

# CONTENTS

Bulten in Brief	4
The Year in Brief	5
CEO's Statement	6
Stronger solutions - sustainable results	8
Financial Targets	10
Sustainability goals	11
Strategy and development during the year	12
PSM becomes part of Bulten Group	14
Globalized market	15
Business model - strong customer offering	18
Full Service Provider (FSP) - An offering that creates added value	20
FSP - Full Service Provider	21
Sustainable solutions	22
Value chain that makes a difference	24
Quality leader	27
Sustainability development	28
UN Sustainable Development Goals	31
Our employees	32
Bulten's core values	33
History	34
Strong finances allow maneuverability	35
Risk factors	37
Shareholder information	40
GRI-index	42
<b>FINANCIAL INFORMATION</b>	
Board of Directors' Report	52
Consolidated income statement	57
Consolidated statement of comprehensive income	57
Consolidated balance sheet	58
Consolidated statement of changes in equity	59
Consolidated cash flow statement	60
Consolidated net cash/net debt composition	60
Notes for the Group	61
Parent Company's income statement	94
Parent Company's statement of comprehensive income	94
Parent Company's cash flow statement	94
Parent Company's balance sheet	94
Parent Company's statement of changes in equity	96
Notes for the Parent Company	97
Declaration and signatures	99
Audit Report	100
Definitions	104
Corporate governance report	105
Overview of corporate governance	111
Board of Directors, executive management and auditors	112
Key figures for the Group	116
Quarterly data for the Group	117
Quarterly data for the Group, balance sheet	118
Group, 12-month rolling data	119



**CEO'S STATEMENT**  
2019 can be summed up as something of a middling year for Bulten. Demand in the automotive industry was generally checked by new environmental regulations and uncertainty regarding trade policy, which impacted on Bulten's deliveries.

**6**

**GLOBALIZED MARKET**  
Over the years, Bulten has become a leading European supplier of fasteners to the global automotive industry, and has a particularly strong position through its FSP offering.

**15**



**FULL SERVICE PROVIDER (FSP)**  
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.

**20**

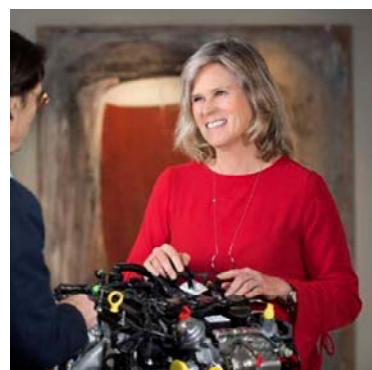
**THE VALUE CHAIN BEHIND THE OFFERING**  
With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

**24**



**SUSTAINABILITY**  
Bulten's ambition is to manage its operations in a sustainable way for the long term. Bulten aims to be a dependable, stable partner to its customers and suppliers, to contribute value for society and its owners, and to be an attractive employer. We report in line with GRI Standards, Core level, as summarized in a GRI index on page 42.

**28**



**STRONG FINANCES ALLOW MANEUVERABILITY**  
Bulten's strong balance sheet, with low indebtedness and good liquid funds, provides maneuverability and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

**35**

**FINANCIAL CALENDAR**

April 23, 2020	Interim report January-March 2020
July 10, 2020	Half-year report January-June 2020
October 22, 2020	Interim report January-September 2020
February 11, 2021	Full-year report January-December 2020

# BULTEN

## A STRONG SUPPLIER AND PARTNER

At Bulten, we are very proud to be one of few players in the global fastener industry to offer total responsibility for fastener solutions, thanks to our Full Service Provider (FSP) concept. We have strong global presence with cost-effective, value-enhancing production in Sweden, Germany, Poland and USA, as well as on Bulten's emerging markets of Russia and China. Along with the fact that we are at the leading edge of technology and innovation, this means we enjoy a strong position as a supplier and partner of sustainable fastener solutions to the global automotive industry.

## STABLE FINANCES BRING FLEXIBILITY

We have good, stable profitability thanks to ongoing streamlining, as well as a flexible, cost-effective production structure. A strong balance sheet brings us flexibility and good preparedness for increases in volume, along with opportunities for growth investments and strategic acquisitions.

## A PROMISING OUTLOOK

Our FSP offering is one of the key reasons why we continue to increase our market share. Thanks to our portfolio of existing contracts and the increasing volumes, combined with several ongoing contract discussions, the outlook for continued profitable growth is good.



# BULTEN IN BRIEF

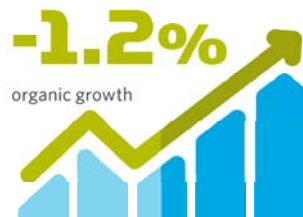
Bulten was founded in 1873, and has since developed into one of the largest suppliers of fasteners to the international automotive industry. Today we have around 1,400 employees worldwide and are headquartered in Gothenburg, Sweden. Our offering extends from a wide range of standard products, to bespoke fasteners manufactured to the customer's specific needs. With our Full Service Provider concept, our customers can either leave total responsibility for fasteners to us, which means that we take care of development, sourcing, logistics and service, or choose just certain parts. The share (BULTEN) is listed on Nasdaq Stockholm. Bulten acquired PSM in 2020, with details presented in a separate box below.

**3,093**  
net sales 2019 (SEK M)



**98**  
operating earnings  
(SEK M)

**3.2%**  
operating margin



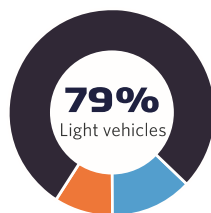
## SELECTION OF CUSTOMERS

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

**Heavy vehicles:** Mack, MAN, Renault, Scania, UD Trucks, Volvo Trucks

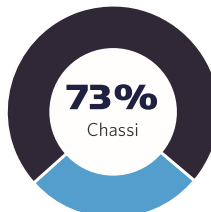
**Suppliers:** Autoliv, Chassis Brake Intl., Facil, Faurecia, Hoerbigler, Lear Corporation, Optimas, Takata, TRW, Trelleborg

## INCOME BY CUSTOMER GROUP



**13%** Heavy vehicles  
**8%** Suppliers

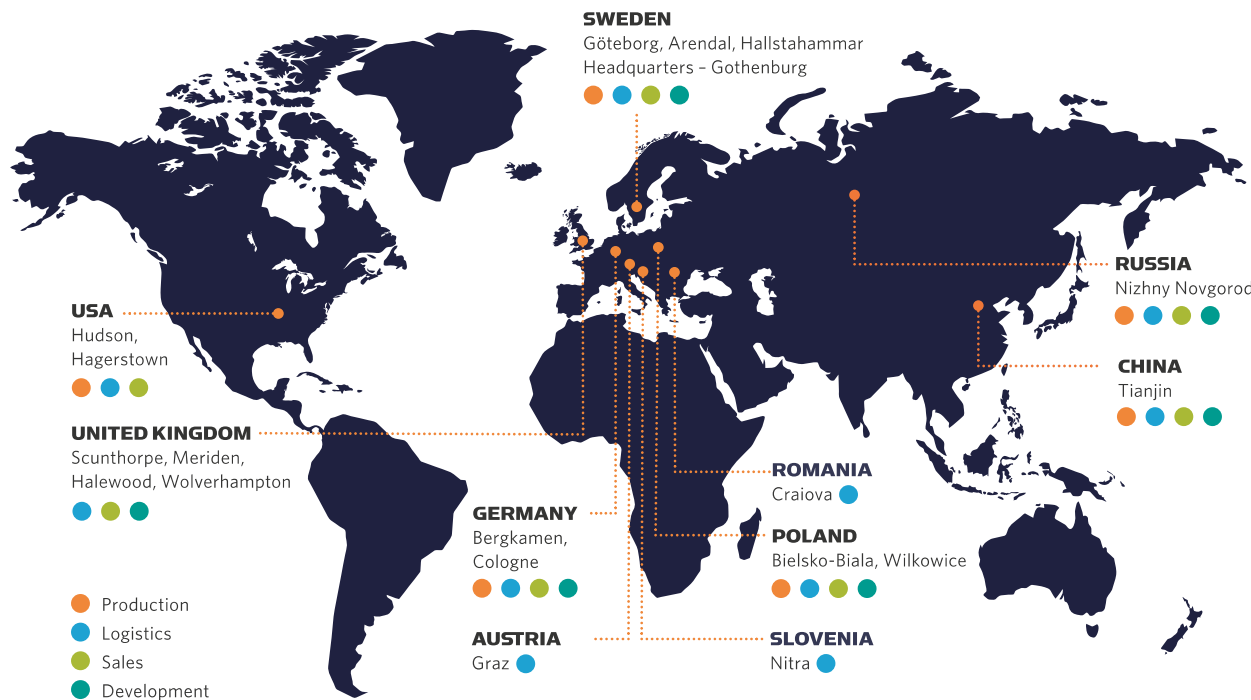
## INCOME DISTRIBUTED ACROSS CHASSIS AND DRIVETRAINS



**27%** Drivetrains

## SUCCESS FACTORS

- Quality leader
- Technology leader
- FSP concept
- Geographic proximity
- Personnel
- Financial platform



**1425**  
employees (FTE)



**PROFESSIONAL • INNOVATIVE  
DEDICATED • EMPOWERED**

## PSM FACTS

- Founded 1931
- 350 employees
- Production in China, Taiwan and UK
- Distribution centers in 22 countries
- Net sales 2019, USD 43 M
- 70% of customers in the automotive industry
- 30% of customers in general industry, incl. consumer electronics and home appliances
- Customer include: Aisin, Akcom, CATL, Elringklinger, Ford, Foxconn, Garmin, GE, GM, Hitachi, Honda, Honeywell, Jabil, Jaguar, Magna, Mahle, Mazda, Mindary, Philips, Schaeffler, Sony, TE, Toyota
- Acquisition of PSM completed February 28, 2020

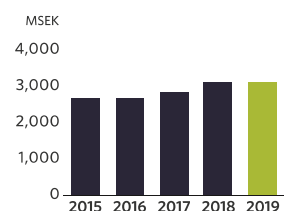
# THE YEAR IN BRIEF

## KEY FINANCIAL INDICATORS, SEK M

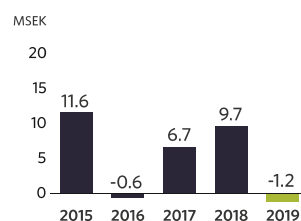
	2019	2018	2017	2016	2015
Net sales	3,093	3,132	2,856	2,676	2,693
Gross profit	543	586	558	531	510
Earnings before depreciation (EBITDA)	239	300	290	271	225
Operating profit (EBIT)	98	210	210	200	165
Operating margin, %	3.2	6.7	7.4	7.5	6.1
Adjusted operating earnings (EBIT)*	147	211	210	200	157
Adjusted operating margin, %*	4.8	6.7	7.4	7.5	5.8
Earnings after tax	55	143	159	146	111
Adjusted earnings after tax*	97	144	159	146	103
Orders received	3,103	3,098	3,015	2,717	2,673
Net debt/equity ratio, times	-0.4	-0.1	0.0	0.0	-0.1
Equity/assets ratio, %	55.2	64.8	66.8	68.9	64.0
Return on capital employed, %	5.5	12.8	14.4	13.9	11.5
Adjusted return on capital employed, %*	8.1	12.9	14.4	13.9	11.0

\*) Adjusted for non-recurring items.

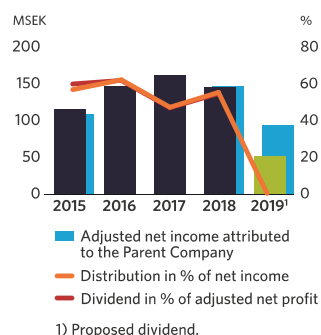
### Net sales, SEK M



### Organic growth, %



### Operating profit, SEK M Operating margin, %



## Q1

### INVESTMENTS AND NEW BUSINESS LAY A GOOD FOUNDATION FOR THE FUTURE

- › Raw material prices stabilized, albeit at a high level.
- › Activities to normalize and improve control at stock level were initiated.
- › New heat treatment plant in Hallstahammar came online.

## Q2

### ADAPTATION OF STOCK AND LOWER PRODUCTION RATE AFFECTED EARNINGS NEGATIVELY

- › A review of the operation's costs was initiated.
- › Under-absorption had a negative impact on earnings.
- › Several minor contracts with a total annual value of around SEK 20 million were won in the first half-year.
- › Bulten was awarded a distinction by EcoVadis for its work on sustainability.

## Q3

### POSITIVE ORDER BOOKINGS, EARNINGS AFFECTED BY NON-RECURRING EXPENSES AND A LOWER PRODUCTION RATE

- › Continued decline on the automotive markets, weaker demand was reflected in Bulten's volumes.
- › Higher order bookings as deliveries of already contracted business began gathering momentum.
- › Restructuring in the German unit was initiated.
- › Installation of solar panels at existing unit in Poland streamlines costs while reducing CO2 emissions by about 80 tons a year.

## Q4

### STRATEGIC MEASURES IMPLEMENTED, STRONG ORDER BOOKINGS AND AN AGREED ACQUISITION PUT US IN A STRONG POSITION FOR 2020.

- › Net sales and incoming orders developed well, despite continued cautious market development.
- › The restructuring in Germany was completed.
- › The new production unit in China was opened, and the relocation was completed.
- › The land purchase in Poland was completed.
- › An agreement to acquire PSM was signed.
- › Several minor contracts with a total annual value of around SEK 90 million were won during 2019.

	Q1	Q2	Q3	Q4
Net sales, SEK M	810	781	718	784
Organic growth, %	-5.1	-3.5	-0.6	5.0
Operating earnings, SEK M	58	21	-8	27
Operating margin, %	7.1	2.7	-1.0	3.5

# CEO'S STATEMENT

2019 can be summed up as something of a middle year for Bulten. Demand within the automotive industry was generally hampered by new environmental regulations and trade policy uncertainty, which affected Bulten's deliveries. The operation has been affected by a number of important events and actions during the year, such as relocation in China, general adaptation to demand, and restructuring in Germany. We ended the year in a positive position with higher volumes from ramping up new contracts and the acquisition of PSM – our first for many years. With a strong contract portfolio of about SEK 500 million, an acquisition with good opportunities for synergies and our new five-year plan Stronger 24 in the back we are ready for a more offensive future.

My first year as President and CEO of Bulten has been eventful, and it has been a true inspiration to lead a company with such a level of competence, experience, and dedication. Having said that, the year has not been without challenges. The industry has seen volatility in demand for vehicles, which can be attributed to altered trading conditions on important markets such as China and the UK (Brexit). New environmental tax regulations in Europe are likely to have had an even bigger influence.

The economic consequences of high CO2 emissions for vehicle manufacturers are in more evidence than ever, and are driving the sector towards hybrids and electric vehicles. Vehicle manufacturers are also starting to prepare for a transition from focusing solely on running emissions to life cycle emissions, and sustainability demands will now also be imposed on the production and the supply chain.

## MEASURES FOR FUTURE GROWTH AND PROFITABILITY

We took several important actions in 2019. We have relocated our Chinese operation from Beijing to larger, brand new premises in Tianjin, the aim being to create better conditions for

expansion from a relatively low level, and to meet Bulten's sustainability targets. During the second and third quarters we adapted our stock levels, and towards the end of the year we restructured our German operation in Bergkamen. The measures burdened our full-year results, but in the longer term they improve our conditions for profitability.

Preparations for the factory investment in Poland continued during the year and the land purchase has been finalized. The investment makes space for expansion and for extending processes such as surface treatment, which has both sustainability-related and economic benefits.

## A STRONG FINISH AND ACQUISITION OF PSM

Although market conditions remained tough, it was pleasing to see our volumes and order bookings increase during the fourth quarter, when deliveries of already contracted business started gathering momentum. Just before Christmas we also signed the contract for Bulten's first acquisition for many years. Acquisitions have always been a possibility in the company's strategy, but PSM was the first company we identified that



Anders Nyström  
President and CEO

“ With a sustainable, innovative, cost-efficient offering, we will be able to win new contracts and increase our market share.

was right strategically and will bring us synergistic effects. PSM delivers fasteners, mainly to the automotive industry, but also for consumer electronics and the home appliances industry. The company has around 350 employees, production units in China, Taiwan and the UK as well as distribution centers in 22 countries. Asia-Pacific is PSM's biggest market, followed by the USA. PSM has net sales of approximately SEK 400 million and an EBITDA margin of about 14%. The acquisition broadens Bulten's customer base on growth markets in Asia and North America, while strengthening both our production capacity and our product offering.

#### **STRONGER 24 – NEW BUSINESS PLAN WITH MORE OF A SUSTAINABILITY FOCUS**

The fact that Bulten has been in business ever since 1873 proves that the company gradually developed its strengths and also been receptive to changes on the market. We will continue to do so. The acquisition of PSM is in line with the revised strategy and five-year plan which we presented in connection with our capital markets day in February 2020. Our strategy work in 2019 has resulted in a revised vision and business concept, as well as new financial targets. The ambition is for Bulten to achieve a strong global position with good profitability. The purchase of PSM is a first step in consolidating our position in China and the USA. With PSM we can also

expand into related products and customer segments, where our business model and FSP concept can make a difference.

A common thread through the entire strategy is our strong and gradually increasing focus on sustainability, which also characterizes many of our customer dialogues. The regulations that our customers have to adapt to in the years to come not only place demands on their products, but on the products' entire life cycle – including technical design and production. Bulten's FSP concept, with responsibility for all of the customer's complex process and management of fasteners, is therefore becoming increasingly relevant and critical. In early 2020, we therefore launched FSP 2.0 – an offering with an increased sustainability profile.

#### **INNOVATION AND SUSTAINABILITY ON THE LEADING EDGE**

I would also like to highlight another example which shows that Bulten and our innovative power can make a difference from an environmental perspective. In February 2020, our BUFOe product family was launched – a fastener produced with a 30% lower carbon footprint and 50% less energy consumption than the average fastener in Europe. The launch has received positive reactions. BUFOe is not only climate smart but has other benefits too, such as a smaller investment requirement in machines and faster lead times in production.

### **FOCUS 2020**

- › Mitigate the effects of COVID-19
- › Win new contracts and continue ramping up existing contracts
- › Develop PSM synergies
- › Increase efficiency in the value chain
- › Execute expansion plans in Poland
- › Increase innovation and sustainability activities

Overall, we continue to advance our position with regard to future vehicles and in the current year we will start FSP deliveries for two new electric cars. Although these volumes are limited in relation to our total deliveries, these contracts are important as they confirm our competitiveness as a development partner for electrified powertrains. Since 2017 we have reported our sustainability efforts and strategy in line with the guidelines of the GRI Standards, Core level. As members 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. With our Annual Report including the Sustainability Report for 2019 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.

#### **COVID-19**

In its full-year report, Bulten wrote that the Covid-19 outbreak is an uncertainty factor which could affect sales and production in the automotive industry, and that this could affect Bulten's rate of production in 2020, with continuous adaptation of purchasing and production. Since then, the global spread of the virus has accelerated. Given the uncertain situation, at the present time it is impossible to estimate all of the potential impact, but there is a significant risk

of a negative financial effect on the Group. With this in mind, the Board has decided to withdraw its proposal to pay a dividend of SEK 4.00 per share to the 2020 AGM, and will instead propose that no dividend be paid.

The management is fully focused on bringing Bulten through the effects of Covid-19, and subsequently continuing to create value for our customers and shareholders.

#### **EVERY OPPORTUNITY FOR CONTINUED SUCCESS**

Bulten enjoys a leading position in the industry, and we continue to strengthen our customer relations. Our new financial targets entail net sales of SEK 5 billion and an operating margin of 8% in 2024. So we are pushing our boundaries even more. With the acquisition of PSM, a contract portfolio of as yet unstarted projects in the region of SEK 500 million (EUR 47 m), with delayed ramping-up due to COVID-19, as well as a clear strategic plan of action, we have every chance of success. There is nothing we can do about macroeconomic forces, but we can work on our competitiveness.

With a sustainable, innovative, cost-efficient offering, we will be able to win new contracts and increase our market share.

Anders Nyström, President and CEO

# STRONGER SOLUTIONS – SUSTAINABLE RESULTS

## CORE VALUES

Professional  
Empowered  
Innovative  
Dedicated

## STAKEHOLDERS

Customers  
Employees  
Investors  
Business partners  
Society

## SUCCESS FACTORS

Bulten has identified its success factors and evolves them through the company's strategies.

### QUALITY LEADER

Bulten has a leading position in quality, with well-developed and well-integrated quality systems. Quality every step of the way, from development to application, secures the product life cycle.  
Read more about our quality work on page 27.

### TECHNOLOGY LEADER

Bulten adds value by developing its fastener solutions in close collaboration with customers.

Read more about technologies and development on page 22.

### FSP CONCEPT

Bulten's FSP concept offers total responsibility for all fasteners for a vehicle platform, vehicle model or production plant. By taking responsibility for the whole refinement chain, the customer is assured of profitability and peace of mind.  
Read more about our FSP concept on page 20.

### GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity for OEMs with production on several continents.  
Read more about the market on page 14 and the business model on page 18.

### EMPLOYEES

Bulten has a unique corporate culture and skill set, with dedicated employees who can see the link between their day-to-day work and customer benefit.

Read more about our employees on page 32.

### FINANCIAL PLATFORM

A strong financial platform provides readiness to act for further growth on existing and new markets.

Read more about our financial platform on page 35.



## VISION

We create and deliver the most innovative and sustainable fastener solutions.

## BUSINESS CONCEPT

We continuously deliver market-leading fastener solutions that meet customers' requirements on efficiency, quality, price and sustainability.

With clearly defined goals, 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.

## FINANCIAL TARGETS 2020–2024

- Net sales 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%.
- Read more on page 10.

## STRATEGY

Page 12

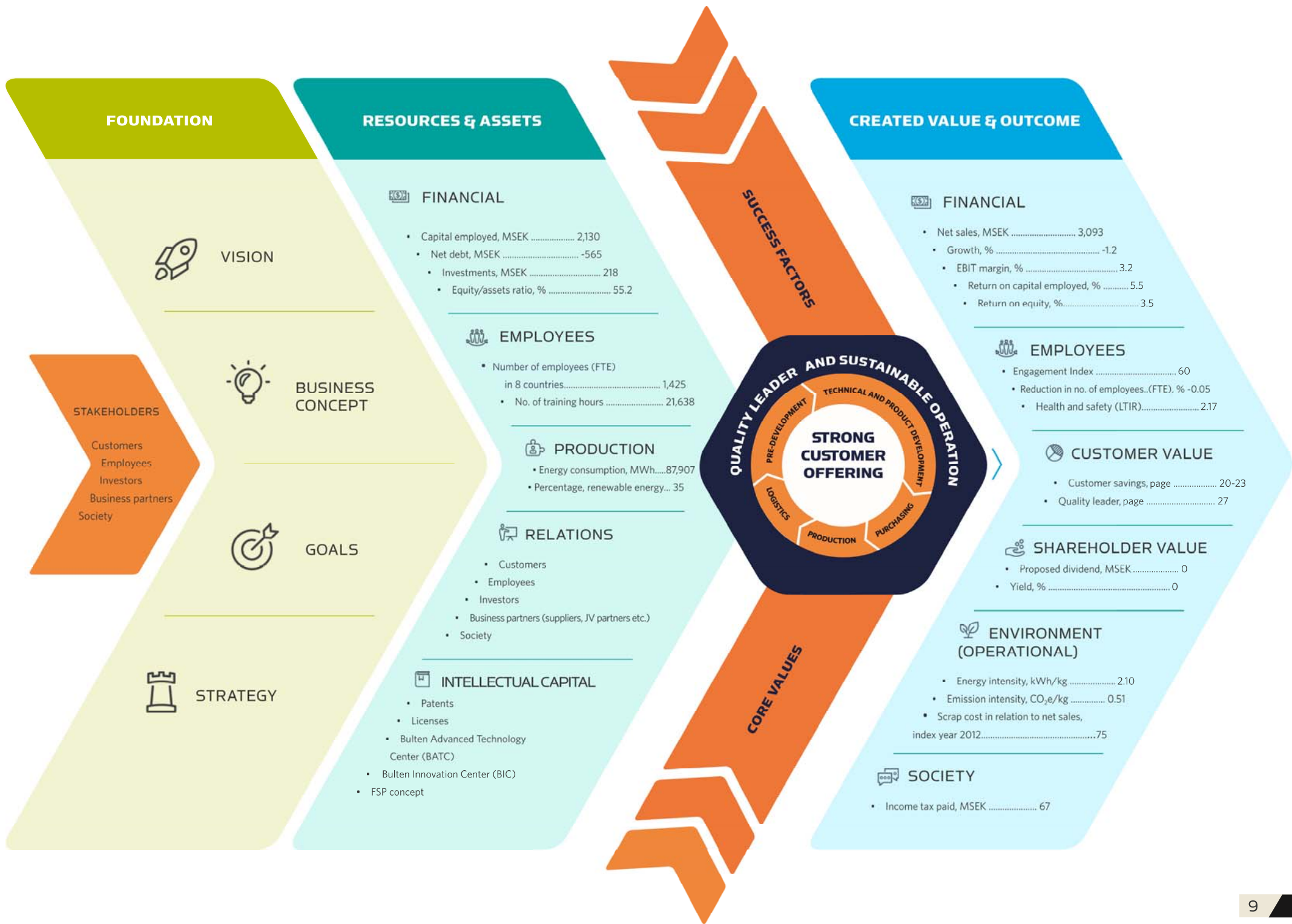
## TRENDS

Page 16

## RISKS

Page 37





# FINANCIAL TARGETS

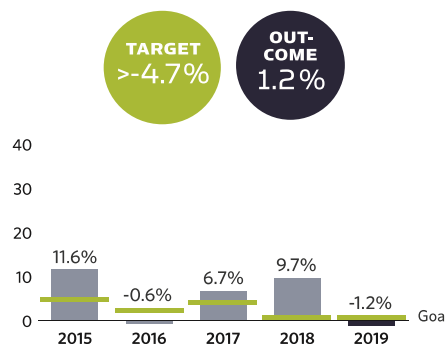
Bulten's financial targets help to maintain and consolidate the company's leading position in the industry, while also contributing to a strong total return for Bulten's shareholders. From 2020 Bulten has revised its financial targets, and these can be found in full on page 8.

## ORGANIC GROWTH

The goal is to achieve profitable organic growth and to grow more strongly than the industry average.

### Comments

Organic growth in 2019 was -1.2% (9.7). Weighted for Bulten's customer structure, average growth in the industry\* was -4.7% (0.3). We thereby exceeded our growth target, and with our contract portfolio ahead of 2020 we are in a good position to continue taking market share. The effects of COVID-19, however, may have an impact moving forward.



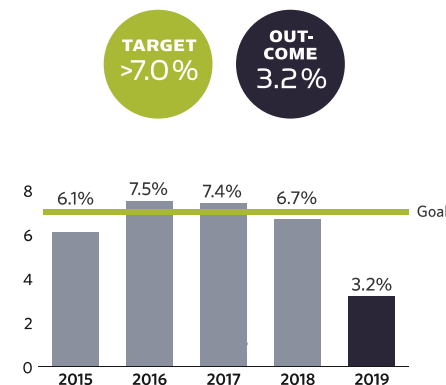
\* Average growth in the industry is defined as global production volume according to LMC Automotive's estimate, December 2019, weighted for Bulten's customer structure.

## OPERATING MARGIN

The goal is to achieve an operating margin of at least 7%.

### Comments

The operating margin amounted to 3.2% (6.7) in 2019; this means we did not achieve our goal of at least 7.0%. Our profitability was affected by relocation, restructuring and acquisitions, and by our efforts to bring stock in line with demand.

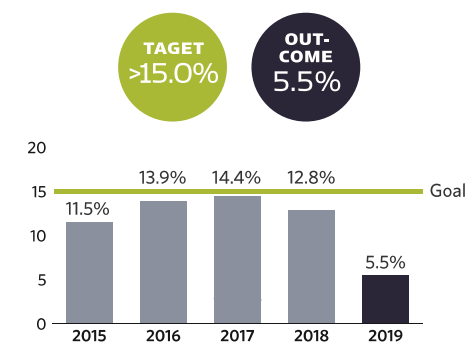


## RETURN ON AVERAGE CAPITAL EMPLOYED (ROCE)

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

### Comments

Return on average capital employed amounted to 5.5% (12.8) in 2019; this means we did not achieve our goal of at least 15%. The shortfall is due to lower profitability and a higher rate of investment. Adaptation to IFRS 16 has also had an impact of approximately 0.3%.

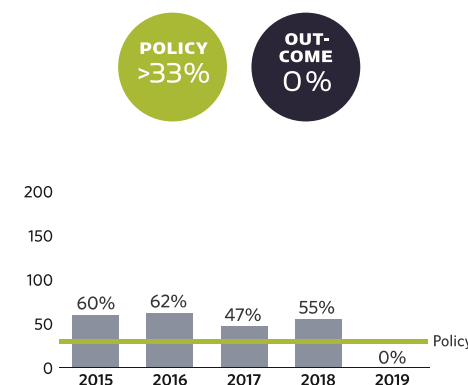


## DIVIDEND POLICY

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

### Comments

Given the current global climate, with uncertainty surrounding the potential economic effects of the COVID-19 (coronavirus) outbreak, the Board has decided to withdraw its proposal to pay a dividend of SEK 4.00 per share to the 2020 AGM, and will instead propose that no dividend be paid.

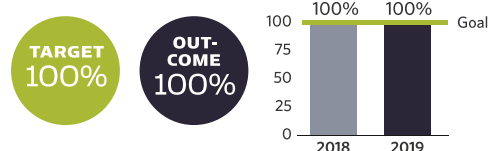


# SUSTAINABILITY GOALS

Our sustainability goals enable us to deliver higher value to all stakeholders in an environmentally, socially and economically sustainable way.

## CODE OF CONDUCT FOR EMPLOYEES

The aim is that the code of conduct shall be signed by all employees, 100%.



### Comments

The employee signs the code of conduct in conjunction with the signing of the employment agreement. The process is monitored via the HR department.

## TRAINING IN ANTI-CORRUPTION

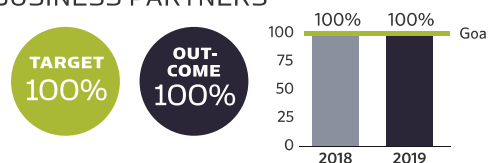
In 2019, Bulten executed a digital training course in anti-corruption. A total of 400 employees completed the training.

### Comments

All employees in the campaign's target group completed the training in 2019, and all new recruits in the target group will complete it in connection with their onboarding. See GRI Index, disclosure 205-2.

## CODE OF CONDUCT FOR SUPPLIERS, BUSINESS PARTNERS AND SERVICE PROVIDERS

The goal for 2019 was that Bulten's transport and packaging suppliers should accept Bulten's code of conduct, or meet the requirements of their own one.



### Comments

During 2019, all of Bulten's transport and packaging suppliers accepted Bulten's code of conduct. A new SRM (Supplier Relationship Management) system was introduced during the year, partly to enable follow-up on how many suppliers accepted the code.

## ENERGY INTENSITY

The aim is to reduce energy intensity annually by 3% per cold-headed kg of steel.

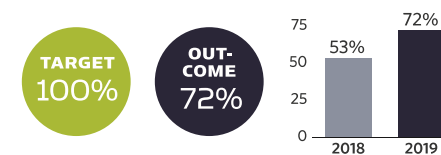


### Comments

All of Bulten's production units are included in the information. A definition can be found in the GRI Index, disclosure 302-3. Although energy use decreased by more than 8% (compared with 2018), production fell by over 10% which means that energy intensity increased. This is due to the nature of some of our machinery, which consumes energy even when idling or running empty.

## ANNUAL DEVELOPMENT DIALOGUE

The objective is that all employees shall have had this dialogue every year.



### Commentary

During 2019, a new process was successfully introduced, The annual development dialogue. Compared to 2018, 36% more dialogues were carried out.

## EMPLOYEE TURNOVER

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



### Comments

During 2019, a restructuring project was carried out in Germany. In China, Bulten relocated its operation from Beijing to Tianjin, which entailed layoffs and new recruitment. This had an impact on turnover among permanent employees. See GRI Index, disclosure 401-1.

## WORKPLACE ACCIDENTS LEADING TO ABSENCE

Bulten's vision is that no one should be injured at their place of work. One of the most important metrics is LTIR (Lost Time Injury Rate\*).



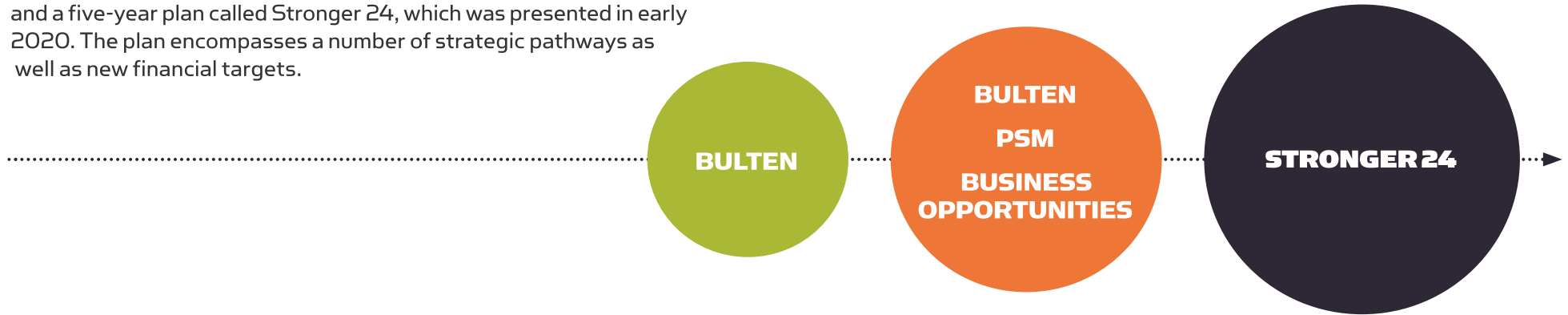
### Comments

During 2019, Bulten has placed a lot of emphasis on ensuring that all accidents and incidents are reported in line with the company's set procedures. This has significantly improved our control over how to prioritize preventive efforts and what investments to make in the workplace. The number of accidents in 2019 that led to absence increased by one (1) on 2018, a rise of 4%. Workplace accident statistics also include accidents on the way to and from work. Our vision is an LTIR of zero, and preventive work and investments in the workplace are continuing.

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

# STRATEGY AND DEVELOPMENT DURING THE YEAR

Bulten has carried out a range of activities in line with its existing strategy in 2019. The company has also worked on a far-reaching strategy process and a five-year plan called Stronger 24, which was presented in early 2020. The plan encompasses a number of strategic pathways as well as new financial targets.



## GLOBAL SYSTEM SUPPLIER OF FASTENER SOLUTIONS

Bulten shall be a global system supplier of fastener solutions to the automotive industry, and shall continue to use the FSP concept as a tool for growth.

The FSP (Full Service Provider) concept is growing ever stronger and continued contributing to new contracts in 2019 that secure growth for the years to come. During the year, Bulten signed an FSP contract with a significant European OEM worth approximately EUR 13 million a year at full pace. Deliveries began in late 2019 and will run for three years, with potential for an extension of several more years. At the beginning of 2020, Bulten launched its upgraded concept, FSP 2.0, with a broader focus on sustainability.

## INNOVATION DRIVES DEVELOPMENT

An innovative corporate culture serves to develop technological know-how and creates optimal, sustainable, cost-effective solutions for the customer.

Bulten's success is based on innovative sustainable solutions. During 2019 Bulten developed BUFOe, a product family that emits 30% less CO2 in production and uses 50% less energy than average for European fasteners. The product line was launched in 2020. Bulten's market position in electrified cars has advanced, and serial deliveries to FSP contracts for electric cars began in 2019.

## ORGANIC GROWTH AND COMPLEMENTARY ACQUISITIONS

Bulten's primary strategy is to grow organically. Acquisitions deemed to complement the offering either in terms of products, processes or geography, are also of interest.

Following good growth in 2018, in 2019 Bulten maintained an even pace in global production and was therefore able to retain its market position. The company's organic growth did, however, increase during the fourth quarter thanks to the ramping-up of new contracts, and this is expected to compensate for the anticipated general downturn in the market. An underlying contract portfolio of approximately SEK 500 million in annual sales value at full production in 2022 is also expected to provide support moving forward. In addition, in December 2019, the company made its first acquisition in many years through the acquisition of PSM (completed in February 2020). In 2019, PSM had sales of approximately SEK 400 million.

## CUSTOMERS IN THE AUTOMOTIVE INDUSTRY

OEMs and suppliers in the automotive industry are the primary target groups, but expansion into other customer segments is also part of the growth strategy.

Bulten still enjoys great trust among customers in the global automotive industry. The acquisition of PSM further expands and consolidates the customer base. PSM broadens Bulten's customer group to also include companies in consumer electronics and household appliances.

### GEOGRAPHIC PROXIMITY

Bulten's geographic spread allows global delivery capacity.

Bulten can offer local content in Europe, the USA, China and Russia. Capacity has been expanded in a new plant in China during 2019, and preparations for the factory investment in Poland continued and the land purchase was finalized. With the acquisition of PSM, Bulten enhances its production capacity in China, Taiwan and UK, as well as its presence on several new markets. Of Bulten's total volumes, around 40% come from outsourced production, which brings a good degree of flexibility.

### VALUE ENHANCEMENT THROUGHOUT THE VALUE CHAIN

Bulten creates value throughout the value chain: from pre-development, technology and product development, production, purchasing and logistics, to final delivery at the customer's production line.

During 2019, Bulten has continued to develop its role in the value chain – particularly with its FSP concept. Bulten has vertically integrated factories with surface treatment facilities at its units in Sweden, China and Germany, and a surface treatment facility will also start up in Poland. The acquisition of PSM, which has 22 distribution centers globally, also enhances Bulten's logistical capacity.

### GLOBAL PURCHASING STRATEGY

Bulten's global purchasing strategy aims to consolidate the purchase of intermediate goods for all the company's units in a sustainable, cost-effective way.

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. The acquisition of PSM also entails potential synergies in purchasing.

### STRONG BALANCE SHEET FOR GROWTH INVESTMENTS

A strong balance sheet and low indebtedness provide flexibility and preparedness for investments in increased capacity and growth, as well as for strategic acquisitions.

At the end of 2019, Bulten's equity/assets ratio remained strong at 55.2% (64.8), despite a higher degree of investment. Return on capital employed amounted to 5.5% (12.8), primarily related to the lower operating margin of 3.2% (6.7) and higher rate of investment during the year, as well as the introduction of IFRS 16 which also has an impact on the result. Also after the acquisition of PSM and planned investments, Bulten has a financial position that enables expansion. The *Stronger 24* strategy entails continued growth investments and potential acquisitions.

### EMPLOYEES AND A UNIQUE CORPORATE CULTURE CREATE A SUSTAINABLE OPERATION

Bulten's employees contribute to sustainable development with their expertise and keen dedication. The company's core values are the foundation of Bulten's unique corporate culture.

During 2019 a new process for an annual development dialogue was introduced throughout Bulten. Ongoing competence development, training and decision-making close to customers give employees a strong sense of being able to influence the company's results. The development of Group-wide HR processes and systems contribute both to efficiency and the sense of community.

### DEVELOPMENT OF SUSTAINABILITY WORK

All activities within Bulten should be sustainably designed and in line with the company's ethical guidelines, based on social responsibility, environmental principles and responsible corporate governance.

During 2019, Bulten achieved Gold Medal status when EcoVadis conducted a sustainability audit of the company. Bulten thereby ranks in the top 1% of companies in its industry. This is an important distinction, and firm proof that Bulten's sustainability work is progressing. In 2019, the company has integrated sustainability into its business strategy and customer offering. Bulten is continuing its efforts to increase sustainability in the parts that it can influence.

### SUSTAINABLE, COST-EFFECTIVE PRODUCTION

Bulten's production technology and structure ensure sustainable, cost-effective production of the highest quality.

Bulten continues to invest in line with its endeavor to be the most cost-effective manufacturer of fasteners in the industry. During 2019, the new factory was opened in China, giving Bulten a modern, fully integrated facility with cold forming, heat treatment and surface treatment in that country. Planning for a new facility in Poland continued in 2019, and construction is expected to begin during 2020. At the existing facility in Poland, Bulten has invested in new solar panels, which cuts costs and also reduces CO2 emissions by around 80 tons a year. During 2019, a new heat treatment plant in Hallstahammar went into production, increasing capacity by around 25% while also raising energy efficiency at the unit.

# PSM BECOMES PART OF BULTEN GROUP

In 2019 Bulten signed an agreement to acquire PSM. The acquisition is an important part of Bulten's Stronger 24 strategy and broadens the company's customer base on growth markets in Asia and North America, while strengthening both the production capacity and product offering. Marco Suzuki is CEO of PSM, and also a member of Bulten's executive management since 1 March.

## WHAT DOES PSM CONTRIBUTE?

Bulten holds a strong position in the international automotive industry, and PSM will help to consolidate that position. Our primary market is the automotive industry, and we will bring with us various new customers that Bulten does not work with at present. We also contribute to Bulten's strategy of broadening the market as we also deliver to other industrial segments, such as consumer electronics and the home appliances sector. Our customers include Apple, Foxconn, Garmin, GE, Hitachi, Honeywell, Miele, Philips, Sony and TE.

We also contribute geographically with our presence in North America and China, and also in several new territories for Bulten such as Taiwan, Hong Kong, Singapore, Thailand, India, Japan and Australia. So together, this gives us a true global presence. At the same time, PSM also has business opportunities on Bulten's current markets, mainly in Europe. We will also complement Bulten's offering in terms of products.

2019, PSM had sales of around SEK 400 million, and we had a normalized EBITDA margin of about 14%.

## HOW WILL YOU EXPLOIT THE COORDINATION POTENTIAL THAT THE ACQUISITION ENTAILS?

Together we are in a stronger position in terms of purchasing. Not only can we buy external intermediate goods from each other, we are also stronger in negotiating with other suppliers. What's more, there are synergies to be had in coordinating our operations, which is something we started working on immediately. We have already decided to coordinate the company's operations in the USA and move them to a new shared building in Ohio.

## WHAT IS YOUR VIEW OF THE FUTURE?

For PSM, being part of Bulten Group is a great thing. It will give us a whole new level of muscle and opportunities to broaden our offering. Bulten has many strengths, especially with its FSP concept, and I am delighted to be able to work as part of this new structure.

Marco Suzuki,  
SVP and President & CEO PSM



# GLOBALIZED MARKET

Over the years, Bulten has become a leading European supplier of fasteners to the global automotive industry, and is constantly developing its customer offering and its FSP offering in particular.

There are several hundred manufacturers of fasteners in Europe, but many of them are small and target industries other than automotive. There are also a few major producers who operate on several continents. Most of them are privately owned, but some are listed players such as Lisi (Paris) and American ITW (NYSE). None of them, however, are direct competitors to Bulten. In the Full Service Provider segment, our main competitors are other players offering a similar concept. This category includes the companies Nedschroef, owned by Shanghai Prime Machinery Company Limited (PMC) of China and listed in Hong Kong, German company Kamax through the distribution company Facil, and Optimas of North America.

## A GROWING MARKET

According to the Global Automotive Fasteners Market Research Report 2020, the value of fasteners for the automotive industry is expected to total approximately USD 22 billion in 2020, and to rise to just over USD 26 billion by 2026, which equates to annual growth of 2.6% in 2021-2026.

## Higher establishment of production on emerging markets

One clear trend in the automotive industry is that the position of emerging markets is growing stronger. China, for instance, has surpassed both North America and Europe in the number of cars and light trucks produced. See the production statistics charts on the next page.

On the European automotive market we can see a continued shift of production from Western Europe to Central and Eastern Europe. Bulten is already a part of this shift with production plants in Poland and Russia.

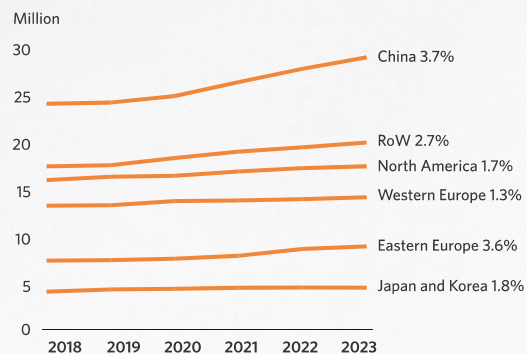
## Forecast for the European automotive market

Bulten's products are mainly distributed to Europe, but demand is governed by the production of vehicles for the global market. At the end of 2019, the management judged that Bulten had maintained its market share compared with the previous year, and the focus moving forward is global growth.

According to the latest LMC Automotive report in Q4 2019, global production of light vehicles decreased by -5.0% and heavy commercial vehicles by -4.7% in 2019. Weighted for Bulten's business exposure, this means a decline of 0.7% for the corresponding period. According to LMC Automotive, developments in China during 2019 have led to a sales decline of approximately 10%, which also affects suppliers' production in Europe.



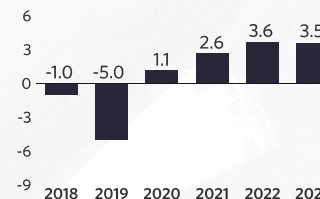
## FORECAST, CARS PRODUCED PER REGION, AVERAGE ANNUAL GROWTH



According to forecasts by LMC Automotive, global annual growth for light vehicles is expected to be 2.6% in 2019-2024, totaling just over 98 million vehicles. China accounts for both the highest volume and growth rate of 3.7%, driven by the domestic market. The mature markets in Western Europe and North America are characterized by lower growth, 1.3% and 1.7% respectively, while the volume increase in Eastern Europe of 3.6% is driven by production relocation, primarily from Western Europe.

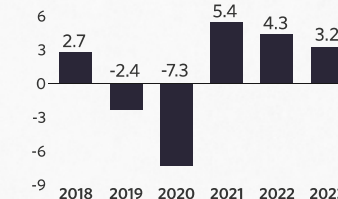
## FORECAST FOR GLOBAL VEHICLE PRODUCTION

### Light vehicles growth, %



Source: LMC Automotive Q4 2019

### Heavy commercial vehicles (>15t) growth, %



Source: LMC Automotive Q4 2019

### Bulten's growth 2019



Source: Bulten

### Global market growth for Bulten's customer structure, 2019



Source: LMC Automotive estimate, Q4 2019

### Forecast market growth for Bulten's customer structure, 2020



Source: LMC Automotive estimate, Q4 2019

### Forecast global market growth for Bulten's customer structure, 2021



Source: LMC Automotive estimate, Q4 2019



## TRENDS IN THE AUTOMOTIVE INDUSTRY

The automotive industry is undergoing great change, related to hardware and increased complexity in software, new business models and regional changes in legislation. In many respects, this and the industry's development have a direct impact on Bulten's business, especially in terms of markets and volumes.

According to KPMG's Global Automotive Executive Survey 2019, there is no clear consensus on which technologies will dominate future powertrains in the automotive industry. The importance of finding a role in the ecosystem and how to relate to developments strategically is more important than ever, and in an increasingly complex world the legislator is set to assume a more important position.

The study also shows that different drivetrain systems will be in use simultaneously. The distribution between battery-powered electric vehicles, hybrids, fuel cell vehicles and combustion engines is expected to be even by 2040, but battery-powered electric vehicles are taking the lead. Most consumers are choosing a hybrid as their next car, closely followed by one with a combustion engine.

Expectations on ecosystems for mobility and logistics are also increasing, and more leading decision-makers than ever (60%) believe that in the future, we will not distinguish between the transport of people and goods.

## WHAT DO THE TRENDS MEAN FOR BULTEN?

The conclusion of the particular trends in the fastener industry is that customers will place increasingly high demands on suppliers. Customer relations and delivery quality will be more and more important, which is why we are taking a more integrated total responsibility for the product. We believe there is great potential for streamlining in the segment, through our strategy and FSP concept.

Trends that affect Bulten	Implications for Bulten	Bulten actions
<b>Globalization</b>	OEMs increase production in emerging economies and new markets.	Bulten is following customers and establishes on selected markets.
<b>Sustainability</b>	Expectations and higher demands on Bulten actively contributing to increased sustainability relating to its customer offering, its own production and the supplier stage.	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.
<b>Continued competition in automotive industry</b>	Disruptive new technology could lead to greater elimination and brand new manufacturers.	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.
<b>Consolidation</b>	Large-scale production leads to consolidation, i.e. fewer suppliers are expected to be more involved in the customer's development.	With the FSP offering, Bulten can be involved already from the development stage to delivery on the customer's assembly line.
<b>Electrification</b>	Hybrid vehicles, i.e. vehicles with combined combustion and electric engine, are already on the market. Electric cars, which are battery powered, are on the increase and are expected to make a commercial breakthrough once prices are on a par with established combustion-engine vehicles, and when their range increases. The KPMG study of 2019 indicates a relatively even distribution between battery-powered electric vehicles (30%), hybrids (25%), fuel cell vehicles (23%) and combustion engines (23%) in 2040 - but with battery-powered electric vehicles in the lead.	Bulten is collaborating with several customers on the development of fasteners for hybrid and electric vehicles. Both technologies require more fasteners, primarily for the battery and for new materials in the lightweight chassis.  Bulten does not believe the fuel cell trend will have any impact on its business in the immediate future, and it is hard to judge when commercialization will take off.
<b>Mobility</b>	The way people and goods are transported will change, driven by new technology and social trends. The result is the emergence of a brand new ecosystem, which can offer means of travel that are faster, cheaper, cleaner and safer. 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.
<b>Digitalization</b>	Digitalization with greater computerization, e.g. driverless cars, entails an increasing 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.
<b>Stricter EU norms for CO2 emissions</b>	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.

# BUSINESS MODEL – STRONG CUSTOMER OFFERING

With a broad customer base among the world's leading OEMs, Bulten today is a strong brand on the market. With our flexible FSP concept, we meet our customers' needs.

## WELL-KNOWN CUSTOMER BASE

Our customers are mainly found in the automotive industry in Europe, Asia and the USA, and include some of the world's leading OEMs such as AB Volvo, Ford, Jaguar Land Rover, Scania and Volvo Cars. They are primarily producers of cars but also heavy vehicles, and there are some automotive subcontractors too, known as 'tiers'.

Of total sales, 78% relates to cars, 9% to suppliers and 13% to heavy commercial vehicles, where the main delivery is critical fasteners for the engines. All in all around 73% of sales relate to chassis and around 27% to powertrains.

Net sales refer to where the customer's delivery point is located. The major part of sales goes to production of vehicles in Europe, of which a portion is exported by customers to other markets, such as North America and BRIC.

## RELATIONS AND COMPETENCE

A vital component of our business model is a sales process that meets customer demands regarding the right product and quality, delivery time, and optimization of stock levels. This is made possible by competence, long experience, and safeguarding of new knowledge.

Another important part of our sales model is to establish and preserve relations with existing and prospective customers. We have an extensive network in the global automotive industry, and we believe that a personal approach is the key to greater awareness of and confidence in Bulten, and is the factor that eventually leads to business.

## Global presence with local contacts

All employees with customer contact have a customer relations responsibility based on our core values, and also on receptiveness and clear communication, and our technical sales engineers provide customers with advice and support. We can thus be sure that we are represented in the best way. To ensure a personal approach in everything from the executive to the regulatory and implementation levels, we have made sure to create contact interfaces through several functions.

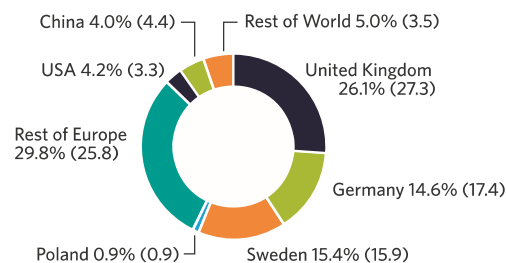
Direct customer responsibility lies with our dedicated Key Account Managers (KAMs), who are linked to our global customers. Close cooperation between KAMs and our local employees is important, so that we can meet the expectations and requirements of local customers in the best way.

## STRONG POSITION

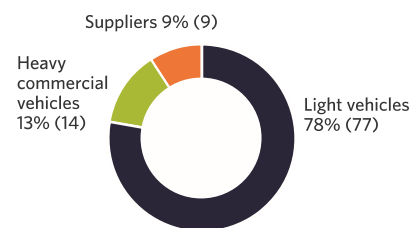
Bulten's market position is characterized by the following strengths and sales arguments:

- The market has high awareness of Bulten
- Good knowledge and expertise
- Professional in its conduct
- Proactive and supportive – curious, wants to understand customer needs
- Founded in the company's core values
- The FSP concept

Income by geographic market



Income by customer group



Income distributed between chassis and drivetrains



Income distributed by income category





Another customer-focused function can be found in our Resident Engineers, i.e. Bulten engineers who work at a customer's site. 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, an advantage for both the customer and ourselves. Our Resident Engineers can then be involved throughout the entire life cycle and work on continuous improvement.

Our Bulten Advanced Technology Center (BATC) and Bulten Innovation Centre (BIC) are other contact interfaces where relations are built

and consolidated. Based in Gothenburg, the BATC runs development projects in collaboration with customers and therefore serves as a natural meeting-place. Moreover, our training at the Bulten Fastener Application Academy (BFAA) is an important relationship-building channel.

We place great emphasis on meeting the customer in their arenas, and take part in trade shows or the customers' own shows where suppliers are invited. These are important occasions as they give us an opportunity to present our offering and know-how at several different levels of responsibility among OEMs.

## 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 37-38.

## AGREEMENTS

Agreements are generally based on a platform, car model or factory. Orders for specific volumes are received on an ongoing basis. When the company communicates orders to the market, they refer to future business and are entered as an expected earning in annual value. Bulten is, however, always bound by confidentiality, which often prevents a specific customer being named in new agreements.

## EARNINGS FOR DELIVERED VOLUMES

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.

## IN-PLACE COST – IPC

The IPC is the total cost of a fastener, from development to assembly and subsequent product life span. The cost of the physical fastener amounts on average to roughly 15% of the total cost. Thanks to our innovative solutions and services, the customer can achieve reductions in IPC while retaining, and in many cases improving, performance. Cost reduction is achieved for example through standardization, the right dimensioning, simplified assembly, and a decrease in indirect related costs such as development and logistics.

15% 85%



### Cost of fastener

- Product development
- Procurement
- Inspection/quality
- Warehousing
- Internal logistics
- Pre-assembly
- Assembly

# 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. The flexible Full Service Provider concept developed and refined by Bulten for over 20 years offers many benefits, and can be adapted to meet customer requirements. During 2019, we have integrated the sustainability aspects more clearly.

## CUSTOMIZED SOLUTIONS FOR ALL CUSTOMER NEEDS

Bulten is one of few companies in Europe to offer a Full Service Provider concept, whereby we assume total responsibility for all fasteners for an entire platform, vehicle model or factory. Our application engineers optimize fastener solutions based on the principle of In Place Cost. We take a customer-oriented approach, and because we have established long-standing relations with our customers we have an in-depth understanding of their business. We can therefore offer support with application-driven innovation, and development of new technology and new solutions based on our customers' application requirements.

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. We assure quality along the whole value chain, from development to sourcing, and on to the customer's production line.

## COMPLEX LOGISTICS AND PURCHASING

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.

As part of our sustainability strategy, we assume responsibility for the entire value chain, as our suppliers follow our code of conduct and share our values. Customers can also count on quality-assured delivery of the right volume, at the right time.

## KNOW-HOW THAT GUARANTEES QUALITY

Our responsibility and offering go far beyond stock-keeping and delivery of products. We know fasteners. For us, this means possessing the right knowledge and an understanding of the fastener's function in its application. We coordinate the logistics between different suppliers, process stages, warehouse hubs and customer recipients. We manufacture many of

the fasteners under our own auspices, and have a wide network of skilled suppliers to enable us to offer a full service solution. With almost 150 years of experience, we know about the manufacturing process and its quality assurance.

We strive continuously to minimize our environmental impact by reducing non-renewable energy use and carbon dioxide emissions in the production process. Combined with our global presence and long experience, we are familiar with the global supplier base and know which suppliers to call to meet our customers' requirements on outsourced fasteners. In our FSP offering, total responsibility for fasteners is handed over to an experienced, well-established company, enabling the customer to focus on other business-critical systems. We simplify and streamline a complex part of the process with a reliable, profitable, sustainable service.

We are convinced that our FSP concept adds value, and we continue to increase awareness on the market.

## RELIABLE, MORE LONG-TERM BUSINESS FOR BULTEN

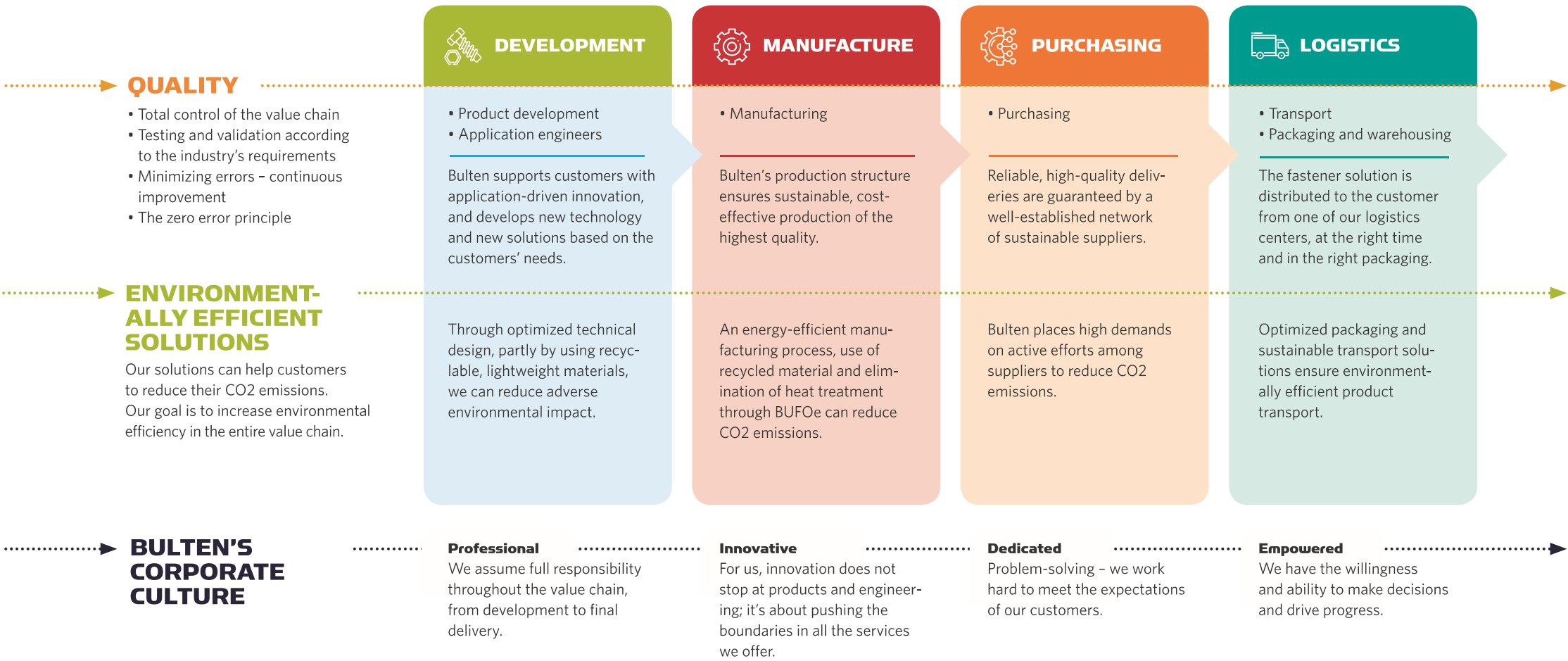
The FSP concept offers many benefits, both for Bulten and for our customers. We consolidate our position through close, solid customer relations, where our role is an integral part of the customer's technical development. In the long run, this lays the foundation for a stable cash flow over time.



## ADDED VALUE FOR THE CUSTOMER

- 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



# SUSTAINABLE SOLUTIONS

We deliver market-leading fastener solutions that meet customers' requirements on efficiency, quality, price and sustainability.

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. The screw must expand or contract exactly as calculated depending on heat, cold or vibrations. Also, a screw must never be too strong. If it does not break under certain circumstances, something else far more critical, expensive or harder to replace might be disabled instead.

Surface treatment is another important part of the process where consideration must be taken to what extent the fastening application is exposed to the weather, wind, moisture, extreme heat and friction. Besides the obvious, that the screw must not rust, it must also be visible inside the vehicle, which means it must also be pleasing to the eye and harmonize with its surroundings.

Surface treatment is also a decisive parameter in achieving optimal clamping force. This is important because deviant clamping force contributes to an increased risk that the joint may loosen or break.

## 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.

## STRICTER ENVIRONMENTAL REQUIREMENTS

The automotive market today is facing stricter environmental requirements, and this means that Bulten too has to adapt to future conditions. The electrification of vehicles is perhaps the strongest trend, and it also brings with it great opportunities. In certain cases, more fasteners will be needed to hold the vehicles together. Hybrid cars contain two drivetrains which both need mounting.

Strict emissions regulations are forcing OEMs to develop alternatives to combustion engines and consider environmental aspects for the car's entire life cycle. Developing products with a focus on energy efficiency is also a part of Bulten's sustainability strategy.

## CAN A SCREW MAKE A DIFFERENCE?

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



## THE TOTAL PERSPECTIVE

If we can help the automotive industry to reduce annual CO2 emissions by just half a percent, we would reduce greenhouse gases equivalent to the amount that could be sequestered by a forest twice the size of Shanghai – every year.



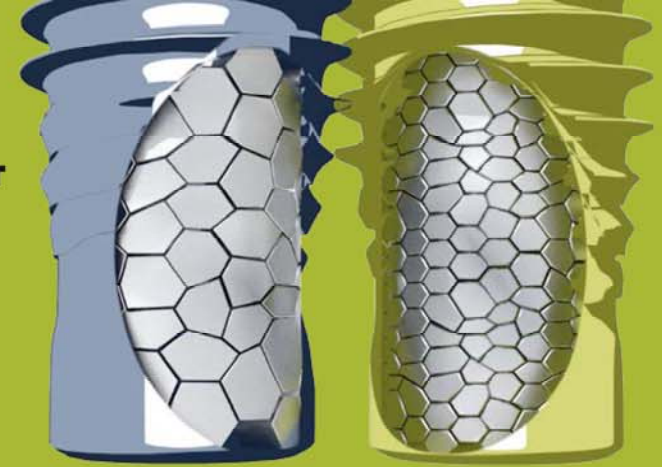


**HEAT TREATMENT  
CAN MAKE A DIFFERENCE**

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

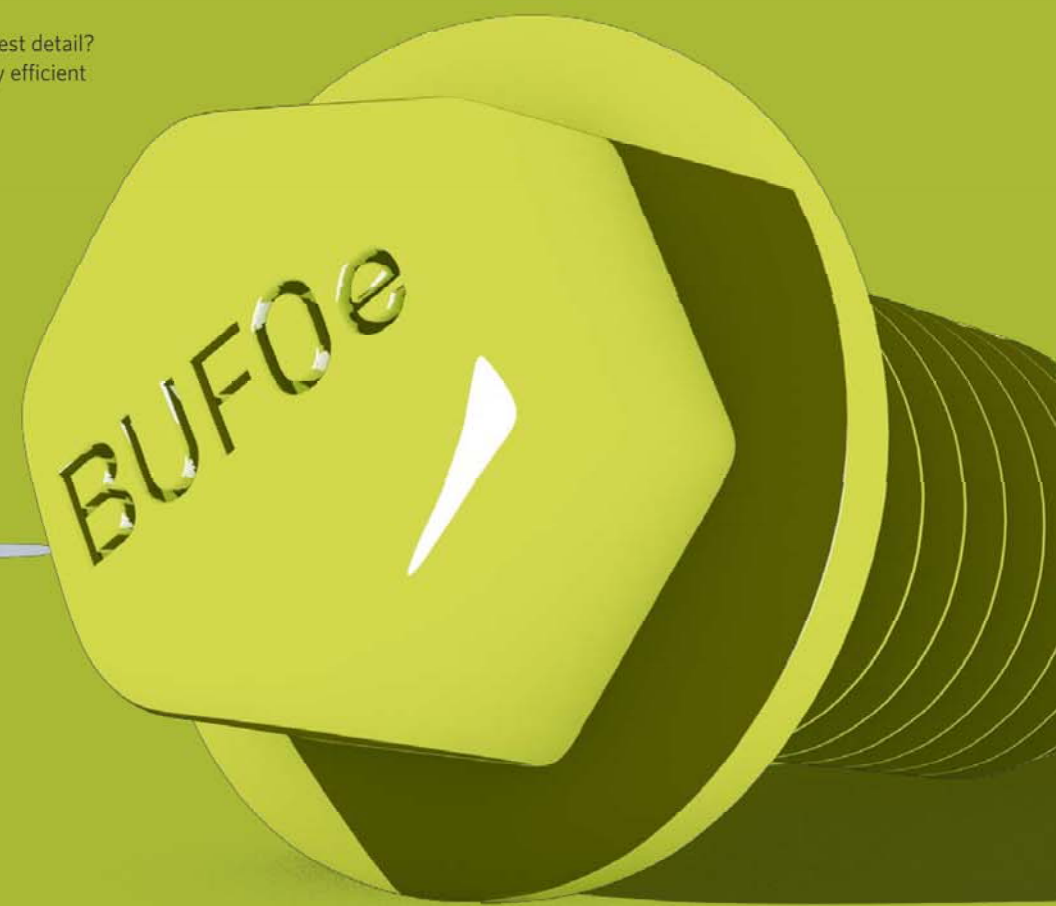
**ENVIRONMENTALLY EFFICIENT  
COLD FORMING**

Production of BUFOe uses a material that makes heat treatment superfluous.



**THIS IS BUFOe**

Are you ready to make a difference in the tiniest detail?  
We proudly present our new, environmentally efficient product family: BUFOe.



**TRUE ECO-EFFICIENCY**

Thanks to the material properties of BUFOe and our eco-efficient manufacturing process, our carbon footprint is 30% lower using BUFOe compared to production of a conventional fastener.



# VALUE CHAIN THAT MAKES A DIFFERENCE

Bulten works consciously toward its goal of offering market-leading fastener solutions that meet customer requirements on efficiency, quality, price and sustainability. With clearly defined objectives, global presence, responsible conduct and the latest in technology and innovation, we are the company that can make a difference and create the greatest benefit for the customer.

## › PRE-DEVELOPMENT

By delivering the right screw for the right joint and ensuring they can be assembled efficiently, we reduce the customer's total cost. Development is more significant and the impact greater when that development takes place specifically an OEM's global platforms. So that we can offer complete fastener solutions, we supplement proprietary production development with licensed manufacturing of fastener concepts, such as Taptite 2000®.

We create added value and benefit for the customer by being a proactive partner with full control through the whole value chain. The total cost of fasteners, known as the In-Place Cost or IPC (see fact box on page 19) can be optimized as we can influence every single parameter.

### **Our own development centers**

We have two development centers: Bulten Advanced Test Center (BATC) in Gothenburg, Sweden, and since 2019 Bulten Innovation Centre (BIC) in Bielsko-Biala, Poland, with particular expertise in fastener technology. This expertise is used in product development, including for example mechanical testing, additive manufacture, and advanced assembly methods. Quality assurance with traceability is

conducted through detailed testing and structured documentation.

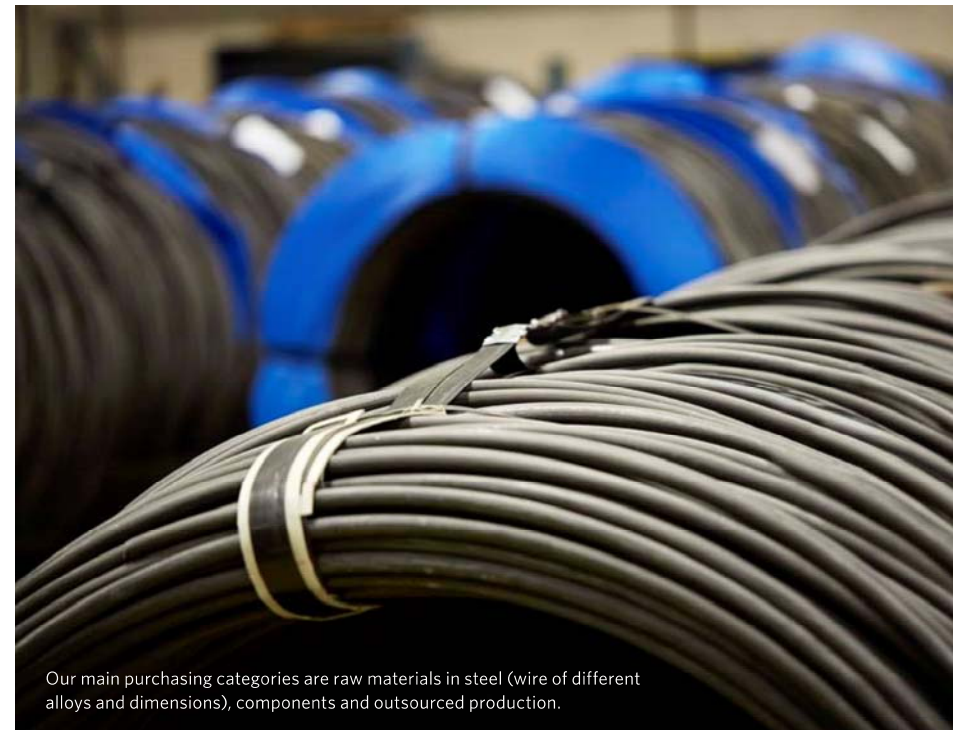
Development also takes place in connection with each production unit.

## › TECHNICAL AND PRODUCT DEVELOPMENT

In new concepts and projects, we are proactive with Resident Engineers, development specialists stationed at the customer site. The objective is to find smart solutions and the right dimensioning, and to reduce the number of variations. We also write the specifications for critical fasteners which last for the entire life span of the end product.

### **Development for greater sustainability**

We contribute to sustainable development by integrating environmental aspects in product development. We work with sustainable, recyclable materials. We work actively to audit and optimize our production processes in order to reduce energy use and emissions. Furthermore our main product, the screw, is made to increase reuse, repair and recycling of products, everything necessary for a circular economy and carbon neutrality in the long term.



Our main purchasing categories are raw materials in steel (wire of different alloys and dimensions), components and outsourced production.





### › PURCHASING

Our supplier base comprises a network with the potential to offer all types of fasteners to our OEM customers. Almost 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 complex fasteners, so the need increases to maintain control over the supply chain and create economies 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 Relation 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.

### › LOGISTICS

The logistical flow of our product range is complex and global, with many different products and components needing to be sent between the various production plants, suppliers and logistics centers. The end product, i.e. the fastener solution, is always distributed to the customer from one of our logistics centers, many of which are near customers' production plants. Being able to deliver on time in the right packaging is also crucial.

#### Greener transportation

All new road freight in Europe demands that only trucks with engines that meet Euro 5 and Euro 6 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.

One example of sustainable logistics can be seen in the restructuring of our transportation from Asia. The new structure optimizes loads in containers and since 2016 we only use green ships, thus considerably reducing our environmental impact.

## SUSTAINABLE SUPPLY CHAIN

Bulten currently has around 200 suppliers who provide us with products, materials and finishing. The majority relates to wire 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 our suppliers should be certified to ISO 9001 (IATF 16949) as well as ISO 14001. To verify that we share the same values, Bulten in 2017 produced a code of conduct for suppliers, business partners and service providers, which was based, among other things, on risk assessment and stakeholder dialogues. The code is specially designed for suppliers, the aim being to communicate more clearly our demands when it comes to business ethics, health and safety, environmental requirements and social responsibility. Implementation has begun with communication and distribution to all active suppliers, and the aim is to achieve acceptance from all suppliers. To ensure compliance with the code of conduct, it is included in our agreement templates and is managed via our Supplier Relationship Management, or SRM, system.

Over the years we have established working methods to monitor and audit our main suppliers, and potential and new suppliers are carefully evaluated based on our code of conduct. If we decide to proceed, an audit is performed on site which for example includes the management system, financial status, the purchasing process and flow of goods, as well as the supplier's follow-up systems. With our existing suppliers we conduct regular assessments, and have dedicated employees who work with quality assurance and supplier development.



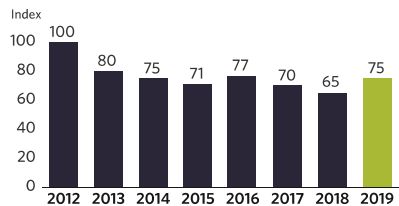
## ► PRODUCTION

Bulten has its own production of fasteners in Sweden (Hallstahammar), Germany (Bergkamen), the USA (Hudson), Poland (Bielsko-Biala), Russia (Nizhny Novgorod) and China (Tianjin).

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.

Further refinement is taking place to an increasing extent. 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, pre-assembled fastener, ready for direct application in vehicle assembly with no further interim stages.

### Scrap cost in relation to net sales



Status indicator December 2018



Scrap outcome is monitored throughout the production process. Residual waste materials are recycled and refined by recycling companies.

One of the reasons our price structure is so competitive is that just over half of all our employees are based in low-cost countries. Having plants in low-cost countries – Poland, China and Russia – as well as units across the rest of Europe, Asia and the USA, which have an important geographical proximity to our customers, creates a beneficial symbiosis which enables us to continue competing for new automotive contracts while evolving the contracts we already have.

### The environment in focus

Our environmental work strives to ensure that our production is conducted with the lowest environmental impact that is practically feasible and financially viable. All our production units have the necessary permits, and these are constantly being monitored. Environmental aspects are measured at each plant and reported externally in line with government requirements, and also internally for collation and follow-up. Energy use is mapped locally, and the results are checked against targets and reported. Bulten is not governed by any programs for emission allowances, and does not currently work with compensation of emissions.

Several of our production plants today recover surplus heat from production (e.g. from compressors and hardening) and use it to heat the premises.

Every year Bulten uses around 96,000 MWh of electricity and gas, and with our current energy mix we generate approximately 31,000 tons of carbon dioxide equivalents a year. To reduce emissions and energy consumption, we plan for instance to further increase our heat recovery, and to gradually phase out the use of fossil-based energy and replace it with renewable sources.

### 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.

### Expanded production

Bulten continues to invest in line with its endeavor to be the most cost-effective manufacturer of fasteners in the industry. During 2019, the new factory was opened in China, giving Bulten a modern, fully integrated facility with cold forming, heat treatment and surface treatment in that country. Planning for a new factory in Poland continued in 2019, and construction is expected to begin during 2020. At the existing facility in Poland, Bulten has invested in new solar panels, which cuts costs and also reduces CO<sub>2</sub> emissions by around 80 tons a year. During 2019, a new heat treatment plant in Hallstahammar went into production, increasing capacity by around 25% while also raising energy efficiency at the unit.

### Production by forecast

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



The move has benefitted us doubly – both in increased capacity and lower environmental impact.

**DONGDONG ZHAI, Engineering Manager and Project Manager for the relocation in China**

“We had a need to increase our production capacity while also reducing emissions. The solution was the newly built premises in Tianjin. The majority of existing machines were moved from Beijing to Tianjin, but we also increased capacity with new machines, including a new surface treatment line. Consequently, production capacity has tripled. The move has gone perfectly to plan and we have maintained all our deliveries to customers.

The new premises are located in a new industrial zone with a far better infrastructure and with an effective drainage system. We’ve also installed a new treatment system for our air emissions. This enables us better to live up to Bulten’s policy of reducing environmental impact.

You might say that the move has benefitted us doubly –both in increased capacity and lower environmental impact” says Dongdong Zhai, Engineering Manager.



## QUALITY LEADER

Maintaining high, consistent quality in processes and products is crucial in winning new orders and securing strong, profitable growth.

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

A passenger car 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.

### EXPECTATIONS, REQUIREMENTS AND CERTIFICATES

Bulten works systematically with continuous improvement of its processes and systems. Our production units have IATF 16949 certification and are all covered by our ISO 9001 certificate.

In the USA, however we are certified via our JV company and via our JV partner.

Making quality our highest priority ensures that not only our own expectations are met, but also those of customers and owners. 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.

### MEASURABLE QUALITY GOALS

One aspect of our recipe for success is to set challenging goals and apply a structured work approach. Internally, we continually measure and follow up key indicators for production, markets and purchasing. We also assess external suppliers and their quality outcomes.

The choice of standardized working methods ensures continued improvement, continuity and a position as world class in the fastener industry.

### QUALITY DISTINCTIONS



# SUSTAINABLE DEVELOPMENT

Bulten has developed into a leader in its industry. Our ambition is to manage our operations in a sustainable way for the long term. We aim to be a reliable, stable partner to our customers and suppliers, to contribute value for society and our owners, and to be an attractive employer. Sustainability is an area that is developing fast, and we continue to work hard to contribute to better solutions for customers and coming generations, and we have integrated sustainability into our vision, strategy and business plan.

## SUSTAINABILITY REPORTING

The aim of our sustainability 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 Index on page 42.

Our ambition and sustainability strategy is that the entire business should be permeated by the sustainability perspectives corporate governance and ethics, environmental principles and social responsibility. See model below.

## ROAD MAP AND GOALS

Through systematic sustainability work, we lay a good foundation for delivering higher value that is sustainable in the long term to all our stakeholders. Sustainability is a constantly evolving field, and it is important to keep up to date. There is great dedication among our employees, and alongside experts and our stakeholders we work concertedly towards finding the most sustainable solutions in all areas.

We want to reduce our own and our customers' climate footprint, and this is the ideal starting-point to tackle areas where we can have an impact. Our sustainability strategy guides us in all business decisions, and is the basis of the objectives Bulten has set for the years to come. The strategy for

Bulten's sustainable development is summed up in the illustration below.

During 2019, we have for example updated and implemented our anti-corruption policy and accompanying guidelines, and have also conducted a digital training campaign for all employees in the target group (see GRI Index, disclosure 205-2). All of our suppliers of direct materials, transportation and packaging materials have signed our code of conduct for suppliers. Furthermore, we have invested in more sustainable production, for instance in the shape of a new factory in China, eco-friendlier processes in all our factories, and in safer, healthier workplaces.

In January 2020 we conducted our global, Group-wide employee survey for the second

time. In this we asked what areas Bulten should focus more on to be perceived as an attractive, sustainable employer. The focus areas can be found in the stakeholder analysis on page 29. See the Employees section for more information.

In 2019 we published our second Communication on Progress to the UN Global Compact, a voluntary initiative which aims to guide companies to implement and assure compliance with internationally accepted sustainability principles.

## Responsibility and implementation

To ensure that our sustainability efforts are realized, they are an integral aspect of the company's strategy and operational management, with a clear division of responsibility. Bulten's Board of Directors has overall responsibility for the company's sustainability activities, with the CEO having the operational responsibility while the SVP HR & Sustainability manages and coordinates the efforts. The aim of the Sustainability Committee is to draft, develop and assess the company's sustainability work. The various activities are then 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. Work is carried out locally at each subsidiary, and is monitored and reported regularly to the Group management where the work is evaluated.

## OUR VIEW OF SUSTAINABLE DEVELOPMENT

### 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

All our employees have a responsibility to actively contribute to our sustainability efforts in their areas of responsibility, and each manager is responsible for monitoring and ensuring compliance.

### Code of conduct with clearly defined requirements

Since 2011, Bulten has had a code of conduct for its own organization, and in 2017 it was further developed to produce a separate code of conduct for suppliers and business partners. The code aim to express the fundamental principles that form the basis for the company's relations with personnel, customers, suppliers and other stakeholders. The codes of conduct will be updated in 2020.

All personnel shall be aware of and follow Bulten's code of conduct. Alongside the company's other policies, it 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).

As a further step in Bulten's strategy to support human rights, the company has formulated a separate policy against modern slavery and human trafficking. It describes how Bulten's companies are working to ensure that slavery and trafficking do not occur in our value chain or in any other activity related to our business.

### Global HR strategy and policy

The Group-wide HR strategy and policy aim to secure long-term sustainable personnel policy and competence development, and to ensure that our current and prospective employees perceive us as an attractive, inclusive employer. The global HR policy is a tool in communicating and guiding the organization in its implementation of the HR strategy and in the company's development.

### Human rights

Bulten supports and respects the international conventions on human rights, and works actively to ensure that all universally recognized human rights are respected throughout the value chain. As part of this, we have increased the dialogue with and monitoring of our suppliers. Through our code of conduct, we communicate our stance and encourage transparency by making it possible for employees and other stakeholders to come to us to report serious deviations from our code of conduct without the risk of reprisal.







We strive actively not to participate in or support any form of modern slavery and trafficking in any form, both directly and indirectly, for example in the supply chain. We never require any form of deposit nor do we confiscate ID documents from our employees. Each employee has the right to terminate his or her employment after a reasonable period of notice, in line with prevailing laws and agreements. We always check the ID and relevant work permits of all new employees or contracted personnel. During the year, we have established an even more comprehensive process for minimizing risks in our supply chain. We communicate clear demands, and have further developed the qualification process for suppliers. In countries where independent unions are not allowed, we create forums for dialogue in different ways, in order to ensure the cooperation between employer and employees.

### Environmental policy

To reduce our environmental impact, we systematically assess and work on all aspects of our own operation. This work is led by the Group's Environmental Manager, who oversees and develops our environmental efforts and makes sure they continually improve. All units in the Group have integrated environmental management and quality management in the manage-

## STAKEHOLDER ANALYSIS

Bulten's main 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 departments and subsidiaries, as well as the company management. Having an insight into the issues that are relevant to Bulten's stakeholders is crucial in prioritizing the right activities.

STAKEHOLDER	CHANNEL FOR DIALOGUE	EXPECTATION/MAIN ISSUE
 Customers	From initial sales contact to ongoing contact. Sustainability assessments and customers' sustainability seminars.	Life cycle emissions of CO2. Contribute to making customers' products and processes more sustainable. Sustainable in-house production and in supplier stage. Examples of how we deal with these issues on pages 7, 12-13, 22, 24-26.
 Employees and their representatives	Through questions in Bulten's global employee survey. Regular dialogue with union representatives, personnel appraisals.	Attractive employer: Health and safety, working conditions/fair pay, employee-manager dialogue and career development. Examples of how we deal with these issues on pages 28-31, 32-33, 48-49.
 Business partners (JV partners, suppliers etc.)	Sustainability is reported, discussed and followed up at JV board meetings. Dialogue in connection with audits. Supplier meetings.	Values and commitment for sustainability. Responsible business practice/ethics and compliance (long-term relations). Examples of how we deal with these issues on pages 11, 25.
 Owners, investors, analysts etc.	Owners represented on the board with regular dialogue, reporting and follow-up. 25 board meetings were held in 2019. Further dialogue at capital market days and in investor meetings, interviews, quarterly reports, AGM.	Sustainability integrated in the business strategy. Support and guidance, openness and information, responsible profitability, business ethics and rule compliance. Examples of how we deal with these issues on pages 7, 8, 12-13, 18-19, 22-39.
 Local community (residents, local management and authorities, etc.)	Student fairs, collaboration groups in the local community, cooperation with colleges/universities, establishment of new activities, permit processes etc.	Good neighbor (environment, no pollution, noise, traffic). Continuous improvement, openness, contributions to local development e.g. by purchasing, attractive employer and local recruitment, proactivity. Examples on pages 31-33.
 Governments, legislators, authorities	Legislative texts, reporting, directives, establishment and permit processes, interest and industry organizations.	Openness, rule compliance, reporting (contribute to sustainability plans, legislation and strategies). Examples of how we deal with these issues on page 33. reporting in line with GRI standards, Core level pages 42-49, with Swedish law page 49.

ment system. Our environmental policy clarifies which areas are important and how we should set priorities moving forward.

We contribute to the environmental benefit of customers, end users and society at large by being a system supplier that considers the environment in several parts of the value chain via Bulten's FSP concept – from development to assembly and use.

**Reporting violations of the code of conduct and other ethical policies**

Our values describe the open culture and the professional, responsible attitude we represent. Everyone who works at or with Bulten should feel that there is room to raise issues or report violations against our ethical guidelines and policies, without the fear of reprisal.

All employees and Board members in the Group have a responsibility to report conflicts of interest, and breaches or infringements of the code of conduct. Any reports should be made to the immediate manager or his/her superior in accordance with local internal communication and reporting channels. It is also possible to report suspected infringements anonymously via Bulten's special reporting channel. A link can be found on the Bulten website and intranet.

Any questions on reporting violations should primarily be directed to Bulten's sustainability manager as described in all policy documents.

**Standards**

Bulten's units are certified to ISO 9001 and ISO 14001, and the production units also to IATF

16949. In the USA we are certified via our JV company and our JV partner. In addition, certain sites are also certified to OHSAS 18001 and ISO 50001. During 2020 and 2021, all units will transition from OHSAS 18001 to ISO 45001.

**TO BE DONE IN 2020 AND BEYOND**

A roadmaps is developed by Bulten's sustainability committee, which is well represented by our various functions and departments. We will continuously evolve our dialogue with stakeholders and develop collaborations in areas of importance to strategy and sustainability.

**Business ethics:**

Bulten's code of conduct will be updated.

**The environmental perspective:**

Continued training of personnel, securing activities that drive Bulten's ambition to reduce negative impact on the environment.

**The social perspective:**

Ongoing measures to invest personnel's health and safety. A global employee survey is conducted every other year to follow up on employees' commitment and ideas, and on implementation of the improvement activities the organization has been working on since the previous survey. Intensified monitoring of sustainability work among suppliers.

**IMPORTANT FOCUS AREAS BASED ON BULTEN'S VALUE CHAIN**

Stakeholder dialogues and other external factors are fundamental in assessing Bulten's impact on the economy, society and environment. The materiality analysis below has been developed internally through workshops, and is a balance of the issues we consider to be of strategic importance.

**New solutions** that have an environmental and economic impact throughout the value chain; choice of materials, waste generation, surface treatment, assembly, pollution, transport, recycling opportunities. See pages 20–26.

**Delivering sustainable solutions:** Product quality, packaging, logistics and transport emissions. See pages 25–27, 46.



**Continuous development of products, processes and technology:** Enabling customers to improve the sustainability performance for their products and processes (materials, weight, energy use in assembly, surface treatment). See pages 20–26.

**Sustainable and responsible production:** energy, waste/scrap and chemicals, greenhouse gas emissions, health and safety, employee well-being, lifelong development and commitment, reduce the use of non-renewable energy sources and increase recycling. Impact on local community. See pages 25–27, 32–33 and 45.

**Sustainable, responsible purchasing, and logistics:** raw materials and conflict minerals, human rights and working conditions in the supply chain and transport, greenhouse gas emissions from transport and manufacture, energy use, waste, business ethics and rule compliance. See pages 26 and 49.



At the existing facility in Poland, Bulten has invested in new solar panels, which cuts costs and also reduces CO2 emissions by around 80 tons a year.

# UN SUSTAINABLE DEVELOPMENT GOALS

Through internal management discussions and on 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 37–39). 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
- Bulten is working on several levels to increase its energy efficiency, see page 26
- Investments in energy efficiency in Bulten's production plants
- ISO 50001 certification in Bergkamen and Bielsko-Biala (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.
- Long-term employments (low percentage of contracted staff).
- Increased assessment of the supply chain from a social perspective.



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

- Investments in new and existing plants.
- Support suppliers in their development, contributing to global trade
- Cooperation with universities in 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



## Take urgent action to combat climate change and its impacts.

- Develop more eco-friendly products and services, such as BUFOe.
- Communication, as well as training of employees and suppliers, helps to raise awareness.
- Recycling.
- Water treatment.
- Increased assessment of the supply chain from an environmental perspective.
- See also SDG 7.

## Gold Medal for Bulten's sustainability work

After the international organization EcoVadis conducted its annual evaluation for 2019, Bulten was awarded a gold medal for its sustainability work. The Gold medal means that Bulten is ranked among the top 5% of all companies assessed by EcoVadis, and the top 1% of companies in the same industry.



"Bulten's ambition and strategy is that our business is characterized by sustainability in all aspects. We're hugely proud of this recognition which confirms our position as one of the best in our industry when it comes to sustainability," says Marlene Dybeck, SVP HR and Sustainability.

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. The method used is based on international CSR standards such as the Global Reporting Initiative (GRI), the UN Global Compact, and ISO 26000.

# OUR EMPLOYEES

A strong contributing factor to Bulten's success is its dedicated employees. Bulten strives to be a workplace for all, and to ensure that all personnel feel included. Good relationships and open dialogue are fundamental to this, and the key to preserving and developing the knowledge and culture that has been built up in the company over many years.

It is the expertise and strong dedication of our employees that make Bulten's sustainable development possible. We therefore place great emphasis on developing the company and creating a workplace where everyone can thrive and be given the right pre-requisites and opportunities to develop.

## THE WORKPLACE OF THE FUTURE

We want to be an inclusive, long-term employer. During 2019, we have identified areas to work on in order to attract a broader group of employees, and achieve a higher percentage of female personnel and managers.

For example, during the year we have developed the process for the annual development dialogue, and it is now being implemented throughout the Group. With an integrated approach, common, high-standard HR processes and a global HR tool for managers and all employees, we are giving the organization what it needs to ensure good working conditions, develop the right fields of expertise and secure good preparedness for the future. We see this as an important aspect in our ambition to be a sustainable, long-term employer.

Our employees' competence development is as important to Bulten as it is to the individual. Much of the competence development takes place through internships and from learning from each other at the work place, both within the same site and at other units. The results of

cooperation across national borders has been highly valued and successful since it creates internal networks, which helps in problem-solving and with different development projects.

## RESPECT FOR THE INDIVIDUAL

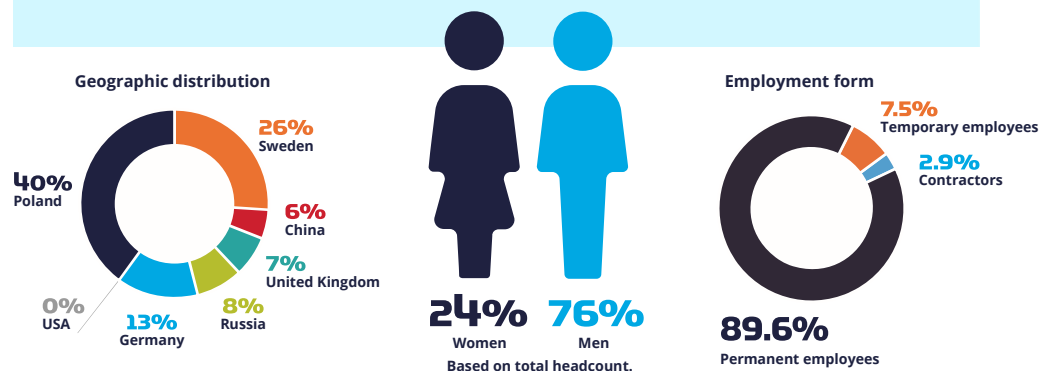
There is increasing competition for co-workers with the skills that are important to us. The fact that the Bulten brand is associated with a good corporate culture and respect for employees is a major advantage when recruiting new colleagues. We also work long-term to support different initiatives for securing competence development of potential employees, including various apprenticeship projects. At our unit in the UK, for example, we work with North Lindsey College in Scunthorpe. At the college's annual awards gala highlighting good examples, Bulten Ltd. won the Large Employer category and we had two apprentices nominated for prizes.

Bulten strives to be a secure employer that offers good working conditions. To ensure our success in the long term, we occasionally have to adapt our operation to prevailing market conditions. During the year we relocated our factory in China from Beijing to Tianjin, and we also restructured our German operation, and some layoffs were unfortunately necessary. In a situation like this, we take great care to carry out the process with respect for the individual, and to offer conditions designed to compensate for being laid off.



## SAFETY DOJO IN HALLSTAHAMMAR

Since early 2019, Bulten's production facility in Hallstahammar has been home to something called Bulten Safety Dojo. The word "dojo" derives from the Japanese and means a training area where staff are trained in safety in an effort to reduce the number of accidents. Bulten's objective is that no one shall be injured at the work place. The group is working concertedly to improve the working environment, with a focus on establishing a safety culture which characterizes the whole business. Pictured: Christina Lindblom, Health & Safety Coordinator and Christian Lindell, Production Coordinator in Hallstahammar.





## APPRENTICE WORK AWARDED

At a gala at North Lindsey College in Scunthorpe, two of Bulten Ltd's apprentices, Michelle Drewery and Ella Kernan, were nominated. At the same time, Bulten Ltd. won the Large Employer category. The university has more than 300 apprentices and works with over 400 companies in the region. We are very proud of our apprentices and that Bulten Ltd. has been recognized for the partnership they have with the university and the support they offer to develop their colleagues.



**15.3**  
Average number  
of training hours per  
employee per year

**60**   
Index for employee  
engagement

**4.0%**  
Increase in accidents  
leading to absence

In addition to the annual development dialogue, we conduct regular employee surveys in which all personnel have a chance to air their opinions. The results are important and help us to prioritize areas for development. In our latest survey the response frequency increased by nearly 42%, from 55 to 78%, compared with the previous one. We see this as a positive sign of our employees' commitment to being part of the company's development. Our 'engagement index', a key metric relating to our attractiveness as an employer, was 60. Since the target is 70 we would have liked to see a higher result, but we have received some very constructive feedback. Each part of the Group is now continuing to work with its results and the constructive suggestions from all the survey respondents, and the work is regularly followed up by the executive management.

### HIGHEST POSSIBLE WELL-BEING

Just as important as feeling respected, is feeling safe and secure in the workplace. At Bulten Group we work systematically on health and safety to ensure good physical and mental health, well-being and dedication among all our employees. Another aim of this work is to prevent accidents in the workplace, and all

accidents and incidents are followed up and reported as part of our systematic approach. The number of accidents leading to absence unfortunately increased by one (1) compared to 2018. Accidents that happen on the way to and from work are also included in the figures.

We continue working towards a zero vision regarding work place accidents, and local plans are in place at each site which are followed up regularly by the executive management.

### EQUALITY AND DIVERSITY

Our HR strategy and policy focus on areas such as equality and diversity, and provide support in work against harassment of different kinds, as well as discrimination. It is important that everyone at Bulten feels responsible for combating discrimination and harassment, and works for greater equality. Our policy is an important tool in this process, as is training of managers and personnel. These issues are also monitored in the employee survey and in the annual development dialogue. Our latest employee survey indicates that there are differences in how men and women perceive these issues, and we will continue to work actively with diversity and inclusion as part of the company's strategy.

## BULTEN'S CORE VALUES

Bulten strives to maintain and develop a corporate culture characterized by an open-minded atmosphere, a lack of hierarchy, helpfulness, and opportunities for continuous development. The company's core values are the foundation of the corporate culture and originate in the company's history. They define the way we work and behave, and inspire and support us in our efforts to continue building a successful, sustainable business.



### PROFESSIONAL

We take full responsibility throughout the value chain, delivering quality at every stage and making sustainability a natural part of all activities in our company. In our customer relations we are responsive, friendly and accountable.



### INNOVATIVE

We are constantly pushing the boundaries in our sector. With proven and new technology and creative ideas, we are striving to improve fastener applications, quality and enhance cost efficiency.



### DEDICATED

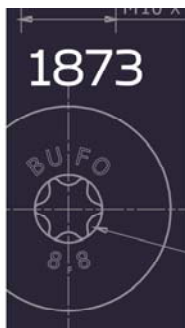
We are passionate about the fastener industry and will always go that extra mile to meet the expectations of our customers. We are proud to carry forward the long heritage of Bulten into a challenging and exciting future.



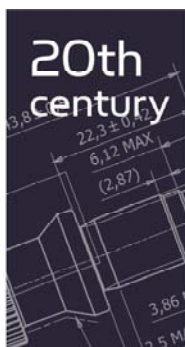
### EMPOWERED

At Bulten you'll meet highly skilled and motivated people, willing and empowered to make decisions and drive progress. We keep our promises and provide the strongest possible solution for your fastening requirements.

# HISTORY

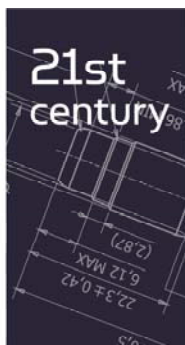


It has been 145 years since young Stockholm engineers Nils Petersson and Gottfrid Rystedt saw Bulten's potential. They went to wholesaler Herman Friedländer, who wrote a prospectus and convinced some friends and acquaintances to guarantee the start-up capital of 225,000 old crowns. In February 1873, 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.



1960 Bulten moves into new headquarters. In the early 1990s, crucial steps in the company's history were taken. Production in Sweden was streamlined and restructured, and Hallstahammar began focusing exclusively on the automotive industry.

New production units were acquired in Germany, Poland and China, and sales offices were established there and in the UK and France.



In 1997 Bulten was listed on the Stockholm Stock Exchange, but just four years later was acquired by Finnveden and delisted again. When Bulten was once again listed in the Nasdaq Stockholm Small Cap segment in 2011, it was as a division of the Finnveden-Bulten Group. In 2014 the board decided to focus exclusively on fasteners for the automotive industry, and the Finnveden Metal



Structures division was divested. The company took on new management and the name was changed back to Bulten; the next year, the company was moved up to the Mid Cap segment.

In recent years Bulten has also established itself in Russia and the USA, and has relocated its China factory to Tianjin, business has grown and major new contracts have been won, primarily as part of the Full Service Provider (FSP) concept. In 2019 Bulten had approximately 1,400 employees and net sales of SEK 3,093 million - breathtaking figures for Messrs Petersson, Rystedt and Friedländer.

# STRONG FINANCES ALLOW MANEUVERABILITY

Bulten's strong balance sheet provides maneuverability and preparedness for the future, both when it comes to investments in increased capacity and for strategic acquisitions.

## CLEAR FINANCIAL MANAGEMENT

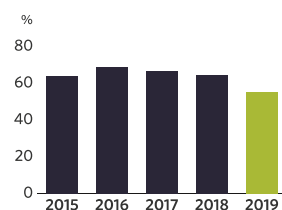
Our strong balance sheet, allows great maneuverability. We can manage the higher formation of capital that comes with growth, but can also take action should a strategic acquisition opportunity arise.

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 2019 our equity/assets ratio was 55.2% (64.8) and net debt was SEK 565 million (181), which equates to a net debt in relation to EBITDA of -2.4 (-0.6). The net debt/equity ratio is -0.4 times (-0.1). The capital turnover rate is 1.6 (1.9) times. Adjusting the above key ratios for financial leasing in line with IFRS 16, the equity/assets ratio is 60.5% (64.8) and net debt SEK 332 million (181), which equates to a net debt in relation to EBITDA of -1.7 (-0.6). The net debt/equity ratio is -0.2 times (-0.1). The capital turnover rate is 1.8 (1.9) 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 2019 there was an available liquidity reserve in the Group of SEK 464 (611) million, which corresponds to 15.0% (19.5) of net sales.

At the end of the second quarter, the company utilized the first extension option in its existing financing agreement of SEK 750 million, which now runs until June 2023 under the same conditions. Otherwise the extended financing agreement entails no significant changes compared to the previous one. During the first quarter of 2020, the company utilized the second extension option and the agreement now runs until the end of June 2024.

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 2019 we paid SEK 67 (26) million in income tax and our tax expense was equivalent to 41.7% (29.1). The high tax expense is mainly attributable to relocation costs and the negative result in

China, which have a knock-on effect on the entire Group's figures. We paid SEK 129 (131) million in social security contributions, of which SEK 15 (20) 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.

We work together 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.

## NEW LONG-TERM FINANCIAL TARGETS AND A GENEROUS DIVIDEND POLICY

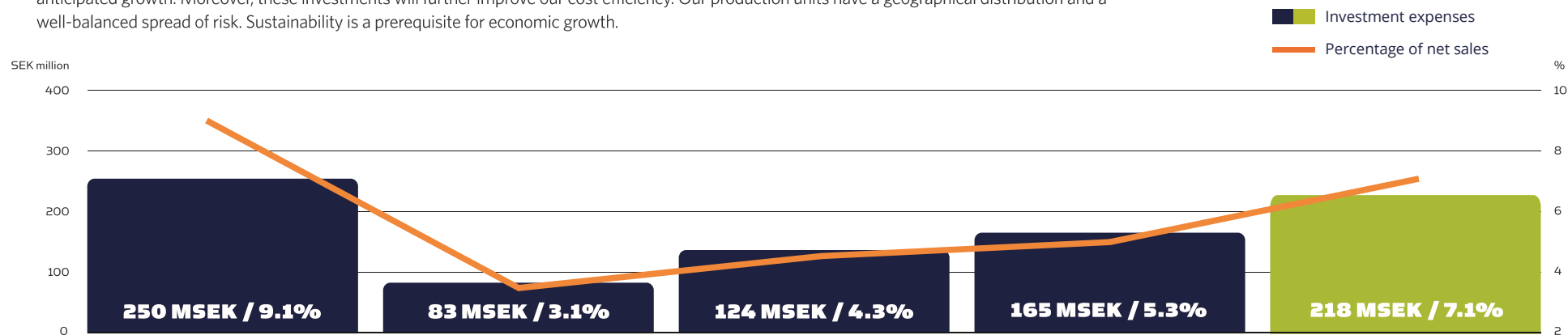
- Net sales SEK 5 billion in 2024 (equating to a compound annual growth rate (CAGR) of 10%, both organic and through acquisitions).
- Operating margin (EBIT) >8%
- Return on capital employed (ROCE) >15%.
- Dividend policy >1/3. Over time, to pay out a dividend of at least one third of net earnings after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

For target outcomes, see page 10.

Key financial indicators	2019	2018
Net sales	3,093	3,132
Gross profit	543	600
Earnings before depreciation (EBITDA)	239	300
Operating profit (EBIT)	98	210
Operating margin, %	3.2	6.7
Earnings after tax	55	143
Orders received	3,103	3,098
Net debt/equity ratio, times	-0.4	-0.1
Equity/assets ratio, %	55.2	64.8
Return on capital employed, %	5.5	12.8

## INVESTMENTS FOR CONTINUED GROWTH

Bulten invests and develops its business at a low risk. We continuously invest in increased delivery capacity and efficiency, primarily with our own resources. Invested capital is generally between 2 and 3 percent of annual turnover, but may in the short term be more when adapting to higher volumes or a higher degree of refinement. Over the next three years the percentage will be slightly higher as a result of already planned investments to raise capacity in line with anticipated growth. Moreover, these investments will further improve our cost efficiency. Our production units have a geographical distribution and a well-balanced spread of risk. Sustainability is a prerequisite for economic growth.



### 2015

SEK 250 million, 9.1% of turnover. Continued investments in production and logistics platforms, primarily in Poland. Investments have increased capacity in Poland by about 30% for the second consecutive year. Investments have also been made at other operating sites to enhance production capacity and the degree of refinement. SEK 116 million relates to the acquisition of a production property in Hallstahammar. During the year Bulten grew by 12%, and the higher investment rate was part of Bulten's optimization program, which led to a higher operating margin.

### 2016

SEK 83 million, 3.1% of turnover. Continued investments to become the most cost-effective manufacturer of fasteners in the industry. A decision was made to invest EUR 9 million in new surface treatment plants at the German and Polish units. Estimated payback of just over two years after production begins in 2018-2019. In addition to increased competitiveness and improved profitability, the result of these investments means fewer shipments, leading to a smaller environmental impact.

### 2017

SEK 124 million, 4.3% of turnover. Bulten increases its capacity in Europe to meet future volumes. A decision was made to invest in an additional plant for production and distribution in Poland, which is planned for completion during 2019, and in a new heat treatment plant in Sweden. During the year Bulten grew by 6.7%.

### 2018

SEK 165 million, 5.3% of turnover. Bulten continues to increase its capacity to meet future volumes and opportunities. During 2018, Bulten invested in a new heat treatment line in Hallstahammar, which should be ready to go online at the end of Q1 2019. The investment increases capacity by 25% in Hallstahammar, while also increasing energy efficiency. During the year, Bulten grew by 9.7%. The investment in a further facility in Poland was delayed due to construction and land use negotiations.

### 2019

SEK 218 million, 7.1% of turnover. Bulten continues to increase capacity, primarily in Sweden and Poland. The Chinese operation was relocated from Beijing to Tianjin during the year. The move also entailed investments in capacity and efficiency. The relocation went well and the new factory was opened in late November. During the year Bulten also acquired land in Poland, where a new production and logistics facility is to be built.

# 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. A description of how the Group management assesses and manages the main risks in the operation from a time frame of 1–3 years. A more detailed description can be found in note 5, page 65.



### FINANCIAL RISKS

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

### SUSTAINABILITY RISKS

- F Energy use
- 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	
<b>FINANCIAL RISKS</b>					
<b>A</b>	<b>Currency risk</b>	<ul style="list-style-type: none"> <li>Bulten operates internationally and is exposed to currency risk in the form of currency exposure, mostly in EUR, PLN, GBP, USD, CNY and RUB.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<b>Likely</b>	<b>Moderate</b>
<b>B</b>	<b>Liquidity risk</b>	<ul style="list-style-type: none"> <li>The risk that the Group cannot meet payment commitments due to insufficient liquidity or problems in raising credit from external creditors.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten's management team continually monitors the Group's liquidity reserves which comprise liquid funds and unutilized credit facilities.</li> </ul>	<b>Possible</b>	<b>Moderate</b>
<b>C</b>	<b>Interest rate risk</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten's interest rate risk is deemed to be low due to the low level of borrowing. As of 31 December 2019 the Group's net debt was SEK 565 million. Net debt (excluding IFRS 16) totaled SEK 332 million.</li> </ul>	<b>Very unlikely</b>	<b>Low</b>
<b>D</b>	<b>Credit risk</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's accounts receivable are spread across a large number of customers and historically the Group's bad debts have been very low.</li> <li>Liquid funds are invested exclusively with credit institutions with high credit ratings.</li> </ul>	<b>Very unlikely</b>	<b>Low</b>
<b>E</b>	<b>Capital risk</b>	<ul style="list-style-type: none"> <li>The risk that the Group does not have the right capital structure to keep costs and capital down.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten has a clear dividend policy and the management team continuously monitors refinancing requirements for operating activities.</li> </ul>	<b>Negligible</b>	<b>Negligible</b>
<b>SUSTAINABILITY RISKS</b>					
<b>F</b>	<b>Energy use</b>	<ul style="list-style-type: none"> <li>Increased production and future 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.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten continuously measures its energy use so as to rationalize and reduce its use of non-renewable energy.</li> <li>When procuring energy, Bulten strives to find an alternative from renewable sources.</li> <li>In investments, energy efficiency is a decision parameter.</li> </ul>	<b>Unlikely</b>	<b>Moderate</b>
<b>G</b>	<b>Emissions</b>	<ul style="list-style-type: none"> <li>Bulten's use of transport services entails the use of fossil fuels.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten is working to optimize its logistical flows.</li> <li>When procuring transport services, emission requirements of at least Euro 5/6 are set, along with a focus on sustainability.</li> </ul>	<b>Unlikely</b>	<b>Low</b>
<b>H</b>	<b>Organization and competence supply</b>	<ul style="list-style-type: none"> <li>Bulten depends on being able to attract/recruit and retain the right staff and management to safeguard Bulten's core values. The risk of not being perceived as an attractive employer could affect this adversely.</li> <li>A lack of employee commitment could have a direct negative impact on the company's brand, position and earnings.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten's core values and leadership foundation.</li> <li>Bulten's global HR policy.</li> <li>HR system that helps the organization to implement and follow up HR policy and strategy.</li> <li>Employee surveys with firm action plans, and internal development and career opportunities.</li> <li>Clear vertical and horizontal communication as regards short-term goals and strategy.</li> </ul>	<b>Unlikely</b>	<b>High</b>
<b>I</b>	<b>Shortcomings in equality and diversity, and discrimination</b>	<ul style="list-style-type: none"> <li>Bulten operates in a traditionally male-dominated industry.</li> <li>A lack of diversity on the Parent Company board could lead to a lack of equality.</li> </ul>	<ul style="list-style-type: none"> <li>To counteract discrimination and harassment, and to achieve a more equal company, Bulten applies an HR policy and processes in recruitment, for example.</li> <li>Employee survey, measurement and follow-up.</li> <li>Transparency regarding policies via the intranet, staff manuals and reporting of violations as regards discrimination.</li> <li>Nomination committee focuses on equality in board composition.</li> <li>Equality policy for the Board of Directors and operation.</li> </ul>	<b>Possible</b>	<b>Moderate</b>
<b>J</b>	<b>Shortcomings in health and safety</b>	<ul style="list-style-type: none"> <li>Working environment, health and safety are strategically important to Bulten. Shortcomings in the work on working environment, health and safety entail a higher risk of illness.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten works systematically to secure and improve the working environment.</li> <li>Bulten measures and follows up important key ratios relating to health and safety. Improvement activities are identified and implemented.</li> <li>Bulten encourages wellness activities for its employees.</li> </ul>	<b>Possible</b>	<b>Moderate</b>
<b>K</b>	<b>Violation of human rights</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten is a signatory member of the UN Global Compact.</li> <li>Bulten has formulated an official stance on modern slavery and trafficking.</li> <li>A code of conduct and a comprehensive global HR policy state its policy on human rights. Bulten also applies a code of conduct for business partners (suppliers, JV partners etc.).</li> <li>Supplier strategy including the qualification process, which includes all sustainability aspects.</li> </ul>	<b>Unlikely</b>	<b>Moderate</b>
<b>L</b>	<b>Corruption</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten trains employees in its code of conduct, anti-corruption 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.</li> <li>Bulten's application of global and local certification manuals.</li> <li>Procurement processes that ensure good business ethics.</li> <li>Supplier strategy including the qualification process, which includes all sustainability aspects.</li> </ul>	<b>Unlikely</b>	<b>Moderate</b>

RISK AREA	DESCRIPTION	OPPOSING FACTORS	PROBABILITY	IMPACT	
<b>BUSINESS CYCLE, MARKET AND EXTERNAL RISKS</b>					
<b>M</b>	<b>Global market and macroeconomic risks</b>	<ul style="list-style-type: none"> <li>Bulten operates on a cyclical global market governed by macroeconomic factors.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten meets these risks by operating in different markets and segments, such as cars and commercial vehicles.</li> </ul>	<b>Very likely</b>	<b>Low</b>
<b>N</b>	<b>Legal and political risks</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Depending on the final content of an agreement, Brexit could involve a cost increase for the business in the form of fees and duties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Political risk can also be limited somewhat through collaboration with locally based businesses.</li> </ul>	<b>Very likely</b>	<b>Moderate</b>
<b>O</b>	<b>Trends and driving forces in the automotive industry</b>	<ul style="list-style-type: none"> <li>Bulten operates in a competitive, cost-conscious market with high demands on environmental issues, quality, delivery precision, technological development and customer service.</li> <li>Price pressure is a natural aspect of Bulten's industry.</li> <li>Developments of products and materials could change Bulten's competitiveness.</li> <li>"The Paris Agreement and the automotive industry's demands on lower CO2 impact."</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The Group monitors research and development in the automotive industry, as well as market trends.</li> <li>Bulten works continuously to create added value for customers, as well as scope to meet the industry's needs for cost reductions.</li> <li>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.</li> </ul>	<b>Very likely</b>	<b>Moderate</b>
<b>P</b>	<b>Force majeure</b>	<ul style="list-style-type: none"> <li>Global just-in-time logistics have made global trade more sensitive to disruptions such as pandemics, natural disasters and strikes.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity planning and good relations with customers and suppliers reduce the risk of disruptions in global production and logistics.</li> <li>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.</li> <li>Bulten takes measures to protect employees such as travel bans and quarantine, while also following government guidelines and recommendations.</li> </ul>	<b>Very likely</b>	<b>High</b>
<b>OPERATIONAL RISKS</b>					
<b>Q</b>	<b>Customer dependency</b>	<ul style="list-style-type: none"> <li>Bulten's customers include virtually every OEM in Western Europe, where a number of key customers account for a large proportion of the Group's sales.</li> <li>Bulten's turnover is dependent on customer's success with their range of models on the market.</li> </ul>	<ul style="list-style-type: none"> <li>The FSP concept comprises pre-development, product and technological development, production, quality, logistics and service, and entails close collaboration with customers.</li> <li>Underlying agreements with key customers cover a wide range of products and have varying terms and counterparties.</li> <li>Bulten operates in different markets and segments, such as cars and commercial vehicles.</li> </ul>	<b>Unlikely</b>	<b>Moderate</b>
<b>R</b>	<b>Global supply chain</b>	<ul style="list-style-type: none"> <li>Various risks exist relating to global goods flows, such as reliance on specific suppliers, intermediate goods and logistics, as well as quality risks.</li> <li>Bulten is dependent on raw materials and intermediate goods for delivery to customers.</li> <li>Volatility in prices for raw materials and intermediate goods could affect the Group's earnings.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten balances these risks with active, professional work on purchasing, quality and logistics.</li> <li>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.</li> <li>Bulten is usually compensated by its customers in the event of material volatility.</li> </ul>	<b>Possible</b>	<b>Low</b>
<b>S</b>	<b>Product liability, warranty and recall</b>	<ul style="list-style-type: none"> <li>Bulten has product responsibility and can be exposed to warranty claims if products supplied by the Group cause damage to persons or property.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten meets this risk through comprehensive testing during the product design and development phases and by implementing quality, management and control measures throughout production.</li> <li>Bulten has insurance covering a certain amount of damages relating to product responsibility and recall.</li> </ul>	<b>Possible</b>	<b>Low</b>
<b>T</b>	<b>Suspension of operations and property damage</b>	<ul style="list-style-type: none"> <li>Damage to production equipment could have a negative impact, both due to direct damage to property and in terms of down time.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<b>Unlikely</b>	<b>Low</b>
<b>U</b>	<b>Environmental risks</b>	<ul style="list-style-type: none"> <li>Bulten conducts activities requiring permits and reporting in several jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<b>Unlikely</b>	<b>Low</b>
<b>V</b>	<b>IT-related risks</b>	<ul style="list-style-type: none"> <li>Bulten is dependent on IT systems and hardware to conduct its business. Interruptions in some of these.</li> </ul>	<ul style="list-style-type: none"> <li>Bulten has developed an IT environment that can quickly be replicated in the event of a breakdown.</li> </ul>	<b>Unlikely</b>	<b>Moderate</b>

# 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 2019, Nasdaq Stockholm rose by 29.6% (-7.7). Bulten's sector index, Stockholm Automobiles & Parts, rose by 6.7% (-20.7). Bulten's share price fell by 10.7% (28.0) from a rate at the start of the year of SEK 88.20 (122.50) to SEK 78.80

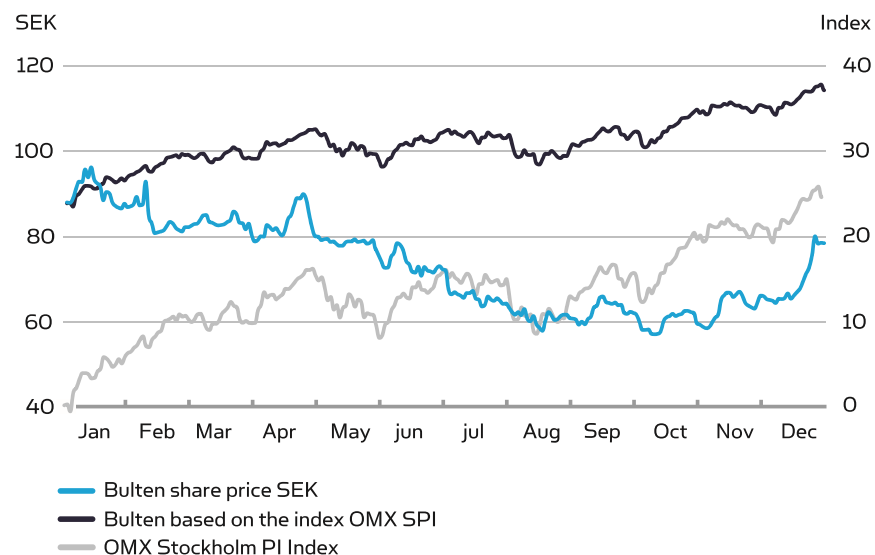
(88.20) at the end. The lowest closing price, SEK 57.60, was noted on 7 October 2019 and the highest, SEK 97.00, on 10 January 2019. The market value of Bulten at the end of 2019 was SEK 1,658 (1,856) million, a decrease of SEK 198 (721) million.

## SHARE TURNOVER

Bulten's total share turnover in 2019 was 7.4 (8.9) million shares, corresponding to an average turnover of 29.6 (35.5) thousand shares per day over 250 (250) trading days.

The turnover rate, calculated as the number of traded shares in relation to the total number of shares in the company, was 35.1% (42.1).

## SHARE PERFORMANCE 2019



## SHAREHOLDERS

As of 31 December 2019, Bulten had 7,133 (7,401) shareholders. The number of registered shares abroad was 18.4% (16.2), of which 8.5% (6.4) were held by owners in the USA, 1.7% (2.5) by owners in the UK and 2.6% (2.1) by owners in Luxembourg.

The five largest shareholders on 31 December 2019 had a total of 58.5% (55.2) of the capital and votes, with the three largest holding 49.0% (49.1).

Bulten is the fourth largest shareholder and owned 5.0% at year-end. Senior management of the Group and elected board members' shareholdings were 1.5% (2.3) 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. Against the background of the prevailing global climate with uncertainty about the possible future economic effects of the spread of Covid-19 (the corona virus), the Board has decided to withdraw the proposal for a dividend of SEK 4.00 per share to the Annual General Meeting 2020, and will instead propose no dividend for the 2019 financial year.

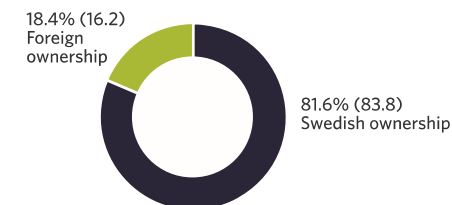
## FINANCIAL INFORMATION

Bulten publishes four interim reports a year and an annual report. These reports are available to read, download or order as a printed copy from the company's website, [www.bulten.com](http://www.bulten.com).

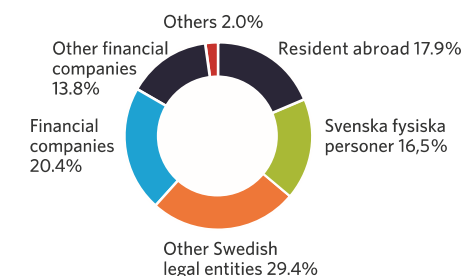
## NOTICE TO ATTEND ANNUAL GENERAL MEETING 2020

Bulten AB (publ) will hold its Annual General Meeting on 23 April 2020 at 5 pm CET in Gothenburg, Sweden.

## Swedish and foreign ownership



## Ownership structure





## OWNERSHIP STRUCTURE, 31 DECEMBER 2019

SHARE INTERVAL	NO. OF OWNERS	NO. OF SHARES	SHARE-HOLDING, %
1–500	5,578	754,875	3.6
501–1,000	832	700,563	3.3
1,001–5,000	578	1,322,065	6.3
5,001–10,000	64	473,487	2.3
10,001–15,000	15	185,768	0.9
15,001–20,000	17	297,836	1.4
20,001+	49	17,305,613	82.2
<b>Total</b>	<b>7,133</b>	<b>21,040,207</b>	<b>100.0</b>

Source: Euroclear Sweden AB register, 31 December 2019.

## BULTEN'S FIVE LARGEST SHAREHOLDERS, 31 DECEMBER 2019

SHAREHOLDERS	NO. OF SHARES	SHARE OF VOTES AND CAPITAL (%)
Volito AB	4,800,000	22.8
Investment AB Öresund	2,900,000	13.8
Lannebo fonder	2,615,308	12.4
Bulten AB	1,052,215	5.0
State Street Bank & Trust Com., Boston	945,271	4.5
Five largest owners	12,312,794	58.5
Total other owners	8,727,413	41.5
<b>Total</b>	<b>21,040,207</b>	<b>100.0</b>

Source: Euroclear Sweden AB register, 31 December 2019.

## NO. OF SHARES

	REGISTRATION DATE	CHANGE IN NO. OF SHARES	NO. OF SHARES AFTER ISSUE
New share issue <sup>1)</sup>	2011-05-25	1,842,777	21,040,207
New share issue <sup>2)</sup>	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	2019	2018
Share price at year-end (closing price paid), SEK	78.80	88.20
Highest share price during the year (price paid), SEK	97.00	124.40
Lowest share price during the year (price paid), SEK	57.60	85.90
Market value at year-end, SEK M	1,658	1,856
P/E	30.03	12.26
Yield, %	-	4.54
Data per share		
Earnings before depreciation (EBITDA)	11.93	14.78
Operating profit (EBIT)	4.92	10.32
earnings after net financial items (EAFI)	4.61	9.76
Earnings for the year	2.62	7.19
Equity	74.09	74.70
Cash flow from operating activities	10.33	6.14
Cash flow for the year	2.25	-1.56
Proposed dividend	-	4.00
Total outstanding ordinary shares, 000		
Weighted total	20,030.8	20,323.7
At year-end	19,988.0	20,133.0

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

COMPANY	ANALYST
Carnegie	Kenneth Toll Johansson
Handelsbanken Capital Markets	Hampus Engellau
Kepler Cheuvreux	Mats Liss

## PRESS RELEASES

### Q1

21 Jan	Bulten has signed a new FSP contract with an annual value of around EUR 13 million
23 Jan	Invitation to presentation of Bulten's Q4 report 2018
7 Feb	Bulten's Q4 report 2018
8 Feb	Anders Nyström takes over as President and CEO of Bulten
20 Mar	Notice to attend Annual General Meeting of Bulten AB (publ)

### Q2

4 April	Annual Report with Sustainability Report 2018 published
15 April	Invitation to presentation of Bulten's Q1 report 2019
25 April	Bulten's Q1 report 2019
25 April	Press release from the Annual General Meeting of Bulten AB (publ) 25 April 2019
9 May	Bulten AB (publ) utilizes authorization for acquisition of own shares
12 Jun	Top marks for Bulten's sustainability work
25 Jun	Invitation to presentation of Bulten's Q2 report 2019

### Q3

4 Jul	Bulten's profit for the second quarter is negatively affected by approximately SEK 25 million due to a lower rate of production in order to adjust the stock level
10 Jul	Bulten's Q2 report 2019
15 Jul	Flagging of own shareholding
27 Aug	Bulten begins a restructuring program, plans to reduce workforce by approx. 50 people in its German operation
30 Aug	Bulten appoints a new SVP Production
30 Sep	Bulten's Q3 earnings are adversely affected by restructuring in Germany and a lower production rate

### Q4

9 Oct	Invitation to presentation of Bulten's Q3 report 2019
23 Oct	Nominations committee appointed ahead of Bulten AB's (publ) 2020 AGM
24 Oct	Bulten's Q3 report 2019
25 Nov	Bulten opens new factory in Tianjin and consolidates platform in China
20 Dec	Bulten strengthens position in Asia and North America by acquiring PSM International

# GRI-INDEX

DISCLOSURE DESCRIPTION COMMENTS PAGE OR URL DEVIATIONS GLOBAL COMPACT PRINCIPLE

## GRI 102: General Disclosures 2016 (Core level)

### Organization profile

102-1	Name of the organization	Bulten AB	page 61, note 1
102-2	Activities, brands, products and services		pages 4, 18-19, 20-21, 22-23, 24-25
102-3	Location of headquarters	Gothenburg	page 61, note 1, page 120
102-4	Location of operations		pages 4, 59, note 3
102-5	Ownership and legal form		pages 40-41, 61, notes 1 and 3
102-6	Markets served		pages 4, 18, page 70 note 6
102-7	Scale of the organization	Bulten reports the number of employees financially according to the definition for average number of employees (FTE). The number of FTEs at the end of 2019 was: 1,425. A decrease of 0.6% compared with 2018. In order to provide information 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. Total number of employees, Headcount (HC): 1,429, of whom permanent: 1,318 (92%) and temporary: 111 (8%). A decrease in the total headcount (HC) of 128 (8.2%) compared with 2018.	pages 4, 9, page 18, page 52, page 61, note 1, pages 57-58, definitions page 104
102-8	Information on employees and other workers in the organization	See 102-7. Bulten has no traditional seasonal variation, 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 gathers data on the number of employees (Headcount) via the local HR organization in each country. Total number of employees: 1,429, of whom 24.4% women and 75.6% men. Some figures are rounded, which means that the amounts might not always match when added up. Percentage of employees by region (EU and Outside of EU):	pages 32-33

NUMBER BY EMPLOYMENT FORM, SEX, REGION	PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES		TOTAL		
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	%	NUMBER	
EU	Total	76.1%	1.8%	7.1%	0.3%	85.4%	1,220
	Women	16.9%	1.5%	1.1%	0.2%	19.7%	281
	Men	59.2%	0.3%	6.0%	0.1%	65.7%	939
Outside of EU	Total	13.5%	0.8%	0.2%	0.1%	14.6%	209
	Women	4.6%	0.0%	0.1%	0.0%	4.7%	67
	Men	8.9%	0.8%	0.1%	0.1%	9.9%	142
All regions	Total	89.6%	2.7%	7.3%	0.4%	100%	1,429
	Women	21.5%	1.5%	1.2%	0.2%	24.4%	348
	Men	68.1%	1.2%	6.2%	0.2%	75.6%	1,081

Total number of contractors: 38, of which in EU: 17, and outside of EU: 21. Contracted employees comprise 2.9% of the total number of employees.

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
102-9	Supply chain		page 25		
102-10	Significant changes to the organization and the supply chain	The company has registered companies in Romania and China. 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.	pages 52, 61 note 2, page 93 note 39		
102-11	Precautionary principle	Policies, certification, risk assessment, etc.	pages 19, 28-31, 35, 37-39, 65 note 5		Principles 1 and 2
102-12	External sustainability initiatives that the organization supports/covered by	Global Compact, signatory membership	pages 7, 28, 30-31		
102-13	Membership in organizations	EIFI - European Industrial Fasteners Institute: Bulten holds the chair position. RISE IVF AB trade 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.			
<b>Strategy</b>					
102-14	Statement from senior executives		pages 6-7		
102-15	Key impacts, risks, and opportunities		pages 12-13, 16, 29, 37-39, 65-69, note 5		
<b>Ethics and integrity</b>					
102-16	Values, principles, and ethical guidelines	Core values, CEO's statement, success factors, Sustainability work, Dedicated employees, Financial management	pages 4, 6-7, 8-9, 28-31, 32-33, 35		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
<b>Governance</b>					
102-18	Governance structure	Corporate Governance Report	pages 28, 105-111 and illustration on page 111		
<b>Stakeholder dialog</b>					
102-40	List of stakeholder groups		page 29		
102-41	Collective bargaining agreements	Bulten operates in countries where collective bargaining agreements are not permitted. Bulten expresses its view in its global HR policy. Around 70-75% of Bulten's employees are covered by collective bargaining agreements.	page 33		Principle 3
102-42	Identifying and selecting stakeholders	Workshops have been held regularly in management teams involving all departments and subsidiaries including the company management, and also on strategy days. The Sustainability Committee regularly reviews the results of surveys, self-assessment forms, feedback from stakeholders, etc.	page 29		
102-43	Approaches to stakeholder engagement	See table	page 29		
102-44	Key issues raised	See table	page 29		
<b>Accounting practices</b>					
102-45	Entities included in the consolidated financial statements		page 61, note 3		
102-46	Defining report content and clarifying issues	Bulten has carried out structured work alongside management functions and the Sustainability Committee to define stakeholders and significant focus areas. Bulten has started from its value chain to define impacts and to prioritize focus areas.	pages 28-31		
102-47	List of material topics	Materiality analysis	page 30		
102-48	Restatements of information	IFRS 16 was introduced from 1 January 2019.	pages 54, 64 note 4, 82-83, note 19		

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
102-49	Changes in reporting	Yes	pages 54, 64 note 4, 82-83, note 19		
102-50	Reporting period	Financial year: 1 January - 31 December 2019	page 61 note 1		
102-51	Date of publication for the most recent report	1 April 2020.			
102-52	Reporting cycle	Annual (calendar year)	page 61 note 1		
102-53	Contact point for questions regarding the report	Financial data, EVP & CFO, Sustainability reporting: SVP HR & Sustainability	pages 114-115		
102-54	Reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core level	page 28		
102-55	GRI-index		pages 42-50		
102-56	External review	There has been no external review of the report.			
<b>Bulten's own disclosures</b>	Sustainability report according to Swedish Annual Accounts Act (1995: 1554), Section 10-14	Index for Bulten's Sustainability Report in accordance with Swedish law and the auditor's opinion.	page 50		

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
------------	-------------	----------	-------------	------------	--------------------------

#### Material topics

#### GRI 200: General disclosures 2016 (Core level)

#### Economic standards

#### GRI 205: Anti-corruption 2016

103-1-103-3	General requirements for reporting the management approach		pages 11, 19, 25, 28-30, 37-39 and 108-109		Principle 10
205-1	Operations assessed for risks relating to corruption	Own operation and to some extent the supplier stage.	page 29, 37-39		Principle 10
205-2	Communication and training in anti-corruption policies and procedures	<p>The company has clear policies for preventing corruption, such as its finance manual, authorization rules and code of conduct, etc. In 2019, the company developed its anti-corruption policy and guidelines further and this was communicated via the company's policy deployment process (management system), whereby all local Presidents confirm that they have received the policy and will comply with it in their respective operations.</p> <p>The company also conducted an e-learning campaign in anti-corruption for employees within the Group who handle or come into contact with external business relationships, financial transactions and business travel in their work. These are mainly salaried employees. A total of 400 employees completed the training in 2019. New employees in the target group carry out e-learning or sign the policy in connection with employment or introduction.</p>		As the operation in China was moved to a new location in 2019, it was not practically possible to conduct e-learning. All Chinese employees have signed the policy to confirm that they have been given the information and understood the content.	Principle 10
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidences of corruption in 2019.			

#### Environmental standards

#### GRI 302: Energy 2016

103-1-103-3	General requirements for reporting the management approach		pages 11, 26, 30 and 37-39		
-------------	--	--	----------------------------	--	--

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
302-1	Energy consumption within the organization	<p>The information includes all production units. Figures for last year are shown in parentheses.</p> <p>a) Fuel consumption from non-renewable sources*: 35,777,071 kWh (42,516,761 kWh).  a) Fuel consumption from renewable sources: 0 kWh (0 kWh)  c) Total consumption  i) electricity: 48,852,162 kWh (53,179,105 kWh)  ii) heating: 3,180,089 kWh (3,692,047 kWh)  iii) cooling: 0 kWh (0 kWh)  iv) steam: 97,812 kWh (209,779 kWh)  d) Bulten does not sell electricity, heating, cooling or steam and therefore does not report this.  e) Total energy consumption: 87,907,134 kWh (95,695,866 kWh)  f) Warehousing of finished goods is not included in the data.  g) The data comes from Bulten's energy providers.</p> <p>* mainly natural gas for direct consumption in the production processes.</p>	page 28		Principles 7, 8 and 9
302-3	Energy intensity	<p>All of Bulten's production units are included in the information. Figures for last year are shown in parentheses.</p> <p>a) Energy intensity: 2.10 kWh/kg (2.05 kWh/kg)  b) Produced (cold headed) kg  c) All consumption is included, i.e. fuel consumption and purchased electricity, heating and steam.  d) Only energy consumption within Bulten's production units.</p>			Principle 7, 8 and 9
303-1	Water consumption	<p>All of Bulten's production units are included in the information. Figures for last year are shown in parentheses.</p> <p>a) Net recovered water  i) Surface water: 0 m<sup>3</sup> (0 m<sup>3</sup>)  ii) Ground water: 0 m<sup>3</sup> (0 m<sup>3</sup>)  iii) Rain water: 0 m<sup>3</sup> (0 m<sup>3</sup>)  iv) Waste water from other activity: 0 m<sup>3</sup> (0 m<sup>3</sup>)  v) Municipal water: 39,807,594 m<sup>3</sup> (46,281 m<sup>3</sup>)  b) Data collection:  Information collected via own separate water meter or supplier's water meter. Regarding Bulten China calculated numbers based on invoiced cost.</p>			Principle 7, 8 and 9
305-1	Direct GHG emissions (Scope 1)	<p>All of Bulten's production units are included in the information. Figures for last year are shown in parentheses.</p> <p>a) Gross emissions: 7,455,892 kg (8,099,041 kg)  b) All GHG gases are included  c) CO<sub>2</sub> emissions from biogenic sources: 0 kg (0 kg)  d) Calendar year 2019  e) The factors are collected from the suppliers  f) The information is consolidated for operational monitoring.  g) The information comes mostly from burning gases in the manufacturing processes.</p>			Principle 7, 8 and 9
305-2	Indirect GHG emissions (Scope 2)	<p>All of Bulten's production units are included in the information. Figures for last year are shown in parentheses.</p> <p>a) Gross emissions: 14,037,850 kg (22,636,050 kg)  b) Not applicable  c) All GHG gases are included  d) Calendar year 2019  e) The factors are collected from the suppliers  f) The information is consolidated for operational monitoring  g) The information is primarily based on the purchase of electricity, heating and steam.</p>			Principle 7, 8 and 9

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
305-3	Other indirect GHG emissions (Scope 3)	<p>The information mainly includes two upstream categories: purchased raw materials and purchased upstream transports, see d) below. This is the first year that Bulten is reporting this information.</p> <p>a) Gross emissions: 49,325,995 kg  cat 1): 47,772,150 kg  cat 2): 1,499,150 kg</p> <p>b)  cat 1): Not known.  cat 4): CO<sub>2</sub> + NO<sub>x</sub> + PM + SO<sub>2</sub> from sea and air transport. CO<sub>2</sub> for road transport</p> <p>c) CO<sub>2</sub> emissions from biogenic sources: 0 kg</p> <p>d) The information mainly includes two upstream categories:  GRI category 1) purchased raw materials (wire), encompassing approximately 50% of the annual volume.  GRI category 4) purchased transport, encompassing approximately 55% of land transport and approximately 90% of sea transport.</p> <p>e) The 2019 calendar year, except for category 1, where the information relates to 2018.</p> <p>f)  cat 1): The suppliers' information  cat 4): Proxio Shipments Pro for road transport, the suppliers' information for sea transport and air transport</p> <p>g)  cat 1): The suppliers' information is in accordance with ISO 14064  cat 4): For road transport, CO<sub>2</sub>e has been approximated by calculating that 1CO<sub>2</sub>e = 1.013026*CO<sub>2</sub> (Source: UK Government GHG Conversion Factors for Company reporting). A European truck at 70% capacity (57g CO<sub>2</sub>/tonne-km) has been used for the calculation.</p>		Transports in Europe and sea transport from Asia and to North America	Principle 7, 8 and 9
305-4	GHG emissions intensity	<p>The information includes all of Bulten's production units. Figures for last year are shown in parentheses.</p> <p>a) GHG emissions intensity: 0.51 kg CO<sub>2</sub>e/kg (0.66 kg CO<sub>2</sub>e/kg)</p> <p>b) Produced (cold headed) kg</p> <p>c) Scope 1 (direct, from fuel consumption) and scope 2 (indirect, from the purchase of electricity, heating, and steam) are included</p> <p>d) All GHG gases are included</p>			Principle 7, 8 and 9
306-2	Waste	<p>All of Bulten's production units are included in the information. Figures for last year are shown in parentheses.</p> <p>a) hazardous waste  i, reuse: 0 kg (17 kg)  ii, recycling: 451,794 kg (396,235 kg)  iii, composting: 0 kg (0 kg)  iv, recovery: 1,089,458 kg (1,822,039 kg)  v, incineration: 79,381 kg (42,091 kg)  vi, deep well injection: 0 kg (0 kg)  vii, landfill: 121,740 kg (163,214 kg)  viii, on-site storage: 46,366 kg (115,118 kg)  ix, other: 171,292 kg (31,006 kg)</p> <p>b) non-hazardous waste  i, reuse: 173,429 kg (95,731 kg)  ii, recycling: 2,926,114 kg (3,240,354 kg)  iii, composting: 0 kg (0 kg)  iv, recovery: 123,935 kg (163,292 kg)  v, incineration: 60,710 (108,500 kg)  vi, deep well injection: 0 kg (0 kg)  vii, landfill: 47,885 kg (56,972 kg)  viii, on-site storage: 0 kg (0 kg)  ix, other: 0 kg (3,581 kg)</p> <p>c)  ii, recycling: The absolute majority has been dealt with by a contracted party</p>			Principle 7, 8 and 9

**Bulten's own disclosure: Environmental standards**

**Bulten's own disclosure regarding renewable energy**

<b>Bulten's own disclosure</b>	Percentage of renewable energy	35% of Bulten's energy consumption, all production units, comes from renewable sources. The renewable portion originates entirely from the purchase of electricity, primarily for the unit in Hallstammar.			Principles 7, 8 and 9
--------------------------------	--------------------------------	--	--	--	-----------------------

**Bulten's own disclosure regarding energy consumption**

<b>Bulten's own disclosure</b>	Reduction in consumption of non-renewable energy	In accordance with the UN/Paris Agreement and the intentions of the EU, Bulten is striving to reduce its climate impact. We have installed solar panels in Poland in 2019. The installed capacity in Bielsko Biala is approximately 100 kW, which equates to annual green electricity production of around 100,000 kWh or a reduction in the carbon footprint of 80 tons of CO <sub>2</sub> .	page 26		Principles 7, 8 and 9
--------------------------------	--	---	---------	--	-----------------------

**Social standards**

**GRI 401: Employment 2016**

<b>103-1-103-3</b>	Disclosure regarding management approach		pages 11, 28, 32-33		
--------------------	--	--	---------------------	--	--

<b>401-1</b>	Recruiting new employees and employee turnover	Bulten's new recruits and employee turnover includes all departments. To calculate the recruitment percentage and employee turnover, an average of the total number of employees at the end of 2018 and 2019 was used.			
--------------	--	--	--	--	--

Total number of permanent employees and temporary employees recruited in 2019: 104 (311), recruitment level 7.3% (20.9), of whom 36 (77) women equating to 34.6% (24.8) and 68 (234) men equating to 65.4% (75.2).

Relocating the factory from Beijing to Tianjin in China required a lot of new recruits, which account for approximately 91% of the total number of recruitments in 2019.

Recruited employees by age group and by sex within the age group per region 2019:

	<30 YEARS			30-50 YEARS			>50 YEARS		
	TOTAL	M	F	TOTAL	M	F	TOTAL	M	F
Total	35.6%	59.5%	40.5%	55.8%	65.5%	34.5%	8.7%	88.9%	11.1%
of which:									
EU	24.3%	16.2%	8.1%	13.8%	8.6%	5.2%	55.6%	55.6%	0.0%
Outside of									
EU	75.7%	43.2%	32.4%	86.2%	56.9%	29.3%	44.4%	33.3%	11.1%

Employee turnover. Total turnover 19.0% (13.6) during 2019 corresponding to 283 (202) employees, of whom 82 (64) women, corresponding to 29.0% (31.7), and 201 (138) men, corresponding to 71.0% (68.3). Of the total employee turnover, 13.8% (8.8) is made up of full-time employees and 7.8% (4.8) are temporary employees.

In 2019, there was a restructuring of the German company and the factory in Beijing, China, was relocated to Tianjin, China. This had a significant impact on employee turnover during the year. The number of retirements equates to 6% and the percentage of involuntary employee turnover to approximately 31% of the total turnover. Employee turnover by age group and by sex within the age group per region 2019. Note that rounding has taken place, which means that the amounts in some cases are not correct when summing up:

	<30 YEARS			30-50 YEARS			>50 YEARS		
	TOTAL	M	F	TOTAL	M	F	TOTAL	M	F
Total	34.3%	80.4%	19.6%	50.5%	62.2%	37.8%	15.2%	79.1%	20.9%
of which:									
EU	74.2%	63.9%	10.3%	45.5%	32.9%	12.6%	81.4%	62.8%	18.6%
Outside of									
EU	25.8%	16.5%	9.3%	54.5%	29.4%	25.2%	18.6%	16.3%	2.3%

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE																
<b>GRI 403: Health and safety at work 2016</b>																					
103-1-103-3	General requirements for reporting the management approach		pages 29, 32-33, 38																		
403-2	Injuries, work-related illnesses, lost workdays, absences and work-related fatalities	<p>All units, excluding the parent company (Bulten AB) are included in the summary below. The number includes everyone, i.e. employees and contractors: Figures for last year are shown in parentheses.</p> <p>Total number of registered accidents: 113 (115). Total number of registered accidents that led to sick leave of more than one (1) day: 28 (27), of which 4 were not work-related and occurred on the way to or from the workplace.</p> <p>IR, Incident rate (number of accidents * 200,000/total number of working hours): 8.77 (8.38).</p> <p>LDR, Lost work day rate (number of days absent due to accidents * 200,000 total number of hours worked): 47.45 (25.83). An increase of 41.67 (-17.67), equating to 84% (-40.1).</p> <p>LTIR = Lost time injury rate (number of accidents that led to an absence * 200,000/total number of hours worked): 2.17 (1.98). An increase of 0.19 (-0.4), equating to 9.6% (-16.8).</p> <p>SR, Severity rate (number of days absent due to accidents/number of accidents with at least one day of absence): 21.84 (13.02). An increase of 8.82 (-5.27), equating to 67.7% (-28.8%).</p> <p>FAR, Fatal accident rate (number of fatalities * 200,000/total number of hours worked): 0 (0).</p> <p>NM, Near miss (number of near misses * 200,000/total number of hours worked): 12.34 (4.56). An increase of 7.78 (1.52), equating to 171% (50%). This is positive because reporting near misses provides a good foundation for proactive work to prevent accidents.</p> <p>SLT (Sick leave rate total): Total sick leave in 2019 (permanent and temporary): 4.84 (4.59). An increase of 0.25%, equating to 5.4% (0.19%) compared with last year.</p>	pages 11, 32-33	Bulten does not monitor/report non-work related illnesses and accidents by sex and per region.																	
<b>GRI 404: Training and development 2016</b>																					
103-1-103-3	General requirements for reporting the management approach	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 skills 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 sex or employment.	pages 32-33																		
404-1	Average number of training hours per employee	<p>Total number of training hours in 2019: 21,638. Training hours for temporary employees include trainee courses. Average number of training hours by sex and employment type in 2019:</p> <table border="1"> <thead> <tr> <th>AVERAGE NUMBER OF TRAINING HOURS</th> <th>PERMANENT EMPLOYEE</th> <th>TEMPORARY</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Men</td> <td>15.7 hours</td> <td>11.6 hours</td> <td>15.3 hours</td> </tr> <tr> <td>Women</td> <td>14.0 hours</td> <td>35.7 hours</td> <td>15.3 hours</td> </tr> <tr> <td>Total</td> <td>15.3 hours</td> <td>16.0 hours</td> <td>15.3 hours</td> </tr> </tbody> </table>	AVERAGE NUMBER OF TRAINING HOURS	PERMANENT EMPLOYEE	TEMPORARY	TOTAL	Men	15.7 hours	11.6 hours	15.3 hours	Women	14.0 hours	35.7 hours	15.3 hours	Total	15.3 hours	16.0 hours	15.3 hours	page 32		Principle 6
AVERAGE NUMBER OF TRAINING HOURS	PERMANENT EMPLOYEE	TEMPORARY	TOTAL																		
Men	15.7 hours	11.6 hours	15.3 hours																		
Women	14.0 hours	35.7 hours	15.3 hours																		
Total	15.3 hours	16.0 hours	15.3 hours																		
404-2	Program for upgrading employees' knowledge and for transferring knowledge	<p>For many years, Bulten has been developing its Academy which provides training that covers everything from very basic knowledge to the best way of using fasteners.</p> <p>The Academy is open to anyone who comes into contact with our products and wants to learn more. The goal is to hold four training courses per year, with 15 students in each session. Four training courses were held a year in 2017 and 2018, with 15 students on each course. Two training courses were held in 2019.</p>			Principle 6																



DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE																
404-3	Percentage of employees who regularly have performance and professional development interviews	Bulten conducted a global employee survey in January 2020 (the previous survey was in 2018), where the question was asked whether the employee has had a performance and professional development interview at any time in the past 12 months. Response frequency: 78% (55%). The results of the survey are reported below (the previous survey results are shown in parentheses): Answered positively (has had one such interview): 72% (53%). An improvement of 36%. Answered that they did not know: 7% (14%). An improvement of 100%. Did not answer the question: 21% (33%). An improvement of 36%.	page 28, 33	The results of the survey were not broken down by employee category or by sex due to confidentiality. Therefore, Bulten does not report the results by employee category.	Principle 6																
<b>GRI 405: Diversity and equal treatment 2016</b>																					
103-1-103-3	General requirements for reporting the management approach		pages 28, 30, 32-33																		
405-1	Diversity among Board of Directors, management and employees	Distribution between women and men of total number of employees (Headcount): Women 24% (23%), Men 76% (77%).  <table border="1"> <thead> <tr> <th>DISTRIBUTION BY AGE GROUP</th> <th>YOUNGER THAN 30 YEARS OF AGE</th> <th>BETWEEN 30 AND 50 YEARS OF AGE</th> <th>OLDER THAN 50 YEARS OF AGE</th> </tr> </thead> <tbody> <tr> <td>% Men</td> <td>81.8</td> <td>73.0</td> <td>76.9</td> </tr> <tr> <td>% Women</td> <td>18.2</td> <td>27.0</td> <td>23.1</td> </tr> <tr> <td>Age group as % of total employees</td> <td>17.3 (20.2)</td> <td>54.2 (52.5)</td> <td>28.5 (27.3)</td> </tr> </tbody> </table> <p>The company's (Bulten AB, publ) Board: Women 12.5%, Men 87.5%. Eight members in total including 2 ordinary employee representatives. Age group Younger than 30: 0, Aged 30-50: 2, Older than 50: 6.</p> <p>Bulten's Group management: Women 33.3%, Men 66.7%. Total 9 members. Age group Younger than 30: 0, Aged 30-50: 0, Older than 50: 9 (100%).</p>	DISTRIBUTION BY AGE GROUP	YOUNGER THAN 30 YEARS OF AGE	BETWEEN 30 AND 50 YEARS OF AGE	OLDER THAN 50 YEARS OF AGE	% Men	81.8	73.0	76.9	% Women	18.2	27.0	23.1	Age group as % of total employees	17.3 (20.2)	54.2 (52.5)	28.5 (27.3)	pages 38, 112-113  pages 105, 112-113  pages 114-115	Bulten has not reported sex by age group for different employee categories and no data is available. Therefore unable to report employee categories separately.  The Group management was increased by one member 1 March 2020.	Principle 6
DISTRIBUTION BY AGE GROUP	YOUNGER THAN 30 YEARS OF AGE	BETWEEN 30 AND 50 YEARS OF AGE	OLDER THAN 50 YEARS OF AGE																		
% Men	81.8	73.0	76.9																		
% Women	18.2	27.0	23.1																		
Age group as % of total employees	17.3 (20.2)	54.2 (52.5)	28.5 (27.3)																		
<b>GRI 406: Non-discrimination 2016</b>																					
103-1-103-3	General requirements for reporting the management approach		page 30, 33, 38																		
406-1	Incidents of discrimination and corrective actions taken	One reported incident of discrimination in 2019. The company carried out an investigation and the matter has been handled.			Principle 6																
<b>GRI 414: Assessment of suppliers based on social criteria</b>																					
103-1-103-3	General requirements for reporting the management approach	When interacting with a new supplier, Bulten's requirements are communicated through: General Terms and Conditions, Bulten's code of conduct for suppliers and business partners.  The decision to reach an agreement with the new supplier is made jointly by the VP Bulten Purchase, VP Quality and Environment and VP Logistics. The criteria that are described above are included as an integral part of the decision.	pages 11, 26		Principle 1-10																
414-6	New suppliers that have been screened based on social criteria	In 2019, 3 new suppliers of direct materials were introduced. All (100%) have been screened in accordance with the following criteria: <ul style="list-style-type: none"> <li>Acceptance of Bulten's General Terms and Conditions, which also include social criteria.</li> <li>Acceptance of Bulten's code of conduct for suppliers and business partners.</li> <li>That the supplier has a separate code of conduct that includes social criteria. Whether the supplier has its own code of conduct that includes social criteria intended for the supplier's own supply chain.</li> </ul>	page 25		Principle 1-10																

DISCLOSURE	DESCRIPTION	COMMENTS	PAGE OR URL	DEVIATIONS	GLOBAL COMPACT PRINCIPLE
<b>Other information: Human rights</b>					
<b>Child labor</b>		Bulten's code of conduct, Global HR policy, code of conduct for suppliers, monitoring suppliers, working conditions, and human rights.	page 33		Principles 1, 2, 5
<b>Forced labor</b>		Bulten has drawn up guidelines to combat modern slavery and human trafficking.	<a href="https://www.bulten.com/sv-SE/About-Bulten/Sustainability/Statement-Modern-Slavery">https://www.bulten.com/sv-SE/About-Bulten/Sustainability/Statement-Modern-Slavery</a>		Principles 1, 2, 4
<b>Other information:</b>					
<b>The UN's 17 Sustainable Development Goals</b>		Bulten has audited its impact/contribution regarding the UN's 17 Sustainable Development Goals.	pages 31, 37-39		Principles 1, 2, 7, 8, 9

## Index Bulten's Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554)

DISCLOSURE	PAGE REFERENCE
The company's business model	4, 8, 14-15, 18-19, 20-23, 24-26, 37-39, 65-69
Environmental issues	9, 11, 13, 26, 28-31, 37-39, 44-47, 53, 67, 69
Social issues	26, 28-33, 35, 37-39, 67
Personnel issues	9, 11, 13, article page 17, article page 23, article page 27, 28-31, 31-33, 37-39, 45-48
Human rights	7, 11, 26, 28-31, 31-33, 37-39, 48, 67
Anti-corruption	7, 11, 13, 19, 26, 28-31, 43-44, 67

The sustainability reporting encompasses the Group and all subsidiaries covered by the requirement on sustainability reporting.

## Auditor's assurance statement on the statutory Sustainability Report

To the general meeting of shareholders of Bulten AB (publ), reg. no. 556668-2141

### *Engagement and responsibility*

The Board of Directors is responsible for the statutory Sustainability Report for the year 2019 on the pages specified in the respective index, and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

### *Focus and scope of the audit*

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

### *Opinion*

A statutory sustainability report has been prepared.

Gothenburg, 24 March 2020  
PricewaterhouseCoopers AB

Fredrik Göransson  
Certified Public Accountant

# FINANCIAL INFORMATION

Board of Directors' Report .....	52
Consolidated income statement .....	57
Consolidated statement of comprehensive income.....	57
Consolidated balance sheet .....	58
Consolidated statement of changes in equity .....	59
Consolidated cash flow statement .....	60
Consolidated net debt composition .....	60
Notes for the Group .....	61
Parent Company's income statement .....	94
Parent Company's statement of comprehensive income .....	94
Parent Company's cash flow statement .....	94
Parent Company's balance sheet .....	95
Parent Company's statement of changes in equity .....	96
Notes for the Parent Company .....	97
Declaration and signatures .....	99
Auditor's report .....	100
Definitions .....	104
Corporate governance report .....	105
Overview of corporate governance .....	111
Board of Directors, executive management and auditors.....	112
Key figures for the Group .....	116
Quarterly data for the Group .....	117
Quarterly data for the Group, balance sheet.....	118
Group, 12-month rolling data .....	119



## 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 2019 financial year.

### Ownership structure

Bulten (publ) is listed on Nasdaq Stockholm. The largest shareholders at year-end were Volito AB 22.8% (22.6), Investment AB Öresund 13.8% (13.8) and Lannebo Fonder 12.4% (12.7).

### THE GROUP'S BUSINESS

Bulten develops and manufactures fasteners and supplies products, and technology, servicing and system solutions 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, Russia and the USA.

At the end of 2019, Bulten had business in eight countries, averaging 1,425 (1,433) employees, a decrease of -0.6% from the end of 2018. The Group's invoiced sales in 2019 were SEK 3,093 (3,132) million, a decrease of -1.2% compared with the previous year.

### The year in brief

2019 can be summed up as something of a middling year for Bulten. Demand in the automotive industry was generally checked by new environmental regulations and uncertainty regarding trade policy, which impacted on Bulten's deliveries. At the end of 2019, the management judged that Bulten had maintained its market share compared with the previous year, and the focus moving forward is global growth. Despite continued cautious market development, Bulten's net sales and incoming orders developed well during the latter part of the year. Bulten has signed in the beginning of the year a Full Service Provider (FSP) contract for delivery of fasteners in a new vehicle program for a major European automotive manufacturer. The contract is

worth approximately EUR 13 million a year at full production. Deliveries began in late 2019 and will run for three years, with potential for an extension of several years thereafter. In 2019, Bulten entered a new phase of growth with good conditions for the business to continue to grow organically within the global automotive market, based on contracts that have already been signed and increasing volumes in the underlying contract portfolio, with annual sales of EUR 47 million at full production in year 2022 and through the agreed acquisition of PSM International Holdings Limited ("PSM").

A revised strategy and five-year plan were formulated in 2019, *Stronger 24*. The strategy work has resulted in a revised vision and business concept as well as new financial targets, which are being presented in connection with Bulten's capital markets day in February 2020. In line with this, during the year several strategic measures have been initiated and implemented for future growth and profitability.

The project to relocate the factory in China – which began in 2018 – was completed during the year. The aim of the relocation was to create better conditions for expansion from a relatively low level, and to meet Bulten's sustainability goals. The establishment of the new operation has consolidated Bulten's position as an international supplier of fastener solutions and created excellent conditions to manage future growth in China. The second and third quarters saw a continuation of the decline on the car market which began in the second half of 2018, and the market situation is reflected in Bulten's volumes. Profit was affected negatively by lower volumes, and also by a lower rate of production with the aim of balancing stock levels to demand. This has resulted in less capital tied up but also in lower utilization of the production units' capacity, and thereby under-absorption in the operation. As a result of this, a restructuring program was initiated in Bulten's German unit with the aim of increasing efficiency and adapting to the current market conditions. The program has burdened profit but is expected to create savings in the region of SEK 25 million from 2020. Preparations for the factory investment in Poland continued during the year and the land purchase was finalized during the fourth quarter. The investment makes space for expansion and for extending processes such as surface treatment, which has both sustainability-related and economic benefits. Finally, Bulten entered into an agreement to acquire all shares in PSM. The acquisition consoli-

### Key financial indicators

	2019	2018	2017	2016	2015
Net sales	3,093	3,132	2,856	2,676	2,693
EBITDA margin, %	7.7	9.6	10.1	10.1	8.4
EBIT margin (operating margin), %	3.2	6.7	7.4	7.5	6.1
Adjusted EBIT margin (operating margin), % *	4.8	6.7	7.4	7.5	5.8
Capital turnover rate, times	1.6	1.9	1.9	1.8	1.9
Return on capital employed, %	5.5	12.8	14.4	13.9	11.5
Return on equity, %	3.5	9.9	11.7	11.5	9.4
Debt/equity ratio, times	-0.4	-0.1	-0.0	0.0	-0.1
Interest coverage ratio, times	7.6	18.2	38.8	30.6	14.4
Equity/assets ratio, %	55.2	64.8	66.8	68.9	64.0
Average no. of employees	1,425	1,433	1,305	1,264	1,199

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

dates Bulten's position on the international market for fasteners and provides a strong platform for continued global growth. The acquisition broadens our customer base on growth markets in Asia and North America, while strengthening both our production capacity and our product offering, as the operations complement each other well. The measures burdened our full-year results, but in the longer term they improve our conditions for profitability.

Operating profit for the year totaled SEK 98 million, equating to an operating margin of 3.2%. Operating profit adjusted for costs attributable to relocation in China, restructuring in Germany and the acquisition of PSM totaled SEK 147 million, equating to an adjusted operating margin of 4.8%. Measures to adapt production to the weaker market development and the level of stock have also had a negative impact on the company's earnings during the year, in the form of under-absorption totaling approximately SEK 43 million.

Earnings per share dropped by 63.6% from SEK 7.19 to SEK 2.62 as a result primarily of relocation and restructuring costs. The return on capital employed (ROCE) dropped to 5.5%. The lower ROCE was due primarily to the reduced profit margin and a higher rate of investment. The capital turnover rate of 1.6 times is slightly lower than in 2018. Bulten's strong financial position serves as a sound basis for continued investment in future growth.

An operating cash flow of SEK 207 million was generated during the year, with net debt amounting to SEK 565 million at the end of the year. The rate of investment of 7.1% of sales in 2019 was slightly higher than Bulten's average rate of investment, but in line with Bulten's ambition to become the industry's most cost-effective manufacturer of fasteners.

As previously announced, Bulten is still facing a higher rate of investment due to the decision to invest in a new strategically important production and logistics facility in Poland to meet future demand. The plan includes ongoing investment in a new surface treatment plant. The project has however been delayed due to negotiations on land development and construction, and the land purchase was finalized at the end of 2019. The investment is expected to burden future cash flow by approximately SEK 250-300 million.

The fact that Bulten has been in business ever since 1873 shows that it has gradually honed its strengths and also been receptive to changes on the market. The acquisition of PSM is in line with the revised strategy and five-year plan formulated in 2019, and subsequently presented in connection with Bulten's capital markets day in February 2020. The strategy work has resulted in a revised vision and business concept, as well as new financial targets. The ambition is for Bulten to achieve a strong global position with good profitability. The targets include sales of SEK 5 billion, an operating margin of 8 percent and a return on capital employed of 15 percent in 2024. One common thread through the entire strategy is a strong and gradually increasing focus on sustainability, which also characterizes many of the market's customer dialogues. The regulations that the industry has to adapt to in the years to come not only place demands on the products, but also on the products' entire life cycle - including technical design and production. Bulten's FSP concept, with responsibility for all of the customer's complex process and management of fasteners, is therefore becoming increasingly relevant and critical. In early 2020, Bulten therefore launched FSP 2.0 - an offering with an increased sustainability profile. Furthermore, February 2020 saw the launch of Bulten's new BUFOe product family - a fastener produced with a 30% lower carbon footprint and 50% less energy consumption than the average fastener in Europe. BUFOe is not only climate smart but has other benefits too, such as a smaller investment requirement in machines and faster lead times in production.

All in all, 2019 was a middling year for Bulten, affected by a cautious market and initiated programs of measures. Bulten now starts off 2020 stronger and in a better position, thanks to implemented strategic measures, increased volumes from already contracted business and the agreed acquisition of PSM. With a strong contract portfolio worth approximately EUR 47 million, an acquisition with good opportunities for synergies and the support of the new *Stronger 24* five-year plan, Bulten is ready for a more progressive future. Continued cautious market development and the introduction of new tax rules for light vehicles in a number of European countries in 2020, however, make it difficult to forecast developments over the next few months. The coronavirus is an additional uncertainty factor that could affect automotive sales and production, especially in China. Overall, this could impact on Bulten's production rate in 2020, and ongoing adaptations are being made in both purchasing and production.

### Orders received and net sales

Orders received for the full year were SEK 3,103 million (3,098), 0.2% higher than in the previous year.

Net sales for the full year totaled SEK 3,093 (3,132) million, which is a decrease of -1.2%.

According to LMC Automotive (LMC), production of light vehicles in Europe decreased by -5.0%. Also according to LMC Automotive (LMC), production of heavy vehicles globally decreased by -2.4% during all of 2019 compared with 2018. Weighted for Bulten's exposure, this means that average growth in the sector was -4.7% in 2019.

### Earnings and profitability

The Group's gross profit was SEK 543 (600) million, corresponding to a gross margin of 17.5% (19.2).

Earnings before depreciation and amortization (EBITDA) amounted to SEK 239 (300) million, corresponding to an EBITDA margin of 7.7% (9.6).

Operating profit (EBIT) amounted to SEK 98 (210) million, corresponding to an operating margin of 3.2% (6.7).

Bulten's earnings were adversely affected during the year by restructuring costs of approximately SEK 20 million in Germany, and costs relating to relocation in China which totaled SEK 17 million. Bulten's full-year results were also adversely affected by acquisition costs for PSM of around SEK 12 million. Operating profit adjusted for this totaled SEK 147 (211) million, equating to an adjusted operating margin of 4.8% (6.7). Measures to adapt production to the weaker market development and stock development have had a negative impact on the company's earnings during the year in the form of under-absorption of approximately SEK 43 million.

Operating profit was affected by exchange rate fluctuations of SEK 0 (2) million net when converting working capital at the closing day rate.

The Group's net financial items were SEK -6 (-12) million. Financial income was SEK 8 (0) million, and consists of foreign exchange gains. Financial expenses amounted to SEK -14 (-12) million and include interest expenses of SEK -11 (-4) million, of which interest expenses for financial leases total SEK -7 (-) million. Other financial expenses amounted to SEK -3 (-3) million.

The Group's profit before tax amounted to SEK 92 (198) million and profit after tax amounted to SEK 55 (143) million.

### Cash flow, working capital, investments and financial position

Cash flow from operating activities before changes in working capital totaled SEK 177 (254) million, which equates to 5.7% (8.1) of net sales. The effect of the change in working capital on cash flow amounted to SEK 30 (-129) million. Inventories changed by SEK -57 (176) million, while current receivables changed by SEK 19 (-52) million. Current liabilities decreased by SEK -23 (-29) million.

Accounts receivable during the past year averaged SEK 570 (595) million, which equates to 18.4% (19.0) of net sales. Average inventories amounted to SEK 680 (621) million, corresponding to an inventory turnover of 3.7 (4.1) times.

Investments in intangible assets and property, plant and equipment amounted to SEK 218 (165) million. Investments of SEK 218 (164) million relate to property, plant and equipment. The corresponding amount for intangible assets is SEK 0 (1) million. Depreciation/amortization amounted to SEK -141 (-90) million.

Consolidated cash and cash equivalents amounted to SEK 64 (18) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 400 (592) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 464 (611) million. Consequently, disposable cash and cash equivalents amounted to 15.0% (19.5) of net sales.

The balance sheet total at year-end was SEK 2,710 (2,338) million. Equity in the Group was SEK 1,497 (1,514) million at the end of the financial year. Net profit for the year of SEK 55 (143) million, other comprehensive income totaling SEK 19 (17) million and transactions with shareholders totaling SEK -91 (-100) million have had an impact on equity.

On the closing date, net debt amounted to SEK 565 million. Net debt for the previous year amounted to SEK 181 million. Net debt for the previous year adjusted for lease liabilities amounted to SEK 299 million. Adjusted net debt for the previous year amounted to SEK 145 million.

The equity/assets ratio was 55.2% (64.8). Group goodwill at the end of the financial year was SEK 204 (201) million, or 7.5% (8.6) of the balance sheet total.

### New accounting policies from 1 January 2019

As of January 1, 2019, the Group applies IFRS 16 Leases that replace IAS 17 Leases and the related interpretations IFRIC 4, SIC 15 and SIC 27.

The standard requires that assets and liabilities to all leases, with some exceptions are recognized in the balance sheet. Depreciation of leased assets and interest expenses for the lease debt are reported in the income statement. Agreements affected by the new rules for the Group are primarily the rental of premises, trucks and leasing cars.

The Group has used the simplified transition method, which means that the asset and liability are recognized at the same value in connection with the transition. Consequently, no effects have been recognized in equity at the time of introduction.

In the transition to IFRS 16, relief rules have been applied to apply a single discount rate to a portfolio of leases with similar properties.

On January 1, 2019, assets and liabilities were reported at an amount of SEK 223 million. See Note 19.

In accordance with the accounting recommendation, the comparative figures have not been recalculated. In order to create comparability between the years, a recalculation of the 2019 financial statements has been made to show how certain key ratios would have looked if the 2019 financial statements had been prepared using the same accounting principles as 2018 as follows:

### Financial summary excluding financial leasing in accordance with IFRS 16

(MSEK UNLESS OTHERWISE STATED)	JAN TO DEC 2019 (REPORTED)	ADJUSTMENT FOR EFFECT OF IFRS 16	JAN TO DEC 2019 (PRO FORMA)	JAN TO DEC 2018
Gross profit	543	-1	542	600
Operating profit before depreciation and amortization (EBITDA)	239	-42	197	300
Operating profit/loss	98	-1	97	210
Net financial income/expense	-6	6	0	-12
Profit before tax	92	4	96	198
Profit after tax	55	3	58	143
Return on capital employed, %	5.5	+0.3	5.8	12.8
Net debt (-)	-565	+233	-332	-181
Equity/assets ratio, %	55.2	+5.3	60.5	64.8

## 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 engages in manufacturing at six facilities, located in Sweden, Germany, Poland, China, Russia and the USA.

At the end of 2019, 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, finishing (heat and surface treatment) and assembly. 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.

## Significant events after the end of the financial year

On 28 February 2020, Bulten completed its acquisition of the shares in PSM International Holdings Limited ("PSM"), see Note 39.

In connection with its capital markets day on 20 February 2020, Bulten presented its new vision, updated strategy and new financial targets for the period 2020–2024, see page 8. Furthermore Marco Suzuki, the President of PSM International, was introduced as a member elect of Bulten's executive management in connection with the completion of the acquisition. Bulten is coordinating its business with PSM and moving into a single building in Ohio, where Bulten has signed a 12-year agreement with a yearly rental expense of approximately USD 1 million.

Covid-19 has recently had a major impact on Bulten's deliveries. Given the uncertain situation, it is currently not possible to estimate the full potential impact of The Bulten Group but there is a significant risk of a negative financial impact on the Group. Bulten closely monitors and evaluates the situation and has a close dialogue with business partners in order to minimize the impact as far as possible. Bulten's employees follow local authorities' guidelines and recommendations on possible local quarantine and attendance at the workplace.

The Board of Directors is of the opinion that it is important in the current situation that the company's equity/assets ratio and financial position are as good as possible for possible future challenges and opportunities. Against this background, the Bulten Board has decided to withdraw the previously announced dividend proposal to the Annual General Meeting 2020 of SEK 4.00 per share and will instead propose to the Annual General Meeting that no dividend be paid.

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

## Outlook for 2020

87% of Bulten's net sales in 2019 were attributable to light vehicles and 13% to commercial vehicles. 92% of total sales were attributable to direct deliveries to vehicle manufacturers (OEMs) and the remainder to their subcontractors and other actors.

Bulten's products are mainly distributed to Europe, but demand is governed by the production of vehicles for the global market. At the end of 2019, the management judged that Bulten had maintained its market share compared with the previous year, and the focus moving forward is global growth. According to the latest LMC Automotive report in Q4 2019, global production of light vehicles decreased by -5.0% and heavy commercial vehicles by -2.4% in 2019. Weighted for Bulten's business exposure, this means a decline of -4.7% for the corresponding period. In 2020, global production of light vehicles is expected to increase by 1.1% and heavy commercial vehicles to decrease by -7.3%. Weighted for Bulten's business exposure, this means a decline of -0.1% for the corresponding period.

According to LMC Automotive, developments in China during 2019 have led to a sales decline of approximately 10%, which also affects suppliers' production in Europe.

Continued cautious market development and the introduction of new tax rules for light vehicles in a number of European countries in 2020 make it difficult to forecast developments over the next few months. The coronavirus is an additional uncertainty factor that could affect automotive sales and production. Overall, this could impact on Bulten's production rate in 2020, and ongoing adaptations are being made in both purchasing and production.

As previously announced, Bulten has contracts in place with a sales value of approximately SEK 500 million a year at full production in 2022, of which SEK 90 million from several small contracts won in 2019. Upgrading the new contracts is expected to gradually compensate for the general market downturn over coming quarters and this is indicated, for example, by the company's orders received in the fourth quarter.

With an acquisition and the new five-year plan *Stronger 24* in the back, Bulten is ready for a more offensive future. However, the development in the coming months is difficult to predict. The Corona virus has impacted the beginning of the year, along with new tax rules for light vehicles introduced in a series of European countries in 2020. The uncertainty surrounding Britain's Brexit remains high. Depending on contract content with Brexit may entail a cost increase for the EU in the form of duties and fees. All in all, this could affect Bulten's sales and production rate in 2020.

## 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 63.9% (71.8). Equity amounted to SEK 1,048 (1,115) million.

There were no cash or cash equivalents on the closing date. The company had nine 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 31 December 2019 was 19,987,992.

## 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 25 minuted meetings during the year, including one strategy meeting, and one budget 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 five meetings and the remuneration committee seven meetings.

## Guidelines for remuneration to senior executives

The 2019 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.

All senior executives may, from time to time, be offered cash bonuses. In the case of the President and CEO such bonuses may amount to a maximum of 60% of their annual fixed salary. In the case of the other senior executives, bonuses may not exceed 40% of their annual fixed salaries. Bonuses shall be based primarily on developments in the Group as a whole or developments in the division or unit for which the person in question is responsible. For further information about remuneration to senior executives, see Note 8 to this annual report.

Prior to the 2020 AGM, the Board is proposing to maintain essentially the same guidelines for remuneration to senior executives for 2020, but adapted to the new rules in the Swedish Companies Act.

## Appropriation of earnings

Bulten's goal over time is to appropriate at least one-third of its net profit 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	-194,828,839
	<b>938,121,200</b>

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

To be carried forward	938,121,200
<b>Total</b>	<b>938,121,200</b>

In light of the uncertain situation, the Board has decided to withdraw previously communicated dividend proposals to the Annual General Meeting 2020 of SEK 4.00 per share and will instead propose to the Annual General Meeting that no dividend be paid. The Board of Directors is of the opinion that it is important in the current situation that the company's equity/assets ratio and financial position are as good as possible for possible future challenges and opportunities.

## 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 105-111.

## Sustainability report

Bulten is providing a sustainability report according to the Annual Accounts Act, section 6:11, which is included in this annual report, see page 50 for more information.



## CONSOLIDATED INCOME STATEMENT

SEK MILLION	NOTE	2019	2018
Net sales	6	3,093	3,132
Cost of goods sold	7	-2,550	-2,532
<b>Gross profit</b>		<b>543</b>	<b>600</b>
Other operating income	11	15	19
Selling expenses	7	-252	-243
Administrative expenses	7	-203	-173
Other operating expenses	11	-7	-1
Share of profit in joint ventures	35	2	8
<b>Operating profit/loss</b>	8, 9, 10, 12	<b>98</b>	<b>210</b>
Financial income	13	8	0
Financial expenses	13	-14	-12
<b>Profit before tax</b>		<b>92</b>	<b>198</b>
Tax on profit for the year	15	-37	-55
<b>Profit after tax</b>		<b>55</b>	<b>143</b>
<b>Attributable to</b>			
Parent Company shareholders		53	146
Non-controlling interests		2	-3
<b>Profit after tax</b>		<b>55</b>	<b>143</b>
<b>Earnings per share (SEK) attributable to Parent Company shareholders</b>			
Earnings per share (SEK) before dilution	16	2.62	7.19
Earnings per share (SEK) after dilution	16	2.62	7.18

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	2019	2018
Profit for the year		55	143
<b>Other comprehensive income</b>			
Items not to be reversed in the income statement			
Revaluation of defined-benefit pension plans, net after tax		0	0
Items that may later be reversed in the income statement			
Exchange differences		19	18
Other comprehensive income attributable to joint venture	35	0	-1
<b>Total other comprehensive income</b>		<b>19</b>	<b>17</b>
<b>Total comprehensive income for the year</b>		<b>74</b>	<b>160</b>
<b>Attributable to</b>			
Parent Company shareholders		70	164
Non-controlling interests	28	4	-4
<b>Total comprehensive income for the year</b>		<b>74</b>	<b>160</b>

### Comments on the consolidated income statement

Net sales for the full year totaled SEK 3,093 (3,132) million, which is a decrease of -1.2%. The Group's gross profit amounted to SEK 543 (586) million, corresponding to a gross margin of 17.5% (19.2).

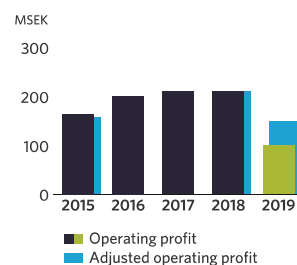
Earnings before depreciation and amortization (EBITDA) amounted to SEK 239 (300) million, corresponding to an EBITDA margin of 7.7% (9.6).

Operating profit (EBIT) amounted to SEK 98 (210) million, corresponding to an operating margin of 3.2% (6.7). Bulten's earnings were adversely affected during the year by restructuring costs of approximately SEK 20 million in Germany, and costs relating to relocation in China which totaled SEK 17 million. Bulten's full-year results were also adversely affected by acquisition costs for PSM of around SEK 12 million. Operating profit adjusted for this totaled SEK 147 (211) million, equating to an adjusted operating margin of 4.8% (6.7). Measures to adapt production to the weaker market development and stock development have had a negative impact on the company's earnings during the year in the form of under-absorption in the region of SEK 43 million. Operating profit was affected by exchange rate fluctuations of SEK 0 (2) million net when converting working capital at the closing day rate. The Group's net financial items were SEK -6 (-12) million. Financial income was SEK 8 (0) million, and consists of foreign exchange gains of SEK 8 (-) million.

Financial expenses were SEK -14 (-12) million, mainly comprising interest expenses of SEK -11 (-4) million, of which interest expenses for leases totaled SEK -7 (-) million. Other financial expenses amount to SEK -3 (-3) million.

The Group's profit before tax amounted to SEK 92 (198) million and profit after tax was SEK 55 (143) million.

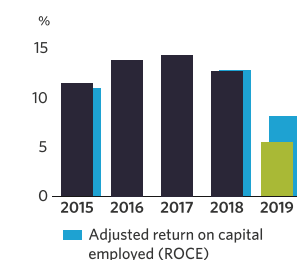
### Operating profit, SEK million operating margin, %



Operating profit amounted to SEK 98 million, which is lower compared to the previous year. Adjusted operating profit totaled SEK 147 million.

The operating margin was 3.2% for 2019. This is -3.5 percentage points lower than in the previous year. The adjusted operating margin was 4.8% for 2019.

### Return on capital employed (ROCE), %



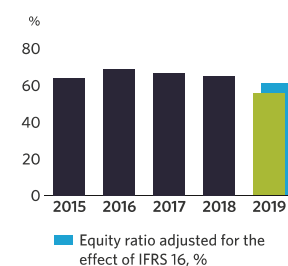
The return on capital employed (ROCE) amounts to 5.5% (12.8). The adjusted return on capital employed (ROCE) amounts to 8.1% (12.8). The decrease is attributable to lower operating margins and a higher rate of investment.

## CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	17	204	201
Other intangible assets	17	4	4
<b>Total intangible assets</b>		<b>208</b>	<b>205</b>
<b>Property, plant and equipment</b>			
Land and buildings	18	192	178
Plant and machinery	18	465	355
Equipment, tools, fixtures and fittings	18	59	58
Construction in progress and advance payments for property, plant and equipment	18	74	111
<b>Total property, plant and equipment</b>		<b>790</b>	<b>702</b>
<b>Right-of-use assets</b>			
Buildings	19	249	–
Equipment	19	16	–
<b>Total right-of-use assets</b>		<b>265</b>	<b>–</b>
<b>Financial assets</b>			
Investments in joint ventures	35	3	1
Other long-term receivables	20, 25	3	5
<b>Total financial non-current assets</b>		<b>6</b>	<b>6</b>
Deferred tax assets	15	5	5
<b>Total fixed non-current assets</b>		<b>1,274</b>	<b>918</b>
<b>Current assets</b>			
Inventories	21	652	709
<b>Current receivables</b>			
Accounts receivable	22, 25	571	569
Current tax receivables		15	6
Other receivables	23	54	39
Prepaid expenses and accrued income	24	80	80
<b>Total current receivables</b>		<b>720</b>	<b>693</b>
Cash and cash equivalents	25, 36	64	18
<b>Total current assets</b>		<b>1,436</b>	<b>1,420</b>
<b>Total assets</b>		<b>2,710</b>	<b>2,338</b>

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26	11	11
Other contributed capital	26	1,263	1,263
Other reserves	27	74	57
Profit brought forward		133	173
<b>Equity attributable to Parent Company shareholders</b>		<b>1,481</b>	<b>1,504</b>
Non-controlling interests	28	16	10
<b>Total equity</b>		<b>1,497</b>	<b>1,514</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	5	–
Provisions for pensions and similar obligations	29	15	16
Interest-bearing lease liabilities	19	225	33
Other interest-bearing liabilities	25, 30, 31	334	152
<b>Total long-term liabilities</b>		<b>579</b>	<b>201</b>
<b>Current liabilities</b>			
Interest-bearing lease liabilities	19	42	2
Other interest-bearing liabilities	25, 30, 31	17	1
Accounts payable	25	375	414
Current tax liabilities		11	32
Other liabilities		62	51
Accrued expenses and deferred income	32	119	122
Other provisions	33	8	1
<b>Total current liabilities</b>		<b>634</b>	<b>623</b>
<b>Total equity and liabilities</b>		<b>2,710</b>	<b>2,338</b>

### Equity/assets ratio, %



### Comments to the balance sheet

Average working capital amounted to SEK 790 (722) million, which corresponds to 25.5% (23.0) of net sales. Working capital has been driven by positive developments in volume.

The balance sheet total at year-end was SEK 2,710 (2,338) million. Equity in the Group was SEK 1,497 (1,514) million at the end of the financial year. The equity/assets ratio was 55.2% (64.8). The equity/assets ratio (excluding financial leasing) totaled SEK 60.5% (64.8).

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	NOTE	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					NON-CONTROL- TOTAL LING INTERESTS	TOTAL EQUITY
		SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER RESERVE <sup>1)</sup>	RETAINED EARNINGS			
<b>Opening balance as of 31 December 2018</b>		<b>11</b>	<b>1,263</b>	<b>39</b>	<b>127</b>	<b>1,440</b>	<b>14</b>	<b>1,454</b>
<b>Comprehensive income</b>								
Profit for the year		–	–	–	146	146	-3	143
<b>Other comprehensive income</b>								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax <sup>2)</sup>		–	–	–	0	0	–	0
Items that may later be reversed in the income statement								
Exchange differences		–	–	19	–	19	-1	18
Other comprehensive income attributable to joint ventures	35	–	–	-1	–	-1	–	-1
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>18</b>	<b>146</b>	<b>164</b>	<b>-4</b>	<b>160</b>
<b>Transactions with shareholders</b>								
Transactions with non-controlling interests		–	–	–	–	–	0	0
Share-based remuneration to employees	8	–	–	–	-2	-2	–	-2
Buy-back of own shares		–	–	–	-22	-22	–	-22
Dividend to Parent Company shareholders (SEK 3.75 per share)		–	–	–	-76	-76	–	-76
<b>Total transactions with shareholders</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>-100</b>	<b>-100</b>	<b>0</b>	<b>-100</b>
<b>Closing balance as of 31 December 2018</b>		<b>11</b>	<b>1,263</b>	<b>57</b>	<b>173</b>	<b>1,504</b>	<b>10</b>	<b>1,514</b>
<b>Comprehensive income</b>								
Profit for the year		–	–	–	53	53	2	55
<b>Other comprehensive income</b>								
Items not to be reversed in the income statement								
Revaluation of defined-benefit pension plans, net after tax <sup>2)</sup>		–	–	–	0	0	–	0
Items that may later be reversed in the income statement								
Exchange differences		–	–	17	–	17	2	19
Other comprehensive income attributable to joint ventures	35	–	–	0	–	0	–	0
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>17</b>	<b>53</b>	<b>70</b>	<b>4</b>	<b>74</b>
<b>Transactions with shareholders</b>								
Transactions with non-controlling interests		–	–	–	–	–	3	3
Share-based remuneration to employees	8	–	–	–	0	0	–	0
Buy-back of own shares		–	–	–	-14	-14	–	-14
Dividend to Parent Company shareholders (SEK 4.00 per share)		–	–	–	-80	-80	–	-80
<b>Total transactions with shareholders</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>-94</b>	<b>-94</b>	<b>3</b>	<b>-91</b>
<b>Closing balance as of 31 December 2019</b>		<b>11</b>	<b>1,263</b>	<b>74</b>	<b>133</b>	<b>1,481</b>	<b>16</b>	<b>1,497</b>

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

2) Tax effects are explained in Note 15.

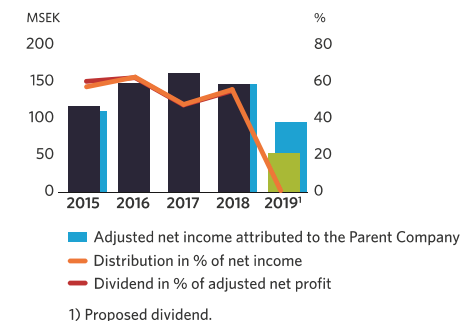
## Comments on changes in equity

Net profit for the year of SEK 55 (143) million, other comprehensive income totaling SEK 19 (17) million and transactions with shareholders totaling SEK -91 (-100) million have had an impact on equity.

Dividends to Parent Company shareholders during the year amounted to SEK 80 (76) million, which corresponds to 55% 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 19 (17) million.

## Dividend as a percentage of net profit



## CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	2019	2018
<b>Operating activities</b>			
Profit after financial items		92	198
Adjustments for items not included in cash flow	36	152	82
Taxes paid		-67	-26
<b>Cash flow from operating activities before changes in working capital</b>		<b>177</b>	<b>254</b>
<b>Cash flow from changes in working capital</b>			
Increase(-)/Decrease(+) in inventories		63	-173
Increase(-)/Decrease(+) in operating receivables		-8	60
Increase(+)/Decrease(-) in operating liabilities		-25	-16
<b>Cash flow from operating activities</b>		<b>207</b>	<b>125</b>
<b>Investing activities</b>			
Acquisition of intangible assets		0	-1
Acquisition of property, plant and equipment		-218	-164
Divestment of property, plant and equipment		0	5
<b>Cash flow from investing activities</b>		<b>-218</b>	<b>-160</b>
<b>Financing activities</b>			
Change in overdraft facilities and other financial liabilities	36	191	101
Repayment of lease liabilities		-44	-
Dividend to Parent Company shareholders		-80	-76
Buy-back of own shares		-14	-22
Transactions with non-controlling interests		3	-
<b>Cash flow from financing activities</b>		<b>56</b>	<b>3</b>
<b>Cash flow for the year</b>		<b>45</b>	<b>-32</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents equivalents as of beginning of the financial year		18	48
Cash flow for the year		45	-32
Exchange rate difference in cash and cash equivalents		1	2
<b>Cash and cash equivalents at year-end</b>	36	<b>64</b>	<b>18</b>

## CONSOLIDATED NET DEBT COMPOSITION

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
Long-term interest-bearing liabilities		-559	-185
Provision for pensions		-15	-16
Current interest-bearing liabilities		-59	-3
Financial interest-bearing receivables		4	5
Cash and cash equivalents		64	18
<b>Net debt (-)</b>	36	<b>-565</b>	<b>-181</b>
Less interest-bearing liabilities attributable to financial leases		267	36
<b>Adjusted net debt (-)</b>		<b>-299</b>	<b>-145</b>

### Comments on the cash flow statement

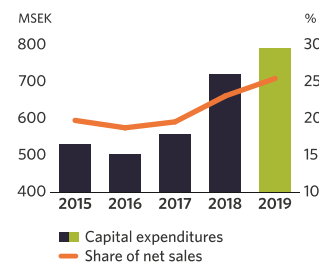
Cash flow from operating activities before changes in working capital totaled SEK 177 (254) million, which equates to 5.7% (8.1) of net sales. The effect on cash flow of the change in working capital amounted to SEK 30 (-129) million. Inventories changed by SEK -57 (176) million, while current receivables changed by SEK 19 (-52) million. Current liabilities decreased by SEK -27 (-29) million. Average working capital corresponds to 25.5% (23.0) of net sales.

Investments in intangible assets and property, plant and equipment amounted to SEK 218 (165) million. Investments of SEK 218 (164) million relate to property, plant and equipment. The corresponding amount for intangible assets is SEK 0 (1) million. Depreciation/amortization amounted to SEK -141 (-90) million. Investment payments correspond to 7.1% (5.3) of sales.

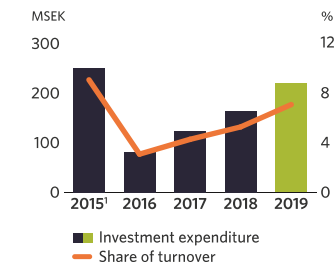
Consolidated cash and cash equivalents amounted to SEK 64 (18) million at the year-end. In addition, the Group had approved but unused overdraft facilities of SEK 400 (592) million, which means that the Group's disposable cash and cash equivalents amounted to SEK 464 (611) million. Consequently, disposable cash and cash equivalents amounted to 15.0% (19.5) of net sales.

Net debt amounted to SEK -565 (-181) million, which is a change of SEK -384 million compared with the previous year, SEK 267 million of which relates to lease liabilities.

### Working capital as a percentage of net sales



### Investment expenses as a percentage of net sales



1) Includes the purchase of production property in Hallstahammar.

## 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 24 March 2020 and will be presented to the Annual General Meeting of shareholders on 23 April 2020.

## 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 has relocated its operation from Beijing to Tianjin in China, and a new company has therefore been set up in Tianjin, Bulten Fasteners (Tianjin) Co Ltd.

At the end of the year Bulten started a new company in Romania, Bulten Romania S.R.L.

### 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 %
		31 DEC 2019
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, Radziechowy	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, 6300700, Hudson, 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, Nizhny Novgorod	Russia	63.0
Bulten Industrifastighet AB, 556872-5534, Gothenburg	Sweden	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
Share-based remuneration	8 Employees, employee benefit expenses and remuneration to the Board	IFRS 2
Leases in accordance with previous accounting policies	12 Leases in accordance with previous accounting policies	IAS 17
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	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
Provisions	33 Other provisions	IAS 28, IAS 37, IFRS 11
Joint venture	35 Investments in joint ventures	IFRS 11, IAS 28, IFRS 12
Cash flow statement	36 Cash flow	IAS 7
Transactions with related parties	38 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
Classification of leasing	12 Leases in accordance with previous accounting policies
Assessment of deficit deduction	15 Tax
Impairment of goodwill	17 Intangible fixed assets
Leases	19 Right-of-use assets
Inventory obsolescence	21 Inventories
Transfer of accounts receivable	22 Accounts receivable
Legal risks, compensation demands	33 Other provisions

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 prices. 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	
	2019	2018	2019	2018
CNY	1.37	1.31	1.33	1.31
EUR	10.59	10.26	10.43	10.28
GBP	12.07	11.59	12.21	11.35
PLN	2.46	2.41	2.44	2.39
RUB	0.15	0.14	0.15	0.13
USD	9.46	8.69	9.32	8.97

### Classification

Fixed 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 2019**

During the year, the following standards or amendments to or interpretations of existing standards came into effect that had a material impact on Bulten's financial statements.

- IFRS 16 Leases. In January 2016 the IASB published a new leasing standard that replaces IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities relating to all leases, with some exceptions, be recognized in the balance sheet. Such accounting is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right. The standard is effective for fiscal years beginning 1 January 2019 or later and has been applied by the Group for 2019. The Group is the lessee in operating leases that are affected by IFRS 16 such that these agreements are recognized in the balance sheet through assets and liabilities and in the income statement through the depreciation of the asset and an interest expense for the lease liability. Previously, under IAS 17, lease payments were expensed over the term of the lease.

The leases for the Group primarily involve leasing premises and in certain cases leasing equipment. The Group has applied the simplified transition method, which means that comparison figures do not need to be converted and there is no effect on opening equity.

In the opening balance for 2019, non-current assets and interest-bearing liabilities increased by SEK 223 million. A more detailed description of the new accounting principles can be found in Note 19.

### **New standards and interpretations not yet applied by the Group**

None of the IFRS and IFRIC interpretations yet to enter into force are expected to have a significant impact on the Group.



## 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 and RUB. 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 52 (72) million. An equivalent weakening against the PLN would adversely affect operating profit by around SEK -20 (-22) million. An equivalent weakening against the GBP would amount to around SEK 1 (-13) million, against the USD to around SEK 4 (6) million, against the CNY to around SEK -5 (-1) million and against the RUB to around SEK -1 (-1) million. Given current exposure the net effect would have been an improvement of around SEK 31 (42) million if the SEK had weakened in value by 10% against the EUR, PLN, GBP, USD, CNY and RUB. The corresponding effect on equity is around SEK 115 (108) million.

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

CURRENCY*	2019			2018		
	INCOME	EXPENSES	NET EXPOSURE	INCOME	EXPENSES	NET EXPOSURE
SEK	358	-568	-210	332	-537	-205
EUR	2,347	-1,832	515	2,440	-1,724	716
PLN	17	-214	-197	17	-236	-219
GBP	184	-175	9	152	-282	-130
USD	76	-38	38	74	-12	62
CNY	55	-102	-47	71	-77	-6
RUB	56	-66	-10	46	-54	-8
<b>Total</b>	<b>3,093</b>	<b>-2,995</b>	<b>98</b>	<b>3,132</b>	<b>-2,922</b>	<b>210</b>

\* 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*	2019			2018		
	INTEREST-BEARING LIABILITIES <sup>1)</sup>	ACCOUNTS PAYABLE	TOTAL	INTEREST-BEARING LIABILITIES <sup>1)</sup>	ACCOUNTS PAYABLE	TOTAL
SEK	283	39	322	102	46	148
EUR	190	263	453	85	277	362
PLN	108	17	125	–	20	20
GBP	19	29	48	–	36	36
USD	–	4	4	–	3	3
CNY	17	14	31	–	25	25
RUB	–	8	8	–	7	7
Other	–	1	1	–	0	0
<b>Total</b>	<b>617</b>	<b>375</b>	<b>992</b>	<b>187</b>	<b>414</b>	<b>601</b>

\* 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 with total credit of SEK 750 million covering the period up to June 2023. Since the balance sheet date, the company has utilized its final option to extend the financing agreement, which now expires in June 2024.

Covenants associated with this credit facility 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 2019 the value of transferred accounts receivable amounted to SEK 50 (62) million. The total capacity of the agreement covering the purchase of accounts receivable is SEK 66 (68) million.

At the end of 2019, the available liquidity reserve for the Group amounted to SEK 468 (616) million, which corresponds to 15.1% (19.7) 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 31 DECEMBER 2019 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts <sup>1)</sup>	16	343	–
Accounts payable and other liabilities	576	–	–
Lease liabilities	49	156	100
<b>Total</b>	<b>641</b>	<b>499</b>	<b>100</b>

<sup>1)</sup> After the balance sheet date, the company utilized its last option to extend the financing agreement, which now expires in June 2024.

AS OF 31 DECEMBER 2018 (INCLUDING INTEREST PAYMENTS)	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Bank loans and overdrafts	–	155	–
Accounts payable and other liabilities	620	–	–
Liabilities for finance leases	5	20	33
<b>Total</b>	<b>625</b>	<b>175</b>	<b>33</b>

## 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 +/- 3 months if the market assessment changes. The average fixed-rate term at the end of both 2019 and 2018 for external borrowing 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 2019 and 2018 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 2019 with all other variables remaining constant, profit before tax for the financial year would have been SEK 4 (2) million lower or higher respectively.

## Credit risk

Credit risk is managed at Group level. 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 1,924 (1,637) million in 2019. Return, defined as profit after financial items plus financial expenses, on average capital employed amounted to 5.5% in 2019 and 12.8% in 2018.

The equity/assets ratio amounted to 55.2% as of 31 December 2019 and 64.8% as of 31 December 2018, as shown in the table below.

<b>EQUITY RATIO</b>	<b>2019</b>	<b>2018</b>
Equity	1,497	1,514
Balance sheet total	2,710	2,338
<b>Equity/assets ratio, %</b>	<b>55.2</b>	<b>64.8</b>

The debt/equity ratio as of 31 December 2019 and 31 December 2018 was as follows in the table below:

<b>DEBT/EQUITY RATIO</b>	<b>2019</b>	<b>2018</b>
Leasing liabilities	-267	-35
Other interest-bearing liabilities	-366	-169
Minus interest-bearing assets	4	5
Minus cash and cash equivalents	64	18
<b>Net cash (+)/net debt (-)</b>	<b>-565</b>	<b>-181</b>
Total equity	1,497	1,514
Debt/equity ratio, times	-0.4	-0.1

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 2.6% (2.9).

## 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 AND EXTERNAL RISKS

### Global market and macroeconomic risks

Bulten operates in cyclical global markets 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 primarily operates in markets for commercial vehicles and passenger cars. 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 better 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 105-110, 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, geo-political unrest can pose a risk to the company's operations.

The Group is addressing such risks through systematic efforts towards risk assessments and, if necessary, the use of external expertise in each identified risk area.

There is still a lot of uncertainty regarding the UK's exit from the EU. Depending on the content of an agreement with the EU, Brexit could involve a cost increase for the business in the form of fees and customs duties.

### Trends and driving forces in the automotive industry

The automotive industry is in the midst of major changes. In many respects its development has a direct impact on Bulten's business, especially in terms of markets and volumes. The trends and driving forces that affect and are deemed to affect Bulten come in the form of, globalization, as vehicle manufacturers increase production in emerging and new markets; increased demands for sustainability with regard to what Bulten offers its customers within its in-house production and in the supply chain; continued competition in the automotive industry with new disruptive technology can result in increased failures and new manufacturers; the increased large-scale production, which is expected to lead to consolidation, with fewer suppliers expected to be involved in customer development; electrification; mobility and digitalization. Bulten is addressing increased globalization by tracking their customers and creating production opportunities in new markets. Through systematic sustainability efforts in which sustainability is an integral part of the company's strategy, we meet the expectations of our customers and other stakeholders. Through the FSP concept and close cooperation with its customers, Bulten can offer cost-effective solutions by way of, for example, fewer fastener variants and the creation of volume synergies. Furthermore, this creates greater opportunities for Bulten to be involved from the development stage right through to delivery to the customer's production line.

Bulten is working with several customers in the development of fasteners for hybrid and electric vehicles and believes that the fuel cell trend will have no impact on the company's business in the near future. Furthermore, it is difficult to determine when commercialization will take off. Digitalization will require more components in vehicles, which in turn will result in increased demand for fasteners, enabling Bulten to expand its range and provide custom fasteners.

### Force majeure

As global warming increases, natural disasters may occur. 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, production has been able to continue.

The corona virus is a factor of uncertainty that can affect the sales and production of the vehicle market. In the event of major disruptions, the impact on Bulten's operations is monitored and the company works closely with customers and other business partners to mitigate the impact as far as possible.

Bulten takes measures to protect employees, such as travel bans and quarantines, and follows governmental guidelines and recommendations.

## OPERATIONAL RISKS

### Customer dependence

Bulten's customer base includes virtually all vehicle manufacturers 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 passenger cars and commercial vehicles.

### 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. Customers usually compensate Bulten for price volatility in materials.

### 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, as a result of factors such as fire, may have a negative impact, in terms of both direct material damage and the suspension of operations, which could complicate the Group's ability to fulfill delivery commitments to its customers. This in turn could encourage customers to reconsider their choice of supplier. The effect of such damage to production equipment has been assessed to have a moderate impact. Systematic efforts are underway to improve the Group's forward planning and preventative safety measures. The Group also holds insurance against the suspension of operations and material 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 fulfill 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 earnings 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 31 (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 19 (18) million; like other players in this sector, however, Bulten can usually pass higher raw material costs on to their 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 4 (1) 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 65.

## NOTE 6 INCOME

The Group manufactures and sells fasteners. Income from product sales are listed at the point when the control of the product is given over 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	2019	2018
Sweden	921	952
Germany	519	578
United Kingdom	1,464	1,429
Poland	48	50
Other countries	141	123
<b>Total income</b>	<b>3,093</b>	<b>3,132</b>

### 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	2019	2018
Sweden	476	499
Germany	452	545
United Kingdom	806	856
Poland	29	28
Rest of Europe	922	808
China	123	137
USA	131	102
Other countries	154	157
<b>Total income</b>	<b>3,093</b>	<b>3,132</b>

### Income by customer group

Income is primarily from car manufacturers but also from heavy vehicles as well as other suppliers, so-called Tiers. The table below presents the distribution of the Group's income from external customers.

SEK MILLION	2019	2018
OEM Light vehicles	2,411	2,412
OEM Heavy commercial vehicles	407	437
Suppliers (Tiers)	275	283
<b>Total income</b>	<b>3,093</b>	<b>3,132</b>

### Income distributed across chassis/body and powertrain

The Group receives most of its income from chassis/body. The table below shows the Group's income distributed by chassis/body and powertrain.

SEK MILLION	2019	2018
Chassis/body	2,255	2,345
Powertrain	838	787
<b>Total income</b>	<b>3,093</b>	<b>3,132</b>

### Income distributed by income category

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

SEK MILLION	2019	2018
In-house production	1,848	1,871
Outsourced production	1,157	1,194
Other	88	67
<b>Total income</b>	<b>3,093</b>	<b>3,132</b>

### The Group's customers

The Group's customers are almost exclusively in the automotive industry. The Group has three external customers each of which generates income greater than 10% of the Group's sales. Income from these customers amounted to SEK 808 (970) million, SEK 848 (699) million and SEK 464 (442) million, which together constitute 68.5% (67.4) of sales. Underlying agreements with customers cover a wide range of products and have varying terms and counterparties.

## NOTE 7 OPERATING EXPENSES

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

SEK MILLION	2019	2018
Changes in inventories, cost of goods sold	-2,095	-2,118
Costs for remuneration to employees and directors (Note 8)	-584	-574
Depreciation/Amortization (Note 10)	-141	-90
Other costs	-186	-159
<b>Total costs for goods sold, sales and administration</b>	<b>-3,006</b>	<b>-2,941</b>

### 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.

### 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 commitments in the contract
- Determine the transaction price
- Allocate the transaction price to the various performance commitments
- 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 commitment or several separate performance commitments. A performance commitment 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 commitment 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 commitment by transferring a product or service to a customer, i.e. when the customer takes control of the asset. A performance commitment 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 makes 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 8 EMPLOYEES, EMPLOYEE BENEFIT EXPENSES AND REMUNERATION TO THE BOARD OF DIRECTORS

AVERAGE NUMBER OF EMPLOYEES	NUMBER OF PEOPLE		OF WHOM MEN, %	
	2019	2018	2019	2018
Parent Company	9	9	33	33
Subsidiaries				
Sweden	356	359	80	79
Germany	191	195	81	80
Poland	560	581	78	79
United Kingdom	99	101	68	68
China	83	70	71	73
Russia	120	115	68	68
USA	7	3	86	100
Total for subsidiaries	1,416	1,424	77	77
<b>Total average number of employees</b>	<b>1,425</b>	<b>1,433</b>	<b>77</b>	<b>77</b>

GENDER DISTRIBUTION ON THE BOARD AND IN EXECUTIVE MANAGEMENT	NUMBER OF PEOPLE		OF WHOM WOMEN, %	
	2019	2018	2019	2018
Board of Directors <sup>*)</sup>	8	8	13	13
Executive management	9	9	33	33

\*) Including employee representatives and their deputies.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	SALARIES AND REMUNERATION		SOCIAL SECURITY EXPENSES	
	2019	2018	2019	2018
Parent Company	15	15	9	9
(of which pension costs)	—	—	4	4
Subsidiaries	440	428	120	122
(of which pension costs)	—	—	11	16
<b>Total salaries, other remuneration and social security expenses</b>	<b>455</b>	<b>443</b>	<b>129</b>	<b>131</b>
(of which pension costs)	—	—	15	20

SALARIES AND OTHER REMUNERATION ACCORDING TO COUNTRY, AND BETWEEN MANAGEMENT STAFF AND OTHER EMPLOYEES	MANAGEMENT STAFF <sup>1)</sup>		OTHER EMPLOYEES	
	2019	2018	2019	2018
Parent Company in Sweden	9	9	6	6
(of which bonus and similar)	1	2	0	1
Subsidiaries in Sweden	3	3	147	152
(of which bonus and similar)	0	0	1	2
Subsidiaries overseas				
Other countries in the EU	9	8	248	243
(of which bonus and similar)	0	1	1	1
Other countries	4	3	29	20
(of which bonus and similar)	0	0	0	0
<b>Total</b>	<b>25</b>	<b>23</b>	<b>430</b>	<b>420</b>
(of which bonus and similar)	1	2	2	4

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

<sup>1)</sup> 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 (2.2) million, which was distributed in accordance with the decision of the AGM. The Chair of the Board received remuneration of SEK 0.6 (0.5) million. No Board remuneration is paid to employee representatives.

Remuneration to the President and CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension. Senior executives are defined as those individuals who are members of the executive management. 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, variable remuneration is no more than 60% of their basic salary. For other senior executives, variable remuneration is no more than 40% of their basic salary. Variable remuneration is based on performance in relation to established targets. The President and

CEO was paid a basic salary of SEK 3.8 (3.8) million for the year. Other senior executives received a basic salary totaling SEK 13.5 (12.7) million for the year.

For 2019, the President and CEO earned variable remuneration of SEK 0.4 (1.1) million. Other senior executives earned variable remuneration totaling SEK 0.6 (2.4) million.

Senior executives domiciled in Sweden have been offered a defined-contribution pension agreement based on premiums which amount to a maximum of 35% of the fixed salary on an annual basis (in addition to pension benefits for senior executives). 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 ITP plans. 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 period of termination notice 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, but of no more than 12 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 18 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.



REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES	2019					2018				
	REMUNERATION <sup>1)</sup> / BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	SHARE-BASED REMUNERATION	PENSION	REMUNERATION <sup>1)</sup> / BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	SHARE-BASED REMUNERATION	PENSION
<b>The Group</b>										
<b>The Board</b>										
Ulf Liljedahl	0.6	-	-	-	-	0.5	-	-	-	-
Hans Gustavsson	0.4	-	-	-	-	0.4	-	-	-	-
Hans Peter Havdal	0.3	-	-	-	-	0.3	-	-	-	-
Peter Karlsten	0.3	-	-	-	-	0.3	-	-	-	-
Anne-Lie Lind	0.3	-	-	-	-	0.3	-	-	-	-
Nicklas Paulson (as of 26 April 2018)	0.3	-	-	-	-	0.3	-	-	-	-
<b>Senior executives</b>										
Tommy Andersson, President and CEO (until 7 February 2019)	0.4	0.4	0.0	-	0.1	3.8	1.1	0.2	-0.4	1.4
Anders Nyström, President and CEO (as of 8 February 2019)	3.3	-	0.1	-	1.0	-	-	-	-	-
Other senior executives, 8 (8)	13.5	0.7	0.9	-	2.7	12.7	2.4	0.9	-0.9	3.1

1) Refers to remuneration to the Board and committees.

### Incentive program 2016–2019

The Annual General Meeting held on 26 April 2016 resolved to establish a long-term share-based incentive program for 15 senior executives and key employees of the Bulten Group. The program ran over three years starting in April 2016 and comprised a maximum of 300,000 shares, corresponding to a dilution effect of 1.5% of the total number of outstanding shares. Participants in the program invested in shares in the company and for each invested share the participant received a matching share free of charge at the end of the program. In addition, the participant had the opportunity to receive additional shares free of charge, called performance shares, provided that a performance target (earnings per share) set by the Board is met. At the end of 2018, it was confirmed that the performance targets were not achieved, and in accordance with IFRS 2, the previously incurred costs attributed to the performance shares were reversed. In total, the number of matching shares amounted to 34,817, which corresponds to the number of shares that the participants invested in under the program.

### Incentive program 2019–2021

The Annual General Meeting held on 25 April 2019 resolved to establish a new recurring variable, long-term incentive program that provides 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 AB. The incentive program does not entail any dilution for the company's shareholders. 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 31 March 2022. The cost of the program for the 2019 financial year is estimated to be a maximum of approximately SEK 7 million, excluding social security costs, however the performance targets have not been met so no bonus has been paid for the 2019 financial year.

### ACCOUNTING POLICIES

Through the long-term share-based incentive program, the company gives shares to employees free of charge. The fair value of share options that are granted to employees free of charge under the Group's program is expensed over the vesting period, which corresponds to the period in which remuneration is earned and the services are performed. The fair value is calculated on the allocation date and is recognized against equity. The assessment of the number of shares expected to be earned is based on non market-related conditions. Estimates are reviewed at the end of each reporting period and any discrepancies are recognized in the income statement and a corresponding adjustment of equity is made.

In cases where the share options are 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	2019	2018
Audit engagement	3	3
<i>of which to Pricewaterhouse Coopers AB</i>	2	2
Other audit activities	0	0
<i>of which to Pricewaterhouse Coopers AB</i>	0	0
Tax advice	1	1
<i>of which to Pricewaterhouse Coopers AB</i>	1	0
Other services	4	1
<i>of which to Pricewaterhouse Coopers AB</i>	4	1
<b>Total PwC</b>	<b>8</b>	<b>5</b>
<i>of which to Pricewaterhouse Coopers AB</i>	6	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 examination 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 DEPRECIATION OF INTANGIBLE, TANGIBLE AND RIGHT-OF-USE ASSETS

DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY CLASS OF ASSET	2019	2018
Intangible assets	-1	-1
Tangible assets		
- Buildings	-9	-11
- Plant and machinery	-75	-67
- Equipment, tools, fixtures and fittings	-13	-12
Right-of-use assets		
- Buildings	-36	-
- Equipment	-7	-
<b>Total depreciation/amortization</b>	<b>-141</b>	<b>-90</b>

DEPRECIATION ACCORDING TO PLAN DISTRIBUTED BY FUNCTION	2019	2018
Cost of goods sold	-107	-79
Selling expenses	-25	-7
Administrative expenses	-9	-4
<b>Total depreciation/amortization</b>	<b>-141</b>	<b>-90</b>

The assets are primarily machinery and other technical equipment.

## NOTE 11 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME	2019	2018
Profit from sale of fixed assets	0	1
Exchange gains on receivables/liabilities relating to operations	0	2
Income from administrative services	11	13
Other operating income	5	3
<b>Total other operating income</b>	<b>16</b>	<b>19</b>

OTHER OPERATING EXPENSES	2019	2018
Loss from sale of fixed assets	-5	0
Other operating expenses	-2	-1
<b>Total other operating expenses</b>	<b>-7</b>	<b>-1</b>

## 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 LEASES IN ACCORDANCE WITH PREVIOUS ACCOUNTING POLICIES

Leased property, plant and equipment were classified as either financial leases or operating leases until the end of the 2018 financial year. As of 1 January 2019, 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, see note 19 for further information.

### Operating leases until 31 December 2018

“Operating leases” mostly comprise rental agreements for industrial and office premises, and to a lesser extent for vehicles and machinery. The rental agreements for industrial premises cover a remaining rental period of five years, with a right to extend the agreement for five years with unchanged conditions.

OPERATING LEASING	2018
Assets held via operating leases	
Minimum lease fees	60
Variable lease fees paid	0
Income from sub-leasing	–
<b>Total lease fees for the year</b>	<b>60</b>
Contractual future minimum lease fees with respect to irrevocable contracts due for payment:	
Within one year	56
Between one and five years	103
Beyond five years	96
<b>Total</b>	<b>255</b>

### Financial leasing until 31 December 2018

“Financial leasing contracts” refer to buildings and production equipment reported at the following amounts among property, plant and equipment

FINANCIAL LEASING	COST OF ACQUISITION 31 DEC 2018	ACCUMULATED DEPRECIATION 31 DEC 2018
Buildings	41	-9
Plant and machinery	24	-24
Equipment, tools, fixtures and fittings	0	0
<b>Total financial leasing contracts</b>	<b>65</b>	<b>-33</b>

Contractual future minimum lease fees have the following maturities:

FINANCIAL LEASING	NOMINAL VALUES 2018	PRESENT VALUES 2018
Within one year	5	2
Between one and five years	18	12
Beyond five years	30	21
<b>Total future lease fees</b>	<b>53</b>	<b>35</b>

The current value of future minimum lease fees is recognized as an interest-bearing liability.

The Group’s profit does not include any variable fees in relation to financial leases.

## ACCOUNTING POLICIES

### Leasing – lessees

In the consolidated financial statements, leases are classified as either financial or operating leases. A financial lease is a lease in which the economic risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case the lease is an operating lease. Assets leased in accordance with financial leases have been recognized as assets in the consolidated balance sheet. Obligations to pay future lease fees are recognized as non-current and current liabilities. Leased assets are depreciated according to plan while lease payments are recognized as interest and repayment of liabilities. The interest cost is 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.

Variable fees are expensed in the periods in which they arise. For operating leases, the lease fee is expensed over the term of the lease starting from initial use, which may differ from what is paid in leasing fees during the year.

If key terms are changed during the agreement period, the extent to which these new terms, if they were known at the start of the agreement, may involve a different classification for the agreement at the start of the leasing period is evaluated. If this is the case, the agreement is treated as a new agreement that must be tested by applying updated parameters at the time when the new agreement is entered into.

## IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

When the Group enters into significant leasing agreements, an assessment must be performed to determine the extent to which the agreement is of a financial or operational character. An assessment of whether the agreement should be classified as operating or financial is made in connection with the conclusion of the agreement and includes an analysis of key parameters such as discount factor, probability assessments of alternative future decisions and the asset’s market value. Different assessments regarding these parameters may lead to different conclusions being reached regarding the classification of the agreement.

## NOTE 13 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	2019	2018
Interest income	0	0
Exchange rate differences on loans	8	–
Other	0	–
<b>Total financial income</b>	<b>8</b>	<b>0</b>
<b>FINANCIAL EXPENSES</b>	<b>2019</b>	<b>2018</b>
Interest expenses	-11	-4
Exchange rate differences on loans	–	-5
Other	-3	-3
<b>Total financial expenses</b>	<b>-14</b>	<b>-12</b>

### 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 financial lease payments 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

	2019	2018
Exchange differences affecting operating profit/loss	0	2
Exchange differences on financial items	8	-5
<b>Total exchange rate differences</b>	<b>8</b>	<b>-3</b>

## NOTE 15 TAX

REPORTED TAX	2019	2018
Current tax		
Current tax for the year	-31	-52
Current tax related to earlier years	-1	–
<b>Total current tax</b>	<b>-32</b>	<b>-52</b>
Deferred tax expense (-)/tax income (+)		
Change in deferred tax	-5	-3
<b>Total deferred tax</b>	<b>-5</b>	<b>-3</b>
<b>Total reported tax</b>	<b>-37</b>	<b>-55</b>

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	2019	2018
Profit before tax	92	198
Tax according to applicable tax rate for the Parent Company, 21.4% (22.0%)	-20	-44
Tax effect of:		
Differences in tax rates for foreign subsidiaries	1	-2
Non-taxable income	2	2
Non-deductible expenses	-8	-4
Deferred tax for previous years' non-recognized temporary differences	-1	-1
Tax losses for which non-deferred tax is recognized	-12	-7
Utilization of loss carry-forwards not previously recognized	1	–
Adjustment for current tax related to earlier years	-1	–
Revaluation effect of change in Swedish tax rate	–	-1
Profit from joint ventures recognized after tax	1	2
<b>Tax on profit for the year according to the income statement</b>	<b>-37</b>	<b>-55</b>

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Machinery and equipment	0	1	15	12
Right-of-use assets	1	–	–	–
Inventories	4	3	–	–
Accounts receivable	0	0	–	–
Loss carry-forwards in Swedish companies	–	1	–	–
Pensions	9	10	–	–
Other	1	2	–	–
Net recognition of receivables/liabilities in the same jurisdiction	-10	-12	-10	-12
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>–</b>

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 31 December 2019, the accumulated tax loss carry-forwards in Swedish limited companies amount to SEK - (4) million. The Group has also calculated tax loss carry-forwards amounting to SEK 138 (95) million, of which SEK 62 (34) million was attributable to China, SEK 50 (46) million to Russia, SEK 3 (2) million to the Netherlands and SEK 22 (13) million to the United States, for which deferred tax assets are not recognized as of 31 December 2019. Of the total loss carry-forwards, SEK 17 million falls due in 2020, SEK 9 million in 2021, SEK 0 million in 2022, SEK 14 million in 2023, SEK 22 million in 2024, SEK 14 million in 2025, SEK 13 million in 2026, SEK 5 million in 2027, SEK 9 million in 2028, SEK 9 million in 2029, SEK 25 million is due later than 2029.

## NOTE 16 EARNINGS PER SHARE

### 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 policies 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 receipts in the near future resulting from existing tax deficits, the receipts are recognized as deferred tax assets.

As of 31 December 2019, 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 2019 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 138 (95) 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 31 December 2019, the Group is recognizing a deferred tax asset attributable to loss carry-forwards and other temporary tax differences amounting to SEK 5 (5) million.

EARNINGS PER SHARE	2019	2018
Profit for the year attributable to shareholders of Bulten AB (publ), SEK million	53	146
Weighted average number of outstanding shares before dilution	20,030,845	20,323,709
Weighted average number of outstanding shares after dilution	20,044,149	20,358,466
<b>Earnings per share (SEK) before dilution</b>	<b>2.62</b>	<b>7.19</b>
<b>Earnings per share (SEK) after dilution</b>	<b>2.62</b>	<b>7.18</b>

### ACCOUNTING POLICIES

Earnings per share before dilution 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. Earnings per share after dilution 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

	31 DEC 2019			31 DEC 2018		
	GOODWILL	OTHER INTANGIBLE ASSETS <sup>1)</sup>	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS <sup>1)</sup>	TOTAL
<b>Accumulated cost of acquisition</b>						
At beginning of year	321	9	330	323	7	330
Acquisitions during the year	–	0	–	–	1	1
Reclassifications during the year	–	0	0	–	1	1
Divestments and disposals	–	–	–	–	–	–
Exchange differences during the year	3	0	3	-2	0	-2
<b>At year-end</b>	<b>324</b>	<b>9</b>	<b>333</b>	<b>321</b>	<b>9</b>	<b>330</b>
<b>Accumulated depreciation/amortization according to plan</b>						
At beginning of year	–	-5	-5	–	-4	-4
Divestments and disposals	–	–	–	–	–	–
Depreciation according to plan	–	-1	-1	–	-1	-1
Exchange differences during the year	–	0	0	–	0	0
<b>At year-end</b>	<b>–</b>	<b>-6</b>	<b>-6</b>	<b>–</b>	<b>-5</b>	<b>-5</b>
<b>Accumulated impairment</b>						
At beginning of year	-120	–	-120	-120	–	-120
Impairment for the year	–	–	–	–	–	–
<b>At year-end</b>	<b>-120</b>	<b>–</b>	<b>-120</b>	<b>-120</b>	<b>–</b>	<b>-120</b>
<b>Recognized value</b>						
At beginning of year	201	4	205	203	3	206
<b>At year-end</b>	<b>204</b>	<b>3</b>	<b>207</b>	<b>201</b>	<b>4</b>	<b>205</b>

1) Relates primarily to license fees.

### OTHER INTANGIBLE ASSETS BY COUNTRY

	31 DEC 2019	31 DEC 2018
Sweden	2	3
Poland	1	1
<b>Total other intangible assets</b>	<b>3</b>	<b>4</b>

### **Impairment requirement testing for goodwill**

Recognized consolidated goodwill amounts to SEK 204 (201) 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.

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% (7.7) before tax. The discount rate has been determined by calculating a weighted cost of own and borrowed capital.

In both 2019 and 2018 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 discount interest rate, 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.

#### *Depreciation/amortization*

Depreciation/amortization according to plan is based on the original cost of acquisition less any residual value. Depreciation/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. Depreciation/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 204 (201) million as of the end of 2019 and 2018, no impairment requirement was identified.

## NOTE 18 PROPERTY, PLANT AND EQUIPMENT

	31 DEC 2019					31 DEC 2018				
	LAND AND BUILDINGS <sup>1)2)</sup>	PLANT AND MACHINERY <sup>1)</sup>	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS <sup>1)</sup>	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL <sup>1)</sup>	LAND AND BUILDINGS <sup>1)2)</sup>	PLANT AND MACHINERY <sup>1)</sup>	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS <sup>1)</sup>	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL <sup>1)</sup>
<b>Accumulated cost of acquisition</b>										
At beginning of year	220	761	111	111	1,203	215	648	94	92	1,049
Acquisitions during the year	11	20	4	174	209	2	4	9	150	165
Reclassifications during the year	2	159	10	-213	-42	7	119	5	-132	-1
Divestments and disposals	–	-10	-5	–	-15	-5	-18	-1	–	-24
Exchange differences during the year	3	22	3	2	30	1	8	4	1	14
<b>At year-end</b>	<b>236</b>	<b>952</b>	<b>123</b>	<b>74</b>	<b>1,385</b>	<b>220</b>	<b>761</b>	<b>111</b>	<b>111</b>	<b>1,203</b>
<b>Accumulated depreciation according to plan</b>										
At beginning of year	-42	-362	-53	–	-457	-32	-305	-40	–	-377
Reclassifications during the year	9	–	–	–	9	–	–	–	–	–
Divestments and disposals	–	6	4	–	10	1	18	1	–	20
Depreciation according to plan	-9	-75	-13	–	-97	-11	-67	-12	–	-90
Exchange differences during the year	-2	-12	-2	–	-16	0	-8	-2	–	-10
<b>At year-end</b>	<b>-44</b>	<b>-443</b>	<b>-64</b>	<b>–</b>	<b>-551</b>	<b>-42</b>	<b>-362</b>	<b>-53</b>	<b>–</b>	<b>-457</b>
<b>Accumulated impairment</b>										
At beginning of year	–	-44	–	–	-44	–	-44	–	–	-44
Impairment for the year	–	–	–	–	–	–	–	–	–	–
Divestments and disposals	–	–	–	–	–	–	–	–	–	–
Exchange differences during the year	–	–	–	–	–	–	–	–	–	–
<b>At year-end</b>	<b>–</b>	<b>-44</b>	<b>–</b>	<b>–</b>	<b>-44</b>	<b>–</b>	<b>-44</b>	<b>–</b>	<b>–</b>	<b>-44</b>
<b>Recognized value</b>										
At the start of the period	178	355	58	111	702	183	299	54	92	628
<b>At the end of the period</b>	<b>192</b>	<b>465</b>	<b>59</b>	<b>74</b>	<b>790</b>	<b>178</b>	<b>355</b>	<b>58</b>	<b>111</b>	<b>702</b>

1) Includes assets in financial leases; see Note 12.

2) Of which land, SEK 53 (15) million.

### PROPERTY, PLANT AND EQUIPMENT BY COUNTRY

	31 DEC 2019	31 DEC 2018
Sweden	304	275
Germany	93	83
United Kingdom	14	13
Poland	247	250
Russia	56	43
China	52	18
USA	25	20
<b>Total property, plant and equipment</b>	<b>790</b>	<b>702</b>



## ACCOUNTING POLICIES

Tangible fixed assets 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 may also include transfers from equity for possible gains/losses in cash flow hedging that meets hedge accounting requirements.

The cost of acquisition of fixed 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 a tangible fixed asset 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:

<b>ACQUIRED TANGIBLE ASSETS</b>	<b>NUMBER OF YEARS</b>
Buildings	15 – 40
Plant and machinery	5 – 14
Equipment, tools, fixtures and fittings	3 – 10

### *Impairment*

Assets with indefinite useful lives are not depreciated/amortized but are tested annually for any impairment requirement. Assets that are depreciated/amortized 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

	31 DEC 2019		
	BUILDINGS <sup>1)</sup>	EQUIPMENT <sup>1)</sup>	TOTAL <sup>1)</sup>
<b>Accumulated cost of acquisition</b>			
At beginning of year, 1 January 2019	209	14	223
Acquisitions during the year	39	9	48
Reclassifications during the year	42	–	42
Divestments and disposals	–	-1	-1
Exchange differences during the year	3	0	3
<b>At year-end</b>	<b>293</b>	<b>22</b>	<b>315</b>
<b>Accumulated depreciation according to plan</b>			
At beginning of year, 1 January 2019	–	–	–
Reclassifications during the year	-9	–	-9
Divestments and disposals	–	1	1
Depreciation according to plan	-36	-7	-43
Exchange differences during the year	1	0	1
<b>At year-end</b>	<b>-44</b>	<b>-6</b>	<b>-50</b>
<b>Recognized value</b>			
At beginning of year, 1 January 2019	208	14	222
<b>At the end of the period</b>	<b>249</b>	<b>16</b>	<b>265</b>

1) Right-of-use assets also include lease assets previously recognized as financial leases in the item property, plant and equipment.

### RIGHT-OF-USE ASSETS PER COUNTRY

	31 DEC 2019
Sweden	35
Germany	84
United Kingdom	24
Poland	106
China	16
<b>Total right-of-use assets</b>	<b>265</b>

### LEASE LIABILITIES

	31 DEC 2019	1 JAN 2019
Long-term interest-bearing lease liabilities	225	223
Current interest-bearing lease liabilities	42	36
<b>Total interest-bearing lease liabilities</b>	<b>267</b>	<b>259</b>

### LEASE EXPENSES

	2019
Short-term leases and low-value leases	11
Interest expenses (included in financial expenses)	7
Variable lease fees paid	–
<b>Total lease expenses</b>	<b>18</b>

Total cash outflow for leases in 2019 amounts to SEK 60 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 equating to a 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%. 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 the original acquisition value less the estimated residual value.

The following depreciation periods are applied:

<b>RIGHT-OF-USE ASSETS</b>	<b>NUMBER OF YEARS</b>
Buildings	15 - 40
Equipment	3 - 10

#### Transition to IFRS 16 on 1 January 2019

The Group has conducted an overview of all of the leases, where the information has been compiled and summarized as background information for calculations and quantifications in conjunction with converting to IFRS 16. The leases for the Group primarily involved leasing premises and in certain cases leasing equipment. The Group has decided to apply the simplified transition method, which means that comparison figures do not need to be converted and there is no effect on opening equity. In the opening balance for 2019, non-current assets and interest-bearing liabilities increased by SEK 223 million.

<b>BRIDGE BETWEEN IAS 17 AND IFRS 16</b>	<b>SEK MILLION</b>
Commitments for operating leases as at 31 December, 2018	255
Discount with the Group's incremental borrowing rate	-20
Less short-term leases expensed on a straight-line basis	-49
Less leases for which the underlying asset is of low value that has been expensed on a straight-line basis	-5
Less agreements revaluated as service agreements	-35
Plus/less adjustments due to other management of options to extend or terminate the agreement	77
<b>Additional lease liability arising from IFRS 16</b>	<b>223</b>
Liabilities for finance leases on 31 December, 2018	36
<b>Lease liability recognized on January 1, 2019</b>	<b>259</b>

#### 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

<b>ACCUMULATED COST</b>	<b>31 DEC 2019</b>	<b>31 DEC 2018</b>
At the start of the year	5	4
Amortization, deductible receivables	-2	-1
Other additional receivables	0	2
Translation differences	0	0
<b>Carrying amount at year-end</b>	<b>3</b>	<b>5</b>

#### NOTE 21 INVENTORIES

	<b>31 DEC 2019</b>	<b>31 DEC 2018</b>
Raw materials and consumables	51	85
Products in progress	155	157
Finished products and goods for resale	446	467
<b>Total inventories</b>	<b>652</b>	<b>709</b>

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

Impairment for the year of inventories at their net selling price amounts to SEK 9 (4) million. The impairment has been recognized in the income statement as the cost of goods sold. During the year, the Group reversed SEK -5 (-3) million of previous impairments of inventories. The amount is included in the cost of goods sold.

#### 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 652 (709) 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	31 DEC 2019	31 DEC 2018
Accounts receivable	576	573
Minus credit reserve	-5	-4
<b>Total accounts receivable</b>	<b>571</b>	<b>569</b>

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	31 DEC 2019	31 DEC 2018
SEK	34	41
EUR	466	430
USD	16	29
GBP	27	34
PLN	1	1
CNY	18	25
Others	9	9
<b>Total accounts receivable</b>	<b>571</b>	<b>569</b>

### 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. The credit losses are listed in the Group's report of the comprehensive income under the item Sales and administration costs. 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. Accounts receivable in relation to the Group's net sales amounted to 0.00% (0.07) in 2019. The age analysis of accounts receivable is as below.

AGE ANALYSIS, ACCOUNTS RECEIVABLE	31 DEC 2019	31 DEC 2018
Less than 3 months	30	69
3 to 6 months	1	2
More than 6 months	4	7
<b>Total accounts receivable due</b>	<b>35</b>	<b>78</b>

Change in credit reserve receivables is listed below.

CHANGE IN CREDIT RESERVE	31 DEC 2019	31 DEC 2018
At beginning of year	-4	-5
Change in credit reserve	-1	0
Receivables written off during the year as non-recoverable	0	-
Reversal of unutilized amounts	0	1
Exchange rate differences for the year	0	-2
<b>At year-end</b>	<b>-5</b>	<b>-4</b>

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 IAS 9 - Financial Instruments. As of 31 December 2019, the value of transferred accounts receivable amounted to SEK 50 (62) million.

## NOTE 23 OTHER RECEIVABLES

	31 DEC 2019	31 DEC 2018
Receivable attributable to VAT	42	31
Other receivables	12	8
<b>Total other receivables</b>	<b>54</b>	<b>39</b>

## NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	31 DEC 2019	31 DEC 2018
Prepaid rent	0	3
Prepaid licenses	2	5
Prepaid insurance	3	3
Other prepaid expenses	11	15
Other accrued income	64	54
<b>Total prepaid expenses and accrued income</b>	<b>80</b>	<b>80</b>

## 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 31 DEC 2019	AMORTIZED COST 31 DEC 2018
Other long-term receivables	3	5
Accounts receivable	571	569
Cash and cash equivalents	64	18
<b>Total</b>	<b>638</b>	<b>592</b>

For investments in joint ventures, see Note 35.

### 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 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 31 DEC 2019	AMORTIZED COST 31 DEC 2018
Long-term interest-bearing liabilities	559	185
Current interest-bearing liabilities	59	3
Accounts payable	375	414
<b>Total other financial liabilities</b>	<b>993</b>	<b>602</b>

### 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 12, Leases in accordance with previous accounting policies.

#### *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 2019 and 2018 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 2019 and 2018 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
<b>Number of shares outstanding as of 31 December 2018</b>	<b>20,132,987</b>	<b>20,132,987</b>
Buy-back of own shares in 2019	-144,995	-144,995
<b>Number of shares outstanding as of 31 December 2019</b>	<b>19,987,992</b>	<b>19,987,992</b>

The total number of ordinary shares as of 31 December 2019 amounts to 21,040,207. The quotient value per share is SEK 0.50.

All issued shares are fully paid.

### 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	
	2019	2018
Opening balance	57	39
Exchange differences	17	19
Other comprehensive income attributable to joint venture	0	-1
<b>Closing balance</b>	<b>74</b>	<b>57</b>

### 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	2019	2018
Profit/loss items		
Income	72	54
Profit after tax	6	-9
Other comprehensive income		
Exchange differences	4	-3
<b>Total comprehensive income</b>	<b>10</b>	<b>-12</b>
Attributable to		
Parent Company shareholders	6	-8
Non-controlling interests (37%)	4	-4
<b>Total comprehensive income</b>	<b>10</b>	<b>-12</b>

SUMMARIZED BALANCE SHEET	31 DEC 2019	31 DEC 2018
Assets		
Non-current assets	56	43
Current assets	43	35
<b>Total assets</b>	<b>99</b>	<b>78</b>
Liabilities		
Non-current liabilities	23	23
Current liabilities	33	29
<b>Total liabilities</b>	<b>56</b>	<b>52</b>
<b>Net assets</b>	<b>43</b>	<b>26</b>
Total net assets attributable to non-controlling interests (37%)	16	10

SUMMARIZED CASH FLOW	2019	2018
Cash flow from operating activities	7	-6
Cash flow from investing activities	-9	-3
Cash flow from financing activities	2	4
<b>Cash flow for the year</b>	<b>0</b>	<b>-5</b>

### 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 28 (33) 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	31 DEC 2019	31 DEC 2018
FPG/PRI	11	12
Other retirement pensions in Swedish companies	1	1
Retirement pensions in foreign companies	1	1
Other long-term remuneration to employees	3	3
<b>Total defined-benefit pension plans and similar obligations</b>	<b>16</b>	<b>17</b>

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

PENSION COMMITMENTS	SWEDEN	
	2019	2018
Discount rate, %	0.8	1.4
Inflation, %	1.7	2.0

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 corporate 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 0.4 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-BENEFIT OBLIGATIONS AND THE VALUE OF PLAN ASSETS	31 DEC 2019	31 DEC 2018
Present value of defined-benefit obligations	16	17
Fair value of plan assets	–	–
<b>The Group's net obligation in respect of defined-benefit pension plans</b>	<b>16</b>	<b>17</b>
- of which, provisions for pensions	15	16
- of which, current interest-bearing liabilities	1	1

RECONCILIATION OF NET OBLIGATION RELATING TO DEFINED-BENEFIT OBLIGATIONS	31 DEC 2019	31 DEC 2018
Opening net debt	17	15
Pension expense (+)/income (-) for the period	4	3
Pension payments	-3	-1
Revaluation effect of changed assumptions after tax	-2	0
Translation difference	0	0
<b>Closing net debt</b>	<b>16</b>	<b>17</b>

SPECIFICATION OF TOTAL EXPENSES FOR REMUNERATION AFTER TERMINATION OF EMPLOYMENT AS RECOGNIZED IN THE INCOME STATEMENT	2019	2018
Costs relating to defined-benefit plans		
Costs for service during current year	-4	-3
Interest expenses	-0	-0
<b>Total costs relating to defined-benefit plans</b>	<b>-4</b>	<b>-3</b>
Costs relating to defined-contribution plans	-11	-17
<b>Total costs recognized in the income statement</b>	<b>-15</b>	<b>-20</b>
<b>Revaluation effect recognized in "Other comprehensive income (before tax)"</b>	<b>0</b>	<b>0</b>

ASSETS PLEDGED FOR PENSION COMMITMENTS	31 DEC 2019	31 DEC 2018
Capital insurance <sup>1)</sup>	28	33
<b>Total</b>	<b>28</b>	<b>33</b>
Amount of the provision item expected to be paid after more than 12 months	27	32

<sup>1)</sup> 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 34.

### 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 reconciles 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 employment 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 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	31 DEC 2019	31 DEC 2018
Bank overdraft facilities	38	102
Other interest-bearing liabilities	296	50
<b>Long-term interest-bearing liabilities</b>	<b>334</b>	<b>152</b>
Which mature between 1 and 5 years	334	131
Which mature after more than five years	–	21
<b>Total</b>	<b>334</b>	<b>152</b>

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 2019 and 2018.

Long-term liabilities to credit institutions and the portion of bank overdraft facilities classified as long-term are covered by a credit facility that runs until the end of June 2023. The financing agreement covers a period of 4+1+1 years, i.e. with two extension periods of one year each. Since the balance sheet date, the company has utilized its final option to extend the financing agreement, which now expires in June 2024.

BANK OVERDRAFT FACILITIES	31 DEC 2019	31 DEC 2018
Approved overdraft facilities	152	215
Unutilized portion	-114	-113
<b>Utilized credit<sup>1)</sup></b>	<b>38</b>	<b>102</b>

1) Of which SEK 38 (102) million is recognized as a long-term liability as the Group is entitled to extend the credit within the framework of existing credit arrangements.

## 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

	31 DEC 2019	31 DEC 2018
Shares in subsidiaries	1,486	1,533
Other long-term receivables	1	1
<b>Total pledged assets for liabilities to credit institutions</b>	<b>1,487</b>	<b>1,534</b>



## NOTE 32 ACCRUED EXPENSES AND PREPAID INCOME

	31 DEC 2019	31 DEC 2018
Accrued salaries, including holiday pay	39	47
Accrued social security costs	25	29
Other accrued expenses	48	37
Prepaid income	7	9
<b>Total accrued expenses and prepaid income</b>	<b>119</b>	<b>122</b>

## NOTE 33 OTHER PROVISIONS

	31 DEC 2019	31 DEC 2018
Costs for restructuring programs	8	1
<b>Total other provisions</b>	<b>8</b>	<b>1</b>
<b>RESTRUCTURING MEASURES</b>		
Carrying amount at start of period	1	–
Allocated during the period	20	1
Utilized during the period	-13	–
<b>Carrying amount at end of period</b>	<b>8</b>	<b>1</b>

Provisions for restructuring cover direct costs that are contingent on the restructuring and have no connection with the company's current activities, such as costs for unutilized rental contracts, environmental costs and remuneration to staff without employment. When the effect of the timing of the payment is of significance, the provision is determined by way of a calculation of the current value of future disbursements.

### ACCOUNTING POLICIES

A provision is recognized in the balance sheet when the company has a formal or informal obligation as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the commitment and that the amount can be estimated reliably. When the effect of the timing of the payment is of significance, the provision is calculated by discounting the expected future cash flow at a pre-tax interest rate which reflects current market assessments of the time-related value of the money and, if applicable, the risks associated with the liability.

A provision for restructuring is recognized once a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced.

A provision for onerous contracts is recognized when the expected benefits are lower than the unavoidable costs for fulfilling the obligations in accordance with the contract.

A provision for the Group's share in a joint venture's negative net assets is recognized when the Group has a formal or informal obligation to restore the company's own equity.

## IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group is exposed to legal risks when the business is impacted by a large number of commercial and financial agreements with customers, suppliers, employees and other parties. This is normal for a business such as the Group's. The executive management systematically assesses the expected outcome of compensation claims made against the Group. As of the balance sheet date there were a few compensation claims against the Group, and the executive management believes that it is unlikely that these will have a material impact on the consolidated profit and financial position. No provision is recognized as of the balance sheet date for these compensation claims.

## NOTE 34 CONTINGENT LIABILITIES

	31 DEC 2019	31 DEC 2018
Pension obligations in addition to those accounted for as liabilities or provisions <sup>1)</sup>	28	33
Other contingent liabilities	7	8
<b>Total contingent liabilities</b>	<b>35</b>	<b>41</b>

<sup>1)</sup> Of which SEK 28 (33) million in pension obligations is secured by way of capital insurance, which means that any changes to the pension obligation is fully compensated by a corresponding change in value of the capital insurance.

## NOTE 35 INVESTMENTS IN JOINT VENTURES

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 shareholder agreement between the owners of BBB Services Ltd (Bulten and Brugola) means that the most relevant activities in the joint venture must be agreed by both parties. The key business risks and responsibilities are divided among and linked to the deliveries and products provided by each party.

An assessment of the factors and circumstances on which this collaboration is based means that this arrangement is classified as a joint venture. In light of this and the application of IFRS 11, BBB Services Ltd is recognized in accordance with the equity method.

The Group is also a partner in another joint venture: Ram-Bul LLC, based in Hudson, Ohio, USA. The Group has a 50% share. Ram-Bul LLC did not conduct any significant activities in 2019 from a Group perspective. The holding is recognized according to the equity method as investments in joint ventures.

The Group's share of BBB Services Ltd's net assets amounts to SEK 2 (0) million. The Group's share of Ram-Bul LLC's net assets amounts to SEK 1 (1) million.

GROUP'S SHARE OF BBB SERVICES LTD	31 DEC 2019	31 DEC 2018
Opening balance	0	-6
Share of profit for the year	3	8
Other comprehensive income	0	-2
<b>Closing balance</b>	<b>3</b>	<b>0</b>

### Summary of financial information

A summary of financial information for BBB Services Ltd, which is recognized using the equity method, is presented below. The information below refers to amounts recognized in the joint venture's year-end accounts (not the Bulten Group's share of these amounts) pursuant to the Group's accounting policies.

SUMMARIZED INCOME STATEMENT	2019	2018
Profit/loss items		
Income	392	570
Costs	-388	-555
Depreciation	-	-
<b>Profit before tax</b>	<b>4</b>	<b>15</b>
Tax on profit for the year	-1	-2
<b>Profit after tax</b>	<b>3</b>	<b>13</b>
Other comprehensive income		
Exchange differences	0	-2
<b>Total comprehensive income</b>	<b>3</b>	<b>11</b>
Attributable to		
Bulten Fasteners AB	2	6
Other participants	1	5
<b>Total comprehensive income</b>	<b>3</b>	<b>11</b>

SUMMARIZED BALANCE SHEET	31 DEC 2019	31 DEC 2018
Assets		
Non-current assets	1	1
Current assets, excluding cash and cash equivalents	33	128
Cash and cash equivalents	29	25
<b>Total assets</b>	<b>63</b>	<b>154</b>
Liabilities		
Current liabilities	59	153
<b>Total liabilities</b>	<b>59</b>	<b>153</b>
<b>Net assets/liabilities</b>	<b>4</b>	<b>1</b>
Group's share of joint venture (60%)	2	0

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

## ACCOUNTING POLICIES

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 this is a joint venture. 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. In accordance with the shareholder agreement, Bulten has no formal obligation to contribute additional capital to BBB Services Ltd as the business shall be financed primarily through operating liabilities to the company's owners. An informal obligation to restore the Group's share of the company's equity is considered to exist because the continued operation of the company is considered to be of commercial significance for the Group. In light of this, where appropriate the Group recognizes its share of negative net assets ("net debts") under current liabilities.

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 36 CASH FLOW, NET DEBT

ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2019	2018
Depreciation of non-current assets	141	90
Unrealized currency gains/losses	-1	2
Profit from participations in joint ventures	-2	-8
Gain on sale of non-current assets	5	-1
Other non-cash-affecting items	9	-1
<b>Total adjustments for items not included in cash flow</b>	<b>152</b>	<b>82</b>
<b>INTEREST PAID AND RECEIVED</b>	<b>2019</b>	<b>2018</b>
Interest paid	-11	-4
Interest received	-	-
<b>CASH AND CASH EQUIVALENTS</b>	<b>31 DEC 2019</b>	<b>31 DEC 2018</b>
Cash and bank accounts	64	18
<b>Total cash and bank accounts</b>	<b>64</b>	<b>18</b>

“Cash and cash equivalents” in the balance sheet and cash flow statement refers solely to cash and bank accounts. Outstanding bank funds of SEK 64 (18) million are, in their entirety, placed in banks with the highest credit rating from leading credit institutions.

CHANGE IN NET CASH/NET DEBT	2019	2018
Net debt (-) at the start of the year	-181	-49
Change in bank overdraft facilities and other financial liabilities	-198	-101
Change of liabilities relating to financial lease	-232	1
Changes in provisions for pensions	1	-3
Change in interest-bearing receivables	-2	1
Change in cash and cash equivalents	46	-30
<b>Net debt (-)</b>	<b>-565</b>	<b>-181</b>
Less interest-bearing liabilities attributable to financial leases	267	36
<b>Adjusted net debt (-)</b>	<b>-299</b>	<b>-145</b>

REPORT ON CASH FLOW	1 JAN 2019	CASH FLOW	CHANGES NOT AFFECTING CASH FLOW			31 DEC 2019
			LEASING	PENSION	EXCHANGE RATE DIFFERENCES	
Long-term interest-bearing lease liabilities	-33	-	-189	-	-3	-225
Other long-term interest-bearing liabilities	-152	-170	-	-	-12	-334
Provision for pensions	-16	-3	-	4	-	-15
Current interest-bearing lease liabilities	-2	-44	-	-	4	-42
Other current interest-bearing liabilities	-1	-16	-	-	-	-17
<b>Total</b>	<b>-204</b>	<b>-233</b>	<b>-189</b>	<b>4</b>	<b>-11</b>	<b>-633</b>
Financial interest-bearing receivables	5	-2	-	1	-	4
Cash and cash equivalents	18	45	-	-	1	64
<b>Total</b>	<b>23</b>	<b>43</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>68</b>
<b>Total change in cash flow</b>	<b>-181</b>	<b>-190</b>	<b>-189</b>	<b>5</b>	<b>-10</b>	<b>-565</b>

REPORT ON CASH FLOW	1 JAN 2018	CASH FLOW	CHANGES NOT AFFECTING CASH FLOW			31 DEC 2018
			LEASING	PENSION	EXCHANGE RATE DIFFERENCES	
Long-term interest-bearing liabilities	-84	-101	-	-	-	-185
Provision for pensions	-13	1	-	-4	-	-16
Current interest-bearing liabilities	-4	1	-	-	-	-3
<b>Total</b>	<b>-101</b>	<b>-100</b>	<b>-</b>	<b>-3</b>	<b>-</b>	<b>-204</b>
Financial interest-bearing receivables	4	-1	-	2	-	5
Cash and cash equivalents	48	-32	-	-	2	18
<b>Total</b>	<b>52</b>	<b>-33</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>23</b>
<b>Total change in cash flow</b>	<b>-49</b>	<b>-133</b>	<b>-</b>	<b>-1</b>	<b>2</b>	<b>-181</b>

### 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 37 RECONCILIATION BETWEEN IFRS AND KEY INDICATORS USED

ADJUSTED NET SALES, ORGANIC GROWTH	2019	2018
Net sales	3,093	3,132
Currency effect, current year	-92	-
<b>Adjusted net sales</b>	<b>3,001</b>	<b>3,132</b>

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	2019	2018
Operating profit (EBIT)	98	210
Depreciation/amortization and impairments	141	90
<b>Operating profit excl. depreciation (EBITDA)</b>	<b>239</b>	<b>300</b>

In calculating operating profit, excluding depreciation/amortization (EBITDA), depreciation/amortization and impairment are added 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 DEPRE- CIATION/AMORTIZATION, ADJUSTED EBITDA	2019	2018
Operating profit, excluding depreciation/ amortization (EBITDA)	239	300
Relocation costs	17	1
Restructuring costs	20	-
Acquisition costs	12	-
<b>Adjusted operating profit excl. depreciation (EBITDA)</b>	<b>288</b>	<b>301</b>

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

ADJUSTED OPERATING PROFIT, ADJUSTED EBIT	2019	2018
Operating profit (EBIT)	98	210
Relocation costs	17	1
Restructuring costs	20	-
Acquisition costs	12	-
<b>Adjusted operating profit (adjusted EBIT)</b>	<b>147</b>	<b>211</b>

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

ADJUSTED NET PROFIT	2019	2018
Net profit	55	143
Relocation costs	17	1
Restructuring costs	13	-
Acquisition costs	12	-
<b>Adjusted net profit</b>	<b>97</b>	<b>144</b>

When calculating the net profit, the non-recurring items are moved to the net profit. This measurement provides a figure for net profit, cleared of non-recurring items.

ADJUSTED NET DEBT	31 DEC 2019	31 DEC 2018
Net debt (-)	-565	-181
Less interest-bearing liabilities attributable to financial leases	267	36
<b>Adjusted net debt (-)</b>	<b>-299</b>	<b>-145</b>

In calculating adjusted net debt, interest-bearing liabilities attributable to financial leases of SEK 267 (36) million are deducted from net debt, of which SEK 233 (-) million is attributable to IFRS 16 Leases. This measurement provides a figure for a refined financial structure excluding lease liabilities.

## NOTE 38 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) and Ram-Bul LLC (joint venture). All transactions were made on market terms under the arm's-length principle.

<b>BBB SERVICES LTD GROUP</b>	<b>2019</b>	<b>2018</b>
Sale of goods	218	371
Other income	11	13
Accounts receivable	30	94
<b>RAM-BULL LLC</b>	<b>2019</b>	<b>2018</b>
Sale of goods	28	22
Accounts receivable	6	5

## 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 39 EVENTS AFTER THE BALANCE SHEET DATE

On 28 February 2020, Bulten completed its acquisition of the shares in PSM International Holdings Limited ("PSM").

PSM, founded in 1931, develops, produces and supplies fasteners to international markets, primarily in the automotive industry. The company has around 350 employees, production units in China, Taiwan and the UK as well as distribution centers in 22 countries. Asia/the Pacific region is the largest market and accounts for approximately 50% of PSM's sales, followed by the USA, which accounts for around 30%. PSM's customer base includes many large, well-known brands in the automotive, consumer electronics and domestic appliances industries, among others. During the twelve-month period up to and including August 2019, PSM's sales totaled approximately USD 42 (SEK 395) million.

The purchase price amounts to USD 24.5 (SEK 230) million on a cash-free and debt-free basis, and is financed through a vendor note of USD 8.5 (SEK 80) million, a transfer of 1,000,000 own shares in Bulten and a cash payment of USD 7.5 (SEK 71) million which is included in the existing financing agreement. The transfer of own shares to the seller of PSM, includes a 12-month lock-up. Bulten's transaction costs in relation to the acquisition are estimated at SEK 12 million.

In connection with its capital markets day on 20 February 2020, Bulten presented its new vision, updated strategy and new financial targets for the period 2020-2024, see page 8. Furthermore Marco Suzuki, the President of PSM International, was introduced as a member elect of Bulten's executive management in connection with the completion of the acquisition. Bulten is coordinating its business with PSM and moving into a single building in Ohio, where Bulten has signed a 12-year agreement with a yearly rental charge of approximately USD 1 million.

Covid-19 has had a significant impact lately on Bulten's deliveries. Given the uncertain situation, it is currently not possible to estimate the full potential impact for the Bulten Group, but there is a significant risk of a negative financial impact on the Group. Bulten closely monitors and evaluates the situation and has a close dialogue with business partners in order to minimize the impact as far as possible. Bulten's employees follow local authorities' guidelines and recommendations on possible local quarantine and attendance at the workplace. The Board of Directors is of the opinion that it is important in the current situation that the company's equity/assets ratio and financial position are as good as possible for possible future challenges and opportunities. Against this background, the Bulten Board has decided to withdraw the previously announced dividend proposal to the Annual General Meeting 2020 of SEK 4.00 per share and will instead propose to the Annual General Meeting that no dividend be paid.

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

## PARENT COMPANY'S INCOME STATEMENT

SEK MILLION	NOTE	2019	2018
Net sales	2	33	32
Cost of goods sold		–	–
<b>Gross profit</b>		<b>33</b>	<b>32</b>
Administrative expenses	3,4	-52	-46
<b>Operating profit/loss</b>		<b>-19</b>	<b>-14</b>
Interest income		1	–
Interest expenses and similar loss items	5	-5	-3
<b>Profit after net financial items</b>		<b>-23</b>	<b>-17</b>
Appropriations	6	60	132
<b>Profit before tax</b>		<b>37</b>	<b>115</b>
Tax on profit for the year	7	-9	-26
<b>Profit after tax</b>		<b>28</b>	<b>89</b>

## PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	2019	2018
Profit for the year	28	89
Other comprehensive income	–	–
<b>Total comprehensive income for the year</b>	<b>28</b>	<b>89</b>

## PARENT COMPANY'S CASH FLOW STATEMENT

SEK MILLION	2019	2018
<b>Operating activities</b>		
Profit after financial items	-23	-17
Adjustments for items not included in cash flow	-2	2
Taxes paid	-33	-2
<b>Cash flow from operating activities before changes in working capital</b>	<b>-58</b>	<b>-17</b>
<b>Cash flow from changes in working capital</b>		
Increase(-)/Decrease(+) in operating receivables	-12	-0
Increase(+)/Decrease(-) in operating liabilities	12	-0
<b>Cash flow from operating activities</b>	<b>-58</b>	<b>-17</b>
<b>Investing activities</b>		
Acquisition of intangible assets	-0	-0
Acquisition of property, plant and equipment	–	-0
Change in financial non-current assets	0	-2
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-2</b>
<b>Financing activities</b>		
Borrowing	200	50
Changes in financial receivables/liabilities, Group companies	-48	67
Buy-back of own shares	-14	-22
Dividend to Parent Company shareholders	-80	-76
<b>Cash flow from financing activities</b>	<b>58</b>	<b>19</b>
<b>Cash flow for the year</b>	<b>–</b>	<b>–</b>
Cash and cash equivalents as of beginning of the financial year	–	–
<b>Cash and cash equivalents at the end of the year</b>	<b>–</b>	<b>–</b>

## PARENT COMPANY'S BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		1	1
Property, plant and equipment		1	1
<b>Total intangible assets and property, plant and equipment</b>		<b>2</b>	<b>2</b>
<b>Financial non-current assets</b>			
Participations in Group companies	8, 10	1,382	1,382
Deferred tax assets	7	–	1
Other long-term receivables		1	2
<b>Total financial non-current assets</b>		<b>1,383</b>	<b>1,385</b>
<b>Total fixed non-current assets</b>		<b>1,385</b>	<b>1,387</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		209	163
Current tax receivables		3	1
Prepaid expenses and accrued income		13	2
<b>Total current receivables</b>		<b>225</b>	<b>166</b>
Cash and cash equivalents		–	–
<b>Total current assets</b>		<b>225</b>	<b>166</b>
<b>Total assets</b>		<b>1,610</b>	<b>1,553</b>

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	11	11
Statutory reserve		99	99
<b>Total restricted equity</b>		<b>110</b>	<b>110</b>
Premium reserve		1,133	1,133
Profit brought forward		-195	-128
<b>Total unrestricted equity</b>		<b>938</b>	<b>1,005</b>
<b>Total equity</b>		<b>1,048</b>	<b>1,115</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions		250	50
Liabilities to Group companies	10	287	285
<b>Total long-term liabilities</b>		<b>537</b>	<b>335</b>
<b>Current liabilities</b>			
Accounts payable		3	1
Liabilities to Group companies		0	67
Other liabilities		1	24
Accrued expenses and deferred income		21	11
<b>Total current liabilities</b>		<b>25</b>	<b>103</b>
<b>Total equity and liabilities</b>		<b>1,610</b>	<b>1,553</b>

## PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL EQUITY
	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS	
<b>Opening balance, 1 January 2018</b>	<b>11</b>	<b>99</b>	<b>1,133</b>	<b>-119</b>	<b>1,124</b>
<b>Comprehensive income</b>					
Profit for the year	-	-	-	89	89
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>89</b>
<b>Transactions with shareholders</b>					
Share-based remuneration to employees	-	-	-	-1	-1
Buy-back of own shares	-	-	-	-22	-22
Dividend to Parent Company shareholders (SEK 3.75 per share)	-	-	-	-76	-76
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-98</b>	<b>-98</b>
<b>Closing balance as of 31 December 2018</b>	<b>11</b>	<b>99</b>	<b>1,133</b>	<b>-128</b>	<b>1,115</b>
<b>Comprehensive income</b>					
Profit for the year	-	-	-	28	28
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>28</b>
<b>Transactions with shareholders</b>					
Share-based remuneration to employees	-	-	-	0	0
Buy-back of own shares	-	-	-	-14	-14
Dividend to Parent Company shareholders (SEK 4.00 per share)	-	-	-	-80	-80
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-95</b>	<b>-95</b>
<b>Closing balance as of 31 December 2019</b>	<b>11</b>	<b>99</b>	<b>1,133</b>	<b>-195</b>	<b>1,048</b>



## 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 above 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

	2019	2018
Intra-Group services	33	32
Other income	–	–
<b>Total net sales</b>	<b>33</b>	<b>32</b>

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 9 (9) employees. Note 8 to the consolidated financial statements presents total remuneration paid to Board members and senior executives.

AVERAGE NUMBER OF EMPLOYEES	2019	2018
Women	6	6
Men	3	3
<b>Total</b>	<b>9</b>	<b>9</b>

SALARIES, REMUNERATION, SOCIAL SECURITY COSTS AND PENSION EXPENSES	2019	2018
Salaries and remuneration to Board members, the President and CEO and the Executive Vice President	9	9
Salaries and remuneration to other employees	6	6
<b>Total salaries and remuneration</b>	<b>15</b>	<b>15</b>
Social security costs in accordance with legislation and agreements	5	5
Pension expenses for Board members, the President and CEO and the Executive Vice President	2	2
Pension costs, other employees	2	2
<b>Total social security costs and pension expenses</b>	<b>9</b>	<b>9</b>
<b>Total</b>	<b>24</b>	<b>24</b>

NUMBER OF BOARD MEMBERS ON THE BALANCE SHEET DATE	2019	2018
Women	1	1
Men	7	7
<b>Total</b>	<b>8</b>	<b>8</b>

NUMBER OF PRESIDENTS AND OTHER SENIOR EXECUTIVES	2019	2018
Women	3	3
Men	1	1
<b>Total</b>	<b>4</b>	<b>4</b>

## NOTE 4 REMUNERATION TO AND REIMBURSEMENT OF AUDITORS

PWC	2019	2018
Audit engagement	1	1
Other audit activities	0	0
Tax advice	1	0
Other services	4	1
<b>Total remuneration to and reimbursement of auditors</b>	<b>6</b>	<b>2</b>

“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 examination 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

	2019	2018
Interest expenses, external	-2	–
Interest expenses, Group companies	-2	-2
Other	-1	-1
<b>Total interest expenses and similar profit/loss items</b>	<b>-5</b>	<b>-3</b>

None of the interest expenses for 2019 and 2018 have been paid.

## NOTE 6 APPROPRIATIONS

	2019	2018
Group contributions received	60	132
Group contributions paid	–	–
<b>Total appropriations</b>	<b>60</b>	<b>132</b>

## NOTE 7 TAX ON PROFIT FOR THE YEAR

REPORTED TAX	2019	2018
Current tax		
Current tax for the year	-9	-24
<b>Total current tax</b>	<b>-9</b>	<b>-24</b>
Deferred tax expense (-)/ tax income (+)		
Deferred tax on temporary differences	-0	-2
<b>Total deferred tax</b>	<b>-0</b>	<b>-2</b>
<b>Total reported tax</b>	<b>-9</b>	<b>-26</b>

RECONCILIATION OF EFFECTIVE TAX	2019	2018
Profit before tax	37	115
Tax according to applicable tax rate	-8	-25
Tax effect of:		
Non-deductible expenses	-1	-1
<b>Tax on profit for the year according to the income statement</b>	<b>-9</b>	<b>-26</b>

## NOTE 8 PARTICIPATIONS IN GROUP COMPANIES

	31 DEC 2019	31 DEC 2018
At beginning of year	1,382	1,382
<b>Carrying amount at the end of the period</b>	<b>1,382</b>	<b>1,382</b>

### SPECIFICATION OF PARENT COMPANY’S PARTICIPATIONS IN GROUP COMPANIES

SUBSIDIARY/CORP. REG. NO./REGISTERED OFFICE	PARTICIPATION, %	RECOGNIZED VALUE
	31 DEC 2019	31 DEC 2019
Bulten Holding AB, 556224-0894, Gothenburg	100%	1,382
<b>Carrying amount at the end of the period</b>		<b>1,382</b>

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
<b>Number of shares outstanding as of 31 December 2018</b>	<b>20,132,987</b>	<b>20,132,987</b>
Buy-back of own shares in 2019	-144,995	-144,995
<b>Number of shares outstanding as of 31 December 2019</b>	<b>19,987,992</b>	<b>19,987,992</b>

The total number of ordinary shares as of 31 December 2019 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

	31 DEC 2019	31 DEC 2018
Shares in subsidiaries	1,382	1,382
<b>Total pledged assets for liabilities to credit institutions</b>	<b>1,382</b>	<b>1,382</b>

## NOTE 11 CONTINGENT LIABILITIES

	31 DEC 2019	31 DEC 2018
Guarantees in favor of Group companies	5	5
Other contingent liabilities	1	2
<b>Total contingent liabilities</b>	<b>6</b>	<b>7</b>

## 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 19 July 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 for the Group and the Parent Company 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, 24 March 2020

Ulf Liljedahl  
*Chair of the Board*

Hans Gustavsson  
*Board member*

Hans Peter Havdal  
*Board member*

Peter Karlsten  
*Board member*

Anne-Lie Lind  
*Board member*

Nicklas Paulson  
*Board member*

Mikael Jansson  
*Employee representative*

Lars Jonsson  
*Employee representative*

Anders Nyström  
*President and CEO*

Our auditor's report was submitted on 24 March 2020  
PricewaterhouseCoopers AB

Fredrik Göransson  
*Certified Public Accountant*

# AUDITOR'S REPORT

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

### Opinions

We have audited the annual accounts and consolidated financial statements of Bulten AB (publ) for the year 2019. The annual accounts and consolidated financial statements of the company are presented on pages 52-99 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Board of Directors' Report is consistent with other parts of the annual accounts and consolidated financial statements.

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

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

### Basis for opinions

We have conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section "Auditor's Responsibilities". We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services as

referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, as the case may be, its Parent Company or its controlled companies in the EU.

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

### Our audit work

#### *The focus and scope of the audit*

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

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

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

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

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

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

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

### *Materiality*

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

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

## Key audit matters

Key audit matters of the audit are the matters which, in our professional opinion, were of most significance in our audit of the annual accounts and consolidated financial statements of the current period. Although these matters were addressed in the context of our audit of the annual accounts and consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

---

### Key audit matter

#### *Inventory obsolescence*

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

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

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

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

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

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

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

### How our audit addressed this key audit matter

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

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

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

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

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

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

### **Information other than the annual accounts and consolidated financial statements**

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

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

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account the knowledge we have obtained in our audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report the same. We have nothing to report in this regard.

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

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

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

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

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions users make on the basis of these annual accounts and consolidated financial statements.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

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

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

### Basis for opinions

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

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

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

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes the continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, the management of assets and the company's financial affairs in general are controlled in a reassuring manner. The President and CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures as necessary for ensuring the compliance of the company's accounting with the law and for ensuring the management of assets in a reassuring manner.

## Auditor's responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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

A further description of our responsibility for the audit of the administration is available in Swedish on the Swedish Inspectorate of Auditors' website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar) This description forms part of the auditor's report.

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

Gothenburg, 24 March 2020  
PricewaterhouseCoopers AB

Fredrik Göransson  
*Certified Public Accountant*

## DEFINITIONS

### Return on equity

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

### Return on adjusted equity

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

### Return on capital employed

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

### Gross margin

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

### EBITDA margin

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

### EBIT margin (operating margin)

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

### Adjusted EBIT margin (operating margin)

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

### Equity

Recognized equity including non-controlling interests.

### Full Service Provider (FSP) concept

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

### Number of employees (headcount)

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

### Average number of employees (FTE)

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

### Pre-development

Preparatory product development to identify and secure future technology needs.

### Information Technology General Controls (ITGC)

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

### Inventory turnover

Cost of goods sold divided by average inventories.

### Capital turnover

Net sales divided by average capital employed.

### Net cash/net debt

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

### Adjusted net cash/net debt

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

### Net margin

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

### Debt/equity ratio

Interest-bearing net liabilities divided by equity.

### OEM

Original Equipment Manufacturer, vehicle manufacturer.

### Organic growth

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

### Net sales per employee

Net sales divided by average number of FTEs.

### Earnings per share after tax

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

### Interest-coverage ratio

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

### Working capital

Current assets less current non-interest-bearing liabilities.

### Operating margin

Operating profit/loss as a percentage of net sales.

### Operating profit per employee

Operating profit/loss divided by average number of FTEs.

### Equity ratio

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

### Capital employed

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

### Tiers

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



## CORPORATE GOVERNANCE REPORT

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

### Composition of the Board in 2019

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

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

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

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

### ANNUAL GENERAL MEETING

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

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

### Right to attend AGMs

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

### Initiatives from shareholders

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

### Major shareholders

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

### Annual General Meeting 2019

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

## NOMINATIONS COMMITTEE

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

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

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

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

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

## BOARD OF DIRECTORS

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

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

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

### Chair of the Board

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

### Board's procedures

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

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

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

### Board meetings in 2019

Attendance of Board members at Board meetings in 2019.

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

### Evaluation of Board activities in 2019

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

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

## AUDIT COMMITTEE

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

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

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

## REMUNERATION COMMITTEE

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

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

## THE PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

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

## REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

### Remuneration to the Board

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

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

### Remuneration for senior management

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

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

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

## EXECUTIVE MANAGEMENT

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

## INTERNAL AUDIT

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

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

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

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

## INTERNAL CONTROL

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

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

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

### Control environment

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

### **Risk assessment**

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

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

### **Internal control in relation to financial reporting**

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

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

### **Financial reporting shall:**

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

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

### **Information and communication**

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

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

### **Control activities**

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

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

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

### **Follow-up of financial information**

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

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

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

### **AUDITORS**

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

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

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

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

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

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

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

### **COMMUNICATION**

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

## SIGNATURES

Gothenburg, 24 March 2020

Ulf Liljedahl  
*Chair of the Board*

Hans Gustavsson  
*Board member*

Hans Peter Havdal  
*Board member*

Peter Karlsten  
*Board member*

Anne-Lie Lind  
*Board member*

Nicklas Paulson  
*Board member*

Mikael Jansson  
*Employee representative*

Lars Jonsson  
*Employee representative*

Anders Nyström  
*President and CEO*

### AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

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

#### Engagement and responsibility

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

#### Focus and scope of the audit

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

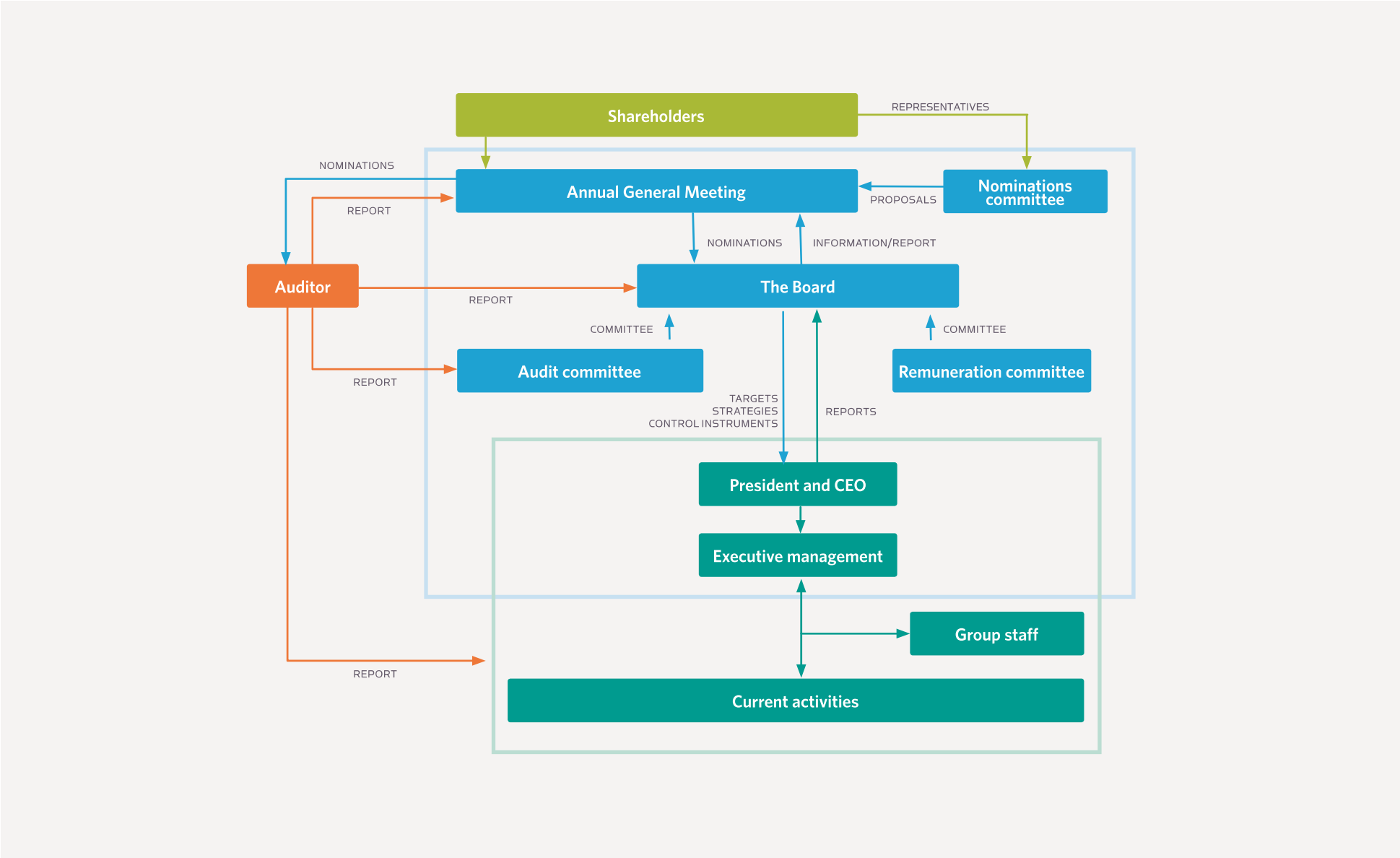
#### Statement

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

Gothenburg, 24 March 2020  
PricewaterhouseCoopers AB

Fredrik Göransson  
Certified Public Accountant

# OVERVIEW OF CORPORATE GOVERNANCE



# THE BOARD

---





	ULF LILJEDAHL	HANS GUSTAVSSON	HANS PETER HAVDAL	PETER KARLSTEN	ANNE-LIE LIND	NICKLAS PAULSON	MIKAEL JANSSON	LARS JONSSON
	Chair of the Board	Board member and Chair of the remuneration committee	Board member	Board member	Board member	Board member	Employee representative for Unionen	Employee representative for IF Metall
<b>Year elected</b>	2015	2005	2013	2015	2016	2018	2018	2018
<b>Current employment</b>	President and CEO of Volito AB	Provides consultancy services in leadership	Division Manager, Semcon Engineering Services Norway, UK and India	Runs own company focusing on corporate governance and consultancy	Logistics Director Tamro AB	President of Investment AB Öresund	Production technician at Bulten's Hallstahammar facility	Tool maker at Bulten's Hallstahammar facility
<b>Born</b>	1965	1946	1964	1957	1971	1970	1982	1966
<b>Education</b>	MBA	Engineer and training in finance and management	Master of Engineering, Machinery	Master of Engineering	Master of Engineering and MBA	MBA	High school education in electrics and automation	High school education in engineering
<b>Nationality</b>	Swedish	Swedish	Norwegian	Swedish	Swedish	Swedish	Swedish	Swedish
<b>Other duties</b>	Several board assignments for companies in the Volito Group and board member of Konecranes Plc.	None	Chair of the Board for Yeti Snow Technology AS	Chair of the Board for Holmberg Safety Systems.	Board member of Bellman Group AB and Mio AB	Board member of Bahnhof AB, Bilia AB and Ovzon AB	None	None
<b>Independent of the company and corporate management</b>	Yes	Yes	Yes	Yes	Yes	Yes	-	-
<b>Independent of the company's major shareholders</b>	No	Yes	Yes	Yes	Yes	No	-	-
<b>Previous experience</b>	Executive positions in the Husqvarna Group and Cardo Group and a number of positions in finance at Alfa Laval	Executive positions at Volvo Cars and Jaguar Land Rover	Senior positions at the Kongsberg Group	Executive positions at AB Volvo and ABB, among others	Executive positions at SKF, Volvo and Tetra Pak	Positions at Carnegie, Investment Banking and Alfred Berg, Investment Banking	-	-
<b>Shareholding as of 28 February 2020</b>	-	130,768	2,650	3,000	3,500	1,000	-	-
<b>Number of Board meetings</b> Attendance/total number of meetings*	25/25	24/25	21/25	25/25	23/25	24/25	23/25	21/25
<b>Audit committee</b> Attendance/total number of meetings*	Yes 5/5	No -	No -	Yes 5/5	No -	Yes 5/5	-	-
<b>Remuneration committee</b> Attendance/total number of meetings*	Yes 7/7	Yes 7/7	Yes 7/7	No -	No -	No -	-	-
<b>Remuneration in 2019</b>	550,000	380,000	325,000	340,000	315,000	340,000	-	-
of which remuneration to the Board	475,000	315,000	315,000	315,000	315,000	315,000	-	-
of which committee work	75,000	65,000	10,000	25,000	-	25,000	-	-

# EXECUTIVE MANAGEMENT AND AUDITORS



	ANDERS NYSTRÖM	HELENA WENNERSTRÖM	FREDRIK BÄCKSTRÖM	MAGNUS CARLUNGER	MARLENE DYBECK	ANDERS KARLSSON	CLAES LINDROTH	KAMILLA ORESVÅRD	MARCO SUZUKI	NEAL THOMAS
<b>Current position</b>	President and CEO	Executive Vice President and CFO	Senior Vice President Production	Senior Vice President Marketing and Sales Region East	Senior Vice President HR and Sustainability	Executive Advisor Business Development	Senior Vice President Supply Chain	Senior Vice President Corporate Communications	Senior Vice President and President and CEO of PSM	Senior Vice President Marketing and Sales Region West
<b>In current position/ Employed in the company</b>	2019/2019	2014/2002	2019/2019	2017/1995	2016/2016	2017/1975	2017	2014/2005	1 March 2020/ 1 March 2020	2017/1994
<b>Education</b>	Mechanical engineer with additional education in leadership and finance	MBA	Masters in mechanical engineering	Executive MBA and Mechanical Engineer	Executive MBA and university studies in behavioral science	MBA	Mechanical Engineer	Degree in the humanities	Degree in mechanical engineering, masters in engineering and MBA	Advanced level education and training in sales and leadership
<b>Previous experience</b>	Extensive international experience in the automotive industry with several previous senior management positions within Kongsberg Automotive, Volvo Cars, Ford Motor Company and IAC Group.	CFO for Finnveden-Bulten since 2009, and financial officer for Bulten since 2006. Previous senior positions at Finnveden, Bulten, Digitalfabriken and Topcon, among others.	Several senior positions at Arcam AB, Poseidon Diving System AB, Carmel Pharma AB, Pågen/Pååls bageri and Dayco Automotive AB, among others.	SVP Technology and Business Development at Bulten (2014-2017), Managing Director for Bulten Sweden AB (since 2003), other previous executive positions at Bulten and C I Pihl.	Previous positions at Volvo Cars, Hultafors Group and Gunnebo, among others.	SVP Market and Sales at Bulten (2014-2017), VP Marketing of Bulten (2003-2014), Managing Director Bulten Polska S.A. Previous senior management positions at Bulten.	Previous positions at Shiloh, Volvo Cars, Norsk Hydro and Raufoss.	Head of communications at FinnvedenBulten since 2011. Previous positions at Finnveden and SCA, among others.	President and CEO of PSM since 2018. Other senior positions at Toyota Motor Group, Sumitomo Electric and Impro Precision Industries, for example.	Managing Director for Bulten UK (since 2002). Previous senior management positions at Bulten.
<b>Born</b>	1965	1965	1965	1967	1966	1949	1962	1967	1968	1961
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish	Swedish	American	British
<b>Other duties</b>	None	Board member and chair of the audit committee of Ascelia Pharma AB (publ) and a member of Handelsbanken's office board in Sisjön, Gothenburg.	None	None	None	Chair of EIFI (European Industrial Fasteners Institute)	Member of SAMS (Swedish Association for Material Sourcing)	None	None	None
<b>Shareholding as of 28 February 2020</b>	3,500	99,938	8,000	8,000	4,824	28,274	6,000	3,516	–	6,710

**FREDRIK GÖRANSSON**

PricewaterhouseCoopers AB,  
Chief Auditor.

**In current position/Employed in the company:** Auditor of the company since 2013.

**Education:** Certified Public Accountant. **Born:** 1973. **Nationality:** Swedish.

**Other duties:** Chief auditor for Bufab AB (publ) and HMS Networks AB (publ), among others.

## KEY FIGURES FOR THE GROUP

GROUP	2019	2018	2017	2016	2015
<b>Margins</b>					
EBITDA margin, %	7.7	9.6	10.1	10.1	8.4
Adjusted EBITDA margin, %	9.3	9.6	10.1	10.1	8.1
EBIT margin (operating margin), %	3.2	6.7	7.4	7.5	6.1
Adjusted EBIT margin (operating margin), %	4.8	6.7	7.4	7.5	5.8
Net margin, %	1.8	4.6	5.6	5.5	4.1
Adjusted net margin, %	3.1	4.6	5.6	5.5	3.8
<b>Profitability ratios</b>					
Return on capital employed, %	5.5	12.8	14.4	13.9	11.5
Adjusted return on capital employed, %	8.1	12.9	14.4	13.9	11.0
Return on capital employed, excluding goodwill, %	6.2	14.6	16.7	16.2	13.4
Adjusted return on capital employed, excluding goodwill, %	9.0	14.7	16.7	16.2	12.8
Return on equity, %	3.5	9.9	11.7	11.5	9.4
Adjusted return on equity, %	6.4	10.0	11.7	11.5	8.9
<b>Capital structure</b>					
Capital turnover rate, times	1.6	1.9	1.9	1.8	1.9
Debt/equity ratio, times	-0.4	-0.1	-0.0	0.0	-0.1
Interest coverage ratio, times	7.6	18.2	38.8	30.6	14.4
Equity/assets ratio, %	55.2	64.8	66.8	68.9	64.0
<b>Employees</b>					
Net sales per employee, SEK 000	2,171	2,186	2,189	2,117	2,246
Operating profit per employee, SEK 000	69	146	161	158	138
Number of employees	1,425	1,433	1,305	1,264	1,199
<b>Other</b>					
Net cash (+)/net debt (-), SEK million	-565	-181	-49	30	-176
Adjusted net cash (+)/net debt (-), SEK million <sup>2)</sup>	-299	-145	-12	68	-138
<b>Earnings per share attributable to Parent Company shareholders</b>					
Earnings per share, SEK <sup>1)</sup>	2.62	7.19	7.98	7.27	5.61
Earnings per share adjusted for non-recurring items, SEK <sup>1)</sup>	2.62	7.24	7.98	7.27	5.30
<b>Number of shares outstanding</b>					
Weighted number of outstanding ordinary shares, thousands <sup>1)</sup>	20,030.8	20,323.7	20,359.7	20,359.7	20,829.5

<sup>1)</sup> Refers to before dilution

<sup>1)</sup> Earnings per share adjusted for non-recurring items. Profit after tax adjusted for non-recurring expenses.

All adjusted items take current tax and deferred tax into account. Divided by weighted number of outstanding shares at the balance sheet date.

<sup>2)</sup> Adjusted net cash/net debt. Interest-bearing liabilities excluding interest-bearing liabilities attributable to financial leases, less interest-bearing assets.

## QUARTERLY DATA FOR THE GROUP

GROUP	2019				2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Orders received	842	776	752	733	741	723	855	779	839	691	765	720
<b>Income statement</b>												
Net sales	784	718	781	810	747	722	810	853	740	630	708	778
Gross profit	149	106	129	159	139	132	156	159	142	122	141	153
Earnings before depreciation (EBITDA)	65	29	54	91	71	61	80	88	76	55	76	83
EBITDA margin, %	8.3	4.1	6.9	11.2	9.6	8.4	9.8	10.4	10.2	8.7	10.8	10.6
Adjusted earnings before depreciation (EBITDA)	80	56	60	92	72	61	80	88	76	55	76	83
Adjusted EBITDA margin, %	10.2	6.8	7.6	11.4	9.7	8.4	9.8	10.4	10.2	8.7	10.8	10.6
Operating profit (EBIT)	27	-8	21	58	48	38	57	67	55	35	57	63
EBIT margin (operating margin), %	3.5	-1.0	2.7	7.1	6.4	5.2	7.1	7.8	7.5	5.5	7.9	8.1
Adjusted operating profit (EBIT)	42	19	27	59	49	38	57	67	55	35	57	63
Adjusted EBIT margin (operating margin), %	5.4	2.8	3.4	7.3	6.6	5.2	7.1	7.8	7.5	5.5	7.9	8.1
Profit after tax	11	-14	14	44	30	25	40	48	47	22	39	51
Net margin, %	1.4	-2.1	1.8	5.4	4.0	3.5	4.9	5.7	6.3	3.5	5.5	6.6
Adjusted profit after tax	26	6	20	45	31	25	40	48	47	22	39	51
Adjusted net margin, %	3.3	0.8	2.5	5.6	4.1	3.5	4.9	5.7	6.3	3.5	5.5	6.6
<b>Cash flow from</b>												
operating activities	98	114	52	-57	60	-15	54	26	2	21	37	-2
investing activities	-50	-84	-49	-35	-51	-34	-36	-39	-43	-40	2	26
financing activities	-23	-57	34	102	-16	48	-35	6	-1	26	-82	-10
Cash flow for the period	25	-27	37	10	-7	-1	-17	-7	-42	7	-43	14
<b>Earnings per share attributable to Parent Company shareholders</b>												
Earnings per share (SEK) before dilution *)	0.54	-0.75	0.71	2.12	1.50	1.26	1.99	2.43	2.26	1.11	2.01	2.59
Earnings per share (SEK) adjusted for non-recurring items before dilution *)	0.54	-0.75	0.98	2.20	1.55	1.26	1.98	2.42	2.26	1.11	2.01	2.59
<b>Number of outstanding ordinary shares</b>												
Weighted number of outstanding ordinary shares before dilution, thousands *)	19,988.0	19,989.5	20,044.2	20,103.4	20,216.9	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7

## QUARTERLY DATA FOR THE GROUP, BALANCE SHEET

GROUP	31 DEC 2019	30 SEP 2019	30 JUN 2019	31 MAR 2019	31 DEC 2018	30 SEP 2018	30 JUN 2018	31 MAR 2018	30 DEC 2017	30 SEP 2017	30 JUN 2017	31 MAR 2017
<b>Balance sheet</b>												
Non-current assets	1,274	1,268	1,198	1,160	918	895	886	877	847	823	808	832
Current assets	1,436	1,483	1,558	1,551	1,420	1,433	1,386	1,428	1,331	1,189	1,161	1,205
Equity	1,497	1,507	1,511	1,572	1,514	1,515	1,498	1,533	1,454	1,381	1,367	1,420
Non-current liabilities	579	581	626	494	201	191	145	104	97	100	80	69
Current liabilities	634	663	619	646	623	622	629	668	627	531	522	548
<b>Other</b>												
Net cash (+)/net debt (-)	-565	-596	-595	-501	-181	-164	-118	-60	-49	-13	3	54
Adjusted net cash(+)/net debt (-)	-299	-328	-347	-252	-145	-128	-80	-22	-12	23	40	91
<b>Equity per share attributable to Parent Company shareholders</b>												
Equity per share, SEK *)	74.09	74.60	74.79	77.70	74.73	73.86	73.01	74.66	70.76	67.18	66.64	69.08
<b>Number of outstanding ordinary shares</b>												
Weighted number of outstanding ordinary shares, thousands *)	19,988.0	19,988.0	19,999.5	20,075.9	20,323.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7	20,359.7
<b>Share price</b>												
Share price at end of period (SEK)	78.80	62.30	73.00	79.50	88.20	107.20	104.40	112.00	122.50	126.00	120.00	112.25

## GROUP, 12-MONTH ROLLING

GROUP, 12-MONTH ROLLING	JANUARY 2019 TO DECEMBER 2019	OCTOBER 2018 TO SEPTEMBER 2019	JULY 2018 TO JUNE 2019	APRIL 2018 TO MARCH 2019	JANUARY 2018 TO DECEMBER 2018	OCTOBER 2017 TO SEPTEMBER 2018	JULY 2017 TO JUNE 2018	APRIL 2017 TO MARCH 2018	JANUARY 2017 TO DECEMBER 2017	OCTOBER 2016 TO SEPTEMBER 2017	JULY 2016 TO JUNE 2017	APRIL 2016 TO MARCH 2017
Orders received	3,103	3,002	2,949	3,052	3,098	3,196	3,164	3,074	3,015	2,920	2,831	2,738
<b>Income statement</b>												
Net sales	3,093	3,056	3,060	3,089	3,132	3,125	3,033	2,931	2,856	2,790	2,760	2,739
Gross profit	543	536	565	586	600	604	594	610	572	570	565	564
Adjusted gross profit	558	551	570	587	600	604	594	610	572	570	565	564
Earnings before depreciation (EBITDA)	239	245	277	303	300	304	299	295	290	285	287	282
EBITDA margin, %	7.7	8.0	9.1	9.8	9.6	9.7	9.8	10.1	10.1	10.2	10.4	10.3
Adjusted earnings before depreciation (EBITDA)	288	281	285	305	301	304	299	295	290	285	287	282
Adjusted EBITDA margin, %	9.3	9.2	9.3	9.9	9.6	9.7	9.8	10.1	10.1	10.2	10.4	10.3
Operating profit (EBIT)	98	119	165	201	210	217	214	214	210	207	211	208
EBIT margin (operating margin), %	3.2	3.9	5.4	6.5	6.7	7.0	7.1	7.3	7.4	7.4	7.6	7.6
Adjusted operating profit (EBIT)	147	154	173	203	211	217	214	214	210	207	211	208
Adjusted EBIT margin (operating margin), %	4.8	5.1	5.6	6.6	6.7	7.0	7.1	7.3	7.4	7.4	7.6	7.6
Profit after tax	55	74	113	139	143	160	157	156	159	149	157	157
Net margin, %	1.8	2.4	3.7	4.5	4.6	5.1	5.2	5.3	5.6	5.4	5.7	5.7
Adjusted profit after tax	97	102	121	140	144	160	157	156	159	149	157	157
Adjusted net margin, %	3.1	3.3	4.0	4.6	4.6	5.1	5.2	5.3	5.6	5.4	5.7	5.7
<b>Employees</b>												
Net sales per employee, SEK 000	2,171	2,119	2,103	2,107	2,186	2,185	2,139	2,111	2,189	2,161	2,145	2,140
Operating profit per employee, SEK 000	69	83	113	137	146	152	151	154	161	160	164	163
Number of employees on closing date	1,425	1,442	1,455	1,466	1,433	1,430	1,418	1,388	1,305	1,291	1,287	1,280
<b>Profitability ratios</b>												
Return on capital employed, %	5.5	6.4	9.0	10.9	12.8	14.0	14.1	13.7	14.4	13.9	15.0	14.4
Adjusted return on capital employed, % <sup>1)</sup>	8.1	8.3	9.5	11.0	12.9	14.0	14.1	13.7	14.4	13.9	15.0	14.4
Return on capital employed (excluding financial leasing), %	5.8	6.8	9.5	11.5	12.8	14.0	14.1	13.7	14.4	13.9	15.0	14.4
Return on capital employed, excluding goodwill, %	6.2	7.2	10.1	12.2	14.6	16.0	16.2	15.8	16.7	16.1	17.4	16.7
Adjusted return on capital employed, excluding goodwill, % <sup>1)</sup>	9.0	9.3	10.6	12.3	14.7	16.0	16.2	15.8	16.7	16.1	17.4	16.7
Return on equity, %	3.5	4.8	7.6	9.0	9.9	11.3	11.2	10.9	11.7	11.5	12.4	11.9
Adjusted return on equity, % <sup>2)</sup>	6.4	6.7	8.1	9.2	10.0	11.3	11.2	10.9	11.7	11.5	12.4	11.9
<b>Other</b>												
Net cash(+)/net debt(-)/EBITDA	-2.4	-2.4	-2.1	-1.7	-0.6	-0.5	-0.4	-0.2	-0.2	-0.0	0.0	0.2
Adjusted net cash(+)/net debt(-)/EBITDA	-1.3	-1.3	-1.3	-0.8	-0.5	-0.4	-0.3	-0.1	-0.0	0.1	0.1	0.3



A STRONGER SOLUTION

**Bulten AB (publ)**

Box 9148, SE-400 93 Gothenburg, Sweden

Visiting address: August Barks Gata 6 A

Tel. +46 (0)31-734 59 00 Fax +46 (0)31-734 59 09

[www.bulten.se](http://www.bulten.se)

