

AUDITOR'S REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated financial statements of Bulten AB (publ) for the year 2019. The annual accounts and consolidated financial statements of the company are presented on pages 52–99 of 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 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements 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 2019 and its 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 Board of Directors' Report is consistent with other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the audit committee of the Parent Company and the Group in accordance with Article 11 of the Auditors Ordinance (537/2014).

Basis for opinions

We have 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 section "Auditor's Responsibilities". We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services as

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 companies in the EU.

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

Our audit work

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the President and CEO have made subjective judgements such as in respect of significant accounting estimates that involved making assumptions and forecasts with regard to future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the President and CEO overriding internal controls, which included assessing whether there was evidence of systematic deviations that represented a risk of material misstatement due to fraud.

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

When we designed our audit strategy and audit plan for the Group, we assessed the degree of audit that had to be carried out by the Group audit team and the component auditors from the PwC network. As a consequence of Bulten's decentralized financial organization, large parts of the Group's financial reporting are performed in units outside Sweden. This means that a significant portion of the audit must be performed by component auditors operating in the PwC network in other countries.

When we assessed the extent of the audit that needed to be performed in each unit, we considered the Group's geographical spread and the size of each unit, as well as the specific risk profile that each unit represents. Against this background, we estimated that a full audit should be performed on, in addition to the Parent Company in Sweden, the financial information prepared by the five main subsidiaries (based in a total of four different countries).

Considering that the Bulten Group has a significant joint venture in the UK, which is presented in detail in Note 35 of the consolidated financial statements, we judged that this joint venture should be subject to a full audit by our component auditors in the UK.

For three units that we did not consider it appropriate to conduct a full audit for, we instructed our component auditors to perform specifically defined review procedures and overview review procedures. For other units, which were assessed as individually immaterial to the Group audit, the Group audit team performed analytical review procedures at Group level.

In cases where the component auditors carry out work that is essential to our audit of the Group, we evaluate, in our capacity as Group auditors, the need for, and degree of, involvement in the component auditors' work in order to determine whether sufficient audit evidence has been obtained to form the basis for our opinion on the Group audit report. To this end, the Group audit team regularly visits the component auditors and significant subsidiaries.

Materiality

The scope of our audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance as to 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 users make 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 focus and 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 the matters which, in our professional opinion, were of most significance in our audit of the annual accounts and consolidated financial statements of the current period. Although these matters were addressed in the context of our audit of the annual accounts and consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter

Inventory obsolescence

As of 31 December 2019, the Group recognizes inventories of SEK 652 million.

The executive management determines the value of inventories based on estimates of the cost of acquisition less estimated obsolescence.

The valuation of inventories is essential for our audit because it comprises a number of estimates and assumptions and also because the value of inventory is a significant proportion (24%) of the Group's total assets.

A key assessment that the executive management needs to undertake in the valuation of inventories is related to the Group's ability to sell the products it has in stock at a price in excess of their cost of acquisition, and in this context to consider the risk of obsolescence.

The risk of obsolescence arises especially in the event that the Group's customers stop making a vehicle model and/or in situations where the Group's sales volumes fall sharply due to reduced demand from customers.

In order to identify and consistently calculate the risk of obsolescence, the executive management has established Group-wide guidelines for calculating obsolescence. The guidelines take into account individual articles' inventory time (slow-moving inventory), which together with actual and estimated future sales volumes give the executive management a basis to establish a reasonable obsolescence reserve.

The Group's policies for the valuation of inventories and recognition of inventory obsolescence are described in Note 21 of the annual report.

How our audit addressed this key audit matter

Our audit procedures included an evaluation of the Group's policies for determining inventory obsolescence.

We have examined the application of the Group's guidelines for calculating obsolescence in reporting units.

We have tested mathematical correctness in the company's reports of items that have not moved in the inventory for an extended period, both by taking random samples and by way of data analysis of inventory transactions.

We have used analytical procedures to identify inventory items that are sold with a negative margin.

We have discussed the minutes of board meetings and other important management meetings with management and reviewed the same to identify projected changes in sales that could result in inventory items becoming obsolete.

Finally, we have checked whether the Group in a satisfactory manner described its policies for the valuation of inventories in the annual accounts, including the estimates and assumptions made for valuing the inventory as of 31 December 2019.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements, which is presented on pages 1–51, page 104 and 111–119. The Board of Directors and the President and CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information, and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account the knowledge we have obtained in our 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 the same. We have nothing to report in this regard.

Responsibility of the Board of Directors and of the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the annual accounts and consolidated financial statements such that they give a true and fair view in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The Board of Directors and the President and CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the President and CEO 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 that may affect the ability to continue as a going concern and the use of the going concern assumption. The assumption of continued operations is, however, not applied if the Board of Directors and the President and CEO intend to liquidate the company, cease operations or have no realistic alternative but to do so.

The Board's audit committee shall, among other things and without prejudice to the Board of Director's responsibilities and tasks in general, oversee the company's financial reporting.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements 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 it is not a guarantee that an audit conducted in accordance with ISA 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 users make on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available in Swedish on Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the President and CEO of Bulten AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting that the profit be appropriated in accordance with the proposal in the Board of Director's Report and that the members of the Board of Directors and the President and CEO be discharged from liability for the financial year.

Basis for opinions

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under the same are further described in the section "Auditor's Responsibilities". We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional 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.

Responsibility of the Board of Directors and of the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A dividend proposal 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 and their 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 the 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, the management of assets and the company's financial affairs in general are controlled in a reassuring manner. The President and CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures as necessary for ensuring the compliance of the company's accounting with the law and for ensuring 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 President and CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability for the company; or
- has in any other way 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 a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but it 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 for 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 is available in Swedish on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

PricewaterhouseCoopers AB, SE-113 21 Stockholm was appointed as auditor of Bulten AB (publ) by the general meeting on 25 April 2019 and has been the company's auditor since 8 September 2004. Bulten AB (publ) has been a company of public interest since 20 May 2011.

Gothenburg, 24 March 2020
PricewaterhouseCoopers AB

Fredrik Göransson
Certified Public Accountant

DEFINITIONS

Return on equity

Profit/loss for the year excluding non-controlling interests in relation to average equity excluding non-controlling interests.

Return on adjusted equity

Profit/loss for the year excluding non-controlling interests in relation to average equity excluding non-controlling interests but including shareholder loans and preference shares.

Return on capital employed

Profit/loss after net financial items plus financial expenses as a percentage of the average capital employed.

Gross margin

Gross profit/loss as a percentage of net sales for the year.

EBITDA margin

Operating profit/loss before depreciation and amortization as a percentage of net sales for the year.

EBIT margin (operating margin)

Operating profit/loss after depreciation and amortization as a percentage of net sales for the year.

Adjusted EBIT margin (operating margin)

Operating profit/loss after depreciation and amortization adjusted for non-recurring items as a percentage of sales for the year.

Equity

Recognized equity including non-controlling interests.

Full Service Provider (FSP) concept

An offer to take complete responsibility throughout the entire value chain, from product development to delivery to the customer's production line.

Number of employees (headcount)

The actual number of employees, including absent employees and temporary employees, regardless of working hours.

Average number of employees (FTE)

The total number of hours worked divided by normal annual working hours, expressed as the number of full-time positions.

Pre-development

Preparatory product development to identify and secure future technology needs.

Information Technology General Controls (ITGC)

ITGCs are policies and processes for IT applications in the business that aim to support functions and ultimately to secure the Group's financial reporting.

Inventory turnover

Cost of goods sold divided by average inventories.

Capital turnover

Net sales divided by average capital employed.

Net cash/net debt

Interest-bearing liabilities less interest-bearing assets, all calculated at year-end.

Adjusted net cash/net debt

Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leases, less interest-bearing assets.

Net margin

Net profit/loss for the year as a percentage of net sales.

Debt/equity ratio

Interest-bearing net liabilities divided by equity.

OEM

Original Equipment Manufacturer, vehicle manufacturer.

Organic growth

Net sales compared to the previous year's results, adjusted by currency.

Net sales per employee

Net sales divided by average number of FTEs.

Earnings per share after tax

Profit/loss for the year divided by the average number of shares.

Interest-coverage ratio

Profit/loss after net financial items, plus financial expenses, divided by financial expenses.

Working capital

Current assets less current non-interest-bearing liabilities.

Operating margin

Operating profit/loss as a percentage of net sales.

Operating profit per employee

Operating profit/loss divided by average number of FTEs.

Equity ratio

Equity including non-controlling interests as a percentage of the balance sheet total.

Capital employed

Balance sheet total less non-interest-bearing liabilities, including deferred tax.

Tiers

A company that directly or indirectly supplies components to vehicle manufacturers.

CORPORATE GOVERNANCE REPORT

Bulten AB (publ) is a Swedish public limited company with its registered office in Gothenburg, Sweden. Bulten has been listed on Nasdaq Stockholm since 20 May 2011. The company conforms with Nasdaq Stockholm's regulatory framework for issuers and applies the Swedish Code of Corporate Governance (the "Code"). The Code is available on the website of the Swedish Corporate Governance Board at www.bolagsstyrning.se. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and is to be adhered to in full in connection with the first AGM held in the year following listing. Bulten started adapting to the Code in connection with its 2011 AGM and has since implemented it.

Composition of the Board in 2019

The table below provides an overview of the composition of the Board in 2019. Additional information about Board members can be found on pages 112-113.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIGNED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENT OF THE COMPANY AND CORPORATE MANAGEMENT	INDEPENDENT OF THE COMPANY'S MAJOR SHARE- HOLDERS
Board members							
Ulf Liljedahl	Chair	2015	-	Chair	Member	Yes	No
Hans Gustavsson	Member	2005	-	-	Chair	Yes	Yes
Hans Peter Havdal	Member	2013	-	-	Member	Yes	Yes
Peter Karlsten	Member	2015	-	Member	-	Yes	Yes
Anne-Lie Lind	Member	2016	-	-	-	Yes	Yes
Nicklas Paulson	Member	2018	-	Member	-	Yes	No
Mikael Jansson	Employee representative	2018	-	-	-	-	-
Lars Jonsson	Employee representative	2018	-	-	-	-	-

The company does not need to obey all rules in the Code but has options for selecting alternative solutions which it may deem better suit its circumstances provided that any non-compliance and alternative solutions are described and the reasons explained in the corporate governance report.

This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. It has been checked by the company's auditors.

ANNUAL GENERAL MEETING

Under the Swedish Companies Act, the Annual General Meeting (AGM) is the company's highest decision-making body. At the AGM, shareholders exercise their voting rights over key issues, such as the adoption of income statements and balance sheets, the appropriation of the company's profits, the authorization to release the members of the Board of Directors and the President and CEO from liability for the financial year, the election of Board members and auditors and the remuneration for the Board of Directors and the auditors.

Besides the AGM, additional general meetings may be convened. In accordance with the Articles of Association, all meetings shall be convened through announcements in Post- och Inrikes Tidningar and by posting the convening notice on the company's website. An announcement shall be placed in Dagens Industri announcing that the meeting has been convened.

Right to attend AGMs

All shareholders who are directly registered in the register of shareholders held by Euroclear Sweden AB five working days before the general meeting and who have notified the company of their intention to attend (with any assistants) the AGM by the date stated in the notice of the AGM have the right to attend the meeting and vote in accordance with the number of shares they hold. Shareholders may attend the AGM in person or through a proxy and may also be accompanied by at most two people.

Initiatives from shareholders

Shareholders who wish to have a question addressed at the AGM must submit a written request to the Board. The request must be received by the Board at least seven weeks prior to the AGM.

Major shareholders

At the end of 2019 the company had a total of 7,133 (7,401) shareholders. The five largest shareholders controlled 58.5% (55.2) of capital and votes at the end of the year. The single largest shareholder, Volito AB, controlled 22.8% (22.6) of the capital and votes.

Annual General Meeting 2019

The regular Annual General Meeting for 2020 will be held on April 23 at 5:00 pm at BREAK/AMG Performance Center with the address Norra Långebergsgatan 2, Sisjön in Gothenburg. More information is available at www.bulten.com

NOMINATIONS COMMITTEE

The nomination committee shall comprise four members: one representative for each of the three largest shareholders on the final banking day in September who wish to appoint a member to the committee and the Chairman of the Board. The three largest shareholders are considered to be the three largest shareholders as registered with Euroclear Sweden AB on the final banking day in September. In the event of a major change in ownership a new major shareholder is entitled, if it so requests, to appoint a representative to the nominations committee.

The instructions for the nominations committee were adopted at the AGM held on 25 April 2019. The nominations committee shall, among other activities, submit proposals for the Chair of the AGM, the number of Board members elected by the AGM, the names of the Chair of the Board and other Board members elected by the AGM, fees and other remuneration for each of the Board members elected by the AGM and for the members of the Board's committees, the appointment of auditors and the remuneration to auditors. Tim Floderus was appointed Chair of the nominations committee.

NOMINATIONS COMMITTEE	COMPANY
Tim Floderus, Chair	Investment AB Öresund
Claes Murander	Lannebo Fonder
Pär Andersson	Spiltan Fonder AB
Ulf Liljedahl, Chair of the Board	Bulten AB

With regard to the composition of the Board, the provisions of paragraph 4.1 of the Code on Diversity Policy apply. The aim is for the Board as a whole to possess the requisite breadth in terms of both background and knowledge, taking into account the importance of even gender distribution.

The result of the nomination committee's application of the diversity policy is a Board that represents a breadth of both professional experience and knowledge as well as geographical and cultural background. Women elected by the AGM comprise 13% of the Board.

BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general meeting. Under the Swedish Companies Act, the Board of Directors is responsible for the company's management and organization, which means the Board of Directors is responsible for setting goals and strategies, for providing procedures and systems for the evaluation of established goals, for the systematic assessment of the company's financial position and profits and for evaluating the operational management.

In addition, the Board of Directors is responsible for ensuring that the annual accounts and the consolidated financial statements are prepared on time. Furthermore, the Board of Directors appoints the President and CEO.

Members of the Board of Directors are appointed annually by the AGM for the period until the end of the next AGM. According to the company's Articles of Association, the portion of the Board of Directors elected by the general meeting shall consist of a minimum of three and a maximum of ten members without deputies. In addition, employee representatives have also been appointed.

Chair of the Board

The Chair of the Board is elected by the AGM. The Chair of the Board has special responsibility for leading the work of the Board of Directors and for ensuring that the Board of Directors' work is efficiently organized.

Board's procedures

The Board of Directors follows written rules of procedure, which are revised annually and are adopted by the constituting board meeting each year. Among other things, the rules of procedure regulate functions and the division of work between the members of the Board and the President and CEO. At the time of the constituting Board meeting, the Board of Directors also establishes instructions for financial reporting and instructions for the President and CEO, in addition to rules of procedure for the Board's audit and remuneration committees.

The Board of Directors meets at least five times a year in addition to the constituting Board meeting in accordance with a predetermined annual schedule. Besides these meetings, additional meetings can be arranged to discuss issues which cannot be postponed until the next ordinary meeting. Besides the meetings of the Board, the Chair of the Board and the President and CEO regularly discuss the management of the company.

At present, the company's Board of Directors consists of six ordinary elected members and two ordinary employee representatives. Board members are presented in more detail in the section "Board of Directors, senior executives and auditors".

Board meetings in 2019

Attendance of Board members at Board meetings in 2019.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Ulf Liljedahl	25/25
Hans Gustavsson	24/25
Hans Peter Havdal	21/25
Peter Karlsten	25/25
Anne-Lie Lind	23/25
Nicklas Paulson	24/25
Mikael Jansson	23/25
Lars Jonsson	21/25

Evaluation of Board activities in 2019

Each year the Board evaluates its work and this evaluation is presented and discussed at a Board meeting. The purpose of this evaluation is to develop work procedures and enhance efficiency. The evaluation is carried out with the support of external consultants and is based on a survey. The results and an analysis of the survey are reported to the Board and this is followed by a discussion and then an identification of focus areas for future work.

The nominations committee is given the report in its entirety as well as the conclusions and outcomes of the Board.

AUDIT COMMITTEE

Bulten has an audit committee consisting of three members: Ulf Liljedahl (Chair), Peter Karlsten and Nicklas Paulson.

The members of the committee may not be employed by the company. At least one member must have accounting or auditing skills. The committee shall appoint one of its members as its Chair. The audit committee shall, without it affecting the responsibilities and tasks of the Board of Directors: monitor the company's financial reporting; monitor the efficiency of the company's internal controls, internal auditing and risk management; inform itself of the auditing of the annual report and the consolidated financial statements; scrutinize and monitor the impartiality of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the company; and assist in drawing up proposals for the general meeting's decision on the appointment of auditors. The audit committee shall meet regularly with the company's auditors. The audit committee has no special decision-making powers.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Ulf Liljedahl	5/5
Nicklas Paulson	5/5
Peter Karlsten	5/5

REMUNERATION COMMITTEE

Bulten has a remuneration committee consisting of three members: Hans Gustavsson (Chair), Ulf Liljedahl and Hans Peter Havdal. The remuneration committee shall prepare matters concerning remuneration policies, remuneration and other employment terms for the President and CEO and all members of the company's management. In addition, the remuneration committee shall monitor and evaluate programs for variable remuneration to the company management that are ongoing and were terminated during the year, and follow and evaluate the application of guidelines for remuneration to senior executives as adopted by the AGM, as well as applicable remuneration structures and levels in the company. The Chair of the Board may be Chair of the committee. Other members of the remuneration committee shall be independent of the company and the company management. The members of the committee must together possess the requisite knowledge and experience in matters relating to the remuneration of senior executives.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Hans Gustavsson	7/7
Ulf Liljedahl	7/7
Hans Peter Havdal	7/7

THE PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

The President and CEO reports to the Board of Directors and is primarily responsible for the company's day-to-day administration and operations. The division of responsibilities between the Board of Directors and the President and CEO is set out in the rules of procedure for the Board and the instructions for the President and CEO. The President and CEO is also responsible for drafting reports and compiling information from the management ahead of Board meetings and for presenting the material at the meetings. Under the instructions for financial reporting, the President and CEO is responsible for financial reporting in the company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate Bulten's profit and financial position. The President and CEO is therefore required to continuously inform the Board of the company's development, sales volume, profit and financial position, liquidity and credit situation, important business events and any other events or circumstances the knowledge of which cannot be assumed to be irrelevant to the company's shareholders and directors. The President and CEO and other senior executives are presented in more detail in the section headed "Board of Directors, senior executives and auditors".

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration to the Board

Fees and other remuneration to elected members of the Board are determined by the AGM. The AGM on 25 April 2019 decided that a total fixed remuneration of SEK 2,050,000 shall be paid to the Board of Directors for the period until the next AGM, of which SEK 475,000 shall be paid to the Chair and SEK 315,000 to each of the other Board members who are elected at a shareholder meeting and not employed by the company. A condition of payment is that the Board member is elected at the AGM and not employed by the company. The AGM also decided that a fixed remuneration of SEK 75,000 should be paid to the Chair of the audit committee and SEK 25,000 to the other members of the committee. Remuneration of SEK 65,000 shall be paid to the Chair of the remuneration committee and SEK 10,000 to the members of the committee. The members of the company's Board shall not be entitled to any benefits once they cease to be members of the Board.

For further information about remuneration to Board members, see Note 8.

Remuneration for senior management

Pursuant to the decision of the AGM on 25 April 2019, the following guidelines shall generally apply to remuneration and other terms of employment for the President and CEO and other senior executives. Salaries and other terms and conditions of employment shall be such that Bulten can always attract and retain skilled senior executives at a reasonable cost to the company. Remuneration at Bulten shall be based on the nature of the role, performance, competitiveness and fairness. Remuneration for senior management comprises a fixed salary, variable remuneration, pension and other benefits. Every senior executive shall be offered a fixed salary in line with market conditions and based on their responsibility, expertise and performance. In addition, the AGM may decide to offer long-term incentive programs such as share and share price-related incentive programs. These incentive programs are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

All senior executives may, from time to time, be offered cash bonuses. In the case of the President and CEO, such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives, bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily on developments in the Group as a whole or developments in the division or unit for which the person in question is responsible.

For further information about remuneration to senior executives, see Note 8 to this annual report.

EXECUTIVE MANAGEMENT

In 2019, the executive management consisted of nine members: the President and CEO, Executive Vice President and CFO, Senior Vice President Production, Senior Vice President Marketing and Sales Region East, Senior Vice President HR and Sustainability, Executive Advisor Business Development, Senior Vice President Supply Chain, Senior Vice President Corporate Communications and Senior Vice President Marketing and Sales Region West. The executive management team meets monthly to follow up business and financial results. Great importance is attached to maintaining close contact with the operational business. After the balance sheet date, the executive management was expanded by one to include the Senior Vice President and President and CEO of PSM. See pages 114-115.

INTERNAL AUDIT

Bulten applies the Swedish Code of Corporate Governance with the following exceptions.

A special function for internal audits has not been established within Bulten. The Board makes an assessment each year whether to establish a special function for internal auditing. In 2019 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

- operations managers at various levels
- local and central finance functions
- monitoring by the executive management team

In light of the above points together and considering the size of the company, the Board believes that it is not economically viable to set up an additional administrative function.

INTERNAL CONTROL

This section contains the Board's annual report on how internal control in relation to financial reporting is organized. The basis for this description is the Swedish Code of Corporate Governance's rules and guidelines prepared by the Confederation of Swedish Enterprise and FAR SRS.

The Board's responsibility for internal control is established in the Swedish Companies Act and internal control regarding financial reporting is covered by the Board's reporting instructions for the President and CEO. Bulten's financial reporting complies with the laws and rules for companies listed on the Stockholm stock exchange and the local rules that apply in all of the countries where business is carried out.

In addition to external rules and recommendations there are internal instructions, guidelines and systems as well as the internal delegation of responsibility and authority with the overall aim of providing good control over financial reporting.

Control environment

The control environment forms the basis for internal control. Bulten's control environment comprises, among other things, an organization structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for internal control of financial reporting. The Board has established written procedures outlining the Board's responsibility and regulating the Board's and its committees' division of responsibilities. The Board has appointed an audit committee with the task of safeguarding established policies for financial reporting and compliance with internal control. This committee is also responsible for maintaining appropriate relations with the company's auditors. The Board has also prepared instructions for the President and CEO and has agreed how economic reporting shall be submitted to the Board of Bulten AB (publ). The Group's Executive Vice President and CFO reports the results of the Group's efforts relating to internal control to the audit committee. The results of the audit committee's work in the form of observations, recommendations and proposals for decisions and measures are reported regularly to the Board. Bulten AB's significant steering documents in the form of policies, guidelines and manuals, to the extent they relate to financial reporting, are kept up to date and communicated through established channels to the companies in the Group. Systems and procedures have been established to supply the management with the necessary reports about business results in relation to established targets. Information systems have been established as necessary to ensure that reliable and up-to-date information is provided so that the management can perform its duties correctly and efficiently.

Risk assessment

Bulten's risk assessment regarding financial reporting aims to identify and evaluate the significant risks that affect internal control relating to financial reporting of the Group's companies, business areas and processes.

The significant risks identified in the Group's internal control activities that affect internal control in relation to financial reporting are handled through control structures based on the reporting of non-compliance with established targets or norms for, for example, the valuation of inventories and other significant assets.

Internal control in relation to financial reporting

Financial reports are generated monthly, quarterly and annually for the Group and subsidiaries. In connection with reporting, comprehensive analyses and associated comments are prepared along with up-to-date forecasts aimed at ensuring, among other things, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and the analysis of financial development work at the Group and unit levels.

Bulten's internal control activities aim to ensure that the Group meets its objectives for financial reporting.

Financial reporting shall:

- be correct and complete, and meet all applicable laws, rules and recommendations;
- provide a fair description of the company's business; and
- support a rational and informed valuation of the business.

In addition to these three objectives, internal financial reporting shall support proper business decision-making at all levels of the Group.

Information and communication

Internal information and communication aim to create awareness among the Group's employees of internal and external control instruments as well as of authorities and responsibilities. Information and communication about internal control instruments for financial reporting are accessible by all affected employees.

The key tools for this are Bulten's manuals, policies, intranet and training activities.

Control activities

The Group's Executive Vice President and CFO play a key role in analyzing and monitoring the Group's financial reporting and results. The Parent Company has additional functions for the systematic analysis and follow-up of the financial reporting of the Group and subsidiaries.

A Group-wide internal control program for key processes at the subsidiary and Group levels has been implemented. The internal control program covers essential processes and aims to ensure that appropriate controls are designed and implemented to prevent errors in financial reporting.

The Group's reporting units also conduct regular self-assessments regarding the effectiveness of internal control in relation to financial reporting. The assessments are reported to the executive management, which summarizes the results for the audit committee to discuss measures and ongoing monitoring.

Follow-up of financial information

The Board publishes, and has responsibility for, the company's financial reporting. The audit committee supports the Board by preparing activities that assure the quality of the company's financial reporting. This is partly achieved by the audit committee checking the financial information and the company's financial controls.

The Board is informed monthly about business development, profit, financial position and cash flow. Outcomes and forecasts are assessed and monitored.

All of the Group's companies report financial information in accordance with an established format and established accounting policies. In connection with this reporting, an analysis and risk assessment of the financial situation are carried out.

AUDITORS

Bulten's auditors are PricewaterhouseCoopers AB (PwC), with Fredrik Göransson being the certified public accountant in charge of the audit. PwC audits Bulten AB (publ) and all major subsidiaries. Each year the audit includes a statutory audit of Bulten AB's annual accounts, a statutory audit of the Parent Company and all significant subsidiaries, an audit of internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as part of the work.

During the second quarter a meeting was held with the executive management to determine an audit plan and to analyze the organization, operations, business processes and balance sheet items for the purpose of identifying areas with an elevated risk of errors in financial reporting.

In addition, a meeting was held with the audit committee for the reconciliation of strategy and aims. The auditor also attends at least one Board meeting each year pursuant to the rules of procedure of the audit committee meeting.

A general review of the year-end closing is performed for the period January to September. In October an early warning review is performed of the nine-month accounts, followed by an early warning meeting with the executive management where important questions for the annual closing are raised. A review and audit of the annual closing and annual accounts are performed between January and February.

During 2019, in addition to the audit assignment, Bulten mainly consulted PwC on taxes, transfer price matters and accounting matters. The remuneration paid to PwC in 2019 is shown in Note 9 on page 74.

PwC has an obligation to examine its independence prior to decisions to provide independent advice to Bulten in addition to its auditing assignments.

In accordance with the company's articles of association, the company shall have at least one, and at most two, auditors, and at most two deputy auditors. In accordance with the articles of association, the mandate period for the auditors shall be one year.

COMMUNICATION

The company's information to shareholders and other stakeholders is supplied via the annual report, interim reports and press releases. All external information is published on the company's website at www.bulten.se.

SIGNATURES

Gothenburg, 24 March 2020

Ulf Liljedahl
Chair of the Board

Hans Gustavsson
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Anne-Lie Lind
Board member

Nicklas Paulson
Board member

Mikael Jansson
Employee representative

Lars Jonsson
Employee representative

Anders Nyström
President and CEO

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of Bulten AB (publ), corporate identity number 556668-2141

Engagement and responsibility

It is the Board of Directors that is responsible for the Corporate Governance Report for the year 2019 presented on pages 105-110 and its preparation in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our review has been conducted in accordance with FAR's statement RevU 16 "Auditor's review of the corporate governance report". This means that our review of the corporate governance report has a different focus and is substantially smaller in scope than the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

Statement

A corporate governance report has been prepared. Information in accordance with Chapter 6 Section 6, second paragraph, points 2 to 6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph, of the same act is consistent with the annual report and the consolidated financial statements and are in accordance with the Annual Accounts Act.

Gothenburg, 24 March 2020
PricewaterhouseCoopers AB

Fredrik Göransson
Certified Public Accountant

OVERVIEW OF CORPORATE GOVERNANCE

