



ANNUAL AND SUSTAINABILITY REPORT 2021

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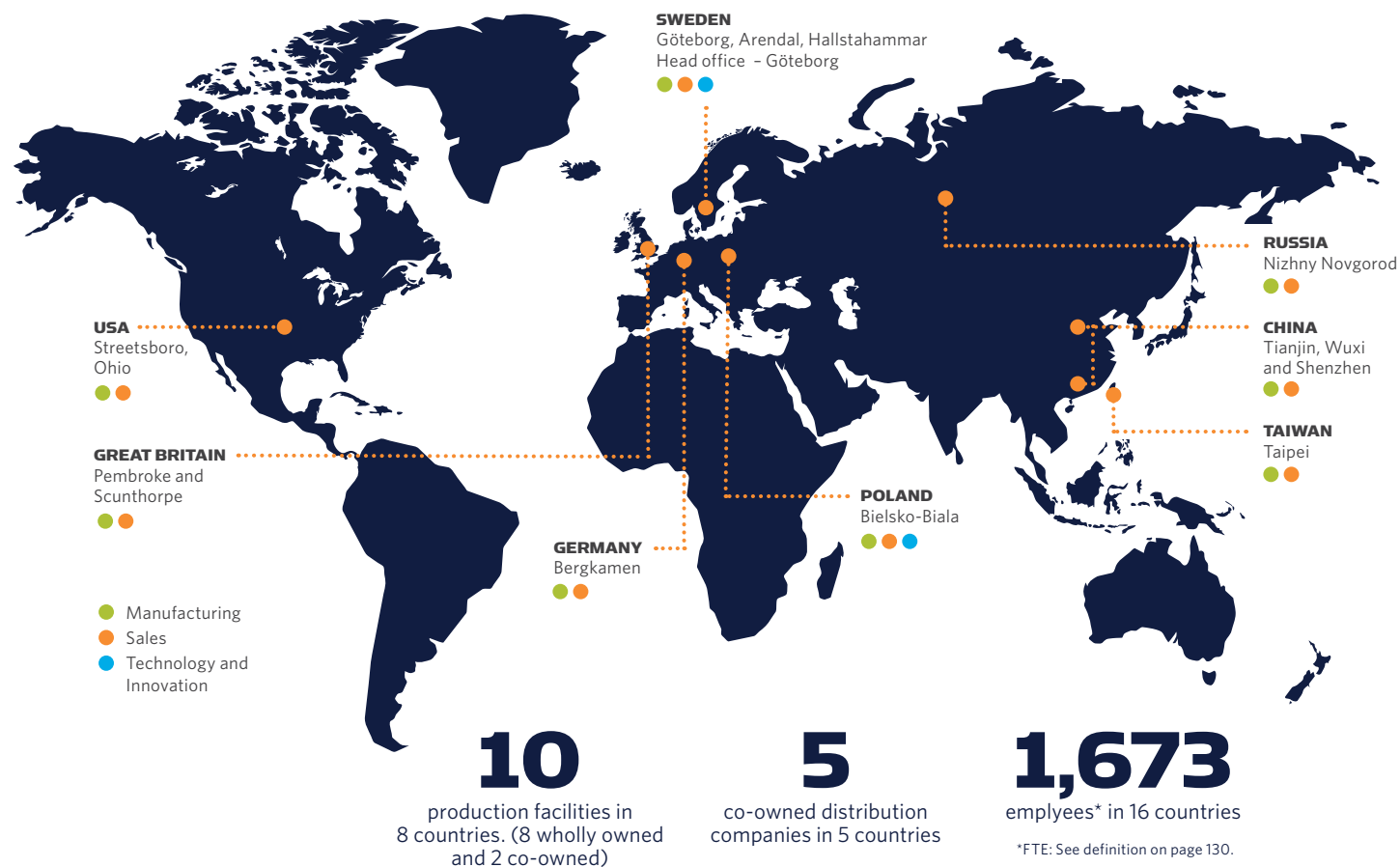
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BULTEN IN BRIEF

Bulten was founded in 1873, and has since developed into a leading global manufacturer and supplier of fasteners to the automotive industry, as well as to other customer groups such as consumer electronics. The offering extends from a wide range of standard products to specially adapted fasteners. With our Full Service Provider (FSP) concept, customers can entrust all their fastener needs to us, including development, sourcing, logistics and service, or just choose parts of the concept. The share (BULTEN) is listed on Nasdaq Stockholm Mid Cap.



THE YEAR IN BRIEF

NET SALES

3,730 SEK M

OPERATING EARNINGS

232 SEK M

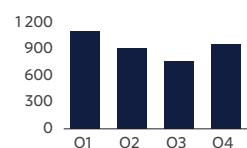
OPERATING MARGIN

6.2%

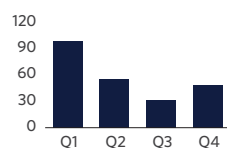
FINANCIAL SUMMARY, SEK M

	2021	2020	2019	2018	2017
Net sales	3,730	3,195	3,093	3,132	2,856
Gross profit	710	567	543	600	558
Earnings before depreciation (EBITDA)	400	277	239	300	290
Operating earnings (EBIT)	232	116	98	210	210
Operating margin, %	6.2	3.6	3.2	6.7	7.4
Adjusted operating earnings (EBIT)*	232	113	147	211	210
Adjusted operating margin, % *	6.2	3.5	4.8	6.7	7.4
Earnings after tax	154	50	55	143	159
Adjusted earnings after tax *	154	48	97	144	159
Net debt/equity ratio, times	-0.4	-0.3	-0.4	-0.1	0.0
Equity/assets ratio, %	49.3	49.4	55.2	64.8	66.8
Return on capital employed, %	9.7	5.4	5.5	12.8	14.4
Adjusted return on capital employed, %	9.7	5.2	8.1	12.9	14.4

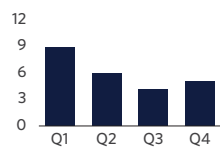
Net sales, SEK M



Operating earnings, SEK M



Operating margin, %



* Adjusted for non-recurring items.

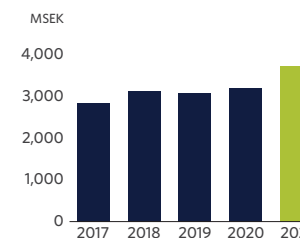
SIGNIFICANT EVENTS DURING 2021

- In January, a new production facility in Taipei, Taiwan, was inaugurated to handle future growth.
- In May, the construction of a new production facility, primarily intended for surface treatment, started in Radziejowcy-Wieprz, Poland.
- In July, a strategically important contract was signed in China with a leading supplier of consumer electronics. The annual value is estimated at approximately SEK 50 million.
- In August, an existing Full Service Provider (FSP) contract was extended by a European vehicle manufacturer with an additional value of approximately SEK 68 million a year.
- In September, an FSP contract was signed worth in the region of SEK 220 million a year at full production with a European electric vehicle manufacturer, which is also a new customer of Bulten.
- In December, Bulten's existing credit agreement with Svenska Handelsbanken was extended by SEK 550 million. This brings the company's total credit to SEK 1,300 million.

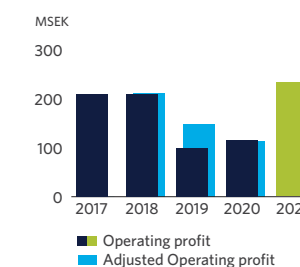
SIGNIFICANT EVENTS AFTER 2021

- At the beginning of March 2022, Bulten decided to exit its joint venture in Russia and thereby begin liquidation of operation in the country. Bulten's annual turnover will not be impacted significantly due to the exit, since the Russian operation corresponds to just 1.6% of the company's total annual sales.

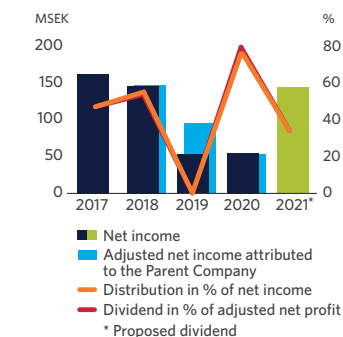
Net sales, SEK M



Operating earnings, SEK M



Dividend in % of net profit



RECORD SALES AND INCREASED MARKET SHARE DESPITE A TURBULENT YEAR A TURBULENT YEAR

How has 2021 developed?

The year as a whole has been turbulent, and only the first quarter developed normally without any major market-restricting factors. The negative economic impacts of COVID-19 began to lessen, and industry started to recover. Unfortunately the shortage of materials, especially semiconductors, hit during the second quarter, and this was something that automotive customers in particular struggled with for the rest of the year. High demand combined with limited supply led to rising prices for raw materials, steel being the most palpable one for us. Higher costs for materials are passed on to customer prices, but the margins are pressed short-term due to a delay in price adjustments.

I am delighted to see whole-year sales rise by more than 16% to SEK 3,730 million, which is Bulten's highest turnover of all time. If we look at independent market data, production of light vehicles, our largest customer group, has increased by only 2.2% during the year. It is also very satisfying to see that we've continued to grow outside of the automotive industry. Growth here was 69 percent compared to the previous year if you look at Bulten's total revenues. PSM International, which we acquired

in 2020, has been a strong contributor to our growth in new industries. I can also see that our operating margin (EBIT) increased from 3.6% in 2020 to 6.2% in 2021, despite a very unsettled year. I see reaching our goal of 8% in more normal market conditions as a distinct possibility.

Before considering the future outlook, I would also like to note that we continue to win contracts. We have never won so much business during a single year. And the order value itself is not the only good thing; we have new customers both in automotive and other sectors.

Did you succeed with your goals for 2021?

I finished my CEO's statement in 2020 with the words, "It is particularly important for us to accelerate growth in North America and Asia and to extend our customer base, both in and beyond the automotive industry." Looking at the results, it's clear that we have seen good growth in Asia. We have expanded our customer base in the automotive industry with new customers on our main market of Europe, and also in other sectors, primarily in Asia. But we haven't managed to grow in North America, so that work remains to be done.



How do you view your opportunities in the automotive industry moving forward?

I believe they are very good. Fasteners are here to stay, also in vehicle manufacturing. The world of automotive is changing rapidly right now, driven particularly by sustainability aspects. We can see new players and new constellations, which bring new business opportunities. The transition from fossil fuels to, now, hybrid or pure electric vehicles entails new platforms, another source of new business opportunities. Suppliers to OEMs are another highly interesting customer group with huge potential, as 70% of a vehicle's value chain lies with the subcontractors. Our share of the market is small, but we have a lot to offer here. Our FSP offering may not be equally extensive in the supplier stage, as the complexity is lower than for a whole vehicle. Even so, our global presence is a strength as we can follow the OEMs that also operate globally. Our sustainability offering is also becoming increasingly relevant in this customer group.

Can you tell us more about the contribution your sustainability work makes?

It's a clear strength, which apart from environmental gains also boosts our economic development with new contracts. Our efforts to reduce CO2 emissions and lower material consumption are very clear contributions that our customers can benefit from considering the total life cycle emissions for their end products. Through our sustainability work, we are developing solutions that not only reduce emissions from product manufacture, but also help to reduce running emissions for the vehicle

thanks to lower weight. We anticipate that the next generation of vehicle emission legislation in the EU will encompass the entire life cycle, and we are seeing extensive interest among our customers for our solutions, and also a willingness to pay for them. One key factor is to work closely alongside customers in early phases to achieve high set targets. This working method is built into our newly developed FSPs offering with more focus on sustainability, and has already been crucial in several new contracts.

What challenges do you see in the sustainability work?

The prevailing standards applied by OEMs obstruct the use of smarter/lighter fasteners, i.e. fasteners in other dimensions or materials, and with properties that are at least as good. This is true in a wide range of industries. Changing the specifications is a major barrier and something that many companies are reluctant to do. New players are generally more open and have a higher level of acceptance for non-conventional fasteners.

Since 2017 we have reported our sustainability efforts and strategy in line with the guidelines of the Global Reporting Initiative (GRI), Core level. As a member of the UN Global Compact, we have chosen to support and work according to ten principles of human rights, employment rights, environmental issues and anti-corruption. In our Annual and Sustainability report 2021 we report on how we have worked according to these principles during the year, and we express our ongoing ambition in facing the challenges and opportunities ahead.

What other focus areas do you have in your ongoing operation?

We have set an annual growth target of 10% with an operating margin of 8% and a return on capital employed of 15%. The growth will happen in the automotive industry, but perhaps even more in other sectors, such as consumer electronics and forestry and agricultural machinery. We also want to increase our business outside of Europe. We will continue to win contracts in Asia, and to grow in North America we are now actively seeking an acquisition that can increase our presence and strengthen our offering.

Productivity and cost control are two obvious areas that we focus on continuously. Another important aspect is continued insourcing or vertical integration, whereby we bring production stages under our own auspices. One example is our new surface treatment plant in Poland. It will ensure a more efficient and more sustainable manufacturing process. It will also reduce capital tied up and increase flexibility thanks to shorter throughput times.

Continued product development toward more functional and more sustainable products, and also niche products such as smart fasteners are also crucial aspects to our continued survival.

The wider market has had, and is still facing some tough challenges. How do you view these?

As mentioned, the past two tough years have brought their challenges, which we have been able to manage while continuing to look ahead. The challenges remain, and change character to some extent. From a macroeconomic perspec-

tive the challenges are the ongoing effects of COVID-19, interest rate risk and the current geopolitical unease with the Russian invasion of Ukraine. The latter led us to discontinue our operation in Russia, a decision we made in early March 2022. Bulten's annual turnover will not be significantly impacted due to the exit, since the Russian operation corresponds to just 1.6% of the company's total annual sales.

Disregarding the turbulent global situation, we operate on a market with low consolidation, which means we must constantly remain relevant to our customers. Meanwhile, underlying demand remains very strong. Combined with our strengths, I am definitely optimistic about Bulten's future.

Anders Nyström, President and CEO

FOCUS 2022

- Closely monitor and adapt to volatile industry volume development
- Continue margin improvement initiatives
- Win incremental business and evaluate potential acquisitions, primarily in North America, to secure further growth and profitability
- Accelerate innovation and sustainability activities

VISION AND MISSION

VISION

We create and supply the most innovative and sustainable fastening solutions.

BUSINESS CONCEPT

We continuously deliver market leading fastening solutions that meet customer requirements on efficiency, quality, price and sustainability.

With clear objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that makes a difference, and creates the greatest benefit for the customer.

MISSION

We draw from Bulten's close to 150 years of fastener knowledge to deliver, not merely fasteners, but complete solutions. Our experienced and dedicated people help our customers around the globe succeed in everything from product design to production, procurement and service.

Our nature is to expand the boundaries of our business. By driving innovation, as well as seeking partnerships with other innovative companies, we integrate new functionality and new services into our offer.

Being committed to sustainability and cost-efficiency, we continuously improve our products and our value chain to maintain industry leadership in minimal carbon footprint and use of natural resources, and we are a positive contributor to the society, wherever we are present. Sustainability is an integral part of our business model and of who we are.

CORE VALUES



PROFESSIONAL



INNOVATIVE



DEDICATED



EMPOWERED



OUR VALUE CHAIN



* FTE: See definition on page 130.
 ** LTIR (Lost Time Injury Rate):
 Number of accidents that led to
 absence x 200,000 / total number
 of hours worked.

OUR STRATEGY

BULTEN STRATEGY

GOAL 2024

STRONG POSITION

FSP/FSPs concept 2.0, geographic proximity to important customers, forefront of innovation and sustainability

STRONG OFFER INCLUDING SUSTAINABILITY AND INNOVATION LEADERSHIP

GROWTH

Organic and acquisition growth

**SALES
5 SEK B. CAGR 10%**

MARGIN EXPANSION

Synergies, economy of scale, production efficiency, technology

EBIT MARGIN > 8%

STRONG FINANCIAL PLATFORM

Financial leverage, investments in efficiency, solid equity/asset ratio, dividends

ROCE > 15%

STRONG POSITION

The FSP/FSPs concept

Bulten is one of few companies to offer a Full Service Provider (FSP) concept along the entire value chain for fasteners. The concept is developed continuously, with an extended element of innovation and sustainability.

Geographic proximity to key customers

To achieve success and strengthen customer relations, Bulten's production has to be close to where customers manufacture their products. This provides logistical and environmental benefits, and reduces the risk of being affected by geopolitical changes and exchange rate fluctuations. It entails continued globalization and optimization of Bulten's production structure.

At the forefront of sustainable solutions

To attract existing and new customers, it is crucial for Bulten to focus on sustainable and climate-smart products with good functionality. The company has been at the forefront in these areas for many years, giving it a distinct competitive advantage. Bulten will continue to invest and be a pioneer in sustainable solutions.

Integration of PSM International

The acquisition of PSM International enables Bulten to grow in Asia and North America, both within and outside of the automotive industry.

TARGET: STRONG OFFER INCLUDING LEADERSHIP IN SUSTAINABILITY AND INNOVATION

Activities 2021

- Development of the FSP offering with greater focus on sustainability (FSPs).
- Continued optimization of the production structure through increased capacity at the production unit in Wuxi, China, and initiated new construction of a surface treatment plant in Radziechowy-Wieprz, Poland.

- Intensified collaboration with part-owned TensionCam to develop sensorized fasteners for monitoring clamping force.
- Commercialization of the BUFOe product line began, with several successful customer discussions.
- The foundation for continued expansion was laid by completing integration of PSM International operations.

GROWTH

Organic growth

Bulten can see ongoing opportunities to take market share and business among existing and new customers, on all markets.

Acquired growth

From 2020, Bulten's strategy places more emphasis on making complementary acquisitions that strengthen the customer base, technology, offering, geographical proximity, and diversification towards related segments. Through the acquisition of PSM International, Bulten has strengthened its position in Asia for continued expansion. The goal is to also strengthen growth in the North American market through acquisitions.

TARGET: NET SALES OF SEK 5 BILLION BY 2024, EQUATING TO A CAGR OF 10%

Activities 2021

- New FSP contracts won, including an extension from an existing customer worth SEK 68 million a year, and an FSP contract from a new customer for an electric vehicle in Europe worth SEK 220 million a year at full production.
- A strategically important contract was won in Asia in consumer electronics, worth SEK 50 million a year.
- Potential strategic acquisitions were continually evaluated during the year.

MARGIN EXPANSION

Efficiency

Bulten is working constantly to optimize its production, supplier base and logistics. Efficiency will be further improved in the years to come. Bulten will also digitize working methods and processes in production, logistics, product development, and administration to become even more efficient.

Technology

Through innovation and product development, Bulten will create concepts, products and services with clear added value for the customers, and thereby with pricing that allows scope for higher margins.

Growth in industries outside of automotive

To be able to achieve increased growth and higher margins in the long term, Bulten has the ambition to grow also in industries outside of the automotive industry.

TARGET: OPERATING MARGIN >8%

Activities 2021

- Implementation of an improved value chain process in manufacturing, thus improving cost and capital efficiency.
- Insourcing of previously purchased goods to an approximate value of SEK 300 million.
- Strengthening of the regional purchasing stage to reduce risks and create a more sustainable purchasing process.
- Stronger focus on innovation and technology, aiming to create sustainable, functional products with higher margins.
- Higher growth, primarily in Asia, in new customer groups outside of automotive.

STRONG FINANCIAL PLATFORM

Financial strength and continued shareholder dividends

Bulten aims to retain its strong financial position, which provides a competitive edge and security for customers and for other stakeholders. The company's policy is to pay out a dividend of at least one third of net earnings after tax over time.

Secured financing with stable equity/assets ratio

The company will maintain its good relations with banks and credit institutions, in order to secure flexible access to capital. A stable equity/assets ratio is a vital precondition.

Investments in growth and efficiency

Bulten will continue to invest in increased growth and more profitable production. This includes ongoing maintenance as well as long-term initiatives.

TARGET: ROCE > 15%

Activities 2021

- Focus on cash flow and cost control.
- Investment in new surface treatment plant in Radziechowy-Wieprz, Poland, enabling efficiencies in production and logistics.
- Credit agreement with Svenska Handelsbanken extended by SEK 550 million.
- All covenant conditions with financiers were met during the year.
- Improved financial key ratios through growth, profitability and professional capital management.

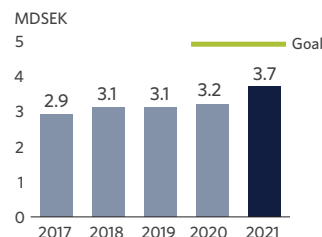
FINANCIAL TARGETS

GROWTH

The target is to achieve a net sales of SEK 5 billion in 2024 (equating to a compound annual growth rate (CAGR) of 10%, both organic and through acquisitions).

Comment: Growth in 2021 was 16.7% (3.3); we exceeded market growth in the industry and also our target of 10% average annual growth. Weighted for Bulten's customer structure, average global growth in the industry* was 1.6% (-14.9). We enter 2022 in a good position to continue taking market share and thereby achieve our target of an average increase in net sales of 10% up to 2024. The effects of COVID-19, the continued shortage of semi-conductors and geopolitical uncertainty may however have an impact moving forward.

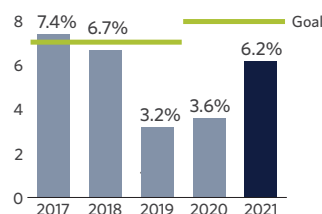
* Average growth in the industry is defined as global production volume according to LMC Automotive's estimate, December 2021, weighted for Bulten's customer structure.



OPERATING MARGIN

The target is to achieve an operating margin of at least 8% (8).

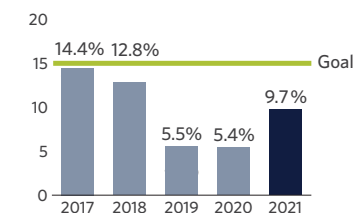
Comment: The operating margin amounted to 6.2% (3.6) in 2021; this means we did not achieve our goal of at least 8.0%. Our profitability was affected by the shortage of semiconductors and other disruptions in the component stage, as well as higher raw material costs which are passed on to customers but with a certain delay.



RETURN ON AVERAGE CAPITAL EMPLOYED (ROCE)

The target is to achieve a return on average capital employed of at least 15% (15).

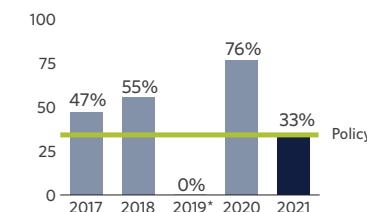
Comment: Return on average capital employed was 9.7% (5.4) in 2021. This is below our target of at least 15%, and a direct result of production disruptions among our customers. Bulten has adapted production to customer demand, but has tied up more working capital than normal. Bulten's profitability was also affected by the shortage of semiconductors and other disruptions in the component stage, as well as higher raw material costs which are passed on to customers but with a certain delay.



DIVIDEND POLICY

Bulten's dividend policy over time is to pay out a dividend of a least one third of net earnings after tax. Consideration is given, however, to the company's financial position, cash flow and outlook.

Comment: The Board has proposed to the Annual General Meeting a dividend of SEK 2.25 per share for the 2021 financial year, compared to SEK 2.00 per share in 2020. The dividend equates to roughly 33% (76) of net earnings after tax, which is in line with the dividend policy.

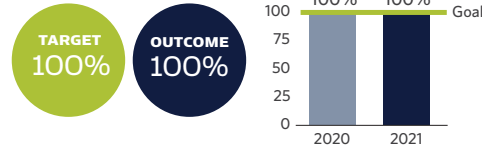


* Due to the prevailing external climate with the uncertainty surrounding the possible future economic effects from COVID-19, no dividend was paid for the financial year 2019.

SUSTAINABILITY TARGETS

TRAINING IN BUSINESS ETHICS AND THE CODE OF CONDUCT

The goal is for all employees to complete e-learning in Bulten's code of conduct, and for all employees dealing with external relations to complete e-learning in anti-corruption and business ethics.



Comment: During 2021, Bulten introduced new e-learning in both the code of conduct and business ethics. Result from both training programs: 100% completion rate, rounded off. PSM International, acquired by Bulten in 2020, is included in the figures.

SUSTAINABLE SUPPLY CHAIN

During 2020, Bulten introduced an SAQ (Self Assessment Questionnaire) relating to sustainability, for all approved suppliers of direct materials and transportation.

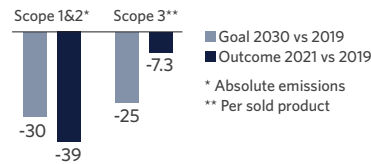


Comment: At the end of 2021, suppliers equating to just over 99% of total purchase volumes had answered the survey and been assessed on a scale of 1-5. Suppliers of PSM International, a company acquired by Bulten in 2020, are not included in the figures. Efforts will continue in 2022, the aim to start up a development process with suppliers who only achieved a rating of 1-2, and to integrate PSM International's supply chain in the process.

GREENHOUSE GAS (GHG) EMISSIONS (CO2)

Bulten has set the following goals for 2030 compared to the base year 2019:

1. Reduce absolute Scope 1 and 2* emissions by 30%.
2. Reduce Scope 3** emissions by 25% per tonne of sold products.



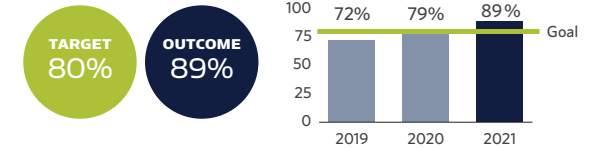
Comment: The Scope 3 target covers 74% of Bulten's total Scope 3 emissions and comprises raw materials, purchased finished screws, surface treatment services, transports of incoming material excluding raw materials, and other purchased transports (primarily internal transports). The reduction of Scope 1 and 2 during 2021 is mainly attributable to contracting renewable electricity, and to some extent to lower volumes. In Scope 3, the reduction is a result of less purchased steel and fewer internal transports.

* Scope 1 and 2: Direct emissions of greenhouse gases from Bulten's operations, and indirect emissions from the production of the electricity and district heating used in the operation.

** Scope 3: Indirect emissions of greenhouse gases in Bulten's value chain, i.e. upstream or downstream of the production e.g. from production of raw materials and equipment, from transports etc.

ANNUAL DEVELOPMENT DIALOGUE (ADD)

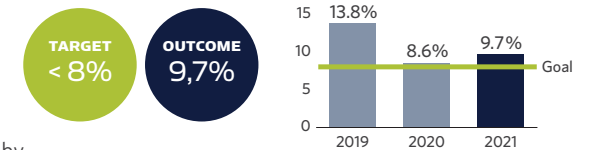
The aim is for all employees to have a performance review with their manager every year.



Comment: The ADD 2021 encompasses all employees within Bulten, and is registered in Bulten's global HR system. Compared to 2020, 12.6% more reviews were carried out. Employees of PSM International will be included in the process during 2022.

EMPLOYEE TURNOVER

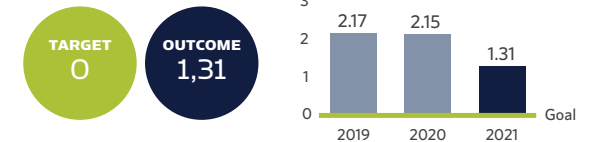
The goal is that the turnover of permanently employed personnel should be less than 8%.



Comment: PSM International, acquired by Bulten in 2020, is included in the figures for 2021, but not for 2020.

WORKPLACE ACCIDENTS LEADING TO ABSENCE

Bulten's aim is that no one should be injured at work. One of the most important performance indicator is LTIR (Lost Time Injury Rate*).



Comment: 2021 is the first year that all companies in PSM International are included in the figures. The number of accidents leading to absence in 2021 was 22. Workplace accident statistics also include accidents on the way to and from work. The number of workplace-related accidents leading to absence was 19, which equates to an LTIR of 1.19. The vision is an LTIR of 0, and all Bulten production units shall be certified to ISO 45001.

* Number of accidents leading to absence x 200,000/total number of hours worked.

BULTEN IS THE LEADER IN THE FASTENER INDUSTRY IN TERMS OF SUSTAINABILITY

Interview with Marlene Dybeck, Senior Vice President HR and Sustainability.

How was 2021 in terms of Bulten's sustainability work?

2021 was the year when we fully integrated sustainability aspects into our business strategy. We were the first fastener company in the world to offer a sustainable business concept, FSPs, in which we help our customers achieve their sustainability goals.

Also during 2021, we have developed our Climate Roadmap, with concrete goals for how we can reduce our carbon footprint by 2030. This consolidates our position as an industry leader in sustainability.

How do you ensure that the company is developing in line with your vision?

Through a industrious, goal-conscious effort with high engagement from everyone in the organization. Transitioning and becoming a

totally sustainable company in the long term has been and remains a huge transformation process for Bulten. In our core business, we produce and supply products made primarily of steel, which is a very carbon-intensive raw material. Unfortunately, as a consumer of steel we have limited opportunities to influence the metal's carbon footprint in the production stage, but it is a high-priority area for us.

How will you manage to make this transformation?

With almost 150 years of history, Bulten has unique expertise in using and processing steel, and thereby has the know-how to develop world-leading products. This has afforded us a leading position in developing both our own production process and our products to have less of a negative impact on the environment.



Governance and business ethics



Sustainable supply chain



Sustainable own operations



Sustainable customer offer



Diversity and inclusion



How has it been possible to make this transformation, and what challenges lie ahead?

For the past couple of years, we have divided our change and development work into five focus areas, with a clearly defined ambition and intent for each aspect.

Another key factor is that Bulten's core values are all about being perceived as an innovative, sustainable, and dependable partner to our customers, from all perspectives. One aspect of this is that we have a clear idea of how we want to manage, develop, and secure a healthy, sustainable business relationship. One way of measuring this is by taking part in third-party assessments. Since 2017 we have taken part in EcoVadis and the Carbon Disclosure Project (CDP), which are the dominant assessment institutes in our industry. We also complete the Drive Sustainability self assessment, an automotive industry sustainability initiative towards its supply chain. We use this scheme to evaluate our own supply chain too. I am delighted to say we were awarded EcoVadis Gold level for the second consecutive year, and the CDP raised our rating two levels. Our aim now is to achieve the highest level. Read more about EcoVadis on page 14.

How do you know everyone is on board?

The awards and collaborations mentioned above, along with the fact that our Sustainability Report is audited by a third party (see page 123), and that we regularly train all our employees in Bulten's code of conduct and in business ethics, is firm proof for our customers that we take sustainability issues seriously, and have the right tools to assess our performance.



What does the roadmap look like in terms of climate-neutral production and a fully sustainable customer offering?

Since 2016, we have been deploying the transition to renewable electricity in our production plants. During the year, we achieved our target of 100% of our purchased electricity in the EU and North America being renewable – a goal we achieved 4 years ahead of our time plan.

Since 2019 we have reduced our absolute emissions (Scope 1 and 2) by 39% up to and including 2021. We are now focusing on how we can produce more of our own electricity using for example solar panels and other renewable technology, as well as replacing natural gas in favour of fossil-free energy sources. Our target is that our factories in Asia are supplied with fossil-free electricity by 2030.

How does the future look as regards your products?

I feel that we've now taken the lead in defining the sustainable standard of the future for fasteners.

We are actively working to identify raw material solutions that reduce greenhouse gas emissions, and have focused on developing our own innovative and more sustainable product family, BUFOe. It produces about 30% less carbon dioxide emissions in production than a conventional production process.

Our ambition is to create a new, sustainable, standard that describes the BUFOe family. The new product family also has a positive impact on energy consumption. Focusing on reducing electricity consumption in production as well as in product development is just as important as focusing on GHGs, as it's important that we all help to save energy resources, including renewable energy.

UN SUSTAINABLE DEVELOPMENT GOALS

Through internal management discussions and the Sustainability Committee, Bulten has analyzed how the company contributes to achieving the UN's 17 global Sustainable Development Goals (SDGs). A company can have both a positive and a negative impact (see e.g. our risk analysis as regards sustainability on pages 38–39). Bulten can contribute positively above all to the SDGs outlined below.



Ensure access to affordable, reliable, sustainable and modern energy for all

- Invest in renewable energy at our own plants. The first solar panels at a production unit were installed in 2019
- Investments in energy efficiency in Bulten's production plants
- ISO 50001 certification in Bulten's Germany plant (management system for energy efficiency)



Promote inclusive and long-term sustainable economic growth, employment and decent work conditions for all

- Code of conduct both internally and externally
- Bulten's global HR policy
- Monitoring of health and safety, also company-wide coordination. ISO45001 certifications
- Long-term employments (low percentage of contracted staff)



Build resilient infrastructure, promote sustainable, inclusive industrialization, and foster innovation

- Investments in new and existing plants, e.g. investment in new PSM International plant in Taiwan 2020, and construction start of new surface treatment plant in Poland
- Support suppliers in their development, contributing to global trade
- Own development and cooperation with external parties within sustainable technology



Foster sustainable consumption and production patterns

- All of Bulten's production units have environmental certification
- Responsible consumption of transportation services
- Wastewater treatment
- Recycling. Large proportion of raw materials from circular flows. A high proportion of the products are recycled



Take urgent action to combat climate change and its impacts.

- Develop more eco-friendly products and services, such as BUFOe
- Focus on raw materials with low greenhouse gas emissions
- Communication, as well as training of employees and suppliers, helps to raise awareness.
- Recycling and water treatment
- Increased assessment of the supply chain from an environmental perspective
- See also SDG 7 above - renewable electricity for all facilities in the EU and North America, and set renewable electricity targets for facilities in Asia
- Investments in fossil-free production process

SUSTAINABLE DEVELOPMENT - SIGNIFICANT EVENTS IN 2021

BULTEN AS A SUSTAINABLE BUSINESS PARTNER

As an evidence that we have integrated sustainability into our business strategy, and to further contribute to climate neutrality, we have during 2021 launched an evolution of our Full Service Provider (FSP) concept, which we call FSPs. In addition to delivery of fasteners, this means that we work systematically to find the most sustainable solutions for the customer, based on a life cycle perspective in all parts of the value chain. We start from the three sustainability aspects of business ethics, environmental consideration and social responsibility. We are therefore a partner that customers can rely on in their efforts toward an end product that is as climate-neutral as possible. Read more about our customer offering on page 20.

SUSTAINABLE SUPPLY CHAIN

We will not be able to implement our sustainable business strategy without a close collaboration with our suppliers. To achieve this, we value long-term relations with our business partners, and during the year we have evolved the sustainability focus with our supply chain. We communicate high expectations that we should work together to reduce climate impact, and ensure good working conditions and human rights throughout the supply chain. During the year, we have established a system for risk assessment of supplier sustainability, and it forms a basis for decisions regarding suppliers (see page 34).

LONG-TERM SUSTAINABLE WORKPLACES

Our employees' well-being in the workplace is crucially important to us. We therefore place great emphasis on conducting ongoing dialogue with each individual, thus promoting engagement and ensuring that we continuously monitor how people perceive their workplace and us as employers. Already in 2020, our production plants in Poland and Germany transferred to the new management system, ISO 45001, for occupational health and safety. This year, our operations in Tianjin, China, and Taipei, Taiwan, achieved certification. Bulten's multi-site certificate for units in Sweden, North America and the UK were issued during the first quarter of 2022.

To ensure that our factories develop and that our investments lead to a sustainable future from both an environmental and a work environment perspective, we work systematically with Sustainable Return on Investment (SRoI). This means that we include information on the environment, greenhouse gases and occupational health and safety in investment requests. Our new surface treatment plant currently being built in Poland will be one of the world's most sustainable surface treatment facilities from both an environment and an occupational health and safety perspective. Read more on pages 15, 31 and 115, Note 11.

AN ATTRACTIVE, SUSTAINABLE EMPLOYER DURING THE PANDEMIC

It is not possible to talk about 2021 without mentioning the pandemic that has affected us all in the last couple of years. We have struggled with uncertain forecasts and volatile production among our customers, while also working hard to achieve improvements and efficiencies. We have therefore been able to avoid major structural organizational measures. Being a secure, dependable employer is important to us.

In this year's employee engagement survey, we asked questions about our employees' feelings and perceptions around working life during the pandemic, and how Bulten has dealt with the situation. The clear majority responded that they generally feel Bulten has dealt with the pandemic well. Read more about our employees on page 15.

BULTEN'S CLIMATE ROADMAP

During the year, we have developed a roadmap for how to reduce our climate impact up to 2030, with 2019 as the base year. For further information about our goals, see page 11. The objectives were formulated according to the Science Based Targets initiative's (SBTi) framework on how to set science-based climate goals in line with the Paris Agreement. SBTi is a global initiative that aims to give businesses tools to secure their climate goals, and also to assess and verify these. In late 2021, we submitted our application to SBTi to have our targets verified and approved.



Our Climate Roadmap provides our stakeholders with yet more proof that Bulten's environmental work is transparent, with a clear plan on how the carbon footprint will decrease. We will for example fit our new warehouse building in Germany with solar panels equating to roughly 20% of the entire plant's power consumption (including the production). Furthermore, our new surface treatment plant being built in Poland will be equipped with its own renewable electricity production. Read more in the section Sustainability Information on page 105.

YET ANOTHER GOLD MEDAL!

After the international organization EcoVadis conducted its annual evaluation, Bulten was once again awarded a gold medal for its sustainability work. EcoVadis is an independent international organization that evaluates, scores, and ranks companies' integration of sustainability issues in their business activities. The assessment is based on 21 criteria in four areas: environment, fair working conditions, business ethics and the supply chain.



OUR EMPLOYEES

The expertise and great dedication of our employees make Bulten's sustainable development possible. Our ambition is to create a workplace where everyone can thrive, and has the right opportunities to grow and develop. We aim to be a workplace for all, where all personnel feel included and involved. The foundation for this is good relations and open dialogue, along with teamwork.

EMPLOYEE ENGAGEMENT SURVEY

At the end of the year, we conducted our global employee engagement survey. The previous one was carried out just before the pandemic broke out in 2020, and bearing in mind the very special circumstances we have all had to live with through the pandemic, it was particularly important for us to obtain feedback from our employees.

The survey's response rate was 81% which we are pleased and proud to note is an extremely high response rate. We see this as a clear sign that our employees want to give us their opinions. We also saw our Employee Engagement Index increase from 60 in the previous survey to 65. This time around, our new colleagues from PSM International were also included, a company Bulten acquired in 2020. The area that our employees most want to see us focus on is health and safety. Questions on the pandemic were included for the first time. The overall picture shows that our employees feel Bulten has handled the pandemic well, and those who have worked from home at times think this has worked smoothly. It is, however, clear that employees have experienced more mental stress and worry during this period - something we wish to acknowledge and continue working on moving forward.

THE WORKING ENVIRONMENT

During the year, we have focused heavily on systematizing the Group's efforts in the field of health and safety. We implemented a new health and safety policy, and several workplaces are now also certified to the new occupational health and safety standard, ISO 45001. The remaining operations will be certified during 2022. Read more about our health and safety work on page 115, Note 11.

DIVERSITY AND INCLUSION, AND EFFORTS AGAINST DISCRIMINATION

For Bulten, it is important to be an inclusive employer, as this is fundamental if we as a company want to develop sustainably together with our co-workers. Our code of conduct, health and safety, and HR policy provide important support in our ongoing work on equal treatment, and our efforts against all types of harassment and discrimination, in all contexts.

Bulten as a workplace shall welcome everyone, and everyone working at Bulten has a responsibility to combat discrimination and harassment, and to strive for greater equality and inclusion. Leadership is pivotal in this process, while our code of conduct and training of managers and personnel are important tools.

We also follow up on these areas in the employee engagement survey, as well as in the annual development dialogue between employees and their managers. In this year's survey, 84% of employees answered positively to questions on how they perceive gender equality and efforts against discrimination, and 79% answered positively to questions on inclusion.

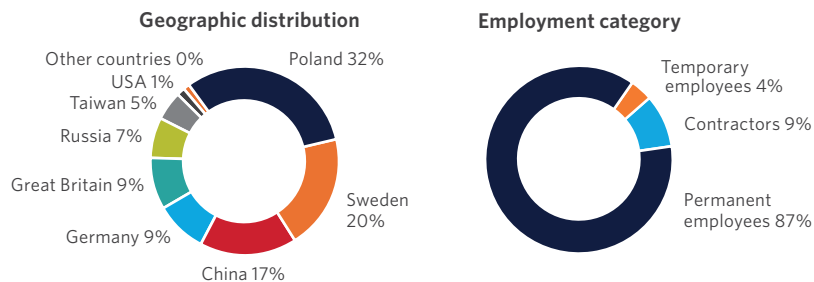
ANNUAL DEVELOPMENT DIALOGUE

One of our most important HR processes is the annual development dialogue between each employee and their manager. The purpose of the dialogue is to discuss the current situation and the future, as well as the prerequisites for doing a good job, development, and implementing the company's strategy. It was pleasing to see a rise in completion of these dialogues, from 79% in 2020 to 89% in 2021.

LOOKING AHEAD

One priority area for us is leadership and competence development to help us transition to the more sustainable working methods and technologies of the future. The pandemic has entailed, among other things, that we have already switched to more digital competence development. This has not only entailed efficiencies, but also means our training programs now reach a far broader group of employees. One example is our Bulten Fastener Academy, a comprehensive series of e-learnings in fastener technology and our products, accessible to all our employees.

The responses to the employee survey show that our learning index amounted to 84%, an increase of 6% on the previous survey. It is pleasing to see that despite challenges in the shape of the pandemic and its consequences, the majority of our employees feel they are developing in line with the demands of their job and of the future.



The data includes all subsidiaries, including PSM International. The data is based on rounded average number of employees during the year.

65 Index for employee engagement out of max. 100

39% Decrease in accidents leading to absence

15.5 Average number of training hours per employee per year

Share of executive management

50%	50%
Women	Men

Share of employees

26%	74%
Women	Men

Share of managers

31%	69%
Women	Men

BULTEN'S MARKET AND OFFER

OUR MARKET

Over the years, Bulten has grown into a leading supplier of fasteners to the global automotive industry, particularly as a Full Service Provider (FSP). Bulten's market share increased in 2021 compared to the previous year. Bulten aims to continue taking market share in the automotive industry, both among OEMs and in the supply chain. In addition, Bulten has the express ambition to grow in sectors outside of automotive, such as consumer electronics and forestry and agricultural machinery, and to achieve strong growth in North America.

GROWING AUTOMOTIVE MARKET

According to a prognosis from LMC Automotive, the number of produced light vehicles in 2021 was estimated to amount to 76,4 million globally. In 2026, the number of light vehicles produced

globally is estimated to reach 104.4 million, which corresponds to an average annual growth of 6.5% between 2021-2026. How COVID-19, as well as global macroeconomic and geopolitical factors, will affect Bulten's customers' production is difficult to assess. Underlying consumer demand remains strong, although vehicle production is currently unable to keep pace with demand, mainly due to the current semiconductor shortage. In the longer term, Bulten's growth and earning capacity is very good.

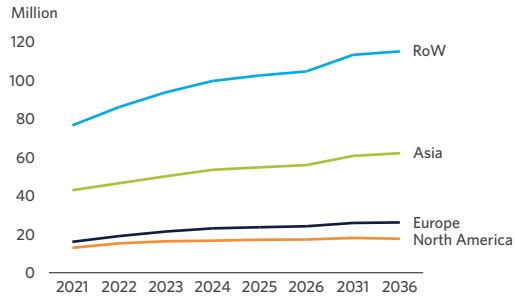
AGREEMENTS AND EARNINGS

Bulten's agreements are generally based on a platform, car model or factory. Order agreements take place continuously depending on the customers' production rate. When an order is delivered to a customer from one of our warehouses, an invoice is issued and an earning thus arises. Earnings are divided into produced in-house, outsourced production, and others.

THE OVERALL FASTENER MARKET

There are a large number of fastener manufacturers, where many of which are small and target different industries. There are also a few major producers operating on several continents. Examples of larger fastener companies are Nedschroef, Kamax and Agrati. Among the few listed players are French Lisi and American ITW. In the Full Service Provider segment, our competitors are the ones offering similar concepts. In that category are the above-mentioned Nedschroef, but also the distribution companies Facil and Optimas.

FORECAST, CARS PRODUCED PER REGION, AVERAGE ANNUAL GROWTH

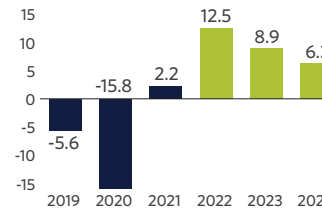


Source: LMC Automotive Q4 2021

As a result of the effects of COVID-19, global production of light vehicles increased by just 2.2%, and heavy commercial vehicles decreased by -2.9% during 2021. Weighted for Bulten's business exposure to the automotive industry, this means an increase of 1.6%.

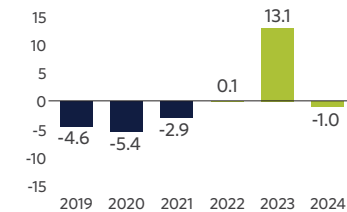
FORECAST FOR GLOBAL VEHICLE PRODUCTION

Light vehicles growth, %



Source: LMC Automotive Q4 2021

Heavy commercial vehicles (>15t) growth, %



Source: LMC Automotive Q4 2021

Bulten's growth 2021



Source: Bulten

Global market growth for Bulten's customer structure 2021



Source: LMC Automotive estimat Q4 2021

Forecast market growth for Bulten's customer structure 2022



Source: LMC Automotive estimat Q4 2021

Forecast global market growth for Bulten's customer structure 2023



Source: LMC Automotive estimat Q4 2021

OUR CUSTOMERS AND CUSTOMER GROUPS

With a broad customer base, especially among the world's leading automotive OEMs, Bulten today is a strong brand on the market.

SELECTION OF CUSTOMERS

Light vehicles Audi, Avtovaz, BAIC, BMW, Fiat, Ford, Gaz, Geely, Jaguar, Land Rover, Lynk & Co, Nissan, Opel, Polestar, Porsche, Renault, Seat, Skoda, Tesla, UAZ, Volkswagen, Volvo

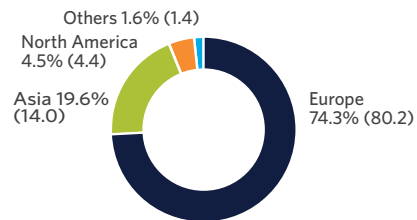
Heavy commercial vehicles Volvo Trucks, Mack, MAN, Renault, Scania, UD Trucks

Automotive suppliers Adient, Autoliv, Aisin, Bosch, CATL, Chassis Brake Intl., Delphi, Novares, Elring Klinger, Keihin, Magna, Facil, Faurecia, Hoerbiger, Lear Corporation, Magna, Mann + Hummel, Mahle, Optimas, Schaeffler, Takata, Thule, TRW, Trelleborg

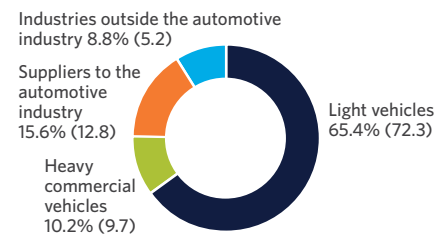
Other industries Akcom, Garmin, GE, Foxconn, Hitachi, Honeywell, Jabil, Miele, Mindray, Philips, Sony, TE



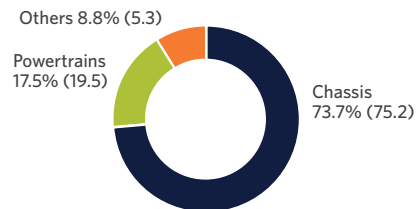
Income by geographic market



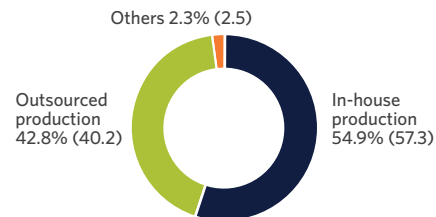
Income by customer group



Income distributed between chassis and powertrains



Income distributed by income category



Balanced customer base

Bulten's ambition is to increase its market share within industries outside of automotive. The goal is to grow by approximately 11 percentage points between 2021 and 2025.

Industries outside the automotive industry 8.8%



Automotive industry

Industries outside the automotive industry 20.0%

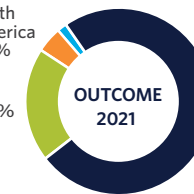


Automotive industry

Global presence with local connections

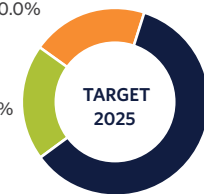
Bulten has a strong regional presence, but intends to further strengthen it. We will do this by maintaining a solid position in Europe and Asia, and by growing in North America.

Other 1.6%
North America 4.5%
Asia 19.6%



Europe 74.3%

North America 20.0%
Asia 20.0%



Europe 60.0%

OUR CUSTOMER OFFERING AND SALES PROCESS ARE PERMEATED BY:

- Meeting customer demands regarding the right product and quality, delivery time, and optimization of stock levels
- In-depth knowledge and experience
- A conscious focus on long-term customer relations
- Being professional and proactive, and striving to understand the customer's needs
- A focus on improvement measures
- All personnel with customer contact – account managers, engineers, etc. – playing an important part and looking to the customer's best interests

CLEAR CUSTOMER FOCUS

A customer-focused function is our Resident Engineers, i.e. Bulten engineers who work at a customer's site from start. When we start up a project, they are involved and contribute their knowledge and experience. This is highly reassuring for customers, and also means we can be proactive even in the pre-development and technical design stage. Thereafter, they can be involved throughout the entire life cycle and work on continuous improvement. The objective is to find smart solutions and the right dimensioning, and to reduce the number of variations. They simply help the customer to design fasteners that meet critical specifications, designed to last for the entire product's lifetime.

RESPONSIBLE BUSINESS RELATIONS

Having many business relations on a global level makes it important for us to take responsibility. We therefore have a code of conduct and an anti-corruption policy to guide us in our relations with customers and suppliers alike. The code encompasses aspects such as social conditions, respect for human rights, and environmental issues. We also have a policy that counteracts anti-competitive activities. In addition, we have conducted a risk assessment, which is reported under sustainability risks on pages 38-39.

Trends that affect Bulten	Implications for Bulten	Bulten's actions
Sustainability	Expectations and higher demands on Bulten actively contributing to increased sustainability relating to its customer offering, its own production and the supply chain.	Bulten is working systematically to increase sustainability in the parts of processes and deliveries that the company can influence. Sustainability is an integral part of the company's strategy.
Stricter EU norms for CO2 emissions	Customer demands are increasing in terms of finding solutions that reduce CO2 emissions in the long-term. Bulten can become even more involved in the technical design stage.	Bulten's approach is to integrate sustainability aspects and reduce CO2 emissions in its value chain, and to help customers do the same. Bulten's intended action is to integrate the sustainability aspects, work that is strengthened through the introduction of the product family BUFOe and the FSPs offering.
Digitalization	Digitalization results in new and increasing functions, which means an additional number of electronics boxes, sensors, transmitters, etc. This in turn requires more fasteners for installation.	Bulten is increasing its offering and supplying bespoke fasteners for in-vehicle installation. Bulten has e.g. acquired a minority stake in TensionCam, a company specializing in the development of sensors for clamping force monitoring in screw joints. Several industries can benefit from TensionCam and Bulten runs several pilot projects where clamping force is critical for the function.
Globalization	Automotive OEMs increase production in emerging economies and new markets.	Bulten is following customers and establishing on selected markets.
Continued competition in automotive industry	Disruptive new technology could lead to greater elimination, and brand new manufacturers and suppliers can be added.	Bulten focuses on offering the most cost-effective total solutions, and is monitoring changes on the market so as to maintain a customer base with the right customers.
Consolidation	Large-scale production leads to consolidation, i.e. fewer suppliers are expected to be more involved in the customer's development.	With the FSP/FSPs offering, Bulten can be involved already from the development stage to delivery on the customer's assembly line.
Electrification	Hybrid vehicles, i.e. vehicles with combined combustion and electric engine, are already on the market. Electric vehicles are increasing and taking new market shares with each passing day.	Bulten is collaborating with several customers on the development of fasteners for hybrid and electric vehicles.
Mobility	The way people and goods are transported will change, driven by new technology and social trends. This is driving a shift from personal ownership and driving, to autonomous driving and fractional vehicle ownership.	Bulten is working systematically to identify how value can be created in this new environment.

FULL SERVICE PROVIDER (FSP) – A SOLID OFFERING THAT CREATES ADDED VALUE

Replacing the conventional purchasing model and assigning total responsibility for fasteners to an experienced, well-established company can save OEMs money and resources, while also contributing to environmental benefits.

Bulten's FSP proposition is not a static system, but is dynamically adapted to each customer's unique requirements – a flexible, modular system in which the customer's needs are met based on a portfolio of different services. Whether a customer chooses the entire concept or just individual parts, Bulten always delivers sustainable solutions with the right quality in each interaction.

In the past year we further developed the concept, and are now proud to offer our FSPs service – the Full Service Provider package for fasteners, enhanced with a sustainability aspect to further reduce environmental impact in the value chain. Together with our customers, we set goals that support their overall sustainability goals. These are then followed up continuously.

ADDED VALUE FOR THE CUSTOMER

The FSP concept has many advantages, both for our customers and for Bulten. Below are some examples of what this means in practice.

- One contact for all fasteners
- Simplified management and added value along the whole supply chain
- Cost savings, freed-up resources and capital
- The freedom to choose all or parts of the concept
- A long-term business partner with its own quality-assured production and good familiarity with the global supplier base
- A partner that contributes to the customer's sustainable development by taking responsibility in the entire value chain
- A modular system where customer needs govern the level of service





FSP – FROM COMPLEX AND TIME-CONSUMING TO A SINGLE POINT OF CONTACT

<p>QUALITY/ EFFECTIVITY</p> <ul style="list-style-type: none"> • Total control of the value chain • Testing and validation according to the industry's requirements • Minimizing errors - continuous improvement • The zero error principle 	<p>DEVELOPMENT</p> <ul style="list-style-type: none"> • Product development • Application engineers <p>Bulten supports customers with application-driven innovation, and develops new technology and new solutions based on the customers' needs.</p>	<p>MANUFACTURING</p> <ul style="list-style-type: none"> • Manufacturing <p>Bulten's production structure ensures sustainable, cost-effective production of the highest quality.</p>	<p>PURCHASING</p> <ul style="list-style-type: none"> • Purchasing <p>Reliable, high-quality deliveries are guaranteed by a well-established network of sustainable suppliers.</p>	<p>LOGISTICS</p> <ul style="list-style-type: none"> • Transport • Packaging and warehousing <p>The fastener solution is distributed to the customer from one of our logistics centers, at the right time and in the right packaging.</p>
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FSPs – ADDING EXTRA SUSTAINABILITY FOCUS

With knowledge of our customers' overall sustainability goals, together we can set goals and support their sustainability efforts. We jointly follow up the set goals to ensure that we are helping to create added value for our customers in the best way.

<p>ENVIRONMENTALLY EFFICIENT SOLUTIONS</p> <p>Our solutions can help customers to reduce their CO2 emissions. Our goal is to increase environmental efficiency in the entire value chain</p>	<p>DEVELOPMENT</p> <p>Through optimized technical design, partly by using recyclable, lightweight materials, we can reduce adverse environmental impact.</p>	<p>MANUFACTURING</p> <p>An energy-efficient manufacturing process, use of recycled material and elimination of heat treatment through BUFOe can reduce CO2 emissions.</p>	<p>PURCHASING</p> <p>Bulten places high demands on active efforts among suppliers to reduce CO2 emissions. Similarly, Bulten ensures that the supply chain is living up to the set requirements regarding human rights, working conditions and business ethics.</p>	<p>LOGISTICS</p> <p>Optimized packaging and sustainable transport solutions ensure environmentally efficient product transport.</p>
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A BROADER MARKET IN RAPID CHANGE

Conversation with Markus Baum, Chief Commercial Officer.

After being with Bulten about a year now, what do you feel are the company's strengths?

Our presence with both production and sales on the continents where we operate helps us be close to our customers. This also means that we can simply relocate our production if customers move their place of manufacture. Another strength is our Full Service Provider or FSP offering, whereby the customer can outsource all or parts of their fastener supply chain. Finally, our offerings perform well, and despite a challenging 2021 we have achieved a record in new business wins.

How are you affected by the various mega-trends (environment and climate, digitalization, urbanization)?

I think the sustainability perspective is fundamental to us from a competition point of view. We should be able to demonstrate to customers that we can contribute to the transition also with our products and services. Digitalization is increasing in every part of our value chain as technology advances.

The mega-trends also affect our customers, for instance in the automotive industry, which entails a stronger focus on new products and services. This is very important to us, as we need to be at the leading edge and be receptive to the market's wishes.

How is the automotive industry developing, would you say?

The automotive industry is facing huge changes over the next 20 years, far greater than developments over the past 50 years. The transition with new technologies and higher investments is accelerating the pace of development.

What do these developments mean for Bulten in terms of business?

If we want to remain a leading supplier to the automotive industry, we must take advantage of new business opportunities and look at new applications, new materials and processes, target groups and potential partnerships. Essentially, we need to think outside the box.



How would you describe the fastener industry right now?

It's still a fragmented industry, with several hundred manufacturers in Europe alone. Many of them are not industry-specific, but more generally target the manufacturing industry. There are few global players. The five biggest global companies account for about 20 percent of the market. That's a low percentage if you compare it to, say, bearing manufacturers who are far more consolidated. The five biggest companies there account for about 80 percent of global sales.

The automotive industry has historically been Bulten's primary market. How do you view your future markets?

The automotive industry will remain a primary market for us. That said, we will be extending our focus, both within the automotive supply chain and to an increasing extent towards other sectors. Our market presence will increase geographically in both the USA and Asia.

When it comes to the automotive industry, we will be extending our reach to more players, both established and new. As well as having a strong focus on OEMs, our market activities are also expanding in the underlying supplier level, which is increasingly significant for us. They're raising their degree of refinement as they take on more and more responsibility for more assembled components. This is particularly true in connection with new platforms. Around 70 percent of a vehicle's value is created in this stage, while the OEM accounts for about 30 percent of the final value.

What does the transformation of the automotive industry entail for you?

The accelerated transition to fossil-free means that new players are coming along, while existing ones are appearing in new constellations. This is happening in collaborations either with other existing players or with new players, driven by shared knowledge as well as shared costs – particularly with regard to the development of new platforms. Suppliers are playing an increasingly important role in the development process. Examples of new suppliers coming up are the manufacturers for electric powertrains, i.e. batteries and electric motors. So we're monitoring the industry's development very closely.

At the same time, this brings a multifaceted market landscape with more opportunities. When it comes to new players, they can have a tendency to focus on other parts of the value chain. They often lack the historical relations with suppliers and are open to collaboration. This opens up opportunities for us with our FSP offering, where we can offer development, manufacturing, purchasing, and logistics.

What other market segments do you foresee?

Thanks to the acquisition of PSM International, we've increased our potential to grow in other sectors outside of automotive. This includes consumer electronics, forestry and agricultural machinery, equipment for renewable energy and so on. PSM International better enables us to grow outside of Europe with their customer base in Asia and the USA. With a shared market organization, I can also see greater opportunities

for cross-sales to new and existing customers. For example, we have won contracts with new European customers through PSM International's previous relationship with them in Asia.

You mention a shared market organization. How do you see it developing moving forward?

To increase our market presence and be a relevant supplier, in the past year we have been working to strengthen the sales team. We have recruited some new people, and have also focused on increasing collaboration and learning from each other. We now have a more integrated, globalized team.

You have now extended your FSP offering with a sustainability offering, called FSPs. Can you tell us more?

FSPs stands for Full Service Provider Sustainability, and the offering has more of a focus on sustainability. This could be sustainable products, such as our BUFOe product family, greener transport, compostable wrapping, or local social support initiatives. The aim is to adapt our offering so it goes hand in hand with our customers' individual sustainability goals. I see huge potential in the FSPs offering.

Can you see opportunities to offer FSP also to other customer groups outside of automotive?

There are most definitely opportunities. We have long experience of offering FSP to several customers, which means we have extensive

know-how in assuming total responsibility for the supply of fasteners. In the longer term, we can apply this to further industries and customer groups.

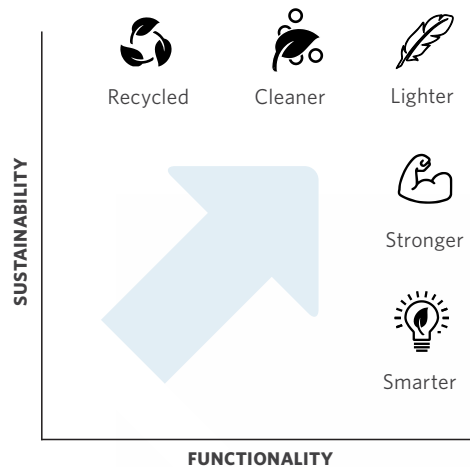
To sum up, what do you see as your key focus areas for 2022 from a sales and marketing perspective?

We will continue to work to balance the customer portfolio geographically. We also want to develop sales of products and services to a broader customer group within the automotive industry, but also expand to include other customer groups outside of that sector. Finally, it's crucial that we focus on sustainability in everything we do, so that we can be a long-term attractive partner to new and existing customers alike.

TECHNOLOGY AND INNOVATION – WITH FUNCTIONALITY AND SUSTAINABILITY IN FOCUS

Our business is product-focused, and the demands from our customers are changing in terms of technology, materials and business models. For us, this is an opportunity that we are determined to capitalize on. We aim to be a leader in innovative, sustainable and functional fastener solutions, both today and in the future.

Our model for developing new products with focus on sustainability and functionality



COORDINATION, DEVELOPMENT AND EXPERTISE

To better meet customers' needs and challenges, Bulten has established a global development function called Technology and Innovation to coordinate technological development within the company. The core is two development centers: Bulten Advanced Technology Center (BATC) in Gothenburg, Sweden, and Bulten Innovation Center (BIC) in Bielsko-Biala, Poland, with particular expertise in fastener technology. The expertise in the two centers is used in product development, including mechanical testing, additive manufacture and advanced assembly methods. Verification and validation of new technology is conducted through detailed testing and structured documentation. The development centers are distinct contact interfaces where customer relations are established and reinforced.

The development work is focused on customer projects and the evolution of new products, as well as more long-term research. It encompasses materials – from traditional steel compositions to new alloys and other materials – as well as production methods, tool design, and new functions and solutions. Technology and Innovation also has its ear to the ground, monitoring current and future developments in the wider market.

STIMULATING INTERNATIONAL ENVIRONMENT



Meet Gabriele Path who works for the Technology and Innovation department with 3D simulation to produce new fasteners.

” I’ve worked as a tool designer for over 20 years and started at Bulten in January 2021. At Bulten I have the opportunity to develop in my role as a specialist in simulation engineering when designing new tools and the fasteners they make.

It’s very inspiring to be able to bring my experience to the table, and to approach new challenges in an international environment. I’m now in contact with colleagues and customers not just in Europe, but also in the US and China. At the same time I have a chance to expand my knowledge and horizons and find new solutions, always with sustainability as a starting point.



SUSTAINABLE SOLUTIONS



The screw is the most important part of a fastening application, since it creates the force that holds together the components, i.e. the clamping force. To create the right clamping force - not too much or too little - the elongation of the screw must be very precise. This requires exact dimensioning, calculation and assembly, as several factors can have an impact, such as external loads, heat, cold, vibration and friction. Not only the screw's strength must be considered, but also all other components in the fastener application. It is important that the relative strengths are correct.

The screw's surface treatment is another important aspect of fastener design, where consideration must be taken to what extent the fastening application is exposed to the weather, wind, moisture, and extreme heat. Besides the obvious, that the screw must not rust, it is also necessary to consider that it may be visible, which means it must also be pleasing to the eye and harmonize with its surroundings.

Surface treatment is also a guiding parameter for achieving optimum clamping force in assembly, since it has a direct impact on friction at the moment of assembly, and thus determines the final clamping force. This is important, because deviating

clamping force contributes to an increased risk that the joint loosens or the screw breaks.

With its BUFO brand, Bulten has stood for innovation for more than 100 years, and we are constantly striving to develop our products. Regardless of the fast-changing climate we operate in, where greater sustainability is the constant driving force, it is clear that the screw will always be an important fastener. Unlike welding, soldering, gluing and riveting, a screw can be untightened, and this makes material recycling easier as the idea of a circular economy and an ecocycle-based approach gather momentum.

BUFO_e – THE ENVIRONMENTALLY EFFICIENT PRODUCT FAMILY

COMBINED MATERIALS

Today's fastening applications often consist of mixed materials like steel, aluminum or composite, providing new opportunities to streamline both joints and assembly methods. These combinations place even greater demands on both manufacturers and suppliers. The requirements for a screw to exactly live up to the demands placed on it are extremely high. To design and manufacture a screw for high-volume production in the automotive industry places demands on technology, quality, logistics and expertise at the highest level – something that Bulten masters fully.

CAN A SCREW MAKE A DIFFERENCE?

It is easy to ignore the environmental impact of a screw. But considering that the average vehicle contains thousands of them, it soon becomes clear that even the smallest component can make a difference. Even a little screw.

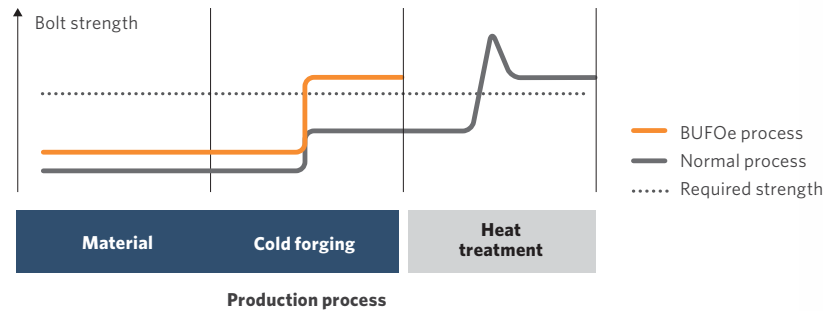


PRODUCTION WITHOUT HEAT TREATMENT

Breaking production down into stages, it is clear that heat treatment accounts for one third of the carbon footprint in manufacturing. In terms of energy consumption, removing heat treatment makes a surprisingly big difference.

Production of BUFOe uses a combination of materials and a cold heading process that makes heat treatment redundant. There are extreme demands on the material fulfilling its intended purpose, and this in turn requires extensive know-how in both metallurgy and the manufacturing process. Thanks to the material properties of BUFOe and our eco-efficient manufacturing process, our carbon footprint is 30% lower for BUFOe compared to production of a conventional fastener. For Bulten and our customers alike, this means true environmental efficiency, down to the finest detail of everything we do.

The difference in the production of BUFOe compared with traditional fasteners



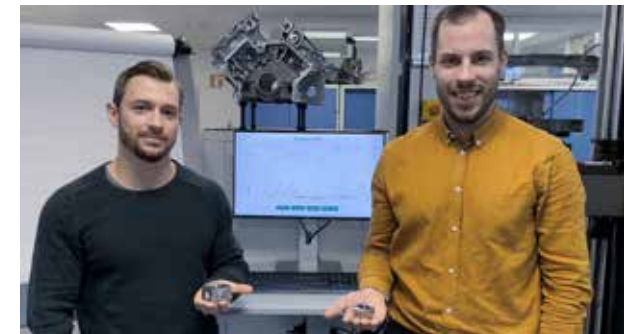
AUTOMATIC ALARM WHEN FASTENER STARTS COMING LOOSE

Bulten is working with TensionCam to develop a solution for monitoring clamp force in screw joints. TensionCam is responsible for the sensor and software for wireless data reading, while Bulten is responsible for the fastener design to allow optimal application of the sensor, and the knowhow of fastener assembly.

The clamp load in the screw joint is continuously monitored, and an alarm is automatically transmitted at the first indication of a fastener coming loose. Thanks to wireless transfer, monitoring takes place remotely. Problems such as leakages and breakdowns can be prevented, and maintenance can be planned. Algorithms process data, and a database is being built to enable analysis of how temperature, vibrations, loads and other factors affect the fastener's function over time.

Bulten acquired a minority holding in TensionCam in 2020. Since then, studies have been conducted to optimize the product to achieve the best possible measurement result. Pilot projects have also been run successfully on applications such as wind turbines and drinking water pipes.

Depending on the type of fastener, the sensor can be applied to a screw head or the side of a nut. Dimensions start from M16, which is larger than the ones used in e.g. the automotive industry. Applications also include fasteners in other large pipe systems such as on ships and in processing industries, for instance, or even large machines exposed to different kinds of stress and strain. These are all areas that could bring new business opportunities for Bulten moving forward.



The engineers Jakob Falk and Gustav Andreasson at Bulten Advanced Technology Center (BATC) are working on testing how a fastener should be designed to be able to apply the TensionCam sensor in the best way.

CURIOSITY AND A HOLISTIC APPROACH KEY AS DEVELOPMENT ACCELERATES

Conversation with Emmy Pavlovic, Senior Vice President Technology and Innovation.

What is your main focus within Technology & Innovation?

Our focus is on developing and optimizing fasteners, always with sustainability in mind. It's about looking at new materials, developing new, extended functionality in fasteners, examining how we can reduce material consumption, and streamlining production processes. Our mission also includes testing, verification and simulations. The aim is to extend Bulten's customer offering, lay the foundation for efficient manufacturing, and above all to ensure that the products work optimally when they go into use.

What challenges do you face?

I think mainly those set by OEMs, our biggest customer group. Development in the automotive industry is primarily driven by two factors that can be quite hard to combine. On one side there's the increased emphasis on sustainability, which splits development between materials and their consumption, and efficient production. And secondly

there's the ever-increasing rate of development. Consequently we have more to focus on, alongside our ambition to be a fast-footed technological leader that works with special solutions.

Which industry standard do you follow?

Bulten is certified to ISO 16949 IATF (quality management system for automotive suppliers).

How are you organized within Technology & Innovation?

We have two development centers: Bulten Advanced Technology Center (BATC) in Gothenburg, which has far-reaching expertise in testing and verification, and Bulten Innovation Centre (BIC) in Poland, which focuses on design and prototype development. There are seven of us altogether at Technology & Innovation. We have a lot of expert knowledge, but even more important is a holistic approach in our work, obviously in combination with curiosity and creativity.



What do you mean by a holistic approach in your work?

A holistic approach is important when we develop new solutions. Having an insight into what our customers want is obviously one key element. That's why we have interdisciplinary teams, where we involve both sales and our customer-dedicated development engineers who are on site with our customers. All in all, there are a lot of people and departments that play their part.

Do you have any external collaborations with the academic world?

Development of fasteners is an ongoing process where we're constantly building on our knowledge. In addition to our own development work, we have increased our collaboration with academic experts at Chalmers University of Technology, and also with RISE (Research Institutes of Sweden). Continuing to deepen and develop this kind of collaboration is something I look forward to.

What development trends can you see?

Sustainability is fundamental along the entire value chain from design to use, with a focus on choice of materials, material consumption, energy-efficient production methods, and above all function. At Bulten, we see the way forward as developing more sustainable fasteners that also offer broader functionality. For instance, a fastener might be combined with another component or also have an integral sealing function. Essentially, it's about fasteners that offer the customer more.

I can also see new players in the automotive industry coming along. Many of them have a different mindset around a vehicle's function, so they might focus on other parts of the value chain than the technical design solutions. This could mean that we can take greater responsibility for the design and functionality of the fasteners.

The faster pace of development is another clear trend and this is where we can benefit from technology such as simulation and 3D printing.

Talking about trends, how is work proceeding on TensionCam?

When it comes to TensionCam, a company that offers monitoring of critical fastener applications, we're very much involved in its ongoing development. My team in Gothenburg is currently spending a lot of its time looking at how best to position the sensors in the fasteners to achieve the best measurement results. TensionCam operates in a very exciting area, one where I can see huge potential moving forward.

And finally, how are things going with Bulten's BUFOe family of fasteners?

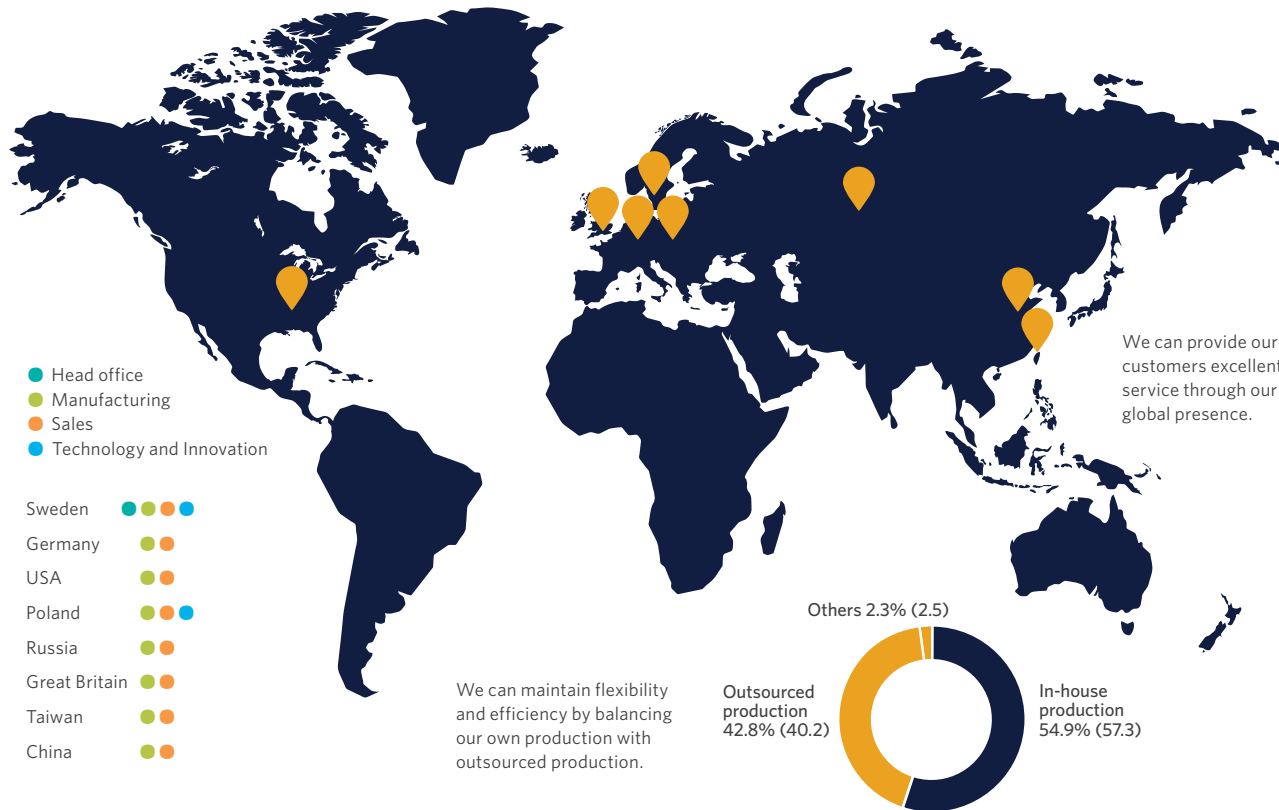
Our BUFOe product family has a distinct sustainability profile and generates lower CO2 emissions in production, and it's one of our biggest development projects. Development is now focused on extending the range of BUFOe products in terms of sizes, geometries and functionality.

GLOBAL ORGANIZATION WITH REGIONAL PRODUCTION CREATES THE RIGHT CONDITIONS

Bulten today has its own manufacturing of fasteners in three continents: Europe, Asia and North America. With manufacturing close to our customers, we lay the right foundation for an efficient, adaptable and competitive production process. Being close to customers enables us to be receptive to their wishes and requirements. Geographical proximity to customers also ensures the right conditions for a more sustainable value chain with lower environmental impact. Since 2021, Bulten's logistics operations

have been a part of production (previously purchasing), a further contribution to a more efficient value chain.

In 2021, we moved into our new production facilities in Taipei, Taiwan, and Streetsboro, Ohio, USA. During the year, investments were also made in the production plant in Wuxi, China, to increase capacity. The new plants and the added investment enable more efficient, sustainable processes, and also provide a foundation for further expansion.



A STRONGER ORGANIZATION

During the year, Bulten has appointed a number of key roles with the aim of strengthening the production organization and its work.

” My goal is to bring Bulten and PSM International closer together, and develop the synergies between the companies. I also want to help further develop the operation by continuing to work on Bulten's production system, digitalization and Lean.



Simon Song, Operations Director Asia

” I hope that I can translate good experiences from improvement projects in different industries to our conditions here at Bulten, so that we can get even better at driving improvements and large-scale projects. I very much enjoy working in an international environment, and Bulten is in an exciting phase of expansion with several ongoing major projects.



Kim Dahlström, Project Management Office (PMO) Manager

MANUFACTURING WITH SUSTAINABILITY IN FOCUS

Our manufacturing affects the environment, and we aim to carry out our commitments with the lowest environmental impact that is practically feasible and financially viable, and always by fulfilling our obligations.

In our environmental policy we define the areas that we specifically focus on. These are

energy and water consumption, our greenhouse gas emissions and waste from our operation. By prioritizing our efforts and continuously implementing improvement activities within these focus areas, we create maximum environmental benefit. Major improvements have been made at most plants, but the intensity has been

negatively affected by reduced production volumes as a result of COVID-19 and a change in production mix.

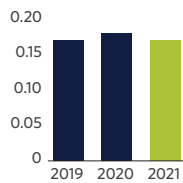
Over the years, Bulten has significantly reduced its dependency on energy based on fossil fuels. We have done this by having power supply agreements in place that only allow renewable sources for all units in the EU, UK and North America. In addition, we have continued the process of making our energy consumption more efficient. For instance we have invested in more efficient heat recovery equipment and control systems for ventilation, as well as in LED lighting. This has resulted in a significant reduction in carbon dioxide emissions from our operations (direct emissions and emissions from purchased energy). In 2021,

emissions per cold-headed tonne were 15% lower than in 2020.

Environmental aspects are measured at each plant and reported externally in line with government requirements, and also internally for compilation and follow-up. Energy use is mapped locally, and the results are checked against targets and reported. Bulten does not come under the EU Emissions Trading System (ETS) and does not currently work with compensation of emissions.

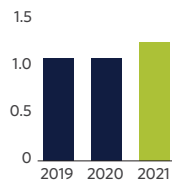
Waste intensity

Kg waste/kg produced product



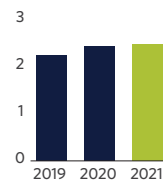
Water intensity

Liter/kg produced product



Energy intensity

kWh/kg produced product



The intensity has been negatively affected by reduced production volumes as a result of COVID-19.

NEW IN-HOUSE SURFACE TREATMENT IN POLAND

Rather than buying surface treatment from an external supplier 500 km from our production plant in Bielsko-Biala, Poland, we are now starting up our own surface treatment plant just 50 km away in Radziechowy-Wierpż. It encompasses galvanization and heat treatment of fasteners, as well as a logistics center for distribution to customers.

There are several advantages: Fully controlled, fully automated in-house production that will be environmentally sustainable thanks to green electricity, as well as far shorter transportation distances, thus reducing lead times. As well as purchasing green electricity, we're also planning for in-house generated electricity using solar

panels and wind power. The plant will be completed and run in during 2022, ready for production start-up in the beginning of 2023.

Benefits of the new surface treatment plant in Poland:

- Improved margins thanks to greater insourcing and modern technology
- Shorter lead times
- Lower CO2 emissions thanks to shorter transport routes and 100% renewable electricity
- Secured capacity on a very limited surface treatment market in Europe
- In-house control of product quality



” It is amazing to see the commitment our employees show for the project, especially from an environmental perspective. The new surface treatment plant will lead to lower climate impact locally, but will also contribute to decreased global warming.

Ilona Szlapa, Project Manager for Bulten's new surface treatment plant in Radziechowy-Wierpż, Poland

CONTINUED DELIVERIES DESPITE A VOLATILE YEAR

Conversation with Fredrik Bäckström, Chief Operating Officer.

How would you sum up the past year from a production perspective?

Very changeable. There was ongoing pressure on our normally long-term production and delivery plans. The underlying demand for vehicles created confidence, while the pandemic and a shortage of components presented obstacles. We've had to both decrease and increase production at short notice. After customers closed down manufacturing due to the pandemic for parts of 2020, production had to increase dramatically towards the end of the year. The first quarter of 2021 was a record quarter with the biggest deliveries in Bulten's history. At the end of the second quarter, the shortage of semiconductors began affecting our customers and thereby our production, and it's still causing problems today. A number of our customers' production units have been closed or running at reduced capacity during certain periods, at very short notice.

How have stock levels been affected?

Modern supply chains operate on the basis of the just-in-time principle, which means our customers prefer not to keep high levels of stock. Our earnings arise when the goods leave our units for shipping to the customer.

Sudden production stoppages at our customers have meant that we have had to tie up capital in finished stock that's not flowing out. We've had to work hard during the year to reduce our stock levels, and react more quickly to customers' sudden unannounced lockdowns.

What is your geographic production strategy?

Our production strategy is based primarily on having regional production on each continent. This eliminates several risks such as long shipping and lead times, currency risk and trade barriers. The strategy is also important so that we can maintain customer relations when a customer decides to relocate production to a different region. Our production can then adapt with the client, preceded by gradual investment decisions.

What is your production capacity?

I would say that our capacity will be adequate once the ongoing extension is complete. We have invested in production capacity in all three regions. Operations have been co-located at Bulten and our subsidiary PSM International in the US. The benefits are better capacity and scope for higher production, without requiring



further investment. We have also insourced the production of components with a higher degree of refinement, i.e. we've brought it in-house. During 2022, our new surface treatment plant in Poland will be completed following a break due to the pandemic. It will be trialed over the next year and go into full operation in early 2023. It will be an ultra-modern plant that's close to our other unit in Poland, which means more efficient, and more sustainable production.

What challenges do you see moving forward ?

Demand from our customers is volatile and hard to predict, and that will remain a challenge. Also, the semiconductor shortage looks set to last quite a while. The energy shortage is another risk that could cause disruptions regionally.

The fluctuations in production volume are hard to plan for, and they take time and energy from our everyday working life. Because these shifts make it hard to evaluate the results of any measures we take, it's difficult to make ongoing efficiencies.

What would you say your strengths are in production ?

I think it's that production is so closely linked to other parts of the organization. There's a strong collaboration between the production and sales organizations at a central, Group-wide level. Despite an extreme 2021 with huge fluctuations, we've managed to keep on delivering.

Bulten's strong financial position is also a strength. We are now ready to meet higher demand as we've been able to invest in higher volumes, despite a period of turbulence. Production is highly automated and can be maintained in spite of any pandemic-related restrictions that come along. Our investments have also enabled us to insource highly refined components, which as you know leads to higher margins in our business.

What's your focus for the year ahead ?

Continued efforts to raise productivity. We're also starting up two plants: the surface treatment plant in Poland and the new, co-located production and logistics unit in Germany.

What do you think production will be like in the future ?

Above all I think automation will develop further and will also encompass stock management. Also, a stronger focus on sustainability will mean higher resource utilization in terms of materials, energy extraction and transportation.

OUR PRODUCTION PROCESS

The fasteners are primarily made of wire rods using a cold forging technique, an efficient production method that can make up to 300 fasteners a minute depending on the machine and dimensions. The production process is essentially the same at all plants, which means that the flexibility exists to spread production to optimize overall capacity.

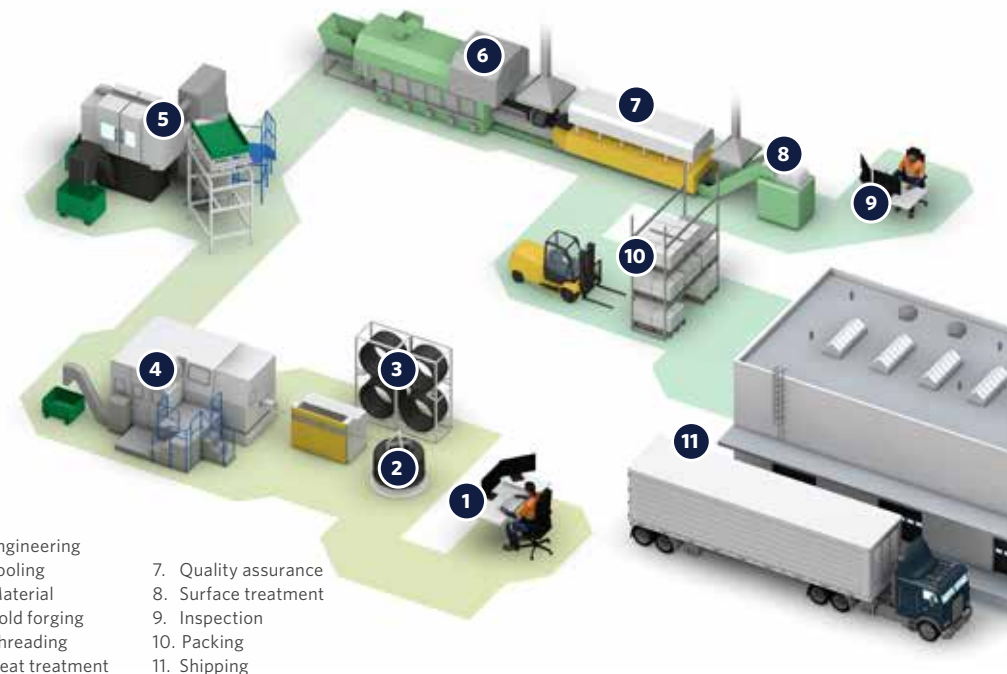
As well as hardening and surface treatment, there are also other forms of refinement, such as lubricating coatings and assembly with washers and other parts. This is so that we can deliver a more complete, preassembled fastener, ready for direct application in, e.g. vehicle assembly with no further interim stages.

Production by forecast

Production is adjusted to customers' longterm delivery plans, and in the short-term to time-tabled orders that also demand precision in delivery times.

The right processes

Production systems are a vital aspect of our endeavor to be the most cost-effective manufacturer of fasteners in the industry. Production is constantly being developed using a number of different methods, such as the internationally established 5S, LPA (Layered Process Audit), PDCA, Ishikawa, 5Why, TPM (Total Productive Maintenance), FMEA (Failure Mode Effect Analysis) and SIX Sigma, as well as our own proprietary processes.



- | | |
|-------------------|----------------------|
| 1. Engineering | 7. Quality assurance |
| 2. Tooling | 8. Surface treatment |
| 3. Material | 9. Inspection |
| 4. Cold forging | 10. Packing |
| 5. Threading | 11. Shipping |
| 6. Heat treatment | |

PURCHASING AND QUALITY

LONG TERM AND SUSTAINABLE PURCHASING STRATEGY

Fasteners represent about 1% of the overall purchase value for an OEM, but as much as 25% of all part numbers. They come in many shapes and sizes and in tremendous volumes, which makes purchasing and logistics a complex, time-consuming process.

Today, we still see a traditional purchasing model among many OEMs, with the purchasing department coordinating relations with the supplier base – an approach that drains both resources and capital. Our FSP concept streamlines the process, as we act as the single point of contact with total responsibility for all fasteners.

SUPPLIER BASE

Our supplier base comprises a network with the potential to offer all types of fasteners to our OEM customers. Approximately 40% of our sales value relates to components from external suppliers. Our main purchasing categories are raw materials in steel (wire of different alloys and dimensions), components and outsourced production.

As Bulten increases its degree of refinement with more extensively assembled fasteners, so the need increases to maintain control over its own supply chain. This is something we are working actively on, so we can continue to grow by creating benefits of scale. Purchasing is managed at three levels; strategic, tactical, and operational.

Purchasing is based on a geographical perspective, and on the degree of value creation. The global purchasing strategy creates economies of scale, and ensures that our local units use the suppliers that meet Bulten's

requirements. This level-based approach affords us the best possible local support, close to customers, backed by a global strategy.

With the Supplier Relationship Management (SRM) system, Bulten has good opportunities for efficiently sharing data and information with our supplier base, from all Bulten units. This also gives us the opportunity to monitor supplier performance in real time.

EVALUATION OF SUPPLY CHAIN

Bulten currently has around 200 suppliers who provide us with products, materials and finishing. The majority relates to wire rod for producing screws, surface treatment, and outsourced production to supplement in-house production. To deliver a market-leading offering, it is vital that we place equally high demands on our suppliers as we do on ourselves. They must live up to our standards in terms of commercial requirements, quality and logistics, as well as environmental consideration and social responsibility. All suppliers should be certified according to ISO 9001 (IATF 16949) and ISO 14001.

All of Bulten's suppliers must also agree to and comply with Bulten's code of conduct for suppliers. To ensure compliance with the code of conduct, it is included in our contract templates and is managed via our Supplier Relationship Management, or SRM system. Over the years, we have established working methods for monitoring and auditing our suppliers. The process is as follows:

- Prospective and new suppliers undergo a careful evaluation based on the code of conduct via a self assessment questionnaire (Drive Sustainability SAQ).



This encompasses areas such as human rights, including child labour and trafficking, labour rights, working conditions, health and safety, environment, responsible purchasing, as well as business ethics and governance.

- Assuming the requirements are met and Bulten decides to move on in discussions, an on-site audit is conducted. This includes the management system, financial status, the purchasing process and flow of goods, as well as the supplier's follow-up system.

Also with our existing suppliers we conduct regular assessments, and have dedicated employees who work with quality assurance and supplier development.

BULTEN'S MEASURES TO REDUCE CO2 EMISSIONS

The largest purchasing commodity for Bulten is steel. CO2 emissions from steel represent almost 54% of total emissions from purchased material and products. By buying scrap-based steel, i.e. recycled steel rather than iron

ore-based steel, we reduce our carbon dioxide emissions. The plan is to increase our purchase of scrap-based steel in order to further reduce our CO2 emissions.

Bulten's goal 2030 is to reduce CO2 emissions from purchased material by 25% per ton of sold products no later than 2030 versus 2019. Read more on page 11.

GREENER TRANSPORTATION

All road freight in Europe require trucks with engines that meet Euro 5 and Euro 6 emission standards to be used, and that Bulten's code of conduct is adhered to. We also have the objective of increasing the proportion of renewable fuels. In the procurement of road transports in Europe we, amongst others, have a requirement of an annual reduction of CO2 emissions per transported tonne-kilometer.

Since 2016 we only use ships equipped to reduce the emissions of sulfur and nitrogen oxides for sea transports, which has resulted in reduced environmental impact.

QUALITY LEADER

Vehicle designs and vehicle engines are constantly evolving and becoming more complex, resulting in increasing demands on components.

A passenger vehicle consists of 25 to 50 kilos of fasteners, representing approximately 400 unique part numbers. Defective or faulty components may result in costly recalls of parts or all units sold of the vehicle model affected.

For global OEMs with most of the world as their market, a recall can have dramatic consequences and result in considerable financial and goodwill losses. Our ability to deliver consistently high quality is therefore vital if we are to retain our customers, both in the automotive industry and with our other customers.

EXPECTATIONS, REQUIREMENTS AND CERTIFICATES

Bulten works systematically with continuous improvements of its processes and ways of working. Our production units have IATF 16949 certification and are all covered by our ISO 9001 certificate. Making quality our highest priority ensures that not only our own expectations are met, but also those of customers and owners.

Our customers let us know when we achieve quality excellence in important areas such as systems, performance, manufacturing process, satisfied customers, etc. by issuing rewards in quality and excellence. We work systematically to improve quality at every stage of the value

chain, and to a large extent this work focuses on preventing faults and non-compliance.

One important aspect of our recipe for success is to set challenging goals and apply a structured work approach. Internally, we continually monitor key figures for production, markets and purchasing. We work together with our external suppliers to develop their quality results and processes. The choice of standardized working methods ensures continued improvement, continuity and a position as world class in the fastener industry.



MATERIAL SUPPLY IN A TURBULENT WORLD

Conversation with Claes Lindroth, Senior Vice President Purchasing and Quality.

How has your supply chain been affected over the past year?

From a supplier perspective we've managed quite well during the pandemic, and have generally been able to meet our customers' orders.

The challenge has been when we've had to stop deliveries on the way to us when customers closed down their production at short notice, either due to the pandemic or the shortage of semiconductors. This has affected the cash flow for everyone involved, and it's been hard to deal with as everyone in the supply chain has to look after their own interests. The opposite has also happened during the year, with customers resuming production again but far more quickly than expected. Here the supply chain has been inhibited by several factors, such as closed borders due to the pandemic and problems with transportation.

The challenges increase the farther down the supply chain you go, so it's virtually impossible to make any kind of reliable forecast. To deal with all this, we need to rethink and make adjustments in the entire supply chain.

What's your view on the price development of steel, an important input good for Bulten?

The dramatic increase of around 40% for steel wire in 2021 is completely unique and has never

happened before. The market uncertainty makes it very hard to make any predictions going forward. The cost of energy and CO2 emissions is likely to remain high. But ultimately it's the market that sets prices, and the price of steel will follow market demand, depending on the general economic situation. If demand remains high, the price will stay high or even increase.

We have two main challenges to handle: securing capacity for our production, and reducing the impact of changes in lead times caused by market fluctuations. I believe we have met these challenges rather well bearing in mind the turbulent environment.

How do you work with your suppliers to secure as consistent a flow as possible?

We build long-term relations with our suppliers, and focus on establishing a positive mutual dependence. This gives us some peace of mind that we obtain priority needed when problematic situations arise. We have been very well supported by our suppliers during a difficult 2021, and it wouldn't have been possible without good supplier relations. With increased digitalization, we can also secure better forecasts in the longer term, which facilitates planning and material flows.



What's the situation for you in terms of regional versus global supply?

Virtually all our raw materials are purchased regionally. Around 18% of the components are transported between continents, primarily deliveries from Taiwan to the EU. We currently have a handful of suppliers in Taiwan who we've had great trade relations with for many years. Because of the higher risks with long-haul transportation, currencies, trade barriers and transport costs, we're now increasing regional purchasing and insourcing. We have an edge over most of our competitors here, as we have production resources regionally where our customers are.

What are your sustainability goals from a purchasing perspective?

A large part of our business is about materials and components from our suppliers. If we want to position ourselves as a leader in this area,

our suppliers have to be on board. Climate emissions are key factors we have to monitor, especially when it comes to steel and transportation. CO2 emissions in steel manufacturing are the main contributor, and unfortunately climate-neutral steel is a way off in the future yet. Our main action at the moment is to increase the share of scrap-based steel.

What are your strengths?

Bulten is a strong brand that's attractive to most suppliers. We are well known and have a good reputation. Since we work with some of the biggest vehicle manufacturers, many suppliers can also see the potential business opportunities of a contract with us.

What are the challenges?

Many of our suppliers are also our competitors and customers, and this mixture of roles sometimes complicates our business relations.

What's your focus for purchasing moving forward?

Continued streamlining, and working smarter in a highly competitive industry that works with tight margins.

After all the turbulence of 2020 and 2021, we're now regrouping and taking a fresh approach to risk management. This will lead to more regional purchasing, where each market will be more self-sufficient.

We'll also be making increasing demands on sustainability among our suppliers, and doing more business with the ones who succeed best in dealing with sustainability issues and reducing climate impact.

How do you work with quality?

Our day-to-day work is governed by the customer's needs and expectations, as is our long-term strategic agenda. We have dedicated resources focusing on improving our customer relations,

our own production and our suppliers. Here we use a systematic approach to identify and eliminate the underlying causes of problems that have arisen. We also share our experiences of major events via our quality network. During 2022 we'll be reinforcing our quality team in order to boost our capability and capacity even more.


What challenges can you see from a quality perspective, and what's your focus moving forward?

We will constantly focus on systematically establishing global working methods in the long term, in order to minimize the risk of major quality deviations in our customer deliveries, and also on dealing with disruptions and non-conformities from our suppliers. At our production units, the focus will be on securing high process stability, and on standardization where this can give us an edge.

Bulten's distribution of purchases, regionally and intercontinental 2021

DIRECT MATERIAL	PART OF THE TOTAL PURCHASE, %	
	REGIONAL	INTERCONTINENTAL
Wire rod	92%	8%
Surface treatment	100%	
External threaded fasteners	64%	36%
Nuts	88%	12%
Clips in plastic and steel	100%	
Rivets	100%	
Other	70%	30%
Total	86%	14%

Regional sourcing reduces the risks



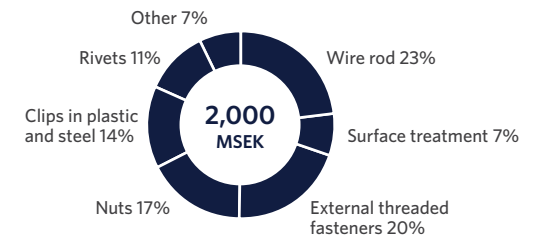
Benefits with remote sourcing

- Competitive cost structure
- Specialized skilled suppliers

Risks with remote sourcing

- Low flexibility
- Long lead time
- Building inventory
- Increases obsolescence risks
- Currency
- Freight
- Geopolitical situation
- Trade barriers
- Protectionism

Purchase value direct material



RISK FACTORS

Exposure to risk is a natural part of running a business and this is reflected in Bulten’s approach to risk management. The aim of risk management is to identify risk and prevent risk arising, while also limiting any damage that arises from these risks. Bulten categorizes its risks as business cyclical and external risks, operational risks, sustainability risks and financial risks. Below is an overall description of how the Group management assesses and manages the main risks in the operation from a time frame of 1–3 years. The risk assessment covers all parts of the company’s operations and countries and regions where Bulten and its subsidiaries operate. Further information regarding risks and risk management can be found on page 61-65, Note 5.



FINANCIAL RISKS

- A Currency risk
- B Liquidity risk
- C Interest rate risk
- D Credit risk
- E Capital risk

SUSTAINABILITY RISKS

- F Renewable energy supply
- G Emissions
- H Organization and competence supply
- I Shortcomings in equality and diversity, and discrimination
- J Shortcomings in health and safety
- K Violation of human rights
- L Corruption

BUSINESS CYCLE AND EXTERNAL RISKS

- M Market and macroeconomic risks
- N Legal and political risks
- O Trends and driving forces
- P Force majeure

OPERATIONAL RISKS

- Q Customer dependency
- R Global supply chain
- S Product liability, warranty and recall
- T Suspension of operations and property damage
- U Environmental risks
- V IT-related risks

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT	
FINANCIAL RISKS					
A	Currency risk	<ul style="list-style-type: none"> Bulten operates internationally and is exposed to currency risk in the form of currency exposure, mostly in EUR, PLN, GBP, USD, TWD, CNY and RUB. 	<ul style="list-style-type: none"> Bulten manages currency risk primarily by trying to change the operational conditions in the business by getting revenues and costs in currencies other than SEK to match each other. 	Likely	Moderate
B	Liquidity risk	<ul style="list-style-type: none"> The risk that the Group cannot meet payment commitments due to insufficient liquidity or problems in raising credit from external creditors. 	<ul style="list-style-type: none"> Bulten's management team continually monitors the Group's liquidity reserves which comprise liquid funds and unutilized credit facilities. 	Unlikely	Moderate
C	Interest rate risk	<ul style="list-style-type: none"> The Group's interest rate risk arises through short and long-term loans where a sharp rise in interest rates could affect the company's position and earnings. 	<ul style="list-style-type: none"> Bulten's interest rate risk is deemed to be low due to the low level of borrowing. As of 31 December 2021 to SEK 655 million. Net debt (excluding leasing liabilities) amounted to SEK 323 million. 	Possible	Low
D	Credit risk	<ul style="list-style-type: none"> Credit risk arises with regard to liquid funds and holdings at banks and financial institutions, as well as credit exposure including outstanding receivables and contracted transactions. 	<ul style="list-style-type: none"> The Group's accounts receivable are spread across a large number of customers and historically the Group's bad debts have been very low. Liquid funds are invested exclusively with credit institutions with high credit ratings. 	Very unlikely	Moderate
E	Capital risk	<ul style="list-style-type: none"> The risk that the Group does not have the right capital structure to keep costs and capital down. 	<ul style="list-style-type: none"> Bulten has a clear dividend policy and the management team continuously monitors refinancing requirements for operating activities. 	Very unlikely	Low
SUSTAINABILITY RISKS					
F	Renewable energy supply	<ul style="list-style-type: none"> Increased production and additional processes will lead to greater energy use. The risk is that Bulten does not have access to energy produced from renewable sources to cover its needs. 	<ul style="list-style-type: none"> Bulten continuously measures its energy use so as to rationalize and reduce its use of non-renewable energy. The starting point when procuring energy is that it should come from renewable sources. In investments, energy efficiency is a decision parameter. Securing fossil-free energy through own production, e.g. solar panels. 	Possible	Moderate
G	Emissions	<ul style="list-style-type: none"> Bulten's production cause CO2e emissions. Bulten's use of transport services entails the use of fossil fuels. 	<ul style="list-style-type: none"> Development of more production-efficient products that reduce emissions, e.g. BUFOe. Optimization of logistical flows, also when procuring transport services, setting emission requirements of at least Euro 5/6. Steering of investments toward more sustainable production processes (SRoI = Sustainable Return on Investment) i.e. not investing in production equipment and facilities that cannot run on renewable energy sources. 	Unlikely	Low
H	Organization and competence supply, including the social aspects	<ul style="list-style-type: none"> Bulten depends on being able to attract/recruit and retain motivated staff and management to safeguard Bulten's core values. The risk of not being perceived as an attractive employer could affect this adversely. A lack of employee commitment could have a direct negative impact on the company's brand, position and earnings. 	<ul style="list-style-type: none"> Bulten's core values and leadership foundation. The company's clearly defined ambition to be an inclusive employer, in order to attract a broader group of potential employees. Implementation of Bulten's global HR and Health and Safety policies, e.g. through the company's annual development dialogue. HR system that helps the organization to implement and follow up HR policy and strategy. Employee surveys with firm action plans, and internal development and career opportunities. Clear vertical and horizontal communication as regards short-term goals and strategy. 	Possible	Moderate
I	Shortcomings in equality and diversity, and discrimination including the social aspects	<ul style="list-style-type: none"> Bulten operates in a traditionally male-dominated industry, which could present a risk of low diversity, i.e. not managing to attract a broader group of employees to our workplaces. The risk of inadequate leadership could lead to unfair treatment on unjustified grounds and discrimination. This would have a direct negative impact on employees' health and well-being, and on trust in the company. 	<ul style="list-style-type: none"> To counteract discrimination and harassment, and to achieve a more equal company, Bulten works actively to communicate and implement the HR policy and processes, for example in recruitment and in the annual development dialogue between managers and employees. Employee Engagement Survey, measurement, action plans, and follow-up. Transparency regarding policies via the intranet, staff manuals and reporting of violations as regards to e.g. discrimination. Clear internal reporting channels, including the whistleblower system for all stakeholders who suspect or notice breaches of the company's policies. 	Possible	Moderate
J	Shortcomings in health and safety including the social aspects	<ul style="list-style-type: none"> Working environment, health and safety are strategically important to Bulten. Shortcomings in the work with health and safety entail a higher risk of ill health. Increased risk of poor mental health due to the pandemic. 	<ul style="list-style-type: none"> Bulten works systematically to secure and improve the working environment. Bulten measures and follows up important metrics relating to health and safety. Improvement activities are identified and implemented. Bulten encourages wellness activities for its employees. Bulten has preparedness and a plan for dealing with a pandemic. Bulten's subsidiaries should be certified to ISO 45001. 	Possible	Moderate
K	Violation of human rights	<ul style="list-style-type: none"> Bulten operates on a global market where insight into human rights may be limited. This entails a risk that Bulten could contribute to violations of human rights. 	<ul style="list-style-type: none"> Bulten is a signatory member of the UN Global Compact. Bulten has formulated an official stance on modern slavery and trafficking. A code of conduct and a comprehensive global HR policy state the company's policy on human rights. Bulten also applies a code of conduct for business partners (suppliers, JV partners etc.). Supplier strategy including the qualification process and ongoing assessments, which include all sustainability aspects. 	Unlikely	Moderate
L	Corruption	<ul style="list-style-type: none"> Corruption occurs in all countries and sectors, although to varying degrees. Bulten runs the risk of being involved in unethical business. Areas deemed to be at particular risk are the sales and purchasing process, and the exercise of authority. 	<ul style="list-style-type: none"> Bulten regularly trains employees in its code of conduct, anti-corruption policy and other policies. Along with the framework for internal control and monitoring, this forms the basis of a correct approach with regard to business ethics and accurate financial reporting. Bulten's application of global and local certification manuals. Procurement processes that ensure good business ethics. Supplier strategy including the qualification process, which includes all sustainability aspects. Bulten's internal reporting procedures and whistleblower service available to all stakeholders, enabling anonymous reporting of suspected breaches. 	Unlikely	Low

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT	
BUSINESS CYCLE, MARKET AND EXTERNAL RISKS					
M	Market and competition risks	<ul style="list-style-type: none"> Bulten operates in a competitive market where both existing and new competitors try to gain market share. 	<ul style="list-style-type: none"> Bulten works with customers and other external resources to continuously update the understanding of medium to long-term trends impacting the demand and specifications for its products, and to identify risks and opportunities. Bulten actively works to increase market share in growing industry segments, e.g. in electric vehicles, automotive powertrains and consumer electronics. 	Very likely	Moderate
N	Legal and political risks	<ul style="list-style-type: none"> Bulten operates in various jurisdictions and is subject to local regulations and laws in each jurisdiction, in addition to general international rules. Changes in local and international rules and laws could impact on the Group's business. Bulten operates in countries where instances of geopolitical risk are deemed higher than in Sweden. Political unpredictability can also entail greater risk in these jurisdictions. 	<ul style="list-style-type: none"> Bulten meets these risks through continual risk assessment and by using external expertise as necessary in each identified area of risk. Bulten's code of conduct, together with internal controls for financial reporting, form the basis for its business ethics and accurate financial reporting. Political risk can also be limited somewhat through collaboration with locally based businesses. 	Very likely	High
O	Trends and driving forces in the automotive industry	<ul style="list-style-type: none"> Bulten operates in a competitive, cost-conscious market with high demands on environmental issues, quality, delivery precision, technological development and customer service. Price pressure is a natural aspect of Bulten's industry. Developments of products and materials could change Bulten's competitiveness. The Paris Agreement and the automotive industry's demands on lower CO2 impact." 	<ul style="list-style-type: none"> Bulten meets risk associated with competition through its FSP concept. This means that Bulten is always focused on high competence in the specific areas of production, quality, logistics, technology and service. The Group monitors research and development in the automotive industry, as well as market trends. Bulten works continuously to create added value for customers, as well as scope to meet the industry's needs for cost reductions. By conducting its own development in, e.g. new applications and sustainable materials with lower CO2 impact, the risk of lost competitiveness is deemed to be lower. 	Unlikely	High
P	Force majeure	<ul style="list-style-type: none"> Global just-in-time logistics have made global trade more sensitive to disruptions such as pandemics, natural disasters and strikes. 	<ul style="list-style-type: none"> Capacity planning and good relations with customers and suppliers reduce the risk of disruptions in global production and logistics. In major disruptions, impact on Bulten's operation is monitored, and the company enjoys close collaboration with customers and other business partners so as to mitigate the impact as far as possible. Bulten takes measures to protect employees such as travel bans and quarantine, while also following government guidelines and recommendations. 	Likely	High

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT	
BUSINESS CYCLE, MARKET AND EXTERNAL RISKS					
Q	Customer dependency	<ul style="list-style-type: none"> Bulten's customers include many OEMs in Western Europe, where a number of key customers account for a large share of the Group's sales. Bulten's turnover is dependent on customer's success with their range of models on the market. 	<ul style="list-style-type: none"> The FSP concept comprises pre-development, product and technological development, production, quality, logistics and service, and entails close collaboration with customers. Underlying agreements with key customers cover a wide range of products and have varying terms and counterparties. Bulten operates in different markets and segments, such as passenger vehicles, commercial vehicles and consumer electronics. 	Unlikely	High
R	Global supply chain	<ul style="list-style-type: none"> Various risks exist relating to global goods flows, such as reliance on specific suppliers, intermediate goods and logistics, as well as quality risks. Bulten is dependent on raw materials and intermediate goods for delivery to customers. Volatility in prices for raw materials and intermediate goods could affect the Group's earnings. 	<ul style="list-style-type: none"> Bulten balances these risks with active, professional work on purchasing, quality and logistics. The global purchasing strategy is under constant review and updating, the aim being to optimize the purchase of materials and intermediate goods towards greater sustainability and cost-efficiency. Bulten is usually partly compensated by its customers through contracts or negotiations in the event of material volatility. 	Possible	Low
S	Product liability, warranty and recall	<ul style="list-style-type: none"> Bulten has product responsibility and can be exposed to warranty claims if products supplied by the Group cause damage to persons or property. 	<ul style="list-style-type: none"> Bulten meets this risk through comprehensive testing during the product design and development phases and by implementing quality, management and control measures throughout production. Bulten has insurance covering a certain amount of damages relating to product responsibility and recall. 	Unlikely	Moderate
T	Suspension of operations and property damage	<ul style="list-style-type: none"> Damage to production equipment could have a negative impact, both due to direct damage to property and in terms of down time. 	<ul style="list-style-type: none"> Bulten performs routine maintenance on production equipment and has strong internal and external support networks in the industry. Bulten also has full insurance cover for down time caused by damage to property. 	Unlikely	Low
U	Environmental risks	<ul style="list-style-type: none"> Bulten conducts activities requiring permits and reporting in several jurisdictions. 	<ul style="list-style-type: none"> Bulten meets these risks by ensuring that the company has all the necessary permits and contracts, and that it meets established security, reporting and control requirements. 	Unlikely	Low
V	IT-related risks	<ul style="list-style-type: none"> Bulten is dependent on IT systems and hardware to conduct its business. Interruptions in some of these systems or hardware entail a risk of disruptions in production and the possibility of completing deliveries to the customer on time Cyber risks including the risk of unauthorized intrusion into systems 	<ul style="list-style-type: none"> Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown. Bulten has well-established routines regarding information security and processes for follow-up and control. 	Very likely	High

STRONG FINANCES ALLOW MANEUVERABILITY

CLEAR FINANCIAL MANAGEMENT

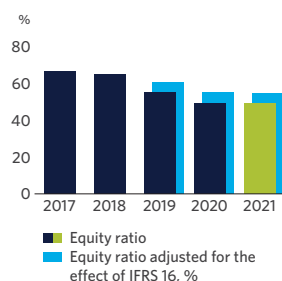
Our strong balance sheet, allows great maneuverability. We can manage the higher formation of capital that comes with growth, but can also take action if a strategic acquisition opportunity would arise.

Our financial management enables long-term, cost-effective production. With clearly defined key indicators, guidelines and targets, we ensure the best possible use of capital.

High equity ratio and net debt

In 2021 our equity/assets ratio was 49.3% (49.4) and net debt was SEK 655 million (458), which equates to a net debt in relation to EBITDA of -1.6 (-1.7). The net debt/equity ratio is -0.4 times (-0.3). The capital turnover rate is 1.6 (1.5) times. Adjusting the above key ratios for lease liabilities in line with IFRS 16, the equity/assets ratio is 54.4% (55.2) and net debt SEK 323 million (112), which equates to a net debt in relation to EBITDA of -0.8 (-0.4). The net debt/equity ratio is -0.2 times (-0.1). The capital turnover rate is 1.8 (1.7) times.

Equity/assets ratio, %



Good liquidity

Access to capital allows maneuverability. Our financial policy ensures that we always have a prudent level of disposable funds.

At the end of 2021 there was an available liquidity reserve in the Group of SEK 1,138 (851) million, which corresponds to 30.5% (26.6) of net sales.

The company is primarily financed through Svenska Handelsbanken via a credit facility that was extended by SEK 550 million from 15 December 2021 and thereby now totals SEK 1,300 million. The credit facility covers up to the end of June 2024, with an option to extend for another year. There is also a financing agreement in place with Danske Bank, primarily for the Polish operation. The agreement with Danske Bank runs for one year and encompasses credit totaling EUR 12 million.

We focus on profitable growth and cash flow, and our measures are always based on the lowest possible risk at any given time.

TAX POLICY WITH RESPONSIBILITY

We have drawn up a tax policy which establishes how we can work responsibly as a tax payer on a global level. In it we promote and place demands on ethical, transparent business transactions and tax compliance, while also fulfilling OECD Transfer Pricing Guidelines. We take great care to clarify that Bulten is a company that wants to do the right thing. We report and present our tax position in line with statutory standards and regulations. In 2021 we paid SEK 27 (22) million in income tax and our tax expense was equivalent to 28.3% (44.1). We paid SEK 149 (126) million in social

security contributions, of which SEK 24 (22) million related to pension costs. In addition we paid withholding tax and value-added tax.

SUSTAINABLE PROFITABILITY BENEFITS STAKEHOLDERS

We actively run our organization to be profitable over time and handle anticipated growth, and thanks to this we can create a sustainable business. With a strong financial platform as a foundation, we create stability and security, both within the Group and for our owners, customers, employees, suppliers and society at large.

The whole Group works to ensure the company's share yields a competitive total return in relation to risk. Consequently, all actions should be based on the long-term perspective, and we practice open, true and fair reporting to shareholders, the capital and credit market, and to the media, although without exposing individual business relations.

We may acquire and transfer our own shares to adapt our capital structure to the capital requirement or raise cash, or to finance investments or share savings programs. We may not trade our own shares, however, for the purposes of short-term profit.

With this sustainable approach, we create great benefit for all our stakeholders. Our ability to quickly increase our capacity makes us a dependable player, and also builds trust among suppliers and partners who invest in long-term collaborations. It also means our employees regard us as a long-term employer and invest their time in developing with the company.

Shareholders can enjoy a strong yield from a

solid company with a valuation that is expected to continue rising. Last but not least, society benefits from our profitability through taxation.

SUSTAINABLE INVESTMENTS FOR CONTINUED GROWTH

In 2021, the rate of investment equated to 4.6% of sales. Invested capital is normally at around 2-3% of annual sales, but may be a further 2% or so to enable increased capacity in prevailing market conditions. In 2020, investments were kept low due to the pandemic, and some of these investments have affected the results in 2021. In May 2021, Bulten began construction of a new factory in Radziechowy-Wierpiz, Poland. The factory will allow world-leading surface treatment technology, with accompanying logistical solutions and a focus on sustainability. Also in 2021, in January, the factory in Taipei, Taiwan moved to new, more process-efficient premises.

NEW LONG-TERM FINANCIAL TARGETS AND A GENEROUS DIVIDEND POLICY

- Net sales of SEK 5 billion in 2024 (equating to a compound annual growth rate (CAGR) of 10%, both organic and through acquisitions)
- Operating margin (EBIT) >8%
- Return on capital employed (ROCE) >15%
- Dividend policy >1/3. Over time, to pay out a dividend of at least one third of net earnings after tax. Consideration will however be given to Bulten's financial position, cash flow and future prospects

For target outcomes, see page 10.

BULTEN AS AN INVESTMENT - FIVE REASONS TO INVEST

QUALITY SUPPLIER OF FASTENERS

- Bulten has a market position as a quality supplier of fasteners with a strong, broad customer list.
- Bulten connects strategically with its customers as a Full Service Provider.
- This strong position also creates potential among new players in the automotive industry.
- The company has a long history, and focuses on continuous development of its offering.

Read more on pages 16-23.

GROWTH POTENTIAL GEOGRAPHICALLY, IN THE SUBCONTRACTOR STAGES, AND IN OTHER SECTORS

- Bulten is expanding geographically.
- The company can also see continued expansion potential in the underlying supplier stages to OEMs in the automotive industry.
- The acquisition of PSM International expands the product portfolio, and the percentage of sales from other industries is expected to increase. Examples of potential industries are consumer electronics, forestry and agricultural machinery, equipment for renewable energy, and more.
- The aim to continue making acquisitions creates further potential for growth.

Read more on pages 4-5 and 8-9.

ROBUST OPERATION ALSO IN TURBULENCE

Bulten displays demonstrable robustness, with growing market share also in a turbulent business environment affected by macro-economic and geopolitical factors, such as raw material prices and supply chain disruptions.

Read more on pages 32-33 and 36-37.

FINANCIAL STRATEGY FOCUSING ON A STRONG BALANCE SHEET

Bulten has a strong financial position, with secured financing and good profit capacity. This creates scope for investing in growth and in efficiency measures, as well as return opportunities for shareholders.

Read more on pages 9-10 and 42.

HIGH YIELD

High yield with a dividend target of 33% of net earnings.

Read more on pages 3 and 44.



SHAREHOLDER INFORMATION

Bulten AB (publ) was listed on Nasdaq Stockholm on 20 May 2011. The company is on the Mid Cap list under the BULTEN ticker. The trading amount is one share.

The share capital is SEK 10,520,103.50 divided among 21,040,207 shares with a nominal value of SEK 0.50 per share. Each share gives one vote and an equal participation in the company's capital and earnings.

SHARE PERFORMANCE

During 2021, Nasdaq Stockholm rose by 35.0% (12.9). Bulten's sector index, Stockholm Automobiles & Parts, rose by 51.3% (3.0). Bulten's share price increased by 3.6% (14.0) from a rate at the start of the year of SEK 89.80 (78.80) to

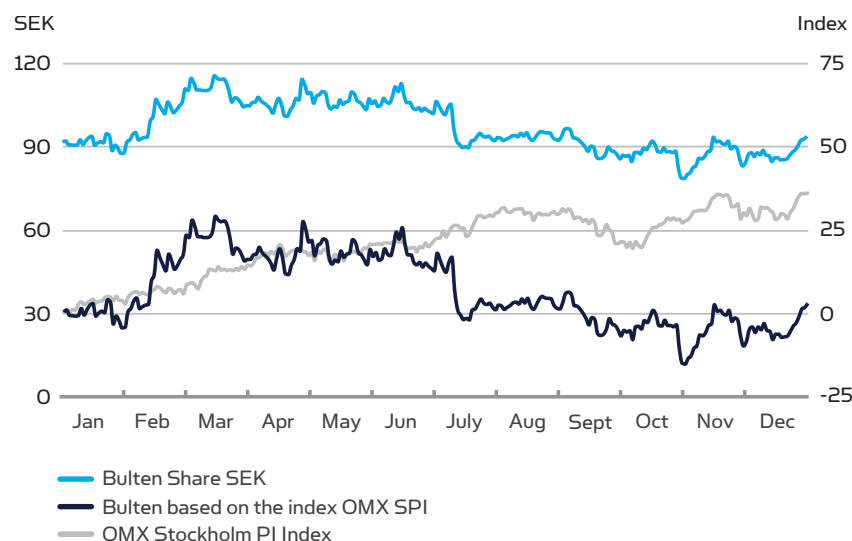
SEK 93.00 (89.80) at the end. The lowest closing price, SEK 74.50, was noted on 29 October 2021 and the highest, SEK 117.60, on 15 March 2021. The market value of Bulten at the end of 2021 was SEK 1,957 (1,889) million, an increase in market value of SEK 68 (231) million.

SHARE TURNOVER

Bulten's total share turnover in 2021 was 24.3 (19.6) million shares, corresponding to an average turnover of 96.1 (77.9) thousand shares per day over 253 (252) trading days.

The turnover rate, calculated as the number of traded shares in relation to the total number of shares in the company, was 115.6% (93.3).

Share performance 2021



SHAREHOLDERS

As of 31 December 2021, Bulten had 9,841 (7,583) shareholders. The number of registered shares abroad was 20.8% (28.5), of which 6.8% (6.8) were held by owners in Finland, 5.7% (1.9) by owners in Luxembourg, 2.5% (13.8) by owners in the USA, and 1.1% (-) by owners in Germany.

The five largest shareholders on 31 December 2021 had a total of 48.8% (49.8) of the capital and votes, with the three largest holding 39.9% (38.8).

Senior management of the Group and elected board members' shareholdings were 0.8% (0.9) at the end of the year.

DIVIDEND POLICY AND DIVIDEND

Bulten's target over time is to pay out a dividend of at least one third of net earnings after tax. Nevertheless, consideration should be given to Bulten's financial position, cash flow and outlook. For 2021 the Board intends to propose to the 2022 Annual General Meeting a total dividend of SEK 2.25 per share for the financial year. This represents a dividend of approximately 33% of net earnings after tax.

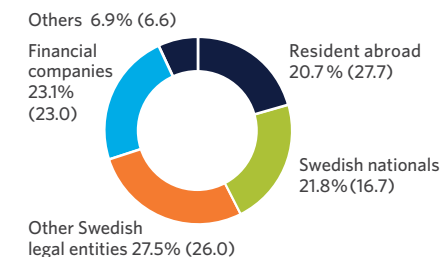
FINANCIAL INFORMATION

Bulten publishes four interim reports a year and an annual report. These reports are available to read, download or order as printed copies from the company's website, www.bulten.com.

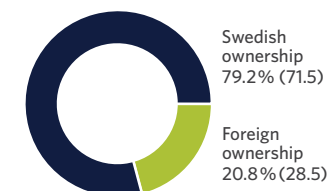
ANNUAL GENERAL MEETING 2022

Bulten AB (publ) will hold its Annual General Meeting on Thursday 28 April 2022 at 5 pm CET in Gothenburg, Sweden.

Ownership structure



Swedish and foreign ownership



OWNERSHIP STRUCTURE, 31 DECEMBER 2021

SHARE INTERVAL	NO. OF OWNERS	NO. OF SHARES	SHAREHOLDING, %
1-500	7,800	1,056,879	5.0
501-1,000	1,023	851,045	4.0
1,001-5,000	811	1,796,774	8.5
5,001-10,000	110	809,820	3.9
10,001-15,000	24	318,056	1.5
15,001-20,000	11	209,622	1.0
20,001-	62	15,998,011	76.1
Summa	9,841	21 040,207	100.0

* Source: Euroclear Sweden AB register, 31 December 2021.

BULTEN'S FIVE LARGEST SHAREHOLDERS, 31 DECEMBER 2021

SHAREHOLDERS	NO. OF SHARES	SHARE OF VOTES AND CAPITAL (%)
Volito AB	5,050,000	24.0
Handelsbankens fonder	1,934,566	9.2
Nordea Nordic Small Cap Funds	1,416,737	6.7
Carnegie Fonder	1,188,803	5.7
Tredje AP-Fonden	673,005	3.2
Five largest owners	10,263,111	48.8
Total other owners	10,777,096	51.2
Total	21,040,207	100.0

* Source: Euroclear Sweden AB register, 31 December 2021.

NO. OF SHARES

	REGISTRATION DATE	CHANGE IN NO. OF SHARES	NO. OF SHARES AFTER ISSUE
New share issue ¹⁾	2011-05-25	1,842,777	21,040,207
New share issue ²⁾	2011-05-20	7,197,430	19,197,430
New share issue	2010-01-27	8,000,000	12,000,000
New share issue	2009-01-20	3,000,000	4,000,000
Decrease	2006-02-01	-321,500	1,000,000
New share issue	2006-02-01	321,500	1,321,500
New share issue	2005-01-24	999,000	1,000,000
Start-up	2004-10-12	1,000	1,000

1) New share issue in kind 2) New share issue through offset of shareholder loan

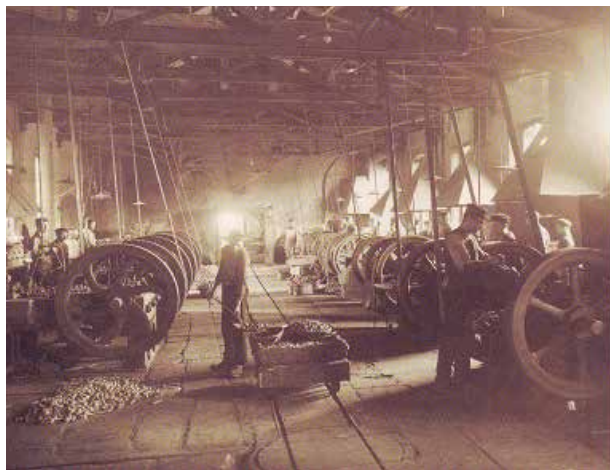
SHARE DATA

PRICE-RELATED SHARE DATA	2021	2020
Share price at year-end (closing price paid), SEK	93.00	89.80
Highest share price during the year (price paid), SEK	117.60	94.00
Lowest share price during the year (price paid), SEK	74.50	37.60
Market value at year-end, SEK M	1,957	1,889
P/E	13.58	33.82
Yield, %	2.42	2.23
Data per share		
Earnings before depreciation (EBITDA)	19.04	13.28
Operating profit (EBIT)	11.04	5.57
Earnings after net financial items (EAFI)	9.98	4.16
Earnings for the year	6.85	2.66
Equity	79.09	71.62
Cash flow from operating activities	2.30	21.44
Cash flow for the year	-0.39	8.35
Proposed dividend	2.25	2.00
Total outstanding ordinary shares, 000		
Weighted total	20,988.0	20,829.5
At year-end	20,988.0	20,988.0

AT THE END OF THE YEAR THE FOLLOWING ANALYSTS WERE REGULARLY FOLLOWING BULTEN'S DEVELOPMENT

COMPANY	ANALYST
Carnegie	Kenneth Toll Johansson
Kepler Cheuvreux	Mats Liss

BULTEN'S HISTORY FROM 1873 UNTIL PRESENT



It has been almost 150 years since young Stockholm engineers, Nils Petersson and Gottfrid Rystedt, saw Bulten's potential. They went to wholesaler, Herman Friedländer, who wrote a prospectus and convinced some friends and acquaintances to guarantee the start-up capital of 225,000 old crowns. In February 1873, Bultfabriksaktiebolaget was instituted. Some suitable land for the new factory was found by the Kolbäck river in Hallstahammar, central Sweden, next door to the old iron works. To begin with, there were 20 employees.



In the 1990s, crucial steps in the company's history were taken. New production units were acquired in Germany, Poland and China. In 1997, Bulten was listed on the Stockholm Stock Exchange, but just four years later was acquired by Finnveden and delisted again. 2011, the company was once again listed in the Nasdaq Stockholm Small Cap, it was as a division of the FinnvedenBulten Group. In 2014, Bulten was divested, took on a new management, and was moved up to the Mid Cap segment.



In recent years, Bulten has grown its business and major new contracts have been won, primarily as part of the Full Service Provider (FSP) concept. In 2020, Bulten acquired PSM International. The acquisition was an important part of Bulten's strategy, and has broadened the company's customer base in emerging markets in Asia and North America. It also strengthened production capacity and product offering.

Bulten has approximately 1,700 employees in 16 countries, and net sales in 2021 amounted to 3,730 MSEK.

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BOARD OF DIRECTORS' REPORT

The Board of Directors and the Chief Executive Officer hereby submit the annual report and consolidated financial statements for Bulten AB (publ), corporate registration number 556668-2141, for the 2021 financial year.

Ownership structure

Bulten (publ) is listed on Nasdaq Stockholm. The largest shareholders at year-end were Volito AB 24.0% (23.8), Handelsbankens Fonder 9.2% (6.3), and Nordea Nordic Small Fund 6.7% (-).

THE GROUP'S BUSINESS

Bulten develops and manufactures fasteners and supplies products, and technology, servicing and system solutions primarily for the automotive industry. The Group acts as a business partner to international customers, mainly in the automotive industry. Customers are mostly based in Europe, Asia and the USA.

Bulten is one of the few companies that provide full-service accountability throughout the value chain for fasteners, from development of the product to final delivery to the customer's production line.

Production takes place mostly in Europe, although the Group also operates production plants for fasteners in China, Taiwan, Russia and the USA.

In 2021, Bulten had business in 16 countries, averaging 1,673 (1,616) employees, an increase of 3.5% from the end of 2020. The Group's invoiced sales in 2021 were SEK 3,730 (3,195) million, an increase of 16.7% compared with the previous year, which is Bulten's highest ever invoiced sales.

The year in brief

The year as a whole has been turbulent, and only the first quarter developed normally without any major market-restricting factors. The negative economic impacts of COVID-19 began to lessen, and industry started to recover. Unfortunately the shortage of materials, especially semiconductors, hit during the second quarter, and this was something that automotive customers in particular struggled with for the rest of the year. High demand combined with limited supply led to rising prices for raw materials, steel wire being the most palpable one for us. Rapid cost increases have had repercussions on Bulten's pricing for customers. The increases are being passed onto customers, but a time lag of several months represents a challenge. As a result, Bulten's profitability is being squeezed in the short term.

Bulten's whole-year sales rose by more than 16% to SEK 3,730 million. An analysis of independent market data shows that production of light vehicles, Bulten's largest customer

group, has increased by only 2.2% during the year. It is also very pleasing to see the company grow outside of the automotive industry. Growth here was 69% compared to the previous year looking at Bulten's total income. PSM International, which Bulten acquired in 2020, has been a strong contributor to the company's growth in new industries. The operating margin (EBIT) increased from 3.6% in 2020 to 6.2% in 2021, despite a turbulent year. The company's goal of 8% in more normal market conditions is still a possibility.

The company is continuing to win business. Bulten has never won so much business during a single year as in 2021. The order value is not the only good thing; the company is also winning new customers both in the automotive industry and in other sectors. The margins have also been increased in several of our new agreements.

Opportunities in the automotive industry moving forward are deemed to be very good. Fasteners are here to stay, also in vehicle manufacturing. The world of automotive is changing rapidly right now, driven by sustainability aspects. The industry can see new players and new constellations, and this brings new business opportunities. The transition from fossil fuels to, now, hybrid or pure electric cars entails new platforms, another source of new business opportunities. Suppliers to OEMs are another highly interesting customer group with huge potential, as 70% of a vehicle's value chain consists of parts from subcontractors. Bulten's FSP offering may not be equally extensive in the supplier stage, as the complexity is not the same as for a whole vehicle. Even so, Bulten's global presence is a strength as the company can follow the OEMs that also operate globally. Bulten's sustainability offering is also a strength that makes the company competitive.

The development of sustainability work is a clear strength, which apart from environmental gains also boosts our economic sustainability with new contracts. Bulten's efforts to reduce CO2 emissions and its development toward lower material consumption are very clear contributions, which Bulten's customers can benefit from as they review their value chain. There is also a willingness to pay for Bulten's sustainability offering. One example is the FSP contract the company won for a new European vehicle program with a global automotive manufacturer. One clear reason why Bulten was chosen was the company's clearly defined offering. In addition to supplying fasteners, the agreement also involves a close collaboration between the parties to reduce the environmental burden in the value chain.

Key financial indicators

	2021	2020	2019	2018	2017
Net sales, SEK M	3,730	3,195	3,093	3,132	2,856
EBITDA margin, %	10.7	8.7	7.7	9.6	10.1
EBIT margin (operating margin), %	6.2	3.6	3.2	6.7	7.4
Adjusted EBIT margin (operating margin), % *	6.2	3.5	4.8	6.7	7.4
Capital turnover rate, times	1.6	1.5	1.6	1.9	1.9
Return on capital employed, %	9.7	5.4	5.5	12.8	14.4
Return on equity, %	9.1	3.7	3.5	9.9	11.7
Net debt/equity ratio, times	-0.4	-0.3	-0.4	-0.1	-0.0
Interest coverage ratio, times	10.1	3.9	7.6	18.2	38.8
Equity/assets ratio, %	49.3	49.4	55.2	64.8	66.8
Average no. of employees	1,673	1,616	1,425	1,433	1,305

*) Adjusted EBIT margin. Operating profit adjusted for non-recurring costs as a percentage of net sales for the year.

The challenges faced in the sustainability work are the prevailing standards applied by OEMs that obstruct the use of smarter/lighter fasteners, i.e. fasteners in other dimensions or materials, and with properties that are at least as good. This is true in a wide range of industries. Changing the specifications is a major barrier and something that many companies are reluctant to do. Opportunities for change can mainly be found among new players that are generally more open and have a higher level of acceptance for non-conventional fasteners.

The company has set an annual growth target of 10%, with an operating margin of 8% and a return on capital employed of 15%. The growth will happen in the automotive industry, and even more in other sectors, such as home electronics and agricultural machinery. Bulten also wants to increase its business outside of Europe by continuing to win contracts in Asia. In order to grow in North America, Bulten is now actively seeking an acquisition that can increase its presence and strengthen the company's offering. Productivity and cost control are two obvious areas that are constantly in focus. Another important aspect is continued insourcing or vertical integration, whereby we bring production stages under our own auspices. One example is the company's new surface treatment plant in Radziechowy-Wieprz (RAD), Poland. It will ensure a more efficient and more sustainable manufacturing process. It also reduces transport and the company's reliance on subcontractors, as we can take over production elements that were previously outsourced. Continued product development toward more sustainable fasteners, and also niche products such as smart fasteners are also crucial aspects to our continued survival.

The return on capital employed (ROCE) increased to 9.7% (5.4). The capital turnover rate is 1.6 times, slightly higher than in 2020.

An operating cash flow of SEK 48 million was generated during the year, with net debt amounting to SEK 655 million at the end of the year. The rate of investment in 2021 of 4.6% of sales has been higher than Bulten's average rate of investment due to the new production plant in Radziechowy-Wieprz (RAD). Bulten's strong financial position serves as a sound basis for continued investment in future growth.

Bulten divested its shares in the joint venture PSM Fasteners (Pty) Ltd, Australia on July 28, 2021. Bulten sold the shares for SEK 4 million.

On July 26, 2021 Bulten acquired 51% of the shares in PSM-ZJK Fasteners Co., Ltd. The purchase sum totaled SEK 4 million. No surplus value was identified. The company is based in China.

The past two years have brought their challenges, which Bulten has been able to manage while continuing to look ahead. The challenges remain, but are changing character. From a macro-economic perspective, two of the challenges are the ongoing effects of COVID-19 and the current geopolitical uncertainty surrounding Russia's invasion of Ukraine. Bulten operates on a market with low consolidation, which means the company must constantly remain relevant to its customers. Meanwhile, underlying demand remains very strong. Combined with the company's strengths, Bulten's future looks bright.

Net sales

Net sales for the full year totaled SEK 3,730 (3,195) million, which is an increase of 16.7%.

According to LMC Automotive (LMC), production of light vehicles increased globally by 2.2%. Also according to LMC Automotive (LMC), production of heavy vehicles globally decreased by 2.9% during all of 2021 compared with 2020. Weighted for Bulten's exposure, this means that average growth in the sector was 1.6% in 2021.

Earnings and profitability

The Group's gross profit was SEK 710 (567) million, corresponding to a gross margin of 19.0% (17.7).

Earnings before depreciation and amortization (EBITDA) amounted to SEK 400 (277) million, corresponding to an EBITDA margin of 10.7% (8.7).

Operating profit (EBIT) amounted to SEK 232 (116) million, corresponding to an operating margin of 6.2% (3.6).

No state subsidies were received in 2021. The previous year, government grants totaling SEK 36 million were entered in the income statement as a reduction of operating payroll costs.

Operating profit was affected by exchange rate fluctuations of SEK 0 (-21) million net when converting working capital at the closing day rate.

The Group's net financial items were SEK -22 (-29) million. Financial income was SEK 1 (0) million, and consists of interest income of SEK 1 (0) million. Financial expenses amounted to SEK -23 (-29) million and include interest expenses of SEK -17 (-18) million, of which interest expenses for lease liabilities total SEK -11 (-8) million. Foreign exchange losses amounted to SEK - (-7) million. Other financial expenses amounted to SEK -6 (-4) million.

The Group's profit before tax increased to SEK 210 (87) million and profit after tax was SEK 154 (50) million.

Earnings per share increased from SEK 2.66 to SEK 6.85.

Cash flow, working capital, investments, and financial position

Cash flow from operating activities before changes in working capital totaled SEK 332 (234) million, which equates to 8.9% (7.3) of net sales. The effect of the change in working capital on cash flow amounted to SEK -248 (213) million. Inventories increased by SEK 173 (51) million, and current receivables increased by SEK 85 (64) million. Current liabilities changed by SEK -40 (269) million.

Accounts receivable during the past year averaged SEK 709 (623) million, which equates to 19.0% (19.5) of net sales. Average inventories amounted to SEK 789 (677) million, corresponding to an inventory turnover of 3.8 (3.9) times.

Investments in intangible assets and property, plant and equipment amounted to SEK 170 (54) million. Investments of SEK 170 (54) million relate to property, plant and equipment. The corresponding amount for intangible assets is SEK 0 (0) million. Depreciation/amortization amounted to SEK -168 (-161) million.

Consolidated cash and cash equivalents amounted to SEK 242 (236) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 896 (615) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 1,138 (851) million. Consequently, disposable cash and cash equivalents amounted to 30.5% (26.6) of net sales.

The Group's balance sheet total at year-end was SEK 3,419 (3,071) million. Equity in the Group was SEK 1,687 (1,517) million at the end of the financial year. Net profit for the year of SEK 154 (50) million, other comprehensive income totaling SEK 57 (-106) million, and transactions with shareholders totaling SEK -41 (76) million have had an impact on equity.

On the closing date, net debt amounted to SEK 655 million. Net debt for the previous year amounted to SEK 458 million. Net debt adjusted for lease liabilities amounted to SEK 323 million. Adjusted net debt for the previous year amounted to SEK 112 million.

The equity/assets ratio was 49.3% (49.4). Group goodwill at the end of the financial year was SEK 234 (228) million, or 6.8% (7.4) of the balance sheet total.

Risks and risk management

Exposure to risk is a natural part of running a business and this is reflected in Bulten's approach to risk management. It aims to identify risks and prevent risks from occurring or to limit any damage resulting from these risks.

Risks to the business can be categorized as financial risks, sustainability risks, business cycle and external risks, and operational risks. For a description of how the Group manages these risks in its activities, see Note 5.

Permits and the environment

Bulten has engaged in manufacturing at ten facilities in eight countries: Sweden, Germany, the UK, Poland, China, Taiwan, Russia and the USA.

At the end of 2021, the Swedish plant in Hallstahammar was subject to permit requirements under the Swedish Environmental Code. The permit requirements are due to the nature of the operations, which principally comprise activities involving cold work processing, heat and surface treatment. The primary environmental impact derives from manufacturing processes in the form of emissions to water and air, waste generation, resource utilization, noise and transportation.

Manufacturing units outside Sweden adapt their operations, apply for the necessary permits and report to the authorities as required by local legislation.

Bulten has an explicit strategy for reducing the environmental impact of, among other things, its process water, energy consumption, transport, chemicals and waste.

Outlook for 2022

80% of Bulten's net sales in 2021 were attributable to light vehicles, 11% to commercial vehicles, and 9% to other. 76% of total sales were attributable to direct deliveries to vehicle manufacturers (OEMs) and the remainder to their suppliers and other actors.

At the end of 2021, the management judged that Bulten's market share had increased compared with the previous year, and the focus moving forward is to continue growing globally in line with Bulten's strategy. For 2022 as a whole, LMC Automotive has forecast growth of 12.5% for light vehicles and 0.1% for heavy commercial vehicles. Weighted for Bulten's customer structure, this means market growth of 11.0% for 2022. In 2021, Bulten has also grown in sectors outside of the automotive industry in line with its strategy. The goal for 2022 is to continue this growth journey, for example through potential acquisitions in North America.

It is hard at this point in time to foresee how the future will develop with regard to the effects of COVID-19 and how global and macroeconomic factors will affect Bulten's customers' production. The shortage of semiconductors that caused disruptions to customers' production is expected to continue during the first half of 2022. Bulten has continued good flexibility and the ability to adapt its operation to prevailing circumstances.

Underlying demand remains very strong. Bulten has a strong market position and, irrespective of macroeconomic and geopolitical events, will get through this while continuing to focus on health, cash flow, profitability, and growth.

Significant events after the end of the financial year

The past two years have posed challenges that the company has handled well under the prevailing circumstances. The challenges remain, and change character to some extent. From a macroeconomic perspective the challenges are the ongoing effects of COVID-19 and the current geopolitical uncertainty surrounding Russia's invasion of Ukraine. The latter led the company to discontinue its operation in Russia, a decision made in early March 2022. This will not have a material impact on the company's income as domestic sales in Russia correspond to 1.6% of total annual sales.

There are no other significant events to report after the closing day.

PARENT COMPANY

Bulten AB (publ) owns, directly or indirectly, all the companies in the Group. The Parent Company handles the Group-wide administration, stock exchange matters and management functions for the other companies in the Group.

The equity/assets ratio was 73.1% (73.8). Equity amounted to SEK 1,090 (1,125) million.

There were no cash or cash equivalents on the closing date. The Parent Company had eight employees on the closing date.

Total number of shares

The total number of shares is 21,040,207. The total number of outstanding shares as of December 31, 2021 was 20,987,992. As of December 31, 2021, Bulten AB has 52,215 shares in its own custody. See also Note 26.

Board activities

The Board has adopted a set of working procedures, instructions and a number of policies that define the allocation of responsibilities between the Board on one hand and the President and CEO, committees appointed by the Board and executive management on the other. The Board has ultimate responsibility for the Group's operations and organization and ensures that the duties of the President and CEO as well as financial operations are carried out in compliance with established principles. The Board held 13 minuted meetings during the year, plus one strategy and business-planning meeting.

From its membership, the Board has appointed an audit committee and a remuneration committee. During the year, the audit committee held six meetings and the remuneration committee seven meetings.

Guidelines for remuneration to senior executives

The 2021 Annual General Meeting adopted the following guidelines for remuneration to senior executives. The guidelines cover remuneration and other employment terms and conditions for Bulten's 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 within Bulten shall be based on the nature of the position, principles of performance, competitiveness and fairness. The salaries of senior executives consist of 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 the senior executive's 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 joint interest in share value growth for shareholders and employees.

Senior executives may be offered variable remuneration. Variable remuneration shall be based primarily on developments in the Group as a whole or developments in the unit for which the person in question is responsible. For further information about remuneration to the executive management, see Note 8.

Prior to the 2022 AGM, the Board is proposing to maintain the same guidelines for remuneration to senior executives for 2022, but adapted to the rules in the Swedish Companies Act and the Code of Corporate Governance.

Appropriation of earnings

Bulten's goal over time is to appropriate at least one third of its net income after tax. Nevertheless, consideration should be given to Bulten's financial position, cash flow and outlook.

The following earnings (SEK) in the Parent Company are at the disposal of the Annual General Meeting:

Premium reserve	1,132,950,039
Profit/loss brought forward	-153,345,634
	979,604,405

The Board of Directors and the President and CEO propose that these earnings be appropriated as follows (SEK):

Board's proposed dividend (SEK 2.25 per share)	47,222,982
To be carried forward	932,381,423
Total	979,604,405

It is proposed that May 2, 2022 be the record day for the dividend. If the meeting resolves in accordance with the proposal, the dividend is expected to be distributed to the shareholders by Euroclear Sweden AB on May 5, 2022. As of April 6, 2022, there were a total of 21,040,204 shares in the company, of which 52,215 are held by the company. The dividend amount of SEK 47,222,982 shall therefore be divided among the 20,987,992 shares that are entitled to receive the dividend.

Statement of the Board concerning the proposed dividend

The equity/assets ratio as of December 31, 2021 was 73.1% for the Parent Company and 49.3% for the Group. No part of the Parent Company's or the Group's equity relates to market values of financial instruments. The currently proposed dividend of SEK 47,222,982 means that the Parent Company's equity/assets ratio will fall to 72.2% and the Group's equity/assets ratio will fall to 48.6%.

It is the Board's assessment that the long-term earnings capability of the Parent Company and the Group is secure and that from this perspective the dividend is appropriate. It is further judged that the liquidity of the Parent Company and Group can be maintained at secure levels.

The Board considers that the proposed dividend is appropriate in relation to the demands that the type, scope and risks of the business place upon the amount of equity in the Parent Company and Group, and with regard to the consolidation requirements, liquidity and general financial position of the Parent Company and Group. The Board's statement in accordance with chapter 18, section 4, of the Swedish Companies Act has been published in a separate document.

Corporate governance report

Bulten is submitting a separate corporate governance report, in accordance with the Annual Accounts Act, section 6:8, which is included in this annual report on pages 98-104.

Sustainability report

Bulten is providing a separate sustainability report in accordance with the Annual Accounts Act, section 6:11, which is included in this annual report, see page 105 for more information.

CONSOLIDATED INCOME STATEMENT

SEK MILLION	NOTE	2021	2020
Net sales	6	3,730	3,195
Cost of goods sold	7	-3,020	-2,628
Gross profit		710	567
Other operating income	11	13	8
Selling expenses	7	-279	-248
Administrative expenses	7	-223	-192
Other operating expenses	11	-3	-24
Share of profit in joint ventures and associated companies	34	14	5
Operating profit/loss	8, 9, 10, 12	232	116
Financial income	13	1	0
Financial expenses	13	-23	-29
Profit before tax	14	210	87
Tax on profit for the year	15	-56	-37
Earnings after tax		154	50
Attributable to			
Parent Company shareholders		143	55
Non-controlling interests		11	-5
Earnings after tax		154	50
Earnings per share (SEK) attributable to Parent Company shareholders			
Basic earnings per share (SEK)	16	6.85	2.66
Diluted earnings per share (SEK)	16	6.85	2.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	2021	2020
Earnings for the year		154	50
Other comprehensive income			
Items not to be reversed in the income statement			
Revaluation of defined-benefit pension plans, net after tax		-1	-2
Items that may later be reversed in the income statement			
Exchange differences		57	-100
Other comprehensive income attributable to joint venture	34	1	-4
Total other comprehensive income		57	-106
Total comprehensive income for the year		211	-56
Attributable to			
Parent Company shareholders		199	-46
Non-controlling interests	28	12	-10
Total comprehensive income for the year		211	-56

Comments on the consolidated income statement

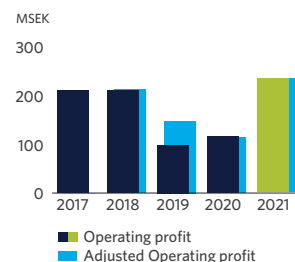
Net sales for the full year totaled SEK 3,730 (3,195) million, which is an increase of 16.7%. The Group's gross profit amounted to SEK 710 (567) million, corresponding to a gross margin of 19.0% (17.7%).

Earnings before depreciation and amortization (EBITDA) amounted to SEK 400 (277) million, corresponding to an EBITDA margin of 10.7% (8.7%).

Operating profit (EBIT) amounted to SEK 232 (116) million, corresponding to an operating margin of 6.2% (3.6). No government grants were received in 2021. The previous year, government grants totaling SEK 36 million were entered in the income statement as a reduction of operating payroll costs. Operating profit was affected by exchange rate fluctuations of SEK 0 (-21) million net when converting working capital at the closing day rate.

The Group's net financial items were SEK -22 (-29) million. Financial income was SEK 1 (0) million, and consists of interest income of SEK 1 (0) million. Financial expenses were SEK -23 (-29) million, mainly comprising interest expenses of SEK -17 (-18) million, of which interest expenses for lease liabilities totaled SEK -11 (-8) million. Foreign exchange losses amounted to SEK - (-7) million. Other financial expenses amount to SEK -6 (-4) million. The Group's profit before tax amounted to SEK 210 (87) million and profit after tax was SEK 154 (50) million.

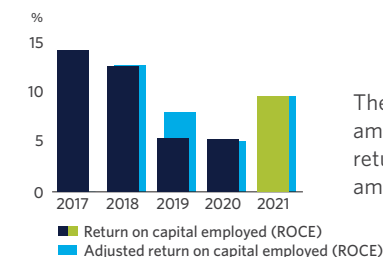
Operating profit, SEK million operating margin, %



Operating profit amounted to SEK 232 million, which is higher compared to the previous year. Adjusted operating profit totaled SEK 232 million.

The operating margin was 6.2% (3.6) for 2021. This is 2.6 percentage points higher than in the previous year. The adjusted operating margin was 6.2% (3.5) for 2021.

Return on capital employed (ROCE), %



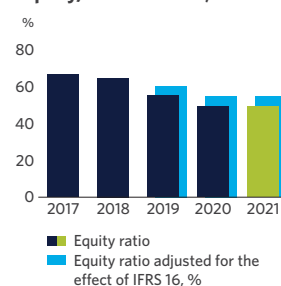
The return on capital employed (ROCE) amounted to 9.7% (5.4). The adjusted return on capital employed (ROCE) amounted to 9.7% (5.2).

CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	DEC 31, 2021	DEC 31, 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	17	234	228
Other intangible assets	17	3	4
Total intangible assets		237	232
Property, plant and equipment			
Land and buildings	18	189	192
Plant and machinery	18	429	423
Equipment, tools, fixtures and fittings	18	71	63
Construction in progress and advance payments for property, plant and equipment	18	128	45
Total property, plant and equipment		817	723
Right-of-use assets			
Buildings	19	295	321
Equipment	19	18	16
Total right-of-use assets		313	337
Financial non-current assets			
Investments in joint ventures and associated companies	34	59	50
Other long-term receivables	20, 25	4	3
Total financial assets		63	53
Deferred tax assets	15	16	9
Total non-current assets		1,446	1,354
Current assets			
Inventories	21	875	702
Current receivables			
Accounts receivable	22, 25	744	675
Current tax receivables		0	9
Other receivables	23	58	31
Prepaid expenses and accrued income	24	54	64
Total current receivables		856	779
Cash and cash equivalents	25, 35	242	236
Total current assets		1,973	1,717
Total assets		3,419	3,071

SEK MILLION	NOTE	DEC 31, 2021	DEC 31, 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	26	11	11
Other contributed capital	26	1,263	1,263
Other reserves	27	32	-25
Profit brought forward		354	254
Equity attributable to Parent Company shareholders		1,660	1,503
Non-controlling interests	28	27	14
Total equity		1,687	1,517
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15	18	7
Provisions for pensions and similar obligations	29	20	20
Interest-bearing lease liabilities	19	277	300
Other interest-bearing liabilities	25, 30, 31	326	247
Total long-term liabilities		641	574
Current liabilities			
Interest-bearing lease liabilities	19	56	47
Other interest-bearing liabilities	25, 30, 31	221	83
Accounts payable	25	563	593
Current tax liabilities		22	16
Other liabilities		63	103
Accrued expenses and deferred income	32	166	138
Total current liabilities		1,091	980
Total equity and liabilities		3,419	3,071

Equity/assets ratio, %



Comments to the balance sheet

Average working capital amounted to SEK 773 (714) million, which corresponds to 20.7% (22.3) of net sales.

The Group's balance sheet total at year-end was SEK 3,419 (3,071) million. Equity in the Group was SEK 1,687 (1,517) million at the end of the financial year. The equity/assets ratio was 49.3% (49.4). The equity/assets ratio (excluding lease liabilities, IFRS 16) totaled SEK 54.4% (55.2).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	NOTE	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					NON-CONTROLLING INTERESTS	TOTAL EQUITY
		SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER RESERVE ¹⁾	RETAINED EARNINGS	TOTAL		
Opening balance as of January 1, 2020		11	1,263	74	133	1,481	16	1,497
Comprehensive income								
Profit for the year		–	–	–	55	55	-5	50
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax ²⁾		–	–	–	-2	-2	–	-2
Items that may later be reversed in the income statement								
Exchange differences		–	–	-95	–	-95	-5	-100
Other comprehensive income attributable to joint ventures and associated companies	34	–	–	-4	–	-4	–	-4
Total comprehensive income		–	–	-99	53	-46	-10	-56
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	–	–	8	8
Issue of ordinary shares during a business combination ³⁾		–	–	–	68	68	–	68
Total transactions with shareholders		–	–	–	68	68	8	76
Closing balance as of December 31, 2020		11	1,263	-25	254	1,503	14	1,517
Comprehensive income								
Profit for the year		–	–	–	143	143	11	154
Other comprehensive income								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax ²⁾		–	–	–	-1	-1	–	-1
Items that may later be reversed in the income statement								
Exchange differences		–	–	56	–	56	1	57
Other comprehensive income attributable to joint ventures and associated companies	34	–	–	1	–	1	–	1
Total comprehensive income		–	–	57	142	199	12	211
Transactions with shareholders								
Transactions with non-controlling interests		–	–	–	–	–	1	1
Dividend to Parent Company shareholders (SEK 2.00 per share)		–	–	–	-42	-42	–	-42
Total transactions with shareholders		–	–	–	-42	-42	1	-41
Closing balance as of December 31, 2021		11	1,263	32	354	1,660	27	1,687

1) A specification of Other reserves can be found in Note 27.

2) Tax effects are explained in Note 15.

3) Refers to shares in own custody used as payment in business combinations.

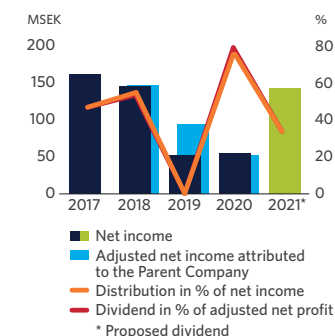
Comments on changes in equity

Net profit for the year of SEK 154 (50) million, other comprehensive income totaling SEK 57 (-106) million and transactions with shareholders totaling SEK -41 (76) million have had an impact on equity.

Dividends to Parent Company shareholders during the year amounted to SEK 42 (-) million, which corresponds to 75.9% (-) of the previous year's profit.

Other reserves consist entirely of a translation reserve. The translation reserve covers currency differences that arise as a result of translating the income statements and balance sheets of all Group companies into the Group's reporting currency. During the year, currency translation impacted equity by SEK 58 (-104) million.

Dividend as a percentage of net income



CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	2021	2020
Operating activities			
Profit after financial items		210	87
Adjustments for items not included in cash flow	35	149	169
Taxes paid		-27	-22
Cash flow from operating activities before changes in working capital		332	234
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-173	19
Increase(-)/Decrease(+) in operating receivables		-78	30
Increase(+)/Decrease(-) in operating liabilities		-33	164
Cash flow from operating activities		48	447
Investing activities			
Acquisition of intangible assets		-0	-0
Acquisition of property, plant and equipment		-170	-54
Divestment of property, plant and equipment		1	1
Acquisition of subsidiaries less acquired cash equivalents		-	-60
Acquisition of participations in associated companies		-	-6
Divestment of shares in joint venture		4	-
Cash flow from investing activities		-165	-119
Financing activities			
Change in bank overdraft facilities	35	25	21
Borrowing	35	288	-
Repayment of borrowings	35	-100	-128
Repayment of lease liabilities	35	-62	-55
Dividend to Parent Company shareholders		-42	-
Transactions with non-controlling interests		0	8
Cash flow from financing activities		109	-154
Cash flow for the year		-8	174
Reconciliation of cash and cash equivalents			
Cash and cash equivalents as of beginning of the financial year		236	64
Cash flow for the year		-8	174
Exchange rate difference in cash and cash equivalents		14	-2
Cash and cash equivalents at the end of the year	35	242	236

CONSOLIDATED NET DEBT COMPOSITION

SEK MILLION	NOTE	DEC 31, 2021	DEC 31, 2020
Long-term interest-bearing liabilities		-603	-547
Provision for pensions		-20	-20
Current interest-bearing liabilities		-277	-130
Financial interest-bearing receivables		1	3
Cash and cash equivalents		242	236
Net debt (-)	35	-655	-458
Less interest-bearing liabilities attributable to finance leases		332	347
Adjusted net debt (-)		-323	-112

Comments on the cash flow statement

Cash flow from operating activities before changes in working capital totaled SEK 332 (234) million, which equates to 8.9% (7.3) of net sales. The effect on cash flow of the change in working capital amounted to SEK -284 (213) million.

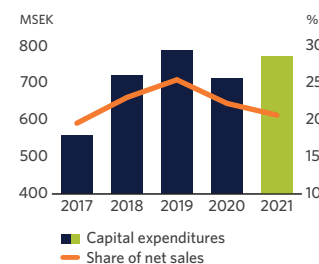
Inventories increased by SEK 173 (51) million, and current receivables increased by SEK 85 (64) million. Current liabilities changed by SEK -40 (269) million. Average working capital corresponds to 20.7% (22.3) of net sales.

Investments in intangible assets and property, plant and equipment amounted to SEK 170 (54) million. Investments of SEK 170 (54) million relate to property, plant and equipment. The corresponding amount for intangible assets is SEK 0 (0) million. Depreciation/amortization amounted to SEK -168 (-161) million. Investment expenses correspond to 4.6% (1.7) of sales.

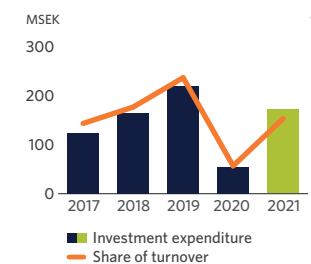
Consolidated cash and cash equivalents amounted to SEK 242 (236) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 896 (615) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 1,138 (851) million. Consequently, disposable cash and cash equivalents amounted to 30.5% (26.6) of net sales.

Net debt amounted to SEK -655 (-458) million, which is a change of SEK -197 million compared with the previous year. Net debt (excluding lease liabilities) totaled SEK -323 (-112) million, a change of SEK -211 million.

Working capital as a percentage of net sales



Investment expenses as a percentage of net sales



NOTES FOR THE GROUP

All amounts are in SEK million unless otherwise stated. Figures in parentheses refer to the previous year. Some figures are rounded, so amounts might not always appear to match when added up.

NOTE 1 GENERAL INFORMATION

Bulten AB (publ) (the Parent Company) with corporate identity number 556668-2141 and its subsidiaries (jointly the Group) manufacture and distribute automotive components.

The Parent Company conducts operations in the legal form of a limited liability company, with its registered office in Gothenburg, Sweden. The company's postal address is Bulten AB, Box 9148, SE-400 93 Gothenburg, Sweden.

The Group uses the calendar year as the financial year.

This annual report and these consolidated financial statements were approved for publication by the Board on April 6, 2022 and will be presented to the Annual General Meeting of shareholders on April 28, 2022.

NOTE 2 CHANGES DURING THE REPORTING PERIOD

The Group's financial position and profit were affected by the following events and transactions during the reporting period.

Changes in the composition of the Group

Bulten divested its shares in the joint venture PSM Fasteners (Pty) Ltd, Australia on July 28, 2021.

On July 26, 2021 Bulten acquired 51% of the shares in PSM-ZJK Fasteners Co., Ltd. The purchase sum totaled SEK 4 million. No surplus value was identified.

Other changes during the reporting period

No other significant changes occurred during the reporting period.

Financial position and profit during the reporting period

A detailed report of the Group's financial position and profit can be found in the Board of Directors' Report.

NOTE 3 SPECIFICATION OF THE GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./ REGISTERED OFFICE	COUNTRY	PERCENTAGE %	
		DEC 31, 2021	
Bulten Holding AB, 556224-0894, Gothenburg	Sweden	100.0	
Bulten Fasteners AB, 556010-8861, Gothenburg	Sweden	100.0	
Bulten Sweden AB, 556078-3648, Gothenburg	Sweden	100.0	
Bulten Hallstahammar AB, 556261-2506, Hallstahammar	Sweden	100.0	
Bulten Ltd, No. 85664, Edinburgh	United Kingdom	100.0	
Bulten Polska S.A., KRS 0000019503, Bielsko-Biala	Poland	100.0	
Bulten Invest Sp.z.o.o., KRS 0000690750, Radziejchow	Poland	100.0	
Bulten GmbH, HRB 4748, Bergkamen	Germany	100.0	
Finnveden Micro Fasteners AB, 556039-4180, Gothenburg	Sweden	100.0	
Bulten North America LLC, 3995144, Streetsboro, Ohio	USA	100.0	
Ram-Bul LLC, 6325829, Hudson, Ohio	USA	50.0	
Bulten Fasteners (Tianjin) Co Ltd, 91120000MA06HY3T4R, Tianjin	China	100.0	
Bulten Fasteners (China) Co Ltd, 600041586, Peking	China	100.0	
Finnveden Trading AB, 556201-4570, Gothenburg	Sweden	100.0	
Bulten Romania S.R.L., 42096458, Bucharest	Romania	100.0	
BBB Services Ltd, 880 6643 02, Scunthorpe	United Kingdom	60.0	
BBB Fasteners Craiova S.R.L., 381312, Bucharest	Romania	60.0	
RUS Fasteners B.V., 59227419, Amsterdam	The Netherlands	63.0	
Bulten Rus LLC, 1145256000064, Nizhniy Novgorod	Russia	63.0	

SUBSIDIARY/CORP. REG. NO./ REGISTERED OFFICE	COUNTRY	PERCENTAGE %	
		DEC 31, 2021	
Bulten Industrifastighet AB, 556872-5534, Gothenburg	Sweden	100.0	
PSM International Holdings Ltd, 02290856, Pembroke	United Kingdom	100.0	
PSM International Fasteners Ltd, 00375564, Pembroke	United Kingdom	100.0	
PSM Fasteners (Wuxi) Co., Ltd, 913202057357161305, Wuxi	China	100.0	
PSM Fasteners Corporation, 2047949, Streetsboro, Ohio	USA	100.0	
PSM Fasteners(Hong Kong) Ltd, 58999714-000-09-20-7, Kowloon	Hong Kong	100.0	
PSM Fasteners (Asia) Ltd, 33894472, New Taipei City	Taiwan	100.0	
PSM Fasteners (Singapore) Pte Ltd, 34230149, Singapore	Singapore	100.0	
PSM International Fasteners B.V. 06062804, Amsterdam	The Netherlands	100.0	
PSM Celada Fasteners Srl, 04446470157, Milano	Italy	50.0	
PSM Fasteners AB, 556264-5670, Järfälla	Sweden	50.0	
Japan PSM Company Ltd, 6010801009051, Tokyo	Japan	50.0	
PSM-ZJK Fasteners Co., Ltd. 91440300MA5FTN6921, Pingshan District, Shenzhen.	China	51.0	
PSM IP Ltd, 1377768, Road Town, Tortola	British Virgin Islands	100.0	
TensionCam Systems AB, 559196-4738, Gothenburg	Sweden	27.0	
Bulten Turkey Bağlantı Malzemeleri Ticaret Limited Şirketi, 256555-5, Istanbul	Turkey	100.0	

The share of capital in all of the above holdings is equivalent to voting rights.

NOTE 4 SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND DISCLOSURES

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and in accordance with the Swedish Financial Reporting Board's recommendation, RFR 1. Supplementary accounting rules for groups, and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method.

In addition to these standards, both the Swedish Companies Act and the Swedish Annual Accounts Act require certain supplementary disclosures to be made.

The accounting policies applied in the preparation of the consolidated financial statements are disclosed in the respective notes in order to provide a better understanding of the respective accounting field.

See the table below for reference to the note in which each significant accounting policy is used and the applicable IFRS standard that is deemed to have significant influence.

ACCOUNTING POLICY	NOTE	IFRS STANDARD
Company acquisitions	4 Consolidated financial statements	IFRS 3
Segment	4 Segment reporting	IFRS 8
Income	6 Income	IFRS 15
Operating expenses	7 Operating expenses	IAS 1, IAS 20
Share-based payment	8 Employees, employee benefit expenses and remuneration to the Board	IFRS 2
Financial income and expenses	13 Financial income and expenses	IFRS 9
Income tax	15 Tax	IAS 12
Earnings per share	16 Earnings per share	IAS 33
Intangible assets	17 Intangible assets	IAS 36, IAS 38
Property, plant and equipment	18 Property, plant and equipment	IAS 16, IAS 36
Right-of-use assets and lease liabilities	19 Leasing	IFRS 16
Inventories	21 Inventories	IAS 2
Accounts receivable	25 Financial instruments by category	IAS 18, IAS 32, IFRS 9, IFRS 7
Accounts payable	25 Financial instruments by category	IAS 32, IAS 37, IFRS 9, IFRS 7
Derivative instruments and hedging instruments	25 Financial instruments by category	IAS 32, IFRS 9, IFRS 7, IFRS 13
Non-controlling interests	28 Non-controlling interests	IFRS 10, IFRS 12
Pensions and similar obligations	29 Provisions for pensions and similar obligations	IAS 19 Revised
Borrowing	30 Interest-bearing liabilities to credit institutions	IAS 32, IAS 37, IFRS 9, IFRS 7
Joint venture	34 Holdings in joint ventures and associated companies	IFRS 11, IAS 28, IFRS 12
Cash flow statement	35 Cash flow	IAS 7
Transactions with related parties	37 Transactions with related parties	IAS 24

Important estimates and assessments for accounting purposes

Preparing financial reports in accordance with IFRS requires important accounting estimates to be made. In addition, the management needs to make certain assessments in applying the company's accounting policies. The areas subject to a high degree of assessment or complexity, or areas in which assumptions and estimates are of considerable importance to the consolidated financial statements, are indicated in the following table. The estimates and assumptions are regularly reviewed, and the effect on the carrying amounts is recognized in the income statement.

ESTIMATES AND ASSESSMENTS	NOTE
Recognition of income	6 Income
Assessment of deficit deduction	15 Tax
Impairment test	17 Intangible assets
Leases	19 Right-of-use assets and lease liabilities
Inventory obsolescence	21 Inventories
Transfer of accounts receivable	22 Accounts receivable

Estimates and assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing conditions.

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these assumptions, by definition, seldom equal the related actual results.

Consolidated financial statements

Subsidiaries

A subsidiary is any company in which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to variable returns from its holdings in the company and has the ability to affect returns through its influence on the company. Subsidiaries are included in the consolidated financial statements from the date when the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date the controlling influence ceases.

The acquisition method is used for recognizing the Group's acquisition of subsidiaries. The cost of an acquisition comprises the fair value of assets provided as remuneration, equity instruments issued and liabilities that arise or are assumed on the transfer date. In addition, the cost of acquisition includes the fair value of all assets and liabilities arising from any agreement about conditional purchase sums. Costs relating to an acquisition are expensed as they arise. For each acquisition the Group determines whether any non-controlling interest in the acquired business is to be recognized at fair value or using the proportional share of the acquired company's net assets. The amount by which the purchase sum, any non-controlling interest and the fair value on the acquisition date of previous shareholdings exceeds the fair value of the Group's proportion of identifiable acquired net assets is recognized as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognized directly in the income statement.

When the Group no longer has a controlling influence, each remaining shareholding is assessed at fair value at the time when the controlling influence is terminated. The change in the carrying amount is recognized in the income statement. Fair value is used as the first carrying amount and forms the basis for the continued recognition of the remaining holding as an associate company, joint venture or financial asset. All amounts concerning the divested unit that were previously recognized in other comprehensive income are recognized as if the Group had directly divested the attributable assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified as profit.

Elimination of transactions between Group companies

Intra-group transactions and balance sheet items, as well as unrealized gains on transactions between Group companies, are eliminated. Unrealized losses are also eliminated, unless the transaction is proof of an impairment requirement for the transferred asset. Unrealized gains and losses arising from transactions between the Group and its associated companies and joint ventures are eliminated in relation to the Group's holding in those companies. The accounting policies for subsidiaries, associated companies and joint ventures have been changed where appropriate to ensure the consistent application of the Group's policies.

Translation of foreign currencies

Items in the financial statements for the various Group units are measured in the currency used in the economic environment where each company primarily operates (the functional currency). In the consolidated financial statements the Swedish krona (SEK) is used, which is the Parent Company's functional and reporting currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates in force on the transaction date. Exchange gains and losses arising from the settlement of such transactions and the recalculation of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date are recognized in the income statement. Exchange gains and losses attributable to loans and cash and cash equivalents are recognized as financial income and expenses respectively. All other exchange gains and losses are recognized as Other operating income or Other operating expenses.

The profit and financial position of all Group companies are translated into the Group's reporting currency. Assets and liabilities are translated at the rate on the balance sheet date, income and expenses are translated at the average rate and any resulting exchange rate differences are recognized as a separate portion of equity. Fair value adjustments and goodwill arising from the acquisition of a foreign operation are recognized as assets and liabilities in that operation and translated at the rate on the balance sheet date.

When translating amounts in foreign companies, the following exchange rates have been used:

	AVERAGE RATE		CLOSING DAY RATE	
	2021	2020	2021	2020
CNY	1.33	1.33	1.42	1.25
EUR	10.14	10.49	10.23	10.04
GBP	11.80	11.80	12.18	11.09
PLN	2.22	2.36	2.23	2.22
RUB	0.12	0.13	0.12	0.11
USD	8.58	9.20	9.04	8.19

Classification

Non-current assets and long-term liabilities essentially consist of amounts expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of only those amounts expected to be recovered or paid within 12 months of the balance sheet date.

Non-recurring items

Non-recurring items are recognized separately in the financial statements when this is necessary for explaining the Group's results. Non-recurring items refer to significant income or expense items that are recognized separately because of the importance of their nature or amount.

Segment recognition

The Group consists of only one reportable segment, Bulten, as it is at this level that the Group's management team has responsibility for the allocation of resources and assesses the business' results.

Operating segments are reported in a way that is consistent with the internal reporting submitted to the highest executive decision-maker. The highest executive decision-maker is the role with responsibility for allocating resources and making assessments of the results of the operating segments. The executive management team of the Group has been identified as having this role.

Standards or amendments to or interpretations of existing standards that came into effect in 2021

The Group has adopted all the relevant new and revised accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). No standards, amendments to or interpretations of existing standards that came into effect in 2021 have had any material effect on the Group's reporting.

New standards and interpretations not yet applied by the Group

Other known changes to IFRS and interpretations issued by the IFRS Interpretations Committee that will be applied in the future are not expected to have a material effect on the Group's reporting.

NOTE 5 RISKS AND RISK MANAGEMENT

FINANCIAL RISKS

In its operations, the business is exposed to various financial risks. Examples of these are currency, liquidity, interest rate, credit and capital risks. The Board determines risk management policies. Financial activities in the form of risk management, liquidity management and borrowing are managed for the Group as a whole by the Parent Company. The Group's overall risk management focuses on the unpredictability of financial markets and strives to minimize potential unfavorable effects on the Group's finances.

Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily for the EUR, PLN, GBP, USD, CNY, RUB and TWD. Currency risks arise from future business transactions, flow exposures in the form of receipts and disbursements in different currencies, recognized assets and liabilities, the translation of the profit/loss of foreign subsidiaries and net investments in foreign operations.

Changes in currency exchange rates can also affect the competitiveness of the Group or its customers and, indirectly, Group sales and profit. The Group is exposed to changes in multiple currencies, where fluctuations in the EUR have the greatest impact on the Group's profit.

The Group's policy for managing currency risks is focused on transaction-related currency risks. Currency risks are primarily managed by trying to change the operational conditions in the business by matching income and expenses in currencies other than the SEK. Nevertheless, hedging may be used in special circumstances. Currency flows shall be hedged only if this fulfils criteria for hedge accounting in accordance with IFRS 9. The application of hedge accounting is, however, determined in each individual case when the hedge is established.

If the SEK had weakened by 10% against the EUR with all other variables remaining constant, the improvement in operating profit would be around SEK 78 (83) million. An equivalent weakening against the PLN would adversely affect operating profit by around SEK -19 (-19) million. An equivalent weakening against the GBP would amount to around SEK -25 (-20) million, against the USD to around SEK 26 (13) million, against the CNY to around SEK -7 (-4) million, against the RUB to around SEK -1 (-1) million and against the TWD to -9 (-). Given current exposure the net effect would have been an improvement in operating

profit of around SEK 42 (52) million if the SEK had weakened in value by 10% against the EUR, PLN, GBP, USD, CNY, RUB and TWD. The corresponding effect on equity is around SEK 182 (175) million.

Group currency flows were distributed as follows during the financial year:

CURRENCY*	2021			2020		
	INCOME	EXPENSES	NET EXPOSURE	INCOME	EXPENSES	NET EXPOSURE
SEK	363	-516	-153	287	-616	-329
EUR	2,399	-1,618	781	2,274	-1,436	838
PLN	13	-204	-191	13	-208	-195
GBP	166	-418	-252	145	-347	-202
USD	300	-41	259	181	-53	128
CNY	411	-483	-72	238	-279	-41
RUB	60	-68	-8	46	-55	-9
Others	18	-150	-132	11	-85	-74
Total	3,730	-3,498	232	3,195	-3,079	116

* Expressed in SEK million.

The Group has holdings in foreign businesses whose net assets are exposed to currency changes. Currency exposure that results from assets in the Group's foreign activities is primarily managed by way of borrowing in the relevant foreign currencies.

Distribution of financial liabilities per currency:

CURRENCY*	2021			2020		
	INTEREST-BEARING LIABILITIES ¹⁾	ACCOUNTS PAYABLE	TOTAL	INTEREST-BEARING LIABILITIES ¹⁾	ACCOUNTS PAYABLE	TOTAL
SEK	377	32	409	300	37	337
EUR	72	227	299	82	335	417
PLN	288	15	303	156	15	171
GBP	11	29	40	11	75	86
USD	85	8	93	79	5	84
CNY	21	208	229	24	103	127
RUB	0	14	14	0	7	7
TWD	23	29	52	23	15	38
Others	1	1	2	-	1	1
Total	878	563	1,441	675	593	1,268

* Expressed in SEK million.

¹⁾ Excluding pensions and similar obligations.

Liquidity risk

Liquidity risk is the risk that a company cannot make its payments due to insufficient liquid assets and/or difficulty in obtaining credit from external lenders. Liquidity risk is managed by the Group holding sufficient cash and cash equivalents and short-term investments with a liquid market and having access to financing through agreed credit facilities. The management closely monitors rolling forecasts for the Group's liquidity reserve, which consists of unused lines of credit and cash and cash equivalents based on expected cash flows. This occurs at two levels in the Group: at a local level in the Group's operating companies and at Group level.

The company is primarily financed through a financing agreement that was extended by SEK 550 million on December 15, 2021 and thereby now totals SEK 1,300 million. The credit facility covers up to the end of June 2024, with an option to extend for another year. In addition, the company has entered into a credit agreement, primarily for the Polish operation, for a total of EUR 12 million.

Covenants associated with these credit facilities are presented in more detail in Note 30. All covenant conditions were met during the year. The Group systematically transfers accounts receivable within the framework of a block purchase agreement. The agreement means that the buyer of the accounts receivable assumes the credit risks associated with the receivables. The criteria for not reporting accounts receivable on the balance sheet have been met. The Group is therefore dependent on the buyer's ongoing assessment of customers' creditworthiness.

At the end of 2021 the value of transferred accounts receivable amounted to SEK 69 (44) million. The total capacity of the agreement covering the sale of accounts receivable is SEK 73 (66) million.

At the end of 2021, the available liquidity reserve for the Group amounted to SEK 1,138 (851) million, which corresponds to 30.5% (26.6) of net sales. The Group's financial policy stipulates that the available resources, namely cash and cash equivalents and available credit, must exceed 5% of net sales, and that the funds available at any time must exceed SEK 100 million. Temporary excess liquidity is placed in investments with short maturities and minimal credit risk; e.g. in bank accounts or short-term bonds issued by Swedish banks or the Swedish state.

The table below analyses the Group's financial liabilities broken down according to the time remaining until the contractual maturity date at the balance sheet date (including any interest payments if these can be determined). The amounts indicated in the table are the contractual, non-discounted cash flows.

AS OF DECEMBER 31, 2021 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts ¹⁾	221	334	–
Accounts payable and other liabilities	815	–	–
Lease liabilities	64	173	136
Total	1,100	507	136

1) The company is primarily financed through a financing agreement that was extended by SEK 550 million on December 15, 2021 and thereby now totals SEK 1,300 million. The credit facility covers up to the end of June 2024, with an option to extend for another year.

AS OF DECEMBER 31, 2020 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	83	253	–
Accounts payable and other liabilities	850	–	–
Lease liabilities	60	201	174
Total	993	454	174

Interest rate risk

The Group's interest rate risk arises from short- and long-term borrowing. Borrowing at variable interest rates exposes the Group to a cash flow interest rate risk, which is partly neutralized by having cash and cash equivalents with variable interest. Borrowing at fixed rates exposes the Group to an interest rate risk relating to fair value.

The Group's policy for managing interest rate risk reflects the rate of change in the Group's financing. In recent years this has meant a short lock-in period. The financial policy stipulates that the fixed term of interest rates for external loans should average six months, with the right to deviate by +/- three months if the market assessment changes. The average fixed-rate term for external borrowing at the end of both 2021 and 2020 was six months.

At the end of the financial year the Group had no financial contracts for changing the interest rate risk in relation to what the existing loan agreements regulate. In 2021 and 2020 Group borrowing with variable interest was in SEK and EUR. If interest rates on borrowing, including lease liabilities, had been 1% higher or lower in 2021 with all other variables remaining constant, profit before tax for the financial year would have been SEK 8 (7) million lower or higher respectively.

Credit risk

Credit risk arises from cash and cash equivalents and balances with banks and financial institutions, as well as credit exposures including outstanding receivables and agreed transactions.

Individual assessments of a customer's creditworthiness and credit risk are made by taking the customer's financial position into account, along with past experience and other factors. The management does not expect any losses due to default by counterparties beyond what has been reserved as doubtful receivables; see Note 22.

Capital risk

The Group's objective with regard to the total capital structure is to secure the Group's ability to continue trading so that it can generate returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the cost of capital down.

To maintain or adjust the capital structure the Group can choose to change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debts.

The executive management systematically monitors refinancing requirements relating to external borrowing with the objective of renegotiating the Group's credit facilities no later than 12 months before the due date. One of the Group's financial targets is to achieve a return on average capital employed above 15%. Average capital employed, defined as equity plus interest-bearing liabilities, amounted to SEK 2,400 (2,172) million in 2021. Return, defined as profit after financial items plus financial expenses, on average capital employed amounted to 9.7% in 2021 and 5.4% in 2020.

The equity/assets ratio amounted to 49.3% as of December 31, 2021 and 49.4% as of December 31, 2020, as shown in the table below.

EQUITY RATIO	2021	2020
Equity	1,687	1,517
Balance sheet total	3,419	3,071
Equity/assets ratio, %	49.3	49.4

The debt/equity ratio as of December 31, 2021 and December 31, 2020 was as follows in the table below:

DEBT/EQUITY RATIO	2021	2020
Interest-bearing lease liabilities	-332	-347
Other interest-bearing liabilities	-567	-350
Minus: interest-bearing assets	1	3
Minus: cash and cash equivalents	242	236
Net debt (-)	-655	-458
Total equity	1,687	1,517
Net debt/equity ratio, times	-0.4	-0.3

The debt/equity ratio is calculated as net debt divided by equity, including non-controlling interests. Net debt is calculated as total interest-bearing liabilities (including short-term borrowing and long-term borrowing, and interest-bearing pension liabilities in the consolidated balance sheet) minus cash and cash equivalents and interest-bearing assets. The average interest rate on borrowing liabilities amounted to 2.1% (2.8).

SUSTAINABILITY RISKS

Bulten operates in an industry that has a direct and an indirect impact in the areas that Bulten has identified as important for sustainable business, namely the environment, social responsibility and corporate governance.

Environmental principles

Non-renewable natural resources are used within the framework of Bulten's operations, and this has a negative future impact on the environment. Resources such as fossil fuels and coal are classified as non-renewable. Some metals, however, can be reused. Examples of renewable resources are water, wind and solar energy.

Active environmental efforts are conducted by all Group units to ensure that operations are carried out with as small an environmental impact as practicable while being economically viable. Processes are in place to ensure that renewable resources such as water and air will not be adversely affected by, for example, hazardous emissions due to deficient treatment equipment. The main consumption of resources impacting on the environment occurs in the field of energy, where the Group strives to use renewable energy, to recycle and to implement energy-efficient production processes. To minimize the use of fossil fuels, a central logistics team works to ensure efficient logistics and transport.

Social responsibility

Bulten operates in a global market alongside various interest groups for which public health, welfare and general rights are fundamental values. If imbalances occur in these areas, there is a risk of unrest and conflict, both for the individual and for society at large.

Bulten's ambition is to respond to all interest groups with respect and to demonstrate sound ethics. The Group complies with the UN Global Compact in areas such as human rights, working conditions and anti-corruption. All personnel shall be aware of and follow the code of conduct. In addition, Bulten urges its suppliers, consultants and other business partners to apply the principles. All employees and Board members of Bulten have an individual responsibility to report conflicts of interest, crime or breaches of this code of conduct.

Corporate Governance

Risks exist when activities directly or indirectly fail to comply with applicable laws, rules, policies and society's accepted norms. Corruption occurs in all countries and sectors, although to varying degrees. Bulten runs the risk of being involved in unethical business. Areas deemed to be at particular risk are the sales and purchasing process, and the exercise of authority.

Bulten conducts its business responsibly and efficiently, with a high level of business ethics, good risk management and a sound corporate culture. Governance guidelines and policies serve as the basis for sustainable and long-term business, where the Group's code of conduct and other steering documents provide guidance for all decisions made in the business.

BUSINESS CYCLE, MARKET AND EXTERNAL RISKS

Market and competitive risk

Bulten operates in a competitive market where customers are affected by macroeconomic factors as well as political decisions. Demand for the Group's products is dependent on demand for the transport of goods and passengers, which is in turn driven by global trade and economic growth around the world. Bulten operates in the markets for cars, commercial vehicles, consumer electronics and domestic appliances. The Group's sales are diversified and spread over a number of customers, platforms, models and factory sites, which reduces volatility due to individual fluctuations in demand. The use of production forecasts and close relationships with customers means that the Group is well informed about the customers' production schedules and plans. The business's profit is dependent on the Group's ability to react swiftly to fluctuations in demand for the Group's products and to adapt production levels and operating expenses accordingly. Entry into new markets requires well-prepared plans, processes and local knowledge in which cultural and political aspects are important considerations. Bulten has good experience of entering new markets and geographical areas, which is best achieved by way of partners with greater knowledge of the local market.

Legal and political risks

Bulten's business is conducted in several jurisdictions and is subject to the local rules and laws that apply in each jurisdiction as well as general international laws.

Changes in rules, customs regulations and other trade barriers, pricing and currency controls and other public guidelines in countries where Bulten operates may affect the Group's business. The Group is exposed to legal risks as the business is influenced by a large number of commercial and financial agreements with customers, suppliers, employees and other parties, as well as licenses, patents and other intellectual property rights. These are normal legal risks for a business such as the Group's. Bulten is established in markets and in new countries where the Group has operated for a limited period. Start-ups, especially in growth countries, may involve unforeseen costs. In some of the countries where the Group now operates, corruption is more prevalent than is the case, for example, in Sweden. Bulten's code of conduct together with the Group's system of internal control with regard to financial reporting, as outlined in the

corporate governance report on pages 98-104, provides the basis for an ethical approach to doing business and accurate financial reporting. In some emerging countries, there is also an increased risk of both central and local government decisions being made on political grounds, which may result in a degree of unpredictability in the business. Through collaboration with locally based companies, political risk can be mitigated somewhat. In addition, geopolitical unrest can pose a risk to the company's operations. Bulten meets these risks through continual risk assessment and by using external expertise as necessary in each identified area of risk.

Trends and driving forces

Bulten operates in a competitive and cost-conscious market where high demands are placed on the environment, quality, delivery precision, technical development and customer service. Price pressure is also a natural part of the industry in which Bulten operates. The development of products and materials can change Bulten's competitiveness. The Paris Agreement and the industry's demands for a reduced CO2 impact are other factors that affect Bulten. Through a systematic sustainability work where sustainability is an integral part of the company's strategy, we meet customers' and other stakeholders' expectations.

Through the FSP concept and close collaboration with customers, Bulten can offer cost-effective solutions. Bulten focuses always at high competence in the specified areas of production, quality, logistics technology and service. The Group monitors research and development in the industries it works with and market trends.

Bulten works continuously to create added value for customer and space to meet the industry's need for cost reductions. By conducting its own development towards, for example, new areas of use and sustainable materials with a reduced CO2 impact, the risk of lost competitiveness is judged to be reduced.

Force majeure

As global warming increases, natural disasters may increase. At the same time, globalization and just-in-time logistics have made global trade more sensitive to disruptions. In recent years, natural disasters and pandemics have occurred that have affected the vehicle industry, but thanks to careful capacity planning and good customer and supplier relations within the industry, to date production has been able to continue.

During major disruptions, the impact on Bulten's operation is monitored, and the company works closely with customers and other business partners so as to mitigate the impact as far as possible.

It is hard at this point in time to foresee how the future will develop with regard to COVID-19, and geopolitical and macroeconomic factors. The shortage of semiconductors that caused disruptions to customers' production is, however, expected to continue during the first half of 2022. Bulten is carefully monitoring the course of events, and is maintaining good flexibility and the ability to adapt its operation to prevailing circumstances.

OPERATIONAL RISKS

Customer dependence

Bulten's customer base includes a large number of OEMs in Western Europe, with some key customers accounting for a large proportion of the Group's sales. Losing the contract of a key customer and falling demand for a customer's product can result in reduced sales and profitability. Underlying agreements with key customers cover a wide range of products and have varying terms and counterparties. Bulten's FSP concept, including the development of products and technologies, production, quality, logistics and service, requires close cooperation with customers. Bulten operates in many different markets as well as in various segments, such as cars, commercial vehicles, consumer electronics and domestic appliances.

Global supply chain

There are various risks inherent within the global supply chain relating to dependence on specific suppliers, raw materials and inputs, logistics and quality. With regard to raw materials and inputs, Bulten's exposure is greatest in relation to the different grades of steel for which price changes can affect the Group's profit. The prices of raw materials are adjusted periodically to reflect current market levels based on price trends over the period. Bulten's supply chain is global, which places great demands on procurement processes, quality assurance and monitoring. Bulten addresses these risks through active and professional efforts with regard to procurement, quality and logistics, as well as through a global purchasing strategy that is systematically reviewed and updated so as to optimize the Group's procurement, to ensure compliance with codes of conduct and to ensure that requested volumes are obtained on time, on budget and at the right level of quality. In the event of material volatility, Bulten is compensated by its customers, partly through agreements or negotiations.

Product liability, warranty and recall

The Group is exposed to product liability and warranty claims in cases where the Group's products cause personal injury or material damage. If a product is defective, the Group may have to participate in a vehicle recall. No significant claims for damages concerning product liability or recalls have occurred. Bulten is insured up to a specific amount against damages applicable to product liability and recalls. Bulten minimizes risks related to product liability, warranty insurance and damages through extensive testing in the design and development phase as well as in production by way of managed processes and systematic quality, management and control measures.

Suspension of operations and material damage

Damage to production equipment can have a negative impact, both in terms of direct property damage and business interruptions. The impact of such damage to production equipment has been assessed as small. Continuous efforts are made to improve the Group's foresight and preventive safety measures. Bulten carries out routine maintenance work on its production equipment. The Group also has insurance cover against interruptions in operations as well as property damage.

Environmental risks

In several jurisdictions, Bulten's business is subject to reporting and permit requirements. All of the Group's production plants are either required to apply for permits or regulated by the environmental laws of the country in which they operate. Bulten has received the permits and agreements required and complies with stipulated safety, reporting and control requirements. In addition, Bulten focuses on activities that reduce both internal and external environmental impacts.

IT-related risks

Bulten's operations are dependent on IT systems and hardware that support the management of the Group's production, logistics and order processing. Disruption to a system that supports the above may have a negative impact on the company's production and its ability to fulfil its delivery commitments. Bulten systematically manages IT-related risks through the Group's central IT department. Bulten has well-established procedures for information security and monitoring and control processes (ITGC). Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown.

Sensitivity analysis

Significant factors that affect Group profit are presented below. The analysis is based on year-end values and the assumption that all other factors remain unchanged.

- Fluctuation in sale prices is the variable with the largest impact on profit. A change of +/-1% in prices to customers affects profit before tax by SEK 32 (31) million.
- Trends in raw material prices and other direct materials, excluding salaries, affect Bulten's profit. Although a 1% change in raw material prices and other direct materials, excluding salaries, affects profit before tax by SEK 20 (19) million; like other players in this sector, however, Bulten can usually pass higher raw material costs on to its customers to compensate for the higher cost.
- Payroll costs comprise a major share of the Group's expenses. A 1% increase affects profit before tax by SEK 6 (6) million.
- A percentage point change in interest rates on average net debt with variable interest rates affects profit before tax by SEK 7 (4) million. With the exception of the Group's lease liabilities, no portion of the net debt is subject to fixed interest rates.
- For a description of Bulten's exposure to currency fluctuations, see 'Currency risk' on page 61.

NOTE 6 INCOME

The Group manufactures and sells fasteners. Income from product sales is recognized at the point when control of the product is transferred to the customer. This occurs most often once the delivery has been made to the customer and ownership rights have been transferred. Bulten's customers are mainly found in the automotive industries in Europe, Asia and the USA.

Income based on geographic location of subsidiaries

The Group receives most of its income from Northern Europe. The table below presents the distribution of the Group's income from external customers based on the geographic location of the subsidiaries.

SEK MILLION	2021	2020
Sweden	822	752
Germany	279	375
United Kingdom	1,820	1,568
Poland	38	38
China	507	260
USA	123	102
Other countries	141	100
Total income	3,730	3,195

Income by geographic market

The Group receives most of its income from Northern Europe. The table below presents the distribution of the Group's income from external customers based on the geographic market.

SEK MILLION	2021	2020
Sweden	438	401
Germany	233	298
United Kingdom	1,098	885
Poland	26	26
Rest of Europe	977	953
China	532	307
USA	168	139
Other countries	258	186
Total income	3,730	3,195

Income by customer group

Income is primarily from car manufacturers but also from heavy vehicles as well as other suppliers, so-called Tiers. Other income refers to income from outside of the automotive industry.

The table below presents the distribution of the Group's income from external customers, by customer group.

SEK MILLION	2021	2020
OEM Light vehicles	2,440	2,309
OEM Heavy commercial vehicles	380	310
Suppliers (Tiers)	583	409
Other	327	167
Total income	3,730	3,195

Income distributed between chassis and powertrains

The Group receives most of its income from chassis. Other income refers to income from outside of the automotive industry. The table below shows the Group's income distributed by chassis, powertrains and other.

SEK M	2021	2020
Chassis	2,749	2,402
Powertrains	654	624
Other	327	169
Total income	3,730	3,195

Income distributed by income category

Income comes primarily from in-house production and outsourced production. The table below shows the Group's income distributed by income category.

SEK MILLION	2021	2020
In-house production	2,048	1,829
Outsourced production	1,598	1,284
Other	84	82
Total income	3,730	3,195

The Group's customers

The Group's customers are primarily in the automotive industry. The Group has two external customers that each generate income greater than 10% of the Group's sales. Income from these customers amounted to SEK 1,378 (1,087) million and SEK 403 (413) million, which together constitute 47.8% (46.9) of sales. Underlying agreements with customers cover a wide range of products and have varying terms and counterparties.

ACCOUNTING POLICIES

Net sales consist of income from the sale of products and services. In accordance with IFRS 15, revenue recognition occurs when control of the goods/service is transferred to the customer based on a five-step model:

- Identify the contract with the customer
- Identify the various performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the various performance obligations
- Recognize revenue once the commitment has been fulfilled

At the start of a customer contract, Bulten determines to what extent the goods and/or services to be delivered constitute a performance obligation or several separate performance obligations. A performance obligation is defined as a distinct promise to provide a product or service. A product or service that has been promised is distinct if both of the following criteria are fulfilled:

- the customer can use the product or service separately or together with other resources that are available for the customer, and
- the Group's commitment to transfer the product or service to the customer can be distinguished from other commitments in the agreement.

When determining the transaction price, which is the compensation that is promised in the agreement, the Group considers potential variable compensation. The transaction price includes variable payments only if it is highly likely that a substantial reversal of the income is not expected to occur for a future period. Bulten only receives advance payments from customers to a limited extent. No customer agreements within the Group are considered to include a significant financing component.

Bulten allocates the transaction price for each performance obligation on the basis of an independent sale price. The independent sale price is the price at which the Group would sell the product or service separately to the customer.

Bulten recognizes the income when the Group fulfills a performance obligation by transferring a product or service to a customer, i.e. when the customer takes control of the asset. A performance obligation is fulfilled either over time or by a specific time.

Bulten's income is made up primarily of the sale of goods. Services related to sold goods make up a limited portion of revenues. The sale of goods is recognized as income when control of the products is transferred to the customer, which normally occurs in conjunction with delivery. Delivery occurs when the goods have been transported to the specific location, the risks of obsolete or lost items have been transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the time period for objections to the agreement has expired, or the Group has objective proof that all of the criteria for acceptance have been fulfilled. Services are recognized over time. For services that take place over a shorter period of time, the revenues are recognized in practice when the service has been completed.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Customer contracts exist in which the pricing of goods and services is based on forecast volumes in accordance with customer delivery plans. In periods when material unexpected volume changes occur, final remuneration may deviate from the invoiced remuneration. The Group regularly reconciles actual volume figures against delivery plans and adjusts remuneration systematically.

NOTE 7 OPERATING EXPENSES

The Group reports its income statement based on functions. The key cost items are presented below.

SEK MILLION	2021	2020
Changes in inventories, cost of goods sold	-2,504	-2,173
Costs for remuneration to employees and directors (Note 8)	-661	-599
- Government grants received (furlough support)	-	36
Depreciation/amortization (Note 10)	-168	-161
Other costs	-189	-171
Total costs for goods sold, sales and administration	-3,522	-3,068

ACCOUNTING POLICIES

The income statement is structured according to function. The functions are as follows:

'Cost of goods sold' refers to costs for goods management and manufacturing costs, including salary and material costs, services bought, costs of premises and depreciation and impairment of property, plant and equipment used in the procurement and production process.

'Administrative expenses' refers to costs for the boards, executive management teams and corporate functions in the Group, and depreciation and impairment of property, plant and equipment used in the Group's administration functions.

'Selling expenses' refers to costs for the Group's own sales organization, including costs for logistics centers and depreciation and impairment of property, plant and equipment used in the Group's sales organization. Allocations to, or reversals from, the credit reserve for doubtful receivables are also included under 'Selling expenses' in the income statement.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Government grants relating to covering costs are distributed and recognized as income in the income statement over the same periods as the costs the grants are intended to cover. No state subsidies were received in 2021. The previous year, Government grants totaling SEK 36 million were entered in the income statement as a reduction of operating payroll costs.

NOTE 8 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD OF DIRECTORS

AVERAGE NUMBER OF EMPLOYEES	NUMBER OF PEOPLE		OF WHOM MEN, %	
	2021	2020	2021	2020
Parent Company	8	8	38	38
Subsidiaries				
Sweden	330	325	81	80
Germany	154	159	79	81
Poland	527	523	80	79
United Kingdom	157	149	73	73
Romania	2	2	50	50
China	269	253	65	67
Hong Kong	1	1	–	–
Taiwan	83	58	74	69
Singapore	6	5	33	60
Russia	120	118	67	71
USA	16	15	58	73
Total for subsidiaries	1,665	1,608	75	76
Total average number of employees	1,673	1,616	75	76

GENDER DISTRIBUTION ON THE BOARD AND IN EXECUTIVE MANAGEMENT	NUMBER OF PEOPLE		OF WHOM WOMEN, %	
	2021	2020	2021	2020
Board of Directors	8	8	25	25
Executive management	8	9	50	33

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	SALARIES AND REMUNERATION		SOCIAL SECURITY EXPENSES	
	2021	2020	2021	2020
Parent Company	17	13	10	8
(of which pension costs)	–	–	3	3
Subsidiaries	495	460	139	118
(of which pension costs)	–	–	21	19
Total salaries, other remuneration and social security expenses	512	473	149	126
(of which pension costs)	–	–	24	22

SALARIES AND OTHER REMUNERATION ACCORDING TO COUNTRY, AND BETWEEN MANAGEMENT STAFF AND OTHER EMPLOYEES	MANAGEMENT STAFF ¹⁾		OTHER EMPLOYEES	
	2021	2020	2021	2020
Parent Company in Sweden	8	7	9	5
(of which bonus and similar)	2	–	1	–
Subsidiaries in Sweden	3	3	146	132
(of which bonus and similar)	1	–	6	0
Subsidiaries overseas				
Other countries in the EU	16	8	234	237
(of which bonus and similar)	1	0	2	1
Other countries	6	11	90	70
(of which bonus and similar)	1	1	7	4
Total	33	29	479	444
(of which bonuses and similar payments)	5	1	15	5

Pension costs for the Board and the President and CEO amount to SEK 4 (5) million in the Group.

¹⁾ Includes current and former Board members and their deputies, the President and CEO, and the Executive Vice President and CEO of the Parent Company and its subsidiaries.

The Chair of the Board and Board members receive remuneration as approved by the Annual General Meeting. The Annual General Meeting approved remuneration to the Board totaling SEK 2.3 (2.3) million, which was distributed in accordance with the decision of the AGM. The Chair of the Board received remuneration of SEK 0.6 (0.6) million. No Board remuneration is paid to employee representatives.

Remuneration to the President and CEO and other senior executives consists of an annual salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. In 2021, this group encompassed a total of 11 people, including the President and CEO. For the President and CEO and other senior executives, the salary is proposed by the remuneration committee and adopted by the Board. For the President and CEO, the variable short-term incentive (STI) is no more than 60% of their annual salary and the variable long-term incentive (LTI) is no more than 30% of their annual salary. For other senior

executives, the variable STI is no more than 40% of their annual salary and the variable LTI is no more than 25% of their annual salary. Variable remuneration is based on performance in relation to established targets. In 2021, the company has followed the applicable remuneration guidelines as adopted by the annual general meeting. In accordance with the guidelines for remuneration for senior executives, the Board decided on a special payment of variable remuneration (STI) for senior executives, which resulted in a payment of 30% of the maximum that could be paid for each senior executive. The decision was made on the basis of the company's long-term interests and was prepared in the customary way by the remuneration committee.

The President and CEO was paid an annual salary of SEK 3.7 (3.5) million for the year. Other senior executives received an annual salary totaling SEK 12.7 (17.9) million for the year.

For 2021, the President and CEO earned variable remuneration of SEK 1.7 (-) million. Other senior executives earned variable remuneration in 2021 totaling SEK 4.3 (0.1) million. The previous year, variable remuneration referred solely to allowances. Senior executives domiciled in Sweden have been offered a defined-contribution pension agreement based on premiums which amount to a maximum of 30% of the fixed annual salary in addition to the pension benefits to which each senior executive is entitled in accordance with the ITP plan. The ordinary retirement age for the President and CEO is 65. The pension cost for the President and CEO is primarily based on a defined-contribution plan and corresponds to 30% of the fixed salary, in addition there are pension benefits that the President and CEO is entitled to according to the ITP plan. Senior executives domiciled outside of Sweden may be offered pension solutions that are competitive in the country in which the persons are or have been domiciled or to which they have a significant link, preferably defined-contribution solutions. Defined-benefit pension solutions shall always be avoided where possible.

There is a mutual notice period of six months between the company and the President and CEO. Remuneration during the notice period is reduced to account for other income during this period. In the event of termination of employment initiated by the company prior to the President and CEO reaching retirement age, severance pay is equivalent to 12 months of salary. Severance pay is reduced to account for other income during this period. No severance pay is payable once the President and CEO has reached retirement age.

With regard to termination of employment for other senior executives, generally there is a mutual notice period of six months for the company and the employee. Severance pay is payable in addition to salary during the notice period and, together with the fixed salary during the notice period, may amount to a maximum of 6 months of salary.

Individuals domiciled outside Sweden may be offered notice periods and severance pay that are competitive for the country where they are or have been domiciled or with which they have a significant link, although these solutions shall preferably correspond to that which applies to senior executives domiciled in Sweden.

Incentive program 2019–2021 (LTI)

The Annual General Meeting held on April 25, 2019 resolved to establish a new, annually recurring, variable, long-term incentive (LTI) program that gives approximately 20 senior executives and key employees the opportunity to receive a bonus where the net amount of the bonus, after deductions for taxes, shall be used to acquire shares in Bulten. The incentive program does not entail any dilution for the company's shareholders if the shares are purchased in full on the stock market. The program involves the participants being given the opportunity each financial year to obtain a bonus for fulfilling a target set for that year regarding an increase in the company's earnings per share (profit per share) for the financial year compared to the previous financial year. The incentive program runs for three years from April 2019 to March 31, 2022. The cost of the program for the 2021 financial year is estimated to be a maximum of approximately SEK 9 million, including social security costs. The maximum award is 30% of basic salary for the President and CEO, and 25% for the rest of the executive management. As the performance targets have not been met, no LTI bonus has been paid for the 2019 and 2020 financial years. All of the participants in the program receive shares that are subject to a two-year holding lock.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES, MSEK	2021				2020			
	REMUNERATION ¹⁾ / BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION	REMUNERATION ¹⁾ / BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION
The Group								
The Board								
Ulf Liljedahl	0.6	–	–	–	0.6	–	–	–
Karin Gunnarsson (from April 23, 2020)	0.4	–	–	–	0.3	–	–	–
Hans Gustavsson	0.4	–	–	–	0.4	–	–	–
Christina Hallin (from April 23, 2020)	0.3	–	–	–	0.3	–	–	–
Hans Peter Havdal	0.3	–	–	–	0.3	–	–	–
Peter Karlsten	0.4	–	–	–	0.3	–	–	–
Senior executives								
Anders Nyström (President and CEO)	3.7	1.7	0.1	1.2	3.5	–	0.1	1.1
Other senior executives ²⁾ , 7 (8)	12.7	4.3	0.7	3.3	17.9	0.4	0.9	3.6

1) Refers to remuneration to the Board and committees.

2) Number on balance sheet date

ACCOUNTING POLICIES

Through the long-term share-based incentive program, the company can give shares to employee. The current incentive program has been designed as cash-settled payment with subsequent requirements to reinvest in shares (see the program description for further details). As a result, the program is deemed to be a cash-settled share-based payment in accordance with the rules in IFRS 2. The fair value of the Group's incentive programs are expensed over the vesting period, which corresponds to the period in which remuneration is earned and the services are performed. The fair value is estimated continuously based on the Group's best assessment of outcome and is recognized as a liability. The assessment of the total remuneration expected to be earned, is based on performance terms provided in the program description. Estimates are reviewed at the end of each reporting period and any discrepancies are recognized in the income statement with a corresponding adjustment to liabilities. In cases where the share-based payment is forfeited because the employee has not satisfied the conditions, the amount previously recognized for these instruments is reversed.

NOTE 9 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2021	2020
Audit engagement	4	5
<i>of which to PricewaterhouseCoopers AB</i>	2	2
Other audit activities	1	0
<i>of which to PricewaterhouseCoopers AB</i>	0	0
Tax advice	2	2
<i>of which to PricewaterhouseCoopers AB</i>	1	1
Other services	0	0
<i>of which to PricewaterhouseCoopers AB</i>	0	0
Total	7	7
<i>of which to PricewaterhouseCoopers AB</i>	3	3

'Audit engagement' refers to the examination of the financial statements and accounting records and the Board's and President and CEO's administration, other tasks that might be incumbent on the company's auditors, and advice or other assistance as a result of observations during the audit or the implementation of the other duties referred to. Auditing activities in addition to the audit engagement mainly comprise a general review of interim reports. Tax advice includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refers to advice not related any of the above categories of services.

NOTE 10 AMORTIZATION/DEPRECIATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

AMORTIZATION/DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY CLASS OF ASSET	2021	2020
Intangible assets	-1	-1
Property, plant and equipment		
- Buildings	-13	-12
- Plant and machinery	-77	-77
- Equipment, tools, fixtures and fittings	-16	-19
Right-of-use assets		
- Buildings	-52	-44
- Equipment	-9	-8
Total amortization/depreciation	-168	-161

AMORTIZATION/DEPRECIATION ACCORDING TO PLAN BY FUNCTION	2021	2020
Cost of goods sold	-127	-124
Selling expenses	-31	-28
Administrative expenses	-10	-9
Total amortization/depreciation	-168	-161

The assets are primarily machinery and other technical equipment.

NOTE 11 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	2021	2020
Gain on sale of non-current assets	0	0
Exchange gains on receivables/liabilities relating to operations	0	-
Government grant for relocation of factory in China	-	2
Repayment of pension contribution	5	-
Other operating income	7	6
Total other operating income	13	8

OTHER OPERATING EXPENSES	2021	2020
Loss from sale of non-current assets	-1	-1
Exchange losses on receivables/liabilities relating to operations	-	-21
Other operating expenses	-2	-2
Total other operating expenses	-3	-24

ACCOUNTING POLICIES

Other operating income and costs relate to secondary activities, such as income from e.g. administrative services, exchange rate differences for items relating to operations and capital gains on the sale of property, plant and equipment. Group profit relating to the sale of subsidiaries or joint ventures are also recognized here if recognition as divested business is not applicable.

NOTE 12 LEASE EXPENSES

	2021	2020
Short-term leases and low-value leases	-5	-9
Depreciation	-62	-52
Interest expenses, leasing	-11	-8
Variable lease fees paid	-	-
Total lease expenses	-78	-69

Short-term leases and leases for which the underlying asset is of low value are excepted from being recognized in the balance sheet. Interest expenses for leasing are included in financial expenses.

NOTE 13 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME		2021	2020
Interest income		1	0
Other		0	0
Total financial income		1	0
FINANCIAL EXPENSES		2021	2020
Interest expenses, leasing		-11	-8
Interest expenses, other		-6	-10
Exchange rate differences on loans		-0	-7
Other		-6	-4
Total financial expenses		-23	-29

ACCOUNTING POLICIES

Financial income and expenses comprise interest income from bank funds and receivables, interest expenses on borrowing, dividend income and exchange rate differences.

The interest component of lease liabilities and other financial liabilities is entered in the income statement in accordance with the effective interest method, whereby interest is divided so that each accounting period is charged with an amount based on the liability recognized during the period in question. Issue expenses and similar direct transaction costs for raising loans are included in the acquisition cost of the borrowing and are expensed in accordance with the effective interest method.

NOTE 14 EXCHANGE RATE DIFFERENCES AFFECTING PROFIT

	2021	2020
Exchange differences affecting operating profit/loss	0	-21
Exchange differences on financial items	-0	-7
Total exchange rate differences	-0	-28

NOTE 15 TAX

REPORTED TAX	2021	2020
Current tax		
Current tax for the year	-50	-35
Current tax related to earlier years	-2	1
Total current tax	-52	-34
Deferred tax expense (-)/tax income (+)		
Change in deferred tax	-4	-3
Total deferred tax	-4	-3
Total reported tax	-56	-37

Income tax relating to components of other comprehensive income amounts to SEK -0.0 (0.1) million and relates entirely to the revaluation of pension plans.

RECONCILIATION OF EFFECTIVE TAX	2021	2020
Profit before tax	210	87
Tax according to applicable tax rate for Parent Company 20.6% (21.4)	-43	-19
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-2	-2
Non-taxable income	4	6
Non-deductible expenses	-5	-8
Deferred tax for previous years' non-recognized temporary differences	-1	-2
Tax losses for which non-deferred tax is recognized	-8	-12
Utilization of loss carry-forwards not previously recognized	1	1
Adjustment for current tax related to earlier years	-2	1
Revaluation effect of change in tax rate	-	-0
Profit from joint ventures and associated companies after tax	2	1
Other	-2	-3
Tax on profit for the year according to the income statement	-56	-37

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	DEC 31, 2021	DEC 31, 2020	DEC 31, 2021	DEC 31, 2020
Machinery and equipment	0	0	23	16
Right-of-use assets	4	2	-	-
Inventories	6	4	-	-
Accounts receivable	1	0	-	-
Loss carry-forwards	2	2	-	-
Pensions	6	8	-	-
Other	2	2	0	-
Net recognition of receivables/liabilities in the same jurisdiction	-5	-9	-5	-9
Total	16	9	18	7

Deferred tax assets are recognized for tax loss carry-forwards to the extent that it is likely they can be benefited from through future taxable surpluses. As of December 31, 2021, the accumulated tax loss carry-forwards amount to SEK 2 (2) million. The Group has also calculated tax loss carry-forwards amounting to SEK 209 (165) million, of which SEK 103 (81) million attributable to China, SEK 49 (48) million to Russia, SEK 8 (6) million to the UK and SEK 49 (31) million to the USA, for which deferred tax assets are not recognized as of December 31, 2021. Of the total loss carry-forwards, SEK 1 million falls due in 2022, SEK 0 million in 2023, SEK 15 million in 2024, SEK 32 million in 2025, SEK 11 million in 2026, SEK 4 million in 2027, SEK 7 million in 2028, SEK 7 million in 2029, SEK 12 million in 2030 and SEK 132 million falls due in 2031 or later.

ACCOUNTING POLICIES

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or in equity.

Current tax is tax due for payment or receipt during the financial year in question. Adjustments to current tax related to earlier periods are also included in this item. Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the carrying amounts in the consolidated financial statements and the tax value of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be offset, and by applying the tax rates and tax regulations in effect or publicized on the balance sheet date in the countries where the Parent Company's subsidiaries and associated companies operate and generate taxable income.

Deductible temporary differences are not taken into consideration with respect to consolidated goodwill nor, in normal cases, to differences attributable to participations in subsidiaries that are not expected to be taxed in the foreseeable future. Deferred tax liabilities are not recognized if they arise due to a first recognition of goodwill. Neither is deferred tax recognized if it arises due to a transaction that is attributable to the first recognition of an asset or liability that is not a business acquisition and which, at the time of the transaction, affects neither recognized nor taxable profit. Deferred tax assets are recognized to the extent that it is probable that future taxable surpluses will be available against which the temporary differences may be utilized.

Untaxed reserves, including the deferred tax liability, are recognized in legal entities. In the consolidated financial statements, however, untaxed reserves are apportioned between deferred tax liability and equity. Deferred tax assets with respect to deductible temporary differences and loss carry-forwards are recognized only in so far as it is likely that these items will lead to lower tax payments in the future.

Deferred tax assets and liabilities are offset in the balance sheet where there is a legal offset option for current tax receivables and liabilities and where deferred tax receivables and liabilities are attributable to taxes collected by the same tax authority.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The accounting principles describe the conditions for recognizing deferred tax assets as temporary differences. In this context it is important that the executive management consider whether the business will recognize the tax surplus in a near enough time frame for the asset to be balanceable.

In countries where the management believes that the Group can benefit from future lower tax payments in the near future resulting from existing tax losses, a deferred tax asset is recognized.

As of December 31, 2021, the management's assessment was that it is probable that a tax surplus will occur for the Group's Swedish activities. This assessment is based on a tax surplus being recognized in 2021 and, based on existing business plans, this is expected to continue in the coming years.

At the same time, management determined that the tax losses of a combined SEK 209 (165) million from several overseas operations will not be able to be used within the foreseeable future. Based on this, they are not recognized as a deferred tax asset.

As of December 31, 2021, the Group is recognizing a deferred tax asset attributable to loss carry-forwards and other temporary tax differences amounting to SEK 16 (9) million.

NOTE 16 EARNINGS PER SHARE

EARNINGS PER SHARE	2021	2020
Profit for the year attributable to shareholders of Bulten AB (publ), SEK million	143	55
Weighted average number of outstanding shares before dilution	20,987,992	20,829,522
Weighted average number of outstanding shares after dilution	20,987,992	20,829,522
Profit per share (SEK) before dilution	6.85	2.66
Profit per share (SEK) after dilution	6.85	2.66

ACCOUNTING POLICIES

Basic earnings per share are calculated by dividing profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding for the financial year. Diluted earnings per share are calculated by dividing the profit for the period attributable to the Parent Company's shareholders by the Parent Company's weighted average number of shares outstanding after dilution.

NOTE 17 INTANGIBLE ASSETS

	DEC 31, 2021			DEC 31, 2020		
	GOODWILL	OTHER INTANGIBLE ASSETS ¹⁾	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS ¹⁾	TOTAL
Accumulated cost of acquisition						
At beginning of year	348	9	357	324	9	333
Business combinations	–	–	–	33	1	34
Acquisitions during the year	–	0	0	–	0	0
Reclassifications during the year	–	0	0	–	–	–
Divestments and disposals	–	-1	-1	–	0	0
Exchange differences during the year	6	2	8	-9	-1	-10
At year-end	354	10	364	348	9	357
Accumulated amortization according to plan						
At beginning of year	–	-6	-6	–	-6	-6
Divestments and disposals	–	1	1	–	0	0
Amortization according to plan	–	-1	-1	–	-1	-1
Exchange differences during the year	–	-1	-1	–	1	1
At year-end	–	-7	-7	–	-5	-5
Accumulated impairment						
At beginning of year	-120	–	-120	-120	–	-120
At year-end	-120	–	-120	-120	–	-120
Recognized value						
At beginning of year	228	4	232	204	4	208
At year-end	234	3	237	228	4	232

1) Relates primarily to license fees.

INTANGIBLE ASSETS BY COUNTRY

	DEC 31, 2021	DEC 31, 2020
Sweden	183	183
Poland	1	1
China	35	31
Russia	18	17
Others	0	0
Total intangible assets	237	232

Impairment requirement testing for goodwill

Recognized consolidated goodwill amounts to SEK 234 (228) million. Each year, the Group tests whether there is an impairment requirement with regard to goodwill. Goodwill is monitored by the management at operating segment level. The recoverable amounts for Bulten have been determined by calculating the value in use. Calculations are based on estimated future cash flows from financial plans that have been approved by the executive management and cover a period of three years.

Significant assumptions in the financial plans include sales growth, productivity developments and operating margins. These assumptions are determined based on published statistics for the development of the automotive industry, customers' model strategies and their long-term delivery plans as well as the executive management's assessment of the development of Group margins. The forecasts reflect historical levels, adjusted for expected growth and changes to customer contracts. Cash flows beyond the three-year period are extrapolated using an estimated growth rate resulting from assumed inflation of 2.0% (2.0). The forecast cash flow has been calculated at present value using a discount rate of 7.8% (7.8) before tax. The discount rate has been determined by calculating a weighted cost of own and borrowed capital.

In both 2021 and 2020 the estimated recoverable amount for Bulten exceeded the book value, which is why no impairment requirement has been identified.

Alternative calculations have been made by changing the assumptions concerning the required return on equity, growth rate and sustainable operating margin. A change in any of these individual assumptions of two percentage points would not result in any impairment requirement for goodwill related to Bulten.

ACCOUNTING POLICIES

Intangible assets

Expenditure on research and development

The Group conducts no research and development of the kind that is to be capitalized as an intangible asset. Expenditure is expensed as it arises. The Group only conducts development directly linked to customer orders. This process is preparatory in nature and is generally conducted ahead of the planned start of production.

Goodwill

Goodwill consists of the amount by which the cost of acquisition exceeds the fair value of the Group's proportion of the acquired subsidiary's/associated company's/joint venture's identifiable net assets at the time of acquisition. Goodwill upon acquisition of subsidiaries is recognized under intangible assets. Goodwill upon the acquisition of associated companies/joint ventures is included in the value of holdings in associated companies/joint ventures.

Goodwill is tested annually to identify any write-down requirement and is recognized at cost less accumulated impairment. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include the remaining carrying amount of the goodwill pertaining to the divested unit.

Goodwill is distributed between cash generating units upon testing to determine any impairment requirement. For business acquisitions where the cost of acquisition is less than the net of the fair value of the acquired assets and assumed liabilities and contingent liabilities, the difference is recognized directly in the income statement.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost of acquisition less accumulated amortization and impairment. Expenditures for internally generated goodwill and trademarks are recognized in the income statement as an expense as it is incurred. The Group's other intangible assets include acquired software licenses, which are set up as assets on the basis of expenditure arising when the software in question was acquired and started up. The expenditure is capitalized to the extent that the probable economic benefits exceed the expenditures.

Amortization

Amortization according to plan is based on the original cost of acquisition less any residual value. Amortization is applied on a straight-line basis over the useful life of the asset and is recognized as an expense in the income statement. Amortization takes place as of the accounting period in which the asset becomes available for use. Amortization for intangible assets is five years.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The impairment requirement for goodwill is assessed annually, or more frequently if needed, by calculating the recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. If the calculated value is less than the carrying amount, an impairment is made to the asset's recoverable amount. To determine the value in use, estimated future cash flows are used, which are based on internal business plans and forecasts. Although the executive management believes that the estimated future cash flows are reasonable, different assumptions regarding such cash flows could affect valuations substantially. In assessing the goodwill value of SEK 234 (228) million as of the end of 2021 and 2020, no impairment requirement was identified.

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

	DEC 31, 2021					DEC 31, 2020				
	LAND AND BUILDINGS ¹⁾	PLANT AND MACHINERY	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL ¹⁾	LAND AND BUILDINGS ¹⁾	PLANT AND MACHINERY	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL ¹⁾
Accumulated cost of acquisition										
At beginning of year	247	891	130	45	1,313	236	952	123	74	1,385
Business combinations	–	–	–	–	–	–	18	4	4	26
Acquisitions during the year	2	15	6	161	184	23	14	3	20	60
Reclassifications during the year	5	58	18	-81	–	-3	29	19	-45	–
Divestments and disposals	–	-10	-10	–	-20	–	-49	-9	0	-58
Exchange differences during the year	4	33	7	3	47	-9	-73	-10	-8	-100
At year-end	258	987	151	128	1,524	247	891	130	45	1,313
Accumulated depreciation according to plan										
At beginning of year	-55	-424	-67	–	-546	-44	-443	-64	–	-551
Reclassifications during the year	–	–	–	–	–	-1	1	–	–	–
Divestments and disposals	–	10	8	–	18	–	48	9	–	57
Depreciation according to plan	-13	-77	-16	–	-106	-12	-77	-19	–	-108
Exchange rate differences for the year	-1	-23	-5	–	-29	2	47	7	–	56
At year-end	-69	-514	-80	–	-663	-55	-424	-67	–	-546
Accumulated impairment										
At beginning of year	–	-44	–	–	-44	–	-44	–	–	-44
At year-end	–	-44	–	–	-44	–	-44	–	–	-44
Recognized value										
At beginning of year	192	423	63	45	723	192	465	59	74	790
At year-end	189	429	71	128	817	192	423	63	45	723

1) Of which land, SEK 50 (53) million.

PROPERTY, PLANT AND EQUIPMENT BY COUNTRY

	DEC 31, 2021	DEC 31, 2020
Sweden	250	276
Germany	77	86
United Kingdom	23	18
Poland	283	196
Russia	46	43
China	98	72
USA	25	24
Taiwan	15	8
Total property, plant and equipment	817	723

ACCOUNTING POLICIES

Property, plant and equipment are recognized as assets in the balance sheet when, on the basis of available information, it is likely that the future economic benefit associated with their possession will pass to the Group, and the asset's cost of acquisition can be reliably calculated. Property, plant and equipment are recognized at their cost of acquisition less accumulated depreciation and any impairments. Land is not subject to depreciation.

The cost of acquisition includes the purchase price and costs directly attributable to bringing the asset to the location and the condition necessary for it to be utilized for its intended purpose. Also included are estimated costs for dismantling and removing the assets, as well as restoring the site or area where such costs are generated.

The cost of acquisition of non-current assets manufactured in-house includes expenses for materials, remuneration to employees, direct manufacturing costs and the cost of borrowing where a substantial period of time is needed to prepare the asset for its intended use.

Subsequent costs are added to an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will pass to the Group and the cost of acquisition of the asset can be measured reliably. The carrying amount of the replaced part is derecognized from the balance sheet. All other repairs and maintenance are expensed in the income statement in the period in which they arise.

The carrying amount for property, plant and equipment is derecognized from the balance sheet upon its disposal or divestment, or when no future economic benefits are expected from its use. Profit from the divestment or disposal consists of the selling price and carrying amount of the asset less direct selling expenses. This is recognized as other operating income/expense.

Principles for depreciating property, plant and equipment

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

The following depreciation periods are applied:

ACQUIRED PROPERTY, PLANT AND EQUIPMENT	NUMBER OF YEARS
Buildings	15 TO 40
Plant and machinery	5 TO 14
Equipment, tools, fixtures and fittings	3 TO 10

Impairment

Assets that are depreciated are assessed for a reduction in value when events or changes in conditions indicate that the carrying amount may not be recoverable. A write-down is carried out for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

NOTE 19 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	DEC 31, 2021			DEC 31, 2020		
	BUILDINGS	EQUIPMENT	TOTAL	BUILDINGS	EQUIPMENT	TOTAL
Accumulated cost of acquisition						
At beginning of year	404	27	431	293	22	315
Acquisitions during the year	1	8	9	129	8	137
Reclassifications during the year	10	3	13	–	–	–
Divestments and disposals	-1	-2	-3	-1	-3	-4
Exchange differences during the year	18	0	18	-17	0	-17
At year-end	432	36	468	404	27	431
Accumulated depreciation according to plan						
At beginning of year	-83	-11	-94	-44	-6	-50
Reclassifications during the year	–	–	–	–	–	–
Divestments and disposals	1	2	3	1	3	4
Depreciation according to plan	-53	-9	-62	-44	-8	-52
Exchange differences during the year	-2	0	-2	4	0	4
At year-end	-137	-18	-155	-83	-11	-94
Recognized value						
At beginning of year	321	16	337	249	16	265
At year-end	295	18	313	321	16	337

RIGHT-OF-USE ASSETS PER COUNTRY

	DEC 31, 2021	DEC 31, 2020
Sweden	27	32
Germany	55	64
United Kingdom	26	29
Poland	84	89
China	20	23
USA	78	77
Taiwan	22	23
Other countries	1	0
Total right-of-use assets	313	337

LEASE LIABILITIES

	DEC 31, 2021	DEC 31, 2020
Long-term interest-bearing lease liabilities	277	300
Current interest-bearing lease liabilities	56	47
Total interest-bearing lease liabilities	333	347

Lease expenses, see Note 12.

CASH OUTFLOW FOR LEASES

Total cash outflow for leases in 2021 amounts to SEK 76 (70) million.

ACCOUNTING POLICIES

The Group as lessee

The Group's leases primarily comprise right-of-use assets regarding premises and equipment. The leases are recognized as right-of-use assets with a corresponding lease liability on the day the leased asset becomes available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are excepted.

Each lease payment is distributed between repayment of lease liability and financial expense. The financial expense shall be distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognized in the respective period.

The lease period is established as the non-terminable period together with both periods covered by an opportunity to extend the lease if the lessee is reasonably certain to utilize that option, and periods covered by an opportunity to terminate the lease if the lessee is reasonably certain not to utilize that option.

The Group's lease liabilities are entered at the present value of the Group's fixed fees (including fees which are substantially fixed). Call options are included in the fees if it is reasonably certain that these will be utilized to acquire the underlying asset. Penalty fees which are charged on termination of the lease are included if the lease period reflects the fact that the lessee will utilize an opportunity to terminate the lease. Lease payments that will be made for reasonably certain extension options are also included in the valuation of the liability.

The lease payments are discounted by the lease's imputed rate of interest if this interest rate can easily be established, otherwise the Group's incremental borrowing rate is used. The Group determines the incremental borrowing rate on the basis of the base interest rate for each currency and the term, plus the Group's borrowing margin for each class of asset. The weighted average incremental borrowing rate for the company's leases amounted to 2.64% (2.62). The Group is exposed to any future increases in lease payments based on an index or interest rate that are not part of the lease liability until they come into effect. When adjustments to lease payments based on an index or interest rate come into effect, the lease liability is revalued and adjusted against the right-of-use asset.

The Group's right-of-use assets are recognized at cost of acquisition and initially include the present value of the lease liability, adjusted for lease fees paid on or before the start date, as well as initial direct costs.

Principles for depreciating right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the length of the lease. Depreciation according to plan is based on original acquisition values.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Options to extend and terminate agreements are included in a number of the Group's leases for buildings and equipment. The great majority of the options to extend and terminate agreements can only be utilized by the Group and not by the lessors. Once the length of the lease has been determined, the management team considers all the available information that provides an economic incentive to utilize an option to extend, or not to utilize an option to terminate an agreement. Opportunities to extend an agreement are only included in the length of the lease if it is reasonably certain that the agreement will be extended (or not be terminated).

NOTE 20 OTHER LONG-TERM RECEIVABLES

ACCUMULATED COST	DEC 31, 2021	DEC 31, 2020
At beginning of year	3	3
Repayments, outgoing receivables	-2	-2
Other additional receivables	1	2
Reclassification	2	-
Translation differences	0	0
Carrying amount at year-end	4	3

NOTE 21 INVENTORIES

	DEC 31, 2021	DEC 31, 2020
Raw materials and consumables	86	55
Products in progress	153	132
Finished products and goods for resale	636	515
Total inventories	875	702

The cost of inventories that have been expensed is included in the item 'Cost of goods sold'.

Impairment for the year of inventories to their net selling price amounts to SEK 13 (40) million. The impairment has been recognized in the income statement as the cost of goods sold. During the year, the Group reversed SEK -5 (-4) million of previous impairments of inventories. The amount is included in the cost of goods sold. The total reserve for obsolescence at year-end was SEK 70 (59) million.

ACCOUNTING POLICIES

Inventories are stated at the lower of their cost of acquisition and net selling price. The cost of acquisition is calculated by applying the first-in, first-out principle (FIFO) and includes costs arising upon acquisition of the inventory assets, transport to their current location and bringing them to their current condition. The net selling price is the estimated selling price in the ordinary course of business, less estimated costs for completion and effecting a sale. The valuation thereby takes into account the risk of obsolescence. For manufactured goods and work in progress, the cost of acquisition includes a reasonable proportion of indirect production costs. The valuation takes into account normal capacity utilization.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group is reporting a total inventory value of SEK 875 (702) million. An obsolescence reserve is recognized if the estimated net selling price is lower than the cost of acquisition, and in connection therewith, the Group makes estimates and assumptions regarding, among other things, future market conditions and estimated net selling prices. The risk of obsolescence arises especially in periods when there is an unexpected drop in demand. Additionally, obsolescence can occur if the Group is not successful in adjusting inventory levels in conjunction with customers phasing out vehicle models from their production.

NOTE 22 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE	DEC 31, 2021	DEC 31, 2020
Accounts receivable	749	681
Minus credit reserve	-5	-6
Total accounts receivable	744	675

Accounts receivable are amounts collectible from customers from the sale of the Group's products and services. In the event that these are expected to be settled more than 12 months after the balance sheet date, they are classified as 'Other long-term receivables'.

Accounts receivable are recognized initially at the transaction price. The Group holds accounts receivables in order to collect contractual cash flows and therefore values them at the amortized cost using the effective interest method at subsequent reporting times.

Carrying amounts for each currency for the Group's accounts receivable are as follows:

ACCOUNTS RECEIVABLE FOR EACH CURRENCY	DEC 31, 2021	DEC 31, 2020
SEK	43	41
EUR	346	436
USD	133	46
GBP	37	35
PLN	1	1
CNY	134	104
Others	50	12
Total accounts receivable	744	675

Assessed impairment of accounts receivable

For accounts receivable, the Group applies the simplified approach to a credit reserve for doubtful receivables, i.e. the reserve will correspond to the expected loss over the entire lifespan of the accounts receivable. In order to measure the expected credit losses, the accounts receivables have been grouped based on their external credit rating or the payment history of the counterparty. Expected credit losses are listed in the consolidated statement of comprehensive income under selling expenses. Accounts receivable and current receivables are written off when there is no reasonable expectation of repayment.

These customers normally pay on the agreed due date and the Group has a history of very low credit losses. Losses on accounts receivable in relation to the Group's net sales amounted to 0.00% (0.00) in 2021. The age analysis of accounts receivable is as below.

AGE ANALYSIS, ACCOUNTS RECEIVABLE	DEC 31, 2021	DEC 31, 2020
Less than 3 months	67	64
3 to 6 months	3	1
More than 6 months	8	4
Total accounts receivable due	78	69

Change in credit reserve receivables is listed below.

CHANGE IN CREDIT RESERVE	DEC 31, 2021	DEC 31, 2020
At beginning of year	-6	-5
Change in credit reserve	-3	-3
Receivables written off during the year as non-recoverable	2	1
Reversal of unutilized amounts	2	0
Exchange differences during the year	0	1
At year-end	-5	-6

Other categories of current receivables, i.e. 'Prepaid expenses and accrued income' and 'Other receivables' do not include any assets which have an impairment requirement or anticipated future loss risks. The same applies for 'Other long-term receivables'. The maximum exposure to credit risk as of the balance sheet date is the fair value of each category of receivables mentioned above. For all these categories of receivables the fair value is essentially considered to correspond to the book value.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group regularly transfers a share of outstanding accounts receivable to a third party. The investments are based on framework agreements and conditions that, as a whole, have been assessed to mean that the risks and benefits associated with the accounts receivable are, essentially, transferred to the buyer based on a test in accordance with IFRS 9 - Financial Instruments. As of December 31, 2021, the value of transferred accounts receivable amounted to SEK 69 (44) million.

NOTE 23 OTHER RECEIVABLES

	DEC 31, 2021	DEC 31, 2020
Receivable attributable to VAT	47	22
Other receivables	11	9
Total other receivables	58	31

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	DEC 31, 2021	DEC 31, 2020
Prepaid rent	3	2
Prepaid licenses	2	4
Prepaid insurance	5	5
Other prepaid expenses	16	15
Other accrued income	28	38
Total prepaid expenses and accrued income	54	64

NOTE 25 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

The Group classifies its financial instruments in the following categories: financial assets valued at fair value either via the income statement or other comprehensive income or financial assets valued at the amortized cost. The classification of investments in debt instruments depends on the Group's business model for handling financial assets and the contractual terms for the cash flow of the assets. The management determines the classification of financial assets upon their first recognition. The Group only has financial assets in the amortized cost category.

Financial assets at amortized cost

Assets that are held for the purposes of collecting contractual cash flows, and where the cash flows only constitute capital amounts and interest are valued at the amortized cost. They are included under current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as non-current assets. Interest income from these financial assets is recognized using the effective interest method and included in financial income. The Group's financial assets that are valued at the amortized cost are made up of the items accounts receivable, other long-term receivables, and cash and cash equivalents.

FINANCIAL ASSETS	AMORTIZED COST DEC 31, 2021	AMORTIZED COST DEC 31, 2020
Other long-term receivables	4	3
Accounts receivable	744	675
Cash and cash equivalents	242	236
Total	990	914

Investments in joint ventures and associated companies, see Note 34.

ACCOUNTING POLICIES

Purchases and sales of financial assets are taken up on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and rewards associated with ownership. Financial assets are initially valued at the fair value plus, in those cases where the asset has not been recognized at fair value via the income statement, transaction costs directly attributable to the purchase. After the acquisition date, they are reported at the amortized cost by applying the effective interest method.

Financial assets and liabilities are offset and reported on a net basis in the balance sheet when a legal right to offset the carrying amounts exists and there is an intention to settle them on a net basis or to simultaneously realize the asset and settle the debt. The legal right must not be dependent on future events and it must be legally binding for the company and counterparty, both during normal business activities and in the event of order cancellation, insolvency or bankruptcy.

The Group assesses the future anticipated credit losses that are connected to assets recognized at amortized costs. The Group recognizes a credit reserve for such anticipated credit losses at each reporting date. The loss reserve regarding financial assets is based on assumptions about the risk of default and anticipated losses. The Group makes its own assessments of the assumptions and choices regarding input data for calculating the impairment. These are based on history, known market conditions and forward-looking estimates at the end of each reporting period. For assessment of the credit reserve for accounts receivable, see Note 22.

Financial liabilities

The Group classifies its financial liabilities in the categories of: liabilities valued at amortized cost and derivative instruments. Financial liabilities are distributed in the balance sheet using the following amounts:

FINANCIAL LIABILITIES	AMORTIZED COST DEC 31, 2021	AMORTIZED COST DEC 31, 2020
Long-term interest-bearing liabilities	603	547
Current interest-bearing liabilities	277	130
Accounts payable	563	593
Total	1,443	1,270

ACCOUNTING POLICIES

Interest-bearing liabilities

The accounting policies for other interest-bearing liabilities are presented in Note 30, Interest-bearing liabilities to credit institutions, and Note 19, Right-of-use assets and lease liabilities.

Accounts payable

Accounts payable are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if they fall due within one year or earlier. If not, they are recognized as long-term liabilities.

Derivative instruments and hedging instruments

At the end of 2021 and 2020 the Group had no derivative contracts.

Fair value

In the event that fair value deviates from the book value, information about fair value is presented in the relevant note. On the balance sheet dates in 2021 and 2020 there were no financial assets and liabilities recognized at fair value.

NOTE 26 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as of December 31, 2020	20,987,992	20,987,992
Number of shares outstanding as of December 31, 2021	20,987,992	20,987,992

The total number of ordinary shares as of December 31, 2021 amounts to 21,040,207. The quotient value per share is SEK 0.50.

All issued shares are fully paid. As of December 31, 2021, Bulten AB has 52,215 shares in its own custody.

ACCOUNTING POLICIES

Equity is divided between capital attributable to Parent Company shareholders and non-controlling interests. Value transfers in the form of e.g. dividends from the Parent Company and the Group shall be based upon the Board's established statement on the proposed dividend. This statement has to take into account the legal precautionary rules to avoid dividends greater than what financial coverage exists for.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized net after tax in equity as a deduction from the issue settlement. When financial liabilities are eliminated through the repayment of part or all of the loan being through issued shares, the shares are valued at fair value and the difference between this value and the book value of the loan is recognized in the income statement. In the event that the lender is, directly or indirectly, a shareholder and acts as a shareholder, the issued amount corresponds to the book value of the financial liability which is thereby eliminated (so-called set-off issue). In this way, there is no gain or loss to recognize in the income statement.

Other contributed capital

Refers to equity contributed by the owners.

NOTE 27 OTHER RESERVES

	TRANSLATION RESERVE	
	2021	2020
Opening balance	-25	74
Exchange differences	56	-95
Other comprehensive income attributable to joint venture	1	-4
Closing balance	32	-25

ACCOUNTING POLICIES

Translation reserve

The translation reserve covers currency differences that arise as a result of translating the income statements and balance sheets of all Group companies into the Group's reporting currency.

NOTE 28 NON-CONTROLLING INTERESTS

The following tables present summarized financial information for subsidiaries that have non-controlling interests and that are essential to the Group. Information for the owner company (Rus Fasteners B.V.) and the underlying operating company (Bulten Rus LLC) is presented as one consolidated unit.

SUMMARIZED INCOME STATEMENT	2021	2020
Profit/loss items		
Income	75	55
Earnings after tax	5	-13
Other comprehensive income		
Exchange differences	3	-14
Total comprehensive income	8	-27
Attributable to		
Parent Company shareholders	5	-17
Non-controlling interests (37%)	3	-10
Total comprehensive income	8	-27

SUMMARIZED BALANCE SHEET	DEC 31, 2021	DEC 31, 2020
Assets		
Non-current assets	46	43
Current assets	49	39
Total assets	95	82
Liabilities		
Non-current liabilities	5	9
Current liabilities	43	34
Total liabilities	48	43
Net assets	47	39
Total net assets attributable to non-controlling interests (37%)	17	14

SUMMARIZED CASH FLOW	2021	2020
Cash flow from operating activities	6	-6
Cash flow from investing activities	-4	-5
Cash flow from financing activities	-4	13
Cash flow for the year	-2	2

ACCOUNTING POLICIES

Non-controlling interests

The Group applies the principle of treating transactions with non-controlling interests as transactions with the Group's shareholders. For purchases from non-controlling interests, the difference between the compensation paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized in equity. Gains and losses on divestments to non-controlling interests are also recognized in equity.

NOTE 29 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Remuneration to employees after completed employment is primarily made by way of payments to insurance companies or authorities, which thereby assume the obligations in relation to the employees, known as 'defined-contribution pensions'. The largest defined-benefit plans are in Sweden (FPG/PRI). For defined-benefit plans the company's costs and the value of the outstanding obligation are calculated using actuarial calculations, which aim to determine the present value of the obligations issued. Interest is classified as a financial expense. Other expense items are distributed in operating profit under the cost of goods sold, selling expenses or administrative expenses, depending on the employee's position. The Group also has pension obligations of SEK 15 (21) million secured through capital insurance, which means that any changes in pension obligations will be fully compensated through equivalent changes in the value of the capital insurance. Pension commitments are recognized as contingent liabilities and capital insurance as pledged assets.

DEFINED-BENEFIT PENSION PLANS AND SIMILAR OBLIGATIONS	DEC 31, 2021	DEC 31, 2020
FPG/PRI	9	10
Other retirement pensions in Swedish companies	1	1
Retirement pensions in foreign companies	8	8
Other long-term remuneration to employees	4	2
Total defined-benefit pension plans and similar obligations	22	21

Pension commitments relating to defined-benefit pension plans are valued-based on the assumptions shown in the table below.

PENSION COMMITMENTS	SWEDEN	
	2021	2020
Discount rate, %	0.9	0.5
Inflation, %	2.2	1.5

There is no further vesting in the defined-benefit system in Sweden. Consequently, the Group's pension commitment is based on an unchanged rate of pay increase. The discount rate is determined based on the market rate as of the balance sheet date for housing bonds in Sweden.

Risk exposure and sensitivity analysis

The liabilities of defined-benefit pension plans are determined using a discount rate based on mortgage bonds with a duration corresponding to the average remaining term of the obligation (seven years). A reduction in the interest rate on corporate bonds of 0.5 percentage points will mean an increase of SEK 0.3 million in the liabilities of the plan. Since the plans are unfunded, a reduced bond rate would increase liabilities without a corresponding increase in the value of plan assets.

DEFINED-VALUE OBLIGATIONS AND VALUE OF PLAN ASSETS	DEC 31, 2021	DEC 31, 2020
Present value of defined-benefit obligations	24	23
Fair value of plan assets	-2	-2
The Group's net obligation in respect of defined-benefit pension plans	22	21
- of which, provisions for pensions	20	20
- of which, current interest-bearing liabilities	2	1

RECONCILIATION OF NET OBLIGATION RELATING TO DEFINED-BENEFIT OBLIGATIONS	DEC 31, 2021	DEC 31, 2020
Opening net debt	21	16
Acquired pension provision	-	5
Pension expense (+)/income (-) for the period	2	4
Pension payments	-3	-3
Revaluation effect of changed assumptions after tax	1	-0
Translation difference	1	-1
Closing net debt	22	21

SPECIFICATION OF TOTAL EXPENSES FOR REMUNERATION AFTER TERMINATION OF EMPLOYMENT AS RECOGNIZED IN THE INCOME STATEMENT	2021	2020
Costs relating to defined-benefit plans		
Costs for service during current year	-2	-4
Interest expenses	-0	-0
Total costs relating to defined-benefit plans	-2	-4
Costs relating to defined contribution plans	-22	-18
Total costs recognized in the income statement	-24	-22
Revaluation effect recognized in 'Other comprehensive income' (after tax)	-1	-2

ASSETS PLEDGED FOR PENSION COMMITMENTS	DEC 31, 2021	DEC 31, 2020
Capital insurance - Direct pensions ¹⁾	21	21
Total	21	21
Amount of the provision item expected to be paid after more than 12 months	10	20

¹⁾ Pension obligations are secured by way of capital insurance, which means that any changes to the pension obligation will be fully compensated by a corresponding change in value of the capital insurance. Both pension commitments and the capital insurance are recognized in Note 33.

ACCOUNTING POLICIES

Pension obligations

The Group's companies have different pension systems in accordance with local terms and generally accepted practice in the countries in which they operate.

The predominant form of pension is a defined-contribution plan. These plans mean that the company settles its commitment systematically by way of payments to insurance companies or pension funds.

Conversely, pension plans that are based on an agreed future pension entitlement, known as defined-benefit pension plans, mean that the company has a greater responsibility in which, for instance, assumptions about the future have an impact on the company's recognized cost. The Group's net obligation is calculated separately for each plan by estimating the future remuneration that the employees have earned through their employment both in current and previous periods; this remuneration is discounted to a present value.

The liability recognized in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period less the fair value of plan assets. The defined-benefit obligation is calculated annually by independent actuaries using the so-called projected unit credit method.

The present value of the defined-benefit obligation is determined by discounting estimated future cash flows using the interest rates of high-quality corporate bonds denominated in the same currency as that in which the remuneration will be paid and with maturities comparable to the current pension obligation.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognized in 'Other comprehensive income' in the period in which they arise.

Costs for service in earlier periods are recognized directly in the income statement.

Remuneration upon termination of employment

Remuneration upon termination of employment is payable when an employment relationship is terminated by the Group before the normal retirement age or when an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognizes severance pay when it is demonstrably obliged either to terminate employees as part of a detailed formal plan without any possibility of revocation or to provide remuneration upon termination of employment as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Other long-term remuneration to employees

'Other long-term remuneration to employees' refers to the Group's defined-benefit obligations in accordance with a plan that gives employees a flexible transition from employment to retirement. The plan aims to enable flexible service as agreed between the employer and the employee. The Group's defined-benefit obligation is determined annually by applying the so-called projected unit credit method. Unlike the recognition required for defined-benefit pension obligations, revaluations of the obligation are recognized in the income statement and not in other comprehensive income.

Bulten Polska S.A. has a long-term obligation to its employees that is classified as a defined-benefit plan. In accordance with local labor law, each employee is entitled to one-time compensation when employment in the company is terminated.

NOTE 30 INTEREST-BEARING LIABILITIES TO CREDIT INSTITUTIONS

LONG-TERM INTEREST-BEARING LIABILITIES	DEC 31, 2021	DEC 31, 2020
Bank overdraft facilities	–	–
Other interest-bearing liabilities	326	247
Long-term interest-bearing liabilities	326	247
Which mature between 1 and 5 years	326	247
Which mature after more than five years	–	–
Total	326	247

The fair value is considered to correspond to the book value of the Group's financial liabilities because the interest-bearing liabilities incur interest corresponding to market rates. The Group has special loan covenants that must be fulfilled with respect to external lenders and encompass ratios such as EBITDA, net debt/equity and financial expenses. All covenants were met in both 2021 and 2020.

The company is primarily financed through Svenska Handelsbanken via a credit facility that was extended by SEK 550 million at the end of 2021 and thereby now totals SEK 1,300 million. The credit facility covers up to the end of June 2024, with an option for another year. There is also a financing agreement with Danske Bank with credit totaling EUR 12 million.

BANK OVERDRAFT FACILITIES	DEC 31, 2021	DEC 31, 2020
Approved overdraft facilities	274	152
Unutilized portion	-190	-152
Utilized credits	84	0

ACCOUNTING POLICIES

Borrowing

Borrowing is initially recognized at fair value. Borrowing is subsequently recognized at its amortized cost of acquisition, and any difference between the amount received and the repayment amount is recognized in the income statement over the loan period using the effective interest method.

Borrowing, including bank overdraft facilities, is classified under current liabilities unless the Group has an unconditional right to defer the payment of the liability for at least 12 months after the balance sheet date.

NOTE 31 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	DEC 31, 2021	DEC 31, 2020
Shares in subsidiaries	1,674	1,510
Real estate mortgages	74	–
Chattel mortgages	436	135
Other long-term receivables	1	1
Total pledged assets for liabilities to credit institutions	2,185	1,646

NOTE 32 ACCRUED EXPENSES AND PREPAID INCOME

	DEC 31, 2021	DEC 31, 2020
Accrued salaries, including holiday pay	66	46
Accrued social security costs	29	26
Other accrued expenses	58	53
Prepaid income	13	13
Total accrued expenses and prepaid income	166	138

NOTE 33 CONTINGENT LIABILITIES

	DEC 31, 2021	DEC 31, 2020
Pension obligations in addition to those accounted for as liabilities or provisions ¹⁾	21	21
Other contingent liabilities	7	7
Total contingent liabilities	28	28

¹⁾ Of which SEK 21 (21) million in pension obligations is secured by way of capital insurance, which means that any changes to the pension obligation are fully compensated by a corresponding change in value of the capital insurance.

NOTE 34 HOLDINGS IN JOINT VENTURES AND ASSOCIATED COMPANIES

The Group has participating interests in companies where its share of ownership is between 20% and 50%, which are recognized as holdings in associated companies or joint ventures. The companies and respective holdings are specified in Note 3.

The Group has a shareholding of 60% in a joint venture, BBB Services Ltd, which supplies fasteners to major projects primarily relating to engines. The company is based in Scunthorpe, UK. BBB Services Ltd also has a wholly owned subsidiary in Romania. The holding is recognized according to the equity method as an investment in a joint venture as there is a joint controlling interest according to shareholder agreements. In 2021, the operations of BBB Services Ltd. have been limited. The Group's share of net assets amounts to SEK 1 (2) million.

Ram-Bul LLC in the USA did not conduct any significant activities in 2021 from a Group perspective. The holding is recognized according to the equity method as an investment in a joint venture. The Group's share of net assets amounts to SEK 0 (0) million.

Through the acquisition of PSM International, the Group has become a part-owner in a number of new joint ventures with holdings of 50%. The holdings are recognized according to the equity method as investments in joint ventures. The Group's share of net assets in these joint ventures totals SEK 51 (44) million.

The Group has a holding in the associated company Tension-Cam Systems AB. The Group's holding is 27%. The holding is recognized according to the equity method. The Group's share of net assets amounts to SEK 6 (6) million and the carrying amount is SEK 6 (6) million.

None of the Group's joint ventures or associated companies are deemed to be significant from a financial reporting perspective.

THE GROUP'S HOLDINGS IN JOINT VENTURES AND ASSOCIATED COMPANIES	DEC 31, 2021	DEC 31, 2020
Opening balance	50	3
Holdings in joint ventures acquired during the year	–	44
Holdings in associated companies acquired during the year	–	6
Holdings in associated companies divested during the year	-4	–
Share of profit for the year	14	5
Dividends during the year	-2	-3
Other comprehensive income	1	-4
Closing balance	59	50

The Group has no contingent liabilities relating to joint ventures other than the responsibility of the Group for the quality of items supplied by Bulten to the companies in accordance with normal delivery and commercial terms for the industry.

ACCOUNTING POLICIES

Holdings in associated companies are recognized using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. For joint ventures, the Group applies IFRS 11 Joint Arrangements.

Under IFRS 11 an interest in a joint arrangement is classified as either a joint operation or a joint venture, depending on the contractual rights and obligations of each investor.

The Group has assessed its joint arrangements and determined that they are joint ventures. Joint ventures are recognized using the equity method.

Under the equity method, investments in joint ventures are initially recognized in the consolidated statement of financial position at their cost of acquisition. The carrying amount is subsequently increased or decreased to take into account the Group's share of profit and other comprehensive income from its joint ventures after the acquisition date. The Group's share of profit included in consolidated profit and the Group's share of other comprehensive income is included in other comprehensive income in the Group.

When the Group's share of losses in a joint venture is equal to or exceeds its holding in the joint venture (including any long-term receivables which actually form part of the Group's net investment in the joint venture), the Group recognizes no further losses unless the Group has assumed formal or informal obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's holdings in joint ventures. Unrealized losses are also eliminated unless the transaction indicates an impairment of the transferred asset.

NOTE 35 CASH FLOW, NET DEBT

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2021	2020
Depreciation/amortization of non-current assets	168	161
Unrealized currency gains/losses	-5	13
Profit from participations in joint ventures	-14	-5
Profit from the sale of fixed assets	0	1
Other non-cash-affecting items	-	-1
Total adjustments for items not included in cash flow	149	169

INTEREST PAID AND RECEIVED	2021	2020
Interest paid	-17	-18
Interest received	-	-

CASH AND CASH EQUIVALENTS	DEC 31, 2021	DEC 31, 2020
Cash and bank accounts	242	236
Total cash and bank accounts	242	236

'Cash and cash equivalents' in the balance sheet and cash flow statement refers solely to cash and bank accounts. Outstanding bank funds of SEK 242 (236) million are, in their entirety, placed in banks with the highest credit rating from leading credit institutions.

CHANGE IN NET CASH/NET DEBT	2021	2020
Net debt (-) at the start of the year	-458	-565
Change in bank overdraft facilities and other financial liabilities	-216	21
Change in lease liabilities	14	-80
Changes in provisions for pensions	-0	-5
Change in interest-bearing receivables	-1	-1
Change in cash and cash equivalents	6	172
Net debt (-)	-655	-458
Less interest-bearing liabilities attributable to lease liabilities	332	347
Adjusted net debt (-)	-323	-112

REPORT ON CASH FLOW	JAN 1, 2021	CASH FLOW	CHANGES NOT AFFECTING CASH FLOW				DEC 31, 2021
			LEASING	PENSION	OTHER	EXCHANGE RATE DIFFERENCES	
Long-term interest-bearing lease liabilities	-300	-	42	-	-	-19	-277
Other long-term interest-bearing liabilities	-247	-76	-	-	-	-3	-326
Provision for pensions	-20	-	-	1	-	-1	-20
Current interest-bearing lease liabilities	-47	62	-71	-	-	-	-56
Other current interest-bearing liabilities	-83	-137	-	-1	-	-	-221
Total	-697	-151	-29	0	-	-23	-900
Financial interest-bearing receivables	3	-2	-	0	-	0	1
Cash and cash equivalents	236	-8	-	-	-	14	242
Total	239	-10	-	0	-	14	243
Total	-458	-161	-29	0	-	-9	-655

REPORT ON CASH FLOW	JAN 1, 2020	CASH FLOW	CHANGES NOT AFFECTING CASH FLOW				DEC 31, 2020
			LEASING	PENSION	OTHER	EXCHANGE RATE DIFFERENCES	
Long-term interest-bearing lease liabilities	-225	-	-53	-	-	-22	-300
Other long-term interest-bearing liabilities	-334	148	-	-	-55	-6	-247
Provision for pensions	-15	-3	-	-3	-	1	-20
Current interest-bearing lease liabilities	-42	55	-60	-	-	-	-47
Other current interest-bearing liabilities	-17	-38	-	-	-27	-1	-83
Total	-633	162	-113	-3	-82	-28	-697
Financial interest-bearing receivables	4	-2	-	1	-	0	3
Cash and cash equivalents	64	174	-	-	-	-2	236
Total	68	172	-	1	-	-2	239
Total	-565	334	-113	-2	-82	-30	-458

ACCOUNTING POLICIES

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The recognized cash flow covers only transactions resulting in receipts or disbursements.

In addition to cash and bank balances, cash and cash equivalents also include short-term financial investments that are subject to only a negligible risk of value fluctuation and which can be traded on an open market in known amounts or which have a remaining term of less than three months from the acquisition date.

NOTE 36 RECONCILIATION BETWEEN IFRS AND KEY INDICATORS USED

ADJUSTED NET SALES, ORGANIC GROWTH	2021	2020
Net sales	3,730	3,195
Acquisitions	-78	–
Currency effect, current year	110	–
Adjusted net sales	3,762	3,195

In calculating adjusted net sales and organic growth, net sales are adjusted for the currency effect of the current period and, in specific cases, adjustments are made for net sales from completed acquisitions. This item is an expression of comparable net sales from the previous year.

OPERATING PROFIT, EXCLUDING DEPRECIATION/AMORTIZATION, EBITDA	2021	2020
Operating profit (EBIT)	232	116
Depreciation/amortization and impairments	168	161
Operating profit excl. depreciation/ amortization (EBITDA)	400	277

In calculating operating profit, excluding depreciation/amortization (EBITDA), depreciation/amortization and impairment are added back to operating profit (EBIT). This item is an expression of operating profit cleared of depreciation/amortization, which in turn is based on investments.

ADJUSTED OPERATING PROFIT, EXCLUDING DEPRECIATION/AMORTIZATION, ADJUSTED EBITDA	2021	2020
Operating profit, excluding depreciation/amortization (EBITDA)	400	277
Relocation costs	–	-2
Restructuring costs	–	-1
Adjusted operating profit excl. depreciation/amortization (EBITDA)	400	274

In calculating adjusted operating profit, excluding depreciation/amortization (adjusted EBITDA), non-recurring items are added back to operating profit (EBIT). This measure expresses the operating profit, excluding depreciation/amortization, cleared of non-recurring items.

ADJUSTED OPERATING PROFIT, ADJUSTED EBIT	2021	2020
Operating profit (EBIT)	232	116
Relocation costs	–	-2
Restructuring costs	–	-1
Adjusted operating profit (EBIT)	232	113

In calculating the adjusted operating profit (EBITDA), non-recurring items are added back to operating profit (EBIT). This measurement provides a figure for the operating profit, cleared of non-recurring items.

ADJUSTED NET INCOME	2021	2020
Net income	154	50
Relocation costs	–	-2
Restructuring costs	–	-2
Adjusted net income	154	48

In calculating adjusted net income, non-recurring items are added back to net income. This measurement provides a figure for net income, cleared of non-recurring items.

ADJUSTED NET DEBT	DEC 31, 2021	DEC 31, 2020
Net debt (-)	-655	-458
Less interest-bearing liabilities attributable to financial leases	332	347
Adjusted net debt (-)	-323	-112

In calculating adjusted net debt, interest-bearing liabilities attributable to finance leases of SEK 332 (347) million are deducted from net debt, of which SEK 306 (316) million is attributable to IFRS 16 Leases. This measurement provides a figure for a refined financial structure excluding lease liabilities.

NOTE 37 TRANSACTIONS WITH RELATED PARTIES

Information about remuneration to senior executives is provided in Note 8, Employees, employee benefit expenses and remuneration to the Board.

The following transactions with related parties were made with BBB Services Ltd (joint venture), Ram-Bul LLC (joint venture) and joint ventures within PSM Group. All transactions were made on market terms under the arm's-length principle.

TRANSACTIONS WITH JOINT VENTURES	2021	2020
Sale of goods	39	43
Other income	0	–
Accounts receivable	10	11

ACCOUNTING POLICIES

Transactions with related parties

Transactions have been made with related parties on terms equivalent to those that prevail in commercial transactions.

The internal prices of transactions between Group companies are based on the arm's-length principle (i.e. between parties that are independent of each other and well informed and that have an interest in the transactions).

NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

The past two years have posed challenges that the company has handled well under the prevailing circumstances. The challenges remain, and change character to some extent. From a macroeconomic perspective the challenges are the ongoing effects of COVID-19 and the current geopolitical uncertainty surrounding Russia's invasion of Ukraine. The latter led the company to discontinue the operation in Russia, a decision made in early March 2022.

This will not have a material impact on the company's income as domestic sales in Russia correspond to 1.6% of total annual sales. The exit might involve write-downs.

There are no other significant events to report after the closing day.

BALANCE SHEET, PARENT COMPANY

SEK MILLION	NOTE	2021	2020
Net sales	2	18	23
Gross profit		18	23
Administrative expenses	3.4	-42	-38
Operating profit/loss		-24	-15
Interest income		0	1
Interest expenses and similar loss items	5	-4	-7
Profit after net financial items		-28	-21
Appropriations	6	37	33
Profit before tax		9	12
Tax on profit for the year	7	-2	-3
Profit after tax		7	9

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	2021	2020
Earnings for the year	7	9
Other comprehensive income	-	-
Total comprehensive income for the year	7	9

PARENT COMPANY'S CASH FLOW STATEMENT

SEK MILLION	2021	2020
Operating activities		
Profit after financial items	-28	-21
Adjustments for items not included in cash flow	-3	-4
Taxes paid	-1	-
Cash flow from operating activities before changes in working capital	-32	-25
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in operating receivables	27	-14
Increase(+)/Decrease(-) in operating liabilities	5	-15
Cash flow from operating activities	0	-54
Investing activities		
Change in financial assets	-	1
Cash flow from investing activities	-	1
Financing activities		
Repayment	-100	-150
Changes in financial receivables/liabilities, Group companies	142	203
Dividend to Parent Company shareholders	-42	-
Cash flow from financing activities	-	53
Cash flow for the year	0	0
Cash and cash equivalents as of beginning of the financial year	-	-
Cash and cash equivalents at the end of the year	0	0

PARENT COMPANY'S BALANCE SHEET

SEK MILLION	NOTE	DEC 31, 2021	DEC 31, 2020
ASSETS			
Non-current assets			
Intangible assets		0	0
Property, plant and equipment		1	1
Total intangible assets and property, plant and equipment		1	1
Financial non-current assets			
Participations in Group companies	8, 10	1,450	1,450
Other long-term receivables		1	1
Total financial non-current assets		1,451	1,451
Total non-current assets		1,452	1,452
Current assets			
Current receivables			
Receivables from Group companies		37	69
Current tax receivables		1	1
Prepaid expenses and accrued income		2	3
Total current receivables		40	73
Cash and cash equivalents		0	0
Total current assets		40	73
Total assets		1,492	1,525

SEK MILLION	NOTE	DEC 31, 2021	DEC 31, 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	9	11	11
Statutory reserve		99	99
Total restricted equity		110	110
Premium reserve		1,133	1,133
Profit brought forward		-153	-118
Total unrestricted equity		980	1,015
Total equity		1,090	1,125
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	10	–	100
Liabilities to Group companies		383	287
Total long-term liabilities		383	387
Current liabilities			
Accounts payable		1	2
Liabilities to Group companies		0	0
Other liabilities		6	4
Accrued expenses and pre-paid income		12	7
Total current liabilities		19	13
Total equity and liabilities		1,492	1,525

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL EQUITY
	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS	
Opening balance as of January 1, 2020	11	99	1,133	-195	1,048
Comprehensive income					
Profit for the year	-	-	-	9	9
Total comprehensive income	-	-	-	9	9
Transactions with shareholders					
Issue of ordinary shares during a business combination ¹⁾	-	-	-	68	68
Total transactions with shareholders	-	-	-	68	68
Closing balance as of December 31, 2020	11	99	1,133	-118	1,125
Comprehensive income					
Profit for the year	-	-	-	7	7
Total comprehensive income	-	-	-	7	7
Transactions with shareholders					
Dividend to Parent Company shareholders (SEK 2.00 per share)	-	-	-	-42	-42
Total transactions with shareholders	-	-	-	-42	-42
Closing balance as of December 31, 2021	11	99	1,133	-153	1,090

1) Refers to shares in own custody used as payment in business combinations.

NOTE 1 ACCOUNTING POLICIES

The Parent Company applies standard RFR 2 Accounting for legal entities, issued by the Swedish Financial Reporting Board. Financial reporting for legal entities. RFR 2 states that parent companies of groups that voluntarily choose to apply IAS/IFRS in their consolidated financial statements shall, as a rule, also apply the same IAS/IFRS. The Parent Company therefore applies the policies used for the consolidated financial statements and which have been described in Note 4 of the consolidated financial statements, with the exceptions stated below. The policies have been applied consistently for all years presented, unless otherwise stated. Shares and participations in subsidiaries are recognized at their cost of acquisition after deductions for impairment where relevant.

Dividends received are recognized as financial income. Dividends that exceed the subsidiary's comprehensive income for the period or which mean that the book value of the participation's net assets in the consolidated financial statements are lower than the book value of the participations are an indication of an impairment requirement. When there is an indication that shares and participations in subsidiaries have fallen in value, an estimate is made of the recoverable value. If this is lower than the carrying amount, impairment is carried out. Impairment is recognized under 'Profit from participations in Group companies'.

Shareholder contributions are reported directly under equity by the recipient and are activated as shares and participations by the contributor to the extent that impairment is not necessary.

Group contributions are recognized by applying the so-called alternative rule in accordance with RFR 2, IAS 27, p.2. The alternative rule means that contributions both received and paid are recognized as an appropriation in the income statement.

The Parent Company applies the items that are specified in RFR 2 (IFRS 9 Financial Instruments, pp. 3-10), whereby financial instruments are valued at their cost of acquisition. During subsequent periods, financial assets that were acquired with the intention of being held in the short-term will be recognized at the lower of the cost of acquisition or the fair market value, in accordance with the lowest value principle.

When calculating the net sales value of receivables that are recognized as current assets, the principles of impairment testing and loss risk reserves in IFRS 9 shall be applied. The Parent Company only has intra-Group receivables, where the loss risk is considered negligible. The Parent Company's income consists solely of intra-Group invoicing. The income is recognized over time as the services are used.

The Parent Company does not apply IFRS 16 to legal persons in accordance with the exception in RFR 2.

NOTE 2 NET SALES

	2021	2020
Intra-Group services	18	23
Other income	–	–
Total net sales	18	23

Intra-Group services include management, IT services and administrative support. Debiting took place on market terms.

NOTE 3 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD

The company has 8 (8) employees. Note 8 to the consolidated financial statements presents total remuneration paid to Board members and senior executives.

AVERAGE NUMBER OF EMPLOYEES	2021	2020
Women	5	5
Men	3	3
Total	8	8

SALARIES, REMUNERATION, SOCIAL SECURITY COSTS AND PENSION EXPENSES	2021	2020
Salaries and remuneration to Board members, the President and CEO and the Executive Vice President	8	7
Salaries and remuneration to other employees	9	6
Total salaries and remuneration	17	13
Social security costs in accordance with legislation and agreements	6	5
Pension expenses for Board members, the President and CEO and the Executive Vice President	2	2
Pension costs, other employees	2	2
Total social security costs and pension expenses	10	8
Total	27	21

NUMBER OF BOARD MEMBERS ON THE BALANCE SHEET DATE	2021	2020
Women	2	2
Men	6	6
Total	8	8

NUMBER OF PRESIDENTS AND OTHER SENIOR EXECUTIVES	2021	2020
Women	3	2
Men	1	1
Total	4	3

NOTE 4 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2021	2020
Audit engagement	2	2
Other audit activities	0	0
Tax advice	1	1
Other services	0	0
Total remuneration to and reimbursement of auditors	3	3

'Audit engagement' refers to the examination of the financial statements and accounting records and the Board's and President and CEO's administration, other tasks that might be incumbent on the company's auditors, and advice or other assistance as a result of observations during the audit or the implementation of the other tasks referred to.

'Other audit activities' in addition to the audit engagement mainly comprises a general review of interim reports. 'Tax advice' includes advice on income tax, including internal pricing issues, and VAT. 'Other services' refers to advice not related to any of the above categories of services.

NOTE 5 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	2021	2020
Interest expenses, external	-0	-4
Interest expenses, Group companies	-3	-2
Other	-1	-1
Total interest expenses and similar profit/loss items	-4	-7

NOTE 6 APPROPRIATIONS

	2021	2020
Group contributions received	37	33
Group contributions paid	-	-
Total appropriations	37	33

NOTE 7 TAX ON PROFIT FOR THE YEAR

REPORTED TAX	2021	2020
Current tax		
Current tax for the year	-2	-3
Total current tax	-2	-3
Deferred tax expense (-)/ tax income (+)		
Deferred tax on temporary differences	-	-
Total deferred tax	-	-
Total reported tax	-2	-3
RECONCILIATION OF EFFECTIVE TAX	2021	2020
Profit before tax	9	12
Tax according to applicable tax rate	-2	-3
Tax effect of:		
Non-deductible expenses	-0	-0
Tax on profit for the year according to the income statement	-2	-3

NOTE 8 PARTICIPATIONS IN GROUP COMPANIES

	DEC 31, 2021	DEC 31, 2020
At beginning of year	1,450	1,382
Shareholders' contribution	-	68
At year-end	1,450	1,450

SPECIFICATION OF PARENT COMPANY'S PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./REGISTERED OFFICE	PARTICIPATION, %	RECOGNIZED VALUE
	DEC 31, 2021	DEC 31, 2020
Bulten Holding AB, 556224-0894, Gothenburg	100%	1,450
At year-end		1,450

The share of capital in the above holding is equivalent to the share of voting rights.

NOTE 9 SHARE CAPITAL

	ORDINARY SHARES	TOTAL NUMBER OF SHARES
Number of shares outstanding as of December 31, 2020	20,987,992	20,987,992
Number of shares outstanding as of December 31, 2021	20,987,992	20,987,992

The total number of ordinary shares as of December 31, 2021 amounts to 21,040,207. The quotient value per share is SEK 0.50. All issued shares are fully paid.

NOTE 10 PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS

	DEC 31, 2021	DEC 31, 2020
Shares in subsidiaries	1,450	1,450
Total pledged assets for liabilities to credit institutions	1,450	1,450

NOTE 11 CONTINGENT LIABILITIES

	DEC 31, 2021	DEC 31, 2020
Guarantees in favor of Group companies	7	5
Other contingent liabilities	1	1
Total contingent liabilities	8	6

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Intra-Group sales and services are conducted between the Parent Company and Group companies. See Note 2 (Net sales). Other transactions with related parties during the year are shown in Note 3 (Employees, employee benefit expenses and remuneration to the Board of Directors) as well as interest expenses which appear in Note 5 (Interest expenses and similar items). Transactions with related parties have taken place on terms equal to those which apply for transactions on business terms.

DECLARATION AND SIGNATURES

The Board of Directors and the President and CEO confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated financial statements have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated financial statements give a true and fair view of the Group's and Parent Company's financial position and profit. The Board of Directors' Report gives a true and fair view of the Group's and the Parent Company's operations, position and profit, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

Gothenburg, April 6, 2022

Ulf Liljedahl
Chair of the Board

Karin Gunnarsson
Board member

Hans Gustavsson
Board member

Christina Hallin
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Joakim Stenberg
Employee representative

Harri Åman
Employee representative

Anders Nyström
President and CEO

Our auditor's report was submitted on April 6, 2022
PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bulten AB (publ) for the year 2021 except for the corporate governance statement and the sustainability report on pages 98-103 and 105-122 respectively. The annual accounts and consolidated accounts of the company are included on pages 47-93 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 parent company and the group as of 31 December 2021 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 2021 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. Our opinions do not cover the corporate governance statement and the sustainability report on pages 98-103 and 105-122 respectively. 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 additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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 includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies 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 scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the Managing Director and Board of Directors 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 Board of Directors and the Managing Director 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 six main subsidiaries (based in a total of four different countries).

For four units that we did not consider it appropriate to conduct a full audit for, we instructed our component auditors to perform specified procedures and limited 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, and holds digital meetings with the component auditors.

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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. 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 judgment, 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.

Key audit matter

Inventory obsolescence

As of December 31, 2021, the Group recognizes inventories of SEK 875 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 (26%) of the Group's total assets. A key assessment that the executive management needs to undertake in the valuation of inventories is 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.

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 the mathematical correctness in the company's reports of items that have not moved in the inventory for an extended period for some entities and in other entities 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 with management and reviewed minutes of board meetings and other important management meetings 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 December 31, 2021.

Information other than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46, 104 and 124-130. The other information also includes the remuneration report which we received prior to this audit report. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate threats or countermeasures.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bulten AB (publ) for the year 2021 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 Director's 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' 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 fulfill 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 for the company; or
- 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 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinions

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 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #38b600ec6827e43c1e31abef45501f4ae6177d59fb6215f6824168c438f05edd 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 Bulten AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director 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 judgment, 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.

PricewaterhouseCoopers AB, 113 21 Stockholm, was appointed auditor of Bulten AB by the general meeting of the shareholders on the 28 April 2021 and has been the company's auditor since 8 September 2004. Bulten AB (publ) has been company of public interest since 20 May 2011.

Gothenburg, April 6, 2022
PricewaterhouseCoopers AB

Johan Palmgren
Certified Public Accountant

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 May 20, 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.

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.

Composition of the Board in 2021

The table below provides an overview of the composition of the Board in 2021. Additional information about Board members can be found on page 124.

NAME	BOARD ROLE	ELECTED/ APPOINTED	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
Karin Gunnarsson	Member	2020	Member	-	Yes	Yes
Hans Gustavsson	Member	2005	-	Chair	Yes	Yes
Christina Hallin	Member	2020	-	-	Yes	Yes
Hans Peter Havdal	Member	2013	-	Member	Yes	Yes
Peter Karlsten	Member	2015	Member	-	Yes	Yes
Joakim Stenberg	Employee representative	2020	-	-	-	-
Harri Åman	Employee representative	2020	-	-	-	-
Niklas Malmberg *	Employee representative	2020	-	-	-	-

*) Deputy

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. The 2021 AGM resolved to authorize the Board to acquire the company's own shares up to 10% of all outstanding shares and to authorize new share issues of up to 10% dilution of all shares in the company.

Besides the AGM, additional general meetings may be convened. In accordance with the Articles of Association, all general meetings of shareholders 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 AGM 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 2021 the company had a total of 9,841 (7,583) shareholders. The five largest shareholders controlled 48.8% (49.9) of capital and votes at the end of the year. The single largest shareholder, and the only shareholder to represent more than 10% of the shares, Volito AB, controlled 24.0% (23.8) of the capital and votes.

Annual General Meeting 2022

Bulten AB (publ) will hold its Annual General Meeting on Thursday April 28, 2022 at 5 pm CET in Gothenburg, Sweden.

NOMINATION 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 Chair of the Board. The three largest shareholders refers to the three largest shareholders considered to be owner groups and 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 nomination committee.

The instructions for the nomination committee were adopted at the AGM held on April 28, 2021. The nomination 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. Frank Larsson was appointed Chair of the nominations committee.

NOMINATION COMMITTEE	COMPANY
Frank Larsson	Handelsbankens Fonder
Maria Rengefors	Nordea Fonder
Viktor Henriksson	Carnegie Fonder
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 25% 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 2021

Attendance of Board members at Board meetings in 2021.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Ulf Liljedahl	13/13
Karin Gunnarsson	13/13
Hans Gustavsson	13/13
Christina Hallin	13/13
Hans Peter Havdal	13/13
Peter Karlsten	12/13
Joakim Stenberg	11/13
Harri Aman	13/13
Niklas Malmberg*	1/13

*) Deputy

Evaluation of Board activities in 2021

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 nomination committee receives the report and the conclusions and outcomes of the Board in their entirety.

AUDIT COMMITTEE

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

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	6/6
Karin Gunnarsson	6/6
Peter Karlsten	6/6

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 corporate management. In addition, the remuneration committee shall monitor and evaluate programs for variable remuneration to the corporate 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 corporate management. The members of the committee must together possess the requisite knowledge and experience in matters relating to the remuneration of senior executives. The remuneration committee has no special decision-making powers.

NAMES OF THE BOARD MEMBERS	ATTENDANCE/TOTAL NUMBER OF MEETINGS
Hans Gustavsson	7/7
Ulf Liljedahl	7/7
Hans Peter Havdal	6/7

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 April 28, 2021 decided that a total fixed remuneration of SEK 2,110,000 shall be paid to the Board of Directors for the period until the next AGM, of which SEK 485,000 shall be paid to the Chair and SEK 325,000 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, in addition to the above, 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 executives

Pursuant to the decision of the AGM on April 28, 2020, which is valid for up to four years if no new guidelines are adopted, 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 executives comprises an annual salary, variable remuneration, pension and other benefits. Every senior executive shall be offered an annual 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. For the President and CEO and other senior executives, the salary is proposed by the remuneration committee and adopted by the Board. For the President and CEO, the variable short-term incentive (STI) is no more than 60% of their annual salary and the variable long-term incentive (LTI) is no more than 30% of their annual salary. For other senior executives, the variable STI is no more than 40% of their annual salary and the variable LTI is no more than 25% of their annual salary. Variable remuneration is based on performance in relation to established targets.

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

EXECUTIVE MANAGEMENT

In 2021, the executive management consisted of 11 members: the President and CEO, Chief Financial Officer (CFO), Chief Commercial Officer, Chief Operating Officer, Senior Vice President HR and Sustainability, Senior Vice President Purchasing and Quality, Senior Vice President Corporate Communications and IR, Senior Vice President Technology and Innovation. 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. See page 125.

INTERNAL AUDIT

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 2021 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 ensuring compliance with the established policies for financial reporting and 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 Chief Financial Officer (CFO) reports the results of her 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 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 Chief Financial Officer (CFO) plays 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 internal 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 Johan Palmgren 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 major 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 2021, in addition to the audit assignment, Bulten mainly consulted PwC on taxes, transfer price matters and accounting matters. The remuneration paid to PwC in 2021 is shown in Note 9 on page 70.

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, April 6, 2022

Ulf Liljedahl
Chair of the Board

Karin Gunnarsson
Board member

Hans Gustavsson
Board member

Christina Hallin
Board member

Hans Peter Havdal
Board member

Peter Karlsten
Board member

Joakim Stenberg
Employee representative

Harri Åman
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 2021 presented on pages 98-103 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.

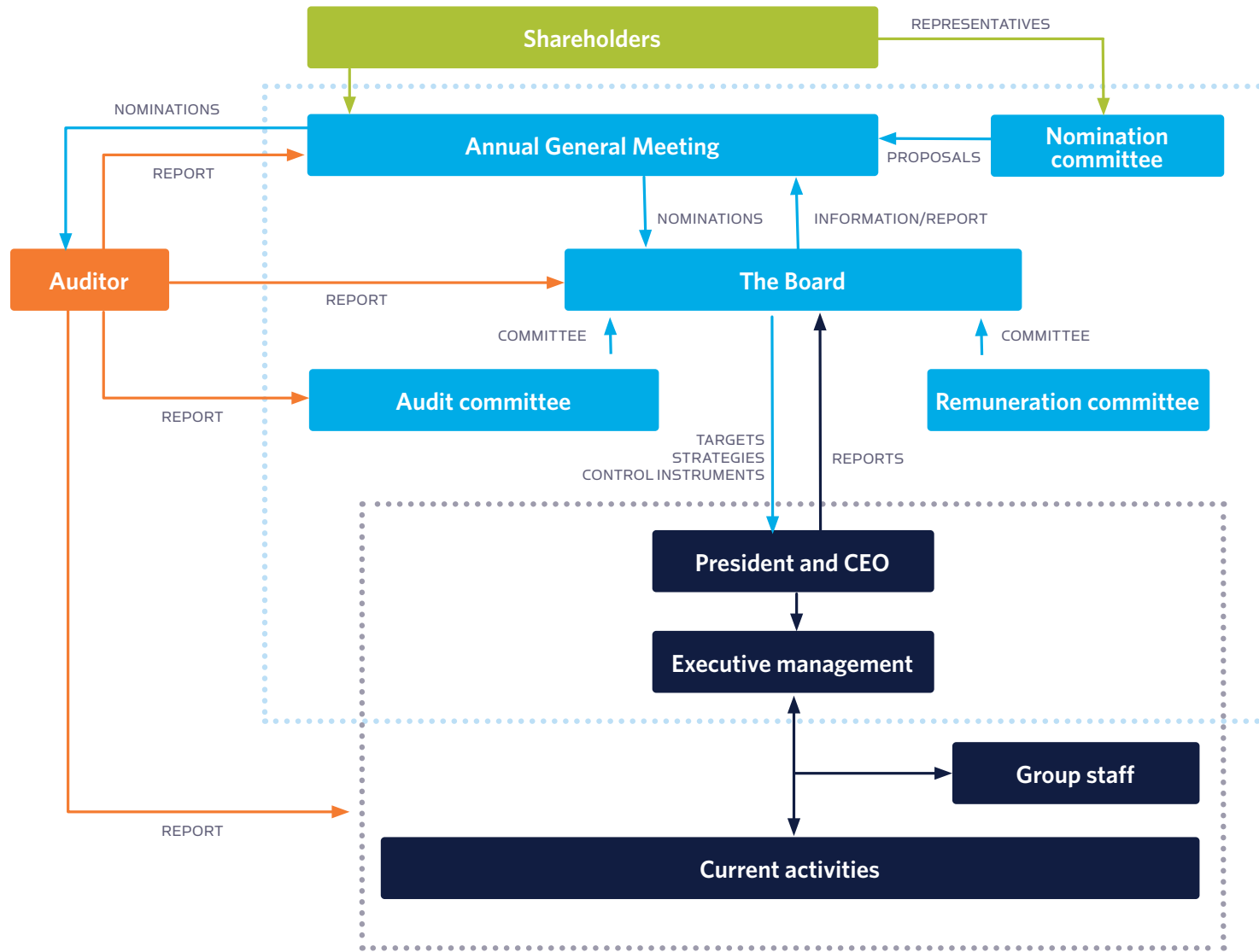
Statement

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, April 6, 2022
PricewaterhouseCoopers AB

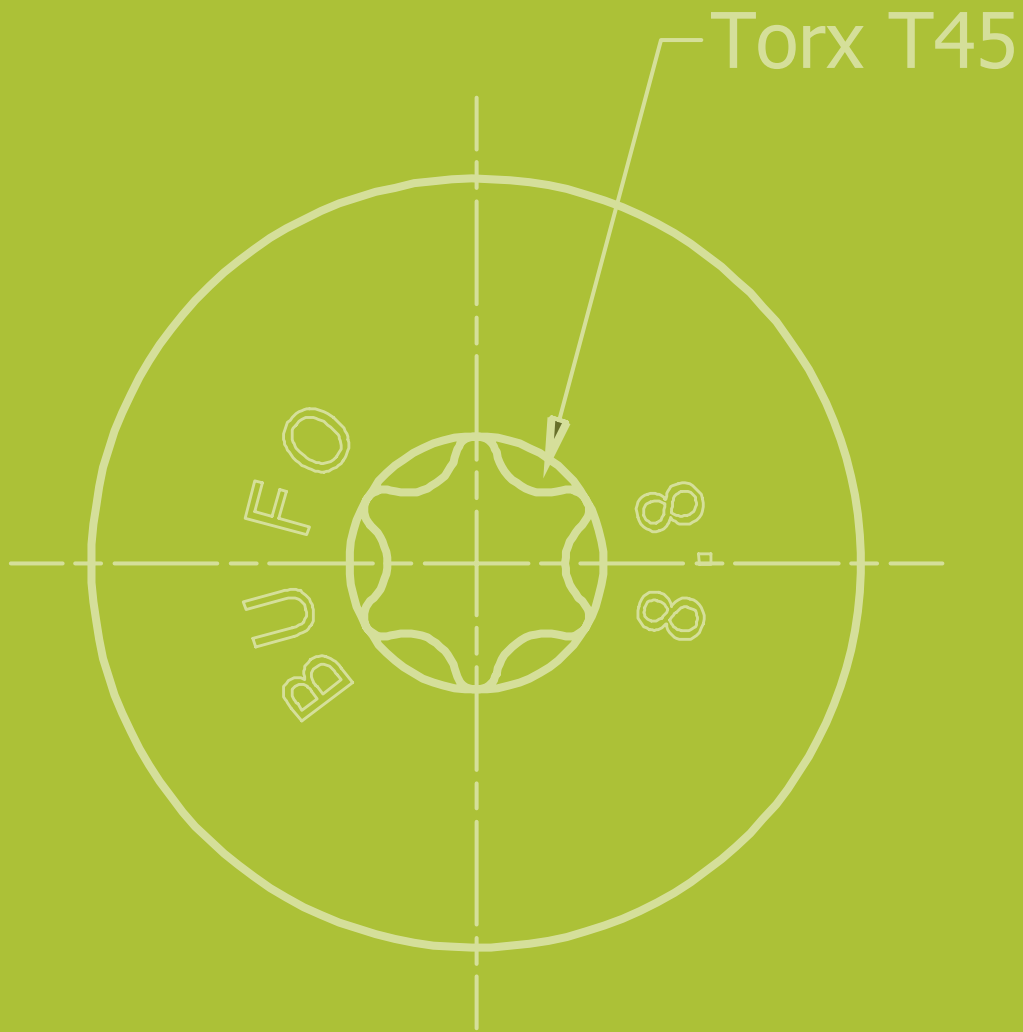
Johan Palmgren
Certified Public Accountant

OVERVIEW OF CORPORATE GOVERNANCE



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SUSTAINABILITY REPORT AND REPORTING

The aim of the reporting is to provide an overview of our sustainability work. It is an integral part of the Annual Report and is prepared in line with GRI Standards, Core level, as summarized in a GRI content index on page 118. The sustainability reporting encompasses the Group and all subsidiaries covered by the requirement on sustainability reporting, and is reported out on pages 11-15 and 106-122 and is audited by a third party, PricewaterhouseCoopers, see page 123.

In 2021 we published our fourth Communication on Progress (CoP) on the UN Global Compact website. The UN Global Compact is a voluntary initiative which aims to guide companies to implement and assure compliance with internationally accepted sustainability principles.

The company submitted its climate goals for 2030 to the Science Based Target initiative at the end of 2021, and expects a decision after the first quarter of 2022. See page 112, Note 8.

For the statutory sustainability report, please see: business model, pages 16–21; risks, pages 38–41 and 61–65; environmental issues, pages 11–14, 31, 34, 109, 111–114; social issues, pages 13–15, 108–111 and 115, Note 11, page 117, Note 14; personnel, pages 11, 15, 108–111 and 115, Note 11; human rights, pages 13–15, 38–41, 110 and 117, Note 14; anti-corruption, pages 11, 38–41 and 111, Note 5; taxonomy, page 106 (see below). The company's business model is presented continuously in the various sections of the annual report, and financial and administration information and Notes are to be found for example in the Financial information section.

EU taxonomy

During 2020, the EU adopted the Taxonomy Regulation. Bulten has analyzed its operations based on the screening criterias. Bulten's economic activities are categorized as manufacturing industry. The screening criteria published for manufacturing industry during this reporting period do not encompass Bulten's economic activities. Bulten consequently has no revenue from activities that is included in the taxonomy. The taxonomy also includes CAPEX and OPEX. A few of the investments made by Bulten in 2021 are in activities encompassed by the EU taxonomy. Annex 1: Activity 3.5; energy-efficient equipment for buildings and 7.4; electric vehicle charging stations. The activities are allocated to limiting climate change only and these investments equate to approximately 1,7% of Bulten's total investments in 2021. Bulten's OPEX, as defined by the taxonomy, is reported to zero (0) due to Bulten's very limited assets in activities encompassed by the taxonomy.

STAKEHOLDERS AND MATERIALITY ANALYSIS BASED ON BULTEN'S VALUE CHAIN

Bulten's principal stakeholders are defined as those that are affected by our operations to a large extent, and that in turn affect us to a large extent. We have identified these through workshops attended by all functions and subsidiaries, as well as the company management. There have been no changes among the principal stakeholders in 2021. Having an insight into the issues that are relevant to Bulten's stakeholders is crucial in

prioritizing the right activities. Assessment and analysis take place regularly in management teams involving all functions including the company management, and also in the ongoing strategy work. The sustainability committee regularly reviews the results of surveys, self-assessment forms, feedback from stakeholders, etc.

IMPORTANT FOCUS AREAS BASED ON BULTEN'S STAKEHOLDERS

STAKEHOLDER	CHANNEL FOR DIALOGUE	EXPECTATION/MAIN ISSUE
Customers	From initial sales contact to ongoing contact. Bulten presents its vision and strategy for sustainable development in meetings with customers. Sustainability assessments and customers' sustainability seminars. During 2021, there have been more in-depth meetings with customers on Bulten's sustainable offering.	Life cycle emissions of greenhouse gases. Contribute to making customers' products and processes more sustainable. Sustainable own production and in supply chain. Bulten's new vision and strategy have been developed to meet customers' expectations of the company's sustainability work.
Employees and their representatives	Through questions in Bulten's global employee engagement survey. Regular dialogue with union representatives and through the annual development dialogue.	Attractive employer: health and safety, working conditions/fair pay, employee-manager dialogue and career development. One of Bulten's focus areas for sustainable development is <i>Diversity and inclusion</i> as a result of assessments and the work on strategy.
Business partners (JV partners, suppliers etc.)	Bulten's process for choosing suppliers. Sustainability is reported, discussed and followed up at JV board meetings. Dialogue in connection with audits. Supplier meetings. During 2021, more in-depth meetings have been held with suppliers regarding Bulten's expectations on suppliers' sustainability work, and on CO2 emissions relating to raw materials.	Bulten has developed a process for dialogue with and assessment of suppliers with regard to sustainability aspects. Bulten's business partners demand clarity and focus. Responsible business practice/ethics and compliance (e.g. long-term relations). One of Bulten's focus areas in its sustainability strategy is a sustainable supply chain, and we have introduced a Self Assessment Questionnaire (SAQ).
Owners, investors, analysts etc.	Owners represented on the Board with regular dialogue, reporting and follow-up. 13 Board meetings were held in 2021. Investor meetings and interviews take place continuously. Bulten reports its activities in e.g. interim reports and at the Annual General Meeting of shareholders. Bulten also reports its sustainability work in the Nasdaq ESG database.	Sustainability aspects are integrated in the business strategy. This stakeholder group is showing an increasing interest in and need for information relating to Bulten's strategy for sustainable development. Demands on e.g. climate neutrality, business ethics, transparency, and regulatory compliance.
Local community (residents, local management - the social perspective)	Dialogue and exchange primarily take place through e.g. student fairs, cooperation groups locally with other companies, collaboration with the academic sphere, and in connection with the establishment of new operations, licensing processes and so on.	Bulten's ambition is to be a good local 'neighbor' with regard to e.g. the environment (no pollution, less noise) and from a social perspective, e.g. safe jobs when expanding and establishing new activities.
Governments, legislators, authorities	Bulten receives information via e.g. legal texts and legal surveillance. There is direct contact for example in connection with establishment and licensing processes, as well as through information from stakeholder and industry organizations.	Bulten's corporate governance procedures, policies and management systems ensure that Bulten is meeting set requirements. This calls for openness, as well as reporting. Bulten's sustainability reporting and the report itself are audited by a third party, PricewaterhouseCoopers.



IMPORTANT SUSTAINABILITY AREAS BASED ON BULTEN'S VALUE CHAIN (MATERIALITY ANALYSIS)

Stakeholder dialogues and external factors are fundamental in assessing Bulten's impact on the economy, society and environment. The materiality analysis below has developed progressively, and is a balance of the issues that we consider to be of strategic importance. These have been summed up in five focus areas: governance and business ethics, sustainable supply chain, sustainable own production, sustainable customer offering, and diversity and inclusion.



New solutions (focus area: sustainable customer offering)

New solutions are represented by decisions that have an environmental and economic impact throughout the value chain, such as choice of materials, waste generation, surface treatment, assembly, pollution, transport, recycling opportunities. See pages 20-21 and 24-27.

Deliver sustainable solutions (focus areas: sustainable customer offering, sustainable own production, sustainable supply chain)

Product quality, packaging, logistics and transport emissions. See pages 34-37.

Sustainable and responsible production (focus areas: sustainable own production, diversity and inclusion)

Bulten's consumption of energy, and of waste/scrap and the use of chemicals etc. have an impact on greenhouse gas emissions, environment, health and safety, employee well-being and so on. See pages 30-33.

Continuous development of products, processes and technology (focus areas: sustainable own production and sustainable customer offering)

Bulten's products and services have an impact on the environment, for instance. Enabling customers to improve the sustainability performance of their products and processes is an important aspect of Bulten's offering (materials, weight, energy use in assembly, surface treatment). See pages 24-33.

Sustainable and responsible purchasing and logistics (focus areas: sustainable supply chain, governance and business ethics)

Bulten purchases large amounts of raw materials and finished products. This means that Bulten's suppliers have a major impact on e.g. choice of minerals, processes, human rights and working conditions in their own production, as well as the supply chain and transportation. See pages 34 and 108.

VISION AND STRATEGY FOR SUSTAINABLE DEVELOPMENT

Bulten launched its new vision during 2020: We create and deliver the most innovative and sustainable fastener solutions. Our strategy is for the entire operation to be hallmarked by the following sustainability perspectives:



Environmental principles

- To conduct business that has as little environmental impact as practicable while being economically viable

Corporate governance

- Strong business ethics, good risk management and a strong corporate culture
- Code of conduct and other policies
- Compliance with rules and regulations

Social responsibility

- Observance of human rights
- Treating people with respect and good ethics
- Working methods based on our core values

Focus areas for sustainable development

Based on the company's vision, stakeholder dialogue, value chain and strategy, we identified five focus areas for our sustainable development, and for delivering on the strategically important aspects: governance and business ethics, sustainable supply chain, sustainable own production, sustainable customer offering, and diversity and inclusion. Read more on page 111, Note 4.

RESPONSIBILITY AND IMPLEMENTATION

To ensure that our sustainability efforts are realized, we have made them an integral aspect of the company's business strategy and operational management, with a clear division of responsibility. Overall responsibility for the company's sustainability work rests with the Board of Directors, while the CEO has operational responsibility. The work is driven and coordinated by the Senior Vice President for HR and Sustainability. The sustainability committee drafts, develops and assesses the company's sustainability work. The various activities are implemented by the people in charge of different areas of the operation.

We manage and monitor our sustainability work using a management system comprising shared policies and guidelines, measurable goals, and action plans. Responsibility is delegated to each function, which in turn manages implementation and ensures that the agreed measures are drafted and carried out locally in each subsidiary. Goal attainment and action plans are followed up and reported regularly to the executive management. Development and results are reported to the company's Board. The management carry out a regular management review of the work.

In connection with the Group's strategy work, the company's development is assessed, also based on market intelligence, stakeholder analysis, and risk and opportunity analyses.

All our employees have a responsibility to participate in our sustainability efforts in their areas of responsibility, and each manager is responsible for driving the work and monitoring compliance.

Through this systematic sustainability work, we lay a good foundation for delivering higher value that is sustainable in the long term to all our stakeholders. There is great dedication among our employees, and alongside experts and our stakeholders we work concertedly toward finding the most sustainable solutions in all areas. For more information, see page 111, Note 4.

GROUP CODE OF CONDUCT AND OTHER POLICIES

All employees shall be familiar with and follow Bulten's code of conduct which, alongside the company's other policies, outlines the fundamental principles for how the Group works. Examples include policies on anti-corruption, anti-competition and conflict minerals, as well as REACH (Registration, Evaluation, Authorisation and restriction of Chemicals).

Bulten also has a code of conduct for business partners, suppliers and service providers.

SUSTAINABLE SUPPLY CHAIN

Bulten is responsible for ensuring its products and services are produced in a supply chain that complies with international standards. To ensure this, we impose demands on our business partners, suppliers and service providers with regard to working conditions, the environment, business ethics and human rights etc. in a code of conduct for suppliers.

The code is communicated in the qualification process for new suppliers, and shall be signed by the supplier. We have also introduced a process for evaluating suppliers from a sustainability perspective, to ensure they live up to the expectations expressed in the supplier code, and to check that our suppliers are working consciously on their own sustainable development. The evaluation process leads to a ranking of the suppliers, and this forms the basis for dialogue and future decisions. Read more on page 117, Note 14.

Responsible business relations

Having many business relations on a global level makes it important for us to take responsibility. In addition to the codes of conduct for Bulten and for our suppliers, we also have an anti-corruption policy that guides us in our relations with customers and suppliers. We also have a policy that counteracts anti-competitive activities. The policies are implemented via directives, procedures such as the finance manual and authorization rules, and through training of our managers. Read more on page 111, Note 5.

The annual Group-wide risk assessment includes all of the company's operations, i.e. all countries where Bulten has its own manufacturing. Read more on page 38.

Human rights

Bulten supports and respects the international conventions on human rights, and we work actively to ensure that all universally recognized human rights are respected throughout our value chain. This includes efforts to combat child labor. One of the activities in this work is described above, i.e. we have increased the dialogue with and monitoring/evaluation of our suppliers.

Forced labor and trafficking

As a further step in Bulten's strategy to support human rights, we have formulated a separate policy against forced labor. The policy is called *Statement Against Modern Slavery and Human*

Trafficking. It describes how Bulten's companies are working to ensure that modern slavery and trafficking, i.e. forced labor, do not occur in our value chain or in any other activity related to our business.

We reject all forms of forced labor and trafficking, and actively strive not to be involved in it, whether directly or indirectly in the supply chain, for example. Each employee is entitled to end their employment after a reasonable notice period in accordance with applicable laws and agreements, and needless to say we never require any form of deposit, nor do we confiscate ID documents from our employees.

We always check the ID and, where appropriate, relevant work permits of all new employees or contracted personnel.

Our evaluation process for suppliers and human rights includes work against child labor, and is an integral part of the supplier qualification process.

REPORTING VIOLATIONS OF THE CODE OF CONDUCT AND OTHER ETHICAL POLICIES

Our values describe the open culture and the professional, responsible attitude we represent. Through our code of conduct, we communicate our stance and encourage transparency by urging employees and other stakeholders to come to us to report serious deviations from our code of conduct, without the risk of reprisal.

All employees and Board members in the Group have a responsibility to report conflicts of interest, and breaches and infringements of the code of conduct. Any reports should be made to the immediate manager or his/her superior, or to HR or another designated management function. All stakeholders, both internal and external and including all employees, can report suspected infringements anonymously via Bulten's special reporting channel. This reporting system, which is IT-based, is available to all employees, internal and external stakeholders who need to report a possible deviation or violation, etc. It can be reached via the company's website www.bulten.se and on the intranet, and there are also links in our various policies.

Any questions on reporting violations should primarily be directed to the person at the company who is responsible for sustainability issues, as described in all policy documents. Bulten as a company is very clear in its communication that it does not accept anyone being subjected to reprisals for reports made in good faith.

THE GROUP'S HR WORK, AND HEALTH AND SAFETY

Global HR strategy and policy

Our Group-wide HR strategy and policy aim to ensure a long-term sustainable HR policy and competence supply. It is also important that our current and future employees view Bulten as an attractive, inclusive employer. The global HR policy is a communication tool that guides the organization in its implementation of the HR strategy and in the company's evolution. Read more about how we work for an inclusive culture and against discrimination in the section entitled *Our employees* on page 15, and on pages 115–117, Notes 10–13.

The majority of employees at Bulten's European factories are covered by collective bargaining agreements. Around 60% of Bulten's employees are covered by collective bargaining agreements. In countries where independent unions are banned or opposed, we attempt, for example, to create forums for dialogue in order to cement a sustainable cooperation between employer and employees.

Well-being and the working environment

At Bulten we are continuously working to promote well-being, and to prevent accidents and ill health in our workplaces. Our systematic health and safety work encompasses both the physical and organizational working environment. The company works consciously to prevent discrimination and this is expressed, for example, in the code of conduct, the HR policy, the health and safety policy and in communication. Bulten follows up on the area in the annual development dialogue between the manager and employee, and in the company's employee engagement survey.

Bulten's zero vision for workplace accidents is a guiding principle for this safety work and includes all employees, as well as contractors and other people carrying out work in our workplaces.

During 2021, we have bolstered our resources with a VP Health & Safety for the Group, who oversees efforts in these areas and ensures they are developing and improving. We have actively focused during the year on the implementation of ISO 45001 at our units, see page 115, Note 11.

Another activity in the spotlight during the year has been health and safety training for management and employees.

Guidelines and health and safety instructions

In 2021 we launched a global Health & Safety Policy, and in addition to this each workplace must have local directives and instructions for the working environment. These should clearly set out responsibilities, roles, procedures, and goals. This also includes mapping and planning work to achieve a good working environment. Furthermore, risk assessments shall be carried out, and action plans for improvement measures shall be set up and implemented.

Monitoring of metrics and targets

Action plans and the outcomes of local and Group-wide working environment goals are monitored regularly. At Group level, we follow up the outcomes, including sick leave, monthly. All accidents must be reported to the President & CEO, SVP HR and the VP Health & Safety within 24 hours, and documented in the Group's monitoring system for accidents. The outcomes are reported to the group management monthly. For further information on targets and outcomes, see page 115, Note 11.

To ensure that our investments support our sustainability strategy, we assess investment requests based on sustainability. Assessed aspects include e.g. the working environment and environmental factors such as water and energy use, emissions and waste, noise levels and machine safety.

THE GROUP'S ENVIRONMENTAL WORK

To reduce our environmental impact, we systematically assess and work on all aspects of our operation. Our environmental policy clarifies which areas are important and how we should set priorities moving forward. Our work is led by the Group's VP Health & Safety, who oversees and develops our environmental efforts and makes sure they continually improve together with the organization. In all of the Group's units, environmental management and quality management are integrated into the management system.

Precautionary principle

The company governs its work based on laws, through its policies and instructions/management system and decision-making procedure. All decisions relating to the environment (Bulten's impact on environmental aspects) are based on an

investigation and impact assessment of consequences as well as regulations, such as the Swedish Environmental Code and permit processes, etc. Bulten collaborates with external specialists and advisors in connection with, for example, new establishments, and inspections are conducted regularly by authorities and other certification bodies. Bulten guarantees that all operations have the required permits and certificates through its management function. Bulten strives to continuously reduce the company's negative impact on the environment and has appointed a new Group function in 2021 to take charge of environmental work within the Group.

As well as striving to reduce the environmental impact from our own operations, we also focus on contributing to the environmental benefit of customers, end users, and society at large by integrating environmental aspects into several parts of the value chain, from development and purchasing to assembly and use, thus reducing the environmental impact linked to our products also outside of our own operations. This is part of our offering as a Full Service Provider (FSP). Read more on pages 20–21.

Climate and energy

We want to reduce our own and our customers' environmental impact and, with this as our goal, we focus on the areas where we can have an effect: our own production, our supply chain and our customer offering.

During the year, Bulten has continued its efforts to reduce its dependency on energy based on fossil fuels. A further two Sites, one in the USA and one in the UK, are now supplied with electricity from renewable sources, which means that all Sites in the EU and North America now use renewable electricity. The target is for our operations in Asia to run on fossil-free electricity by 2030.

We have also continued our ongoing efforts to use our energy more efficiently. We have for example invested in control systems for ventilation systems, LED lighting in our production facilities, and more efficient heat recovery systems. We have also improved the process of reusing surplus heat from our heat treatment to supply other processes with energy. During 2021, the factory in Hallstahammar, Sweden has installed a system to supply the washing facility with energy from surplus heat.

Greener transportation

For all new road freight in Europe, there are demands that only trucks with engines that meet Euro 5 and Euro 6 emission standards may be used, and that Bulten's code of conduct is adhered to.

We also have an objective to increase the percentage of renewable fuels, and to shift consignments from road to rail as far as possible. In procuring road transport services in Europe, our demands include an annual reduction in CO2 emissions per transported ton-kilometer. This has resulted in a 9% reduction in CO2 emissions per ton-kilometer in 2021.

In regards to sea transports we have since 2016 only been using ships with technology for cleaning the emissions of sulfur and nitrogen oxides (which are left for waste management in the ports), and this has considerably reduced our environmental impact.

Resource efficiency

Using resources efficiently is important from both an environmental and an economic perspective. In our work we focus on our raw materials, energy use, water use, and waste.

We have set targets for 2024 to reduce the use of energy and water per ton of produced goods, and to decrease the amount of waste generated per ton of produced goods.

In 2021, we have for instance reduced waste by 3% at our largest production unit. This has been achieved by e.g. separating the oil from the washing water that comes from hardening and returning it to the hardening process, and by using reusable cleaning cloths for the machines. The factory in Taiwan has been able to reduce raw material consumption and waste by redesigning the tools used to thread the screws. For results in 2021, see page 114, Note 9.

Energy efficiencies have also been made at most of our units during the year; see the section on climate and energy. For results in 2021, see page 111, Note 6.

NOTES

NOTE 1 SCALE OF THE ORGANIZATION

The scale of the organization and any significant changes

Bulten reports the number of employees financially in accordance with the definition for average number of employees (FTE), including contracted personnel. The number of FTEs at the end of 2021 was: 1,673 (1,616). An increase of 57 (3.5%) on 2020.

For disclosures about the organization, Bulten has chosen to use another definition, Headcount (HC), which encompasses the actual number of employees, including absent employees and temporary employees, regardless of working hours. The status reflects December 31, 2021. Total number of employees, Headcount (HC): 1,745, of whom permanent: 1,671 (87%) and temporary: 74 (4%). The figures include all employees of Bulten including PSM International (acquired by Bulten in 2020), as well as a joint venture formed in autumn 2021. There were also 170 contractors (9%). Total Headcount including contractors: 1,915.

Changes to the organization and the supply chain; Financial position and profit/loss during the reporting period; a detailed report of the Group's financial position and profit as well as events after the balance sheet date, can be found in the Board of Directors' Report. Bulten has acquired an extended supplier base in connection with the acquisition of PSM International. There is little overlap between this supplier base and Bulten's. Introduction and integration of their suppliers and procedures for integration, development and phasing out began in 2021.

NOTE 2 INFORMATION ABOUT EMPLOYEES

Information about employees and other workers in the organization

Bulten has no traditional seasonal variation in regards to the amount of employees, rather the year reflects the customers' production days, which vary between quarters. Generally speaking, the lowest net sales and operating profit are seen in the third quarter with the lowest number of production days. The other quarters are relatively even but may vary slightly. Bulten has a relatively high proportion of in-house employees. Contracted personnel account for a small proportion.

Bulten gathers data on the number of employees (Headcount) via the local HR organization in each country. Total number of employees 2021: 1,745, of whom 457 (26%) women and 1,288 (74%) men. Note that 2021 is the first year to include

the company PSM International, acquired in 2020. (Total number of employees 2020 including PSM International: 1,634 excluding contractors.) Percentage of employees by region (EU and outside of EU):

NUMBER BY EMPLOYMENT FORM, SEX, REGION	PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES		TOTAL
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	
EU					
Total	64.8%	1.1%	3.4%	0.5%	69.8%
Women	14.3%	1.0%	0.2%	0.4%	15.9%
Men	50.5%	0.1%	3.3%	0.1%	53.9%
Outside of EU					
Total	29.7%	0.1%	0.3%	0.0%	30.2%
Women	10.2%	0.0%	0.1%	0.0%	10.3%
Men	19.5%	0.1%	0.2%	0.0%	19.9%
All regions					
Total	94.5%	1.3%	3.8%	0.5%	100%
Women	24.5%	1.0%	0.3%	0.4%	26.2%
Men	70.0%	0.2%	3.5%	0.1%	73.8%

Note that some figures have been rounded off, which means that the totals might not always match when added up. Total number of contractors: 170, of whom in EU: 40, and outside of EU: 130. Contracted employees comprise 8.9% of the total number of employees.

NOTE 3 REPORTING PRACTICES

Entities included in the consolidated financial statements

PSM International, the company acquired by Bulten in 2020, is included for the first time, which means that the 2021 Sustainability Report encompasses the entire Bulten Group. In instances where not all of Bulten's wholly owned subsidiaries are included in a set of factual data, this is described for the disclosure in question.

Restatements of information

Bulten has implemented changes in the information in the GRI content index in respect of environmental and social aspects based on changes in the GRI framework, Core level. Information provided does not, however, mean that data in the 2020 sustainability report might be out of date.

NOTE 4 DISCLOSURE ON MANAGEMENT OF SUSTAINABILITY ISSUES

Based on its value chain, Bulten has conducted analyses of which factors/areas the company has an impact on and thereby identified five so-called focus areas: governance and business ethics, sustainable supply chain, sustainable own production, sustainable customer offer, and diversity and inclusion. For each focus area, target areas are described, together with specific metrics with goals in one and five years' time. Based on these target areas, there are actions plans with descriptions of which activities are to be undertaken. All of Bulten's operations are included in the value chain. If any subsidiary is not included in the supporting data, this is specified for each disclosure.

Economic standards: Bulten describes in its policies how the operation is to be governed on the basis of commercial, financial and governance principles such as, for example, the code of conduct and anti-corruption policies, the finance manual, authorization rules, etc. Environmental standards: In its environmental policy, Bulten has described which areas are covered. Bulten has also carried out sustainability work based on the materiality analysis to identify focus areas in which Bulten has the greatest impact. For more information, please refer to pages 111-114, Notes 6-9.

Social standards: In its code of conduct and associated policies such as the HR policy, Bulten describes the company's standpoint regarding, for example, human rights, working conditions, health and safety, development and learning, diversity and inclusion, and requirements for the social responsibility of subcontractors.

The purpose is to create clarity around regulations, Bulten's standpoint as well as roles, responsibilities and procedures. It shall be easy to do the right thing.

Bulten updated its code of conduct and launched it during 2020. Training in the code and in business ethics was conducted in 2021. All policies are revised and updated on the basis of new legal requirements, changes and the development of processes, procedures, etc.

Monitoring of sustainability work

As a result of its sustainability work and strategy, Bulten has formulated goals and tangible metrics linked to its focus areas for sustainable development. See, for example, page 11. Bulten follows up on the work monthly or quarterly, depending on the area. This is done in so-called monthly reports, which are also

presented recurrent to the Board of Directors. Bulten also conducts what is known as a management review, and strategic work is followed up at each management team meeting. Any gaps identified are discussed and given different priorities, depending on the situation. Activities, process improvements, etc. are incorporated into action plans. This work is carried out in accordance with the PDCA (plan, do, check, act) method.

During 2021, the decision was made to join the Science Based Target initiative. As part of this, at the end of 2021 the company submitted goals to SBTi for validation, and is expecting the results after the first quarter of 2022.

Management and governance

Bulten has a clear governance and organizational structure. Roles and responsibilities are defined in policies and job descriptions.

Bulten has organized its management work through its organizational structures and strategy. Each area has a clear organization and resources at its disposal. Work is led by the relevant department head.

Reporting

Bulten's reporting procedure for deviations from/breaches of policies is as follows: employees must in the first instance contact their manager, or their manager's manager. Or another designated managerial function, e.g. HR or finance. With regard to social aspects, trade union representatives, for example, can also be contacted. It is of course also possible to report anonymously via Bulten's IT-based whistleblower system. This whistleblower system can also be used by all stakeholders or anyone else who has something to report. There is a link to Bulten's whistleblower service on the intranet and at www.bulten.com. Bulten communicates clearly in all policies that a person who reports something in good faith must not be punished.

Defining report content and topic boundaries

Bulten carries out structured work regularly alongside management functions and the sustainability committee in order to define stakeholders and significant focus areas. In this work, Bulten starts from its strategy and value chain in order to define impacts and to prioritize focus areas. Material topics are identified by the sustainability committee and management and are integrated into Bulten's strategic work.

Bulten launched its new vision during 2020, which clearly integrates sustainability aspects into the business strategy. In 2021, strategic work and the materiality analysis, along with stakeholder dialogues and a risk assessment, have formed

the basis of a clearer focus in the form of five focus areas for sustainable development: governance and business ethics, sustainable supply chain, sustainable own production, sustainable customer offer, and diversity and inclusion. Prioritized target areas, activities and process improvements have been identified for these focus areas. The sustainability report intends to describe the process, boundaries and goals.

Governance and business ethics: Business ethics and responsible enterprise. Measured in the form of the code of conduct and related policies, and training programs completed within the area.

Sustainable supply chain: Evaluation of suppliers. Measured in the form of acceptance of the supplier code combined with self-assessments of suppliers and with a ranking.

Sustainable own production: Health and safety, greenhouse gas emissions, and the impact on waste and water. Measured in the form of working environment key indicators, energy intensity and the proportion of fossil-free electricity, actual GHG emissions Scope 1, 2, and 3, and water and waste intensity.

Sustainable customer offer: Bulten strives to ensure that customers rank Bulten's offering as the most sustainable in the industry. Bulten provides a sustainable customer offering, e.g. BUFOe and FSPs. Measured in the form of launches and signed agreements.

Diversity and inclusion. Women/men distribution, recruitment, employee turnover, training hours. See page 111, Notes 1-2, and pages 114-117, Notes 10-13.

NOTE 5 ANTI-CORRUPTION

Based on its value chain, Bulten has conducted analyses of which sustainability factors/areas the company is affected by and/or has an impact on, and thereby identified five so-called focus areas: governance and business ethics, sustainable supply chain, sustainable in-house production, sustainable customer product offering, and diversity and inclusion.

Corruption is a global problem and has a very negative impact on business and society if it occurs. Bulten has therefore identified this as a significant area on which to focus.

The areas that have undergone risk assessment for anti-corruption are Bulten's own operation, and to some extent the supply chain. Bulten conducts a Group-wide risk assessment,

which includes all of the company's operations, i.e. all countries where Bulten has its own manufacturing.

Communication and training in anti-corruption policies and procedures

The company has clear policies for preventing corruption, such as its code of conduct, finance manual, anti-corruption policy, authorization rules, anti-competition policy, and guidelines. All Board members have signed Bulten's code of conduct. They have also been involved and specified requirements in its production.

Board members did not undergo any specific anti-corruption training organized by Bulten during 2021. All employees throughout Bulten underwent training in the Bulten code of conduct during 2021. When a Group-wide policy is updated, amended or added, this is communicated via what is known as the company's policy deployment process (management system), which means that all local Presidents acknowledge that they have received and agreed to the policy, and will comply with it within each operation. During 2021, an e-learning campaign was carried out in business ethics for employees who deal with external contacts/relations as part of their job. New employees sign the code of conduct in connection with their appointment/onboarding process.

100% of Bulten's strategic, prioritized and approved suppliers have been informed about Bulten's code of conduct for business partners and suppliers. This group of suppliers represents around 96% of Bulten's total purchase volume in 2021.

Confirmed incidents of corruption and actions taken 2021: No cases were reported during 2021 via the company's whistleblower service. Internally, the company has been informed of misconduct via its internal reporting system. An investigation was completed.

NOTE 6 ENERGY

Bulten Group stipulates the long-term environmental goals according to the focus areas in the current environmental policy. Bulten has identified energy use, climate impact, water use, and waste as essential areas on which to focus. Production uses electricity and fuels, and in some cases district heating is purchased for heating. By focusing on lower energy consumption and increasing the use of fossil-free energy sources, Bulten can contribute to reducing its climate impact, thereby supporting international and national climate goals. The local Sites link in to these goals and have different impact on the Group's

results, depending on type of operation and machinery there is at the Site. Each Site reports the outcome quarterly, and this is aggregated at Group level and followed up in the company's management team.

Bulten also requires its suppliers to strive for lower energy use and to increase the share of renewable energy via the company's code of conduct for business partners.

Energy consumption within the organization:

Fuel consumption from non-renewable sources*	35,207,278 (28,568,201) kWh
Fuel consumption from renewable sources**	189,349 (0) kWh
Electricity	53,746,459 (39,856,262) kWh
Heat	3,926,009 (3,285,347) kWh
Cooling	0 kWh
Steam	0 kWh
Total energy consumption	93,069,095 (71,709,810) kWh
Sold energy	Not applicable; Bulten does not sell electricity, heat, cooling or steam.
Average energy intensity	2.47 (2.25) kWh/kg cold-forged/processed goods

* Mainly natural gas for direct consumption in the production processes

** Mainly HVO for direct consumption in fork-lift trucks

The figures for 2021 include all energy use (fuel, and purchased electricity and heat) for all the company's units including PSM International, acquired in 2020, and the unit in North America, as well as the company's logistics units. These Sites are not included in energy use during 2020, which is given in parentheses. Energy use outside of Bulten's Sites is not included.

The consumption data (kWh) comes from Bulten's energy suppliers. A combination of technical equipment and theoretical indices for distributing overheads are used for an internal breakdown of consumption, but at an overall level only the providers' figures for delivered energy are used. The conversion factors to kWh also come from Bulten's energy suppliers.

Energy intensity

Intensity is calculated per produced (cold-forged or processed) goods in kg.

Percentage of renewable energy

Of the total energy use totaling 93.1 GWh (71.7 GWh), 42.5 GWh (2020: 31.7 GWh excl. PSM International) originates from renewable energy sources. This equates to 45.7% (2020: 44% excl. PSM International) of the total consumption.

The renewable energy mainly comes from purchased electricity, primarily via 'green' contracts for our Sites in Europe and North America, but also to a minor extent from HVO which is used in fork-lift trucks.

The percentage of renewable energy is measured as the sum of purchased fuel, electricity and heat produced from renewable fuels in kWh, divided by total purchased energy (fuel, electricity, and heat) in kWh, regardless of origin. The figures for consumption and type of energy are reported quarterly by each unit, which in turn obtains this information from the energy suppliers.

NOTE 7 WATER AND EMISSIONS

Bulten stipulates its long-term environmental targets based on the focus areas in its current environmental policy. Bulten has identified energy use, climate impact, water use, and waste as pertinent focus areas. The target for water consumption is to reduce water intensity per produced tonnage (cold-forged or processed). The local units link in to this target and have a different impact on the Group's results, depending on type of operation and machinery there is at each Site. Each Site reports the outcome quarterly, and this is aggregated at Group level and followed up in the company's management team. Bulten also requires that its supply chain strive to reduce their water use through its code of conduct for business partners.

Bulten's own Sites interact with water in different ways, sharing in common that we consume relatively small amounts of water. Where it is consumed, it is primarily via evaporation in industrial washing plants and fresh water for sanitation purposes. Water is taken from the municipal water supply, and water that we pollute is treated and reused to the extent allowed at our units. Contaminated water, including concentrate, is collected by contracted specialist companies, other water goes for municipal wastewater treatment.

At Bulten Hallstahammar in Sweden, large volumes of water are taken from and returned to the nearby river for the cooling of processes; the quality of the returned water is regulated in the local environmental permit.

The Bulten facility in Bergkamen, Germany, has a pond for fire-fighting, which is filled with rainwater.

Bulten's Sites identify their own water impact and conduct related risk assessments based on the local conditions. Each Site interacts independently with authorities in accordance with its environmental permit. The primary interest for the supervisory authorities is water consumption and the results

of samples that are taken. Common to all our producing Sites is that requirements on the returned water's quality are defined in each unit's environmental permit by the supervisory authority or based on legal requirements, including stipulations on local monitoring and follow-up. If specific consideration for the receiving body of water is applicable, this is reflected in each unit's environmental permit.

Primary stakeholders are the company's management team and Board of Directors as the people in charge of our environmental policy and environmental goals, the local management teams, supervisory authorities and water suppliers.

Water consumption

Total water consumption*	46.9 (29.7) megaliters
Total water extracted from areas with water shortages	0 megaliters
Water intensity	0.175 liters/kg prod. product

* All from municipal water supply

Information on consumption was collected via own water meters or suppliers' water meters.

The figures include water consumption at all Sites. The rainwater used in the fire-fighting pond at Bulten Bergkamen is not included in the figures, nor is the river water used as cooling water at the Hallstahammar facility, as this is returned to the same receiving body of water from which it was taken.

NOTE 8 EMISSIONS

The vast majority of greenhouse gas (GHG) emissions from Bulten's own operations come from the combustion of natural gas to heat the heat treatment furnaces used in the production process. The electricity which Bulten uses also generates GHG emissions while it is being produced.

The main GHG emissions linked to Bulten's production, however, are in the supply chain when producing the materials and services that Bulten purchases.

During 2021, Bulten has decided to set targets in line with the Paris Agreement, and has mapped its GHG emissions during the year along the entire value chain in line with Greenhouse Gas Protocol standards and developed goals according to SBTi requirements for Scope 1, 2, and 3. Read more on page 11. The new goal for 2030, base year 2019, for Scope 1 and 2 will replace the previous goal. Local goals and action plans will be formulated by the local units in line with overall goals in Scope 1 and 2. Each unit reports the outcome quarterly, and this

is aggregated at Group level and followed up in the company's management team.

The goal of reducing emissions in Scope 3 is managed by Bulten's various departments, such as purchasing, logistics, technology & innovations, and the sales function, and are reported annually to the company's management team. Bulten also requires that its supply chain strive to reduce their GHG emissions through the company's code of conduct for business partners.

During 2021, the acquired company PSM International has been included in the reporting, and the base year's (2019) GHG emissions have been revised to also include emissions from PSM International's units. The figures for the previous year, 2020, have not been updated in the table below.

Direct and indirect emissions from purchased energy (Scope 1 and 2)

The figures include direct emissions from fuel consumption, and indirect emissions from purchased electricity and heat from all the company's units. Emissions have been calculated based on consumption figures reported from each unit and emission factors for each resource; see more under *Emission factors*.

Other indirect GHG emissions (Scope 3)

The figures include the following categories:
GRI category 1: purchased raw material (steel wire and other metallic raw materials) and the proportion of finished products consisting of screws, as well as purchased surface treatment services.

The emissions have been calculated based on purchased volumes taken from Bulten's business system and emission factors for each material. See more under *Emission factors*.

GRI category 4: Transport of incoming materials excl. steel wire and other metal raw materials and other purchased road, sea and air transport. Emissions are based on purchased volumes and purchased transport services from Bulten's business system.

GHG emissions intensity

Scope 1 and 2 intensity is calculated per produced (cold-forged or processed) goods in kg.

The figures include direct emissions from fuel consumption, and indirect emissions from purchased electricity and heat from all the company's units. Scope 3 intensity is calculated per sold product in tons (own production and purchased finished products).

Emission factors

Energy: The emission factors come primarily from Bulten's energy suppliers; other sources are used where this is not possible, e.g. IINAS GEMIS 4.95 and UK Government GHG conversion factors for Company reporting.

For the 'location-based' Scope 2 emissions, emission factors are used from www.carbonfootprint.org and reports published in 2019, 2020, and 2022.

Scope 3: GRI category 1. Emission factors from suppliers of steel wire have been used (calculated according to ISO 14064). Where no data was available from a supplier, average figures from the other suppliers have been used. For aluminum and copper, industry average data has been used. GRI category 4. For air and sea transport, emission factors from the transport

companies have been used. For road transportation, a European truck full to 70% capacity and emissions of 57 g CO₂e* per ton-kilometer (well-to-wheel) have been used.

Base year for emission targets

The base year for Bulten's emission targets is the 2019 calendar year, as this was the first full year Bulten reported emissions. During 2021, emissions for the base year have been adjusted to also include PSM International Sites, the Site in North America and the logistics centers. These units have been included in environmental targets and reporting of 2021.

Previously reported emissions for Scope 3

Changes since the last reporting: The results for 2019 (the base year) have been recalculated to adjust for the acquisition of PSM International in 2020, and to include Bulten North America and the logistics centers. The Scope 3 emissions have been extended and now include the total volume of metal raw materials, purchased screws, and surface treatment services. Previously reported data only included part of the purchased metal raw materials*. GRI category 4, Transport. This reporting has also been extended and now includes all purchased transportation and all transportation of incoming materials, excluding metal raw materials. Previous reports only included transportation of incoming materials and then only for Bulten's Sites, excluding PSM International*.

Otherwise, the source of location-based emissions has been updated to www.carbonfootprint.org. For the electricity purchased on the Chinese market, location-based emission factors are used to calculate the market-based emissions, and market-based emissions for 2019 have thus also been adjusted.

* Purchased material and services: The proportion of raw materials included in the figures was approx. 50% in 2019 and approx. 45% in 2020. No finished goods or services were included. Transportation: In 2019, about 16% of land transportation was included, and in 2020 about 24%. In both years, 100% of sea transportation was included.

Other:

Bulten uses the 'Operational control' consolidation method, as the company mainly has operational responsibility and can introduce activities/measures for the units for which the company reports, even though it does not own the Site/company to 100%.

The figures include emissions from all Sites apart from three joint ventures, where Bulten owns 50% via PSM International, a company that was acquired in 2020. The following three companies are pure trading companies with none of their own production: PSM Celada Fasteners SRL (Italy), PSM Fasteners AB (Sweden) and Japan P.S.M. Co., LTD (Japan).

Emissions (tons CO ₂ e/ton produced product):	2021	2019 (BASE YEAR)	2020 ***
Scope 1: Gross emissions of direct greenhouse gases*	7,521	8,006	5,799
Scope 1: Direct CO ₂ emissions from biogenic sources	11	0	0
Scope 2: Gross emissions of indirect greenhouse gases* (location-based)	17,150	18,752	12,125
Scope 2: Gross emissions of indirect greenhouse gases* (market-based) (Scope 2)	7,617	16,717	7,165
Scope 3 Gross GHG emissions**	133,247	159,542	30,726
Of which purchased material and services	128,809	153,329	29,434
Of which upstream and internal transportation****	4,437	6,212	1,292
CO ₂ emissions from biogenic sources	unknown	unknown	unknown
GHG emission intensity Scope 1 and 2	0.40	0.57	0.41
GHG emission intensity Scope 3 per ton of sold product	2.32	2.51	not reported

* CO₂e stands for carbon dioxide equivalents, whereby the contribution of various GHGs has been converted into a single standard unit.

** Greenhouse gases included: cat 1) Not known. Cat 4) CO₂ + NO_x + PM + SO₂ from sea and air transportation. CO₂ for road transport.

*** In accordance with previously reported data. The figure does not include PSM, North America or logistics centers. Definitions for 2020 figures are not changed to 2021 definitions.

**** Figure does not include transportation of purchased steel (wire), copper or aluminum.

NOTE 9 WASTE

Bulten stipulates the long-term targets based on the focus areas in the current environmental policy. Bulten has identified energy use, climate impact, water use, and waste as material focus areas. The target for waste is currently defined as a reduction in the waste intensity per cold-forged ton. The local Site link in to this target and have different impacts on the Group's results, depending on type of operation and machinery there is at each Site. Each Site reports the outcome quarterly, and this is aggregated at Group level and followed up in the company's management team.

Waste from Bulten's operation primarily comprises metal scrap, which arises when processing raw materials into products. This is sent for metal recycling.

Otherwise, waste mainly arises in the washing facilities, where oil and contaminated water are separated and sent for energy recovery and destruction respectively.

During 2021, a pilot project was conducted with an external party to recycle and return the oil filtered out from the washing facility. The results were positive, and the oil will now be fed back into the heat treatment facility at our plant in Poland for reuse.

The majority of Bulten's products are supplied to the automotive industry, and are used throughout the lifetime of the vehicle. The products accompany the vehicles to scrapping, and are dealt with alongside other metal in this process. A very high proportion of this is recycled as part of the ELV directive.

Hazardous waste

Reuse	1,620 (0) kg
Recycling	512,157 (286,726) kg
Composting	0 (0) kg
Reuse for other use incl. energy recovery	150,874 (274,525) kg
Incineration	194,943 (93,244) kg
Deep-well injection	0 (0) kg
Landfill	140,203 (112,593) kg
Local storage	0 (6,000) kg
Other	62,816 (245,117) kg

Non-hazardous waste

Reuse	131,732 (132,551) kg
Recycling	4,994,321 (2,698,402) kg
Composting	0 (0) kg
Reuse for other use incl. energy recovery	181,874 (126,913) kg
Incineration	101,462 (49,207) kg
Deep-well injection	0 (0) kg
Landfill	50,282 (40,409) kg
Local storage	0 (0) kg
Other	17,523 (300) kg

Recycling: The absolute majority has been dealt with by a contracted party. The information includes all units. 2021 is the first year PSM International, the North America site and the logistics centers have been included.

Waste intensity: Calculated as hazardous waste plus non-hazardous waste per ton of produced product. In 2021 waste intensity was 0.175 kg waste/kg produced product, a small increase (0.172 kg/produced product) compared to 2019. PSM international is included in the figures for 2021, but not 2020.

NOTE 10 RECRUITMENT OF NEW EMPLOYEES

Recruitment of new employees and employee turnover

Bulten's ambition is to be a sustainable and attractive employer. It is important for the company that its employees are satisfied and develop in accordance with the company's strategy, based on applicable laws and policies. A high level of recruitment and/or employee turnover can indicate that this is not the case, although it can also be because the company has been forced to restructure or, on the positive side, has needed to hire more and more employees. It is therefore important to follow up on levels of recruitment and employee turnover in order to obtain base data for in-depth analyses.

Bulten's new recruits and employee turnover includes all units. To calculate the recruitment percentage and employee turnover, an average of the total number of employees at the end of 2020 and 2021 was used.

2021 is the first year to include the company PSM International, acquired in 2020. Total number of permanent employees and temporary employees recruited in 2021: 283 of whom 85 (32) women equating to 30%, and 198 (106) men equating to 70%. This equates to a recruitment level of 16.8% (9.9). Recruited employees by age group and by gender within the age group per region 2021:

	<30 YRS			30-50 YRS			>50 YRS		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Total	73%	27%	25%	67%	33%	65%	81%	19%	10%
Of whom EU	42%	11%	54%	27%	11%	38%	67%	15%	81%
Outside of EU	31%	15%	46%	40%	22%	62%	15%	4%	19%

Employee turnover. A total of 246 people left in 2021, of whom 58 women (24%) and 188 men (76%). Of the total employee turnover, 146 (63%) were permanent employees and 90 (37%) were temporary employees. This equates to an employee turnover of 14.6% (13.1), of whom 9.7% (8.6) were permanent and 4.9% (4.5) temporary. Note that 2021 is the first year to also include the company PSM International, acquired in 2020. The number of retirements equates to 4%, and the percentage of involuntary employee turnover to approximately 2%. Employee turnover by age group and by gender within the age group per region 2021. Note that the figures have been rounded off:

	<30 YRS			30-50 YRS			>50 YRS		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Total	73%	27%	20%	75%	25%	59%	83%	17%	21%
Of whom EU	47%	14%	61%	33%	8%	41%	73%	15%	88%
Outside of EU	27%	12%	39%	42%	17%	59%	10%	2%	12%

NOTE 11 HEALTH AND SAFETY AT WORK

Health and safety management system

We work continuously within Bulten to develop our workplaces in order to promote well-being and to prevent accidents occurring or ill health arising because of work. This encompasses both the physical and organizational working environment and is based on systematically organized health and safety work. One guiding principle for this work is Bulten's zero vision with regard to accidents caused by work, which also includes contracted employees or others who perform work at our workplaces.

Bulten describes the health and safety requirements in its global health and safety policy, code of conduct, and in the global HR policy. Each workplace works to fulfill these goals in accordance with locally adapted plans, which are reported to the Group on an annual basis. Goals are adopted every year to drive this work toward Bulten's strategy for good health and well-being at the workplace. At Group level, we follow up the outcomes, including sick leave, monthly and the outcomes are reported to the Board. For further information on goals and outcomes, see below.

By also evaluating the effect of the working environment in investment requests, we can make sure our investments result in an improved working environment.

Bulten's management of health and safety work is governed by national laws, other agreements such as collective bargaining agreements, where relevant, and the Group's working environment policy and goals. Each Site has to list all the legal requirements and regulations for health and safety that apply to its operation, and also to keep a record of compliance.

Two of Bulten's production sites, Bulten Polska S.A and Bulten GmbH, were certified to ISO 45001 in 2020, and during 2021 all other units have begun implementation. In addition, Bulten Tianjin and PSM International Taipei were certified during the year. Other Bulten sites including PSM International North America have carried out the planned audits for a multisite certificate, and this will be issued in early 2022. The remaining PSM International units will be certified during 2022.

Bulten's health and safety responsibilities encompass all employees. We also include contractors and others who may be performing work at our workplaces. We do not include employees in outsourced operations.

Risk identification, risk assessment and incident investigation

Every workplace must have a health and safety policy in which roles and responsibilities, procedures and goals, etc. are clearly set out, and must map out and plan work in order to achieve a good working environment. This includes systematically identifying risk sources, performing risk assessments of these, and preparing action plans for the improvement measures that need to be taken to eliminate or minimize the risk (in accordance with the control hierarchy). This work is to include the physical, organizational and social working environment. Safety rounds are also regularly carried out at all sites. The organizational and social working environment is primarily followed up in the annual development dialogue between the employee and manager, and in the employee engagement survey.

Surface treatment and heat treatment, followed by the cold-forging operation, present the risk of accidents with serious consequences such as hand injury through cutting. For these areas risk assessments have been performed and actions have been identified and implemented to minimize the risks through instruction, personal protective equipment and so on.

The greatest risks to health in production relate to e.g. loud noise and stress. Actions are identified by the relevant manager, for example based on information from the annual development dialogue and the employee survey, and implemented accordingly.

According to Bulten's global health and safety policy, employees must immediately inform their manager, or a superior manager, or the health and safety officer or other management function, such as HR for example, if a situation involving a risk occurs and/or an incident or accident has occurred at the workplace, or on the way to/from work. Employees are also obliged to inform about such situations, even if they do not directly affect their own work.

Furthermore, employees have an obligation to stop work immediately if a hazardous situation arises and to report this to management. There must be procedures in place regarding how risks and incidents are to be reported and what to do if a hazardous situation arises, at each workplace. Bulten's policy is clear on the fact that no employee may be punished for making the company aware of any irregularities at the workplace. Bulten also has a system for reporting, where employees can choose to remain anonymous.

All risky situations and accidents must be documented by the employee's manager or other designated person in accordance with local procedures, which must be described in the local management system, and be communicated regularly by the manager.

All units must report all accidents to the President and CEO, SVP HR and VP Environment and Health and Safety within 24 hours. They also document all accidents in Bulten's monitoring tool for accidents, including an analysis and description of the initial action plan. A more in-depth root cause analysis with an accompanying action plan is prepared by the unit in question where relevant. These analyses are also shared with other units so that preventive measures can also be taken there. The Group maintains a regular dialogue with local Presidents and health and safety representatives in order to make sure that processes and reporting take place correctly. The company organizes regular training programs for managers, health and safety officers and employees.

By focusing on establishing work methods and encouraging employees also to report incidents that do not result in injury, the sites acquire important information which is used for preventive purposes along with risk analyses. Monitoring and input, e.g. from the annual development dialogue, results and feedback in the employee engagement survey, provide base data for prioritization and action plans.

To ensure that personnel know that risks and incidents must be reported, and that reporting must never lead to acts of reprisal, employees attend regular training sessions. These include the company's policies, procedures, roles and responsibilities.

Occupational healthcare

Bulten's sites are subject to local laws and rules, which means that health care services are provided in different ways. In most cases and countries there are regulations governing who may offer occupational healthcare services, and Bulten's subsidiaries have agreements with occupational healthcare providers or equivalent to offer expertise in the area of health and safety (physical work environment, ergonomics, organizational working environment, health checks, health and safety inspections, etc.). In some countries there are agreements with local healthcare institutions and/or working environment experts on a consultancy basis.

Employees' participation, consultation and communication about health and safety

It is Bulten's ambition that all workplaces shall have some form of health and safety committees or similar, depending on local conditions and regulations. This is governed by legal requirements in certain countries, e.g. Sweden, Poland and Germany. In all of Bulten's operations there is a dialogue between the employee and manager, known as the annual development dialogue, in which

the working environment and well-being form important parts and the employee is asked to give feedback on how they perceive their workplace, working environment and well-being at the workplace.

Training of employees in occupational health and safety

All employees must undergo health and safety training that is relevant for them. This takes place in the form of training by the line manager, classroom training with an internal teacher and/or external training organizer, and e-learning. All training programs are registered in the company's HR system. Training takes place in all relevant areas, such as physical work environment, organizational working environment, hazardous substances, machine safety, forklift truck safety, etc.

Promoting the health of employees

Bulten operates primarily in countries where employees are covered by a public health care service. In addition, Bulten's sites can offer their employees different opportunities, keep-fit offers based on local conditions and legislation. This might for instance include gym passes.

Prevention and limitation of health and safety risks directly associated with business relationships

Bulten has not identified or received reports of any significant general risk based on health and safety in relation to the company's business partners.

Work-related accidents and ill health

All units excluding the Parent Company (Bulten AB) are included in the summary below. The 2021 figures include employees of PSM International, which was acquired in early 2020. They are not included in the figures for 2020.

Figures for the previous year are shown in parentheses.

For all employees, work-related accidents and ill health (not incl. to/from work)

Number of deaths resulting from work-related injuries	0 (0)
Number of high-consequence work-related injuries (excluding deaths)	0 (0)
Number of work-related accidents	85 (59)
Number of work-related accidents excl. first aid	28 (22)
Accident frequency incl. first aid*	5.05 (5.77)
Accident frequency leading to absence*	1.19 (1.86)
Number of deaths resulting from work-related ill health	0 (not reported)
No. of cases of work-related ill health	1 (not reported)
Ill health frequency	0.06 (not reported)
Number of hours worked	3,366,582 (2,044,318) hours

* Bulten uses 200,000 hours as a basis for calculating frequency.

No employees have been excluded from the reporting.

The figures above also include non-employed people working in our operations.

The most common accidents occur in the cold-forging operation and involve cuts, bruises and occasional fractures.

The case of work-related ill health was related to stress.

For non-employed people, work-related accidents and ill health (not incl. to/from work)

Number of deaths resulting from work-related injuries	0 (0)
Number of high-consequence work-related injuries (excluding deaths)	0 (0)
Number of work-related accidents:	3 of which 2 led to absence (1)
Accident frequency*	
Accident frequency leading to absence*	
Number of deaths resulting from work-related ill health	0 (not reported)
No. of cases of work-related ill health	0
Number of hours worked*	

* Not reported separately. Included in employee data.

No high-consequence injuries took place in 2021.

Total number of accidents:

All units excluding the Parent Company (Bulten AB) are included in the summary below. The number includes everybody, i.e. employees and contractors: Figures for last year are shown in parentheses. The 2021 figures include employees of PSM International, which was acquired in early 2020. PSM International is not included in the figures for 2020.

TOTAL NUMBER OF ACCIDENTS INCL. TO/FROM WORKPLACE	OUTCOME (PREVIOUS YEAR)	COMMENTS
Total number of registered accidents	91 (64)	Of which 6 (5) were not work-related and occurred on the way to or from the workplace
Total number of registered accidents that led to sick leave of more than one (1) day	22 (22)	Of which 2 (3) were not work-related and occurred on the way to or from the workplace
IR, Incident rate (number of accidents * 200,000/total number of working hours)	5.41 (6.26)	
LDR, Lost work day rate (number of days absent due to accidents * 200,000/total number of hours worked)	20.9 (37.4)	
LTIR, Lost time injury rate (number of accidents that led to an absence * 200,000/total number of hours worked)	1.31 (2.15)	

TOTAL NUMBER OF ACCIDENTS INCL. TO/FROM WORKPLACE	OUTCOME (PREVIOUS YEAR)	COMMENTS
SR, Severity Rate (number of days off work due to accidents/number of accidents with at least one day off work:	16.0 (17.4)	
FAR, Fatal accident rate (number of fatalities * 200,000/total number of hours worked)	0 (0)	
NM, Near miss (number of near misses * 200,000/total number of hours worked)	10.3 (11.8)	
Total amount of time worked in 2021	Incl. PSM: 3,366,582 only Bulten: 2,310,400 (2,044,318)	Increased by 64% on 2019. Mainly because PSM International is now included in the reporting.
SLT, Sick leave rate total: Total sick leave in 2021 (permanent and temporary)	3.73 (5.29)	A decrease of 29% on the previous year.

Deviations: Bulten does not monitor particular minorities or vulnerable groups. This is because there is different legislation in different countries.

NOTE 12 TRAINING AND DEVELOPMENT

Employee development

The employee's job description forms the basis for prioritizing the training and development of the employees. Each manager is responsible for ensuring that there are clear roles and that the employee has the right pre-requisites to do a good job, and for regularly monitoring performance and development. Each employee has a responsibility for acquiring the expertise that is necessary in order to be able to perform their work tasks fully and correctly. Bulten's HR policy is designed to create insights, compliance and equal treatment of Bulten employees regardless of gender or employment type.

Total number of training hours in 2021: 26,584 (2020: 8,958, note only Bulten). Training hours for temporary employees include trainee courses. Average number of training hours by gender and employment type in 2021:

AVERAGE NO. OF TRAINING HOURS	PERMANENT	TEMPORARY	TOTAL
Men	16.5 hrs (9)	19.8 hrs (14.4)	16.9 (9.2)
Women	13 hrs (6)	13.4 hrs (2.2)	13.1 (6.7)
Total	15.6 hrs (8)	17.7 hrs (11.7)	15.5 (8.6)

Program for upgrading employees' knowledge and for transferring knowledge

Bulten Fastener Academy is aimed at anyone who wants to learn more about fasteners. Courses cover everything from design, manufacturing and assembly to the best way to make use of a fastener. Bulten Fastener Academy has developed and is now conducted in fully digital form.

Percentage of employees who regularly have performance and professional development interviews

Bulten's process for performance and professional development interviews is called 'the annual development dialogue' (ADD). Every year, the company launches a campaign in the global HR system, and managers and employees carry out the dialogue and document completed dialogues in the system.

In the 2021 campaign, approximately 89% (1,154) of all planned dialogues took place (1,299), distributed as shown below: 2021 campaign: Annual development dialogue. Rounded-off figures

TOTAL	OF WHOM WOMEN		
% DIALOGUES COMPLETED (ADD)	% WOMEN OF TOTAL ADDS COMPLETED	OF WHOM PERMANENTLY EMPLOYED WOMEN	OF WHOM TEMPORARILY EMPLOYED WOMEN
89%	23%	98%	2%
OF WHOM MEN			
% MEN OF TOTAL ADDS COMPLETED	OF WHOM PERMANENTLY EMPLOYED MEN	TEMPORARILY EMPLOYED MEN	
77%	95%	5%	

PSM International Holding Ltd and its subsidiaries are not included in the disclosure of ADD 2021.

NOTE 13 DIVERSITY AND DEVELOPMENT

Diversity among Board of Directors, management and employees

The figures include all subsidiaries in the Group, including PSM International. 2021 is the first report to include PSM International. Distribution between women and men of total number of employees (Headcount): Women 26% (24.5% note only Bulten), Men 74% (75.5% note only Bulten).

DISTRIBUTION BY AGE GROUP	YOUNGER THAN 30	BETWEEN 30 AND 50	OLDER THAN 50
% Men	80.1 (81.6)	70.3 (72.9)	78.4 (77.6)
% Women	19.9 (18.4)	29.7 (27.1)	21.6 (22.4)
Age group as % of total employees	13.0 (13.9)	59.1 (56.6)	27.9 (29.5)

The company's (Bulten AB, publ) Board, members elected at the general meeting (6): Women 33%. Men 67%. Total number of Board members including 3 ordinary employee representatives: 9, of whom total Women: 22% and Men 78%. Age group Younger than 30: 0, Aged 30-50: 1. Older than 50: 8.

Bulten's Group management: Total 8 members, of whom Women: 50%, Men: 50%. Age group Younger than 30: 0, Aged 30-50: 3 (37.5%), Older than 50: 5 (62.5%).

NOTE 14 ASSESSMENT OF SUPPLIERS BASED ON SOCIAL CRITERIA

When interacting with a new supplier, Bulten's requirements are communicated through its general terms and conditions, Bulten's code of conduct for suppliers and business partners, and the company's business strategy. The supplier must agree to Bulten's code of conduct in writing.

The qualification process also includes an assessment of the supplier's sustainability performance using a self-assessment questionnaire (Drive Sustainability SAQ), which covers human rights including child labor and trafficking, employment and working conditions, health and safety, environment, responsible purchasing, business ethics, and corporate governance. The results of these assessments are ranked according to an internal system. In 2021, 96.6% of Bulten's total purchases came from approved suppliers.

The Drive Sustainability SAQ was answered by approved suppliers equivalent to about 99% of the total purchasing volume in this group. Of these, about 10% did not achieve an acceptable level, about 13 suppliers in all. These suppliers will undergo further assessment, to include child labor and trafficking.

The decision to enter into a new supplier relationship is made jointly by VP Purchasing, VP Quality, and VP Material Planning & Logistics. The criteria that are described above are included as an integral part of the decision.

New suppliers that have been screened based on social criteria

In 2021, Bulten introduced a total of seven new suppliers of direct materials. Three of these were referred directly from our customers. Two out of seven suppliers are undergoing assessment based on Bulten's code of conduct for suppliers and business partners, including social criteria, child labor, trafficking, and more. PSM International is not included in the figures for 2021.

Referred suppliers will be assessed, partly to evaluate consolidation potential in Bulten's own production, and partly to ensure full compliance with Bulten's requirements. Approval of Bulten's general terms and conditions also includes social (human rights, working conditions, work against child labor and trafficking, etc.) and environmental criteria, as well as acceptance of Bulten's code of conduct for suppliers and business partners.

GRI CONTENT INDEX

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
GRI 102: General Disclosures 2016 (Core level)					
Organization profile					
102-1	Name of the organization	Bulten AB	Page 57, Note 1		
102-2	Activities, brands, products and services	The company supplies fasteners under the Bulten and PSM International brands primarily to the automotive industry. Bulten does not offer any services or products that are banned on any market.	Pages 2, 16–21 and 24–27		
102-3	Location of headquarters	Gothenburg	Page 57, Note 1, page 132 (rear cover of Annual Report)		
102-4	Location of operations		Pages 2, 30 and 57, Note 3		
102-5	Ownership and legal form		Pages 44–45 and 57, Notes 1 and 3		
102-6	Markets served		Pages 2, 16 and 66, Note 6		
102-7	Scale of the organization		Pages 2, 7, 48–51, 54, 66, Note 6, and page 110, Note 1. See definitions page 130.		
102-8	Information on employees and other workers		Pages 15 and 110, Notes 1–2		
102-9	Supply chain		Pages 34, 36–37, 108 and 117, Note 14		
102-10	Significant changes to the organization and its supply chain		Pages 48–50, 57, Note 2, and page 87, Note 38		
102-11	Precautionary principle or approach		Pages 50, 61, Note 5, and 109		
102-12	External initiatives	Bulten supports, for example, Global Compact, the automotive industry's common requirements for its subcontractors (Drive Sustainability). Bulten regularly undergoes various so-called third-party assessments, e.g. EcoVadis, CDP.	Pages 5, 14 and 106		
102-13	Membership of associations	EIFI - European Industrial Fasteners Institute: Bulten holds the chair position. Rise IVF AB interest association: active membership in research projects. SAMS - Swedish Association for Material Sourcing: a trade association in the field of material supply. Bulten is represented through its position on the board of directors.			
Strategy					
102-14	Statement from senior decision maker		Pages 4–5		
102-15	Key impacts, risks, and opportunities		Pages 6, 8–9, 16–17, 38–41, 61, Note 5, and 106		
Ethics and integrity					
102-16	Values, principles, standards and norms of behaviour		Pages 6, 13, 42–44, 107–108, 111, Note 5, 115, Note 11, and 117, Note 14		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
Governance					
102-18	Governance structure	Corporate Governance Report	Pages 98-104 and 107-109.		
Stakeholder dialogue					
102-40	List of stakeholder groups		Page 106		
102-41	Collective bargaining agreements		Page 108		Principle 3
102-42	Identifying and selecting stakeholders		Page 106		
102-43	Approaches to stakeholder engagement		Page 106		
102-44	Key topics and concerns raised		Page 106		
Accounting practices					
102-45	Entities included in the consolidated financial statements		Page 57, Note 3, and 110, Notes 1-3		
102-46	Defining report content and topic boundaries		Pages 106-122		
102-47	List of material topics		Pages 106-107		
102-48	Restatements of information		Pages 50, 57, Note 2, 58, Note 4, 66, Note 6, and 110, Notes 1-3		
102-49	Changes in reporting		Page 57, Note 2		
102-50	Reporting period	Financial year: January 1 - December 31, 2021	Page 48		
102-51	Date of most recent report	April 6, 2021			
102-52	Reporting cycle	Annual (calendar year)	Page 48		
102-53	Contact point for questions regarding the report	Financial data, CFO, Sustainability reporting: SVP HR & Sustainability	Pages 125 and 132		
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core level	Pages 5 and 106		
102-55	GRI content index		Pages 118-122		
102-56	External assurance	PwC has conducted a review of the sustainability report	Page 123		
Bulten's own disclosure	Sustainability report in accordance with Sections 10-14 of the Swedish Annual Accounts Act (1995:1554)		Page 106		

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
Information about the governance of material topics					
103-1	Explanation of the material topics and its boundary		Pages 106-108, 110 Note 3		
103-2	Management approach and its components		Page 110, Notes 3-4		
103-3	Evaluation of the management approach		Page 110-111, Note 4		
Economic standards					
GRI 205: Anti-corruption 2016					
103-1 - 103-3	Management approach disclosure		Pages 38-39, 108, 111 Note 5		
205-1	Operations assessed for risks relating to corruption		Pages 38-39, 108, 111 Note 5, 117 Note 14		
205-2	Communication and training about anti-corruption policies and procedures		Pages 11, 111 Note 5	Information not available on gender per region	
205-3	Confirmed incidents of corruption and actions taken		Page 111, Note 5		
Environmental standards					
GRI 302: Energy 2016					
103-1 - 103-3	Management approach disclosure		Pages 12-14, 31, 107, 109, 110, Notes 3-4, and 111, Note 6		
302-1	Energy consumption within the organization		Page 112, Note 6		Principles 7, 8 and 9
302-3	Energy intensity		Page 112, Note 6		Principles 7, 8 and 9
Bulten's own disclosure	Percentage of renewable energy		Page 112, Note 6		Principles 7, 8 and 9
GRI 303: Water and emissions 2018					
103-1 - 103-3	Management approach disclosure		Pages 13, 107, 109, 110, Notes 3-4, and 112, Note 7		
303-1	Interactions with water as a shared resource		Page 112, Note 7		Principles 7, 8 and 9
303-2	Management of effects relating to water emissions		Page 112, Note 7		Principles 7, 8 and 9
303-5	Water consumption		Page 112, Note 7	Cooling water from surface water in Sweden and water from fire-fighting pond in Germany not included	Principles 7, 8 and 9
GRI 305: Emissions 2016					
103-1 - 103-3	Management approach disclosure		Pages 11-14, 106-107, 109 and 112, Note 8		
305-1	Direct GHG emissions (scope 1)		Page 112, Note 8		
305-2	Indirect GHG emissions (scope 2)		Page 112, Note 8		
305-3	Other indirect GHG emissions (scope 3)		Page 112, Note 8	Page 113 other indirect GHG emissions	Principles 7, 8 and 9
305-4	GHG emissions intensity		Page 112, Note 8		Principles 7, 8 and 9

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
GRI 306: Waste 2016					
103-1 - 103-3	Management approach disclosure		Pages 107, 109, 110, Notes 3-4, and 114, Note 9		
306-2	Waste		Page 114, Note 9		Principles 7, 8 and 9
Social standards					
GRI 401: Employment 2016					
103-1 - 103-3	Management approach disclosure		Page 110, Notes 1-4		Principle 6
401-1	New employee hires and employee turnover		Pages 15 and 114, Note 10		
GRI 403: Health and safety at work 2018					
103-1 - 103-3	Management approach disclosure		Pages 11-15, 107-109 and 115, Note 11		
403-1	Occupational health and safety management system		Pages 14-15, 108 and 115, Note 11		Principle 6
403-2	Hazard identification, risk assessment and incident investigation		Page 115, Note 11	Bulten does not monitor/report non work-related illnesses and accidents by gender and per region	
403-3	Occupational health service		Page 115, Note 11		
403-4	Workers participation, consultation and communication about health and safety		Pages 15 and 115, Note 11		
403-5	Workers training on occupational health and safety		Pages 15, 108 and 115, Note 11		
403-6	Promoting worker health		Pages 15, 108 and 115, Note 11		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Page 115, Note 11		
403-9	Work-related injuries		Page 115, Note 11	The Parent Company, Bulten AB, is not included	
GRI 404: Training and development 2016					
103-1 - 103-3	Management approach disclosure		Pages 15, 107-109, 110 Notes 3, 111 Note 5, and 117, Note 13		
404-1	Average hours of training per year per employee		Pages 15 and 117, Note 12		Principle 6
404-2	Programs for upgrading employees' skills and transition assistance programs		Pages 15 and 117, Note 12		Principle 6
404-3	Percentage of employees receiving regular performance and career development reviews		Pages 11 and 117, Note 12		Principle 6

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	OMISSION	GLOBAL COMPACT PRINCIPLE
GRI 405: Diversity and equal treatment 2016					
103-1-103-3	Management approach disclosure		Pages 15, 107 and 117, Note 13		
405-1	Diversity of governance bodies and employees		Pages 110, Notes 1-2, 114, Note 10, and 117, Note 13	Bulten has not reported gender by age group for different personnel categories and no data is available. Therefore unable to report personnel categories separately.	Principle 6
GRI 406: Non-discrimination 2016					
103-1-103-3	Management approach disclosure		Pages 15, 107, 110, Notes 3-4, 114, Note 10, and 117, Note 14		
406-1	Incidents of discrimination and corrective actions taken	One case of perceived discrimination was reported during 2021 via the company's whistleblower system. The company assigned an external lawyer to investigate the matter in the country in question. The inquiry found that no discrimination had taken place.			Principle 6
GRI 408: Child labor 2016					
103.1-103.3	Management approach disclosure		Pages 34, 107-109 and 110, Notes 3-4	PSM International is not included in the figures	
408-1	Operations and suppliers at significant risk for incidents of child labor		Pages 38-39 and 117, Note 14	PSM International is not included in the figures	Principle 6
GRI 409: Forced or compulsory labor 2016					
103.1-103.3	Management approach disclosure		Pages 34, 107-109 and 110, Notes 3-4 bulten.com/sv-SE/About-Bulten/Sustainability/Statement-Modern-Slavery	PSM International is not included in the figures	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Pages 38-39, 117, Note 14	PSM International is not included in the figures	Principle 6
GRI 414: Assessment of suppliers based on social criteria					
103-1-103-3	Management approach disclosure		Pages 34, 107-109 and 110, Notes 3-4	PSM International is not included in the figures	
414-1	New suppliers that were screened using social criteria		Pages 38-39 and 117, Note 14	PSM International is not included in the figures	Principle 6
Other information:					
The UN's 17 Sustainable Development Goals		Bulten has audited its impact/contribution regarding the UN's 17 Sustainable Development Goals.	Page 13		Principles 1, 2, 7, 8, 9
Science Based Target initiative			Page 106		Principles 9, 13

Auditor's Limited Assurance Report on Bulten AB's (publ) Sustainability Report and statement on the Statutory Sustainability Report

For Bulten AB (publ), corp. reg. no. 556668-2141

Introduction

We have been commissioned by the Board of Directors and executive management of Bulten AB (publ) to review the company's Sustainability Report for the year 2021. The Sustainability Report is also Bulten AB's (publ) Statutory Sustainability Report for the year 2021. The company has defined the scope of the Sustainability Report on page 106 of this document, which is also the Statutory Sustainability Report.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the Statutory Sustainability Report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 106 of the Sustainability Report, and consist of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that Bulten AB (publ) has developed. This responsibility also includes the internal control which is deemed necessary to establish a Sustainability Report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the Statutory Sustainability Report.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability

Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the Statutory Sustainability Report in accordance with FAR's recommendation RevR 12, *the Auditor's Opinion on the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Bulten AB (publ) according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

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

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.










A Statutory Sustainability Report has been prepared.

Gothenburg, April 6, 2022
PricewaterhouseCoopers AB









Johan Palmgren
Authorized Public Accountant

Karin Juslin
Specialist member of FAR

THE BOARD

									
	ULF LJLJEDAHL	KARIN GUNNARSSON	HANS GUSTAVSSON	CHRISTINA HALLIN	HANS PETER HAVDAL	PETER KARLSTEN	HARRI ÅMAN	JOAKIM STENBERG	NIKLAS MALMBERG
	Chair of the Board	Board member	Board member and Chair of the remuneration committee	Board member	Board member	Board member	Employee representative for Unionen	Employee representative for IF Metall	Employee representative for IF Metall, deputy
Year elected	2015	2020	2005	2020	2013	2015	2020	2020	2020
Current employment	President and CEO of Volito AB	Own business focused on corporate governance and consulting	Own business in leadership	President of SEM AB	Division Manager Semcon International	Own business focused on corporate governance and consulting	Production planner at Bulten's Hallstahammar facility	Surface treatment operative at Bulten's Hallstahammar facility	Tool maker at Bulten's Hallstahammar facility
Born	1965	1962	1946	1960	1964	1957	1968	1966	1974
Education	MBA	MBA	Engineer and training in finance and management	Masters in engineering	Masters in engineering, machinery	Masters in engineering	Worked at Bulten since 1986	Worked at Bulten 1987-1991 and since 1994	Worked at Bulten since 2018
Nationality	Swedish	Swedish	Swedish	Swedish	Norwegian	Swedish	Swedish	Swedish	Swedish
Other duties	Several board assignments for companies in the Volito Group and board member of Konecranes Plc	Board member of Beijer Electronics Group AB and Concentric AB etc.	None	Board member of Alimak, SEM AB and SensysGatso	Board member of Yeti Move AS and Hexagon Composites ASA	Chair of the Board for Holmberg Safety Systems	None	None	None
Independent of the company and corporate management	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-
Independent of the company's major shareholders	No	Yes	Yes	Yes	Yes	Yes	-	-	-
Previous experience	Executive positions in the Husqvarna Group and Cardo Group and a number of positions in finance at Alfa Laval	Senior positions at Hexpol AB and several roles, mainly within accounting, at Telelogic AB and Trelleborg AB	Executive positions at Volvo Cars and Jaguar Land Rover	Senior positions at AB Volvo	Senior positions at Kongsberg Automotive	Executive positions at AB Volvo and ABB, among others	-	-	-
Shareholding as of February 28, 2022	-	5,000	127,768	1,500	2,650	8,000	-	150	-

EXECUTIVE MANAGEMENT AND AUDITORS

								
	ANDERS NYSTRÖM	ANNA ÅKERBLAD	MARKUS BAUM	FREDRIK BÄCKSTRÖM	MARLENE DYBECK	ULRIKA HULTGREN	CLAES LINDROTH	EMMY PAVLOVIC
Current position	President and CEO	Chief Financial Officer	Chief Commercial Officer	Chief Operating Officer	Senior Vice President HR and Sustainability	Senior Vice President Corporate Communications and IR	Senior Vice President Purchasing and Quality	Senior Vice President Technology and Innovation
Employed in company	2019	2021	2020	2019	2016	2021	2017	2020
Education	Mechanical engineer with additional education in leadership and finance	MSc in Economics	PhD and degree in business administration	Masters in mechanical engineering	Executive MBA and university studies in behavioral science	B.A. in Communication	Mechanical engineer	Masters in chemical engineering with engineering physics and a doctoral degree in materials science
Previous experience	Extensive international experience in the automotive industry with several previous senior management positions within Kongsberg Automotive, Volvo Cars, Ford Motor Company and IAC Group	Extensive experience from companies in the manufacturing-sector, such as Group CFO of Absolent Group and Axel Christiernsson International. Several years as consultant and auditor at Deloitte	Extensive experience of the supply chain in the automotive industry from Nedschroef, Benteler, TMD Friction and Visteon	Several senior positions at Arcam AB, Poseidon Diving System AB, Carmel Pharma AB, Pågen/Pååls bageri and Dayco Automotive AB, among others	Previous positions at Volvo Cars, Hultafors Group and Gunnebo, among others	Previous positions at NEVS, Castellum, SKF, Astra Zeneca and Tamro, among others	Previous positions at Shiloh, Volvo Cars, Norsk Hydro and Raufoss	Previous positions at Nedschroef, Aston Harald, Arcam and Volvo, jointly entailing broad experience of development for the automotive industry and other sectors
Born	1965	1975	1978	1965	1966	1971	1962	1980
Nationality	Swedish	Swedish	German	Swedish	Swedish	Swedish	Swedish	Swedish
Other duties	None	None	None	None	None	None	Member of SAMS (Swedish Association for Material Sourcing)	None
Shareholding as of February 28, 2022	8,720	-	2,400	8,000	4,824	-	8,000	-

JOHAN PALMGREN

PricewaterhouseCoopers AB,
Chief Auditor.

In current position: Auditor of the company since 2020.

Education: Authorized Public Accountant. **Born:** 1974 **Nationality:** Swedish.

Other duties: Chief auditor for HMS Networks AB (publ) and Troax Group AB (publ), among others.

KEY FIGURES FOR THE GROUP

GROUP	2021	2020	2019	2018	2017
Margins					
EBITDA margin, %	10.7	8.7	7.7	9.6	10.1
Adjusted EBITDA margin, %	10.7	8.6	9.3	9.6	10.1
EBIT margin (operating margin), %	6.2	3.6	3.2	6.7	7.4
Adjusted EBIT margin (operating margin), %	6.2	3.5	4.8	6.7	7.4
Net margin, %	4.1	1.6	1.8	4.6	5.6
Adjusted net margin, %	4.1	1.5	3.1	4.6	5.6
Profitability ratios					
Return on capital employed, %	9.7	5.4	5.5	12.8	14.4
Adjusted return on capital employed, %	9.7	5.2	8.1	12.9	14.4
Return on capital employed, excluding goodwill, %	10.7	5.9	6.2	14.6	16.7
Adjusted return on capital employed, excluding goodwill, %	10.7	5.8	9.0	14.7	16.7
Return on equity, %	9.1	3.7	3.5	9.9	11.7
Adjusted return on equity, %	9.1	3.5	6.4	10.0	11.7
Capital structure					
Capital turnover rate, times	1.6	1.5	1.6	1.9	1.9
Debt/equity ratio, times	-0.4	-0.3	-0.4	-0.1	-0.0
Interest coverage ratio, times	10.1	3.9	7.6	18.2	38.8
Equity/assets ratio, %	49.3	49.4	55.2	64.8	66.8
Employees					
Net sales per employee, SEK 000	2,230	1,977	2,171	2,186	2,189
Operating profit per employee, SEK 000	139	72	69	146	161
Number of employees	1,673	1,616	1,425	1,433	1,305
Other					
Net cash (+)/net debt (-), SEK million	-655	-458	-565	-181	-49
Adjusted net cash (+)/net debt (-), SEK million ²⁾	-323	-112	-299	-145	-12
Earnings per share attributable to Parent Company shareholders					
Earnings per share, SEK ¹⁾	6.85	2.66	2.62	7.19	7.98
Earnings per share (SEK) adjusted for non-recurring items ^{*1)}	6.85	2.53	4.73	7.24	7.98
Number of shares outstanding					
Weighted number of outstanding ordinary shares, thousands ¹⁾	20,988.0	20,829.5	20,030.8	20,323.7	20,359.7

^{*)} Refers to before dilution

¹⁾ Earnings per share adjusted for non-recurring items. Earnings after tax adjusted for non-recurring items.

All adjusted items take current tax and deferred tax into account. Divided by weighted number of outstanding shares at the balance sheet date.

²⁾ Adjusted net cash/net debt. Interest-bearing liabilities excluding interest-bearing liabilities attributable to finance leases, less interest-bearing assets.

QUARTERLY DATA FOR THE GROUP

GROUP	2021				2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Orders received	871	830	947	1,010	1,188	1,322	409	688	842	776	752	733
Income statement												
Net sales	953	764	910	1,103	1,080	853	441	821	784	718	781	810
Gross profit	168	140	176	226	212	161	40	154	149	106	129	159
Earnings before depreciation and amortization (EBITDA)	90	74	96	140	132	80	-18	83	65	29	54	91
EBITDA margin, %	9.4	9.7	10.6	12.7	12.2	9.4	-4.1	10.1	8.3	4.1	6.9	11.2
Adjusted earnings before depreciation and amortization (EBITDA)	90	74	96	140	125	80	-18	83	80	56	60	92
Adjusted EBITDA margin, %	9.4	9.7	10.6	12.7	11.6	9.4	-4.1	10.1	10.2	6.8	7.6	11.4
Operating profit (EBIT)	48	31	55	98	92	40	-59	43	27	-8	21	58
EBIT margin (operating margin), %	5.0	4.1	6.0	8.9	8.5	4.7	-13.3	5.2	3.5	-1.0	2.7	7.1
Adjusted operating profit (EBIT)	48	31	55	98	85	40	-59	43	42	19	27	59
Adjusted EBIT margin (operating margin), %	5.0	4.1	6.0	8.9	7.8	4.7	-13.3	5.2	5.4	2.8	3.4	7.3
Earnings after tax	32	16	38	68	63	17	-39	9	11	-14	14	44
Net margin, %	3.3	2.2	4.2	6.1	5.8	2.1	-8.8	1.1	1.4	-2.1	1.8	5.4
Adjusted profit after tax	32	16	38	68	57	17	-39	9	26	6	20	45
Adjusted net margin, %	3.3	2.2	4.2	6.1	5.3	2.1	-8.8	1.1	3.3	0.8	2.5	5.6
Cash flow from												
operating activities	45	-122	32	93	176	157	51	63	98	114	52	-57
investing activities	-69	-55	-25	-16	-19	-12	-17	-71	-50	-84	-49	-35
financing activities	71	171	3	-136	-66	-144	-28	84	-23	-57	34	102
Cash flow for the period	47	-6	10	-59	91	1	6	76	25	-27	37	10
Earnings per share attributable to Parent Company shareholders												
Basic earnings per share (SEK) *)	1.16	0.68	1.80	3.21	2.96	0.91	-1.85	0.63	0.54	-0.75	0.71	2.12
Basic earnings per share (SEK) adjusted for non-recurring items *)	1.16	0.68	1.80	3.21	2.67	0.91	-1.85	0.63	1.27	0.28	0.98	2.20
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares before dilution, thousands *)	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,350.6	19,988.0	19,989.5	20,044.2	20,103.4

QUARTERLY DATA FOR THE GROUP, BALANCE SHEET

GROUP	DEC 31, 2021	SEP 30, 2021	JUN 30, 2021	MAR 31, 2021	DEC 31, 2020	SEP 30, 2020	JUN 30, 2020	MAR 31, 2020	DEC 31, 2019	SEP 30, 2019	JUN 30, 2019	MAR 31, 2019
Balance sheet												
Non-current assets	1,446	1,380	1,348	1,358	1,354	1,394	1,323	1,373	1,274	1,268	1,198	1,160
Current assets	1,973	1,836	1,772	1,803	1,717	1,649	1,449	1,776	1,436	1,483	1,558	1,551
Equity	1,687	1,637	1,608	1,619	1,517	1,512	1,508	1,622	1,497	1,507	1,511	1,572
Non-current liabilities	641	608	504	476	574	587	715	741	579	581	626	494
Current liabilities	1,091	971	1,008	1,066	980	944	549	786	634	663	619	646
Other												
Net cash (+)/net debt (-)	-655	-623	-438	-392	-458	-605	-634	-679	-565	-596	-595	-501
Adjusted net cash(+)/net debt (-)	-323	-285	-94	-42	-112	-238	-371	-391	-299	-328	-347	-252
Equity per share attributable to Parent Company shareholders												
Equity per share, SEK *)	79.09	77.11	75.88	76.41	71.62	71.36	70.98	76.41	74.09	74.60	74.79	77.70
Number of outstanding ordinary shares												
Weighted number of outstanding ordinary shares, thousands *)	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	20,988.0	19,988.0	19,988.0	19,999.5	20,075.9
Share price												
Share price at end of period (SEK)	93.00	84.40	102.80	104.60	89.80	71.60	53.40	39.50	78.80	62.30	73.00	79.50

GROUP, 12-MONTH ROLLING DATA

GROUP, 12-MONTH ROLLING	JANUARY 2021 TO DECEMBER 2021	OCTOBER 2020 TO SEPTEMBER 2021	JULY 2020 TO JUNE 2021	APRIL 2020 TO MARCH 2021	JANUARY 2020 TO DECEMBER 2020	OCTOBER 2019 TO SEPTEMBER 2020	JULY 2019- JUNE 2020	APRIL 2019 TO MARCH 2020	JANUARY 2019 TO DECEMBER 2019	OCTOBER 2018 TO SEPTEMBER 2019	JULY 2018 TO JUNE 2019	APRIL 2018 TO MARCH 2019
Income statement												
Net sales	3,730	3,857	3,946	3,477	3,195	2,899	2,764	3,104	3,093	3,056	3,060	3,089
Gross profit	710	754	775	639	567	504	449	538	543	536	565	586
Adjusted gross profit	710	754	775	639	567	504	460	552	558	551	570	587
Earnings before depreciation and amortization (EBITDA)	400	442	448	334	277	210	159	231	239	245	277	303
EBITDA margin, %	10.7	11.5	11.4	9.6	8.7	7.2	5.8	7.5	7.7	8.0	9.1	9.8
Adjusted earnings before depreciation and amortization (EBITDA)	400	439	445	331	274	225	201	279	288	281	285	305
Adjusted EBITDA margin, %	10.7	11.4	11.3	9.5	8.6	7.7	7.3	9.0	9.3	9.2	9.3	9.9
Operating profit (EBIT)	232	276	285	171	116	51	4	83	98	119	165	201
EBIT margin (operating margin), %	6.2	7.1	7.2	4.9	3.6	1.8	0.2	2.7	3.2	3.9	5.4	6.5
Adjusted operating profit (EBIT)	232	273	282	168	113	67	46	131	147	154	173	203
Adjusted EBIT margin (operating margin), %	6.2	7.1	7.1	4.9	3.5	2.3	1.7	4.2	4.8	5.1	5.6	6.6
Earnings after tax	154	185	186	109	50	-2	-33	20	55	74	113	139
Net margin, %	4.1	4.8	4.7	3.1	1.6	-0.0	-1.2	0.6	1.8	2.4	3.7	4.5
Adjusted earnings after tax	154	183	184	107	48	13	2	60	97	102	121	140
Adjusted net margin, %	4.1	4.7	4.7	3.1	1.5	0.5	0.1	1.9	3.1	3.3	4.0	4.6
Employees												
Net sales per employee, SEK 000	2,230	2,295	2,384	2,121	1,977	1,808	1,761	2,133	2,171	2,119	2,103	2,107
Operating profit per employee, SEK 000	139	164	172	104	72	32	3	57	69	83	113	137
Number of employees on closing date	1,673	1,680	1,655	1,639	1,616	1,603	1,570	1,455	1,425	1,442	1,455	1,466
Profitability ratios												
Return on capital employed, %	9.7	11.7	12.6	7.4	5.4	2.5	0.2	3.9	5.5	6.4	9.0	10.9
Adjusted return on capital employed, % ¹⁾	9.7	11.6	12.5	7.3	5.2	3.1	2.1	5.9	8.1	8.3	9.5	11.0
Return on capital employed, excluding lease liabilities, %	11.0	13.5	14.2	8.3	5.9	2.6	0.0	5.1	5.8	6.8	9.5	11.5
Return on capital employed, excluding goodwill, %	10.7	12.9	13.9	8.2	5.9	2.7	0.2	4.2	6.2	7.2	10.1	12.2
Adjusted return on capital employed, excluding goodwill, % ¹⁾	10.7	12.7	13.8	8.0	5.8	3.5	2.3	6.5	9.0	9.3	10.6	12.3
Return on equity, %	9.1	11.7	12.1	6.9	3.7	0.3	-2.0	1.4	3.5	4.8	7.6	9.0
Adjusted return on equity, % ²⁾	9.1	11.5	11.9	6.7	3.5	1.2	0.3	4.0	6.4	6.7	8.1	9.2
Other												
Net cash(+)/net debt(-)/EBITDA	-1.6	-1.4	-1.0	-1.2	-1.7	-2.9	-4.0	-2.9	-2.4	-2.4	-2.1	-1.7
Adjusted net cash(+)/net debt(-)/EBITDA	-0.8	-0.6	-0.2	-0.1	-0.4	-1.1	-2.3	-1.7	-1.3	-1.3	-1.3	-0.8

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.

LTIR (Lost Time Injury Rate)

Number of accidents leading to absence x 200,000/total number of hours worked.

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 finance leases, less interest-bearing assets.

Net margin

Net income 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 for the year compared to the previous year's results, adjusted for currency and acquisitions.

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 employees.

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.



FINANCIAL CALENDAR

ANNUAL GENERAL MEETING

Bulten's Annual General Meeting will be held on April 28, 2022.

For further information about the 2022 AGM, visit Bulten's website, www.bulten.com.

FINANCIAL REPORTING

Interim reportApril 28, 2022
Half-Year reportJuly 13, 2022
Interim report October 27, 2022
Year-End Report February 9, 2023

The reports can be found at www.bulten.com on their date of publication.



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