We focus on five main areas, closely linked to each other, to achieve our mission; to give our customers peace of mind by creating sustainable and outstanding value.



Strategy

Value creation

► Strategic focus areas

Acquisitions

1. Creating Customer Value

We do this through sustainable procurement, manufacturing, quality, and logistics solutions. Using our global network and expertise, we help customers lower their total cost by reducing complexity and resource needs while ensuring quality, deliveries, and increasingly essential sustainability.

In short, our aim is to create a smooth supply chain where the headaches of sourcing C-parts have been eliminated. To the right, we explain how we create value for our customers in the four parts of our customer offering.

SOURCE Lower total cost and risk management in a quality-assured supply chain.

SIMPLIFY Lower total cost with reduced manual and administrative work.

IMPROVE Leverage our opportunities to contribute to improvements based on experience and knowledge.

SECURE We ensure deliveries that meet customer quality requirements with an ambitious focus on sustainability.

2. Accelerating Efficiency

What we did yesterday is not enough to be competitive tomorrow. Staying ahead requires continuous improvements. This applies to work methods, processes, and system support alike. Working in a process-oriented manner is a prerequisite for our employees to work effectively together with their complementary skills. To optimise how we work, we have created Bufab Best Practice. It is our collective knowledge and experience of how we work together best in the form of routines and processes. Each sister company is responsible for its compliance and for challenging Bufab Best Practice and driving improvements. Correspondingly, we drive improvements to our system support with a high degree of efficiency-driving digitisation.

But it doesn't stop there. Every Solutionist is also responsible for striving to be a little better every day, both in their own work and how we work together. Bufab welcomes initiative and supports its Solutionists. Behind every success often lies some failure along the way.

OUR CUSTOMER OFFERING

Source

Supplier base

With minimal effort, the customer gets access to suitable suppliers to match all requirements.

Supply chain

Bufab handles supplier reviews, negotiations, and quality control, consolidates freights, and ensures deliveries.

In-house development and production

Access to expertise early in development to optimize product performance and price.

CUSTOMER VALUE

A secured supply chain gives our customers the advantage of no production interruptions, reduced costs, and valuable time to focus on their core business.

Simplify

Reduction

Consolidation of the number of suppliers to partners reduces the complexity of the supply of goods.

Replenishment

Simple logistics solutions provide a safe and efficient supply chain without shortages and production stops.

One Delivery

One or a few planned deliveries instead of many unplanned reduce the work in the warehouse and finance departments.

CUSTOMER VALUE

Fewer suppliers and automatic replenishment reduce complexity, workload and costs, allowing users to focus on more important things.

Improve

Warehouse and logistics

Analysis and suggestions for improvement of the customer's inventory and product placement, replenishment routines, and efficiency.

Kitting and assembly

We do kitting similar to Ikea's bags with fasteners, but also pre-assemblies to optimise the customer's production.

Engineering

Customers facing a design or construction challenge can always count on our support.

CUSTOMER VALUE

Utilising Bufab as a trusted advisor and partner saves time, space, and cost and enhances customers' production and end product.

Secure

Sustainability

Bufab secures all legal and regulatory aspects of sustainability compliance for C-parts and acts according to the UN's Global Compact.

Quality

Quality assurance according to the customer's requirements is always decisive for both the customer's and Bufab's success.

On-time delivery

On-time and complete deliveries are a prerequisite for efficient operations.

CUSTOMER VALUE

Having Bufab as a partner securing quality, sustainability, and on-time deliveries makes it effortless to be at the forefront.

Bufab creates Peace of Mind

Strategy

Value creation

► Strategic focus areas

Acquisitions

3. Leaders in sustainability

Bufab aims to be the industry leader in sustainability. To develop and maintain this position, we have added a sustainability focus to our strategy areas, incorporating it into Customer Value Creation, Accelerating Efficiency, World Class Supplier Base, and Market Consolidation. Our mission is to give customers peace of mind by creating sustainable and outstanding value.

Thanks to our focus on sustainability in the supply chain, where the most significant environmental impact occurs, we significantly improve customer value while minimising adverse environmental impact and enhancing business ethics. This focus also means that

sustainability is integrated in the company's internal day-to-day operations. We strive to ensure that all parts of the business positively impact people and the environment. To achieve our growth targets, we must create value for all stakeholders. Just like improving processes and systems to make them more sustainable, we create value for our customers, act as a good partner, and remain a good employer.

RESPONSIBLE GROWTH

Bufab's target is annual growth of 10 percent. Through strong financial results, we create opportunities to invest in sustainability.

SUSTAINABLE IMPROVEMENTS

We strive to implement improvements at every step in our value chain, from raw materials to delivered products. Our ambition is to offer customers the best and most sustainable solutions.

STRATEGIC INVESTMENTS

Bufab has invested in several processes to ensure that best practice is spread and that all employees and suppliers act in accordance with the company's values. As part of our partnership program with our suppliers, we have a sustainability module to jointly ensure that our value chain can halve greenhouse gases by 2031.

BUFAB'S PRODUCT SUSTAINABILITY

Bufab improves quality and sustainability in the deliveries of products with low purchase value and significant indirect work, i.e. C-parts. Typically, C-parts have low unit costs and wide product variety with high-volume manufacturing. They are also unique in that only a small part of the total cost of the component comes from the purchase price, often as little as 20 percent. The remaining 80 percent of the total costs are indirect logistics, purchasing, storage and quality costs. This makes it difficult for an individual customer to get an overview, manage and assess the sustainability aspect. Since sustainability issues are particularly challenging in C-parts, Bufab's cutting-edge expertise in quality and sustainability can create great value for customers.



Strategy

Value creation

► Strategic focus areas

Acquisitions

LEADERS IN SUSTAINABILITY

Bufab aims to be the industry leader in sustainability. To develop and maintain this position, we have added a sustainability focus to our strategy areas, incorporating it into Customer Value Creation, Accelerating Efficiency, World Class Supplier Base, and Market Consolidation. Our mission is to give customers peace of mind by creating sustainable and outstanding value.

	Environment	Circularity	Sustainable business
<i>Our SDGs</i>	 		    
<i>CSRD</i>	ESRS: E1, E2,E3,E4	ESRS E5	ESRS S1, S2,S3, S4, G1,G2
<i>Activities</i>	<p>Reducing carbon dioxide emissions according to our Science Based Target is an important part of our work. We strive to offer our customers low-emission solutions. Sustainability is integrated throughout our supply chain, and we actively invest in our sustainable supplier partners.</p>	<p>The Sustainable Supplier Engagement Program (SSEP) is a strategy that focuses on sustainability in the supply chain. By applying the principles of the circular economy, the programme is aimed at preserving the value of products. This is achieved by minimising waste and reducing the impact on resources, land use and waste-related impacts. SSEP aims to create a more sustainable and efficient supply chain by integrating circular economy practices.</p>	<p>We strive to integrate sustainability into our customer offering to meet the customer's needs and incorporate sustainability into our entire way of working. This includes ESG due diligence and the continuous improvement of systems, processes, and reporting. We educate our suppliers and through the Sustainable Supplier Engagement Program they can make the same net zero journey as Bufab and have the basis for a correct reporting regarding the Carbon Border Adjustment Mechanism (CBAM). We also offer several sustainability training courses within the framework of our Best Practice and in the Bufab Academy.</p>



Strategy

Value creation

▶ **Strategic focus areas**

Acquisitions



4. World-class supplier base

Finding optimised C-parts suppliers is a small and often insignificant part of our customers' operations. For Bufab, it is the core of our operations. Our network of dedicated procurement specialists perform visits and evaluates potential and existing suppliers and continuously drives improvements in order to strengthen the value for our customers. Quality, sustainability, and reliability are always priorities, as are new technological possibilities for products and production.

Our goal is to always be able to offer products from the perfect manufacturer for every need.

5. M&A – Driving market consolidation

Bufab is one of only a few strong leaders in a very fragmented market. In addition, our operations are spread over thousands of customers and suppliers in many sectors and geographic regions, reducing our dependence on individual customers and continuously opening doors to new segments and customers.

In each of our current 28 countries, we are a strong local partner with established operations, while serving international customers on several continents. Using a reliable local partner is becoming increasingly important for customers. Through strategic consolidation activities, including acquisitions of other strong companies, we are expanding our presence in new sectors, product segments and geographic regions. Consolidating makes us even more relevant for our customers, who, in turn, can consolidate their sourcing to fewer suppliers with Bufab as a reliable partner. An interesting aspect is that the more Bufab grows, the smaller our market share becomes since the addressable market is increasing. In turn, this creates an inspiring opportunity for growth and a greater number of satisfied customers.

Strategy

Value creation

► Strategic focus areas

Acquisitions

American Bolt & Screw aims to expand share of slow market

“The Covid crisis helped us to make some important changes, streamlining operations to strengthen our position”, says Cynthia Alvarez, CEO of American Bolt & Screw, a part of Bufab since 2019.

Under the tagline “We Hold The Industry Together”, American Bolt & Screw (ABS) has become a leading distributor of fasteners and other C-class components in the North American and Mexican markets. The company, headquartered in Ontario, California, was founded in 1946. With its currently seven warehouses strategically located across the USA and Mexico, ABS is uniquely poised to serve fastener and hardware needs for manufacturing and assembly.

CUSTOMERS CONSOLIDATING SUPPLIER BASE

– We have come a long way when it comes to increasing efficiency in the last few years, but it’s a continuous work in progress, says Cynthia Alvarez.

– Measures include selling extra inventory built up in the warehouses during Covid. Changes were necessitated by the crisis, but the steps we have made since then benefits us now and has put the company in a position to meet new market demands.

– Many of our customers are currently taking drastic steps to consolidate their supplier base, and with our reputation of efficiency, good service and fast delivery, we live up to their criteria for being chosen, she continues.

SAME COMPANY BUT EVEN BETTER AT DELIVERING QUALITY

The C-class component market in the US has slowed down as a result of global recession, combined with uncertainty ahead of the approaching president election. Despite this, Cynthia Alvarez is positive for the company’s future and its ability to live up Bufab’s new strategy for 3-year growth.

– So far, we’ve done a pretty good job increasing our market share, despite tough conditions, she says.

ABS’ approach to integrating with Bufab has been to do its best at keeping things as “normal” as possible for customers, vendors and employees.

– We have made big changes, but we have worked hard to take them slowly and explain and show how they make sense. I believe that Covid also helped us in this area, as it made it very clear to see the need on all sides.

– Many of our employees have been with the company for decades, and many of our relations with customers and vendors have been going on for many years, so it’s been important to show that ABS is still the same company, but now even better at delivering quality, Cynthia Alvarez says.



FACTS ABS:
Established: 1946
Head office & production: Ontario, California
Number of employees: 78
Sales: Approx. SEK 600 million
Products: Fasteners including commercial grade bolts, washers, overhead door items, cabinet hardware, bath hardware and lock sets.
Markets: USA and Mexico

Strategy

Value creation

Strategic focus areas

► Acquisitions

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

Bufab 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 since 2014 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

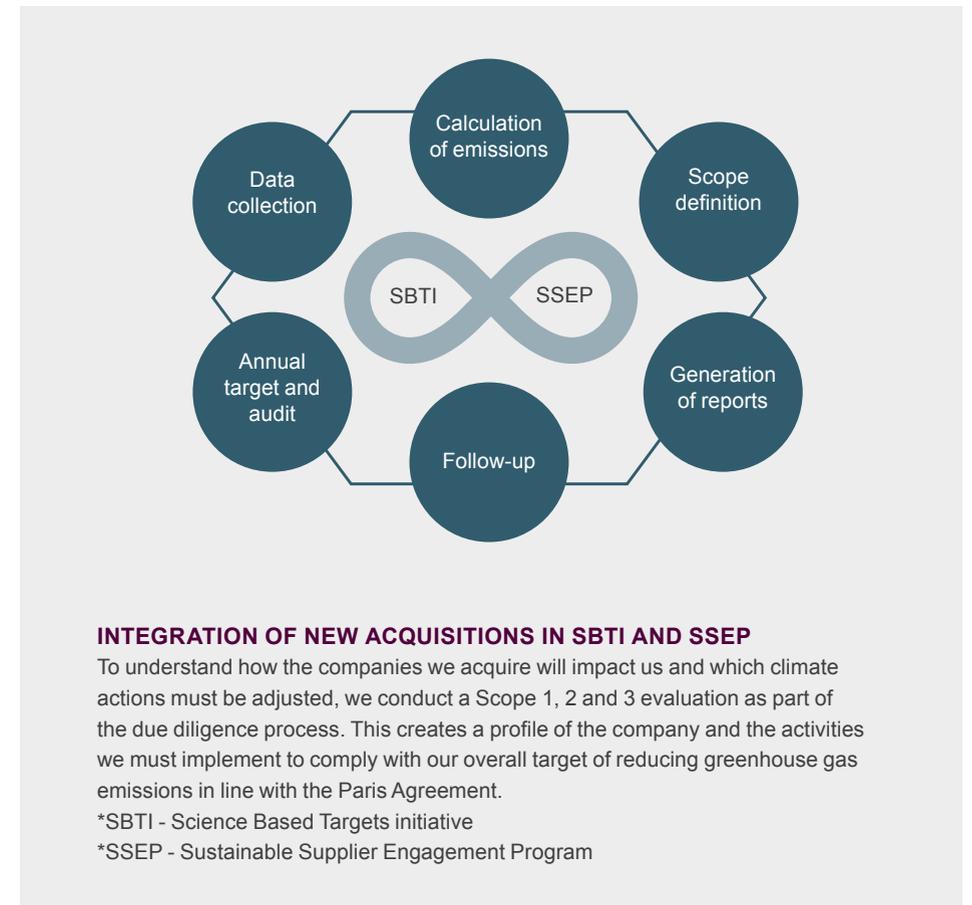
grows faster after joining the Group. By applying this strategy – instead of pushing through a rigid integration plan – we build a common future.

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.

FUTURE ACQUISITIONS

During the past year, we have been working on our own list of potential acquisitions. The work takes place in our regions and the interest in Bufab increases with our size, and more companies show interest in joining Bufab. Our strong history of using pull integration and the ability to verify this with integrated companies is a strength. We continue to work on identifying and getting to know companies, moving on to make more transactions. In 2023, we have continued to strengthen our financial position, which means that we are well equipped to continue our growth journey by acquisitions.



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.

*SBTI - Science Based Targets initiative

*SSEP - Sustainable Supplier Engagement Program

Strategy

Value creation

Strategic focus areas

► Acquisitions

Sales grew over 30 percent when Tilka became part of Bufab

The sister wanted to sell. The brother saw the potential in further developing the profitable family company. The solution? Let Bufab take over ownership of Tilka Trading. Sales grew over 30 percent in two years as a result. “We have gained access to several keys to growth,” says CEO Jonas Karlsson.

Tilka Trading in Mönsterås markets a wide range of fasteners such as screws, nuts and washers, as well as mechanical components, according to a variety of standards and customer designs. The company, which was founded in the 1960s, was taken over in 1978 by Åke Karlsson. From 1999 until October 2021, the company was run and owned by the second generation of the family, the siblings Per and Lena.

SUSTAINABLE SUPPLY CHAIN

An illustrative example of Tilka Trading’s long-term approach to relationships is the company’s cooperation with Bufab, which extends over two decades.

“The company was a well-run family affair, with a solid business concept, an established circle of customers and operations that were always in the black. However, in terms of sales, things had stagnated. After running Tilka for over 20 years, Lena and Per started to think about the future of the company. The discussions led to the decision to sell Tilka and the choice of new owner fell on Bufab, who took over in autumn 2021,” explains Jonas Karlsson.

“A major reason was that Per saw potential to develop in Tilka, and considered Bufab a good partner with the right muscle to create growth,” he adds.

WHAT IS THE EXPLANATION FOR THE RAPID, POWERFUL GROWTH?

“One important reason is that access to Bufab’s business system allowed us to pursue operations even more efficiently and to become even more relevant for our customers. The growth we have experienced is organic, as in, we sold more to existing customers,” says Jonas Karlsson.

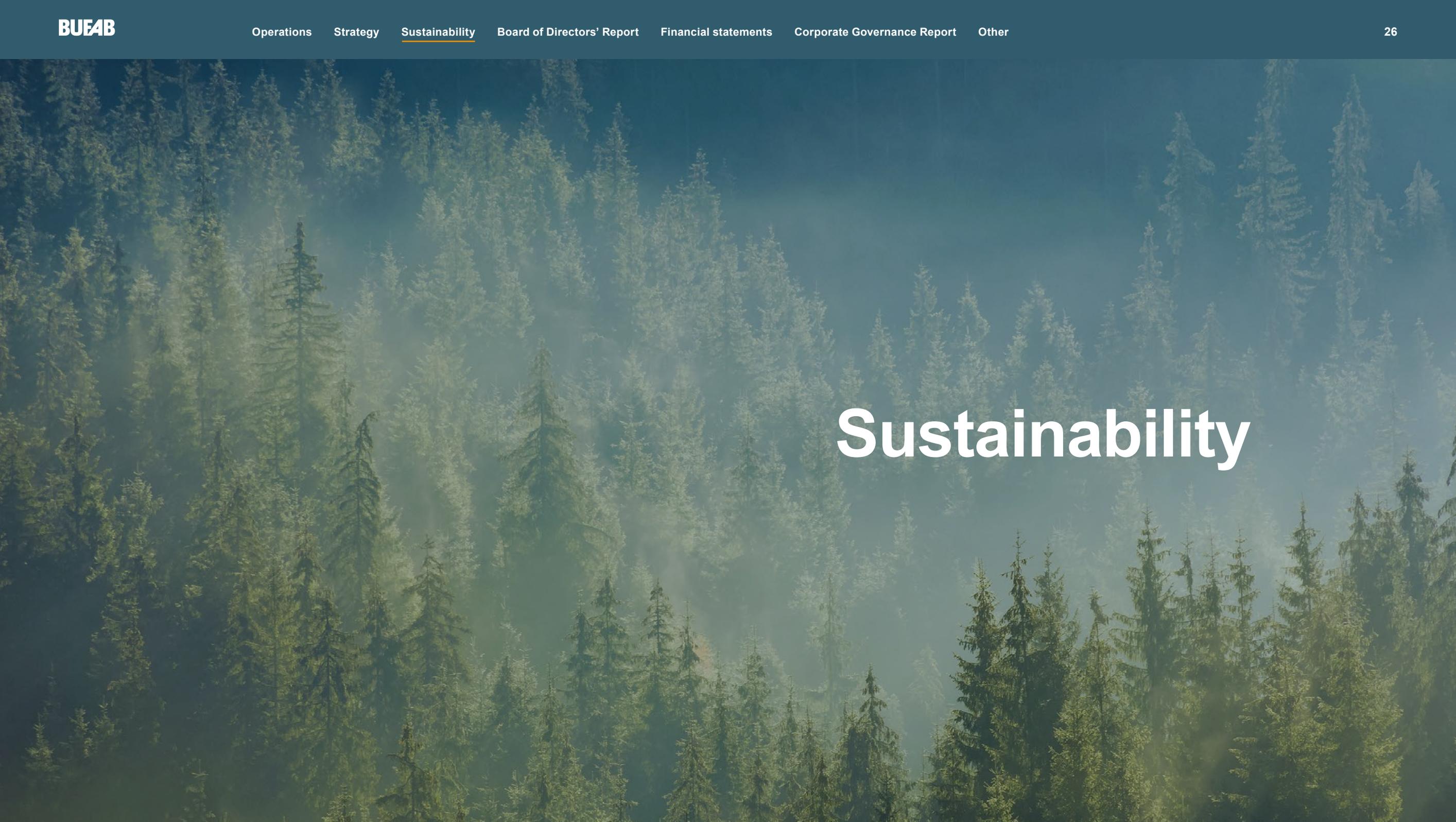
“For example, we could launch our first online store, we can see inventory information and sales statistics in real time, and we have access to support systems for logistical services.”

This meant, according to Jonas Karlsson, that Tilka could process more items and offer customers a better product range at even better prices. In other words, both Tilka and its customers benefited from Bufab’s muscles.

“Tilka has always been known for a high level of expertise, service and delivery reliability – and now we’ve been able to further boost our competitiveness,” he says.



FACTS TILKA TRADING:
Established: 1960s
Head office & production: Mönsterås, Sweden
Number of employees: 18
Sales: Approx. SEK 47 million
Products: Fasteners and market-leading plate springs
Markets: Sweden



Sustainability

Sustainability

► Sustainable alignment

Sustainable development

Materiality

Responsible growth

Our obligations

Sustainability Report

Sustainable alignment of our strategy

Bufab strives to be a leader in sustainability. To achieve this, we focus on responsible growth, sustainable improvements and strategic investments.

We constantly strive to ensure that every part of our operation has a positive impact on both people and the environment. To achieve our growth goals, it is crucial to create value for all stakeholders. We work on improving processes and systems to make them more sustainable while aiming to be a reliable partner for our customers and an active employer. Our sustainability reporting is based on the Corporate Sustainability Reporting Directive, CSRD, which has been implemented into our strategy, KPIs, and policies this year.

CSRD is a framework within the European Union (EU) aimed at standardising and improving corporate reporting on sustainability and social responsibility. The rules are designed to increase transparency and comparability of corporate sustainability reporting, which is expected to promote sustainability goals and investments in sustainable projects.

ESRS (EU Sustainability Reporting Standards) is the name for the new EU standards for sustainability reporting and the detailed instructions on how to meet the reporting requirements within the Corporate Sustainability Reporting Directive (CSRD).

ESRS includes the following:
Two general standards to be followed by all reporting companies. They include:

- ESRS 1: General requirements
- ESRS 2: General disclosures

Five environmental standards, where the double materiality analysis determines whether the company should report in accordance with the standard. They are:

- E1: Climate change
- E2: Pollution
- E3: Water and marine resources
- E4: Biodiversity and ecosystems
- E5: Resource use and circular economy

Four social standards, where again the double materiality analysis determines which of these a company should report in accordance with. These are:

- S1: Own workforce
- S2: Workers in the value chain
- S3: Affected communities
- S4: Consumers and end-users

One standard for corporate governance:

- G1: Responsible business conduct



Sustainability

► Sustainable alignment

Sustainable development

Materiality

Responsible growth

Our obligations

Sustainability Report

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 that are most relevant to the business based on these goals. Our work includes an analysis of the company's impact on the UN's Sustainable Development Goals and where the business can have the greatest positive impact.

In 2021, Bufab intensified its efforts on sustainable development and began the work of reporting according to GRI (Global Reporting Initiative) in order to more clearly identify specific progress and actively contribute to the achievement of the goals. In 2023, we have added additional activities that are in line with CSRD and where we can improve the value chain.

In November 2022, Bufab was validated and approved by the Science Based Targets Initiative. This means that we commit to eliminating internal greenhouse gas emissions to zero by 2030 and to working with suppliers who share the same goals.

In the short term, this means that Bufab ensures that we use 100 percent fossil-free energy for our offices and manufacturing, while at the same time investing in sustainable energy production, such as photovoltaic systems.

In the long term, the challenge is significant, and almost completely reducing carbon dioxide emissions requires major changes throughout the value chain in collaboration with our partners. In 2022, Bufab started a training course for its partner suppliers through a Sustainable Supplier Engagement Program (SSEP) with the goal of jointly securing activities and investments to reduce greenhouse gas emissions in the value chain by 55 percent by 2031, this work has been strengthened in 2023.



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 Partnerships for the Goals

Sustainability

Sustainable alignment

► Sustainable development

Materiality

Responsible growth

Our obligations

Sustainability Report

BUFAB'S CHOSEN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

	Good Health and Well-being	Gender Equality	Decent work and economic growth	Industry, innovation and infrastructure
Our SDGs				
CSRD	ESRS: E2	ESRS E5	ESRS	ESRS: E1, E2,E3,E4
Activities	To meet SDG 3.9 and reduce damage to health and the environment, it is important to comply with *REACH and *ROHS standards. By following these rules, we can limit the use of hazardous chemicals and be replaced with safer alternatives, reducing the risk of illness and death related to exposure to hazardous substances. Therefore, compliance with *REACH and *ROHS is an important part of efforts to promote health and safety, while working towards achieving the Sustainable Development Goals.	By actively working to support gender equality among all employees and among the members of the executive management, we take an important responsibility. The goal is to create a fair and inclusive corporate culture where everyone has equal opportunities and where everyone feels represented and respected regardless of gender. Promoting gender equality is an important part of building an organisation that cherishes diversity and equal opportunities for all.	We work with activities for economic growth, to create a balanced and sustainable economy while protecting people's employment, working conditions and rights in our value chain.	We have activities in place for economic growth, seeking to promote industrial development that is both inclusive and sustainable, while striving to upgrade existing infrastructure and industrial processes to meet the demands of a more sustainable future. Most of these activities are linked to our Sustainable Supplier Engagement Program.
Targets	<ul style="list-style-type: none"> Compliance with REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances). 	<ul style="list-style-type: none"> Gender Gender balance of managers by 2030 	<ul style="list-style-type: none"> Performance appraisals for 100% of the workforce. Zero accidents. 100% of direct material suppliers have signed a code of conduct. Training in the Code of Conduct every 3 years. 	<ul style="list-style-type: none"> 100% renewable energy by 2030.

Sustainability

Sustainable alignment

► Sustainable development

Materiality

Responsible growth

Our obligations

Sustainability Report

	Responsible Consumption and Production	Climate Action	Peace, Justice, and Strong Institutions	Partnerships for the Goals
<i>Our SDGs</i>				
<i>CSRD</i>	ESRS E5	ESRS: E1	ESRS: E1, E2,E3,E4	ESRS E5
<i>Activities</i>	Responsible consumption and production to ensure the sustainable management of natural resources, chemicals and waste while promoting the transition to more sustainable business practices.	We have planned climate activities and integrate climate considerations into the value chain while investing in increasing education and awareness to strengthen suppliers' capacity to manage and adapt to climate change.	Through our Code of Conduct, we aim to end abuse, exploitation, human trafficking and violence against children, reduce illicit financial and arms flows, fight corruption, promote inclusive decision-making and strengthen participation in the value chain.	Partnerships throughout our value chain are key to promoting sustainable development and creating a world free from corruption and violence. We engage customers and key suppliers to achieve our goals, in line with our strategy for sustainable leadership.
<i>Targets</i>	<ul style="list-style-type: none"> Compliance with chemical compliance requirements. Recyclability above 90%. Increase the share of recycled input materials. 20% waste reduction and zero landfill by 2030. 	<ul style="list-style-type: none"> Net zero emissions for Scope 1 and 2 by 2030. 55% reduction in Scope 3 carbon intensity by 2031. 	<ul style="list-style-type: none"> Evaluation and screening of suppliers of conflict minerals. All suppliers sign our Code of Conduct. Anti-corruption training for our teams every 3 years. 	<ul style="list-style-type: none"> 70% of our purchases are in the Sustainable Supplier Engagement program. 80% of our purchases are sustainability audited.

Sustainability

- Sustainable alignment
- Sustainable development
- ▶ **Materiality**
- Responsible growth
- Our obligations
- Sustainability Report

Bufab's material issues 2023

Risk	Opportunities
<ul style="list-style-type: none"> • Corruption and bribery • Climate change adaptation • Protection of whistleblowers • Working conditions • Equal treatment and opportunities for all • Other work-related rights • Working conditions • Corporate culture 	<ul style="list-style-type: none"> • Climate change mitigation • Climate change adaptation • Energy • Working conditions • Corporate culture • Working conditions • Equal treatment and opportunities for all • Other work-related rights • Resources inflows, including resource use

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 (Sustainable Development Goals). Through this analysis, Bufab strives to ensure that we share the most relevant information to meet stakeholders' expectations and needs.

	Impacts	Risks	Opportunities
 Supply chain	<ul style="list-style-type: none"> • Carbon emissions • Pollution • Land use • Water use • Material use & extraction 	<ul style="list-style-type: none"> • Availability of low carbon materials • SVHC substances • Human or labor rights violations • Conflict minerals • Influence beyond tier one 	<ul style="list-style-type: none"> • Economic development • Sustainable practices • Decarbonisation
 Procurement	<ul style="list-style-type: none"> • Economic development • Sustainable practices 	<ul style="list-style-type: none"> • Anti-corruption 	<ul style="list-style-type: none"> • Supplier engagement • Capability building • Consolidation
 Transport	<ul style="list-style-type: none"> • Carbon emissions • Pollution 	<ul style="list-style-type: none"> • Carbon emissions • Pollution 	<ul style="list-style-type: none"> • Economic development • Sustainable practices • Decarbonisation
 Operations	<ul style="list-style-type: none"> • Carbon emissions • Pollution 	<ul style="list-style-type: none"> • Injuries • Social or ethical violations. • Weak local governance of compliance. 	<ul style="list-style-type: none"> • Decarbonisation • EHS management • Employee engagement • Diversity & inclusion • Company culture
 Sales & marketing		<ul style="list-style-type: none"> • Anti-corruption • Greenwashing 	<ul style="list-style-type: none"> • Offering of sustainable solutions • Sustainable supply chain management
 Customer value	<ul style="list-style-type: none"> • Product reliability & reparability 	<ul style="list-style-type: none"> • SVHC substances • Product safety • Product quality 	<ul style="list-style-type: none"> • Sustainable solutions • Piece of mind • Profitable business
 End of life	<ul style="list-style-type: none"> • Carbon emissions • Pollution • Material use & extraction 	<ul style="list-style-type: none"> • SVHC substances • Customer designs 	<ul style="list-style-type: none"> • Circular economy is an opportunity for us to add, retain, and extend the value of our resources and products.

Sustainability

Sustainable alignment

Sustainable development

▶ Materiality

Responsible growth

Our obligations

Sustainability Report

Key issues in a stakeholder dialogue

Stakeholder analysis helps us better understand and manage the needs and expectations of our customers and other stakeholders, which in turn leads us to increased success and long-term sustainability.

Stakeholder	Customers	Suppliers	Employees	Shareholders	Institutions and municipalities	Board
Approach	<p>Our sales teams are in continuous dialogue with customers on issues related to health, safety, and general customer requirements. In addition, customers regularly conduct audits of Bufab's various companies.</p> <p>Our sustainability team also discusses other issues with customer representatives, such as environmental sustainability and emissions, product sustainability, supply chain ethics, and human rights. These conversations usually take place at the customer's initiative.</p>	<p>Continuous daily dialogue between our procurement teams and our suppliers on issues such as supplier sustainability performance, supplier capability and supply chain assessments.</p> <p>With our partner suppliers, we have quarterly partnership meetings to discuss supplier development, cost development, sustainability activities and improvement.</p> <p>In addition, we have conducted an annual global partnership survey where the main suppliers were asked to answer questions in key areas such as core values, supply chain development, digitalisation, logistics and sustainability.</p>	<p>The Global People Circle (GPC) conducts an employee survey every year. GPC consists of representatives from several of Bufab's business units and meets every other month.</p> <p>Best practice can be improved in terms of human resources.</p> <p>In 2023, we have worked on improvements to the policy, directives, and handbook for Sustainability, as well as a Safety and Health policy to further strengthen our work in the area.</p>	<p>Bufab's Group Management meets shareholders regularly at individual meetings and seminars.</p> <p>Bufab will also hold a Capital Markets Day where investors will receive a detailed account of Bufab's business operations. Other issues include our strategy and other important strategic decisions.</p>	<p>The Bufab companies are in dialogue with the municipalities. In addition, the Bufab companies are members of industry associations such as the European Fasteners Distributor Association.</p> <p>We also collaborate with universities and want to expand such collaborations.</p> <p>The collaborations take place at the local level and the degree of involvement is adjusted accordingly.</p>	<p>Bufab's Group Management meets quarterly with the Board of Directors to discuss the progress of our strategy for sustainable leadership.</p>
Key topics raised	<ul style="list-style-type: none"> • Environmental sustainability and emissions • Essential compliance • Health and safety • Code of Conduct, Ethics and Human Rights 	<ul style="list-style-type: none"> • Supplier capability • Supplier performance • Durability • Supplier Code of Conduct 	<ul style="list-style-type: none"> • Learning management system • People key performance indicators • Employee survey 	<ul style="list-style-type: none"> • Risk management • Environmental sustainability and emissions • Material compliance • Health and safety • Code of Conduct, ethics and human rights 	<ul style="list-style-type: none"> • Attracting employees • Artificial intelligence • Efficiency • The future of work 	<ul style="list-style-type: none"> • Sustainable leadership • Customer Value Creation • Accelerating Efficiency • World Class Supplier Base • Market Consolidation

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- ▶ Responsible growth
- Our obligations
- Sustainability Report

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.

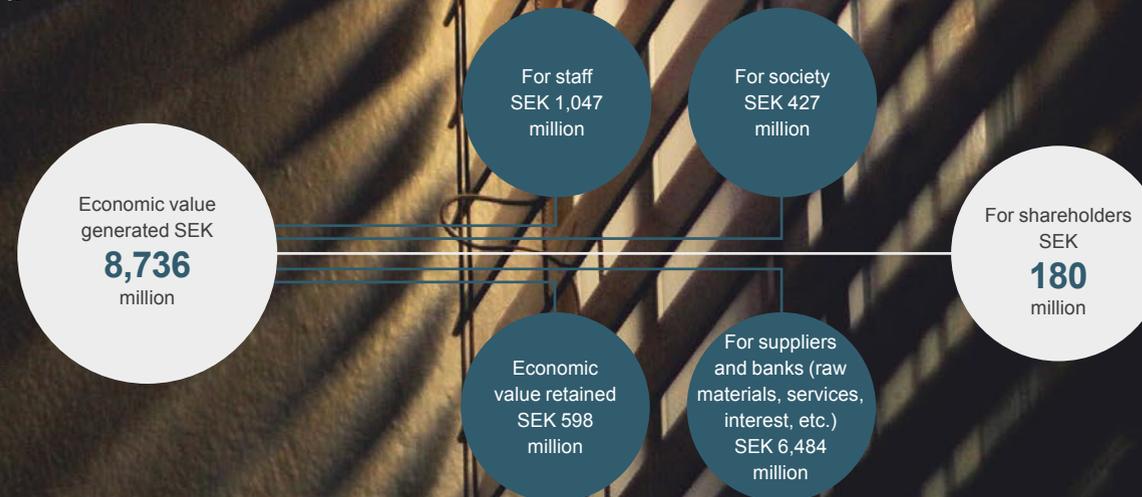
Combined with the audit programme, this ensures that Bufab complies with national tax laws and that a fair proportion of the value generated stays within each country. In countries where Bufab's operations are too small to build up the required expertise, the company uses external consultants, such as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

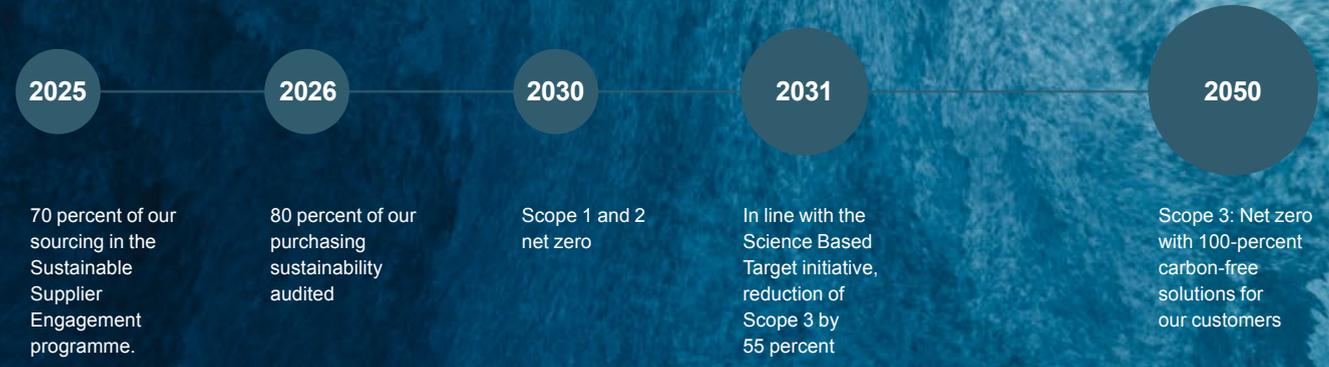


Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- ▶ Responsible growth
- Our obligations
- Sustainability Report

Roadmap to reduce the carbon footprint

In 2021, Bufab signed the international Science Based Targets initiative (SBTi) as part of our continued work to reduce greenhouse gas emissions. In 2022, we were validated and approved. This means that we are committed to setting targets and activities in line with the Paris Agreement, which aims to limit global warming to 1.5°C. The SBTi is a collaboration between the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Bufab signed the agreement to further advance its sustainability efforts and reduce greenhouse gas emissions throughout the supply chain. Partnerships with customers and key suppliers will be a crucial part of our plans to achieve this goal. We see this as an integral part of our strategy for sustainable leadership and a way to further improve our competitiveness with sustainable solutions, products, and operations.



Our commitment to customers to reduce CO₂ in the supply chain...



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



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations
- Sustainability Report

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 Programme (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

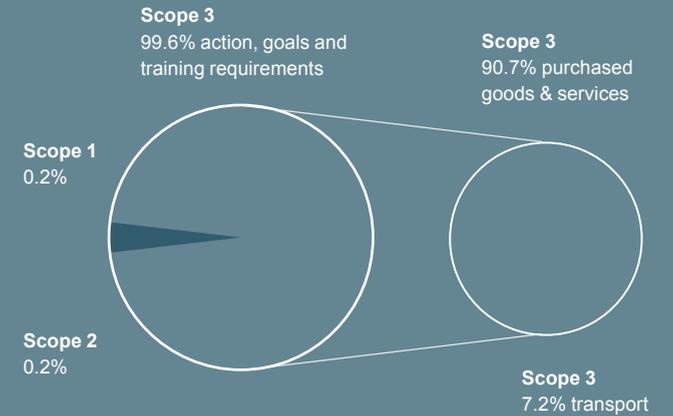
Step 2: Establish base year. The goal is to establish data for the base year, including sharing knowledge between programme participants, guidelines, checklist templates, best practice and training.

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 CO₂e 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.

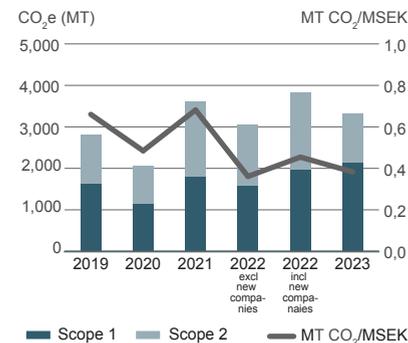


Bufab's Scope 1, 2 & 3 emissions:

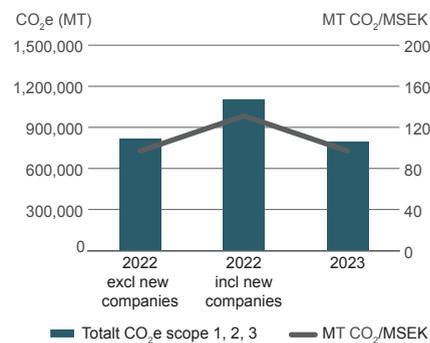
- Scope 1: Direct emissions from our own operations.
- Scope 2: Indirect emissions from, for example, purchasing energy, heat and cooling.
- Scope 3: All other direct and indirect emissions. The majority come upstream from our suppliers, but there is also a smaller portion downstream in the form of transportation.

Calculations are in accordance with the Greenhouse Gas Protocol, a standardised framework used to measure and manage greenhouse gas emissions.

CO₂ emissions – scope 1 and 2



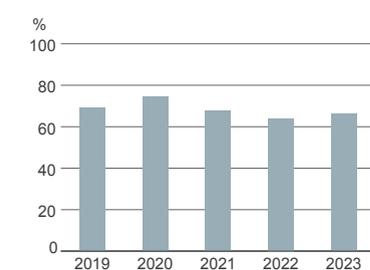
Total CO₂ emissions



Purchased electricity



Energy purchased from renewable sources



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- ▶ Our obligations
- Sustainability Report

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.

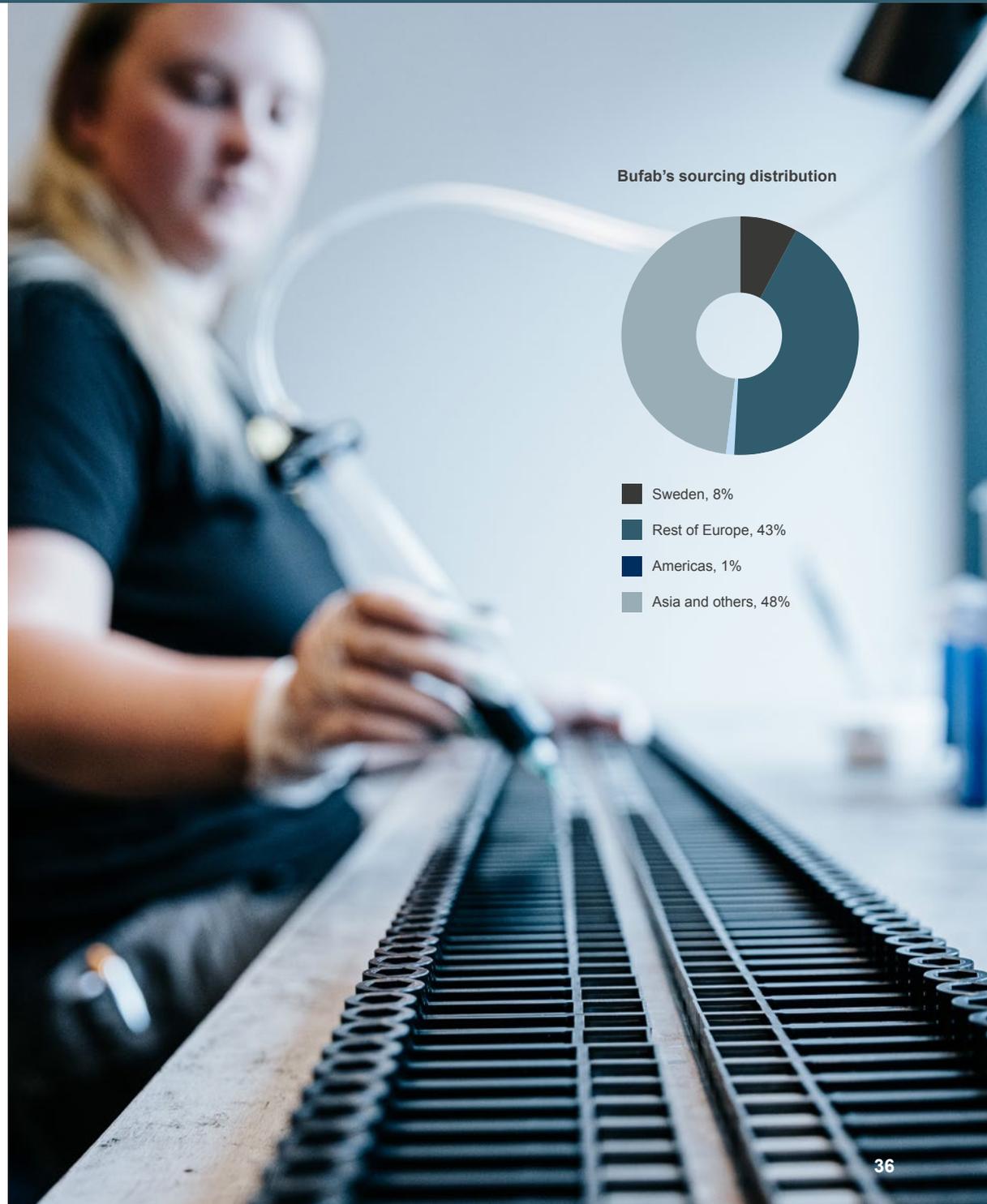
INCREASED AUTOMATION AND OPTIMISATION OF PROCESSES

Bufab's goal is to develop a world class 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 2023, we improved 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, audits, documents, and products. We can also assess and monitor compliance and certificates, evaluate, and improve performance, and drive innovation.

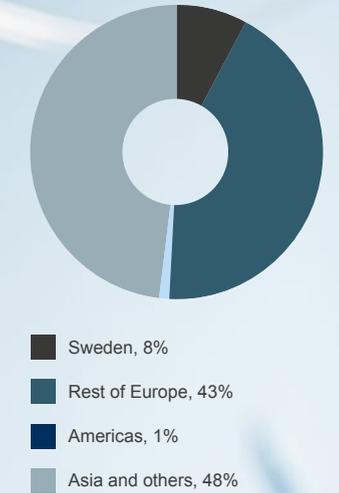
SELECT, EVALUATE AND DEVELOP SUPPLIERS

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. 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 and uncertainties in the red sea has brought pressures to the supply chain, not least regarding the energy supply and increased geopolitical instability. The disruption in the Red Sea that began at the end of 2023 has affected our shipments from the Far East, which have been diverted to ships via the Cape of Good Hope. The new routes for the vessels have obvious consequences for transit times and increased costs. Accordingly, we worked to further spread our risks and opportunities during the year by developing more global partnerships.



Bufab's sourcing distribution



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- ▶ Our obligations
- Sustainability Report

Supplier classification

We classify our suppliers into the following categories:

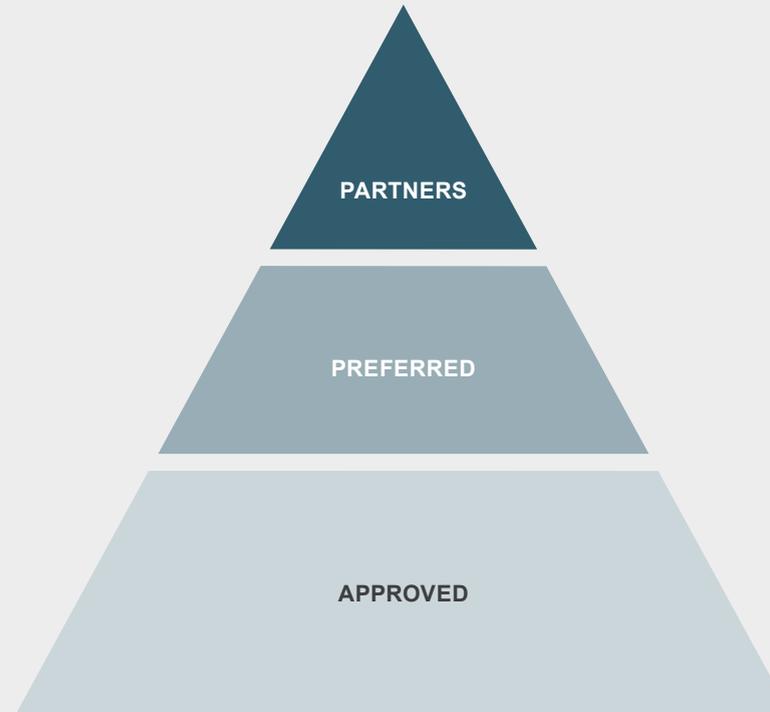
Partners: Have signed both a sourcing agreement and Bufab's Supplier Code of Conduct. Sustainability audit has been conducted and approved.

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.



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 (Registration, Evaluation, Authorization and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances). Bufab also encourages extra audits initiated by customers or internal stakeholders.

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 2023, 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.

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- ▶ Our obligations
- Sustainability Report

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 good ideas are rewarded, work performance is recognised, health and safety are assured, and well-being is enhanced. Today, the company comprises 1,800 Solutionists in 28 countries.

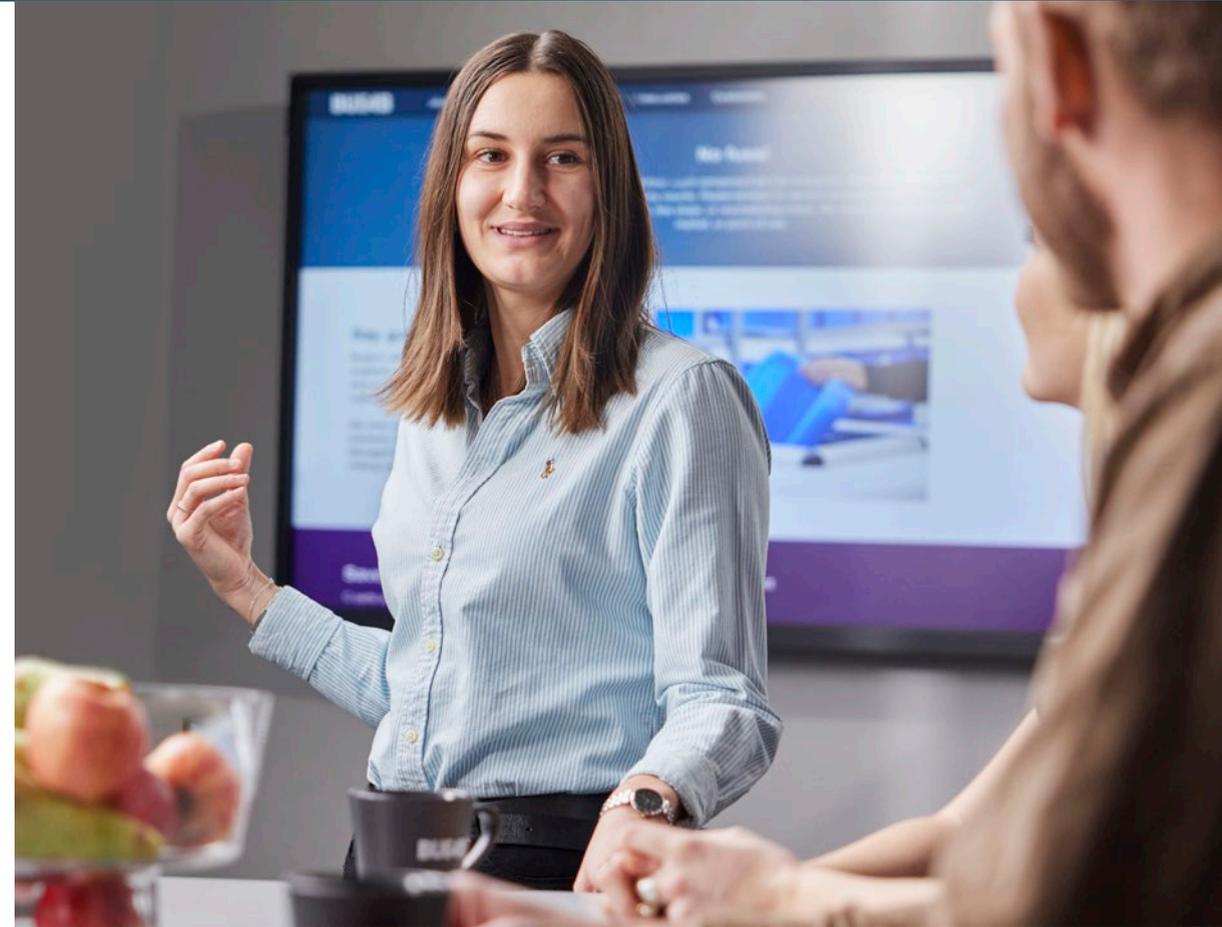
Focus is also on offering employees equal opportunities to develop their skills and competence to reach their full potential. In turn, they are expected to support the company's continued success by working towards agreed goals following our values and drivers. Bufab strives to combine the scale and 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.

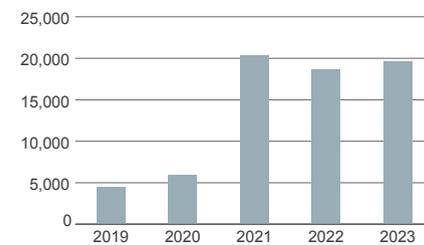
In 2021, Bufab initiated a trainee program to develop young talents to become future leaders at Bufab. Bufab also created the Young Advisory Board in 2022, which will be used as a sounding board for discussions around topics such as the future workplace, sustainability and equal opportunities.

Our employee survey, which was conducted at the end of the year, showed further improvements and that we went from Employee Net Promoter Score (eNPS) 11 to 14.

The number of increased educational hours in 2021 rose due to increased digitisation, making it easier to educate more people through digital training programs.

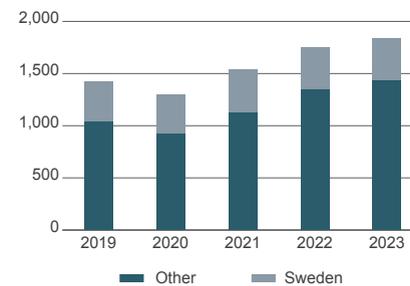


Training hours Bufab employees¹

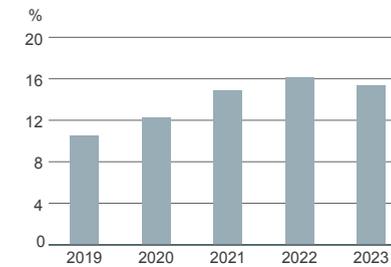


Note 1: The number of increased training hours in 2021 increased due to increased digitization and that it became easier to train more people through digital training programs.

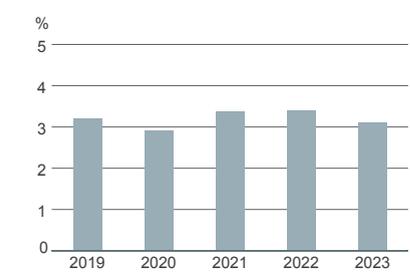
Employees per region



Employee turnover



Absence rate



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- ▶ Our obligations
- Sustainability Report

“At Bufab, I feel that I can make a change for the climate”

“Optimising our warehouse processes to reduce packaging means that we can provide our customers with added value and help them achieve their sustainability goals”, says Lina Zhang, newly employed Sustainability Manager for the Asia-Pacific region at Bufab.

With a background as a sustainability consultant and with experience from many different industries, Lina Zhang joined Bufab in Shanghai in September 2023.

– I chose Bufab because I felt that the company is really committed to sustainability. It gives me an opportunity to work with something that I believe in and to put into practice some concrete measures for the climate, she says.

One of the first projects for her to manage at Bufab is a pilot project in Shanghai for reducing packaging at the warehouse.

– Reduced packaging means less waste, less carbon emissions as well as reduced costs. It's a win-win situation – for the climate and our customers, and it helps them to reach their sustainability goals.

– Bufab operates in the middle of the value chain, which means that apart from adding value for our customers, we can also have an impact on our suppliers and their approach to sustainability. That's why we've started a supplier engagement project, she continues.

CONSTANT LEARNING PROCESS

The packaging project also aims to meet – and exceed – new legal requirements.

– There are lots of discussions going on in the Group about how to prepare and implement measures to live up to new legal requirements. I really appreciate that I have so many engaged colleagues at Bufab and its sister companies globally to share knowledge and exchange thoughts and ideas with – and that the company is so ambitious in this area.

– It means that the job becomes a constant learning process, which is very fulfilling, Lina Zhang says.

Currently, the packaging project is facilitated in the Shanghai area, but Lina Zhang wants to expand it to other parts of the Asia-Pacific region after we evaluate how well the project is working.

– We hope to implement it, step-by-step, in places like Singapore and India. The packaging project is a practical implementation of my vision, and I'm very happy to be part of it, she says.



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- ▶ Our obligations
- Sustainability Report

CSRD platform in place

In 2023, we have adapted policies, processes and tools to meet the requirements of the new CSRD legislation. We have also trained our staff in all companies to create an awareness of the purpose and how they can contribute in everyday life.

ESG – General

GOVERNANCE AND POLICIES

Our environmental & 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.

Board of directors do also review the materiality of the company. Materiality is based on the principle of the perspective of impact (how the business impact people and planet and how we are impacted) and financial materiality (double materiality).

Group management is responsible of the daily operations and execution of the company's strategy. Group management regularly monitors and assess the performance of the company. In case of deviations corrective actions take place.

Bufab's Group Environmental and Sustainability Policies, established by Group Management, lay the groundwork for operations across all group companies and regions. These policies guide the collective approach to environmental responsibility and sustainable practices aligned with international standards and principles.

ENGAGEMENT WITH STAKEHOLDERS

Bufab recognises the importance of good stakeholder relationships to be successful over a longer time period. 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.

Specific customer requirements are integrated in contracts or specifications. Alongside this, Bufab has a supplier code of conduct that sets general quality and compliance standards, including regulatory compliance. Regular internal and supplier audits are integral to their compliance program, ensuring monitoring of these standards. Moreover, Bufab stays updated on regulatory changes to maintain continuous compliance. This comprehensive approach ensures they meet customer expectations and maintain high operational standards.

TARGETS

Bufab has adopted KPIs and targets to track performance and drive improvements within its operations and value chain. See more on page 29-30.

ACTIONS AND RESOURCES

Bufab environmental management strategy blends centralised Policies & guidelines with decentralised

execution. At the core of this approach is the requirement for all sites to implement an Environmental Management System (EMS) that aligns with ISO 14001 standards, ensuring a uniform and high-level commitment to environmental responsibility across the company. Further enhancing this commitment, Bufab encourages the sharing of best practices and the adoption of local policies through its 'sustainability circles', fostering a collaborative approach to sustainability.

Key Performance Indicators (KPIs) play a vital role in Bufab's strategy, allowing the company to closely monitor and track environmental performance. This data-driven approach is supported by a centralized management system that distributes procedures and guidelines, cultivating a culture deeply rooted in continuous environmental improvement. This culture is further reinforced through regular internal audits, ensuring that practices are not only maintained but consistently enhanced.

Despite this centralised framework, Bufab operates on a decentralised model, empowering each company and business unit to execute operations in alignment with Bufab's policies, targets, and stakeholder commitments. This model promotes local responsibility and aligns closely with Bufab's corporate culture, which values personal entrepreneurship and individual responsibility. Recognizing the importance of this culture, Bufab

continues to invest heavily in its people, understanding that their engagement and development are critical to achieving the company's ambitious goals.

Extending its commitment to sustainability beyond its immediate operations, Bufab is investing in a Sustainable Supplier Engagement Program (SSEP). This program includes suppliers and partners in Bufab's sustainability journey, ensuring that environmental responsibility is integrated throughout the entire supply chain. In essence, Bufab's approach is a nuanced blend of top-down guidance and bottom-up execution, ensuring consistency in environmental standards while nurturing a distinctive culture of entrepreneurship and individual accountability.

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations

► Sustainability Report

E1 – 1 Climate change

IMPACTS, RISKS, OPPORTUNITIES

Bufab’s carbon footprint is largely driven by externally purchased goods and services and transportation, with significant steel and metal use in products, thus making them exposed to carbon pricing and regulations like CBAM and EU ETS. Increasingly, customers recognise the need for sustainable partners and products for long-term success. Bufab see this shift as an opportunity to position ourselves as a sustainable partner, supporting our customers decarbonisation journey.

SCENARIOS ANALYSE

Under a rapid transition scenario, Bufab is likely to face stringent regulations aimed at reducing greenhouse gas emissions, impacting them mainly in the short to medium term. As Bufab do not hold large physical assets and to a big extent is a trading company, this would mean operational challenges in our supply chain as well as risks for increased carbon pricing.

In a higher temperature scenario, long-term impacts would predominantly include increased geopolitical risks, health issues, biodiversity loss, and challenges with water access. These changes could lead to physical risks and supply chain disruptions, affecting businesses over a more extended period. The gradual nature of these shifts would still necessitate strategic planning and adaptation, but with a focus on long-term resilience and sustainability.

CARBON TRANSITION PLAN

Bufab has adopted a carbon target validated by the SBTi. Our ambition is to drive scope 1 and 2 emissions down to zero by 2030. For our scope 3 we have set an intensity target connected to net sales. Our ambition is to reduce scope 3 emission intensity by 55 percent in 2031 (base year 2021)

Bufab’s active approach to Scope 3 emissions involves the Sustainable Supplier Engagement Program to support supplier emission reductions, offering training and tools for tracking progress. Transition plans for Scope 1 and 2 emissions focus on renewable electricity, moving away from fossil fuels for heating, and fleet electrification. The company’s ambition for Scope 3 includes fostering sustainability throughout the supply chain.

Incentives

Group Management team members and local MD’s has a variable STI connected to Bufabs carbon targets.

Energy consumption and mix (MWh)	2023	2022
Fuel consumption from coal and coal products		
Fuel consumption from crude oil and petroleum products	7,096	6,456
Fuel consumption from natural gas	2,414	2,549
Fuel consumption from other fossil sources		
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	4,834	8,025
Total fossil energy consumption	14,344	17,030
Consumption from nuclear sources		
Fuel consumption for renewable sources, including biomass		
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	9,675	8,391
The consumption of self-generated non-fuel renewable energy	193	
Total renewable energy consumption	9,868	8,391
Total energy consumption	24,212	25,421

Note 1: Bufab Group did not separate self generated electricity from purchased electricity in 2022 reporting.
 Note 2: Electricity not controlled with any market instruments is reported as non-renewal electricity.

	Base year (2021)	2022	2023	% N/N-1	2025	2031	2050	Annual % target / base year
GHG emissions								
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO ₂ eq)	2,197	1,968	2,132	108%	1,318	0	NZ	10%
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	2,173	1,562	1,652	106%	N/A	N/A	NZ	N/A
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	2,198	1,860	1,189	64%	1,319	0	NZ	10%
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	1,246,678	974,111	841,084	86%	N/A	N/A	NZ	5.5%
<i>1 Purchased goods and services</i>							NZ	
<i>2 Transportation</i>							NZ	
<i>5 Waste generated in operations</i>							NZ	
Total GHG emissions								
Total gross emissions (location-based) (tCO ₂ eq)	N/A	N/A	N/A	N/A				
Total gross emissions (market-based) (tCO ₂ eq)	1,251,073	977,939	844,405	86%				

Note 1: All base year emissions recalculated including acquisitions.
 Note 2: Target year for carbon neutral emissions on scope 1 and 2 is 2030. Scope 3 emission reduction target is an intensity target related to the company's net sales.
 Note: NZ = Net Zero

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations

► Sustainability Report

E1 – 2 Pollution

IMPACTS, RISKS, OPPORTUNITIES

Bufab's environmental impact stems mainly from purchased goods, services, and transportation. Its sites have not identified significant local pollution. However, Bufab recognizes the use of DEHP in its plastics—a listed SVHC—and has found lead, another SVHC, in products made from certain metals, occasionally exceeding the 0.1% (w/w) threshold.

APPROACH AND ACTIONS

Bufab is monitoring the regulatory context and is as a minimum complying with REACH/ROHS and customer requirement no matter where we operate.

METRICS AND TARGETS

Number of companies reporting operational pollution as a significant environmental aspect: 6

E1 – 3 Water and marine resources

IMPACTS, RISKS, OPPORTUNITIES

Bufab's own operations use small amount of water and is not located in any high-risk areas. Potential water-related risks are mainly within supply chain, especially in water-intensive industries like mining, metal fabrication, surface treatment, and paper/textile production. Additionally, water usage in freight operations for tank cleaning also poses risks. Currently, Bufab has not fully assessed the water dependency and geographical impact of these suppliers.

APPROACH AND ACTIONS

Each company should develop their individual water strategy based on water use and local water risks.

METRICS AND TARGETS

Total water withdrawal: 10,6 megaliter
 Water withdrawal from water risk areas: 0 megaliter
 Percent of companies assessed for water risks: 84%

E1 – 4 Biodiversity

IMPACTS, RISKS, OPPORTUNITIES

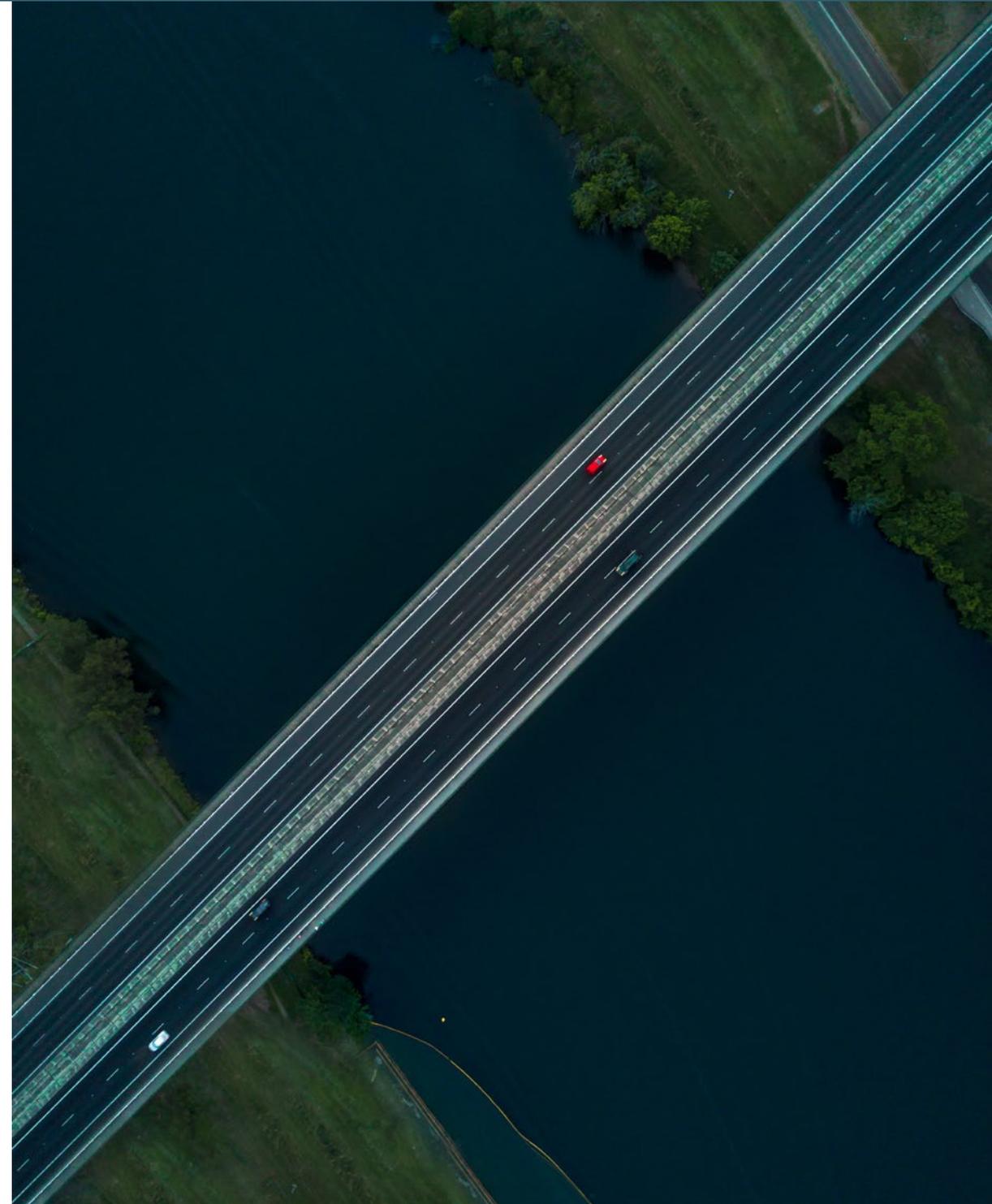
Bufab's operations generally have a small direct impact on biodiversity, but seven of Bufab's non-manufacturing facilities are located in areas with high physical risks, according to WWF's Biodiversity Risk Filter. Potential risks to biodiversity are mainly within the supply chain and are also linked to our carbon footprint, pollution, water use and circular footprint. At present, Bufab has not fully evaluated the risks to biodiversity that are associated with specific suppliers.

APPROACH AND ACTIONS

Besides our climate, pollution and water action. Each company should let the local biodiversity risk inform their strategy.

METRICS AND TARGETS

Percent of companies assessed for water risks: 84%
 Number of sites located in areas with biodiversity risk: 7



Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations

► Sustainability Report

E1 – 5 Circular economy

IMPACTS, RISKS, OPPORTUNITIES

Bufab's operations and its supply chain are significantly impacted by circular economy regulations that prioritize sustainability and efficient resource use. While Bufab's own operations generate a smaller amount of waste, the larger impact comes from the supply chain, customer locations, and end-of-life treatment of products. These impacts are governed by regulations like Extended Producer Responsibility (EPR), which makes manufacturers responsible for their products' entire lifecycle, including recycling and disposal.

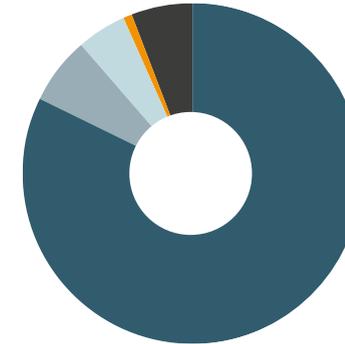
Bufab's operational sites also need to adhere to various national and regional waste management regulations. These guidelines influence how Bufab manages waste and resources in its processes. In terms of product design, Bufab is guided by standards that demand durability, reparability, and recyclability of products, and restrict the use of hazardous materials. Bufab places a strong emphasis on quality and chemical compliance to meet customer demands. The choice of fastening methods is critical for supporting a circular design, especially since most of Bufab's products are made of steel and other metals, which are highly recyclable if integrated properly into customer applications.

With the growing interest in the circular economy among customers, Bufab has the opportunity to use its commitment to sustainability as a key competitive advantage. This focus on environmentally responsible practices can distinguish Bufab in the market, appealing to the increasing number of customers who prioritize sustainability in their purchasing decisions.

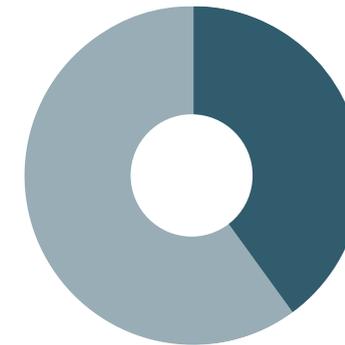
APPROACH AND ACTIONS

Bufab has set targets on achieving zero waste to landfill and reducing total waste in its operations. Operational waste is a part of the local companies' environmental management approach while inclusion of recycled content is an integrated part of the company's supplier sustainability engagement program.

	2023
Material outflow (weight)	
Material recyclability rate %	94%
% of SVHC parts registered in SCIP db	100%
Hazardous waste (total weight)	195
Recycling	155
Other recovery operation	0
Landfill	29
Incineration	11
Other disposal operation	0
Non-hazardous waste (total weight)	4,932
Recycling	4,214
Other recovery operation	24
Landfill	313
Incineration	382
Other disposal operation	0
Waste outflow (total weight)	5,127



Waste management per treatment
 ■ Recycling, 88%
 ■ Other recovery operation, 7%
 ■ Landfill, 5%
 ■ Incineration, 1%
 ■ Other disposal operation, 6%



Share of hazardous waste, % generated in the business
 ■ Hazardous waste, 40%
 ■ Non-hazardous waste, 60%

Note 1: Material recyclability rate is estimated based on spend data.
 Note 2: Hazardous waste is waste that possesses any of the characteristics contained in Annex III of the Basel Convention, or that is considered to be hazardous by national legislation.
 Note 3: Extrapolation is used for companies that currently do not have access to data.

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations
- Sustainability Report

S1 – Own workforce

IMPACTS, RISKS, OPPORTUNITIES

The physical and mental well-being of employees is a key concern, alongside the need for continual skill development due to technological advancements. Risks include workplace safety and challenges in employee retention and satisfaction. However, opportunities arise in fostering a diverse and inclusive workforce, investing in employee development, and implementing robust health and safety programs. Effectively managing these areas can help Bufab create a supportive work environment, retain talent, and align with broader business and sustainability goals.

ACTIONS

Bufab is dedicated to strategic investments in its people, governance, anti-corruption measures, and sustainable improvements. These efforts are directed towards maintaining a culture of personal entrepreneurship and individual responsibility, crucial for the company's ongoing success and role as an industry leader in sustainability. Activities includes implement best practice processes for continuous learning and improvement and strive to be an industry leader by fostering an equitable work environment. Additionally, Bufab's trainee program and Young Advisory Board bring fresh perspectives to workplace and sustainability challenges, underlining their dedication to ongoing organisational development.

	2023	2022
Contract type		
Total number of employees with a permanent contract	1,637	1,718
Total number of employees with a temporary contract	161	123
Total number of employees with non-garanteed hours	1	
Total number of full-time employees	1,700	1,764
Total number of part-time employees	98	77
Total number of non-employee workers	13	
Training		
Employees that received training during the period	1,095	
Employees that had yearly review / appraisal talks	88%	
Total Training hours during the period (Number)	19,574	18,613
Social protection		
Social protection – Sickness	1,757	
Social protection – Unemployment	1,260	
Social protection – Injury and disability	1,693	
Social protection – Parental leave	1,725	
Social protection – Retirement	1,734	
Social protection – Entitlement family related leave	1,743	
Social protection – Use of family related leave, male	639	
Social protection – Use of family related leave, female	509	

	2023	2022
Health & safety		
Lost time injury rate per 200,000 h	5.1	
Absenteeism rate (%)	3.1	3.4
TO rate (%)		
Employee turnover %	15.4	16.1
Diversity		
Workers with disabilities %	3.6	
Female % of total %	30	30
Male % of total %	70	70
Male % company management teams %		
Female % company management teams %		
Age <30 %	15	17
Age 30 – 50 %	52	50
Age >50 %	33	33
Collective bargain		
% of employees covered by Collective bargain % of total	70	
Employees covered by workers' representatives % of total	30	

Note 1: Lost Time Injury Rate defined as Lost time Injuries per 200,000 h worked
 Note 2: Employees per gender and region / country available in note 6.

Sustainability

Sustainable alignment

Sustainable development

Materiality

Responsible growth

Our obligations

► Sustainability Report

S2 – Supply chain workers

IMPACTS, RISKS, OPPORTUNITIES

Bufab, operating globally in regions such as India, China, Taiwan, Europe and the USA, faces diverse worker-related risks in its supply chain, including issues in working conditions, employee equality, worker rights, and ethical sourcing of minerals. These challenges extend beyond first-tier suppliers to deeper supply chain layers. However, Bufab has the opportunity to enforce ethical practices and standards, driving cultural shifts within its supply chain. By setting demands and monitoring compliance, Bufab not only mitigates risks but also positively impacts local communities by contributing to income, taxes and benefits. This approach enhances Bufab's role as a responsible corporate entity.

ACTIONS

Bufab is enhancing its supply chain sustainability by enforcing a Supplier Code of Conduct that aligns with international human rights and labour standards. The company focuses on selecting suppliers who meet its criteria for sustainability and quality. Bufab's auditing program ensures compliance with its standards. Additionally, the company is committed to ethical sourcing, avoiding minerals from conflict areas, and emphasises continuous improvement in quality and risk management.

TARGETS AND METRICS

Percent of suppliers signing the Code of Conduct
 Percentage of purchases that have been audited for sustainability

G1 – Governance

CORPORATE CULTURE AND POLICIES

Bufab emphasises ethical and sustainable business practices, guided by a strict Code of Conduct and a 'Solutionist' approach that encourages responsibility and entrepreneurship among employees. The company focuses on sustainable leadership and strategic improvements in its supply chain, prioritizing employee development through programs like the trainee program and the Young Advisory Board. With a zero-tolerance policy towards corruption, Bufab maintains transparency and ethical practices in all operations. The company fosters a culture of engagement with a robust whistleblower function and values diversity, reflecting a global and inclusive perspective in its workforce and governance.

MANAGEMENT AND RELATIONS WITH SUPPLIERS

In terms of supplier relations, Bufab places a high emphasis on ethical practices and sustainability. The company ensures that its suppliers adhere to a stringent Supplier Code of Conduct, which aligns with international standards on human rights and labor conditions.

Bufab diligently selects and cultivates relationships with suppliers who share its commitment to quality and sustainable practices. This involves a selection, assessment and auditing process to evaluate suppliers' adherence to Bufab's sustainability principles and ethical standards.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Bufab has adopted anti-bribery policy. All of 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.

MÄTETAL OCH MÅL

Percent of suppliers signing the Code of Conduct
 Percent of Purchasing & sales workforce having CoC training during last 3 years

Sustainability

- Sustainable alignment
- Sustainable development
- Materiality
- Responsible growth
- Our obligations

► Sustainability Report

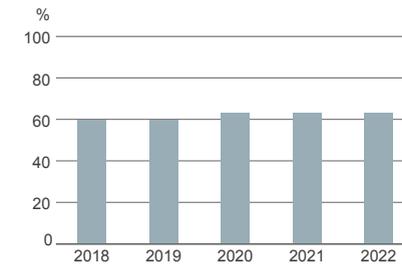
EcoVadis

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.

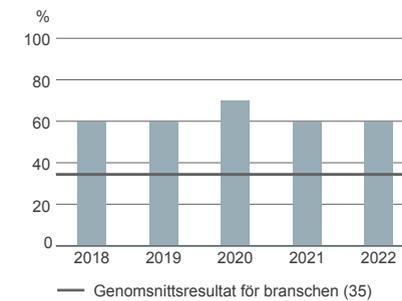
We are still a top performer in our industry but want to climb higher and achieve a gold medal. We will continue our sustainability work internally and externally, aiming for great strides during 2023. Some of our focus areas in 2024 are: improved training material for sustainability for customers and suppliers, 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.

We also aim to reschedule our reporting to Ecovadis to be in line with our Annual- and Sustainability report to gain the effort achieved in the reporting year.

Overall



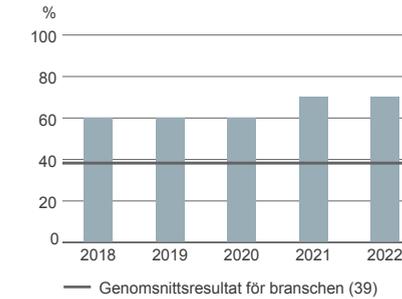
Sustainable sourcing



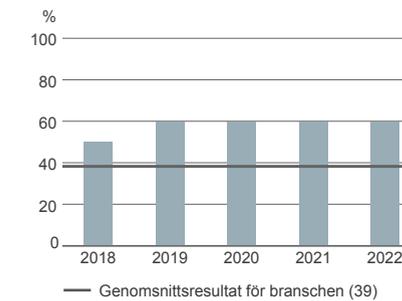
Labour and human rights



Environment



Ethics



ABOUT THIS REPORT

Bufab annually publishes a sustainability report for the Bufab Group. It aims to reinforce Bufab's commitment to transparency and responsibility, thereby granting that our investors, customers and other stakeholders are well informed about our impact, risks and opportunities linked to sustainability and the value generated. In the report, we seek to provide a transparent and balanced statement that includes essential parts of our value chain and operations.

The sustainability report has been prepared in accordance with the Swedish one the Annual Accounts Act and is inspired by the European standards for sustainability reporting (ESRS) and Global Reporting Initiative (GRI). All data and information provided in the report refers to calendar 2023 and includes all subsidiaries within the group. In the report we aim to present a complete and accurate description of our key figures, commitments and impact. In cases where information from one of our companies is missing, we have used extrapolations to fill these gaps. If extrapolation or estimates have been used, the precautionary principle is applied.

Sustainability

Sustainable alignment

Sustainable development

Materiality

Responsible growth

Our obligations

► Sustainability Report

Auditor's report on the statutory sustainability report

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

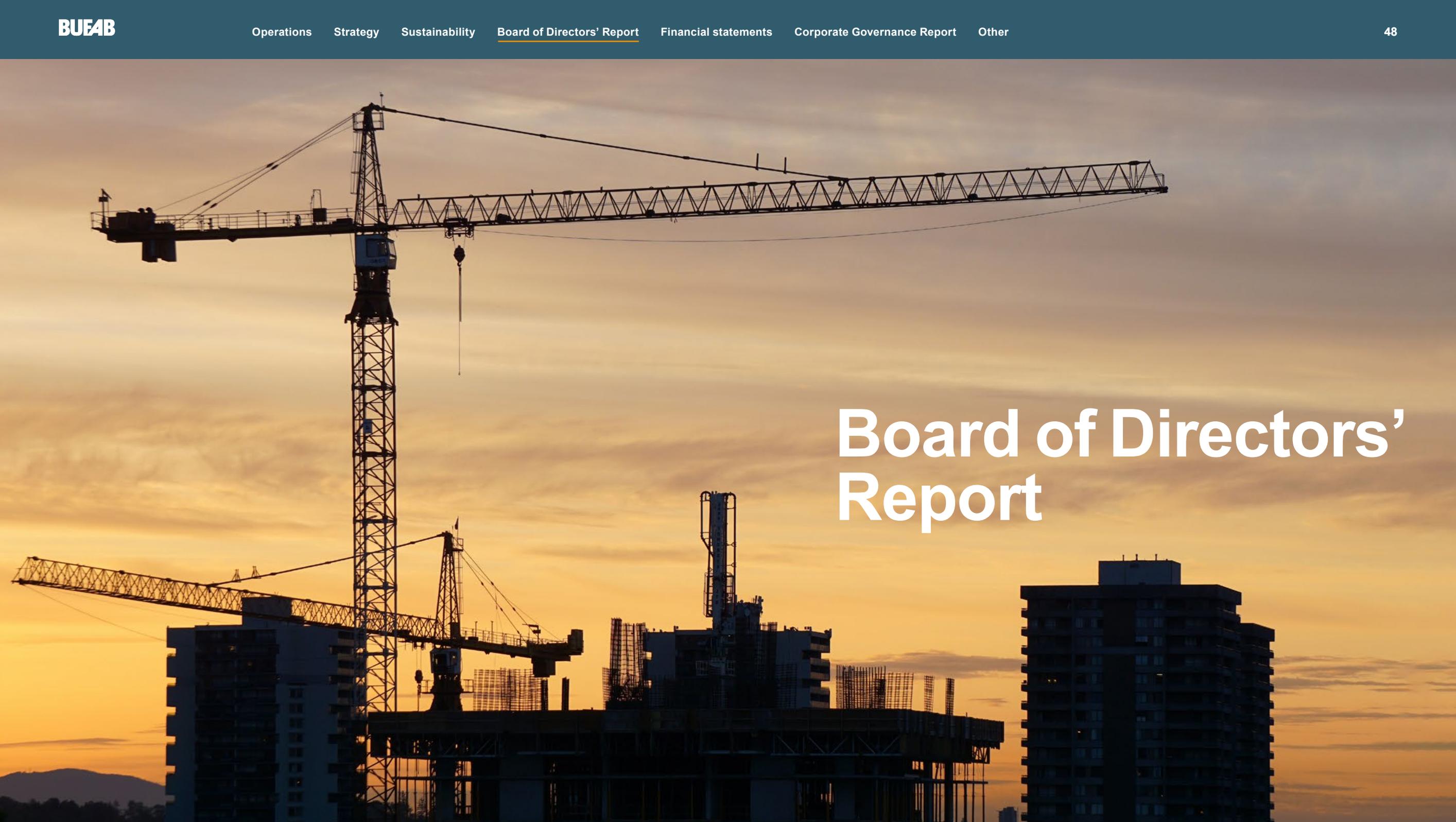
It is the board of directors who is responsible for the statutory sustainability report on pages 26-46 and that it has been prepared in accordance with the Annual Accounts Act.

A statutory sustainability report has been prepared

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.

Gothenburg 25 March 2024
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant

A large construction site is silhouetted against a bright, orange-hued sunset sky. Several tower cranes are visible, with one particularly large one in the foreground. The skeletal frames of several high-rise buildings are under construction. The overall scene is industrial and captures a moment of active development.

Board of Directors' Report

Board of Directors' Report

Board of Directors' Report

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 2023 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. 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 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 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 175,000 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 2023, 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

The Board of Directors of Bufab resolved on 6 December 2023 to raise the profitability target for the operating margin (EBITA) from 12 to 14 percent and to initiate a strategic review of Bufab Lann AB and Hallborn Metall AB, Bufab's manufacturing companies. The revised financial target and the strategic review are a result of the company's updated strategy that was presented at Bufab's Capital Markets Day in December. As also communicated during the Capital Markets Day, Bufab will from 1 January 2024 report according to a

new regional structure: Europe North & East, Europe West, UK & Ireland, Americas and Asia-Pacific.

In June, Bufab announced that Pär Ihrskog had been appointed as the new CFO starting in August 2023.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No material events have occurred after the balance-sheet date.

ORDER INTAKE AND NET SALES

Order intake increased to SEK 8,602 million (8,453), which was slightly lower than net sales.

Net sales rose by 3 percent to SEK 8,680 million (8,431). Of the total growth, 5 percent was attributable to currency effects, 4 percent to acquisitions and –6 percent to organic growth. Underlying demand was slightly lower and market share is assessed to be unchanged in all of the Group's segments except for Segment West, where market share increased.

PROFIT AND PROFITABILITY

Gross margin was slightly higher year-on-year at 28.7 percent (28.3).

The share of operating expenses was 16.7 percent (16.6). Adjusted for remeasured additional purchase considerations amounting to SEK –78 M (–94) for the year, the share of operating expenses amounted to 15.8 percent (15.5).

Adjusted operating profit (EBITA) increased 3 percent to SEK 1,121 million (1,084), corresponding to an operating margin of 12.9 percent (12.9). Operating profit (EBITA) increased 5 percent to SEK 1,043 million (990) and operating margin was 12.0 percent (11.7).

Earnings per share declined 7 percent to SEK 15.17 (16.23).

FINANCIAL ITEMS AND TAX

The Group's net financial items amounted to SEK –219 million (–102), of which exchange-rate differences accounted for SEK –3 million (5) and interest rates SEK –197 million (–103). The Group's profit after financial items was SEK 755 million (828) for the full year. The weaker net financial items compared with 2022 was attributable to higher interest rates.

The full-year tax expense was SEK –181 million (–218), implying an effective tax rate of 24.0 percent (26.5). The decrease in the effective tax rate relative to the comparable year is attributable to costs in 2022 for the remeasurement of additional purchase considerations, which are non-tax deductible.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Operating cash flow was strong during the full year and reflects a robust improvement in working capital. The reduced working capital is a direct result of the Group's goal to free-up capital tied-up in the business.

Board of Directors' Report

Board of Directors' Report

Average working capital in relation to net sales amounted to 39.7 percent (38.2). The deterioration was due to the Group increasing its inventory during 2022 in response to the longer lead times created by the strained supply chain and has since 2023 gradually reduced its inventories.

Adjusted net debt at 31 December 2023 amounted to SEK 2,861 million (3,273) and the debt/equity ratio was 99 percent (124). The lower net debt and debt/equity ratio are a direct result of the healthy operating cash flow during the year, and were achieved despite the payment of large additional purchase considerations during the first half of 2023.

The performance measure Net debt/EBITDA, adjusted, was 2.6 (3.2) on 31 December 2023. The performance measure declined by 0.6 during 2023. The improvement was primarily due to the strong cash flow that contributed to reducing our loans.

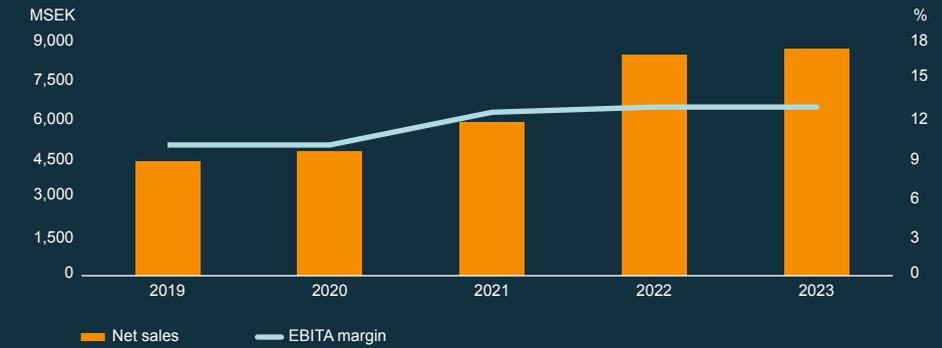
Key figures

SEK million	2023	2022	2021	2020	2019
Order intake	8,602	8,453	6,084	4,827	4,354
Net sales	8,680	8,431	5,878	4,756	4,348
Gross profit	2,494	2,389	1,638	1,252	1,183
Gross margin (%)	28.7	28.3	27.9	26.3	27.20
Operating expenses*	-1,451	-1,399	-942	-771	-799
Proportion of sales (%)	-16.7	-16.6	-16.0	-16.2	-18.4
Operating profit (EBITA)	1,043	990	695	482	384
Operating margin (EBITA) (%)	12.0	11.7	11.8	10.1	8.8
Operating profit (EBITA), adjusted	1,121	1,084	736	477	437
Operating margin (EBITA), adjusted (%)	12.9	12.9	12.5	10.0	10.0
Profit after tax	574	609	470	299	253
Earnings per share, SEK	15.17	16.23	12.57	8.04	6.75
Dividend per share, SEK	5.00**	4.75	3.75	2.75	0.00
Operating cash flow	1,602	99	209	540	351

* For definitions, see page 116.

** Proposed by the Board of Directors.

Net sales and adjusted operating margin



EBITDA, adjusted and operating cash flow



Net debt/EBITDA, adjusted

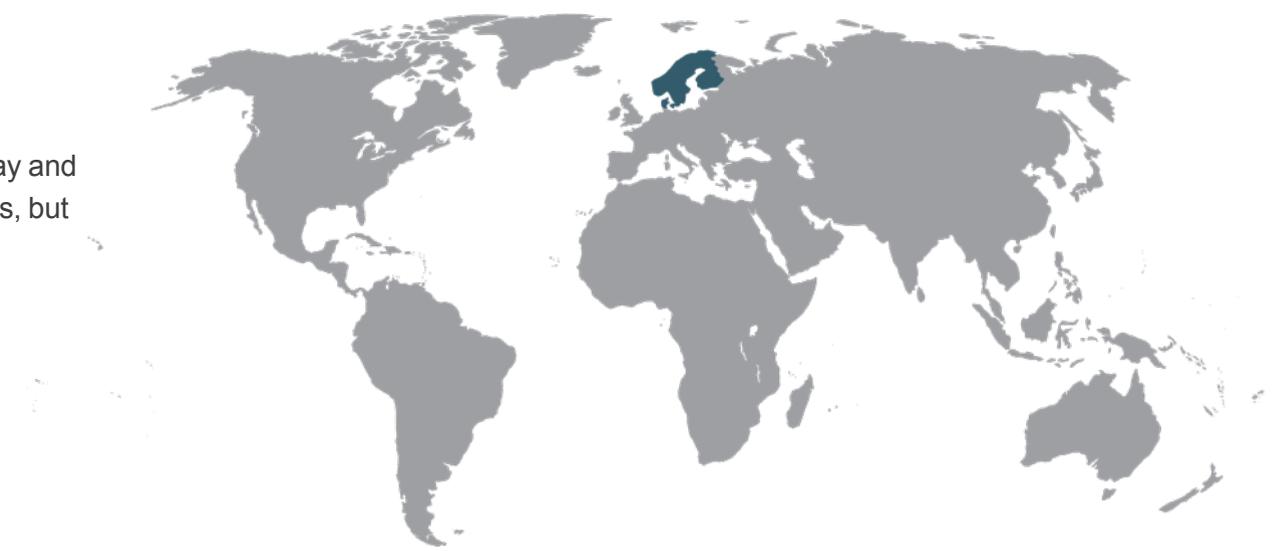


Board of Directors' Report

► Board of Directors' Report

Segment North

Segment North comprises Bufab's operations in Sweden, Finland, Norway and Denmark. The companies' operations mainly comprise trading companies, but also certain manufacturing of particularly demanding components.

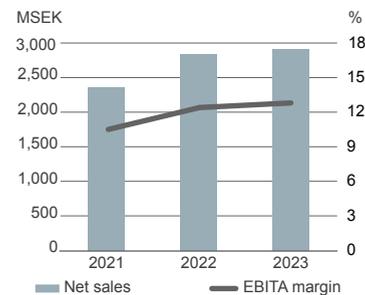


Financial highlights

- Order intake was SEK 2,903 million (2,815), which was slightly lower than net sales.
- Net sales rose by 2 percent to SEK 2,907 million (2,837). Organic growth was -3 percent.
- Gross margin was 25.9 percent (26.0).
- The share of operating expenses decreased primarily as a result of effective cost control.
- Operating profit (EBITA) was SEK 371 million (352), equal to a margin of 12.8 percent (12.4).

<h1>33%</h1> <p>Share of total sales</p>	<h1>2%</h1> <p>Sales growth</p>	<h1>12.8%</h1> <p>Operating margin (EBITA)</p>
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Net sales and EBITA margin:



Key figures

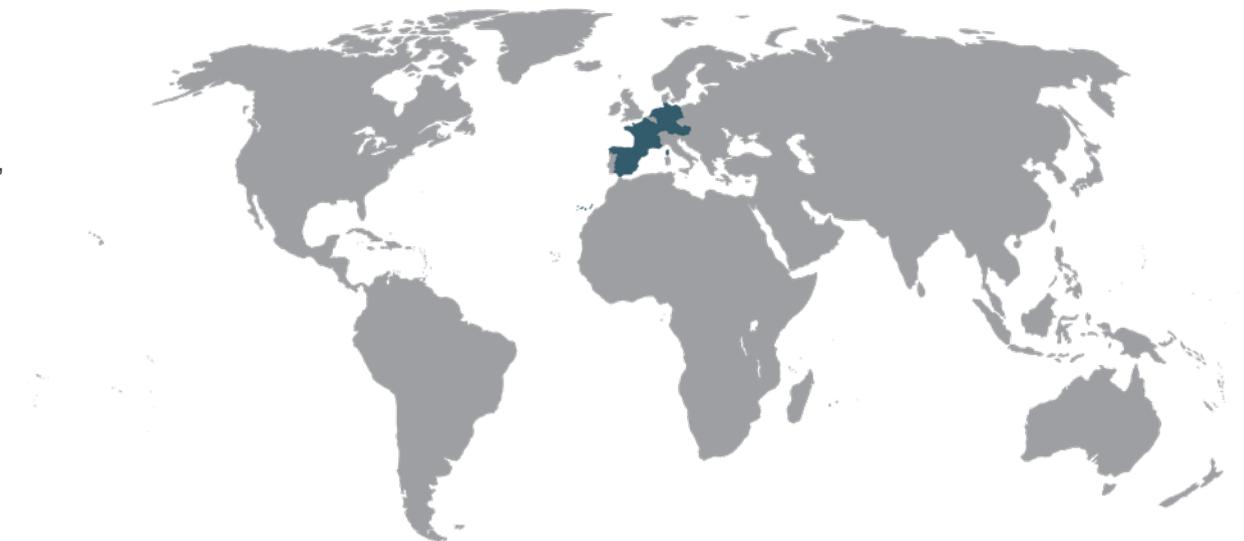
SEK million	2023	2022	2021
Order intake	2,903	2,815	2,436
Net sales	2,907	2,837	2,366
Gross profit	753	737	611
Gross margin (%)	25.9	26.0	25.8
Operating expenses	-382	-384	-362
Proportion of sales (%)	-13.1	-13.5	-15.3
Operating profit (EBITA)	371	352	249
EBITA margin (%)	12.8	12.4	10.5

Board of Directors' Report

► Board of Directors' Report

Segment West

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

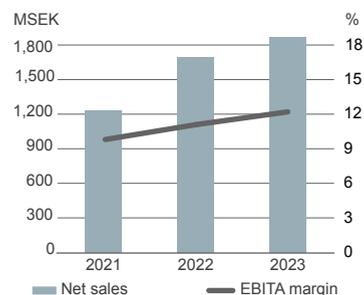


Financial highlights

- Order intake was SEK 1,818 million (1,716), which was lower than net sales.
- Net sales increased by 10 percent to SEK 1,871 million (1,694). Organic growth was 2 percent.
- The gross margin declined to 23.8 percent (24.1) due to a poorer product and customer mix in the segment's French and Austrian companies.
- The share of costs decreased as a result of continued cost control activities.
- EBITA improved to SEK 229 million (188), equal to a margin of 12.2 percent (11.1).

<h1>22%</h1> <p>Share of total sales</p>	<h1>10%</h1> <p>Sales growth</p>	<h1>12.2%</h1> <p>Operating margin (EBITA)</p>
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Net sales and EBITA margin:



Key figures

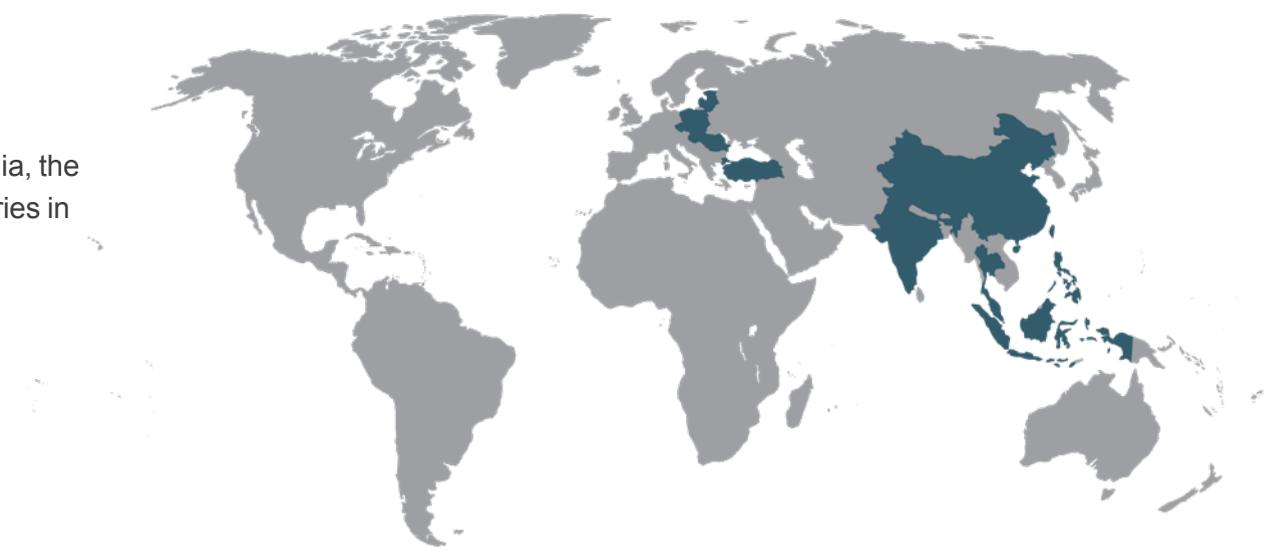
SEK million	2023	2022	2021
Order intake	1,818	1,716	1,317
Net sales	1,871	1,694	1,236
Gross profit	446	408	310
Gross margin (%)	23.8	24.1	25.1
Operating expenses	-218	-219	-189
Proportion of sales (%)	-11.6	-12.9	-15.3
Operating profit (EBITA)	229	188	121
EBITA margin (%)	12.2	11.1	9.8

Board of Directors' Report

▶ Board of Directors' Report

Segment East

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

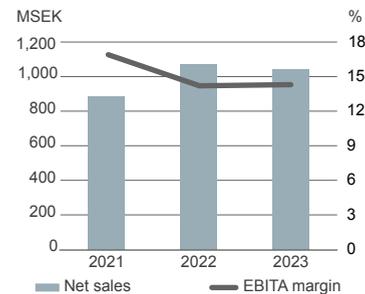


Financial highlights

- Order intake was SEK 1,036 million (1,066), which was slightly lower than net sales.
- Net sales decreased by 3 percent to SEK 1,045 million (1,073). Organic growth was –10 percent.
- Gross margin was 31.7 percent (31.9). The decrease was primarily due to lower volumes and poorer business mix.
- The share of operating expenses declined as a direct result of costs that burdened the comparative quarter for winding up the segment's operations in Russia.
- Operating profit (EBITA) was SEK 149 million (153), equal to a margin of 14.3 percent (14.2).

<h1>12%</h1> <p>Share of total sales</p>	<h1>-3%</h1> <p>Sales growth</p>	<h1>14.3%</h1> <p>Operating margin (EBITA)</p>
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Net sales and EBITA margin:



Key figures

SEK million	2023	2022	2021
Order intake	1,036	1,066	725
Net sales	1,045	1,073	715
Gross profit	331	342	227
Gross margin (%)	31.7	31.9	31.8
Operating expenses	-182	-190	-125
Proportion of sales (%)	-17.5	-17.7	-17.4
Operating profit (EBITA)	149	153	103
EBITA margin (%)	14.3	14.2	14.4

Board of Directors' Report

Board of Directors' Report

Segment UK/North America

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

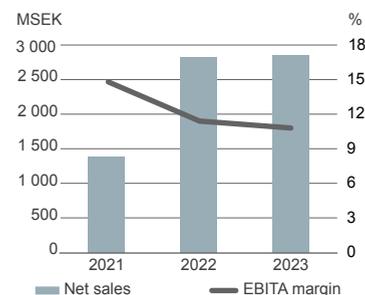


Financial highlights

- Order intake was SEK 2,847 million (2,855), which was slightly lower than net sales.
- Net sales rose by 1 percent to SEK 2,858 million (2,824). Organic growth was –11 percent.
- Gross margin was 33.2 percent (31.5). The higher gross margin was primarily attributable to a favourable customer mix, continued price adjustments and lower sourcing prices.
- The proportion of operating expenses increased. The higher share of operating expenses was attributable to remeasured provisions for additional purchase considerations.
- Operating profit (EBITA) was SEK 310 million (321), equal to a margin of 10.8 percent (11.4).
- Adjusted for the remeasured additional purchase considerations, operating profit increased to SEK 388 million (409) and operating margin to 13.6 percent (14.5).

<h1>33%</h1> <p>Share of total sales</p>	<h1>1%</h1> <p>Sales growth</p>	<h1>10.8%</h1> <p>Operating margin (EBITA)</p>
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Net sales and EBITA margin:



Key figures

SEK million	2023	2022	2021
Order intake	2,847	2,855	1,398
Net sales	2,858	2,824	1,388
Gross profit	949	890	446
Gross margin (%)	33.2	31.5	32.2
Operating expenses	-639	-568	-241
Proportion of sales (%)	-22.4	-20.1	-17.3
Operating profit (EBITA)	310	321	206
EBITA margin (%)	10.8	11.4	14.8

Board of Directors' Report

► Board of Directors' Report

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 2023 amounted to 1,782 (1,841). The average number of full-time employees in 2023 was 1,834 (1,754). 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 47 companies, six of which operate in-house manufacturing. At year-end 2023, 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 8–9 and a risk description on page 67. See pages 12, 21, 28–30, 34–35 and 41–43 for environmental disclosures, pages 12, 21, 29, 38 and 44 for social issues and employees, pages 36–37 and 45 for human rights, and page 45 for anti-corruption. Bufab supports the UN Global Compact and its ten principles on pages 28–30.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2023

A summary of the guidelines adopted by the Annual General Meeting (AGM) on 20 April 2023 is presented below (unchanged since the 2021 AGM). The full guidelines can be found on Bufab's website 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 2024

The proposed guidelines for remuneration of senior executives for the 2024 AGM are mainly in accordance with the guidelines adopted by the 2023 AGM, with the adjustment that the variable cash remuneration shall amount to not more than 75 percent of the fixed annual cash salary for the CEO. This is detailed in the official notice of the 2024 AGM, which is available on Bufab's website, www.bufabgroup.com.

Board of Directors' Report

Board of Directors' Report

REMUNERATION REPORT 2023

The Remuneration Report 2023 provides an overview of how the guidelines for remuneration of senior executives, as adopted by the 2023 AGM, were implemented during the year. The Remuneration Report is available on Bufab's website, www.bufabgroup.com.

LONG-TERM SHARE-BASED INCENTIVE PROGRAMME

The 2023 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 210,000 call options, corresponding to approximately 0.6 percent of the total number of shares in the company.

Each call option entitles the holder to acquire one share in Bufab during the period 15 May 2026–15 November 2026. The purchase price for shares when redeeming call options is to correspond to 115 percent of the volume-weighted average closing price 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.

A detailed description of this and other share-based incentive programmes can be found in Note 34.

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 142 million (139).

SHARE CAPITAL AND OWNERSHIP STRUCTURE

On 31 December 2023, 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 2023. The largest shareholder on 31 December 2023 was Liljedahl Group AB with just over 29 percent of shares and votes. On 31 December 2023, Bufab had 222,653 repurchased shares held in treasury.

2024 ANNUAL GENERAL MEETING

The AGM for Bufab AB (publ) will be held on 25 April 2024 in Värnamo, Sweden.

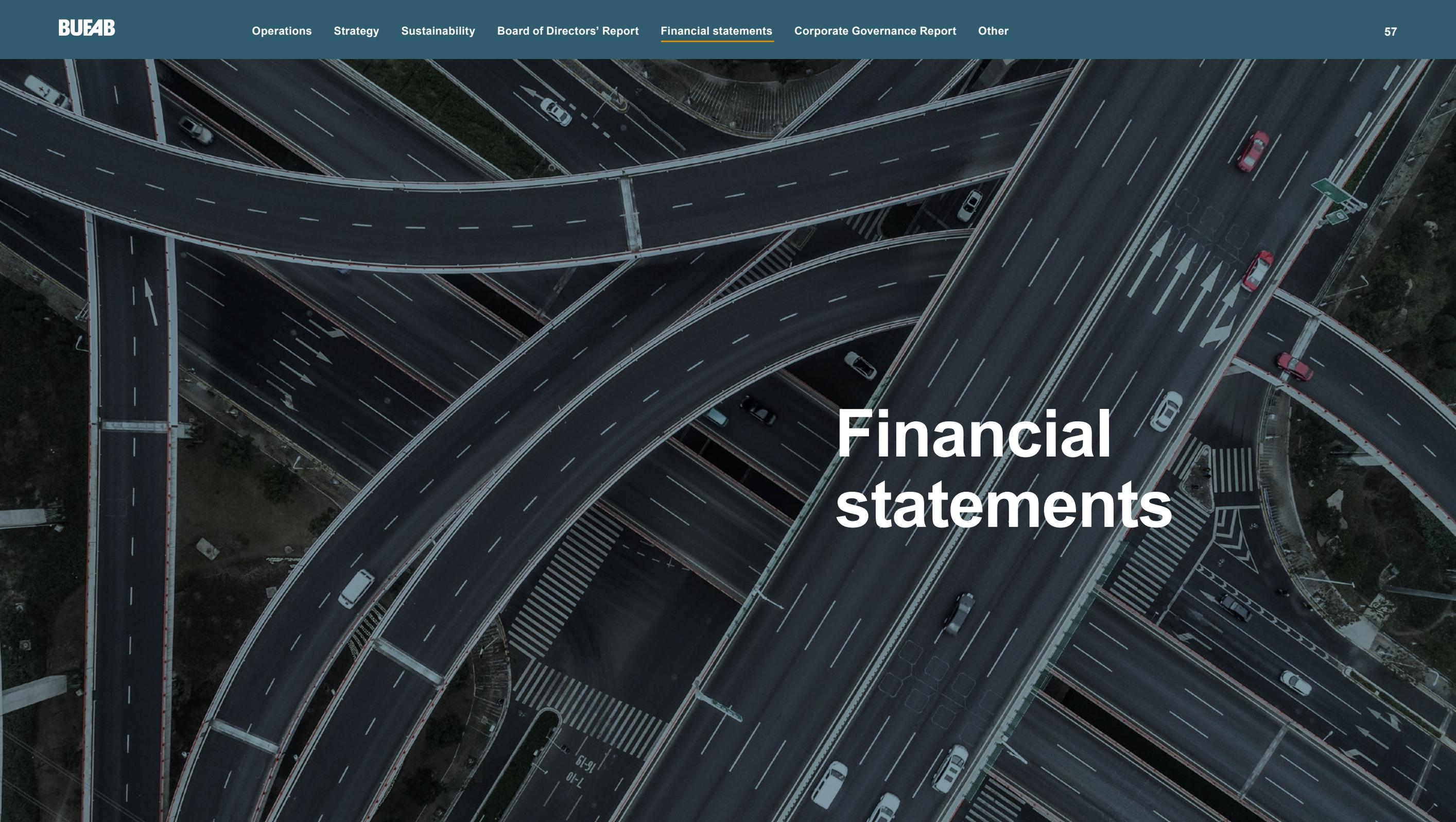
Notice of the 2024 AGM and other documentation will be available on Bufab's website, www.bufabgroup.com, around 21 March 2024.

Proposed appropriation of profits

	SEK
The following earnings are at the disposal of the AGM:	
Retained earnings	627,663,342
The Board of Directors proposes that the earnings be appropriated as follows:	
A dividend of SEK 5.00 per share to be paid to shareholders*	189,439,400
To be carried forward	438,223,942
Total	627,663,342

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





Financial statements

Financial statements

► Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Consolidated income statement

SEK million	Note	2023	2022
Net sales	2, 5	8,680	8,431
Cost of goods sold	6, 7, 10	-6,186	-6,042
Gross profit		2,494	2,389
Distribution costs	6, 7, 10	-920	-863
Administrative expenses	6, 7, 10	-552	-526
Other operating income	8	56	229
Other operating expenses	7, 9	-104	-299
Operating profit	2, 3, 4, 5, 6, 7, 8, 9, 10, 13	974	930
Profit from financial items			
Interest and similar income	11	15	15
Interest and similar expenses	12	-234	-117
Profit after financial items	13	755	828
Tax on profit for the year	14	-181	-218
PROFIT FOR THE YEAR¹⁾		574	609

¹⁾ Profit in its entirety is attributable to Parent Company shareholders.

Statement of comprehensive income

SEK million	Note	2023	2022
Profit after tax		574	609
Other comprehensive income			
Items that will not be reclassified in profit or loss			
Actuarial gains and losses, net after tax		-1	7
Items that may be reclassified subsequently to profit or loss			
Translation difference, net assets in foreign currency		-7	185
Gain/loss from hedging of net assets in foreign currency		-9	-19
Deferred tax on gain from hedging		2	4
Other comprehensive income after tax		-15	177
Total comprehensive income		559	786
Total comprehensive income attributable to:			
Parent Company shareholders		559	786
Earnings per share			
Earnings per share before dilution, SEK	15	15.17	16.23
Weighted number of shares outstanding before dilution, thousands		37,825	37,546
Earnings per share after dilution, SEK	15	15.03	15.95
Weighted number of shares outstanding after dilution, thousands		38,157	38,191

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Consolidated balance sheet

SEK million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	16	2,842	2,857
Other intangible assets	16	444	513
Work in progress and advances for intangible assets	18	3	3
Total intangible assets		3,289	3,373
<i>Property, plant and equipment</i>			
Land and buildings	17	24	22
Plant and machinery	17	107	113
Equipment, tools and fixtures & fittings	17	107	107
Rights of use	19	503	459
Work in progress and advances for property, plant and equipment	18	28	10
Total property, plant and equipment		769	711
<i>Financial assets</i>			
Other non-current receivables	20	10	8
Total financial assets		10	8

SEK million	Note	31 Dec 2023	31 Dec 2022
Deferred tax assets	25	22	25
Total deferred tax assets		22	25
Total non-current assets		4,090	4,117
Current assets			
<i>Inventories</i>			
Raw materials and consumables		155	171
Products in progress		66	64
Finished goods and merchandise		2,636	3,214
Total inventories		2,857	3,449
<i>Current receivables</i>			
Trade receivables	21	1,252	1,385
Current tax assets		62	58
Other receivables		26	40
Prepaid expenses and accrued income	22	95	65
Total current receivables		1,435	1,548
Cash and bank balances		218	322
Total current assets		4,510	5,319
TOTAL ASSETS		8,600	9,436

SEK million	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Other paid-in capital		488	488
Other reserves		188	202
Retained earnings		2,741	2,345
Total equity		3,418	3,036
Non-current liabilities			
Pension obligations, interest-bearing	24	35	32
Deferred tax, non-interest bearing	25	135	163
Lease liabilities	19	398	371
Other interest-bearing liabilities	26, 28	2,913	2,770
Other non-interest-bearing liabilities	27	66	207
Total non-current liabilities		3,547	3,543
Current interest-bearing liabilities			
Lease liabilities	19	140	117
Liabilities to credit institutions		4	611
Overdraft facilities	28, 29	127	183
Total current interest-bearing liabilities		271	911
Current non-interest-bearing liabilities			
Trade payables		621	769
Current tax liabilities		91	75
Other liabilities	27	364	794
Accrued expenses and deferred income	30	288	308
Total current non-interest-bearing liabilities		1,364	1,946
TOTAL EQUITY AND LIABILITIES		8,600	9,436

Financial statements

► Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Consolidated statement of changes in equity

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

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Consolidated statement of changes in equity, cont.

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total equity
Equity on 1 January 2023	1	488	202	2,345	3,036
Comprehensive income					
Profit after tax	—	—	—	574	574
Other comprehensive income					
Items that will not be reclassified in profit or loss					
Actuarial gain/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	—	—	-7	—	-7
Gain/loss from hedging of net assets in foreign currency	—	—	-9	—	-9
Deferred tax on gain from hedging of net assets in foreign currency	—	—	2	—	2
Total comprehensive income	—	—	-14	573	559
Transactions with shareholders					
Issued call options	—	—	—	5	5
Redemption of call options	—	—	—	19	19
Repurchase of own shares	—	—	—	-21	-21
Dividend to Parent Company shareholders	—	—	—	-180	-180
Total transactions with shareholders	0	0	0	-177	-177
Equity on 31 December 2023	1	488	188	2,741	3,418

Financial statements

► Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Consolidated cash-flow statement

SEK million	Note	31 Dec 2023	31 Dec 2022
Operating activities			
Profit before financial items		974	930
Depreciation/amortisation and impairment		278	240
Interest and other finance income		15	15
Interest and other finance expenses		-234	-118
Other non-cash items		81	128
Income tax paid		-178	-236
Cash flow from operating activities before changes in working capital		936	959
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories		584	-797
Increase (-) / decrease (+) in operating receivables		110	11
Increase (+) / decrease (-) in operating liabilities		-184	-220
Cash flow from operating activities		1,446	-47
Investing activities			
Acquisition of intangible assets		-8	-6
Acquisition of property, plant and equipment		-78	-60
Company acquisitions including additional purchase considerations	33	-648	-1,016
Cash flow from investing activities		-734	-1,082

SEK million	Note	31 Dec 2023	31 Dec 2022
Financing activities			
Dividend paid		-180	-140
Call options	34	5	6
Redemption call options/sale of own shares		19	7
Repurchase of own shares		-21	—
Amortisation lease contracts	36	-150	-125
Borrowings, non-current	36	553	1,790
Loan repayments, non-current	36	-1,039	-393
Cash flow from financing activities		-813	1,145
Cash flow for the year	36	-101	16
Cash and cash equivalents at beginning of year		322	293
Translation differences		-3	13
Cash and cash equivalents at year-end		218	322

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

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.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED BY THE GROUP

The Group is subject to the OECD's model rules for Pillar Two. Pillar Two legislation was adopted in Sweden, where Bufab AB (publ) has its registered office, and will enter into force on 1 January 2024.

Given that Pillar Two legislation had not entered into force on the balance-sheet date, the Group had no related current tax exposure. The Group applies the exemption to report and provide disclosures on deferred tax assets and liabilities related to income taxes from Pillar Two, as stipulated in amendments to IAS 12 issued in May 2023.

According to legislation, the Group is obliged to pay a supplementary tax for the difference between the effective

tax rate measured using GloBE rules for each jurisdiction and the minimum tax rate of 15 percent. According to the analysis performed, all companies in the Group have an effective tax rate that exceeds 15 percent, with the exception of one subsidiary that operates in Hungary's jurisdiction. In the country where we have not exceeded the effective tax rate of 15 percent, we consider the impact on the Group to be immaterial. Nor do we see any indication of any material changes to earnings or tax rates in countries where the Group operates. The Group does not anticipate any material exposure from Pillar Two going forward.

Even if the average effective tax rate is under 15 percent, the Group may not be exposed to pay income taxes from Pillar Two. This is due to the effects of specific adjustments that are expected in Pillar Two legislation that will give rise to different effective tax rates compared with those calculated under Item 86 in IAS 12. Due to the complexity of the application of the legislation and measurements of GloBE revenue, the quantitative effects of the enacted or substantively enacted legislation is not yet possible to estimate with reasonable assurance. Accordingly, even for companies with a reported effective tax rate exceeding 15 percent, there may still be tax consequences relating to Pillar Two. The company is currently establishing procedures to manage this in the accounting system to make accurate Pillar Two measurements in advance of the next quarter.

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. 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

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 2, cont.

prevailing at the date of the transaction. Exchange gains and losses arising from the settlement of such transactions and during translation of foreign currency monetary assets and liabilities at the closing rate are recognised in profit or loss.

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

Currency	Average rate		Closing rate	
	2023	2022	2023	2022
DKK	1.54	1.43	1.49	1.50
EUR	11.48	10.63	11.10	11.13
GBP	13.20	12.47	12.77	12.58
CZK	0.48	0.43	0.45	0.46
HUF	0.03	0.03	0.03	0.03
NOK	1.01	1.05	0.99	1.06
PLN	2.53	2.27	2.56	2.37
CNY	1.50	1.50	1.41	1.50
INR	0.13	0.13	0.12	0.13
NTD	0.34	0.34	0.33	0.34
USD	10.61	10.12	10.04	10.44
RON	2.31	2.15	2.23	2.25
TRY	0.46	0.61	0.34	0.56

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.

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.

Assets and liabilities arising from a lease are initially measured on a present value basis. 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 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.

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.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 2, cont.

OPTIONS TO TERMINATE AND EXTEND THE LEASE

Extension and termination options are included in a number of property and equipment leases across the Group. 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).

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 NON-CURRENT ASSETS

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. 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 203 million (190). 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 consideration for the acquisition of a subsidiary comprises the fair value of identifiable acquired assets, assumed liabilities and assumed contingent liabilities in a business combination that are initially measured, with a few exceptions, at fair value on the date of acquisition. Acquisition-related costs are expensed as they arise.

Conditional purchase consideration is classified either as shareholders' equity or a financial liability. Amounts classified as financial liabilities are remeasured each period at fair value. Any remeasurement gains or losses are recognised in profit or loss.

EMPLOYEE BENEFITS

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

However, the company has a more extensive responsibility in the case of defined-benefit pension plans, which are based on an agreed future pension entitlement. With these plans, the company's recognised cost is affected by factors such as assumptions about the future. The Group's net obligation is calculated separately for each plan by estimating the future benefit that employees have earned through their service in the current and prior periods. The present value of this benefit is determined by discounting the estimated future cash flows. The 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 2023 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. At the end of the financial year, Alecta's surplus in the form of the collective consolidation level was 175 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. 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.

Financial statements

Consolidated financial statements

► [Notes to the consolidated financial statements](#)

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 2, cont.

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, bank fees, exchange-rate differences and other financial income and expenses.

The interest component of lease payments (according to IFRS 16) 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.

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 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.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

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, Latvia, Hungary, Spain, Slovakia, India, the United States, Taiwan, China, Türkiye, Romania, Singapore, Malaysia, Indonesia, the Philippines, 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 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 geopolitical unrest such as the war in Ukraine and unrest in the Middle East are major factors 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

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 3, cont.

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 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 (87) of the Group's total invoicing and 89 percent (90) of its costs are in foreign currencies. Flow exposure in 2023 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	2,998	3,598
USD	2,122	1,666
GBP	579	1,649
DKK	200	326
PLN	167	132
NOK	38	103
CNY	183	56
SGD	64	54
MXN	8	12
RON	4	10
CZK	44	95
INR	3	7
NTD	174	0
HUF	15	0
TRY	4	0
JPY	3	0

* Expressed in SEK million at the average rate for 2023. 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 2023 and 2022, 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 15 million (32) and GBP 0 million (6), respectively, at 31 December 2023. 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.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 3, cont.

The Group receives its primary financing from a bank under a credit facility of SEK 4,000 million (3,000) with a maturity in July 2026. This credit is linked to certain borrowing terms (known as covenants), which are detailed in Note 26.

At year-end 2023, the Group had a liquidity reserve in the amount of SEK 1,194 million (1,494). 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 2023, the liquidity reserve totalled 1.9 months' (2.4) 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 40 percent (32), whereby the equity/assets ratio is defined as recognised equity divided by total assets.

Equity/assets ratio	2023	2022
Group		
Equity	3,418	3,036
Total assets	8,600	9,436
Equity/assets ratio	40%	32%

The net debt/equity ratio as at 31 December 2023 amounted to 99 percent (124), where the net debt/equity ratio is defined as net debt divided by recognised equity.

Debt/equity ratio	2023	2022
Group		
Interest-bearing liabilities	3,617	4,084
Cash	-218	-322
Net debt	3,399	3,762
Total equity	3,418	3,036
Debt/equity ratio, %	99%	124%

Classification of financial instruments

The following table shows the classification of financial instruments in the balance sheet for 2023 and 2022 (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 2023	Within one year	Between one and five years	After five years
Bank loans and overdrafts	132	2,913	—
Interest	184	215	—
Lease liabilities	140	322	77
Liabilities for additional purchase considerations	230	50	—
Trade payables	621	—	—
Total	1,307	3,500	77

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	—	—
Total	2,447	3,563	106

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 87 million (84) and a change of 5 percentage points would have an impact of approximately SEK 435 million (420) 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 (25), while a 5-percentage point change has an effect of about SEK 125 million (125) on operating profit. A 1-percentage point change in merchandise sourcing prices has an effect on earnings of about SEK 56 million (55), while a 5-percentage point change has an effect of about SEK 280 million (275) 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 13 million (11), while a 5-percentage point change has an effect of about SEK 65 million (55) on operating profit.

The Group's net debt was SEK 3,399 million (3,761) 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 34 million (38) 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 170 million (198).

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

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 3, cont.

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 –5 million (neg: –10) 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 –25 million (neg: –50) 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 6 million (8) 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 30 million (40) on operating profit.

The Group currency exposure to GBP in terms of transaction and translation effects is also substantial. Exposure to the GBP is primarily due to the fact that the Group's

invoicing in the UK is largely in this currency. A one percentage point strengthening of the GBP, with all other variables held constant, has a positive impact of SEK 11 million (10) 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 55 million (50) 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 9 million (8), SEK 9 million (7) and SEK 4 million (4), 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 43 million (40), SEK 43 million (37) and SEK 19 million (22), respectively. For information on the hedging of foreign net assets, see Note 37.

Assets, 2023	Financial assets measured at amortised cost	Financial assets measured at fair value	Total
Financial assets	10	—	10
Current assets			
– Trade receivables	1,252	—	1,252
– Other receivables	26	—	26
– Cash and cash equivalents	218	—	218
Total current assets	1,496	—	1,496
Total assets	1,506	—	1,506

Liabilities, 2023	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
Non-current liabilities and provisions			
– liabilities for unconditional and contingent considerations	—	50	50
– other non-current liabilities and considerations	2,948	—	2,948
Total non-current liabilities and considerations	2,948	50	2,998
Current liabilities and provisions			
– Trade payables	621	—	621
– Interest-bearing liabilities	271	—	271
– liabilities for contingent considerations	—	230	230
Total current liabilities	892	230	1,122
Total liabilities	3,840	280	4,120

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

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

Financial statements

Consolidated financial statements

► **Notes to the consolidated financial statements**

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 3, cont.

SUSTAINABILITY RISKS

Supplier base

Suppliers' sustainability work

Bufab has a Supplier Code of Conduct. 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 Supplier Code of Conduct. We endeavour to consolidate our supplier base and increase the proportion of suppliers in the Preferred Suppliers category. In addition, best practice creates transparency and structure that counteracts breaches of human rights. Read more on pages 29–30.

Conflict minerals

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

Our Supplier Code of Conduct 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 programmes, which has yielded good results, these companies can now contribute to helping our new acquisitions with best practices on how energy efficiency can be realised. 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 2023, inventories amounted to SEK 2,857 million (3,449), net, after deductions for obsolescence of SEK 203 million (190).

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 2023, the balance sheet included contingent considerations of SEK 228 million (555). 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

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

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. 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. Segment UK/North America comprises Bufab's operations in the UK, Ireland, the US and Mexico. 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Income items												
Net sales	2,907	2,837	1,871	1,694	1,045	1,073	2,858	2,824	0	3	8,680	8,431
Operating profit (EBITA)	371	361	229	202	149	168	310	324	-16	-57	1,043	990
Amortisation of acquisition-related intangible assets	-21	-18	-7	-6	-4	-3	-38	-32	—	—	-69	-60
Financial items	—	—	—	—	—	—	—	—	—	—	-219	-103
Profit after financial items	—	—	—	—	—	—	—	—	—	—	755	828
Taxes	—	—	—	—	—	—	—	—	—	—	-181	-218
Profit for the year	—	—	—	—	—	—	—	—	—	—	574	609
Non-current assets ²⁾	492	551	148	117	52	60	516	494	13	5	1,221	1,227

Geographic distribution of net sales and non-current assets	2023		2022	
	Net sales ¹⁾	Non-current assets ²⁾	Net sales ¹⁾	Non-current assets ²⁾
Sweden	1,641	293	1,619	304
Denmark	848	158	794	185
US	1,160	159	1,334	182
UK	1,676	356	1,451	312
Other	3,355	255	3,233	244
	8,680	1,221	8,431	1,227

¹⁾ No single customer accounts for 10 percent or more of Group sales.

²⁾ Includes intangible assets and property, plant and equipment excluding Goodwill.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

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

Average number of employees	2023	% Male	2022	% Male
Parent Company				
Sweden	1	100%	1	100%
Total	1	100%	1	100%
Subsidiaries				
Sweden	413	73%	406	73%
UK	370	72%	333	81%
North America	180	69%	184	65%
Denmark	131	79%	122	88%
Netherlands	109	79%	106	84%
Poland	103	65%	88	82%
Austria	79	71%	75	77%
France	72	54%	70	59%
Finland	59	76%	54	80%
Singapore	42	55%	67	57%
Czech Republic	42	55%	23	70%
China	40	55%	61	54%
Germany	28	68%	25	76%
India	27	63%	25	76%
Taiwan	21	38%	22	37%
Norway	18	89%	17	94%
Estonia	15	47%	14	37%
Hungary	14	71%	10	70%
Slovakia	13	62%	12	58%
Mexico	12	92%	10	95%
Spain	11	73%	10	63%
Romania	7	71%	11	73%
Other	27	59%	8	92%
Total, subsidiaries	1,833	70%	1,753	74%
GROUP TOTAL	1,834	70%	1,754	74%

Board and senior executives	2023	% Female	2022	% Female
Board	6	33%	7	43%
CEO and other senior executives	7	14%	7	14%

Salaries, employee benefits and social security fees	Parent Company		Subsidiaries		Group total	
	2023	2022	2023	2022	2023	2022
Salaries and benefits excluding bonuses, etc.	5.6	1.8	1,024.8	911.4	1,030.4	913.2
Bonuses, etc.	1.1	0.7	14.8	13.9	15.9	14.6
Total salaries and other remuneration	6.7	2.5	1,039.6	925.3	1,046.3	927.8
Social security fees, excluding pension costs	1.8	0.6	180.2	169.9	182.0	170.5
Pension costs	1.4	0.4	62.1	54.6	63.5	55.0
Total social security fees	3.2	1.0	242.3	224.5	245.5	225.5

Salaries and other remuneration categorised by country and among Board members and CEO (senior executives) and other employees	2023		2022	
	Management ¹⁾	Other employees	Management ¹⁾	Other employees
Parent Company				
Salaries and other remuneration, excl. bonuses etc.	5.6	—	1.8	—
Bonuses, etc.	1.1	—	0.7	—
Total Parent Company	6.7	—	2.5	—
Subsidiaries, Sweden				
Salaries and other remuneration, excl. bonuses etc.	14.5	209.3	14.4	200.2
Bonuses, etc.	5.3	—	5.4	—
Total subsidiaries, Sweden	19.8	209.3	19.8	200.2
Foreign subsidiaries				
Salaries and other remuneration, excl. bonuses etc.	60.8	740.2	53.2	643.6
Bonuses, etc.	9.5	—	8.5	—
Total foreign subsidiaries	70.3	740.2	61.7	643.6
Group total				
Salaries and other remuneration, excl. bonuses etc.	80.9	949.5	69.4	843.8
Bonuses, etc.	15.9	—	14.6	—
Group total	96.8	949.5	84.0	843.8

Financial statements

Consolidated financial statements

► [Notes to the consolidated financial statements](#)

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 6, cont.

Group	2023				2022			
	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	—	—	—	0.7	—	—	—
Per-Arne Blomquist	0.4	—	—	—	0.3	—	—	—
Hans Björstrand	0.3	—	—	—	0.3	—	—	—
Johanna Hagelberg	0.1	—	—	—	0.3	—	—	—
Anna Liljedahl	0.3	—	—	—	0.3	—	—	—
Eva Nilsagård	0.4	—	—	—	0.3	—	—	—
Bertil Persson	0.3	—	—	—	0.3	—	—	—
<i>CEO</i>								
Johan Lindqvist, Acting (2021–2022: Sep–Aug)	—	—	—	—	2.6	1.3	0.3	1.0
Erik Lundén (2022: Sep–Dec and 2023: Jan–Dec)	4.5	1.1	1.1	1.4	1.4	0.7	0.4	0.4
<i>Other senior executives, 6 (6) people.</i>	14.4	3.6	1.4	4.7	11.9	5.9	1.3	4.6

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 1.7 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 4.5 million (4.0), variable remuneration of SEK 1.1 million (2.0) and pension benefits of SEK 1.4 million (1.4) were expensed during the year. For other senior executives, basic salaries of SEK 14.4 million (11.9) and variable remuneration of SEK 3.6 million (5.9) were expensed. There were six (six) other senior executives in 2023.

The CEO's retirement age is 65. Pension costs are premium based and correspond to 30 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

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 6, cont.

	2023	2022
Auditors' fees and remuneration		
PricewaterhouseCoopers		
Audit assignment	9	7
– of which to Öhrlings PricewaterhouseCoopers AB	3	3
Audit activities in addition to audit assignment	0	0
– of which to Öhrlings PricewaterhouseCoopers AB	0	0
Tax advice	2	0
– of which to Öhrlings PricewaterhouseCoopers AB	1	0
Other services	2	6
– of which to Öhrlings PricewaterhouseCoopers AB	1	1
Total	13	13
Other auditors		
Auditing fees to others	3	3

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

	2023	2022
Materials sourced, including costs of delivery	5,634	5,542
Salaries, including social security contributions	1,332	1,219
Depreciation	278	240
Other	518	729
Total operating expenses	7,762	7,730

NOTE 8 OTHER OPERATING INCOME

	2023	2022
Capital gain on sale of property, plant and equipment	3	1
Remeasurement of additional purchase considerations	18	184
Exchange-rate gains on operating receivables/liabilities	1	11
Government grants received	6	0
Other	28	33
Total other operating income	56	229

NOTE 9 OTHER OPERATING EXPENSES

	2023	2022
Exchange-rate losses on operating receivables/liabilities	0	0
Remeasurement of additional purchase considerations	–96	–278
Other	–8	–21
Total other operating expenses	–104	–299

NOTE 10 DEPRECIATION/AMORTISATION OF NON-CURRENT ASSETS

	2022	2021
Depreciation/amortisation according to plan, by class of asset*		
Other intangible assets	–78	–63
Buildings	–113	–96
Plant and machinery	–26	–27
Equipment, tools and fixtures & fittings	–61	–54
Total depreciation/amortisation	–278	–240
Depreciation/amortisation according to plan, by function*		
Cost of goods sold	–77	–70
Distribution costs	–147	–127
Administrative expenses	–54	–43
Total depreciation/amortisation	–278	–240

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

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 11 INTEREST AND SIMILAR INCOME

	2023	2022
Exchange-rate differences	0	5
Interest income, other	15	10
Total	15	15

NOTE 12 INTEREST AND SIMILAR EXPENSES

	2023	2022
Interest expenses, lease liabilities	-17	-14
Interest expenses, other	-214	-103
Exchange-rate differences	-3	0
Other	-	-
Total	-234	-117

NOTE 13 EXCHANGE-RATE DIFFERENCES AFFECTING PROFIT/LOSS ITEMS

	2023	2022
Exchange-rate differences affecting operating profit	1	11
Exchange-rate differences on financial items	-3	5
Total	-2	16

NOTE 14 TAX ON PROFIT FOR THE YEAR

	2023	2022
Current tax		
Current tax for the year	-192	-232
Current tax for previous years	-	-
Total	-192	-232
Deferred tax expense (-) / income (+)		
Deferred tax income on temporary differences	11	14
Total	11	14
Recognised tax expense	-181	-218
	2023	2022
Profit before tax	755	828
Tax according to Parent Company's applicable rate	-156	-171
Effect of foreign subsidiaries' tax rates	-16	-54
Effect of non-deductible expenses	-2	-6
Revaluation of loss carry-forwards/temp. differences	-7	13
Recognised tax expense	-181	-218
Effective tax rate	24%	26%

NOTE 15 EARNINGS PER SHARE

	2023	2022
Profit after tax	574	609
Estimated average number of ordinary shares outstanding before dilution	37,825	37,546
Earnings per share before dilution, SEK	15.17	16.23
Estimated average number of ordinary shares outstanding after dilution	38,157	38,191
Earnings per share after dilution, SEK	15.03	15.95

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 16 INTANGIBLE ASSETS

	Goodwill		Other intangible assets	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accumulated cost				
At beginning of year	2,911	2,038	725	439
New purchases for the year	0	—	5	6
Reclassifications	—	—	5	—
New purchases through acquisitions	0	693	0	230
Divestments and disposals	—	—	—8	—
Exchange-rate differences for the year	—16	180	—5	50
At year-end	2,895	2,911	722	725
Accumulated amortisation according to plan and impairments				
At beginning of year	—54	—44	—212	—137
Amortisation according to plan for the year	—	—	—78	—63
New purchases through acquisitions	—	—10	—	—
Divestments and disposals	—	—	8	—
Amortisation in acquired companies	—	—	—	—
Exchange-rate differences for the year	1	—	4	—12
At year-end	—53	—54	—278	—212
Carrying amount at beginning of period	2,857	1,994	513	302
Carrying amount at end of period	2,842	2,857	444	513

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 1,061 million (1,075) is attributable to Segment North, SEK 242 million (235) to Segment West, SEK 224 million (218) to Segment East and SEK 1,315 million (1,329) 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 134 million (125) and SEK 90 million (93), respectively. Segment UK/North America comprises two cash-generating units with goodwill of SEK 649 million (672) and SEK 665 million (658), respectively.

Acquired units are integrated into Bufab's business model and exposed to similar business risks. 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 2024–2026, 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 9.9 percent (10.5), Segment West 10.4 percent (11.5), Segment East 17.1 percent (11.5) and 12.7 percent (11.7), respectively, and Segment UK/North America 11.0 percent (11.4) and 10.8 percent (12.3) after tax. Impairment testing was conducted in conjunction with the annual accounts on 31 December 2023 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 with +2 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

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery		Equipment, tools and fixtures & fittings	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accumulated cost						
At beginning of year	40	36	374	351	436	347
New purchases for the year	0	3	13	16	33	31
New purchases through acquisitions	0	0	0	1	0	56
Divestments and disposals	—	—	-12	0	-17	-13
Reclassifications	6	—	6	4	1	-10
Exchange-rate differences for the year	0	1	-1	2	-2	25
At year-end	46	40	380	374	451	436
Accumulated depreciation according to plan						
At beginning of year	-18	-15	-261	-231	-329	-264
Divestments and disposals	—	—	12	0	16	13
Amortisation according to plan for the year	-4	-3	-25	-26	-32	-33
Reclassifications	—	—	—	—	0	9
Amortisation in acquired companies	0	0	0	-1	0	-34
Exchange-rate differences for the year	0	0	1	-3	1	-20
At year-end	-22	-18	-273	-261	-344	-329
Carrying amount at beginning of period	22	21	113	120	107	83
Carrying amount at end of period	24	22	107	113	107	107

NOTE 18 WORK IN PROGRESS AND ADVANCES FOR NON-CURRENT ASSETS

	Intangible assets		Property, plant and equipment	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
At beginning of year	3	4	10	6
Reclassifications	-3	—	-15	-5
Divestments and disposals	0	-2	—	—
Investments	3	1	33	9
Carrying amount at end of period	3	3	28	10

NOTE 19 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	2023	2022
Properties	440	417
Machinery	0	0
Equipment and other	22	19
Vehicles	42	23
Total assets with right-of-use	503	459
Lease liabilities		
Current	140	117
Non-current	398	371
Total lease liabilities	538	488

In 2023, additional right-of-use assets amounted to SEK 111 million (166), SEK 0 million (145) 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 54 million (33). Deferred tax liabilities pertaining to right-of-use assets on 31 December 2023 amounted to SEK 113 million (107) and deferred tax assets pertaining to lease liabilities amounted to SEK 120 million (115).

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

REPORTED AMOUNT IN INCOME STATEMENT

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

	2023	2022
Amortisation of right-of-use assets		
Properties	-109	-93
Machinery	0	-1
Equipment and other	-10	-7
Vehicles	-19	-14
Total amortisation of right-of-use assets	-138	-115

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 20 OTHER NON-CURRENT RECEIVABLES

	31 Dec 2023	31 Dec 2022
Accumulated cost		
At beginning of year	8	8
Investments for the year	—	—
Exchange-rate differences	2	—
Carrying amount at year-end	10	8

NOTE 21 PAST-DUE RECEIVABLES

	31 Dec 2023	31 Dec 2022
Number of days past due		
30–90 days	70	84
91–180 days	17	11
181–360 days	3	3
More than 360 days	4	11
Carrying amount at year-end	94	109
Provision in balance sheet for doubtful debts	13	11
Bad debt losses	2023	2022
Costs of bad debt losses affecting profit for the year	4	4
Total	4	4

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 2023	31 Dec 2022
Rent	14	13
Insurance	5	4
Licences	14	7
Other prepaid expenses	62	41
Carrying amount at year-end	95	65

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 2023	31 Dec 2022
FPG/PRI	20	18
Retirement pension, foreign companies	15	14
Total	35	32

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

	Sweden	
	31 Dec 2023	31 Dec 2022
Discount rate	3.8%	4.0%
Rate of salary increase ¹⁾	—	—
Inflation	1.6%	2.1%
	Other countries	
	31 Dec 2023	31 Dec 2022
Discount rate	3.3%	2.6%
Rate of salary increase	3.3%	3.2%
Inflation	0.5%	0.7%

¹⁾ 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

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 24 PENSION OBLIGATIONS, INTEREST-BEARING, CONT.

	2023	2022
Total pension costs recognised in profit or loss (SEK million).		
Costs relating to defined-benefit plans:		
Service costs for current year	0	0
Interest on obligations	1	1
Costs relating to defined-benefit plans	1	1
Costs relating to defined-contribution plans	61	55
Total costs recognised in profit or loss	62	56

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 2023		31 Dec 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Machinery and equipment	—	17	—	17
Tax allocation reserve	—	20	—	25
Intangible assets	—	100	—	121
Other	22	-5	21	-5
Loss carry-forwards	—	—	4	—
Total	22	135	25	158

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 2023	31 Dec 2022
Amount of liability items expected to be settled one–five years after balance-sheet date	3,311	3,141
Amount of liability items expected to be settled more than five years after balance-sheet date	—	—
Total	3,311	3,141

Of the Group's non-current interest-bearing liabilities, SEK 2,896 million (2,746) stem from credit from Svenska Handelsbanken and SEB and the remaining amount from other credit institutions and interest-bearing lease liabilities. Bufab's total credit facility with Svenska Handelsbanken and SEB amounts to SEK 4,000 million and the maturity period was extended during the financial year until July

2026. 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 5.6 percent (3.9).

NOTE 27 LIABILITIES RELATING TO ADDITIONAL PURCHASE CONSIDERATIONS

	2023	2022
Carrying amount at beginning of year	826	514
Additional purchase considerations for acquired companies	0	310
Paid additional purchase considerations for acquired companies	-648	-156
Remeasurement of liability for additional purchase considerations	78	94
Exchange-rate fluctuations	24	64
Carrying amount at year-end	280	826
– of which recognised as "Other current liability"	230	190
– of which recognised as "Other non-interest-bearing liabilities"	50	636

Additional purchase considerations are related to acquisitions carried out in 2017–2023. 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 280 million (826) on 31 December 2023, of which SEK 52 million (271) is unconditional and SEK 228 million (555) 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 2024 and 2029.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 28 PLEDGED ASSETS

	31 Dec 2023	31 Dec 2022
Floating charges	0	0
Shares in subsidiaries	0	0
Total	0	0

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 2023	31 Dec 2022
Credit limit granted	300	329
Unutilised portion	-172	-188
Credit amount utilised	128	141

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2023	31 Dec 2022
Accrued salaries incl. holiday pay	117	118
Accrued social security contributions	29	32
Accrued expenses from contracts with customers	26	27
Other items	116	131
Total	288	308

NOTE 31 CONTINGENT LIABILITIES

	31 Dec 2023	31 Dec 2022
Environment	30	30
VAT	—	—
Other contingent liabilities	5	5
Total	35	35

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

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 33 ACQUISITIONS

2023

The Group completed no acquisitions during the 2023 financial year.

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:

Final 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
Acquired net assets	126
Goodwill	151
Purchase consideration¹⁾	277
Less: cash and cash equivalents in acquired operations	-4
Less: conditional purchase consideration*	-21
Effect on the Group's cash and cash equivalents	252

¹⁾ 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.

Final 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
Acquired net assets	421
Goodwill	494
Purchase consideration¹⁾	913
Less: cash and cash equivalents in acquired operations	-100
Less: conditional purchase consideration*	-240
Effect on the Group's cash and cash equivalents	574

¹⁾ 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.

Final 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
Acquired net assets	23
Goodwill	74
Purchase consideration¹⁾	96
Less: cash and cash equivalents in acquired operations	-13
Less: conditional purchase consideration*	-45
Effect on the Group's cash and cash equivalents	39

¹⁾ 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.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 34 INCENTIVE PROGRAMME

INCENTIVE PROGRAMME 2023–2026

The Annual General Meeting on 20 April 2023 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 210,000 call options, corresponding to approximately 0.6 percent of the total number of shares in the company. The purchase price for the call options has been set, using a Black & Scholes valuation, at SEK 92.90, 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 2026–15 November 2026. The purchase price per share is SEK 407.49, corresponding to 115 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during the period 8 May 2023–12 May 2023. During the period, a total of 57,400 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 2026, 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.

During the year, 57,400 shares were repurchased for the equivalent of SEK 21 million.

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

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Note 34, cont.

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.

	2023		2022	
	Average exercise price per call option	No. of options	Average exercise price per call option	No. of options
On 1 January	151.09	578,620	126.48	654,520
Allocated during the year	92.90	57,400	60.84	102,850
Redeemed / bought back during the year	9.04	-127,250	9.04	-178,750
Redeemed / bought back during the year	12.12	-258,450	—	—
Forfeited during the year	—	—	—	—
On 31 December	352.83	250,320	151.09	578,620

Incentive programme	Date of allotment	Maturity date	Exercise price	Stock options on 31 December 2023	No. of options on 31 December 2022
Incentive programme 2023–2026	12 May 2023	15 November 2026	407.79	57,400	—
Incentive programme 2022–2025	11 May 2022	15 November 2025	331.96	102,850	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
Incentive programme 2019–2023	15 August 2019	15 February 2023	109.96	—	127,250
Total				250,320	580,620

Participant subsidy (gross salary bonus)	2023	2022
Cost of participant subsidy	4	4
Total	4	4

NOTE 35 EVENTS AFTER THE END OF THE FINANCIAL YEAR

No material events have occurred after the balance-sheet date.

Financial statements

Consolidated financial statements

► Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

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 2023	31 Dec 2022
Non-current interest-bearing liabilities, excluding lease liabilities	2,948	2,802
Non-current interest-bearing lease liabilities	398	371
Current interest-bearing liabilities, excluding lease liabilities	131	794
Current interest-bearing lease liabilities	140	117
Less: Cash and cash equivalents	-218	-322
Less: other interest-bearing receivables	—	—
Net debt on balance-sheet date	3,399	3,762

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

SEK million	Cash and cash equivalents	Lease liabilities	Borrowings	Interest-bearing pension provisions	Total
Net debt on 1 January 2023	322	-488	-3,564	-32	-3,762
Cash flow	-101	150	486	—	535
Acquisitions/new contracts	—	-157	—	—	-157
Revaluation	—	-57	—	-3	-60
Exchange-rate differences	-3	14	34	—	45
Net debt on 31 December 2023	218	-538	-3,044	-35	-3,399

Financial statements

Consolidated financial statements

► **Notes to the consolidated financial statements**

Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

NOTE 37 HEDGE OF NET ASSETS IN FOREIGN CURRENCY

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

Hedged net investments in foreign operations in EUR		31 Dec 2023
Reported amount bank loans	SEK million	166
Reported amount in hedged currency	EUR million	15
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		7
Changes to the hedged item's carrying amount due to fluctuations in currency during the year		-7

Hedged net investments in foreign operations in EUR		31 Dec 2022
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

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

► **Parent Company financial statements**

Notes to Parent Company financial statements

Auditor's report

Parent Company income statement

SEK million	Note	2023	2022
Administrative expenses	2	-20	-17
Other operating income		11	8
Operating loss	2	-9	-9
Profit from financial items			
Interest and similar income	3	1	0
Earnings from shares in Group companies	4	150	150
Profit after financial items		142	141
Appropriations	5	98	99
Tax on profit for the year	6	-20	-22
PROFIT FOR THE YEAR		220	218

¹⁾ Profit in its entirety is attributable to Parent Company shareholders.

Statement of comprehensive income

SEK million	Note	2023	2022
Profit after tax		220	218
Other comprehensive income		—	—
Total comprehensive income		220	218

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

► **Parent Company financial statements**

Notes to Parent Company financial statements

Auditor's report

Parent Company balance sheet

SEK million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	7	845	845
Total financial assets		845	845
<i>Other non-current assets</i>			
Other non-current receivables		1	0
Total non-current assets		846	845
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		372	318
Other receivables		4	26
Total current receivables		376	344
<i>Cash and bank balances</i>			
Cash and bank balances		0	0
Total current assets		376	344
Total assets		1,222	1,189

SEK million	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	8	1	1
Premium fund		488	488
<i>Unrestricted equity</i>			
Retained earnings		407	366
Profit for the year		220	218
Total equity		1,116	1,073
Untaxed reserves			
Untaxed reserves	9	97	94
Non-current liabilities			
Current non-interest-bearing liabilities			
Trade payables		1	1
Liabilities to Group companies		0	13
Accrued expenses and deferred income	10	7	8
Total current non-interest-bearing liabilities		8	22
TOTAL EQUITY AND LIABILITIES		1,222	1,189

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

► Parent Company financial statements

Notes to Parent Company financial statements

Auditor's report

Parent Company statement of changes in equity

SEK million	Share capital	Premium fund	Retained earnings	Total equity
Equity on 1 January 2022	1	488	493	983
Other comprehensive income	—	—	218	218
Transactions with shareholders				
Issued call options	—	—	6	6
Redemption of call options	—	—	7	7
Dividend to Parent Company shareholders	—	—	-140	-140
Total transactions with shareholders	0	0	-128	-128
Equity on 31 December 2022	1	488	584	1,073
Other comprehensive income	—	—	220	220
Transactions with shareholders				
Issued call options	—	—	5	5
Redemption of call options	—	—	19	19
Repurchase of own shares	—	—	-21	-21
Dividend to Parent Company shareholders	—	—	-180	-180
Total transactions with shareholders	0	0	-177	-177
Equity on 31 December 2023	1	488	627	1,116

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

► **Parent Company financial statements**

Notes to Parent Company financial statements

Auditor's report

Parent Company cash-flow statement

SEK million	Note	31 Dec 2023	31 Dec 2022
Operating activities			
Loss before financial items	2	-9	-9
Income tax paid		-20	-22
Cash flow from operating activities before changes in working capital		-29	-31
Cash flow from changes in working capital			
Increase (-) / decrease (+) in operating receivables		-32	8
Increase (+) / decrease (-) in operating liabilities		-12	0
Cash flow from operating activities		-73	-23

SEK million	Note	31 Dec 2023	31 Dec 2022
Financing activities			
Dividends		-180	-140
Issued call options		5	6
Repurchase of own shares		-21	—
Redemption of call options		19	7
Group contributions paid		100	—
Dividends received		150	150
Cash flow from financing activities		73	23
Cash flow for the year			
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at year-end		0	0

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

► Notes to Parent Company financial statements

Auditor's report

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.

	2023	2022
Average number of employees		
Female	—	—
Male	1	1
Total	1	1

	2023		2022	
	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	6.7	3.2	2.5	1.0
(of which bonuses, etc.)	1.1		0.7	
(of which pension cost, defined-contribution plans)		1.4		0.4
Total	6.7	3.2	2.5	1.0

Acting CEO in the January–August 2022 period was employed in another Group company. The cost of the acting CEO, totaling SEK 5.2 million in 2022 and SEK 6.9 million in 2023, 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.

	2023	2022
Auditors' fees and remuneration		
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

Notes to the consolidated financial statements

Parent Company financial statements

► **Notes to Parent Company financial statements**

Auditor's report

NOTE 3 INTEREST AND SIMILAR INCOME

	2023	2022
Interest income, other	1	—
Total	1	—

NOTE 4 EARNINGS FROM SHARES IN GROUP COMPANIES

	2023	2022
Dividend	150	150
Total	150	150

NOTE 5 APPROPRIATIONS

	2023	2022
Reversal of tax allocation reserve, 2016 tax year	—	29
Reversal of tax allocation reserve, 2017 tax year	28	—
Transfers to tax allocation reserve, 2022 tax year	—	—
Transfers to tax allocation reserve, 2023 tax year	—	–30
Transfers to tax allocation reserve, 2024 tax year	–30	—
Group contributions received	100	100
Group contributions paid	—	—
Total	98	99

NOTE 6 TAX ON PROFIT FOR THE YEAR

	2023	2022
<i>Current tax</i>		
Current tax for the year	–20	–19
Current tax for previous years	—	–4
Total	–20	–23
<i>Reconciliation of effective tax</i>		
Profit before tax	240	241
Tax according to Parent Company's applicable rate	–49	–50
Effect of non-taxable income	31	31
Effect of non-deductible expenses	–1	0
Tax for previous years	—	–4
Recognised effective tax	–20	–23

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

► Notes to Parent Company financial statements

Auditor's report

NOTE 7 PARTICIPATIONS IN GROUP COMPANIES

	31 Dec 2023	31 Dec 2022
<i>Accumulated cost</i>		
At beginning of year	845	845
Total cost	845	845
Carrying amount at end of period	845	845

Specification of Parent Company's and Group's holdings of shares in Group companies Subsidiary / Corp. Reg. No. / registered office	Hold- ing ¹⁾ , %	31 Dec 2023 Carrying amount	31 Dec 2022 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%		
Perlane 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 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%		
Bumax AB, 556176-1957, Åshammar, Sweden	100%		

Specification of Parent Company's and Group's holdings of shares in Group companies Subsidiary / Corp. Reg. No. / registered office	Hold- ing ¹⁾ , %	31 Dec 2023 Carrying amount	31 Dec 2022 Carrying amount
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 000036164, 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, Hõüru, Estonia	100%		
Bufab Slovakia Sro, 31639291, Banska Bystrica, Slovakia	100%		
Bufab International AB Merkezi Isvec Türkiye Istanbul Subesi, 688311, Istanbul, 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 Prakarn Thailand	100%		
Kian Soon Mechanical Components Philippines Inc, 2020080001302-02,Cavite Philippines	100%		
		845	845

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

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

► Notes to Parent Company financial statements

Auditor's report

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 2023, Bufab had 222,653 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. 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 2023	31 Dec 2022
Tax allocation reserve, 2018 tax year	—	28
Tax allocation reserve, 2019 tax year	21	21
Tax allocation reserve, 2021 tax year	3	3
Tax allocation reserve, 2022 tax year	13	12
Tax allocation reserve, 2023 tax year	30	30
Tax allocation reserve, 2024 tax year	30	—
Total	97	94

NOTE 10 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2023	31 Dec 2022
Accrued salaries incl. holiday pay	4	4
Accrued social security contributions	2	2
Other items	1	2
Total	7	8

NOTE 11 PLEDGED ASSETS

	31 Dec 2023	31 Dec 2022
Shares in subsidiaries	0	0
Total	0	0

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 2023	31 Dec 2022
Guarantees to subsidiaries	845	845
Total	845	845

NOTE 13 APPROPRIATION OF PROFITS

	SEK
Proposed appropriation of profits	
The following earnings are at the disposal of the AGM:	
Retained earnings	627,663,342
The Board of Directors and CEO propose that the earnings be appropriated as follows:	
A dividend of SEK 5.00 per share to be paid to shareholders*	189,439,400
To be carried forward	438,223,942
Total	627,663,342

* The dividend has been based on the number of shares outstanding at the date of publication of the annual report.

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

► **Notes to Parent Company financial statements**

Auditor's report

THE INCOME STATEMENTS AND BALANCE SHEETS WILL BE PRESENTED FOR ADOPTION BY THE ANNUAL GENERAL MEETING ON 25 APRIL 2024.

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 2024

Bengt Liljedahl
Chairman of the Board

Hans Björstrand
Board member

Per-Arne Blomquist
Board member

Bertil Persson
Board member

Anna Liljedahl
Board member

Eva Nilsagård
Board member

Erik Lundén
President and CEO

Our auditor's report was submitted on 25 March 2024
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant
Auditor in Charge

Helena Pegrén
Authorised Public Accountant

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

► Auditor's report

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 2023. The annual accounts and consolidated accounts of the company are included on pages 48-95 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 2023 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 2023 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.

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

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

► Auditor's report

Key audit matter

VALUATION OF GOODWILL

At 31 December 2023, the group reported goodwill of 2 842 MSEK which is divided between a total of six cash-generating units, of which one cash-generating unit 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 2023. The most significant assumptions applied in the impairment testing are described in Note 16.

VALUATION OF INVENTORIES

At 31 December 2023, the group reported inventories of 2 857 MSEK.

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

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

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

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

The group's principles for the valuation of inventory and reporting of obsolescence are described in Note 2 on page 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 2024-2026.

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 2023.

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

► Auditor's report

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 1-46 and pages 100-119. 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 Director 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. 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 Director 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 Director be discharged from liability for the financial year

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's

Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of

assurance whether the proposal is in accordance with the Companies Act.

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

A further description of our responsibility for the audit of the administration and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. 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 2023.

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.

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Parent Company financial statements

Notes to Parent Company financial statements

► Auditor's report

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 20 April 2023, 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 25 March 2024

Öhrlings PricewaterhouseCoopers AB

Johan Rippe

Authorised Public Accountant

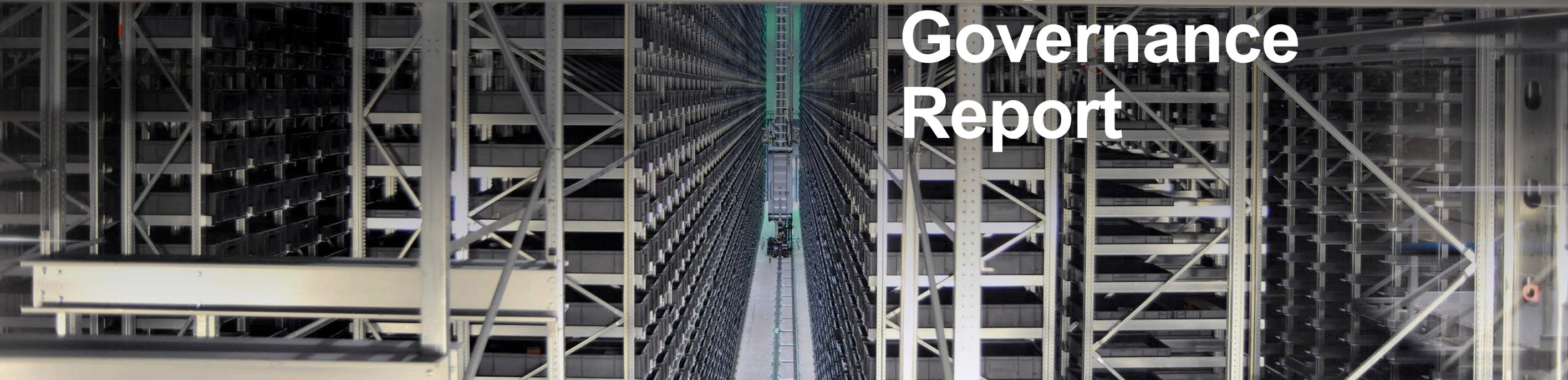
Auditor in charge

Helena Pegrén

Authorised Public Accountant



Corporate Governance Report



Corporate Governance Report

Corporate Governance Report

Board of Directors

Group management

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 2023 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). 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 2023, with the exception of the fact that the Group has not set up a separate internal audit function. Read more at www.bufab.com/investors/corporate-governance

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 2023, Bufab had 9,751 shareholders (9,696). Of the total number of shares, 27.0 percent were held by foreign shareholders. The ten largest shareholders owned a combined total of 61.8 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 115.

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.

2023 Annual General Meeting

The Annual General Meeting (AGM) was held in Värnamo on 20 April 2023. 175 shareholders attended the Meeting, in person or by proxy. Shareholders were also allowed to use advance voting (postal voting) as prescribed in the notification. A total of 71.6 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.

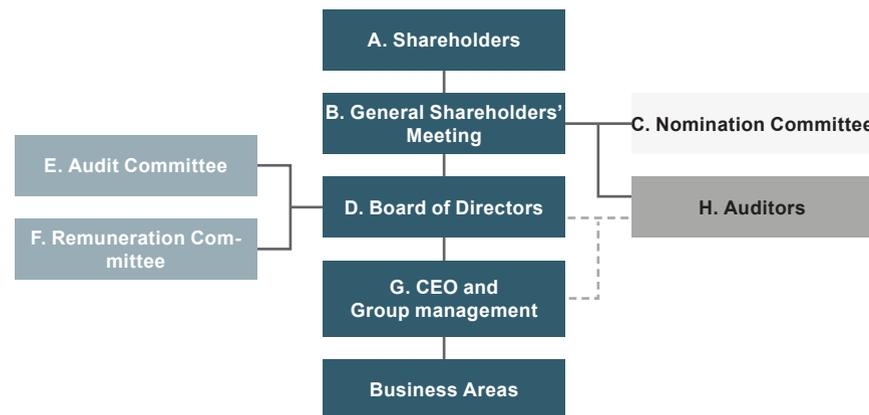
Resolutions at the 2023 AGM included:

- Adoption of the income statement and balance sheets for 2022, 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.
- Guidelines for remuneration of senior executives
- Resolution on a long-term share-based incentive programme for 2023 was approved.
- Resolution on authorisation to transfer shares in the Company

2024 Annual General Meeting

The 2024 AGM will be held on 25 April 2024. Notice of the AGM is available at www.bufabgroup.com. Shareholders who, no later than 17 April 2024, are entered in the share register maintained by Euroclear Sweden AB and who have notified their intention to attend the AGM no later than 19 April 2024, 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

Board of Directors

Group management

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 2023 AGM consisted of Fredrik Liljedahl (Liljedahl Group), Per Trygg (Lannebo fonder), Niklas Johansson (Handelsbanken Fonder), Pär Andersson (Spiltan fonder) and the Chairman of the Board Bengt Liljedahl co-opted member.

The reasoned statement to the 2023 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 an even gender distribution. The 2023 AGM decided to appoint members of the Board in accordance with the Nomination Committee proposal, resulting in the current Board of Directors with six members, of whom two women and four men, which means the proportion of women is 33 percent. The long-term goal is to strive for gender balance.

Nomination Committee ahead of the 2024 AGM

Name	Representing	Share of votes, %
Fredrik Liljedahl (Chairman)	Liljedahl Group	29.2
Per Trygg	Lannebo fonder	8.6
Oscar Bergman	Swedbank Robur Fonder	5.6
Pär Andersson	Spiltan fonder	3.6
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 2023 AGM, the Board has comprised of six AGM-elected members; Bengt Liljedahl (Chairman), Hans Björstrand, Per-Arne Blomquist, Anna Liljedahl, Eva Nil-sagård, 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 107 of the Annual Report and on 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 2023

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.

Remuneration of Board members

Fees and other remuneration to Board members, including the Chairman, are resolved on by the AGM. At the AGM held on 20 April 2023, it was resolved that the Chairman be paid SEK 650,000 (650,000) and that the other non-executive members be paid SEK 290,000 (290,000). For work on the Audit Committee, it was resolved that SEK 120,000 (60,000) would be paid to the Chairman and SEK 60,000 (60,000) to each of the other members, and for work on the Remuneration Committee, SEK 25,000 (10,000) to each of the members.

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.

Corporate Governance Report

Corporate Governance Report

Board of Directors

Group management

ATTENDANCE AND REMUNERATION OF THE BOARD 2023

Group	Attendance			Remuneration
	Board meetings	Audit Committee	Remuneration Committee	Approved fee/basic salary, SEK million
Board of Directors				
Bengt Liljedahl	11/12	7/7	2/2	0.7
Per-Arne Blomquist	12/12	7/7		0.4
Hans Björstrand	12/12			0.3
Johanna Hagelberg	4/12			0.3
Anna Liljedahl	11/12		2/2	0.3
Eva Nilsagård	11/12	7/7		0.4
Bertil Persson	12/12		2/2	0.3

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. The CEO is Erik Lundén. A presentation is contained in the Annual Report on page 108 and on 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 20 April 2023.

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

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

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

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

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

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

Share-based incentive programmes

The 2023 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 210,000 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 2026–15 November 2026. 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 83 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 2024 AGM is Öhrings PricewaterhouseCoopers AB, with Johan Rippe 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 2023, the company's auditor was paid a total of SEK 13 million.

Corporate Governance Report

Corporate Governance Report

Board of Directors

Group management

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

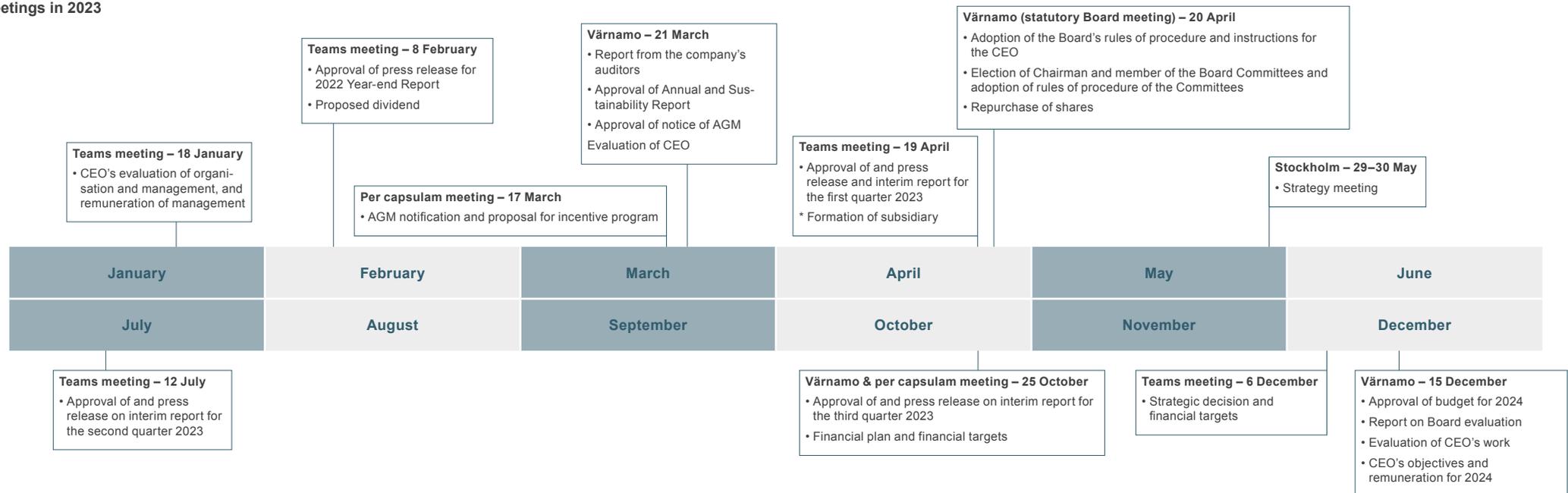
Risks of material misstatement in the annual accounts may occur in connection with accounting and the evaluation of assets, liabilities, income and expenses or deviation from disclosure requirements. Bufab's accounting function performs a risk analysis every year regarding items in the consolidated balance 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

Board meetings in 2023



Corporate Governance Report

► Corporate Governance Report

Board of Directors

Group management

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 2024

Bengt Liljedahl
Chairman of the Board

Hans Björstrand

Per-Arne Blomquist

Eva Nilsagård

Bertil Persson

Anna Liljedahl

Corporate Governance Report

▶ Corporate Governance Report

Board of Directors

Group management

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 101-105 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 25 March 2024
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant

Corporate Governance Report

Corporate Governance Report

Board of Directors

Group management

Board of Directors



Bengt Liljedahl

Chairman of the Board since 2020. Board member since 2016.

Born: 1947.

Education: Degree of Master of Science in Business and Economics.

Present assignments: Chairman and founder of Liljedahl Group. Previously CEO Liljedahl Group and Regional Manager AB Volvo.

Other Board assignments: Board member of Elcowire Group AB, Dahren Group and Pronect.

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 Entreprenörinvest AB and Ekeborg Kapital AB.

Shareholding (including through companies and related parties): 5,000



Eva Nilsagård

Board member since 2015.

Born: 1964.

Education: Degree of Master of Science in Business and Economics and Executive MBA from School of Business, Economics and Law at the University of Gothenburg.

Present assignments: Founder and CEO Nilsagård consulting.

Previous assignments: CFO Optigroup AB, CFO Plastal Group, SVP Strategy & Business development within sales and marketing, EMEA at Volvo Trucks, CFO Vitrolife (publ). Various senior positions in finance and business development within Volvo, AstraZeneca Group and SKF.

Other Board assignments: Board member of AddLife AB, SEK (Svensk Exportkredit AB), Hansa Biopharma AB, Nimbus Group AB, Xbrane Biopharma AB, Nanexa AB, Ernströmgruppen AB and eEducation Albert AB, and Chairman of the Board of Spermosen 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 Liljedahl Group 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 Arbetsgivarförbund 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: Degree of Master of Science in Business and Economics.

Present assignments: CEO of Qarlbo 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, IP-Only, Bluestep Holding AB and C-RAD AB, and Board member of Neste Oil Oy.

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 20 February 2024 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 2023 AGM until the end of the 2024 AGM. Johan Rippe is the Auditor in Charge. Johan Rippe 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

Board of Directors

▶ Group management

Group management



Erik Lundén

President and CEO

Born: 1981.

Education: MSc, Stockholm School of Economics.

Previous assignments: Sandvik, Lagerkvist & Partners.

Shareholding (including through companies and related parties): 4,000 shares and 51,000 options.



Pär Ihrskog

CFO

Born: 1971.

Education: M.Sc. in Business Administration, School of Business, Economics and Law at University of Gothenburg.

Previous assignments: SKF, Embellence Group.

Shareholding (including through companies and related parties): 500 shares and 0 options.



Carina Lööf

Global Sourcing and Sustainability Director

Born: 1969.

Education: Degree in chemical engineering, Växjö University.

Previous assignments: Trioplast, Cargotec Corporation.

Shareholding (including through companies and related parties): 27,270 shares and 8,000 options.



Johan Lindqvist

Group Director Europe North & East and Vice President

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): 153,747 shares and 14,500 options.



Johan Sandberg

Group Director UK & Ireland and Global Business Development Director

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): 21,653 shares and 23,500 options.



Jörn Maurer

Group Director Europe West

Born: 1974.

Education: BA in Business Administration and Operations & Industrial Mechanic Field, CCI Darmstadt.

Previous assignments: Mitsubishi Polyester Film; Tartier Group

Shareholding (including through companies and related parties): 50,000 shares and 0 options.



Urban Bülow

Group Director Americas

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.



Mathias Torstensson*

Group Director Asia-Pacific

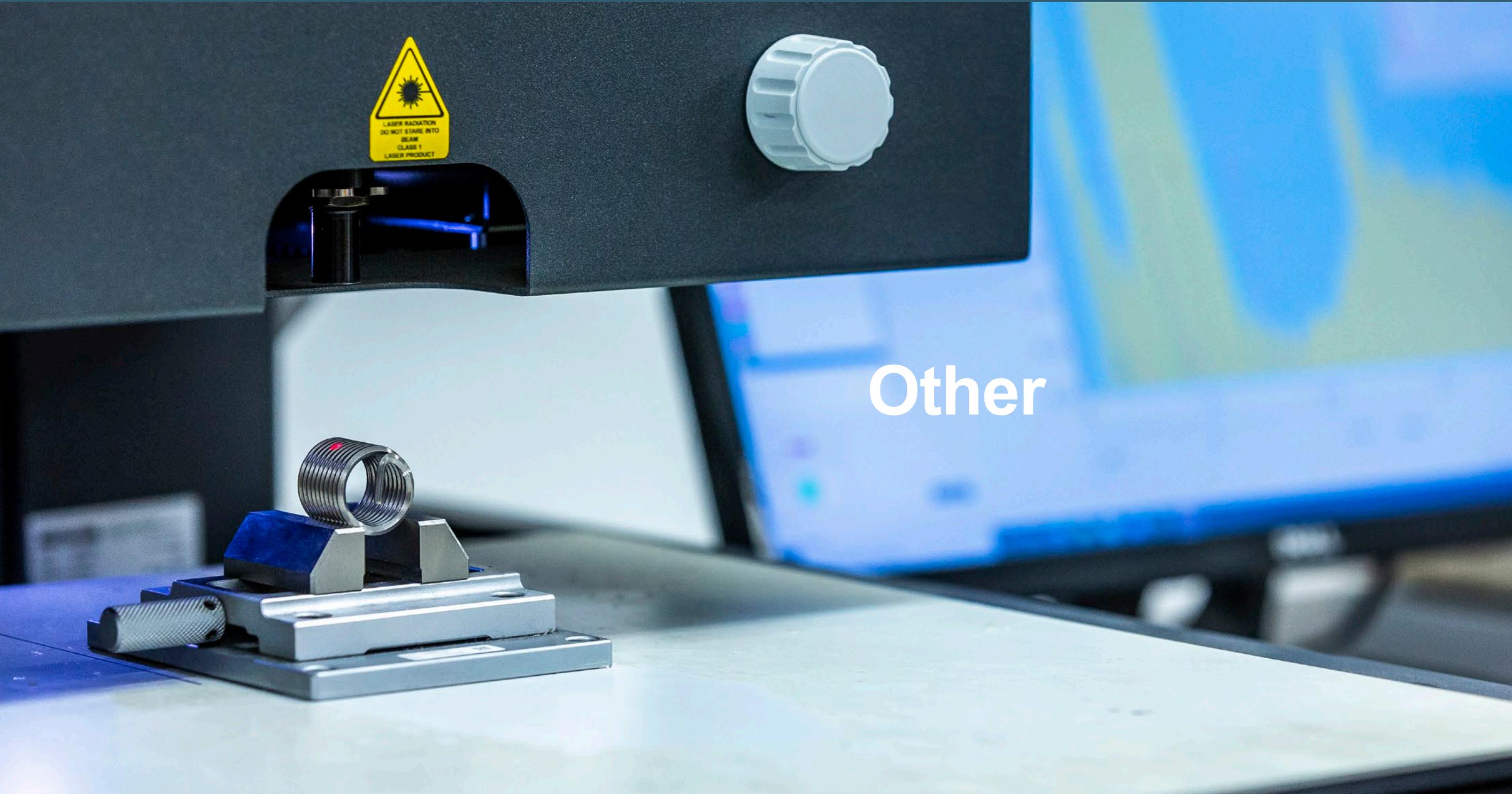
Born: 1972.

Education: High School.

Previous assignments: GBP Ergonomics, ROL Inredning.

Shareholding (including through companies and related parties): 0 shares and 0 options.

* Member of Group Management as of January 1, 2024.



Other

Other

► Five-year summary

EU Taxonomy

Bufab on the stock exchange

Definitions of key figures

Information and addresses

Five-year summary

SEK million	2023	2022	2021	2020	2019
EARNINGS					
Order intake	8,602	8,453	6,084	4,827	4,354
Net sales	8,680	8,431	5,878	4,756	4,348
<i>North</i>	2,907	2,837	2,366	2,005	1,865
<i>West</i>	1,871	1,694	1,236	1,028	1,155
<i>East</i>	1,045	1,073	889	715	723
<i>UK/North America</i>	2,858	2,824	1,388	1,008	598
Gross profit	2,494	2,389	1,638	1,252	1,183
Operating profit (EBITA)					
<i>North</i>	371	352	249	189	174
<i>West</i>	229	188	121	86	99
<i>East</i>	149	153	150	103	97
<i>UK/North America</i>	310	321	206	128	47
Depreciation and amortisation of acquired intangible assets					
Net financial items	-219	-102	-49	-60	-42
Profit after financial items	755	828	615	391	326
Tax on profit for the year	-181	-218	-145	-92	-73
Profit for the year	574	609	470	299	253
MARGINS					
Gross margin, %	28.7	28.3	27.7	26.3	27.2
Operating margin, %	12.0	11.7	11.7	10.1	8.8
<i>North</i>	12.8	12.4	10.5	9.4	9.3
<i>West</i>	12.2	11.1	9.8	8.3	8.6
<i>East</i>	14.3	14.2	16.9	14.4	13.4
<i>UK/North America</i>	10.8	11.4	14.8	12.7	7.9

SEK million	2023	2022	2021	2020	2019
CAPITAL STRUCTURE					
Net debt	3,399	3,762	2,003	1,546	2,068
Net debt, adjusted	2,861	3,273	1,621	1,220	1,666
Equity	3,418	3,036	2,377	1,931	1,750
Debt/equity ratio, %	99	124	84	80	118
Equity/assets ratio, %	40	32	36	39	33
Average working capital in relation to net sales, %	39.7	38.2	28.6	33.1	35.3
CASH FLOW					
Operating cash flow	1,602	99	210	540	351
KEY FIGURES PER SHARE					
Earnings per share	15.17	16.23	12.57	8.04	6.75
Dividend per share	5.00*	4.75	3.75	2.75	—
EMPLOYEES					
Average number of employees	1,834	1,835	1,423	1,357	1,296

* Proposed by the Board of Directors.

Other

Five-year summary

► EU Taxonomy

Bufab on the stock exchange

Definitions of key figures

Information and addresses

EU Taxonomy

CONTEXTUAL INFORMATION AND 2023 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. The Taxonomy Regulation is intended to support sustainable development within the European

Union (EU). During the year, the taxonomy was expanded with additional environmental objectives. As the taxonomy evolves, so does Bufab's reporting. The taxonomy regulation constitutes the EU's common classification system that defines environmentally sustainable activities within six environmental goals. For the fiscal year 2023, the reporting requirements regarding eligibility refer to all environmental objectives, while aligned activities only concern the first

two objectives: climate change mitigation and climate change adaptation. The Taxonomy Regulation introduces a classification system that currently includes the sectors and activities with the greatest potential to avoid and reduce emissions and therein achieve the goals set by the EU – which is to reduce net carbon emissions and achieve carbon neutrality by 2050.

Turnover

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute turnover [SEKm]	Proportion of turnover %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2023 Percent	Taxonomy-aligned proportion of turnover, year 2022 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					

A. TAXONOMY ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of eligible Taxonomy-aligned activities (A.1)		0	0																	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0																	
Total (A.1 + A.2)		0	0														0	0		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

Turnover of non-eligible activities (B)		8680	100%
Total (A + B)		8680	

Other

Five-year summary

► EU Taxonomy

Bufab on the stock exchange

Definitions of key figures

Information and addresses

Capital expenditure (CapEx)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute CapEx [SEKm]	Proportion of CapEx %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2023 Percent	Taxonomy-aligned proportion of CapEx, year 2022 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					

A. TAXONOMY ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	3	2%	N	Y	N	N	N	N	Y	-	N/A	N/A	N/A	N/A	Y	2%	0			
Installation, maintenance and repair of renewable energy technologies	7.6	3	2%	Y	N	N	N	N	N	-	Y	N/A	N/A	N/A	N/A	Y	2%	0			
CapEx of eligible Taxonomy-aligned activities (A.1)	0	7	3%																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Acquisition and ownership of buildings	7.1	68	35%																		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	24	12%																		
Installation, maintenance and repair of energy efficiency equipment	7.3	1	1%																		
Freight transport services by road	6.6	3	2%																		
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	94	48%																		
Total (A.1 + A.2)	0	107	55%														0	0			

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of non-eligible activities (B)	0	89	45%
Total (A + B)		196	

Other

Five-year summary

EU Taxonomy

Bufab on the stock exchange

Definitions of key figures

Information and addresses

OpEx
Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute OpEx [SEKm]	Proportion of OpEx %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Y/N	Taxonomy-aligned proportion of OpEx, year N Percent	Taxonomy-aligned proportion of OpEx, year N-1 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					

A. TAXONOMY ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
OpEx of eligible Taxonomy-aligned activities (A.1)		0	0%																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																		
Total (A.1 + A.2)		0	0															0	0		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

OpEx of non-eligible activities (B)		33	100%
Total (A + B)		33	

NUCLEAR ENERGY RELATED ACTIVITIES

1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

GAS RELATED ACTIVITIES

4. "The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels."	No
5. "The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels."	No
6. "The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels."	No

Other

Five-year summary

► EU Taxonomy

Bufab on the stock exchange

Definitions of key figures

Information and addresses

COMPLIANCE WITH THE TAXONOMY REGULATION Revenue

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 annexes to the delegated acts 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, 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 the taxonomy is under development and that current economic activities may thereby come to be covered as the EU taxonomy regulation is expanded or changed.

CapEx

As Bufab has no applicable sales activity within the taxonomy, Bufab has evaluated potential eligible capital expenditure (CapEx) for economic activities as set out in the delegated acts adopted in accordance with Regulation (EU) 2020/852. We have only evaluated environmentally sustainable activities based on the activities described in Annex 1 and Annex 2 to it delegated act for climate which lists activities related to Article 10(3) and Article 11(3). In summary CapEx is deemed to mainly refer to the rental of buildings (35 %) within activity 7.1 and vehicles (16%) according to activity 6.5 and 6.6. A smaller proportion (4%) is attributed to categories 7.3, 7.4 and 7.6 regarding solar panel installations, charging stations and installation of LED lighting. Based on the information Bufab has access to, we have not been able to assess and classify all the above investments as taxonomy compatible according to the technical screening criteria's, the Do No Significant Harm (DNSH) and assessment of minimum protective measures during fiscal year 2023.

OPEX

For OpEx Article 10(3) as well as Article 11(3) of Regulation (EU) 2020/852 is applicable. In the context of the Taxonomy, 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 2023.

CapEx

Capital expenditures are including tangible and intangible assets including additions and acquisitions through business combinations during the fiscal year of 2023. 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 noncapitalised costs for repair and maintenance of capex related assets and short term leases in 2023. Bufab does not have any non-capitalised R&D expenses or other maintenance costs (such costs are all defined as OpEx under the Taxonomy).

YEAR-ON-YEAR COMPARISON

Taxonomy-aligned revenue and operating expenses (OPEX) remained unchanged between 2022 and 2023, with all figures reaching zero. Significant operating expenses[1] (OPEX) remained relatively stable compared to 2022, while significant capital expenditure (CAPEX) decreased during the year, mainly due to a lower pace of acquisitions in 2023 compared to 2022. The amount of environmentally sustainable investment expenditure (CAPEX) saw an increase from 2022, largely due to improved availability of data.

OTHER ENVIRONMENTAL GOALS AND CRITERIA

Pollution

Bufab is mainly affected by purchased goods, services and transport. No major local contamination has been identified at the facilities. DEHP, an SVHC, is used in plastic products and lead, also an SVHC, is found in some metal products with levels that sometimes exceed 0.1%.

Water

Bufab's operations use small amounts of water without large local risks. Main water-related risks lie in the supply chain, especially in water-intensive industries. Local companies must develop individual water strategies based on usage and risks.

Biodiversity

The direct impact on biodiversity is small and the business operations are not in high-risk areas. Potential risks are in supply chain, linked to carbon footprint, pollution and water use. Local companies must evaluate and let risks inform the strategies.

Circular economy

The goal is zero waste to landfill and reduced total waste. Operational waste is managed locally and recycled content is part of the sustainability program.

Social safeguards

Bufab works globally and handles various worker-related risks. By applying a code of conduct and choosing suppliers that meet sustainability criteria's, sustainability is improved in the business and the supply chain. The focus lies also on ethical purchasing and continuous improvement.

Other

Five-year summary

EU Taxonomy

► **Bufab on the stock exchange**

Definitions of key figures

Information and addresses

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 2023 was 35.6 million shares and the average turnover was 141,235 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.

SEK million	2023	2022
Earnings per share before dilution, SEK	15.17	16.23
Earnings per share after dilution, SEK	15.03	15.95
Dividend per share, SEK	5.00 ¹⁾	4.75
Yield ²⁾	1.3%	2.0%
Share of dividend ³⁾	33.0%	29.3%
Share price at year-end, SEK	386.4	242.5
Highest share price, SEK	395.8	455.0
Lowest share price, SEK	232.0	195.2
Number of shareholders at year-end	9,751	9,696
Market capitalisation at year-end, SEK million	14,726	9,242

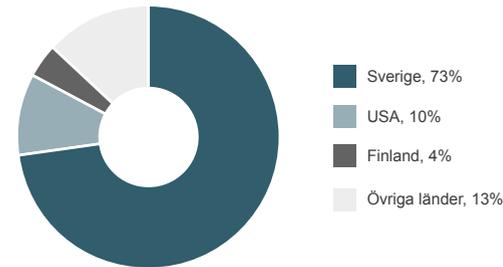
¹⁾ The dividend pertains to the Board's proposal.
²⁾ The dividend in relation to the share price at year-end.
³⁾ The dividend for the financial year in relation to earnings for the year per share.

Largest shareholders on 31 December 2023	Share of capital and votes
Liljedahl Group AB	29.21%
Lannebo Fonder	8.68%
Swedbank Robur Fonder	5.85%
Spiltan Fonder	3.51%
Vanguard	2.82%
Andra AP-fonden (AP2)	2.64%
Didner & Gerge Fonder	2.59%
Nordea Funds	2.59%
Handelsbanken Fonder	2.25%
Invesco	1.63%
Other shareholders	38.23%

Total

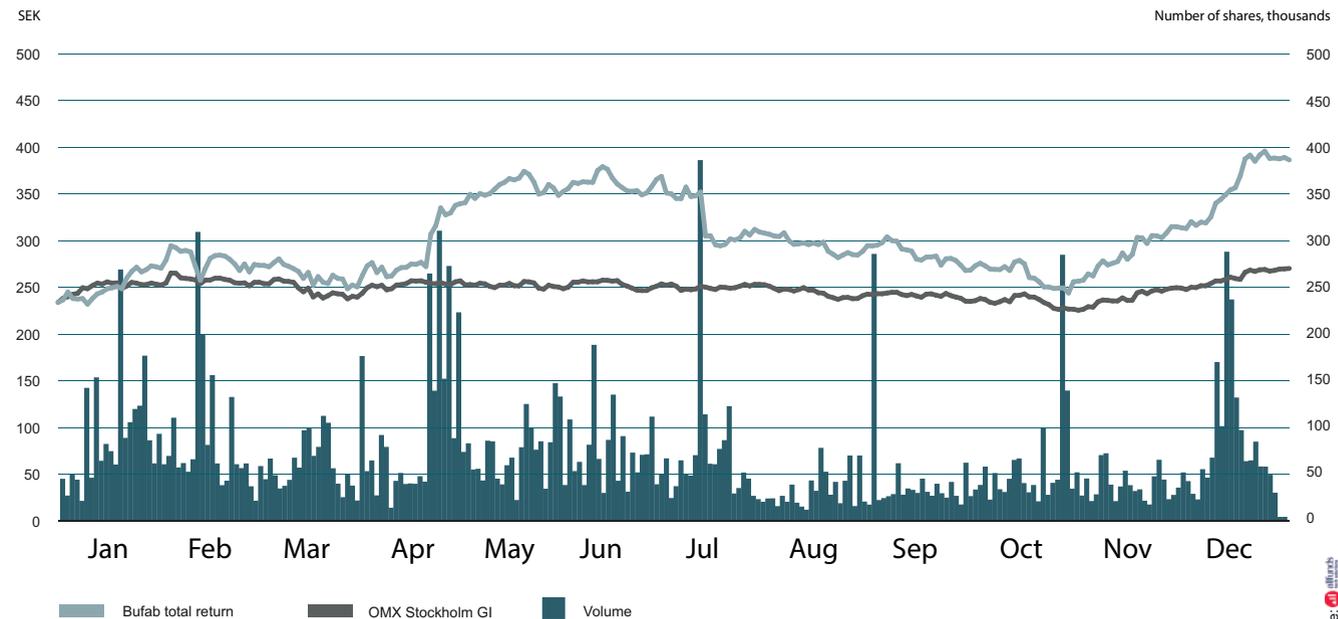
Source: Monitor by Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar and Finansinspektionen.

OWNERSHIP DISTRIBUTION BY COUNTRY, 31 DECEMBER 2023



Source: Monitor by Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar and Finansinspektionen.

BUFAB'S SHARE PRICE TREND IN 2023



Other

Five-year summary

EU Taxonomy

Bufab on the stock exchange

► Definitions of key figures

Information and addresses

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

EU Taxonomy

Bufab on the stock exchange

► Definitions of key figures

Information and addresses

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	2023	2022
EBITDA, adjusted	1097	1,041
Other non-cash items	81	128
Changes in inventory	584	-795
Changes in operating receivables	110	11
Changes in operating liabilities	-184	-220
Cash flow from operations	1,688	165
Investments excluding acquisitions	-86	-66
Operating cash flow	1,602	99

EBITDA

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

SEK million	2023	2022
Operating profit	974	930
Depreciation/amortisation and impairment	278	240
EBITDA	1,252	1,170

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	2023	2022
Operating profit	974	930
Depreciation/amortisation and impairment	278	240
Less: amortisation on right-of-use assets according to IFRS 16	-138	-115
Less: interest expenses on lease liabilities according to IFRS 16	-17	-14
EBITDA	1,097	1,041

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	2023	2022
Operating profit	974	930
Depreciation/amortisation and impairment	69	60
EBITDA	1,043	990

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	2023	2022
Distribution costs	-920	-863
Administrative expenses	-552	-526
Other operating income	56	229
Other operating expenses	-104	-299
Depreciation and amortisation of acquired intangible assets	69	60
Operating expenses	-1,451	-1,399

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	2023	2022
Current assets	4,510	5,319
Less: cash and cash equivalents	-218	-322
Less: current non-interest-bearing liabilities excluding liabilities for additional purchase prices	-1,134	-1,310
Working capital on the balance-sheet date	3,158	3,686

Other

Five-year summary

EU Taxonomy

Bufab on the stock exchange

► Definitions of key figures

Information and addresses

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	2023	2022
Non-current interest-bearing liabilities	3,346	3,173
Current interest-bearing liabilities	271	911
Less: cash and cash equivalents	-218	-322
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	3,399	3,762

ORGANIC GROWTH

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

	2023				
	Group	North	West	East	UK/North America
Organic growth	-6	-3	2	-10	-11
Currency translation effects	5	2	8	5	5
Corporate acquisition/divestment	4	3	-	2	7
Recognised growth	3	2	10	-3	1

	2022				
	Group	North	West	East	UK/North America
Organic growth	12	7	13	11	21
Currency translation effects	5	2	5	5	13
Acquisitions	27	11	19	5	71
Recognised growth	44	20	37	21	105

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	2023	2022
Non-current interest-bearing liabilities	3,346	3,173
Current interest-bearing liabilities	271	911
Less: lease liabilities according to IFRS 16	-538	-488
Less: cash and cash equivalents	-218	-322
Less: other interest-bearing receivables	-	-
Net debt on balance-sheet date	2,861	3,273

Other

Five-year summary

EU Taxonomy

Bufab on the
stock exchange

Definitions of
key figures

► Information and
addresses

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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