

Consolidated financial statements

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Consolidated income statement

MSEK	Note	2022	2023
CONTINUING OPERATIONS			
Revenue	G2, G3	112,331	126,503
Cost of goods and services sold		-66,962	-74,456
Gross profit		45,370	52,046
Selling expenses		-14,635	-15,876
Administrative expenses		-7,918	-8,794
Research and development expenses	G6	-4,185	-4,489
Share of results of associates and joint ventures		6	16
Other operating income	G7	1,894	681
Other operating expenses	G8	-1,940	-1,166
Operating profit	G2	18,592	22,418
Financial income		936	808
Financial expenses		-1,790	-3,431
Net financial items	G10	-854	-2,623
Profit before tax		17,738	19,794
Income tax	G11	-4,884	-4,493
Profit for the year, continuing operations		12,854	15,301
Profit (loss) for the year, discontinued operations	G32	-1,628	-
Profit for the year, Group total		11,225	15,301
Profit for the year attributable to:			
Owners of the Parent Company		11,212	15,300
Non-controlling interests		13	1
Basic earnings per share, SEK	G12		
Continuing operations		10.25	12.20
Discontinued operations		-1.30	-
Group total		8.95	12.20
Diluted earnings per share, SEK	G12		
Continuing operations		10.24	12.18
Discontinued operations		-1.30	-
Group total		8.94	12.18
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		11,225	15,301
Other comprehensive income			
Items that cannot be reclassified to profit/loss for the year			
Actuarial gains (losses) on defined-benefit pension plans	G22	3,405	-510
Tax relating to items that cannot be reclassified	G11	-786	167
Total items that will not be reclassified to profit or loss		2,620	-344
Items that can be reclassified to profit (loss) for the year			
Translation differences during the year		7,616	-3,113
Fair-value changes in cash flow hedges		-98	1,052
Tax related to fair-value changes in cash-flow hedges	G11	34	-217
Fair-value adjustment of financial assets		-	-2
Total items that may be reclassified subsequently to profit or loss		7,552	-2,279
Total other comprehensive income for the year		10,172	-2,623
Total comprehensive income		21,398	12,678
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		21,385	12,678
Non-controlling interests		13	0



Consolidated balance sheet

MSEK	Note	Dec 31, 2022	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets	G13	66,134	64,495
Property, plant and equipment	G14	21,683	22,234
Right-of use assets	G15	4,941	5,384
Shares in associates and joint ventures	G16	415	459
Financial assets	G16	886	947
Deferred tax assets	G11	3,373	3,461
Non-current receivables	G17	4,258	5,113
Total non-current assets		101,689	102,093
Current assets			
Inventories	G18	35,019	34,301
Trade receivables	G19	18,685	18,477
Income tax receivables	G11	972	3,065
Other receivables	G20	8,018	9,947
Prepaid expenses and accrued income		1,688	1,809
Cash and cash equivalents		10,489	4,363
Assets held for sale	G32	121	154
Total current assets		74,993	72,117
Total assets		176,682	174,210
EQUITY AND LIABILITIES			
Equity			
Share capital		1,505	1,505
Other paid-in capital		7,678	7,678
Reserves		13,698	11,420
Retained earnings incl. profit (loss) for the period		58,346	67,028
Equity attributable to owners of the Parent Company		81,227	87,631
Non-controlling interest		43	66
Total equity	G21	81,270	87,697
Non-current liabilities			
Provision for pensions	G22	3,458	4,089
Interest-bearing liabilities	G23, G28	42,364	32,842
Deferred tax liabilities	G11	4,005	3,586
Other provisions	G24	826	887
Other liabilities	G25	1,534	1,231
Total non-current liabilities		52,186	42,635
Current liabilities			
Interest-bearing liabilities	G23	9,693	12,240
Accounts payable		11,625	9,488
Income tax liabilities	G11	2,904	3,024
Other liabilities	G25	8,060	8,641
Other provisions	G24	2,947	2,429
Accrued expenses	G26	7,900	8,020
Liabilities directly attributed to assets held for sale	G32	97	36
Total current liabilities		43,226	43,878
Total liabilities		95,412	86,513
Total equity and liabilities		176,682	174,210

Consolidated changes in equity

MSEK	Equity attributable to Equity holders of the Parent Company					Non-Controlling interest	Total
	Share Capital	Other paid-in capital	Reserves	Retained earnings	Total		
Equity at January 1, 2022	1,505	7,678	6,145	61,872	77,200	132	77,332
Adjustment on correction of error	-	-	-	-172	-172	-	-172
Equity at January 1, 2022	1,505	7,678	6,145	61,699	77,028	132	77,160
Profit for the year	-	-	-	11,212	11,212	13	11,225
Other comprehensive income	-	-	7,553	2,619	10,172	-	10,172
Total comprehensive income (loss) for the period	-	-	7,553	13,832	21,385	13	21,398
<i>Transactions with owners</i>							
Change in fair value of put option to acquire non-controlling interest	-	-	-	-12	-12	-	-12
Changes in non-controlling interest	-	-	-	-44	-44	-103	-147
Share based program	-	-	-	-135	-135	-	-135
Dividend	-	-	-	-5,955	-5,955	-	-5,955
Resolved distribution of SMT	-	-	-	-11,039	-11,039	-	-11,039
Equity at December 31, 2022	1,505	7,678	13,698	58,346	81,227	43	81,270
Equity at January 1, 2023	1,505	7,678	13,698	58,346	81,227	43	81,270
Adjustment on correction of error	-	-	-	204	204	-	204
Equity at January 1, 2023	1,505	7,678	13,698	58,551	81,431	43	81,475
Profit for the year	-	-	-	15,300	15,300	1	15,301
Other comprehensive income	-	-	-2,278	-344	-2,622	-1	-2,623
Total comprehensive income (loss) for the period	-	-	-2,278	14,956	12,678	0	12,678
<i>Transactions with owners</i>							
Change in fair value of put option to acquire non-controlling interest	-	-	-	-86	-86	-	-86
Changes in non-controlling interest	-	-	-	-23	-23	23	-
Share based program	-	-	-	-109	-109	-	-109
Dividend	-	-	-	-6,261	-6,261	-	-6,261
Equity at December 31, 2023	1,505	7,678	11,420	67,028	87,631	66	87,697



Consolidated cash flow statement

MSEK	Note	2022	2023
GROUP TOTAL			
Cash flow from operating activities			
Income after net financial items ¹⁾		21,443	19,794
Adjustment for depreciation, amortization and impairment losses		6,648	7,459
Other adjustment for non-cash items	G30	-1,758	1,834
Payment to pension fund		-431	-509
Income tax paid		-5,262	-6,852
Cash flow from operating activities before changes in working capital		20,639	21,726
Changes in working capital			
Change in inventories		-9,070	292
Change in operating receivables		-2,107	-171
Change in operating liabilities		1,601	-2,527
Cash flow from changes in working capital		-9,576	-2,406
Investments in rental equipment		-923	-910
Proceeds from sale of rental equipment		324	387
Cash flow from operating activities, net		10,465	18,797
Cash flow from investing activities			
Acquisition of companies and shares, net of cash acquired	G31	-15,184	-1,877
Proceeds from sale of companies and shares, net of cash disposed	G32	-34	-164
Acquisition of tangible assets		-3,564	-3,872
Proceeds from sale of tangible assets		739	315
Acquisition of intangible assets		-966	-1,482
Proceeds from sale of intangible assets		6	6
Acquisition of financial assets		-499	-113
Proceeds from sale of financial assets		-	10
Other investments, net		-801	-1,327
Cash flow from investing activities, net		-20,304	-8,505
Cash flow from financing activities			
Repayment of borrowing		-17,658	-8,457
Proceeds from borrowings		32,507	78
Repurchase of own shares		-270	-242
Distribution of Alleima		-1,186	-
Dividends paid		-5,955	-6,261
Amortization, lease liabilities		-1,214	-1,323
Cash flow from financing activities, net		6,222	-16,206
Cash flow for the year		-3,617	-5,913
Cash and cash equivalents at beginning of year		13,585	10,489
Foreign exchange differences on cash and cash equivalents		521	-213
Cash and cash equivalents at the end of year	G30	10,489	4,363
CONTINUING OPERATIONS			
Cash flow from operating activities, net		11,092	18,797
Cash flow from investing activities, net		-19,882	-8,505
Cash flow from financing activities, net		6,906	-16,206
Cash flow from continuing operations		-1,884	-5,913

1) Excluding the net capital loss from the distribution of Alleima in 2022.

Group notes

G1 Significant accounting principles – assessments and assumptions for accounting purposes

The consolidated financial statements comprise Sandvik AB, corporate registration number 556000-3468, (the Parent Company) and all its subsidiaries, jointly the Group with registered office in Stockholm, Sweden. The address for the head quarter is Box 510, 101 30 Stockholm. The Group also includes the share of investments in associated companies.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Group. Accordingly, the financial statements are presented in SEK. All amounts are in million SEK unless otherwise stated. Amounts in tables and calculations in the financial statements and notes do not always agree exactly with the totals due to rounding.

All notes are presented for continuing operations unless otherwise stated.

Accounting principles are presented in this note or in connection to the note of which they aim to describe.

§ Accounting principles

The symbol and heading show where the accounting principles are described in each note.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, the recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Corporate Reporting Board, has been applied.

The Parent Company has applied the same accounting principles as those applied in the consolidated financial statements except as set out in note P1 on page 119 in the section "Accounting principles, Parent Company.

The financial statements are presented on pages 40–136 in the printed Annual Report. The Parent Company's Annual Report and the consolidated financial statements were approved for issuance by the Board of Directors on March 11, 2024. The Group's and the Parent Company's income statements and balance sheets are subject to adoption at the Annual General Meeting on April 29, 2024.

Basis of measurement

Assets and liabilities are stated on a historical cost basis except for certain financial assets and liabilities, which are stated at their fair value. Financial assets and liabilities measured at fair value are comprised of derivative instruments and plan assets in the defined benefit plans. Receivables and liabilities and items of income and expense are offset only when required or expressly permitted in an accounting standard.

Events after the balance sheet date refer to both favorable and unfavorable events that have occurred after the balance sheet date but before the date the financial statements were authorized for issue by the Board of Directors. Significant non-adjusting events, that is, events indicative of conditions that arose after the balance sheet date, are disclosed in the financial statements. Only adjusting events, that is, those that provide evidence of conditions that existed at the balance sheet date, have been considered in the final establishment of the financial statements. The most significant accounting policies

for the Group, as set out below and in the notes, have been applied consistently to all periods presented in these consolidated financial statements except as specifically described. Moreover, the Group's accounting policies have been consistently applied in the Group reporting by all members of the Group and in the Group reporting of associated companies, where necessary, by adaptation to Group policies.

Basis of consolidation

The consolidated accounts are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all Group companies.

Foreign currency

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair-value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's reporting currency, SEK, at foreign exchange rates prevailing at the balance sheet date. Revenues and expenses of foreign operations are translated to SEK at average rates that approximate the foreign exchange rates prevailing at each of the transaction dates. Translation differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income and are accumulated in a separate component of equity, a translation reserve. If the foreign operation is divested, the accumulated translation differences attributable to the divested foreign operation is reclassified from equity to profit or loss for the year as a reclassification adjustment at the date on which the profit or loss of the divestment is recognized. For cases in which divestments made include a residual controlling influence, the proportionate share of accumulated translation differences from other comprehensive income is transferred to non-controlling interests.

Changes in accounting policies 2023

IASB has published amendments of standards that are effective 2023. These have not had any material impact on the financial statements.

IAS 1 Disclosure of material accounting policy information

A company shall disclose of material accounting policies instead of significant accounting policies. The amendment is effective from January 1, 2023.

IAS 12 Deferred tax

A company shall recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment is effective from January 1, 2023.

IAS 12 Pillar II

Sandvik applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes, as provided in the amendments to IAS 12 issued in May 2023. The amendment is effective immediately.



→ G01, continued

Changes in accounting policies 2024 or later

A number of new or amended accounting standards and interpretations have been published and are effective from 2024 or later. None of these are considered to have a material impact on the financial statements.

IAS 1 Disclosure of Supplier Finance Arrangements (SFAs)

The amendment requires specific disclosures regarding supplier finance arrangements. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

Critical accounting estimates and judgments

Key sources of estimation uncertainty

In order to prepare the financial statements, management and the Board make various judgments and estimates that can affect the amounts recognized in the financial statements for assets, liabilities, revenues and expenses as well as information in general, including contingent liabilities. The judgments and estimates discussed in notes where applicable are those deemed to be most important for an understanding of the financial statements, considering the level of significant estimations and uncertainty. The conditions under which Sandvik operates are gradually changing, meaning that the judgments also change.

! Critical estimates and judgments

The symbol and heading show where the estimates and judgments are described in each separate note. The notes and critical estimates and judgments refers to:

Note Critical estimates and judgments

G13	Impairment tests of goodwill and impairment tests of other non-current assets
G14	Impairment tests of other non-current assets
G22	Post employment benefits
G24	Disputes
G31	Allocation of goodwill and other surplus values

G2 Segment information

Information on business areas

2022	SMR	SRP	SMM	Group activities	Eliminations	Total
External revenue	56,843	9,587	45,901	-	-	112,332
Internal revenue	15	34	499	-	-548	-
Total revenue	56,858	9,621	46,400	-	-548	112,332
Share of results of associates and joint ventures	9	-	-4	-	-	6
Operating profit	9,909	1,186	8,148	-651	-	18,592
Net financial items	-	-	-	-	-	-854
Income tax expense for the year	-	-	-	-	-	-4,884
Profit for the year, continuing operations	9,909	1,186	8,148	-651	-	12,854
Other disclosures						
Assets	67,270	17,661	72,444	1,283	-	158,658
Investments in associates and joint ventures	183	-	231	-	-	415
Total assets	67,454	17,661	72,675	1,283	-	159,073
Unallocated assets	-	-	-	-	-	17,609
Group total assets						176,682
Liabilities	18,240	4,113	12,002	1,276	-	35,631
Unallocated liabilities	-	-	-	-	-	59,781
Group total liabilities						95,412
Capital expenditure	-1,566	-253	-2,377	-37	-	-4,234
Depreciation and amortization	-2,241	-274	-3,772	-157	-	-6,443
Impairment losses	-120	-92	23	-11	-	-199
Other non-cash expenses	194	-66	-29	216	-	315
2023						
	SMR	SRP	SMM	Group activities	Eliminations	Total
External revenue	65,690	11,472	49,340	-	-	126,503
Internal revenue	16	1	373	-	-390	-
Total revenue	65,707	11,473	49,713	-	-390	126,503
Share of results of associates and joint ventures	19	-	-3	-	-	16
Operating profit	13,215	1,225	8,792	-814	-	22,418
Net financial items	-	-	-	-	-	-2,623
Income tax expense for the year	-	-	-	-	-	-4,493
Profit for the year, continuing operations	13,215	1,225	8,792	-814	-	15,301
Other disclosures						
Assets	69,687	16,595	70,488	1,668	-	158,438
Investments in associates and joint ventures	170	-	289	-	-	459
Total assets	69,856	16,595	70,777	1,668	-	158,897
Unallocated assets	-	-	-	-	-	15,313
Group total assets						174,210
Liabilities	17,208	3,194	11,133	1,369	-	32,904
Unallocated liabilities	-	-	-	-	-	53,646
Group total liabilities						86,549
Capital expenditure	-2,056	-428	-2,778	-92	-	-5,354
Depreciation and amortization	-2,446	-579	-3,691	-67	-	-6,783
Impairment losses	-94	-48	-488	-47	-	-676
Other non-cash expenses	-251	-19	-533	2,636	-	1,834

All transactions between the business areas are on market terms. For information regarding business combinations, see note G31.



→ G02, continued

Information by country, continuing operations

Revenue by country	2022	2023
USA	16,408	18,425
Australia	12,679	15,247
Canada	6,837	8,406
China	8,361	8,280
Germany	6,616	7,195
South Africa	5,102	5,324
Mexico	4,581	5,007
Italy	3,514	3,855
Indonesia	3,042	3,702
Brazil	2,577	3,313
India	3,355	3,075
France	2,594	3,000
Chile	2,044	2,571
Sweden	2,181	2,232
Poland	1,629	1,937
UK	1,589	1,879
Ghana	1,614	1,749
Spain	1,215	1,497
Japan	1,476	1,455
Peru	1,272	1,378
Türkiye	1,092	1,371
Austria	1,262	1,278
Tanzania	869	1,262
Congo	781	1,205
Switzerland	906	1,189
Other countries	18,736	20,671
Total	112,332	126,503

Revenue is specified by country based on where customers are.

Non-current asset by country	2022	2023
USA	29,907	27,923
Australia	14,510	14,716
Sweden	7,146	12,978
Luxembourg	8,647	8,341
France	4,521	4,354
Germany	3,672	3,605
Austria	2,906	2,893
Finland	2,546	2,653
China	2,716	2,584
Canada	2,103	2,568
UK	2,076	2,082
India	1,864	1,905
Switzerland	1,557	1,616
Ireland	633	1,220
Poland	801	878
Other	7,153	1,797
Total	92,758	92,113

Non-current assets are specified by country based on where the assets are located. Non-current assets consists of intangible assets, property, plant and equipment and right-of-use assets.

§ Accounting principles

Sandvik's business is organized in a manner that allows the Group's chief operating decision-maker, meaning the CEO, to monitor results, return and cash flow generated by the various products and services in the Group. Each operating segment has a president that is responsible for day-to-day activities and who regularly reports to the CEO regarding the results of the operating segment's work and the need for resources. Since the CEO monitors the business result and decides on the distribution of resources based on the products the Group manufactures, sells and the services it provides, these constitute the Group's operating segments.

The Group's operations are organized in a number of business areas based on products and services. The market organization also reflects this structure.

Segment results, assets and liabilities include only those items that are directly attributable to the segment and the relevant portions of items that can be allocated on a reasonable basis to the segments. Unallocated items comprise interest, gains on disposal of financial investments, interest expense, losses on the disposal of financial investments, income tax expense and certain administrative expenses. Unallocated assets and liabilities include income and deferred tax receivables and payables, financial investments and financial liabilities.

G3 Categories of revenue

Information on revenue, continuing operations

Primary geographical markets	2022				2023			
	SMR	SRP	SMM	Total	SMR	SRP	SMM	Total
Europe	5,867	2,130	21,901	29,899	6,809	2,187	24,573	33,569
North America	12,473	2,353	13,000	27,825	15,551	2,426	13,863	31,840
South America	5,316	1,032	1,069	7,417	6,285	1,485	1,169	8,939
Africa and Middle East	11,553	1,063	411	13,027	13,442	1,269	502	15,213
Asia	9,556	2,224	9,163	20,944	9,967	2,188	8,890	21,046
Australia and New Zealand	12,078	785	357	13,220	13,637	1,917	342	15,896
Total	56,843	9,587	45,901	112,332	65,690	11,472	49,340	126,503
Major goods/service lines								
Sale of goods	52,656	9,309	42,162	104,126	59,124	10,463	45,277	114,864
Rendering of services	3,314	275	3,717	7,306	5,631	997	4,030	10,658
Rental income	849	3	9	861	903	11	6	919
Other non product related Revenue	24	1	14	39	33	1	28	62
Total	56,843	9,587	45,901	112,332	65,690	11,472	49,340	126,503
Order backlog to be recognized as revenue after 2024.	2,277	10	38	2,324	2,360	23	–	2,383

§ Accounting principles

Sale of goods

Revenue from goods sold (e.g., metal cutting tools, mining equipment) is recognized at a point in time when the control has been transferred to the customer. For sale of goods the transfer of control usually occurs when the significant risks and rewards are transferred in accordance to the Incoterms. For changes in contract assets and liabilities, see note G20 and G25.

When goods sold are highly customized and there is an enforceable right to payment for performances completed to date, the goods are recognized over time. Progress of satisfaction of each performance obligation is used to measure the revenue by the proportion of cost incurred to date compared to estimated total cost of each performance obligation.

Payment is generally due between 30–90 days from the transfer of control. In some contracts, short-term advances are required before the equipment is delivered.

Rendering of services

Revenue from service contracts (e.g., installation, support and maintenance) is recognized over time since the customer receives and consumes the benefits as it is being provided. Progress of satisfaction of each performance obligation is used to measure the revenue by the proportion of cost incurred to date compared to estimated total cost of each performance obligation.

Payment is generally due between 30–90 days after completion.

Variable consideration

Some customer contracts contain right of return, late delivery penalties, volume rebates and trade-in, which give rise to variable consideration subject to constraint. Such variable consideration have been considered as part of the revenue recognition.

Significant financing component

Sandvik applies the practical expedient to not calculate and account for significant financing component if the period between the transfer of a good or service to a customer and payment is 12 months or less.

Cost to obtain a contract

Sandvik applies the practical expedient to recognize an incremental costs of obtaining a contract as an expense when incurred if the contract period is one year or less.

Licenses

Revenue from licenses is recognized at point in time if the customer can use the license in its current functionality and no further updates or improvements are expected or required. If the customer has the right to access the license including future updates with improved functionality, the revenue from those licenses is recognized over the contract period.



G4 Personnel information and remuneration of management

Personnel information is based on Group total.

Average number of employees

	2022		2023	
	Number	Women %	Number	Women %
Sweden	7,069	26	5,472	28
Rest of Europe	13,384	21	12,828	21
Total Europe	20,452	23	18,300	23
North America	6,391	22	6,364	22
South America	2,335	17	2,633	19
Africa, Middle East	2,895	17	3,049	20
Asia	8,432	15	8,156	16
Australia	1,813	19	2,184	20
Total	42,318	20	40,686	21

Wages, salaries and other remuneration and social costs

	2022	2023
Wages, salaries and other remuneration	-25,467	-26,323
Social costs	-3,782	-3,384
Pension costs	-1,996	-1,975
Total	-31,245	-31,682

A total of SEK 34 million (50) of the Group's pension costs relates to Boards and presidents. The Group's pension liability to these persons amounted to SEK 189 million (254).

Remuneration to the board of directors

Fees to the Chairman and other external Board members are paid in accordance with the resolution at the Annual General Meeting. No Board fees are paid to the President and the employee representatives. In accordance with the resolution of the 2023 Annual General Meeting, the total fee to the external Board members elected at the Meeting amounts to in total SEK 7,495,000 on an annual basis.

SEK	2022					2023				
	Board fee	Audit Committee fee	Remuneration Committee	Acquisition and Divestitures Committee	Total Board and Committee fee	Board fee	Audit Committee fee	Remuneration Committee	Acquisition and Divestitures Committee	Total Board and Committee fee
Chairman of the Board (Johan Molin)	-2,750,000	-185,000	-155,000	-210,000	-3,300,000	-2,875,000	-192,000	-161,000	-218,000	-3,446,000
Jennifer Allerton	-740,000	-	-	-	-740,000	-770,000	-	-	-	-770,000
Claes Boustedt	-740,000	-325,000	-	-155,000	-1,220,000	-770,000	-338,000	-	-161,000	-1,269,000
Marika Fredriksson	-740,000	-	-	-	-740,000	-770,000	-	-	-	-770,000
Helena Stjernholm	-740,000	-185,000	-122,000	-155,000	-1,202,000	-770,000	-192,000	-127,000	-161,000	-1,250,000
Kai Wärn	-740,000	-	-122,000	-	-862,000	-770,000	-	-127,000	-	-897,000
Andreas Nordbrandt	-740,000	-	-	-	-740,000	-770,000	-	-	-	-770,000
Total	-7,190,000	-695,000	-399,000	-520,000	-8,804,000	-7,495,000	-722,000	-415,000	-540,000	-9,172,000

Wages, salaries and other remuneration by market area

	2022	2023
Sweden	-4,892	-4,041
Rest of Europe	-8,569	-9,521
Total Europe	-13,461	-13,562
North America	-5,684	-5,694
South America	-780	-1,045
Africa, Middle East	-1,250	-1,351
Asia	-2,636	-2,461
Australia	-1,656	-2,211
Total	-25,467	-26,323
of which, to Boards of Directors and presidents		
Salaries and other remuneration	-1,306	-1,160
of which, variable salary	-222	-171

Gender distribution in senior management

Proportion of women, %	2022	2023
Senior management	15	20
Other senior executives	23	26

The long-term asset manager and largest shareholder of Sandvik shares, Industrivärden, granted in 2019 the Chairman of the Board one million call options over Sandvik shares with a five-year term and an exercise price of SEK 177. The options were purchased by the Chairman of the Board at market price and exercised in 2023.

→ G04, continued

President and other senior executives*Guidelines for remuneration*

For information on the current guidelines for remuneration of senior executives, adopted by the 2020 Annual General Meeting, please refer to pages 42–43.

President and CEO

Sandvik's President and CEO, Stefan Widing, was paid an annual fixed salary of SEK 15,490,824 and received a fringe benefit value of a car provided by the company. In addition, an annual variable cash based salary of maximum 75 percent of the fixed salary is payable. The variable salary for 2023 amounted to SEK 9,294,494, being 80 percent of the maximum amount.

Stefan Widing is entitled to retire at age 65. A pension premium of 37.5 percent of his annual fixed salary is reserved annually.

In the event of termination of employment by the company, Stefan Widing has a notice period of 12 months and 12 months' severance pay.

Other senior executives

The majority of the Group Executive Management members are covered by a Swedish pension plan (either ITP1 or ITP2), one member

a Swiss pension plan and one member a salary supplement scheme in the UK. The minimum retirement age is 62.

For members that are covered by the ITP plan 1 (defined contribution), a supplement of 5 percent of the salary portions in excess of 7.5 income base amounts may apply.

For members that are covered by the ITP Plan 2 (defined benefit), a supplementary defined-contribution plan applies under which the company each year contributes 25–33 percent (depending on age and length of time in Group Executive Management) of fixed salary portions in excess of 20 price base amounts. Under the Swiss pension plan a pension premium of 21 percent of fixed salary is paid, whereof 75 percent is paid by the company and 25 percent by the employee. One member is covered by a UK salary plan amounting to 12 percent of the fixed salary.

Severance pay is paid in the event that the company terminates employment. The severance pay equals 6–12 months fixed salary in addition to the notice period, which is 6–12 months. Any other income from employment may be deducted from the severance pay.

External remuneration market data for benchmarking is used as guidance. No sign-on bonus nor other extra incentive payments have been paid in 2023 to new members of the Group Executive Management.

Remuneration and other benefits pertaining to 2022 expensed during the year, in SEK

Position	Fixed salary	Annual variable salary ³⁾	Other benefits ⁴⁾	Long-term variable salary ⁵⁾	Pension costs ⁶⁾
President and CEO	-15,048,223 ¹⁾	-2,212,974	-104,595	-7,089,976	-5,344,644
Other senior executives ⁷⁾	-50,793,602 ²⁾	-2,158,167	-1,164,623	-11,263,444	-13,085,810
Total	-65,841,825	-4,371,141	-1,269,218	-18,353,420	-18,430,454

1) The fixed salary during 2022 for Stefan Widing amounts to SEK 14,753,160. The remaining amount relates to vacation pay, etc.

2) Fixed salaries pertaining to 2022 and severance expensed in 2022, expected to be paid in 2023.

3) Amount pertaining to 2022 and expected to be paid in 2023. Amount pertaining to Göran Björkman is expensed and paid by Alleima.

4) Relates mainly to fringe-benefit and company car.

5) The amounts pertain to changes in provisions made for the 2021 and 2022 LTI programs at year-end.

6) Amounts pertaining to company paid contributions for the President and other senior executives. Amount pertaining to Göran Björkman is expensed and paid by Alleima.

7) Pertains to the following persons in 2022: Johan Kerstell, Jessica Alm, Åsa Thunman, Nadine Crauwels, Christophe Sut, Cecilia Felton (Feb–Dec), Richard Harris (Oct–Dec), Mats Eriksson (Oct–Dec), Göran Björkman (Jan–Sept), Henrik Ager (Jan–Jun), Anders Svensson (Jan–Sept), Tomas Eliasson (Jan).

Remuneration and other benefits pertaining to 2023 expensed during the year, in SEK

Position	Fixed salary	Annual variable salary ³⁾	Other benefits ⁴⁾	Long-term variable salary ⁵⁾	Pension costs ⁶⁾
President and CEO	-15,800,641 ¹⁾	-9,294,494	-125,462	-8,922,783	-5,344,644
Other senior executives ⁷⁾	-43,634,905 ²⁾	-12,926,478	-1,417,873	-14,002,256	-12,145,441
Total	-59,435,546	-22,220,972	-1,543,335	-22,925,040	-17,490,085

1) The fixed salary during 2023 for Stefan Widing amounts to SEK 15,490,824. The remaining amount relates to vacation pay, etc.

2) Fixed salaries for other Senior Executives pertaining to 2023.

3) Amount pertaining to 2023 and expected to be paid in 2024.

4) Relates mainly to fringe benefit and company car.

5) The amounts pertain to changes in provisions made for the 2021, 2022 and 2023 LTI programs at year-end.

6) Amounts pertaining to company paid contributions for the President and other senior executives. For the President and CEO the pension contributions for 2023 were based on the 2022 base salary.

7) Pertains to the following persons in 2023: Cecilia Felton, Åsa Thunman, Johan Kerstell, Nadine Crauwels, Richard Harris, Mats Eriksson, Sofia Sirvell (Mar–Dec), Björn Roodzant (May–Dec), Mattias Nilsson (May–Dec), Christophe Sut (Jan–Apr) and Jessica Alm (Jan–Apr).

Long-term incentive programs (LTI)*Share-based incentive program 2020–2023*

The 2020–2023 Annual General Meetings approved the Board's proposal to adopt a performance share program for each year for a maximum 350 senior executives and key individuals in the Sandvik Group, divided into four categories. For all participants, a personal investment is required in each separate program and the programs encompass a grant of a maximum total of 4,101,757 shares.

All program participants have invested in Sandvik shares ("investment shares"), up to an amount corresponding to 10 percent of their fixed annual pre-tax salary at the time of the investment.

Performing shares

In LTI 2020–2023, provided certain performance targets are met, Sandvik shares may be allotted ("performances shares"). The maximum number of performance shares that may be allotted for each acquired investment share depends on the category to which the participant belongs.

The number of performance shares that will finally be allotted to the participant for each acquired investment share is dependent on the

development of the Sandvik Group LTI adjusted Earnings Per Share ("EPS") during the financial year that the investment shares were acquired, compared to adjusted EPS for the previous financial year.

In January 2020–2023, the Board of Directors established the levels regarding adjusted EPS for the performance year in question that have to be attained for allotment of a certain number of performance shares.

Performance outcome 2020–2023

LTI 2020: No performance shares were allotted since the performance targets set by the Board of Directors were not met. LTI adjusted EPS for the financial year 2020 amounted to SEK 8.74. This means that there will be no allotment of shares under LTI 2020.

LTI 2021: Performance shares will be allotted since the performance targets set by the Board of Directors were met. The LTI adjusted EPS for the financial year 2021 amounted to SEK 11.07.

LTI 2022: Performance shares will be allotted since the performance targets set by the Board of Directors were met. The LTI adjusted EPS for the financial year 2022 amounted to SEK 12.89.



→ G04, continued

LTI 2023: Performance shares were partly allotted since the performance targets set by the Board of Directors were partly met. The adjusted EPS for the financial year 2023 amounted to SEK 14.04.

The number of allotted performance shares under the 2020–2023 LTI programs for the President and other members of the Group Executive Management on December 31, 2023, corresponds to the number of outstanding performance shares at year-end.

The allotments of performance shares in ongoing programs requires continuous employment and that all investment shares are held during a period of three years from the acquisition of the investment shares.

Costs for the programs

The following IFRS 2 provisions were established during the year:

For LTI 2021, SEK 35.1 million (excluding social costs), of which SEK 7.9 million for the President and CEO and other senior executives.

For LTI 2022, SEK 66.8 million (excluding social costs), of which SEK 9.7 million for the President and CEO and other senior executives.

For LTI 2023 SEK 86.5 million (excluding social costs), of which SEK 5.3 million for the President and CEO and other Senior Executives.

Preparation and decision-making process

The Board's Remuneration Committee prepares issues relating to the Group Executive Management's remuneration. The Committee met three times during the year. Items dealt with included the distribution between fixed and variable salary, the magnitude of any pay increases and both the short-term and long-term variable incentive programs.

The Board discussed the Remuneration Committee's proposals and made a decision, using the Committee's proposal as a basis. Based on the Remuneration Committee's proposals, the Board decided on the remuneration of the President for 2023. The President decided on remuneration to other senior executives after consultation with the Remuneration Committee. The Remuneration Committee performed its task supported by expertise on remuneration levels and structures. For information on the composition of the Committee, refer to the Corporate Governance Report.

Assumptions for determining the value, 2020–2023 LTI Programs

Assumptions	Program 2020 (on date of issue)	Program 2021 (on date of issue)	Program 2022 (on date of issue)	Program 2023 (on date of issue)
Share price, SEK	142.25	219.40	201.60	198.35
Present value of forecasted future dividends, SEK ¹⁾	15.75	16.70	17.32	16.77
Risk-free interest rate, %	-0.31	-0.22	0.40	3.23

¹⁾ Based on analysts' 3 year combined expectations.

Number of Performance Shares, Group (including Parent Company), 2020–2023 LTI programs

	2020	2021	2022	2023
Outstanding at beginning of year	–	831,242	1,184,120	–
Allotted during the period	–	40,908	51,823	1,211,073
Vested during the year	–	-5,798	-1,546	-328
Forfeited during the year	–	-81,902	-98,412	-606,843
Transferred during the year	–	–	–	–
Outstanding at year-end	–	784,450	1,135,985	603,901
Theoretical value when allotted, SEK	126.40	202.70	184.28	181.58

Number of Performance Shares, Parent Company, 2020 – 2023 LTI programs

	2020	2021	2022	2023
Outstanding at beginning of year	–	146,709	214,014	–
Allotted during the period	–	–	–	196,726
Vested during the year	–	–	–	–
Forfeited during the year	–	-7,891	-10,435	-100,155
Transferred during the year	–	14,813	9,211	–
Outstanding at year-end	–	153,631	212,791	96,571
Theoretical value when allotted, SEK	126.40	202.70	184.28	181.58

§ Accounting principles

Share-based payments

Share-based payments refer to remuneration to employees in accordance with employee share saving programs.

The costs for the employee performance shares are expensed as an employee expense (excluding social costs) over the vesting period and are recognized directly against equity. The amount recognized is continuously revised throughout the vesting period of each program. Social costs are expensed during the vesting period of each program based on the change in value of the employee performance shares.

The share-based program, performance share consists of the rights to provide entitlement to shares subject to the same conditions and if goals relating to operating performance are achieved. The amount

recognized as an expense is adjusted to reflect the actual number of shares vested.

In order to meet its commitments under the share saving program, Sandvik has entered into an equity swap agreement with a financial institution. Under the agreement, the financial institution undertakes to distribute Sandvik shares to participants in the program when the date for allotment occurs in accordance with the terms and conditions of the program.

The fair value of the Sandvik share when the swap agreement was signed is recognized as a financial liability and as a reduction of equity in accordance with IAS 32. Social costs relating to share-based payments to employees are expensed over the accounting periods during which the services are provided. The charge is based on the fair value of the options at the reporting date. The fair value is calculated using the same formula as that used when the options were granted.

G5 Remuneration to auditors

Fees and remuneration to the auditors for the Group were as follows:

	2022	2023
PwC		
Audit fees	-80	-89
Audit activities other than the audit assignment	-1	-
Tax consultancy services	-3	-18
Other Services	-50	-12
Total	-135	-119
Other Audit firms		
Audit fees	-19	-15
Audit activities other than the audit assignment	-21	-3
Tax consultancy services	-26	-28
Other Services	-37	-74
Total	-103	-120

Audit refers to the statutory audit of the financial statements, the accounting records and the administration of the business by the Board of Directors and the President and CEO, and auditing and other review procedures performed in accordance with agreements or contracts. This includes other procedures required to be performed by the company's auditors as well as other services caused by observations during the performance of such examination and other procedures.

Tax consultancy services relate to services in the tax area. Other services essentially comprise advice in areas closely related to the audit, such as other assurance, advice on accounting issues and due diligence services in connection with acquisitions.

G7 Other operating income

Other operating income amounted to SEK 681 million (1,894). The amount consists of SEK 243 million gain on the divestment of business, SEK 160 million gain on disposal of buildings, equipment and right of use assets, and a SEK 69 million gain due to valuation of hedges.

For 2022 the amount is mainly related to insurance compensation of SEK 361 million, gain on disposal of building and equipment SEK 291 million, adjustment of purchase price for acquisitions SEK 268 million, and other items with currency components SEK 574 million.

G6 Research and development costs

	2022	2023
Expenditure for		
Research and development	-4,471	-4,803
Quality assurance	-192	-202
Total	-4,663	-5,005
of which expensed, total	-4,455	-4,691
of which expensed relating to research and development	-4,185	-4,489

§ Accounting principles

The capitalized amount includes the directly attributable expenditure, such as the cost of materials and services, costs of employee benefits, fees to register intellectual property rights and amortization of patents and licenses. Other expenses for development are expensed as incurred.

For further accounting principles on research and development see section in intangible assets, note G13.

G8 Other operating expenses

Other operating expenses amounted to SEK -1,166 million (-1,940). The amount consists of SEK- 789 million loss on foreign exchange, SEK -156 million for external M&A transaction costs, and SEK -83 million for the impairment of goodwill.

For 2022 the amount is mainly related to loss on foreign exchange of SEK -1,025 and external M&A transaction costs of SEK -338 million.



G9 Operating expenses

Other expenses mainly relate to purchases of services and consumables.

	2022	2023
Cost of goods and material	-38,900	-42,964
Employee benefit expense	-27,494	-31,682
Depreciation and amortization	-6,443	-7,211
Impairment losses, inventories	-660	-206
Impairment losses and reversal impairment losses, non-current assets	-225	-301
Impairment losses, doubtful receivables	-238	-92
Other expenses	-21,680	-22,327
Total	-95,641	-104,781

G10 Net financial items

	2022	2023
Interest income	443	603
Dividend	2	14
<i>Other investments including derivatives</i>		
Net gain on remeasurements of financial assets/liabilities	449	1
Gain on disposal of financial assets	3	10
Other financial income	41	180
Financial income	936	808
Interest expense	-1,640	-2,622
<i>Other investments including derivatives</i>		
Net loss on remeasurements of financial assets/liabilities	-84	-400
Foreign-exchange losses	-1	-210
Other financial expenses	-66	-198
Financial expenses	-1,790	-3,431
Net financial items	-854	-2,623

Net interest income/expense from financial assets and liabilities not measured at fair value through profit or loss amounted to SEK -2,005 million (-1,195). No inefficiencies in cash-flow hedges impacted profit for the year (0). For further information regarding valuation policies for financial instruments, refer to note G28.

§ Accounting principles

Financial expenses consist of interest expense on borrowings, interest income and expenses on interest swaps that are recognized net as an interest expense. Credit losses on financial assets and foreign exchange gains and losses on hedging instruments are recognized in profit or loss for the year.

G11 Income tax

Recognized in the income statement

Income tax expense for the year	2022	2023
Current tax	-5,394	-5,479
Adjustment of taxes attributable to prior years	135	608
Total current tax expense	-5,259	-4,871
Deferred taxes relating to temporary differences and tax losses carried forward	375	378
Total tax expense	-4,884	-4,493

The Group's recognized tax expense for the continuing operations for the year amounted to SEK 4,493 million (4,884) or 22.7 percent (27.5) of profit before tax.

Reconciliation of the tax expense

The Group's weighted average tax rate for the continuing operations, calculated in accordance with the statutory tax rate in each country, is 22.6 percent (22.8). The tax rate in Sweden is 20.6 percent (20.6).

Reconciliation of the Group's weighted average tax rate, based on the tax rate in each country, and the Group's actual tax expense:

	2022		2023	
Continuing operations	MSEK	%	MSEK	%
Profit before tax	17,738		19,794	
Weighted average tax based on each country's tax rate	-4,052	-22.8	-4,481	-22.6
Tax effect of				
Non-deductible expenses	-335	-1.9	-387	-2.0
Tax-exempt income	173	1.0	141	0.7
Adjustments relating to prior years	135	0.8	608	3.1
Effects of tax losses carried forward, net	-372	-2.1	-49	-0.2
Other	-433	-2.5	-325	-1.7
Total recognized tax expense	-4,884	-27.5	-4,493	-22.7

→ G11, continued

Tax items attributable to other comprehensive income

	2022			2023		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Actuarial gains/losses attributable to defined-benefit pension plans	3,405	-786	2,620	-510	167	-344
Translation differences	7,616	-	7,616	-3,113	-	-3,113
Fair-value changes in cash flow hedges	-98	34	-64	1,052	-217	835
Fair-value adjustment	-	-	-	-2	-	-2
Other comprehensive income	10,923	-752	10,172	-2,573	-50	-2,623

Recognized in the balance sheet*Deferred tax assets and liabilities*

The deferred tax assets and liabilities recognized in the balance sheet are attributable to the following assets and liabilities.

	2022			2023		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	151	-3,693	-3,542	139	-3,211	-3,072
Property, plant and equipment	283	-1,115	-832	265	-1,339	-1,074
Financial non-current assets	83	-502	-419	203	-410	-207
Inventories	1,525	-151	1,374	1,358	-186	1,172
Receivables	79	-116	-37	176	-183	-7
Interest-bearing liabilities ¹⁾	859	-64	795	831	-51	780
Non Interest-bearing liabilities ²⁾	1,678	-27	1,651	1,715	-42	1,673
Other	5	-	5	-	-54	-54
Tax losses carried forward	373	-	373	618	-	618
Tax credits etc	-	-	-	46	-	46
Total	5,036	-5,668	-632	5,351	-5,476	-125
Offsetting within companies	-1,663	1,663	-	-1,890	1,890	-
Total deferred tax assets and liabilities	3,373	-4,005	-632	3,461	-3,586	-125

1) Mainly related to pensions

2) Mainly related to provisions

Unrecognized deferred tax assets

Tax losses carried forward for which no deferred tax asset has been recognized amount to SEK 2,555 million and are distributed as follows:

SEK thousand Company	Country	Unrecognized tax losses	Theoretical DTA	SEK thousand Company	Country	Unrecognized tax losses	Theoretical DTA
DSI Underground Argentina S.A.	Argentina	15,863	3,966	DWFritz Precision Automation	China	27,647	6,912
FREZITE Ferramentas de Corte LTDA	Brazil	1,182	402	Kunshan OSK Precision Tools Co. Ltd.	China	87,596	21,899
Sandvik Holding do Brasil Ltda	Brazil	40,969	13,930	Shanghai Jianshe Luqiao Machinery Co. Ltd.	China	122,875	30,719
Sandvik Coromant do Br Industria e Comercio de Ferramentas Ltda	Brazil	128,547	43,706	Sandvik China Holding Co. Ltd.	China	372,334	93,083
Indexable Cutting Tools of Canada LLC	Canada	4,497	1,192	DSI Underground Multitex s.r.o.	Czech Republic	78	15
Norgalv Limited	Canada	7,080	1,876	Akkurate	Finland	6,559	1,312
DSI Underground Ventilation Systems S.p.A.	Chile	20,776	5,609	Velroq Oy	Finland	11,763	2,353
Sandvik Chile S.A.	Chile	740,352	199,895	Seco Ressources et Finances SA	France	207	53
Suzhou SPD Precision	China	59	15	SigmaNEST France	France	2,089	539
Wuhan Yongpu Carbide Tools Co. Ltd	China	673	168	Schaum-Chemie Beteiligungen GmbH	Germany	6	2
Cimatron (Beijing) Technologies Co. Ltd.	China	681	170	esco GmbH engineering solutions consulting	Germany	969	291
Suzhou Yongpu Precision Technology Co. Ltd.	China	4,266	1,067	Protomedical GmbH	Germany	75,029	22,509
DWFritz Technology Limited	China	4,515	1,129	DWFritz Hong Kong Limited	Hong Kong	10	2
Sandvik Mining and Construction (Luoyang) Co. Ltd.	China	5,146	1,286	SigmaTEK Japan LTD.	Japan	1,193	365
SigmaTEK Systems China, LLC	China	10,093	2,523	Rocbolt Technologies Holdings Mongolia S.à r.l.	Luxembourg	284	71



→ G11, continued

SEK thousand Company	Country	Unrecog- nized tax losses	Theo- retical DTA
DSI Underground IP Holding Luxembourg S.à r.l.	Luxembourg	1,286	321
Jupiter LuxCo S.à r.l.	Luxembourg	3,153	786
DSI Underground SMART S.à r.l.	Luxembourg	9,696	2,418
DSI Underground Holdings S.A.	Luxembourg	551,411	137,522
Rocbolt of Mauritius Ltd	Mauritius	659	99
Mansour Mining Technolog De Mexico Servicios S.A. de C.V.	Mexico	3	1
Seco Tools de Mexico S.A. de C.V.	Mexico	12,043	3,613
Rocbolt Technologies Mongolia LLC	Mongolia	38	4
Sandvik Mining and Construction PNG Limited	Papua New Guinea	7,352	2,206
Rocbolt Technologies Holdings Pty. Ltd.	South Africa	355	99
Herramientas Preziss, S.L.	Spain	1,450	363
Edvirt AB	Sweden	4,155	856
Sandvik Holding AG	Switzerland	1,945	239
Walter Cutting Tools Industry and Trade LLC	Turkey	3,485	871
Edvirt UK Limited	UK	20	5
DSI Underground UK Holdings Ltd.	UK	1,158	289
Sandvik Holdings Ltd.	UK	199,015	49,754
LLC Seco Tools Ukraine	Ukraine	1,079	194
Metrolagic Group Services, Inc.	USA	2,259	587
Sandvik Holding US	USA	12,443	3,235
Sandvik Mining and Construction Zimbabwe Limited	Zimbabwe	48,966	12,104
Total		2,555,309	672,625

The expiry dates of these tax losses carried forward are distributed as follows:

Year	MSEK
2024	7
2025	29
2026	502
2027	76
2028	37
No expiry date	1,904
Total	2,555

In addition, the Group has unrecognized deferred tax assets which amount to SEK 185 million related to interest deduction limitations in the USA.

Change of deferred tax in temporary differences and unutilized tax losses carried forward

	2022	2023
Balance at the beginning of the year, net	470	-632
Recognized in profit and loss	375	378
Acquisitions/disposals of subsidiaries	-668	3
Recognized in other comprehensive income	-752	-50
Recognized in equity	-	199
Translation differences	-57	-23
Balance at end of year, net	-632	-125

In addition to the deferred tax assets and liabilities, Sandvik reports the following tax liabilities and receivables:

	2022	2023
Income tax liabilities	-2,904	-3,024
Income tax receivables	972	3,065
Tax liabilities/receivables, net	-1,932	41

OECD Pillar II model rules

Sandvik Group is within the scope of the OECD Pillar II model rules. Pillar II legislation was enacted in Sweden, the jurisdiction in which Sandvik AB is incorporated, and came into effect from January 1, 2024. Since the Pillar II legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar II legislation for when it comes into effect. This assessment indicates that most jurisdictions in which the Group operates have an effective tax rate exceeding 15% according to the transitional safe harbor rules. The assessment also indicates that the Group will not be exposed to paying any material Pillar II income taxes. Due to the complexities in applying the legislation and calculating GloBE income, a more detailed quantitative impact of the enacted legislation is not yet reasonably estimable. The company is currently engaged with tax specialists to assist with applying the legislation.

§ Accounting principles

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss for the year except when the underlying transaction is recognized in other comprehensive income. In these cases, the associated tax effects are recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect to previous years.

Current tax liabilities are offset against current tax receivables and deferred tax assets are offset against deferred tax liabilities when the entity has a legal right to offset these items and intends to do so.

Deferred tax is recognized based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their value for tax purposes. Deferred taxes are measured at their nominal amount and based on the expected manner of realization or settlement of the carrying amount of the underlying assets and liabilities, using tax rates and fiscal regulations enacted or substantively enacted at the balance sheet date.

Deferred tax assets relating to deductible temporary differences and tax losses carried forward are recognized only to the extent that it is probable they can be utilized against future taxable profits.

! Critical estimates and key judgments

Significant estimates are made to determine both current and deferred tax liabilities/assets, not least the value of deferred tax assets.

The actual results may differ from these estimates, for instance due to changes in the business climate, changed tax legislation, or the outcome of the final review by tax authorities and tax courts of tax returns.

The recognized provision for ongoing tax litigations and other uncertainties amounted to SEK 439 million (811) and is based on management's best estimate of the outcome.

G12 Earnings per share

Basic and diluted earnings per share, SEK

	Basic		Diluted	
	2022	2023	2022	2023
Earnings per share, group total	8.95	12.20	8.94	12.18
Earnings per share, continuing operations	10.25	12.20	10.24	12.18

The calculation of the numerators and denominators used in the above calculations of earnings per share is presented below:

Profit for the year attributable to the equity holders of the Parent Company

	2022	2023
Profit for the year, Group total	11,225	15,300
Profit for the year, continuing operations	12,853	15,300

Weighted average number of shares, in thousands of shares

	2022	2023
Total number of ordinary shares at January 1	1,254,386	1,254,386
Weighted average number of shares outstanding, basic	1,254,386	1,254,386
Effect of share options	939	1,530
Weighted average number of shares outstanding, diluted	1,255,325	1,255,916

Diluted earnings per share is related to outstanding share-based LTI programs for 2021, 2022 and 2023. Further information about the LTI programs are found in note G4.

§ Accounting principles

The calculation of basic earnings per share is based on the profit (loss) attributable to ordinary equity holders of the Parent Company divided by the weighted average number of ordinary shares outstanding during the year. The earnings per share is calculated for the Group total and continuing operations.

When calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the effects of all dilutive potential ordinary shares, which during reported periods relates to share-based payment arrangements issued to employees. All LTI programs within Sandvik are performance-based and are regarded as giving a potential dilutive effect. The shared-based awards are dilutive if the exercise price is less than the quoted stock price and increases with the size of the difference.



G13 Intangible assets

	Internally generated intangible assets					Acquired intangible assets							Total
	Capitalized R&D expenditure	IT software	Patents and licenses	Other	Subtotal	Capitalized R&D expenditure	IT software	Patents and licenses	Trade-marks	Goodwill	Other	Subtotal	
Cost													
January 1, 2022	4,155	3,156	273	159	7,744	621	1,099	1,434	2,264	34,278	10,117	49,817	57,560
Discontinued operations	-143	-195	0	-64	-402	-19	-72	-1	-18	-1 352	-34	-1,496	-1,898
Additions	209	442	9	-	661	187	82	9	-	-	7	285	946
Business combinations	-	-	-	-	-	43	135	230	478	10,552	3,755	15,193	15,193
Divestments and disposals	-4	-4	-5	-	-13	-	-45	-2	-	-	-10	-59	-72
Impairment losses	-	-	-	-	0	-	-	-	-	-88	-	-88	-88
Reclassifications	-	7	-6	6	7	-	37	-	-30	-	-22	-15	-8
Translation differences	162	93	24	13	291	66	65	192	307	4,182	1,371	6,182	6,474
December 31, 2022	4,380	3,499	294	114	8,287	899	1,301	1,863	3,001	47,572	15,184	69,820	78,107
Accumulated amortizations and impairment losses													
January 1, 2022	3,261	2,205	157	119	5,742	244	728	488	415	-	2,135	4,011	9,752
Discontinued operations	-140	-161	-	-43	-345	-13	-58	-1	-3	-	-3	-78	-423
Divestments and disposals	-4	-4	-	-	-8	-	-44	-2	0	-	-11	-59	-67
Impairment losses	-	16	-	-	16	-	-	-	-	-	19	19	35
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-4	-4	-4
Reclassification	-	2	-3	0	-1	0	8	-1	-31	-	-19	-43	-44
Amortizations for the year	220	335	11	1	567	59	103	134	114	-	1,155	1,565	2,132
Translation differences	114	63	15	11	203	24	45	54	31	-	236	391	594
December 31, 2022	3,450	2,455	180	87	6,173	313	782	674	526	-	3,506	5,801	11,974
Net carrying amount													
December 31, 2022	930	1,044	114	27	2,114	585	519	1,189	2,475	47,571	11,677	64,019	66,134
Cost													
January 1, 2023	4,380	3,499	294	114	8,287	899	1,301	1,863	3,001	47,572	15,184	69,820	78,107
Additions	314	754	14	2	1,085	249	102	3	5	0	40	398	1,482
Business combinations	-	-	-	-	-	33	3	1	141	712	759	1,649	1,649
Divestments and disposals	-94	-35	0	0	-129	-1	-93	-25	0	-72	-13	-204	-333
Impairment losses	-	-	-2	-	-2	-	-	-	-13	-83	-77	-173	-174
Reclassifications	12	-20	-1	-7	-16	-12	87	-2	30	0	32	135	119
Translation differences	-28	26	-7	-6	-15	-18	-21	-57	-110	-1,474	-558	-2,238	-2,253
December 31, 2023	4,584	4,223	298	104	9,209	1,151	1,378	1,782	3,053	46,656	15,367	69,388	78,598
Accumulated amortizations and impairment losses													
January 1, 2023	3,450	2,455	180	87	6,173	313	782	674	526	-	3,506	5,801	11,973
Divestments and disposals	-76	-35	0	0	-111	0	-78	-20	-	0	-11	-108	-220
Impairment losses	16	-	-	-	16	-	0	-	-	-	-	0	16
Reversal of impairment losses	-	-	1	-	1	-	-	-	-	-	0	0	1
Reclassifications	4	-16	-1	0	-14	-4	19	0	30	-	1	46	31
Amortization for the year	223	267	12	0	502	101	154	154	126	-	1,490	2,025	2,527
Translation differences	-17	21	-3	-5	-4	-7	-12	-27	-13	-	-162	-220	-224
December 31, 2023	3,599	2,691	189	83	6,561	404	866	780	669	0	4,825	7,544	14,104
Net carrying amount													
December 31, 2023	985	1,532	110	21	2,648	747	512	1,002	2,384	46,656	10,542	61,844	64,495

→ G13, continued

Amortization for the year is included in the following lines in the income statement

	2022	2023
Cost of goods and services sold	-569	-771
Selling expenses	-1,034	-1,284
Administrative expenses	-251	-205
Research & development	-278	-267
Total	-2,132	-2,527

Impairment losses/reversal of impairment losses per line in the income statement

	2022	2023
Cost of goods and services sold	4	-16
Selling expenses	-18	-91
Administrative expenses	-4	0
Research & development	-12	-1
Other operating expenses	-88	-83
Total	-118	-191

Impairment tests of intangible assets

Intangible assets with a definite useful life were tested for impairment when an indication for impairment was identified. Intangible assets with an indefinite useful life are tested for impairment annually and whenever events or changes in circumstances indicates that the carrying amount has been impaired. The tests resulted in impairment losses of SEK 191 million (118).

Goodwill

	Carrying amount	
Goodwill by cash-generating unit	2022	2023
Sandvik Manufacturing and Machining Solutions		
Walter Group	4,571	4,319
Seco Tools	576	621
Sandvik Coromant	4,370	4,016
Dormer Pramet	370	275
Business area level	15,489	15,166
Total	25,377	24,397
Sandvik Mining and Rock Solutions		
Business area level	15,785	16,095
Total	15,785	16,095
Sandvik Rock Processing Solutions		
Business area level	6,369	6,127
Total	6,369	6,127
Other Operations	41	39
Group total	47,572	46,657

Impairment tests of goodwill

As previously stated, the carrying amount of goodwill in the consolidated balance sheet is SEK 46,657 million (47,572), essentially related to a number of major business combinations.

In 2023, there were no changes to the business areas that have caused the cash generating units (CGUs) to change. That means that goodwill is tested for impairment on business area level for Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions and on division/business area level for Sandvik Manufacturing and Machining Solutions with the following CGUs: Sandvik Coromant, Seco Tools, Dormer Pramet, Walter Group and Sandvik Manufacturing and Machining Solutions business area level. Consolidated goodwill is allocated to the CGUs stated above. The recoverable amount of all of the CGUs has been assessed based on estimates of value in use. Calculations of value in use are based on the estimated future cash flows using forecasts covering a four-year period, which are based on the business plans prepared annually by each of the business areas and approved by Sandvik Group Executive Management.

These plans are founded on the business areas' strategies and an analysis of the current and anticipated business climate, and the impact this is expected to have on the market in which the business area operates. A range of economic indicators, which differ for each market, and external and internal studies of these, are used in the analysis of the business situation. The forecasts form the basis for how the values of the material assumptions are established. The assumptions mentioned below reflect past experience and the current and future situation and are consistent with external information. The most material assumptions when determining the value in use include anticipated demand, growth rate, operating margin, working capital requirements and the discount rate. Assumptions on growth rate and margins are at normal levels in relation to outcomes for most CGUs in recent years. The future revenues in 2024 are somewhat higher due to the acquisitions in 2023, but in 2025 and onwards the revenues and margins are assumed to be normalized.

The factor used to calculate growth in the terminal period after four years was 2 percent for all CGUs. Need of working capital beyond the four-year period is deemed to increase approximately at the same rate as the expected growth in the terminal period. The discount rate consists of a weighted average cost of capital for borrowed capital and shareholders' equity. Sandvik calculates a pre-tax discount rate for each CGU, which varied between 9.7 percent and 11.2 percent; Sandvik Mining and Rock Solutions 11.2 percent (11.4), Sandvik Rock Processing Solutions 11.0 percent (11.7), Walter Group 11.0 percent (10.4), Seco Tools 10.0 percent (9.6), Sandvik Coromant 9.7 percent (9.4), Dormer Pramet 10.5 percent (9.9) and Sandvik Manufacturing and Machining Solutions 10.0 percent (9.8). The specific risks of the CGUs have been adjusted for future cash flow forecasts.

Goodwill attributable to Dormer Pramet amounting to SEK 83 million was written down in the second quarter due to a closure of a smaller business. The cost is booked in other operating expenses.

The impairment testing of goodwill performed during the fourth quarter 2023 did not indicate any impairment requirements. Sensitivity in the calculations implies that the goodwill value would be maintained even if the discount rate was increased by 2 percentage points or if the long-term growth rate was lowered by 2 percentage points. The goodwill value would also be maintained, given an operating margin drop of 2 percentage points.



→ G13, continued

§ Accounting principles

Intangible asset

Goodwill

Goodwill is allocated to CGUs that are expected to benefit from the synergies of the business combination. Goodwill arising on the acquisition of an associated company is included in the carrying amount of participation in associated companies.

Other intangible assets

Other intangible assets acquired by the company are recognized at cost less accumulated amortization and any impairment losses. Capitalized expenditure for the development and purchase of software for the Group's IT operations are included here.

Amortization of intangible assets

Amortization is charged to profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

– Patents	10–20 years
– Trademarks	3–20 years and some with indefinite useful life
– Capitalized development costs	3–10 years
– Software for IT operations	3 years

Borrowing costs

Borrowing costs attributable to the construction of qualifying assets are capitalized as a portion of the qualifying asset's cost. A qualifying asset is an asset that takes a substantial time period to get ready for its intended use or sale. The Group considers a period in excess of one year to be a substantial time period. For the Group, the capitalization of borrowing costs relating to intangibles is mainly relevant for capitalized expenditure for the development of new data systems.

Cloud computing arrangements

Sandvik applies the IFRS IC's agenda decision for cloud computing arrangements from 2021. Configuration or customization costs in cloud computing arrangements that Sandvik can control will be capitalized.

! Critical estimates and key judgments

Impairment tests of goodwill

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired, for example due to a changed business climate or a decision taken either to sell or close down certain operations. In order to determine if the value of goodwill has been impaired, the CGU to which goodwill has been allocated must be valued using present value techniques. When applying these valuation techniques, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. As can be deduced from this description, changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Impairment tests of other non-current assets

Sandvik's intangible assets – excluding goodwill and certain trademarks – are stated at cost less accumulated amortization and any impairment losses. Other than goodwill and certain trademarks, Sandvik has not identified any intangible assets with indefinite useful lives. The assets are amortized over their estimated useful lives to their estimated residual values. Both the estimated useful life and the residual value are reviewed at least at each financial year-end.

The carrying amount of the Group's non-current assets is tested for impairment whenever events or changes in circumstances indicate that the carrying amount will not be recovered. The carrying amount of intangible assets not yet available for use is tested annually. If such analysis indicates an excessive carrying amount, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less selling costs, and its value in use. Value in use is measured as the discounted future cash flows of the asset, alternatively the CGU to which the asset belongs.

A call for an impairment test also arises when a non-current asset is classified as being held for sale, at which time it must be remeasured at the lower of its carrying amount and fair value less costs to sell.

G14 Property, plant and equipment

	Land and buildings	Plant and machinery	Rental fleet	Equipment, tools, fixtures and fittings	Construction in progress	Total
Cost						
At January 1, 2022	17,728	41,968	2,288	7,029	2,787	71,801
Discontinued operations	-5,437	-13,846	0	-1,386	-642	-21,311
Additions	164	585	947	373	2,166	4,235
Business combinations	219	571	0	152	51	993
Divestments and disposals	-200	-1,108	-619	-593	-96	-2,617
Reclassifications	347	715	-229	268	-1,410	-309
Translation differences for the year	907	1,829	234	401	162	3,533
At December 31, 2022	13,727	30,715	2,621	6,243	3,017	56,325
Accumulated depreciations and impairment losses						
At January 1, 2022	8,796	30,623	1,155	5,150	0	45,724
Discontinued operations	-2,928	-10,170	0	-963	-	-14,061
Divestments and disposals	-155	-1,044	-449	-565	-	-2,214
Impairment losses	4	21	1	20	39	86
Reversal of impairment losses	0	-1	-	0	-	-1
Reclassifications	12	-91	-51	44	-	-86
Depreciation for the year	435	1,672	510	452	-	3,069
Translation differences for the year	439	1,267	128	290	-	2,124
At December 31, 2022	6,604	22,277	1,294	4,428	39	34,642
Net carrying amount						
At December 31, 2022	7,123	8,438	1,327	1,816	2,978	21,683
Cost						
At January 1, 2023	13,727	30,715	2,621	6,243	3,017	56,325
Additions	316	871	910	434	2,249	4,781
Business combinations	147	127	-	25	1	299
Divestments and disposals	-175	-864	-578	-347	-127	-2,091
Reclassifications	591	1,026	-272	119	-1,992	-527
Translation differences for the year	-263	-668	-64	-123	-79	-1,198
At December 31, 2023	14,344	31,207	2,619	6,350	3,069	57,590
Accumulated depreciations and impairment losses						
At January 1, 2023	6,604	22,277	1,294	4,428	39	34,642
Divestments and disposals	-112	-819	-379	-320	-	-1,631
Impairment losses	5	101	20	0	-	126
Reclassifications	50	-95	-181	-60	-	-286
Depreciation for the year	483	1,715	534	526	-	3,258
Translation differences for the year	-150	-484	-34	-85	-	-753
At December 31, 2023	6,880	22,694	1,254	4,489	39	35,356
Net carrying amount						
At December 31, 2023	7,463	8,513	1,365	1,860	3,030	22,234

G15 Right-of-use assets

Leases with Sandvik as lessee

	Land and buildings	Plant and machinery	Fixture and fittings	Total
Accumulated acquisition cost				
At January 1, 2022	4,542	407	1,172	6,121
Discontinued operations	-213	-43	-114	-369
Additions	903	108	324	1,335
Remeasurements	311	16	-2	325
Business combinations	476	-2	49	523
Divestments and disposals	-383	-59	-246	-689
Reclassifications	0	0	-17	-14
Translation differences for the year	391	27	89	508
At December 31, 2022	6,028	454	1,254	7,740
Depreciation and impairment losses				
At January 1, 2022	1,463	187	631	2,281
Discontinued operations	-76	-28	-60	-165
Depreciation for the year	801	104	310	1,215
Impairment losses	21	2	1	23
Reversal of impairment losses	-1	0	0	-1
Divestments and disposals	-361	-54	-239	-654
Reclassifications	-31	0	-37	-67
Translation differences for the year	107	11	47	165
At December 31, 2022	1,922	223	653	2,798
Net carrying amount				
At December 31, 2022	4,106	231	602	4,941
Accumulated acquisition cost				
At January 1, 2023	6,028	454	1,254	7,740
Additions	1,064	158	497	1,719
Remeasurements	258	9	-9	257
Business combinations	-0	-	-19	-19
Divestments and disposals	-372	-68	-316	-755
Reclassifications	42	-3	0	39
Translation differences for the year	-228	-10	-25	-266
At December 31, 2023	6,792	541	1,383	8,716
Depreciation and impairment losses				
At January 1, 2023	1,922	223	653	2,798
Depreciation for the year	901	113	351	1,364
Impairment losses	15	0	0	16
Reversal of impairment losses	-12	0	0	-12
Divestments and disposals	-328	-66	-309	-702
Reclassifications	-5	-4	-23	-32
Translation differences for the year	-82	-7	-9	-98
At December 31, 2023	2,410	258	663	3,332
Net carrying amount				
At December 31, 2023	4,382	283	720	5,384



→ G15, continued

Depreciation per line in the income statement		
	2022	2023
Cost of goods and services sold	-375	-476
Selling expenses	-382	-400
Administrative expenses	-370	-401
Research and development expenses	-88	-87
Total	-1,215	-1,364

Impairment losses/reversal of impairment losses per line in the income statement		
	2022	2023
Cost of goods and services sold	-1	-4
Selling expenses	-1	-
Other operating expenses	-20	-
Research and Development expenses	0	-
Total	-22	-4

Contracts not yet commenced

Contracts not yet commenced amounted to SEK 641 million (989). For maturity analysis of the lease liability, see note G28.

Sandvik as lessor

Investments in financial leases amounted to SEK 6,449 million (5,573). During 2023, the selling profit for equipment subject to finance lease contracts amounted to SEK 1,248 million (887) and are recognized within sale of goods. Finance income amounted to SEK 357 million (233).

During 2023, the selling profit for equipment subject to operational lease contracts is presented in G3 under Rental Fleet. The planned residual value of the Group's rental fleet amounted to SEK 1,366 million (1,327). Depreciation for the year amounted to SEK 534 million (510). Gain on disposed assets amounted to SEK 60 million (-6). Variable fees amounted to SEK -106 million (-71).

As of December 31, 2023, the future minimum lease payments under non-cancellable operating leases amounted to SEK 805 million (783).

Maturity analysis of lease payments receivable	Finance leases	Operating leases
2024	3,243	513
2025	2,295	195
2026	698	88
2027	158	8
2028	36	1
2029 or later	19	-
Total undiscounted lease payments	6,449	805

Amounts recognized in the income statement		
	2022	2023
Depreciations for the year	-1,215	-1,364
Impairment losses / reversal of impairment losses	-22	-4
Interest expenses related to lease liabilities	-165	-225
Expenses for low value assets	-52	-38
Expenses for short-term leases	-49	-24
Expenses related to variable lease expenses not included in the lease liability	-21	-24
Gains/losses related to sale and leaseback transactions	0	-1
Total amounts recognized in the income statement	-1,524	-1,680
The total cash outflow for leases during the year	-1,500	-1,617

§ Accounting principles

Sandvik as a lessee

Lease contracts are recognized as Right-of-Use (RoU) assets and interest-bearing liabilities. The lease liability is presented within other interest-bearing liabilities and measured by the present value of future unpaid lease payments. The RoU asset is presented within non-current assets and valued at cost less amortization and impairment, if applicable. The asset is depreciated on a straight-line basis over the estimated contract period.

For each lease contract Sandvik assesses, if it is reasonably certain to extend the lease, to purchase the underlying asset or terminate the lease. The lessee determines the length of the contract period based on factors such as the importance of building to the business and any planned or made leasehold investments.

Sandvik separates non-lease components from the lease components in contracts referring to buildings. For all other asset classes, non-lease components are included in the calculation of a RoU asset and lease liability.

Sandvik applies the two expedients concerning leases, leases shorter than one year and low-value assets that are not considered in the RoU assets and lease liabilities.

Sandvik as a lessor

In a financial lease contract Sandvik recognizes a non-current and current customer-financing receivable at an amount equal to the net investment in the lease. Expected credit losses is reflected in the valuation of the customer-financing receivable at initial recognition and the provision is reassessed during the contract period. Revenue is recognized in accordance with revenue recognition principles.

In an operating lease contract the asset is classified as rental fleet and is subject to the Group's depreciation policies. The cost of an asset comprises the acquisition value and any initial direct costs related to the contract. The lease revenue is recognized on a straight-line basis over the lease contract period.

Sandvik Financial Services offers financing of equipment, mainly to customers in the mining and construction sectors. Sandvik Financial Services is responsible for identifying and assessing its key risks related to end customer financing, as well as managing and monitoring them. Risk management is carried out in accordance with the Sandvik policies. For more information, see G28.

G16 Shares in associates, joint ventures and financial assets

Shares in associates and joint ventures

	2022	2023
Accumulated share of equity		
At the beginning of the year	595	415
Reclassification	-286	-41
Acquisition of associates and JV's	23	64
Capital injection	14	29
Share of profits for the year	6	15
Less dividend received	0	-15
Translation differences during the year	63	-7
Carrying amount at the end of year	415	459

Additional information

Associates and joint ventures are recognized one month in arrears with the exception of for Beam IT Spa, which is recognized with a year in arrears and Eimco Elecon, which is reported once a year. The close of the reporting period for Eimco Elecon is at March 31, as no financial statements as of a later date have been obtained.

The dividends paid are included in the calculation of the proportion of equity.

Sandvik acquired the remaining 70 percent of the shares in MCB Services and Minerals on April 1, 2023. Prior to the transaction, Sandvik owned 30 percent of the shares.

Summarized financial information of associates and joint ventures, and the Group's share

	Country	2022						2023					
		Revenue	Profit	Assets	Liabilities	Equity	Group's share, %	Revenue	Profit	Assets	Liabilities	Equity	Group's share, %
Associates													
3C Metrologic	Mexico	9	0	8	2	6	40.0	8	0	10	4	6	40.0
Beam IT Spa	Italy	103	6	728	403	325	31.3	-1	0	734	386	348	33.2
Eimco Elecon	India	105	11	461	41	420	25.1	213	25	467	46	418	25.1
Fagersta Seco AB	Sweden	-	-	3	2	1	50.0	-	-	3	2	1	50.0
Fagerstahälsan AB	Sweden	8	0	8	5	3	33.3	9	0	8	5	3	33.3
MCB Serviços e Mineração Ltda.	Brazil	45	21	44	7	37	30.0	-	-	-	-	-	N/A
Joint ventures													
Rocbolt Resins Pty Ltd.	Australia	197	14	102	49	53	50.0	217	12	100	48	52	50.0
Shanghai Innovatools Co. Ltd.	China	6	0	11	2	9	47.1	0	-1	7	0	7	47.1
Talleres Sema-Dur, SL	Spain	39	4	39	9	31	50.0	51	6	44	13	32	50.0
VWR Cutting Tools	Romania	-	-10	22	22	0	50.0	7	-5	22	25	-3	50.0

Financial assets

	2022	2023
Long-term receivables associated companies	82	85
Other financial assets	804	862
Total	886	947

§ Accounting principles

Associates and joint venture

Associates and joint ventures are recognized in accordance with the equity method in the consolidated financial statements. With the equity method, the carrying amounts of interests in associated companies and joint ventures correspond to the recognized equity of those companies, any goodwill and any other remaining fair value adjustments recognized at acquisition date. Sandvik's share of the associated company and joint venture's income, adjusted for dissolution of acquired surplus or deficit values, is recognized as a separate item in the consolidated income statement.

Other financial assets

Other financial assets are holdings in investees over which the Group does not hold a significant influence. Not holding significant influence generally means that the shareholding corresponds to less than 20 percent of the voting rights. Other financial assets are recognized as financial assets and are measured at fair value either through other comprehensive income or profit or loss, depending on the business model applicable for the type of holding. Dividends received are recognized in the income statement.



G17 Non-current receivables

	2022	2023
Derivatives designated as hedging instruments	122	5
Funded pension plans	1,074	1,333
Other non-interest-bearing receivables	366	584
Other interest-bearing receivables	2,696	3,191
Total	4,258	5,113

G18 Inventories

	2022	2023
Raw materials and consumables	7,952	7,345
Work in progress	5,906	5,475
Finished goods	21,161	21,481
Total	35,019	34,301

Cost of goods and services sold includes impairment of inventories of SEK 205 million (660).

§ Accounting principles

Inventories are stated at the lowest end of cost and net realizable value, with due consideration of obsolescence.

Cost is either based on the first-in/first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, or the weighted average cost formula. All inventories having a similar nature are valued with the same formula. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

G19 Trade receivables

Age analysis	2022		2023	
	Gross	Impaired	Gross	Impaired
Current	15,198	-106	14,881	-101
1–30 days past due	2,051	-47	1,997	-29
31–60 days past due	658	-37	700	-19
61–90 days past due	333	-33	302	-18
91–180 days past due	470	-75	489	-98
181–360 days past due	379	-187	370	-105
More than 360 days past due	514	-433	538	-432
Total	19,604	-919	19,279	-802

Trade receivables, net, amounted to SEK 18,477 million (18,685) and are reported net of expected credit losses and other impairments, which amounted to SEK -802 million (-919). Credit risk and expected credit loss related to financial leases are presented in note G28, in the credit risk section.

§ Accounting principles

Trade receivables are recognized at amortized cost when the consideration is unconditional, less loss allowance.

G20 Other current receivables

	2022	2023
Contract assets	503	370
Derivatives designated as hedging instruments	516	2,105
Other non-interest-bearing receivables	4,019	4,033
Other interest-bearing receivables	2,592	3,106
Advances to suppliers	388	333
Total	8,018	9,947

§ Accounting principles

A contract asset is recognized when the right to consideration for a performance obligation is conditional on completion of promises other than the passage of time.

G21 Capital and reserves

Details of reserves	2022	2023
Translation reserve		
At the beginning of the year	6,190	13,806
Translation differences during the year	7,616	-3,113
At the end of the year	13,806	10,693
Hedging reserve		
At the beginning of the year	-45	-108
Cash-flow hedges recognized in OCI	-64	835
At the end of the year	-108	727
Total reserves		
Reserves at the beginning of the year	6,145	13,698
Changes in reserves:		
Translation reserve	7,617	-3,113
Hedging reserve	-64	835
Reserves at the end of the year	13,698	11,420

The Board of Directors proposes an ordinary dividend of SEK 5.50 per share (5.00). The proposal corresponds to 43 percent (42) of Sandvik Group's total adjusted earnings per share. The proposed record date to receive dividends is May 2, 2024. Assuming the General Meeting accepts the dividend proposal, the date to receive dividends will be May 7, 2024, and the dividend will be paid in one installment. The Annual General Meeting will be held on April 29, 2024. No changes were made to the processes for managing capital during the year. Neither the Parent Company nor any of its subsidiaries have to comply with externally imposed capital requirements.

§ Accounting principles

Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign operations stated in a currency different from the Group's presentation currency.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash-flow hedging instruments (float-to-fixed interest hedges and net investment hedges) related to hedged transactions that have not yet occurred. The change in cash-flow hedges that was transferred to profit (loss) for the year amounted to SEK 0 million (0).

Non-controlling interests

Non-controlling interests are recognized as a separate item in the Group's equity. Acquisitions of non-controlling interests are recognized as a transaction within shareholders' equity, meaning between the Parent Company's owners and non-controlling interests. Accordingly, goodwill does not arise in conjunction with such transactions. Gains or losses on disposals to non-controlling interests are also recognized in equity.

Put options issued to owners with non-controlling interests

Put options issued to owners with non-controlling interests refer to agreements that give the owner the right to sell interests in the company, either at a fixed price or a fair value at a future period in time. The amount to be paid if the option is exercised is initially recognized, at present value, as a financial liability. The liability is remeasured and any change in present value is recognized in equity. If the option is not exercised by maturity the liability is derecognized with a corresponding adjustment in equity.



G22 Provisions for pension and other non-current post-employment benefits

Sandvik provides direct pension solutions or participates in defined benefit, defined contribution and other plans for post-employment benefits to all employees. These plans are structured in accordance with local regulations and practices. The Group's most significant defined-benefit pension plans are described below per country.

Sweden

The Swedish pension plan is funded through a foundation and is based on salary at the time of retirement. It is partly closed for new participants, meaning that only new employees born prior to 1979 have the option of joining the plan. Employees born after 1979 are encompassed by a defined-contribution plan. There are no funding requirements for the defined-benefit plan. Pension payments to retirees are made directly from Sandvik.

The commitment for family pension, also a defined-benefit plan, is insured with Alecta. Sufficient information to use defined-benefit accounting for this plan is not available, and therefore recognized as a defined-contribution plan. At the end of 2023, Alecta reported a preliminary plan surplus of 157 percent (172). The Group's share of Alecta's saving premiums is 0.1 percent, the total share of active members in Alecta is 0.5 percent. For 2024, the expected contribution to Alecta is SEK 17 million (29).

The Group's mutual responsibility as a credit-insured company of PRI Pensionsgaranti in Sweden is classified as a contingent liability and amounts to SEK 72 million (63). This mutual responsibility can only be imposed in the instance that PRI Pensionsgaranti has consumed all of its assets, and it amounts to a maximum of 2 percent of the Group's pension liability in Sweden.

UK

The main pension plan in the UK is based on salary at the time of retirement and closed for new participants. The plan is funded through a foundation and the funding level is revalued every third year. If the valuation indicates a requirement to increase the funding, Sandvik contributes with funding to the plan over a certain period of time. The plan is governed by trustees and investment decisions are made after consulting with Sandvik. Pension payments to retirees are made from the plan.

US

Sandvik US pensions plan are based on salary at the time of retirement and closed for new participants. The funding level is revalued every year with a target of restoring the funding level over a seven-year period. Those eligible for the pension plan are also eligible for the retiree medical plan at the time of retirement. Pension payments to retirees are made from the plan.

Finland

In Finland, Sandvik sponsors a defined-benefit pension plan funded through a foundation. The benefits offered include an old-age pension and disability pension. In addition to the benefits guaranteed by the Finnish subsidiary, there is also a defined-contribution pension component. Pension payments to retirees are made from the plan.

Germany

Sandvik's pension plan in Germany contains employer- and employee-financed contributions. The employer provides pension contributions. For each employee, the employer administrates the cash balance in an individual capital account per employee. Pension payments to retirees are generally made directly from Sandvik.

In Germany, there are, in general, no funding requirements. The pension assets are covered as plan assets and protected against insolvency in the Sandvik Pension Trust, a Contractual Trust Arrangement held by Sandvik.

Reconciliation of change in present value of defined benefit obligation for funded and unfunded plans

	2022	2023
Opening Balance, January 1	32,799	23,167
Service cost	361	284
Past service cost	7	-8
Gain/loss on settlements	-10	-1
Settlement	-501	-
Interest cost	655	1,058
Contributions by plan participants	31	33
Benefits paid	-1,265	-1,272
<i>Remeasurements loss (gain) arising from:</i>		
- Financial assumptions	-9,470	644
- Demographic assumptions	-2	-76
- Experience adjustments	504	72
Distribution of Alleima	-2,134	-
Acquisitions	154	68
Other	-2	-5
Exchange differences	2,040	-279
Closing balance, December 31	23,167	23,865

Reconciliation of change in the fair value of plan assets, including asset ceiling

	2022	2023
Opening Balance, January 1	26,891	21,001
Interest income	578	1,003
Settlement payments from plan assets	-501	-
Contributions by the employer	193	276
Benefits paid directly by employer	248	233
Contributions by plan participants	31	33
Benefits paid	-1,265	-1,272
Return on plan assets, excl interest income	-5,353	85
Effect of asset ceiling	217 ¹⁾	34
Distribution of Alleima	-1,675	-
Acquisitions	148	57
Other	-30	-8
Exchange differences	1,519 ¹⁾	-315
Closing balance, December 31	21,001	21,127

1) Figures have been updated compared to the annual report 2022.

	2022	2023
Actual return on plan assets	-4,484	160
Consolidation ration, funded plans, %	100	98
Consolidation ration, all plans, %	90	88
Estimated contributions, next year	396	399

→ G22, continued

Information by country December 31, 2022	SE	GB	US	FI	DE	Other	Total
Amounts included in the balance sheet							
Present value of funded and unfunded obligations	4,393	5,207	5,862	3,956	2,076	1,673	23,167
of which for actives	1,935	–	1,363	1,145	764	1,160	6,367
of which for vested deferred	1,361	2,102	652	777	308	67	5,267
of which for retirees	1,096	3,105	3,847	2,035	1,004	445	11,532
Plan assets	2,531	5,320	6,395	4,624	1,562	1,267	21,699
Asset ceiling	–	–	-688	–	–	-10	-698
Total surplus (deficit)	-1,862	113	-155	668	-514	-416	-2,165
Pension plans recognized according to local rules	–	–	–	–	–	–	-218
Total net liability	–	–	–	–	–	–	2,383
Provision for pensions	–	–	–	–	–	–	3,458
Over funded pension plans recognized as asset, non-current receivable	–	–	–	–	–	–	1,074
Funding level, %	58	102	109	117	75	76	94
Net liability for medical plans	–	–	216	–	–	41	257
Average duration of the obligation, years	21	17	11	15	7	N/A	14
Amount included in the income statement/other comprehensive income							
Total service cost	-103	–	5	-132	-30	-66	-326
Net interest	-70	–	-23	5	-11	36	-63
Remeasurements	1,835	30	27	345	353	816	3,405
Total expense for defined benefits (pretax)	1,661	30	9	218	313	785	3,016
Cash flows							
Contributions by the employer	3	-96	–	-23	-49	-21	-186
Benefits paid	-89	–	-29	–	-64	-36	-218
Settlements paid	–	–	-501	–	–	1	-500
Major assumptions for the valuation of the liability							
Longevity, years % ¹⁾	23	23	22	23	22	N/A	N/A
Inflation, %	2.00	3.10	2.50	2.00	2.25	N/A	2.40
Discount rate, % (weighted average)	3.95	4.95	5.20	4.24	4.10	N/A	4.58
Future salary increase, % (weighted average)	3.25	N/A	N/A	3.00	3.25	N/A	2.21
Information by country December 31, 2023							
Amounts included in the balance sheet							
Present value of funded and unfunded obligations	4,932	5,160	5,658	3,922	2,247	1,767	23,685
of which for actives	2,048	0	1,080	1,162	886	1,270	6,446
of which for vested deferred	1,566	2,282	638	773	328	46	5,631
of which for retirees	1,318	2,878	3,939	1,987	1,033	452	11,608
Plan assets	2,464	5,375	6,175	4,734	1,713	1,330	21,791
Asset ceiling	–	–	-661	–	–	-3	-664
Total surplus (deficit)	-2,468	215	-144	812	-535	-440	-2,558
Pension plans recognized according to local rules	–	–	–	–	–	–	-199
Total net liability	–	–	–	–	–	–	-2,757
Provision for pensions	–	–	–	–	–	–	4,089
Over funded pension plans recognized as asset, non-current receivable	–	–	–	–	–	–	1,333
Funding level, %	50	104	97	121	76	75	88
Net liability for medical plans	–	–	204	–	–	41	244
Average duration of the obligation, years	22	12	10	16	7	N/A	14
Amount included in the income statement/other comprehensive income							
Total service cost	-75	–	-3	-117	-23	-57	-275
Net interest	-72	8	-8	29	-24	-35	-101
Remeasurements	-559	-13	-16	227	-161	13	-510
Total expense for defined benefits (pretax)	-706	-5	-27	139	-209	-78	-886
Cash flows							
Contributions by the employer	-3	-106	–	-3	-125	-39	-276
Benefits paid	-103	–	-31	–	-65	-34	-233
Major assumptions for the valuation of the liability							
Longevity, years % ¹⁾	23	23	22	23	22	N/A	N/A
Inflation, %	1.75	3.05	2.50	2.00	2.00	N/A	2.28
Discount rate, % (weighted average)	3.45	4.80	4.95	3.60	3.90	N/A	4.24
Future salary increase, % (weighted average)	3.00	N/A	N/A	3.00	3.25	N/A	3.14

1) Expressed as the expected remaining life expectancy of a 65-year-old in number of years.



→ G22, continued

Risks and cash flows

Three main categories of risks are associated with the Company's defined-benefit pension plans.

Future pension payments

Greater life expectancy, increased inflation assumptions and higher salaries can increase future pension payments and thus also the liability for the pension obligation.

Return on assets

Low returns of assets in the foundations that are funded may, in the future, result in lower return which are insufficient for covering future pension payments.

Measurement method

The measurement methods, primarily regarding the discount rate, being utilized in the measurement of the present value of the pension obligations. The discount rate, can fluctuate, leading to major changes in the recognized pension liability. The discount rate also affects the interest rate component of the pension liability and that is recognized in net financial items.

Discount rate

To determine the discount rate, AA credit rated corporate bonds are used that correspond to the duration of the pension obligation. If there is no deep market for corporate bonds, government bonds are used as the basis for determining the discount rate. Mortgage bonds are used in Sweden to determine the discount rate.

Sensitivity analysis

A sensitivity analysis of the most important assumptions affecting the recognized pension liability is provided below. Note that this sensitivity analysis is not intended to be the expression of an opinion by the company regarding the probability of such events occurring.

Sensitivity analysis, change in provision

	SE	UK	US	FI	DE	Total
Life expectancy, +1 year	184	156	148	139	51	678
Discount rate -50 bps	537	332	297	317	82	1,565
Inflation rate + 50 bps	526	110	-	9	28	673
Equities -20%	140	68	122	305	75	710

Plan assets

The fair value of plan assets December 31, 2023, included loans of SEK 0 million (0) to Sandvik companies and the value of properties leased to Sandvik of SEK 202 million (204).

Class of assets, %

	2022 ¹⁾	2023
Interest bearing securities	59	61
Shares	17	17
Properties	11	9
Other	9	9
Cash and cash equivalents	4	4

1) Figures have been updated compared to annual report 2022.

Governance

The defined-benefit and defined contribution-plans are governed through Sandvik's Pension Supervisory Board (PSB). The PSB meets twice a year and has the following areas of responsibility:

- Implement policies and directives
- Ensure efficient administration of the major pension plans and efficient management of reserved plan assets
- Approve establishment of new plans, material changes or closure of existing plan
- Approve guidelines for management of assets

The Group Pension Committee (GPC) is an operating body, which is also preparatory to the PSB. It has representatives from countries with large defined-benefit plans and relevant Group functions. The GPC's task is to monitor developments in countries, submit proposals on changes to pension plans to the PSB and approve the principle of how actuarial assumptions are established. The GPC meets twice a year.

Investment strategy

The aims of the investment decisions made in the foundations' managing plan assets are as follows:

- Ensure that the plan assets are sufficient to cover the foundation's future pension commitments
- Achieve optimal returns while taking into account a reasonable level of risk

Each foundation must have a written investment policy approved by the GPC. Reviews are performed annually. The foundation makes its own decisions on its investment strategy and takes into consideration the composition of the pension commitments, requirements of cash and cash equivalents, and available investment opportunities. The investment strategy is to be long-term and in line with the guidelines established by the PSB. An investment committee is to be in place.

§ Accounting principles

Defined-contribution plans

A defined-contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Defined-benefit plans

The Group's net obligation in respect to defined-benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have vested in return for their service in the current and prior periods. This benefit is discounted to its present value. In addition, the fair value of any plan assets is assessed. The calculation is performed annually by a qualified actuary.

The above method of accounting is applied to the most significant defined-benefit plans in the Group. A number of plans, which neither individually nor in the aggregate are significant in relation to the Group's total pension obligations, are still recognized in accordance with local regulations.

In measuring the present value of pension obligations and the fair value of plan assets, actuarial gains and losses may accrue either because the actual outcome differs from earlier assumptions (so called experience adjustments) or the assumptions are changed. These actuarial gains and losses are recognized in the balance sheet and in profit or loss under other comprehensive income.

! Critical estimates and key judgments

Post-employment benefits

Actuarial assumptions are used to measure pension obligations and they significantly affect the recognized net liability and the annual pension cost. One critical assumption – the discount rate – is essential for the measurement of both the expense of the year and the present value of the defined-benefit obligations' current year. The discount rate is used both for calculating the present value of the obligation and as an estimate for the return on plan assets. The discount rate is reviewed quarterly, which affects the net liability, and annually, which also affects the expense for the coming year. All other assumptions, both financial and demographic, are reviewed at least annually.

G23 Other interest-bearing liabilities

	2022	2023
Non-current liabilities		
Bond issues	30,231	26,648
Lease liabilities	4,043	4,389
Long-term loans from financial institutions	8,054	1,746
Other	36	58
Total	42,364	32,842
Current liabilities		
Bond issues	1,280	3,832
Lease liabilities	1,059	1,114
Short-term from financial institutions	7,301	7,175
Other	53	119
Total	9,693	12,240

§ Accounting principles

Financial liabilities excluding derivatives are classified and subsequently measured at amortized cost. Any difference between the loan amount, net of transaction costs, and the repayable amount is allocated to profit or loss for the year over the term of the loan using the effective interest method.

For information on contractual terms, scheduled repayments and the exposure to interest risk and foreign-currency risk, refer to note G28.



G24 Other provisions

	Warranties	Restructuring	Employee benefits	Environmental obligations	Legal disputes	Other obligations	Total
Balance at January 1, 2022	444	1,389	676	425	230	742	3,907
Discontinued operations	-45	-166	-91	-186	-8	-18	-514
Provisions made during the year	277	1,170	466	7	124	306	2,351
Provisions used during the year	-172	-749	-401	-14	-10	-450	-1,796
Unutilized provisions reversed during the year	-45	-141	-56	-7	-45	-241	-536
Reclassifications	2	-11	1	-	1	-29	-36
Business combinations	28	-	144	-	16	11	200
Translation differences	35	38	36	25	16	48	198
Balance at December 31, 2022	524	1,532	774	250	323	369	3,772
of which current	425	1,444	416	38	304	319	2,947
of which non-current	99	88	359	212	19	49	826
Balance at January 1, 2023	524	1,532	774	250	323	369	3,772
Provisions made during the year	448	482	662	46	42	254	1,934
Provisions used during the year	-304	-673	-442	-17	-77	-280	-1,792
Unutilized provisions reversed during the year	-98	-174	-71	0	-37	-109	-490
Reclassifications	9	-126	-8	1	37	176	88
Business combinations	7	-	1	-	3	-	11
Divestments	0	-68	-	-	-57	-	-126
Translation differences	-14	-28	-20	-7	-5	-7	-82
Balance at December 31, 2023	572	945	898	272	227	402	3,316
of which current	457	863	512	52	205	340	2,429
of which non-current	115	82	386	220	22	62	887

§ Accounting principles

The provisions are mainly related to warranty commitments, restructuring, environmental obligations, long-term incentives and legal disputes and claims, such as value-added tax issues, and customer and supplier claims relating to ongoing or finished projects.

If the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Employee benefits

A provision for personnel-related benefits is recognized in accordance with agreements entered for long-term incentive programs, local bonus programs, part-time pensions and other personnel obligations.

Environmental obligations

An environmental provision is recognized when there is a legal obligation for a clean up or site restoration.

Legal disputes

Legal disputes include provisions for claims which, at the balance sheet date, had not been closed.

Other obligations

Other obligations include provisions for onerous contracts and obligations within the scope of Sandvik Försäkring AB's operations.

! Critical estimates and key judgments

Disputes

Sandvik is party to a number of disputes and legal proceedings in the ordinary course of business. Management consults with legal experts on issues related to legal disputes and with other experts internal or external to the Company on issues related to the ordinary course of business. It is our best judgement assessment that neither the Parent Company, nor any subsidiary, is involved in legal proceedings or arbitration that may be deemed to have a materially negative effect on the business, the financial position or results of operations.

G25 Other liabilities

	2022	2023
Other non-current liabilities		
Derivatives designated as hedging instruments	1,024	422
Other	510	809
Total	1,534	1,231
Other current liabilities		
Derivatives designated as hedging instruments	222	1,467
Bills payable	121	83
Contract liabilities	4,615	4,054
Other	3,102	3,037
Total	8,060	8,641

Other non-current liabilities include deferred consideration regarding business combinations and liability to non-controlling interest, see note G31.

§ Accounting principles

Other liabilities

Other liabilities excluding derivatives are classified and subsequently measured at amortized cost.

Derivatives

Derivatives are classified at fair value through profit and loss, with the exception of those that are designated as hedging instruments in a cash-flow hedge.

Contract liabilities

A contract liability is recognized when a payment is received before the performance obligation has been satisfied.

G26 Accrued expenses

	2022	2023
Personnel related	4,640	4,793
Other accrued expenses	3,260	3,227
Total	7,900	8,020

G27 Contingent liabilities and pledged assets

On occasion, Sandvik is party to litigation and administrative proceedings related to its operations, including responsibility for products, the environment, health and safety. However, Sandvik does not deem that any of these ongoing proceedings and processes will significantly affect Sandvik.

Contingent liabilities	2022	2023
Guarantees issued for customers and others	1,797	2,183
Other contingencies	555	676
Total	2,352	2,859

Contingent liabilities amounted to SEK 2,859 million (2,352) and were mainly comprised of guarantees for customers and others as well as ongoing procedures. Banks and financial institutions have guaranteed obligations arising in the normal course of business on behalf of Group companies.

The table provides data for the maximum potential payments of third party guarantees and does not reflect management's expected outcomes.

Pledged assets

Pledged assets for own liabilities and provisions.

Pledged assets	2022	2023
Property mortgages	240	238
Total	240	238

§ Accounting principles

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

A contingent liability is also recognized when there is a present obligation that cannot be recognized as a liability or provision because it is not probable that an outflow of resources will be required, alternatively because the amount of the obligation cannot be measured with sufficient reliability.



G28 Supplementary information – financial risk

FINANCIAL RISK MANAGEMENT

Through its comprehensive international operations, Sandvik is exposed to financial risks.

Group Treasury is the function responsible for managing most of the Group's financial risks. The primary objectives of the function are to contribute to the creation of value by managing the financial risks to which the Group is exposed to during the ordinary course of business, and to optimize the Group's financial net.

The Board of Directors is responsible for establishing the Group's finance policy, which comprises guidelines, objectives, and limits for financial risk management within Group Treasury as well as the management of financial risks within the Group.

Group Treasury supports subsidiaries with loans, deposits, foreign exchange deals, banking solutions, and acts as an advisor in financial matters. The function conducts internal banking operations and is based at the head office in Stockholm. It is also responsible for the Group's bank account arrangements.

In addition, Group Treasury conducts payment advice and payment solutions, and is responsible for the Group's global policy for granting credit to customers in conjunction with sales. The customer finance activity is carried out through the business area Sandvik Mining and Rock Solutions at selected locations worldwide.

Finally, Group Treasury also manages the financial risks associated with the Group's defined-benefit pension plans.

Only institutions with a solid financial position and solid credit ratings are accepted as Sandvik's counterparties in financial transactions.

Currency risk – Transaction exposure

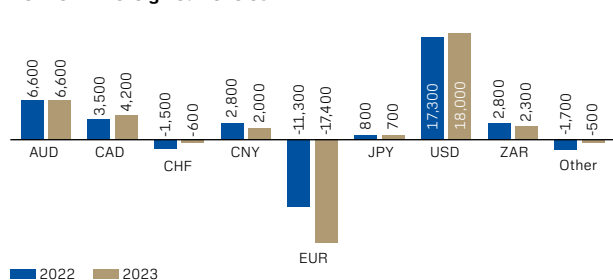
Risk

Transaction exposure is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Sandvik's annual transaction exposure, meaning the Group's net flow of currencies, after full offsetting of the counter-value in the exporting companies' local currencies, and measured at the average exchange rate, amounted to SEK 15,242 million (19,376) in 2023. The most important currencies for one year of exposure are shown in the following graph.

Exposure

Net flow in foreign currencies



Sandvik generally offers customers the possibility to pay in their own currencies through the global sales organization. As a result, the Group is continuously exposed to currency risks associated with account receivables denominated in foreign currency and with future sales to foreign customers. Since a large percentage of production is concentrated to a few countries, while sales occur in many countries, Sandvik is exposed to a large net inflow of foreign currencies.

In order to mitigate the currency risk, pricing is adjusted against both customers and suppliers in circumstances where Sandvik

is affected negatively by currency movements. To further reduce exposure to foreign currencies, currencies received are used to pay for purchases in the same currency via a monthly netting structure.

The net flow of all sales and purchases in non-functional currencies is hedged through financial instruments and bank account balances in accordance with guidelines set in the Group's finance policy. In addition, major project orders are currency hedged to protect the gross margin. Under the finance policy, the Chief Financial Officer has a mandate to hedge the annual transaction exposure. At year-end, the total hedged amount was SEK 1,786 million (528). The average duration for the hedged volume of foreign currency was 2 months (3). Unrealized results from outstanding currency contracts for hedging of future net flows amounted to SEK -67 million (-232) at year-end. This amount consists of SEK -68 million in losses related to contracts maturing in 2024 and SEK 1 million in losses related to contracts maturing in 2025 or later.

If all exchange rates for the exposure currencies were to change by 5 percent in an unfavorable direction, total EBIT over a 12-month period would change by approximately SEK -2,331 million (-2,119), assuming that the composition is the same as it was at year-end.

Sensitivity analysis by currency

AUD	CAD	CHF	CNY	EUR	USD	ZAR	Other	Total
-257	-187	-32	-95	-637	-879	-97	-146	-2,331

Currency risk – Translation exposure

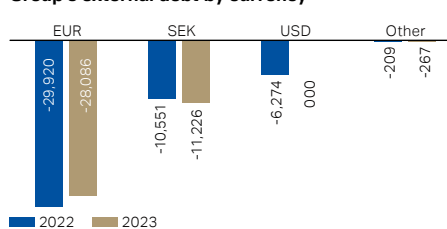
Risk

Translation exposure occurs when assets and liabilities are denominated in different currencies.

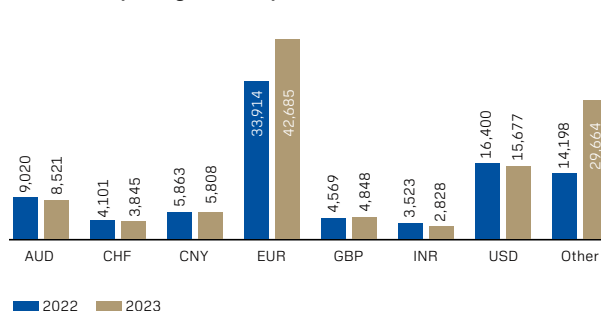
Since the Swedish krona (SEK) is Sandvik's functional currency, a translation risk related to the valuation of the net assets in foreign subsidiaries and the profit/loss in foreign currency achieved during the period occurs. The net assets, which usually consist of the foreign subsidiaries' shareholders equity, are translated to SEK at the rates applied at the balance sheet date. At December 31, the Group's net assets in subsidiaries in local currencies amounted to SEK 113,876 million (91,589).

Exposure

Group's external debt by currency



Net assets by foreign currency



→ G28, Continued

Comments

To avoid translation risk in the balance sheets of subsidiaries, they are financed in their functional currency through the internal bank. External borrowing often takes place in a specific currency, as shown in the first graph. The currency risk that arises in the internal bank as a result of this is managed using various derivatives.

Sandvik has chosen not to hedge future profits in foreign subsidiaries. Sandvik has since 2023 started to hedge net investment in foreign currency. At year end there is USD 1,540 million hedged of a USD net asset. The second graph shows the distribution of net assets among various currencies.

If exchange rates were to change by 5 percent in an unfavorable direction, the net effect on other comprehensive income would be approximately SEK -4,927 million (-4,596). This net effect primarily comprises of translation exposure in equity.

Sensitivity analysis by currency

AUD	CHF	CNY	EUR	GBP	INR	USD	Other	Total
-426	-192	-290	-2,134	-242	-141	-784	-717	-4,927

Interest rate risk

Risk

Interest rate risk is defined as the impact that changes in market interest rates will have on the Group's net interest items. That impact depends on the interest terms of assets and liabilities. Sandvik measures interest rate risk as the change over the forthcoming 12 months given a 1 percentage point change in interest rates. Interest rate risk arises in two ways:

- The Company may have invested in interest-bearing assets, the value of which changes when the interest rate changes.
- The cost of the Company's borrowing fluctuates when the general interest rate situation changes.

Exposure

If market rates were to rise by 1 percentage point across all tenors, in relation to loans for which the interest rate will be reset during the coming year, interest costs would be impacted by SEK -182 million (-165).

An interest-rate sensitivity analysis of interest rate swap agreements valid at year-end, and to which hedge accounting was applied, shows that other comprehensive income would change by SEK 0 million (8) and interest cost in the income statement would change by SEK -67 million (-65) as a result of a 1 percentage point rise in the interest rate curve.

Interest rates and fixed-interest terms on outstanding loans

Including effect of interest-rate derivatives	Effective rate of interest, %	Fixed-interest term, months	Recognized liability, MSEK
Bond loans, MTN	3.6	29	30,480
Commercial papers	4.1	2	7,174
Other loans from banks	4.6	2	1,924
Total loans	3.8	23	39,578
Interest effect of currency derivatives	1.1		
Total incl. currency derivatives	4.8		

Comments

The Group's interest rate risk arises mainly in connection with borrowing. Interest rate swap agreements are sometimes used to achieve the desired fixed interest term. The Group Chief Financial Officer has a mandate to vary the average fixed-interest term of the Group's debt portfolio within an interval of 6–36 months. The average fixed-interest term on Sandvik's borrowing was 23 months (24) at year-end, with consideration given to interest rate swap agreements entered into.

In line with the Group's finance policy, internal lending to foreign subsidiaries is hedged with currency derivatives. Consequently, there is an interest-rate effect in currency derivatives of 1.1 percentage points between the currencies the Group borrows and the currencies the Group lends. The Group's average interest expense, including other loans and effects of various derivatives, was 4.8 percent (3.2).

Hedge accounting is applied when an effective link exists between hedged loans and interest rate swaps. To the extent that fair value hedges are effective, the value of the hedged items are adjusted and the effects on the profit for the year are reduced. When cash flow hedges are effective, the effects are transferred from profit for the year to other comprehensive income.

The Group has interest rate swap agreements with a notional amount of EUR 1,000 million to which it applies fair value hedging and interest-rate swap agreements with a notional amount of SEK 500 million to which it applies cash flow hedging. The hedge relationships for these are 100 percent effective. Further information of all interest rate derivatives can be found at the end of this note.

Sandvik's loan conditions do not currently include financial covenants linked to key figures. Only under exceptional circumstances are assets pledged in connection with debt raising. Such pledging is disclosed in note G27.

In the event that Sandvik has surplus liquidity, it is placed in bank deposits or in short-term money market instruments (durations of up to 90 days), which means that the interest-rate risk (the risk of a change in value) is low.

Liquidity and refinancing risk

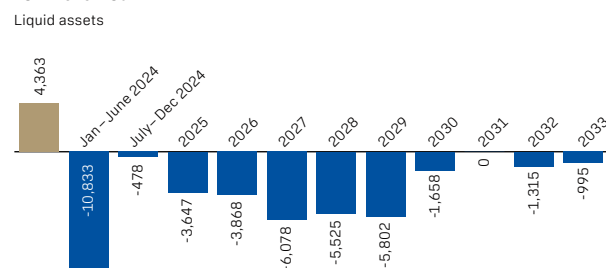
Risk

Liquidity and refinancing risk is defined as the risk that financing possibilities will be limited when loans are to be refinanced, and that payment commitments cannot be honored as a result of insufficient liquidity.

Exposure

Maturity profile for borrowing and liquid assets

Nominal amount



Borrowing and remaining credit periods

	Currency	Recognized liability, MSEK	Average remaining credit periods, years
Bond loans, MTN	EUR, SEK	30,480	3.8
Commercial papers	EUR, SEK	7,174	0.1
Other loans from banks	Other	1,924	5.8
Total borrowings		39,578	3.2

Comments

According to the finance policy, the Group's liquidity reserve, comprising of unutilized committed credit facilities and accessible cash and cash equivalents, should at all times exceed 10 percent of the Group's projected annual revenues. The liquidity reserve should also exceed the amount of loans maturing within 12 months. At year-end, the Group's committed long-term credit facilities and accessible cash amounted to SEK 18,465 million. Loans maturing in 2024 are SEK 11,311 million (9,092).

Sandvik has a revolving credit facility totaling SEK 11,000 million maturing in 2028. In addition, Sandvik has a committed credit facility



→ G28, Continued

totaling EUR 500 million that can be substituted for a long-term loan before June 2024. The facilities were unutilized at year-end.

The aim of Sandvik's financing strategy is to achieve a well-balanced maturity profile for liabilities to thereby minimize the refinancing risk. The finance policy further stipulates that the debt portfolio's weighted average duration should exceed 3 years. At year-end 2023, the weighted average duration amounted to 3.2 years. The maturity structure for the Group's financial liabilities and derivatives is presented further down in this note.

At year-end, Standard & Poor's, the international credit rating agency, had assigned an A- credit rating to Sandvik's long-term borrowing and A-2 for its short-term borrowing. For a continuous update on Sandvik's credit rating, please visit home.sandvik.

Credit risk

Risk

The Group's commercial and financial transactions give rise to credit risk in relation to Sandvik's counterparties. Credit risk or counterparty risk is defined as the risk for losses if the counterparty does not honor its commitments.

The credit risk to which Sandvik is exposed to can be divided into three categories:

- Financial credit risk
- Credit risk in trade receivables
- Credit risk in customer financing

Exposure

Total credit risk	2022	2023
Trade receivables ¹⁾	18,685	18,477
Cash and cash equivalents	10,489	4,363
Unrealized net gains on derivatives	638	2,137
Other receivables ²⁾	1,398	1,503
Customer finance	5,127	5,908
Total	36,337	32,388

1) The age structure of trade receivables are further described in note G19

2) Comprises parts of the Group's other receivables from contract assets

Expected credit loss

	2022	2023
Opening balance, January 1	-871	-1,107
Provisions made during the year	-157	-761
Provisions used during the year	-65	-701
Unutilized provisions reversed during the year	82	78
Business combination	-21	68
Translation difference	-75	49
Closing balance, December 31	-1,107	-971

Comments

Sandvik has entered into agreements with the company's most significant banks, covering such matters as the right to offset assets and liabilities that arise from financial derivative transactions, so-called ISDA agreements. This means that the company's counterparty exposure to the financial sector is limited to the unrealized net gains that arise in derivative agreements, investments and bank balances. At December 31, the value of these amounted to SEK 5,030 million (11,127).

Sandvik companies are generally exposed to credit risk associated with outstanding trade receivables from ongoing sales. The credit risk is normally spread over a large number of customers within different segments in the business areas. Sandvik's total credit losses, defined as the total of receivables written off and change in bad debt reserve, amounted to SEK -100 million (-194), equivalent to 0.1 percent of

sales. The gross value of trade receivables was SEK 19,300 million (19,606) at December 31. Total impairment of these was SEK -804 million (-921). An age analysis of trade receivables at December 31, is presented in note G19.

Sandvik offers short-term and long-term customer financing through its own Financial Services companies and in partnership with financial institutions and banks. At year-end, the value of outstanding credits referring to finance leases amounted to SEK 6,602 million (5,277), of which SEK -154 million (-150) was reserved for doubtful receivables.

In addition to the traditional financing of equipment, Sandvik also offers operational leases for equipment as well as short-term rentals. At year-end, the net carrying amount of the operational lease portfolio was SEK 696 million (791) and the short-term rentals was SEK 670 million (537).

Raw materials price risk

Risk

Sandvik's financial risks related to raw materials are primarily concentrated to electricity. The price risk is partially hedged through the signing of financial contracts. A change in the electricity price of SEK 0.1 per kWh is estimated to affect Sandvik's EBITA by plus or minus SEK 65 million (85) on an annual basis, based on the prevailing conditions at year-end 2023.

Exposure

For Sandvik's large production units in Sweden and Finland, the electricity price is continuously hedged through derivatives. Electricity consumption at these units normally totals around 200 GWh. The hedging horizon at year-end was about 36 months (36) expected consumption.

Comments

The volume of electricity hedged with derivatives was 205.4 GWh (264.2) at year-end. The market value of these derivative contracts amounted to SEK 20 million (175).

For a more detailed breakdown of the quarterly effects on cash flow of the transactions that have been recognized in the hedge reserve, see the table at the end of this note.

Pension commitments

Risk

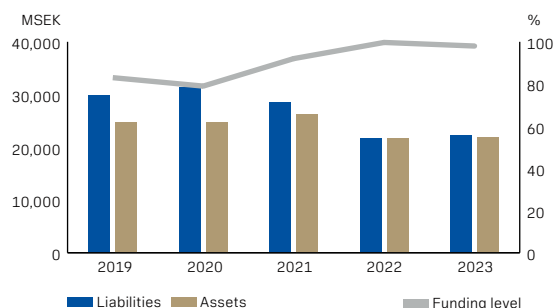
Sandvik has comprehensive pension obligations in the countries in which it operates. The pension solutions and funding requirements vary depending on legislation and local agreements. The largest funded pension plans are found in the US, UK, Finland, Sweden, Germany, and Canada. Three main risks are associated with Sandvik's pension obligations: Interest rate fluctuations, capital market volatility, and changes in life expectancy.

Exposure

The Group-funded pension liability has an average duration of 14.3 years. The average duration of the Group's interest-bearing assets in the pension portfolio is 11.8 years. The allocation to interest-bearing assets is 55 percent of the pension portfolio. Due to the asset allocation and differences in duration between the interest-bearing assets and the liability, Sandvik is exposed to interest rate fluctuations, both when discounting the liability but also as market values change in the bond portfolio. If the average discount rate falls by -50 basis points the pension liability would increase by SEK 1,640 million.

18 percent of the pension portfolio is invested in equities. A 20 percent movement in the equity portfolio would result in a change in market value of SEK 719 million. If the life expectancy assumptions increase by one year, the pension liability would rise by 3.0 percent which corresponds to SEK 697 million. The calculated total loss potential for one year (pension risk), based on stress tests, is on aggregate SEK 6,268 million.

→ G28, Continued

Development of pension liability and assets**Comments**

In 2023, the pension assets totaled SEK 21,859 million (21,699) and the corresponding pension liability amounted to SEK 22,306 million (21,766), which is equal to a funding level of 98 percent (100). The return on Sandvik's pension assets was 5.3 percent during the year (-20.4). In addition, Sandvik has unfunded pension commitments of SEK 1,379 million (1,396).

The pension plans are governed through Sandvik's Pension Supervisory Board (PSB). PSB is responsible for implementing policies and directives, approving new plans or material changes and closure of existing plans. The pension plans and governance are further described in note G22.

The Group's financial instruments measured at fair value in the balance sheet

	2022	2023
Financial assets		
Derivatives		
Foreign exchange contracts	462	2,074
Electricity and other derivatives	356	36
Total¹⁾	817	2,110
Financial liabilities		
Derivatives		
Foreign exchange contracts	363	1,464
Interest-rate swaps	881	413
Electricity and other derivatives	1	11
Total²⁾	1,246	1,888

1) Included in other receivables and financial assets.

2) Included in other liabilities.

Financial assets and liabilities are not offset in the balance sheet. Derivative contracts are subject to framework agreements governing offsetting, and the carrying amounts of assets not offset in the balance sheet amounted to SEK 2,110 million. The carrying amount of corresponding liabilities was SEK -1,888 million. No collateral has been received or pledged. In the event of a default by a derivative counterparty, assets and liabilities for a total value of SEK 1,442 million would be offset in accordance with the framework agreement governing offsetting.

Calculation at fair value of the Group's non-current borrowings would decrease the total carrying amount by SEK 373 million (1,427). When measuring interest-bearing liabilities, the company's Swedish and European bond loans have been remeasured using observable market prices for identical securities to value the Group's marketable debt instruments. Other non-current debt has been remeasured in accordance with the principles described below. For short-term loans and deposits, no remeasurement was carried out, given that the carrying amount is considered to represent a good approximation of the fair value due to the short duration.

Financial assets and liabilities by valuation category

Balance sheet items	Fair value through OCI		Fair value through profit or loss		Amortized costs		Hedge Accounting		Total carrying amount	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Financial assets										
Financial investments		101	625	789					625	789
Trade receivables ¹⁾					18,685	18,477			18,685	18,477
Other receivables ²⁾					5,791	6,668			5,791	6,668
Derivatives ³⁾			817	660			0	1,449 ⁷⁾	817	2,110
Cash and cash equivalents					10,489	4,363			10,489	4,363
Total financial assets		101	1,442	1,449	34,965	29,508	0	1,449	36,406	32,406
Financial liabilities										
Borrowings ⁴⁾			0	227	46,954	39,578 ⁵⁾			46,954	39,806
Derivatives ⁶⁾			365	1,475			881	413	1,246	1,888
Accounts payable ¹⁾					11,625	9,488			11,625	9,488
Due to associates					6	1			6	1
Other liabilities ⁸⁾				232 ⁹⁾	5,765	6,157			5,765	6,389
Total financial liabilities			365	1,935	64,351	55,225	881	413	65,597	57,572

1) Excludes assets held for sales.

2) Comprises parts of the Group's other receivables and accrued income from contract assets, financial leasing, and customer financing recognized in the balance sheet.

3) Derivatives form part of the other receivables and financial assets, recognized in the balance sheet.

4) Recognized in the balance sheet as non-current and current liabilities to financial institutions and other liabilities.

5) Whereof notional EUR 1,000 million is part of a fair value hedge.

6) Derivatives form part of the other liabilities recognized in the balance sheet.

7) Whereof SEK 1,449 Million is the Fair Value of a Net Investment Hedge.

8) Form part of the Group's other liabilities and accrued expenses from leasing recognized in the balance sheet.

9) Contingent considerations measured according to Level 3. The liabilities are valued to fair value through profit or loss, using an internal model where the likelihood of the consideration payout is assessed and the expected payout is discounted to present value each reporting period, using an applicable discount rate specific for each transaction.



→ G28, Continued

Net result per valuation category

	2022	2023
Fair value through profit or loss	1,426	-299
Amortized costs	-1,408	-3,272
Hedge accounting	-64	835

Maturity structure relating to undiscounted cashflows for financial liabilities and derivatives, nominal amounts

		2022				2023			
		<6 months	6–12 months	1–5 years	>5 years	<6 months	6–12 months	1–5 years	>5 years
Bank loans	EUR, Other	-291	-42	-6,627	-1,800	-157	-183	-300	-1,809
Commercial papers	EUR, SEK	-7,303	0	0	0	-7 213	0	0	0
Bond loans, MTN	EUR, SEK	-409	-1,693	-20,005	-14,718	-3,850	-886	-22,029	-8,731
Derivatives									
- Currency derivatives		124	35	7	0	-616	8	0	-
whereof outflow		-214	-5	0	0	-2,069	-4	-1	-
whereof inflow		338	39	7	0	1,453	12	1	-
- Interest rate derivatives		-24	-95	-344	-54	-119	-467	-581	-
- Electricity and other derivatives		5	111	238	0	1	10	19	-
Leases		-627	-616	-2,861	-1,744	-657	-649	-3,220	-1,658
Accounts payable ¹⁾		-11,625				-9 488			
Total		-20,150	-2,300	-29,592	-18,316	-22,099	-2,167	-26,111	-12,198

1) Excludes assets held for sales.

Supplier finance

Sandvik engages in programs whereby financial institutions offer to pay outstanding amounts to suppliers, while the Sandvik entity owing the amount repays it to the financial institutions according to the terms and conditions on the same date as the suppliers are paid, or later. These programs are typically designed to provide Sandvik with extended payment terms and the suppliers with shorter payment terms than stated on the original invoice.

Recognized in the balance sheet as part of accounts payable, the outstanding amount of obligations confirmed under the programs and remaining unpaid at year-end, was SEK 1,493 million. No guarantees have been issued as security to the financial institutions, nor have any assets been pledged.

Periods when hedged cash flows in the hedge reserve are expected to occur and impact earnings

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2026 and later
Interest rate derivatives	0	-	-	-	-	-	-	-	-
Total	0	0	0	0	0	0	0	0	0

Derivative financial instruments – interest rate swaps

	Cash flow hedges		Fair value hedges		Total	
	2022	2023	2022	2023	2022	2023
Carrying amount (included in other liabilities)	5	0	-886	-413	-881	-413
Notional amount	1,000	500	11,152	11,050	12,152	11,550
Change in fair value since 1 January	60	5	-896	-473	-826	-468

→ G28, Continued

§ Accounting principles

FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include assets, such as account receivables, financial investments and derivatives, and liabilities such as loan liabilities, account payables, and derivatives.

Recognition and derecognition

A financial asset or a financial liability is recognized on the balance sheet when the entity becomes a party to the contractual provisions of the instrument. Account receivables are recognized upon issuance of the invoice. A liability is recognized when the counterparty has performed under the agreement and the company is contractually obliged to settle the obligation, even if no invoice has been received.

At initial recognition, the Group measures financial assets and liabilities at its fair value plus or minus, in the case of a financial asset or liability not at fair value through profit or loss (FVPL), transaction costs including all fees, premiums and discounts that are directly attributable to the acquisition or issue of the financial asset and liability. Transaction costs of financial assets and liabilities carried at FVPL are expensed in the income statement.

A financial asset is derecognized when the rights to receive cash flows under the agreement have expired, or have been transferred and the Group has substantially transferred all of the risks and rewards. A financial liability is derecognized when the obligation specified in the contract is discharged or otherwise expires.

A financial asset and a financial liability are offset and presented in a net amount in the balance sheet only if there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Classification and measurement

Financial assets excluding derivatives

Financial assets excluding derivatives, include equity and debt instruments. The Group classifies its financial assets as those to be measured at fair value, and those to be measured at amortized cost.

Equity instruments are measured at fair value, and gains and losses are recorded in the income statement. For those that are not FVPL, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

For debt instruments, which includes accounts receivables, the classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Amortized Cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement. Fair Value through profit and loss: Assets that do not meet the criteria for amortized cost are measured as fair value through profit and loss.

Financial instruments measured at fair value in the balance sheet

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Under the IFRS 13 disclosure requirements, the method applied to the valuation of assets and liabilities measured at fair value in the balance sheet is presented below. The valuation is divided into three levels:

Level 1: Fair value is determined according to prices listed on an active market for the same instrument.

Level 2: Fair value is determined based on either directly (as a price) or indirectly (derived from prices) observable market data that is not included in level 1.

Level 3: Fair value is determined based on input data that is not observable in the market.

Almost all of Sandvik's financial instruments measured at fair value are measured according to Level 2. Some minor liabilities are measured at Level 3.

Measurements of fair value

The fair value of foreign exchange contracts is determined based on observable market prices. The fair value of interest-rate swaps is based on discounting estimated future cash flows under the contractual terms and conditions and maturity dates and based on the market interest rate for similar instruments on the balance sheet date. Where discounted cash flows are used, the future cash flows are calculated on the best assessments of company management. The discount rate applied is the market-based interest rate of similar instruments at the closing date.

All valuation techniques applied are accepted in the market and take into account all parameters that the market would consider in its pricing. These techniques are reviewed regularly to ensure their reliability. Applied assumptions are compared against actual outcomes to identify any needs for adjusting the measurement or forecasting tools.

For means of payment, receivables and payables with variable interest and current receivables and payables (for example, trade receivables and accounts payable), the fair value has been considered to correspond to the carrying amount.

Hedge accounting

Hedge accounting is applied in accordance with IFRS9 to decrease volatility in the income statement. To meet the criteria there must be a clear relationship between the hedging instrument and the hedged item. The relationship is expected to be highly effective and it must be possible to reliably measure such effectiveness. Moreover, the hedge must be formally designated and documented. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below under cash flow hedges and fair value hedges.

Cash flow hedges

Hedge accounting is applied when hedging a particular risk associated with highly probable future cash flows. The effective portion of the change in fair value for the year, of derivatives that are qualified as cash flow hedges in the hedge transaction, is recognized in other comprehensive income and the accumulated changes in a separate component of shareholders' equity. The ineffective portion of a gain or loss is immediately recognized in the income statement. When the hedged item impacts income statement, the accumulated changes in value of the hedging instrument are reclassified to the income statement. The gain or loss relating to the effective portion of hedging instruments is recognized in the income statement within the same line as the hedged item.

Fair-value hedges

A fair value hedge is a hedge of the risk for changes to the fair value of a financial asset or liability. When a hedging instrument is used to hedge the exposure to changes in fair value, changes to the fair value of the instrument are recognized in the income statement for the year. The gain or loss on the hedged item attributable to the hedged risk, adjusts the carrying amount of the hedged liability and the change for the period is recognized in profit or loss. Realized and unrealized interest is reported in the income statement for the year for both the hedge and the hedged item.

Sandvik applies fair-value hedges to hedge the fair value of fixed rate funding recognized in the balance sheet, provided that the hedged item is otherwise recognized at amortized cost. The derivative instrument used is interest rate swaps. If the hedge relationship is discontinued, the carrying amount of the hedged item is adjusted with the accumulated amount referring to the hedge relationship.



→ G28, Continued

Expected credit losses

Sandvik evaluates its trade receivables, contract assets and financial leases on a collective basis for each category, respectively. Each reporting entity classifies their receivables in suitable risk categories according to the Group policy.

Expected credit loss provisions are based on the full lifetime expected credit loss model with a provision matrix where fixed provision rates are applied depending on the number of days outstanding. The entities consider reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring the expected credit losses.

Credit risks are classified based on credit information provided by credit agencies, identified payment behavior of the customer and other relevant information available, such as lost contracts, changes in company management and other customer-specific information. Additionally, a macroeconomic evaluation is conducted on the outlook of industries and countries relevant for our customers. Changes to the allowance for expected credit losses for accounts receivables are recognized in selling expenses.

Confirmed credit losses

Sandvik's principles for the writing off of receivables are based on several prerequisites, such as proof of write-off, insolvency or failed legal and other collection processes. An assessment is made whether one or several of these prerequisites are fulfilled before the write-off takes place.

G29 Transactions with related parties

Related-party transactions

The Group's sales to associates and joint ventures amounted to SEK 7 million (13). The Group's purchases from associated companies amounted to SEK 97 million (122). Interest income from associates and joint ventures amounted to SEK 1 million (1) and loan receivables from associates and joint ventures amounted to SEK 85 million (82). Loan payables to associates and joint ventures amounted to SEK 1 million (6). No guarantees have been made for the obligations of

associates and joint ventures. All transactions are carried out on market terms.

Transactions with key management personnel

Sandvik did not enter into any significant transactions with Board members or members of Group Executive Management during the year. For information on remuneration, see note G4.

G30 Supplementary information to the cash flow statement, Group total

Cash and cash equivalents	2022	2023
Cash and bank	8,067	3,541
Short-term investments comparable to cash and cash equivalents	2,421	822
Total in the balance sheet	10,489	4,363
Total in the cash flow statement	10,489	4,363

Interest paid and received and dividend received	2022	2023
Dividend received	2	14
Interest received	390	583
Interest paid	-1,378	-2,593
Total	-986	-1,996

Other adjustments for non-cash items, etc	2022	2023
Unappropriated results of associated companies	-6	-16
Other provisions	-87	-348
Changes in value of financial instruments	-1,782	2,186
Gains and losses on disposal of companies and shares	-14	-243
Gains and losses on disposal of non-current assets	-268	-139
Provisions for pensions	466	275
Changes in deferred purchase price	-268	0
Other	200	119
Total	-1,758	1,834

	Cash Flow				Non-cash flow changes						December 31, 2022
	January 1, 2022	New loans	Amortization	Distribution of Alleima	Reclassification	New leases	Acquisition	Disposal	Currency/FX	Other	
Interest-bearing liabilities	20,672	17,229	-229	-	-299	-	-691	-	1,637	2	38,321
Current interest-bearing liabilities	9,761	15,277	-17,429	-	299	-	822	-	478	-576	8,633
Lease liabilities	3,917	-	-1,209	-	-	1,765	556	-	327	-253	5,102
Dividends paid	-	-	-5,955	-1,186	-	-	-	-	-	-	-
Total	34,350	32,507	-24,823	-1,186	-	1,765	687	-	2,442	-827	52,057

	Cash Flow				Non-cash flow changes						December 31, 2023
	January 1, 2023	New loans	Amortization	Distribution of Alleima	Reclassification	New leases	Acquisition	Disposal	Currency/FX	Other	
Interest-bearing liabilities	38,321	5	-6,598	-	-3,855	-	27	-	552	-	28,452
Current interest-bearing liabilities	8,633	73	-1,859	-	3,855	-	145	-47	325	-	11,126
Lease liabilities	5,102	-	-1,323	-	-	1,986	-13	-	-199	-50	5,503
Dividends paid	-	-	-6,261	-	-	-	-	-	-	-	-
Total	52,057	78	-16,041	-	-	1,986	159	-47	678	-50	45,081



→ G30, Continued

§ Accounting principles

The consolidated cash flow statement is prepared in accordance with the indirect method. A short-term investment is classified as a cash and cash equivalent if:

- The risk of changes in value is insignificant
- It is readily convertible into cash
- It has a maturity of no more than three months from the date of acquisition.

G31 Business combinations

The acquisitions of business combinations executed in 2022 and 2023 are set out below. Annual revenue and number of employees reflect the latest available information at the time of the transaction.

Business area	Cash generating unit	Company/unit	Country	Acquisition date	Annual revenue	No. of employees
2022						
Sandvik Mining and Rock Solutions	Sandvik Mining and Rock Solutions	Deswik	Australia	April 1, 2022	79 MAUD 12M Q4 20 – Q3 21	300
Sandvik Mining and Rock Solutions	Sandvik Mining and Rock Solutions	Akkurate	Finland	June 17, 2022	0.3 MEUR in 2021	12
Sandvik Manufacturing and Machining Solutions	Sandvik Coromant	Preziss	Spain	July 1, 2022	10 MEUR in 2021	75
Sandvik Manufacturing and Machining Solutions	Walter	Peterson Tool Company	USA	July 14, 2022	9 MUSD in 2021	73
Sandvik Manufacturing and Machining Solutions	Walter	Balax	USA	August 1, 2022	10 MUSD in 2021	66
Sandvik Manufacturing and Machining Solutions	Sandvik Coromant	Sphinx Tools	Switzerland	August 8, 2022	292 MSEK in 2021	115
Sandvik Manufacturing and Machining Solutions	Walter	Frezite	Portugal	September 1, 2022	450 MSEK in 2021	450
Sandvik Rock Processing Solutions	Sandvik Rock Processing Solutions	SP Mining	Australia	October 31, 2022	200 MEUR in 2022	630
2023						
Sandvik Manufacturing and Machining Solutions	Seco Tools	Premier Machine Tools ¹⁾	Ireland	February 1, 2023	120 MSEK in 2022	14
Sandvik Mining and Rock Solutions	Sandvik Mining and Rock Solutions	Polymathian	Australia	February 1, 2023	100 MSEK 12M Q3 21– Q2 22	50
Sandvik Mining and Rock Solutions	Sandvik Mining and Rock Solutions	MCB Services and Minerals ²⁾	Brazil	April 1, 2023	60 MSEK in 2022	53
Sandvik Mining and Rock Solutions	Sandvik Mining and Rock Solutions	Norgalv	Canada	June 1, 2023	58 MSEK 12M MAR 22 – FEB 23	42
Sandvik Manufacturing and Machining Solutions	Sandvik Manufacturing and Machining Solutions	Postability	Canada	August 1, 2023	30 MSEK in 2022	13
Sandvik Manufacturing and Machining Solutions	Sandvik Coromant	esco	Germany	November 2, 2023	14 MSEK in 2022	17
Sandvik Manufacturing and Machining Solutions	Sandvik Manufacturing and Machining Solutions	Buffalo Tungsten	USA	December 1, 2023	333 MSEK in 2022	48

1) Acquisition of 95 percent of the shares in Premiere Machine Tools, with a call/put option to buy the remaining part after one year.

2) Acquisition of the remaining 70 percent of the shares in MCB Services and Minerals. Prior to the transaction, Sandvik owned 30 percent of the shares.

→ G31, Continued

Acquisitions

All above acquisitions during 2023 were made through the purchase of 100 percent of shares and voting rights except for MCB and Premier Machine Tools (PMT). Sandvik acquired 95 percent of PMT and for MCB Sandvik purchased the remaining 70 percent of the shares and voting rights. Prior to the acquisition of MCB in April, Sandvik owned 30 percent of the shares.

Sandvik received control over the operations on the date of closing. No equity instruments have been issued in connection with the acquisitions. All acquisitions have been accounted for using the acquisition method.

The amounts presented in the following tables detail the recognized amounts aggregated by business area. The relative amounts of the

individual acquisitions are not considered significant except for the Polymathian acquisition which is disclosed separately. Sandvik is in the process of reviewing the final values for certain of the recently acquired businesses. No adjustments are expected to be material.

Total fair value of assets and liabilities of acquired businesses in 2023

The fair value of acquired assets and assessed liabilities has been preliminarily established for all acquisitions made during 2023. Only minor IFRS adjustments were made to the acquisition values.

Fair value recognized in the Group 2023

	SMR	SMM	Total
Intangible assets	0	-	0
Property, plant and equipment	105	20	125
Other non-current assets	16	3	19
Inventories	11	127	138
Receivables	37	70	107
Other current assets	-	32	32
Cash and cash equivalents	23	26	48
Interest bearing loans and borrowings	-144	-17	-161
Other liabilities and provisions	-26	-63	-89
Deferred tax assets/liabilities, net	-56	3	-53
Net identifiable assets and liabilities	-33	199	165
Goodwill	782	266	1,049
Other surplus values	760	120	880
External liability to minority shareholders	-	-4	-4
Purchase consideration	-1,509	-580	-2,089
Deferred consideration	87	75	162
Cash and cash equivalents in the acquired business	23	26	48
Net cash outflow	-1,399	-480	-1,879

Acquisitions made by Sandvik Mining and Rock Solutions

In February, Sandvik Mining and Rock Solutions acquired Polymathian Industrial Mathematics ("Polymathian"), an Australia-based provider of advanced mine optimization software and services. With the acquisition, Polymathian became part of the business unit Deswik and is reported within the division Digital Mining Technologies.

Polymathian's solutions for automated decision-making and process optimization complements the offering of Deswik. The product offering includes mining operations optimization and simulation software for areas such as extraction process, material flow, energy & fuel consumption and maintenance efficiency, and it counts several of the world's largest mining companies as customers.

Polymathian was founded in 2013, has 50 employees and is headquartered in Brisbane, Australia. The company's annual revenues per June 2022 were around SEK 100 million. The EBITA margin is approximately 40 percent and the impact on Sandvik's earnings per share (excluding PPA) is accretive. Sandvik Mining and Rock Solutions acquisition-related costs related to Polymathian during 2023 amounted to SEK 3 million.

In addition to Polymathian, Sandvik Mining and Rock Solutions has completed the acquisitions of MCB Services and Minerals and Norgalv during 2023.



→ G31, Continued

Fair value recognized in 2023, Sandvik Mining and Rock Solutions

	Total SMR	Whereof Polymathian
Intangible assets	0	-
Property, plant and equipment	105	0
Other non-current assets	16	-
Inventories	11	-
Receivables	37	22
Other current assets	-	-
Cash and cash equivalents	23	12
Interest bearing loans and borrowings	-144	-
Other liabilities and provisions	-26	-14
Deferred tax assets/liabilities, net	-56	-22
Net identifiable assets and liabilities	-33	-2
Goodwill	782	533
Other surplus values	760	646
Purchase consideration	-1,509	-1,177
Deferred consideration	87	60
Cash and cash equivalents in the acquired business	23	12
Net cash outflow	-1,399	-1,105

Acquisitions made by Sandvik Manufacturing and Machining Solutions

During 2023, Sandvik Manufacturing and Machining Solutions has completed the acquisitions of Premiere Machine Tools, Postability, esco and of Buffalo Tungsten. The relative amounts of the individual acquisitions are not considered significant.

Fair value recognized in 2023, Sandvik Manufacturing and Machining Solutions

	Total SMM
Intangible assets	-
Property, plant and equipment	20
Other non-current assets	3
Inventories	127
Receivables	70
Other current assets	32
Cash and cash equivalents	26
Interest bearing loans and borrowings	-17
Other liabilities and provisions	-63
Deferred tax assets/liabilities, net	3
Net identifiable assets and liabilities	199
Goodwill	266
Other surplus values	120
External liability to minority shareholders	-4
Purchase consideration	-580
Deferred consideration	75
Cash and cash equivalents in the acquired business	26
Net cash outflow	-480

Contributions from companies acquired in 2023 by business area

	SMR	SMM	Total
<i>Contributions as of acquisition date</i>			
Revenues	140	187	326
Profit (loss) for the year	9	23	32
<i>Contributions if the acquisition date would have been January 1</i>			
Revenues	193	567	760
Profit (loss) for the year	1	36	37

→ G31, Continued

Change of total fair values recognized in the Group in 2023 from businesses acquired during 2022

	SMR			SRP			SMM			Total		
	2022	2023	Change	2022	2023	Change	2022	2023	Change	2022	2023	Change
Intangible assets	53	43	-10	-	36	36	4	4	-	57	83	26
Property, plant and equipment	15	15	0	129	122	-7	368	390	22	512	527	15
Other non-current assets	84	122	38	160	157	-3	99	110	11	343	388	45
Inventories	4	4	0	273	268	-5	219	233	14	496	505	9
Receivables	126	296	170	884	887	3	315	315	1	1,325	1,498	173
Other current assets	-	-	-	270	270	-	32	32	-	302	302	-
Cash and cash equivalents	192	193	0	184	184	-	147	128	-19	523	504	-19
Interest bearing loans and borrowings	-77	-77	0	-191	-189	2	-218	-218	-	-487	-485	2
Other liabilities and provisions	-450	-663	-214	-1,196	-1,201	-5	-265	-271	-6	-1,911	-2,135	-224
Deferred tax assets/liabilities, net	-218	-218	0	-645	-648	-3	-108	-110	-2	-971	-976	-5
Net identifiable assets and liabilities	-270	-286	-16	-133	-115	18	592	613	21	189	212	23
Goodwill	4,729	4,676	-54	4,475	4,425	-51	1,349	1,118	-231	10,553	10,218	-334
Other surplus values	1,753	1,753	1	2,490	2,499	10	493	700	207	4,735	4,953	217
Purchase consideration	-6,212	-6,143	69	-6,832	-6,809	23	-2,433	-2,431	2	-15,477	-15,384	93
Deferred consideration	5	-	-5	-	-	-	71	35	-36	76	35	-41
Cash and cash equivalents in the acquired business	192	193	0	184	184	-	147	128	-19	523	504	-19
Net cash outflow	-6,015	-5,951	64	-6,648	-6,626	23	-2,215	-2,268	-53	-14,878	-14,844	34

The fair value of the acquisitions made during 2022 have changed due to the establishment of a final purchase price allocation during 2023.

§ Accounting principles

The consolidated financial statements are prepared in accordance with the acquisition method. In business combinations, acquired assets and assumed liabilities are identified and classified, and measured at fair value on the date of acquisition (also known as a purchase price allocation).

Transaction costs in conjunction with acquisitions are reported directly in profit or loss for the year as other operating expenses.

Contingent considerations are recognized as financial liabilities and at fair value on the acquisition date. Contingent considerations are remeasured at each reporting period with any change recognized in profit or loss for the year.

In step acquisitions, when a controlling interest is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. If the controlling interest is lost upon divestment, net profit is recognized in profit or loss. Any residual holding in the divested business is then measured at fair value on the date of divestment and its effect is recognized in profit or loss for the year.

! Critical estimates and judgments

The business areas use estimates and judgments regarding allocation of goodwill and other surplus values in a business combination.



G32 Divestments, assets held for sale and discontinued operations

The divestments of business combinations executed in 2022 and 2023 are specified below.

Business area	Company/Unit	Divestment date	Annual revenue	No. of employees
2022				
Sandvik Mining and Rock Solutions	DSI Techno LCC	July 7, 2022	120 MSEK 12M Q3 21-Q2 22	38
Sandvik Materials Technology	Distribution of Alleima	August 30, 2022	13,405 MSEK in 2021	5 726
2023				
Sandvik Mining and Rock Solutions	Fero Reinforcing	July 12, 2023	307 MSEK in 2022	41
Sandvik Mining and Rock Solutions	Siberia GT LLC	November 23, 2023	N/A	N/A
Sandvik Mining and Rock Solutions	DSI Tunneling	November 30, 2023	145 MSEK in 2022	24

Divestments and assets held for sale

Sandvik had no divestments with major impact during 2023. As part of the liquidation process of Sandvik's former operations in Russia communicated in 2022, a (minor) legal entity was divested during the fourth quarter 2023. The divested entity's operations had already been discontinued. The divestment had a negative cash flow effect on the Group of SEK -209 million, and resulted in a gain of SEK 230 million, driven by accumulated FX gains in equity.

During the year Sandvik also divested DSI Tunneling LLC, which resulted in a gain of SEK 16 million, and sold the assets of Fero Reinforcing Pty Ltd.

As of December 31, 2023, the Group recognizes SEK 154 million of assets held for sale and SEK 36 million of liabilities directly attributed to assets held for sale. The full amounts are attributable to the Advanced Theodolite Technology business, reported within Sandvik Manufacturing Solutions. Final closing of the transaction is expected during the first quarter of 2024.

Assets and liabilities included in divestments 2023

	2022	2023
Intangible assets	-	6
Property, plant and equipment	0	20
Other non-current assets	60	-1
Inventories	1	36
Receivables	2	20
Cash and cash equivalents	-63	216
Interest-bearing loans and borrowings	-25	47
Other liabilities and provisions	-	-
Deferred tax assets/liabilities, net	0	-61
Net identifiable assets	-25	283
Gain (loss) on divestments of business combinations	14	243
Consideration received after divestment costs	29	52
Less: Cash and cash equivalents in the divested entities	-63	-216
Impact on the Group's cash and cash equivalents, divested operations	-34	-164

Discontinued operations

Sandvik had no discontinued operations during 2023. During 2022, Sandvik Materials Technology (SMT) (distributed to the owners and listed on Nasdaq Stockholm under the name Alleima on August 31, 2022) and the remaining part of the Mining Systems business were reported as discontinued operations.

Income Statement for discontinued operations

	2022	2023
Revenue	11,121	-
Cost of sales and services	-7,209	-
Gross profit	3,912	-
Expenses and other operating income, net	-1,592	-
Operating profit	2,321	-
Net financial items	1,384	-
Profit before tax	3,705	-
Income tax	-874	-
Profit from operations	2,831	-
<i>Loss on remeasurements to fair value</i>		
Profit (loss) from divestment	-5,526	-
Translation differences recycled	1,067	-
Loss for the period, Discontinued operations	-1,628	-
Whereof Mining Systems	12	-
Whereof Alleima	-1,640	-

Cash flow Statement for discontinued operations

	2022	2023
Cash flow from operating activities	-627	-
Cash flow from investing activities	-422	-
Cash flow from financing activities	-684	-
Cash flow from discontinued activities	-1,733	-

→ G32, Continued

§ Accounting principles

Assets held for sale and discontinued operations*Disposal groups held for sale*

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Discontinued operations

To qualify as discontinued operations, a component of the Group must, in addition to having been classified as a disposal group held for sale, also represent a separate major line of business or be a part of a single coordinated plan to dispose of a separate major line of business.

Distribution to owners

The distribution of Alleima has been recognized and presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued operations and IFRIC 17 Distribution of Non-cash Assets to Owners.

The income statement of 2022 includes Alleima up to distribution. Alleima's result for 2022 is presented separately within discontinued operations.

G33 Government grants

Sandvik has received various forms of government grants in countries where the Group operates of SEK 144 million (46) during 2023. The main part of the received amount of the grants in 2023 has been recognized as a reduced cost to which the grant is attributable to, as in 2022.

In 2023, 63 percent of the government grants were related to R&D projects and development costs. The remaining 37 percent were mainly related to personnel costs and energy grants. In 2022, the main part was related to R&D projects and development costs.

The majority of the grants have no unfulfilled conditions or contingencies attached to them.

§ Accounting principles

Government grants are recognized as deferred income in the balance sheet when there is reasonable assurance that the grant will be received, and that the entity will comply with the conditions attached to them. Grants are recognized in profit or loss for the year in the same way and over the same periods as the related costs that they are intended to compensate, on a systematic basis.

Grants related to assets are presented by deducting the grant from the carrying amount of the asset.

G34 Events after the end of the period

On January 25, Sandvik announced a new restructuring program to strengthen operational efficiency and resilience. The program will generate annual savings of about SEK 1.2 billion.

The Nomination Committee of Sandvik AB proposes to the Annual general meeting, the election of Susanna Schneeberger as new Board member. Jennifer Allerton has declined re-election.

Financial statements

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Parent Company income statement

MSEK	Note	2022	2023
Revenue	P2	13,139	13,705
Cost of sales and services		-2,094	-14,616
Gross profit		11,045	-911
Selling expenses		-1,098	-938
Administrative expenses		-2,338	-2,313
Research and development costs	P5	-1,591	-1,599
Other operating income	P6	89	32
Other operating expenses	P6	-1,201	-1,139
Operating profit	P3, P4, P11	4,906	-6,868
Result from shares in Group companies	P7	11,166	12,855
Interest income and similar items	P7	793	468
Interest expenses and similar items	P7	-552	-1,710
Profit after financial items		16,313	4,745
Appropriations		1	13
Income tax	P8	-1,792	638
Profit for the year		14,522	5,396

Profit for the year corresponds to total comprehensive income for the year.



Parent Company balance sheet

MSEK	Note	Dec 31, 2022	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets	P9	447	312
Property, plant and equipment	P10	3,022	3,064
Financial assets			
Shares in Group companies	P12	41,577	58,004
Due from Group companies		29,394	25,408
Other investments		2	0
Non-current receivables	P13	70	20
Deferred tax assets	P8	1	117
Total non-current assets		74,513	86,925
Current assets			
Inventories	P14	1,105	1,082
Current receivables			
Trade receivables		283	265
Due from Group companies		5,415	8,566
Income tax receivables	P8	0	2,038
Other receivables	P13	520	510
Prepaid expenses and accrued income		1,032	1,028
Cash and cash equivalents		0	0
Total current assets		8,355	13,489
TOTAL ASSETS		82,868	100,414
EQUITY AND LIABILITIES			
Equity			
<i>Non-distributable equity</i>			
Share capital		1,505	1,505
Statutory reserve		1,611	1,611
<i>Distributable equity</i>			
Profit brought forward		12,575	20,737
Profit for the year		14,522	5,396
Total equity	P15	30,213	29,249
Other untaxed reserves		1,070	1,057
Provisions for pensions	P16	550	848
Other provisions	P17	315	330
Non-current interest-bearing liabilities			
Loans from Group companies	P18	1	1
Other liabilities	P18	30,231	26,648
Non-current non-interest-bearing liabilities			
Other liabilities		881	416
Current interest-bearing liabilities			
Loans from Group companies		15,210	26,880
Other liabilities		1,280	3,832
Total current interest-bearing liabilities		16,490	30,712
Current non-interest-bearing liabilities			
Advance payments from customers		32	88
Accounts payable		1,025	991
Due to Group companies		0	528
Income tax liabilities	P8	214	0
Other liabilities		217	186
Accrued expenses and deferred income	P19	1,629	9,359
Total current non-interest-bearing liabilities		3,117	11,152
EQUITY AND LIABILITIES		82,868	100,414

For information on contingent liabilities and pledged assets, refer to note P20.

Parent Company changes in equity

MSEK	Share capital	Statutory reserve	Distributable equity	Total equity
Equity at 1 January 2022	1,505	1,611	31,487	34,603
Comprehensive income for the year	-	-	14,522	14,522
Dividend	-	-	-5,953	-5,953
Distribution of Alleima ¹⁾	-	-	-12,825	-12,825
Share-based payment settled by equity instruments	-	-	-134	-134
Equity at 31 December 2022	1,505	1,611	27,097	30,213
Equity at 1 January 2023	1,505	1,611	27,097	30,213
Comprehensive income for the year	-	-	5,396	5,396
Dividend	-	-	-6,260	-6,260
Share-based payment settled by equity instruments	-	-	-100	-100
Equity at 31 December 2023	1,505	1,611	26,133	29,249

1) The parent company do not apply IFRS 5 nor IFRIC 17. The parent company has derecognized the book value of the shares to be distributed with a corresponding amount reducing equity. At distribution, the shares in Alleima is derecognized without any income or cash flow effect.

Parent Company cash flow statement

MSEK	Note	2022	2023
Cash flow from operating activities			
Profit before tax		16,314	4,759
Adjustment for depreciation, amortization and impairment losses		481	368
Adjustment for non-cash items, etc.	P22	1,864	7,778
Income tax paid		-1,287	-1,614
Cash flow from operating activities before changes in working capital		17,372	11,291
Changes in working capital			
Changes in inventories		-281	23
Changes in operating receivables		-16,446	5,278
Changes in operating liabilities		-69	759
Cash flow from operating activities		576	17,351
Cash flow from investing activities			
Acquisition of companies and shares, net of cash acquired		-3,194	-16,473
Acquisition of property, plant and equipment		-320	-384
Proceeds from sale of companies and shares, net of cash disposed of		16	0
Proceeds from sale of property, plant and equipment		43	27
Net cash used in investing activities		-3,455	-16,830
Net cash flow after investing activities		-2,879	521
Cash flow from financing activities			
Changes in advances/loans to Group companies		268	-4,605
Changes in advances/loans from Group companies		-5,490	11,671
Proceeds from external borrowings		15,625	-
Repayment of external borrowings		-1,571	-1,326
Dividend paid		-5,953	-6,261
Net cash used in financing activities		2,879	-521
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at end of year		0	0



P1 Accounting principles, Parent Company

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the standard, RFR 2 Reporting by a legal entity, issued by the Swedish Financial Reporting Board. The interpretations issued by the Financial Reporting Board valid for listed companies have also been applied. Under RFR 2, the Parent Company in its Annual Report is to apply all the IFRS and IFRIC interpretations approved by the EU to the extent possible within the framework of the Annual Accounts Act, the Act on Income Security, and taking into account the close tie between financial reporting and taxation. The standard specifies what exceptions from or additions to the IFRS shall be made.

The Parent Company generally applies accounting principles as the consolidated financial statements. When an exception is made the accounting principle applied for the Parent Company is presented in the respective note.

§ Accounting principles

The symbol and heading show where the accounting principles are described in the note.

Changed accounting principles

The Parent Company's accounting principles has changed in accordance with the amendments described in the Group in G1.

Classification and presentation

The Parent Company's income statement and balance sheet adhere to the presentation included in the Annual Accounts Act. The differences compared with IAS 1 Presentation of Financial Statements applied when presenting the consolidated financial statements mainly pertain to the presentation of finance income and expenses, non-current assets, equity and the presentation of provisions as a separate heading in the balance sheet.

P2 Categories of revenue

	2022	2023
Primary geographical markets		
Europe	12,261	12,769
North America	287	262
South America	55	64
Africa and Middle East	111	84
Asia	350	418
Australia and New Zealand	75	108
Total	13,139	13,705
Major goods/service lines		
Sale of goods	13,046	13,589
Rendering of services	67	72
Rental income	26	44
Total	13,139	13,705

Contract asset and contract liability balances are not disclosed for the Parent Company, due to the small balances and corresponding small movements.

P3 Personnel information and remuneration to management

The average number of employees was 3,680 (3,711) of which 28 percent were women (28). All personnel in the Parent Company are based in Sweden.

Wages, salaries, other remuneration and social costs

	2022	2023
Wages, salaries and other remuneration	2,520	2,896
Social costs	910	1,005
Pension costs	656	788
Total	4,086	4,689
<i>of which to Board of Directors, President and members of Group Executive Management¹⁾</i>		
Salaries and other remunerations	39	44
Variable salary	4	13
Pension costs	15	15

1) The Parent Company's pension liability relating to these persons amounted to SEK 3 million (3).

Gender distribution in senior management

Proportion of women, %	2022	2023
Senior management	30	30
Other senior executives	50	44

For information regarding incentive programs see note G4.

§ Accounting principles

Employee benefits

The Parent Company calculates expenses for defined-benefit pension plans differently from the manner prescribed in IAS 19. The Parent Company applies the Act on Income Security and regulations issued by the Swedish Financial Supervisory Authority, which is a prerequisite for income tax purposes. Compared to IAS 19, the most significant differences relate to the determination of the discount rate and the fact that the obligation is calculated based on the current salary level disregarding assumptions about future levels.

P4 Remuneration to auditors

	2022	2023
PwC		
Audit fees	-21	-14
Audit activities other than the audit assignment	-	-
Tax consultancy services	0	-
Other services	-11	-7
Total	-32	-21
Other audit firms		
Audit fees	-	-
Audit activities other than the audit assignment	-	-
Tax consultancy services	-4	-1
Other services	-40	-34
Total	-44	-35

P5 Research and development

	2022	2023
Expenditure for		
Research and development	-1,591	-1,599
Quality assurance	-36	-32
Total	-1,628	-1,631
of which expensed, total	-1,628	-1,631
of which expensed relating to research and development	-1,591	-1,599

P6 Other operating income and expenses

The Parent Company's other operating income amounted to SEK 32 million (89). The amount is mainly related to gain on disposals of assets SEK 11 million (13), currency exchange gain of SEK 4 million (15) and other operating non-financial income SEK 13 million (9).

The Parent Company's other operating expenses amounted to SEK -1,139 million (-1,201). The amount is mainly related to royalties between Group companies of SEK -834 million (-1,124), Transfer Price Adjustment SEK -240 million (42) between group companies and costs for acquisitions of SEK -38 million (-36).

P7 Financial income and expenses

Result from shares in Group companies

	2022	2023
Dividend, net of withholding tax	8,125	8,400
Group contributions paid/received	3,276	4,501
Impairment	-235	-46
Total	11,166	12,855

Interest income and similar items

	2022	2023
Interest income, Group companies	459	412
Derivatives, Group companies	281	37
Other	53	19
Total	793	468

Interest expense and similar items

	2022	2023
Interest expense, Group companies	-15	-453
Other interest expense	-519	-1,131
Derivatives, Group companies	-	-66
Other	-18	-60
Total	-552	-1,710

§ Accounting principles

Group contributions and shareholders' contributions in legal entity accounts

Group contributions that a Parent Company receives from a subsidiary are recognized in the Parent Company in accordance with the same policies as normal dividends from subsidiaries. Shareholder contributions paid by the Parent Company to subsidiaries are recognized as investments in shares in the subsidiaries.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized in cases where the Parent Company unilaterally may determine the size of the dividend and provided that the Parent Company has made such a decision before it published its financial statements.

Financial guarantee

The Parent Company applies a relaxation rule permitted by the Swedish Financial Reporting Board to the reporting of financial guarantees as opposed to the rules stipulated by IFRS 9. This relaxation rule pertains to financial guarantee agreements issued for the benefit of subsidiaries, associated companies and joint ventures. The Parent Company recognizes financial guarantees as a provision in the balance sheet when the company has an obligation for which payment is probably necessary to settle the commitment.



P8 Income tax

Recognized in profit and loss

	2022	2023
Income tax expense for the year		
Current tax	-1,694	-1,023
Adjustment of taxes attributable to prior years	-54	1,544
Total current tax expense	-1,748	521
Deferred taxes relating to temporary differences and tax losses carried forward	-44	117
Total tax expense	-1,792	638

Reconciliation of the Parent Company's tax expense

The Parent Company's effective tax rate is lower than the nominal tax rate in Sweden, mainly due to received dividends from shares in Group companies which are non-taxable incomes.

Reconciliation of the Parent Company's nominal tax rate and actual tax expense:

	2022		2023	
	MSEK	%	MSEK	%
Profit after financial items	16,314		4,759	
Weighted average tax based on each country's tax rate	-3,361	-20.6	-980	-20.6
Tax effect of				
Non-deductible expenses	-72	-0.4	-1,626	-34.2
Tax-exempt income	1,696	10.4	1,833	38.5
Adjustments relating to prior years	4	0.0	1,544	32.5
Other	-59	-0.4	-133	-2.8
Total recognized tax expense	-1,792	-11.0	638	13.4

Recognized in the balance sheet

Deferred tax assets and liabilities

The deferred tax assets and liabilities recognized in the balance sheet are attributable to the following assets and liabilities.

	2022			2023		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	-	-24	-24	-	-24	-24
Inventories	12	-	12	14	-	14
Provisions	-	-18	-18	-	-27	-27
Non-interest-bearing assets and liabilities	77	-46	31	160	-6	154
Total	89	-88	1	174	-57	117
Offsetting	-89	89	-	-174	174	-
Total deferred tax assets and liabilities	-	1	1	-	117	117

Change of deferred tax in temporary differences and unutilized tax losses carried forward

	2022	2023
Balance at the beginning of the year, net	45	1
Recognized in profit and loss	-44	116
Balance at end of year, net	1	117

In addition to the deferred tax assets and liabilities, Sandvik reports the following tax liabilities and receivables:

	2022	2023
Income tax liabilities	-214	-
Income tax receivables	-	2,038
Net tax liabilities/receivables	-214	2,038

Accounting principles

Income tax

The Parent Company recognizes untaxed reserves including the deferred tax component.

In the consolidated financial statements, untaxed reserves are recognized in their equity and deferred tax components. Correspondingly, portions of appropriations are not allocated to deferred tax expenses in the Parent Company's income statement.

P9 Intangible assets

	Patents and other intangible assets	Goodwill	Total
<i>Cost</i>			
At January 1, 2022	754	139	893
At December 31, 2022	754	139	893
<i>Accumulated amortization</i>			
At January 1, 2022	169	139	308
Amortization for the year	138	-	138
At December 31, 2022	307	139	446
<i>Net carrying amount</i>			
At December 31, 2022	447	-	447

Amortization for the year is included in the following lines in the income statement

	2022	2023
Cost of goods and services sold	-2	-2
Research and development costs	-136	-135
Total	-138	-137

	Patents and other intangible assets	Goodwill	Total
<i>Cost</i>			
At January 1, 2023	754	139	893
At December 31, 2023	754	139	893
<i>Accumulated amortization</i>			
At January 1, 2023	307	139	446
Amortization for the year	135	-	135
At December 31, 2023	442	139	581
<i>Net carrying amount</i>			
At December 31, 2023	312	-	312

§ Accounting principles

Intangible assets

The Parent Company recognizes all expenditure for research and development conducted on a proprietary basis as an expense in profit or loss.

Amortization of intangible assets

Intangible assets are amortized on a straight-line basis over the estimated useful lives. Intangible assets are amortized from the date they are available to use. The estimated useful lives are as follows:

- Patents 10–20 years
- Goodwill 10 years

Borrowing costs

In the Parent Company, borrowing costs are expensed in the periods to which they relate. Borrowing costs for assets are not capitalized.



P10 Property, plant and equipment

	Land and buildings	Plant and machinery	Equipment, fixtures and fittings	Construction in progress	Total
<i>Cost</i>					
At January 1, 2022	1,459	5,560	1,038	622	8,679
Additions	3	53	15	262	333
Divestments and disposals	-5	-175	-25	-26	-231
Reclassifications	89	122	38	-246	3
At December 31, 2022	1,546	5,560	1,066	612	8,784
<i>Revaluations</i>					
At January 1, 2022	32	-	-	-	32
Divestments and disposals	0	-	-	-	0
At December 31, 2022	32	-	-	-	32
<i>Accumulated depreciation and impairment losses</i>					
At January 1, 2022	696	4,211	722	-	5,629
Divestments and disposals	-4	-169	-24	-	-197
Reclassifications	4	-	-	-	4
Depreciation for the year	44	239	75	-	358
Impairment losses	-	-	0	-	0
At December 31, 2022	740	4,281	773	-	5,794
<i>Net carrying amount</i>					
At December 31, 2022	838	1,279	293	612	3,022

	Land and buildings	Plant and machinery	Equipment, fixtures and fittings	Construction in progress	Total
<i>Cost</i>					
At January 1, 2023	1,546	5,560	1,066	612	8,784
Additions	7	97	22	295	421
Divestments and disposals	-3	-201	-7	-	-211
Reclassifications	42	225	29	-304	-8
At December 31, 2023	1,592	5,681	1,110	603	8,986
<i>Revaluations</i>					
At January 1, 2023	32	-	-	-	32
Divestments and disposals	0	-	-	-	0
At December 31, 2023	32	-	-	-	32
<i>Accumulated depreciation and impairment losses</i>					
At January 1, 2023	740	4,281	773	-	5,794
Divestments and disposals	-3	-187	-6	-	-196
Reclassifications	-4	-4	-1	-	-9
Depreciation for the year	46	244	62	-	352
Impairment losses	-	13	-	-	13
At December 31, 2023	779	4,347	828	-	5,954
<i>Net carrying amount</i>					
At December 31, 2023	845	1,334	282	603	3,064

§ Accounting principles

Borrowing costs

In the Parent Company, borrowing costs are expensed in the periods to which they relate. Borrowing costs for assets are not capitalized.

P11 Leases

Operating leases with Sandvik as lessee according to RFR 2

Operating leases with Sandvik as lessee	2022	2023
Within one year	142	168
Between one and five years	307	487
Later than five years	235	309
Net carrying amount	684	964

Leasing fees for assets under operating leases, such as leased premises, machinery and office equipment are recognized within operating expenses. In 2023, the Parent Company expensed SEK 190 million.

Operating leases with Sandvik as lessor

No future minimum lease payments under non-cancellable operating lease contracts (0).

§ Accounting principles

Leased assets

The Parent Company recognizes all lease contracts according to the rules for operating leases.

P12 Shares in Group companies

	2022	2023
<i>Cost</i>		
At the beginning of the year	51,931	42,284
Additions	1,071	–
Capital contributions	2,122	16,473
Capital reductions	-14	-235
Divestments	-12,826	0
Total	42,284	58,522
<i>Accumulated impairment losses</i>		
At the beginning of the year	-473	-707
Impairment losses for the year	-235	-46
Impairment reversed for the year	1	235 ¹⁾
Total	-707	-518
<i>Accumulated revaluations</i>		
At the beginning of the year	0	0
Total	0	0
Carrying amount at year-end	41,577	58,004

1) Reversal of impairment related to divestment of Russia



→ P12, Continued

Sandvik AB's holdings of shares and participations in subsidiaries, direct holdings, according to balance sheet at December 31

Company, domicile	Corp. Reg. number	2022			2023		
		No. of shares	Holding, % ²⁾	Carrying amount KSEK	No. of shares	Holding, % ²⁾	Carrying amount KSEK
SWEDEN							
Gimo Utbildningsaktiebolag, Gimo	556061-4041	910	91	14,302	910	91	16,882
Industri AB Skomab, Sandviken	556008-8345	2,000	100	21,946	2,000	100	21,946
Sandvik Global Purchasing AB, Stockholm	556052-4315	1,000	100	50	1,000	100	50
AB Sandvik Coromant, Sandviken ¹⁾	556234-6865	1,000	100	50	1,000	100	50
Sandvik Coromant Sverige AB, Stockholm ¹⁾	556350-7846	1,000	100	100	1,000	100	100
Sandvik Far East Ltd. AB, Sandviken	556043-7781	10,000	100	10,000	10,000	100	10,000
Sandvik Försäkrings AB, Sandviken	516401-6742	1,500	100	81,000	1,500	100	81,000
Sandvik Besökservice AB, Sandviken ¹⁾	556235-3838	1,000	100	50	1,000	100	50
Sandvik Intellectual Property AB, Sandviken	556288-9401	1,000,000	100	3,499,950	1,000,000	100	3,499,950
AB Sandvik International, Sandviken ¹⁾	556147-2977	1,000	100	50	1,000	100	50
Sandvik Mining and Construction Sverige AB, Sandviken ¹⁾	556288-9443	1,000	100	50	1,000	100	50
Sandvik Mining and Construction Tools AB, Sandviken ¹⁾	556234-7343	1,000	100	50	1,000	100	50
Sandvik Rotary Tools AB, Köping	556191-8920	101,000	100	103,231	101,000	100	103,231
AB Sandvik Skogsfastigheter, Sandviken	556579-5464	1,000	100	51	1,000	100	51
AB Sandvik Steel Investment, Sandviken	556350-7853	1,000	100	100	1,000	100	100
Sanrip AB, Sandviken ¹⁾	556692-0038	1,000	100	100	1,000	100	100
Sandvik Machining Solutions AB, Sandviken ¹⁾	556692-0053	1,000	100	100	1,000	100	100
Sandvik Utbildnings AB, Sandviken	556304-8791	910	91	57,743	910	91	67,601
Dormer Pramet AB, Halmstad	556240-8210	80,000	100	46,145	80,000	100	46,145
Walter Norden AB, Halmstad	556752-4698	15,000	100	5,139	15,000	100	6,839
Sandvik Group IT AB, Sandviken ¹⁾	556788-9059	1,000	100	100	1,000	100	100
Sandvik Venture AB, Stockholm ¹⁾	556868-7155	1,000	100	281,048	1,000	100	281,048
Sandvik Financial Services AB, Stockholm	556843-7296	10,000	100	75,000	10,000	100	75,000
Seco Tools AB, Fagersta	556071-1060	145,467,690	100	15,658,859	145,467,690	100	15,658,859
Sandvik Invest Aktiebolag, Stockholm	556020-6517	1	0	0	1	0	0
Sandnest 3 AB, Stockholm	559291-1035	25,000	100	25	25,000	100	25
Sandnest 2 AB, Stockholm	559291-1027	25,000	100	25	-	-	-
Sandnest 1 AB, Stockholm	559291-1019	25,000	100	25	-	-	-

1) Subsidiaries conducting business on behalf of the Parent Company.

2) Refers to voting rights, which also equals share of capital unless otherwise indicated.

→ P12, Continued

Sandvik AB's holdings of shares and participations in foreign subsidiaries, direct holdings, according to balance sheet at December 31

Country/location	Company	2022			2023		
		No. of shares	Holding, % ¹⁾	Carrying amount KSEK	No. of shares	Holding, % ¹⁾	Carrying amount KSEK
Brazil	Sandvik Holding Do Brasil Ltda.	339,135,756	100	1,080,289	339,135,756	100	1,080,289
Bulgaria	Sandvik Bulgaria Ltd.	–	100	0	–	100	0
Chile	Sandvik Financial Services S.A.	9,900	99	165,331	9,900	99	165,331
	Schenck Process Austral SA	1	0 ²⁾	0	1	0 ²⁾	0
China	Sandvik China Holding Co Ltd.	–	100	1,579,079	–	100	2,009,106
Czech Republic	Sandvik CZ s.r.o.	–	100	0	–	100	0
Democratic Republic of Congo	Sandvik Mining and Construction DRC S.P.R.L.	9,990	100	43,235	9,990	100	43,235
Hungary	Sandvik Magyarország Kft.	–	100	3,258	–	100	3,258
India	Sandvik Asia Ltd.	1,801,241	75 ²⁾	252,481	1,801,241	75 ²⁾	252,481
	Sandvik Mining and Rock Technology India Private Ltd.	1,801,241	75 ²⁾	2,084	1,801,241	75 ²⁾	2,084
Ireland	Sandvik Mining and Construction Logistics Ltd.	100	100	5,508	100	100	5,508
Japan	Sandvik K.K.	8,000	100	224,207	8,000	100	224,207
Luxembourg	DSI Underground Holdings S.à.r.l.	1,539,861	100	7,435,652	1,539,861	100	7,435,652
	Rocbolt Technologies Holdings Mongolia S.à.r.l.	6,000	50	1	6,000	50	1
Mali	Sandvik Mining and Construction Mali Ltd	25,000	100	3,462	25,000	100	3,462
Mauritius	Rocbolt of Mauritius Ltd	956,768	50	430,027	956,768	50	0
Mexico	Sandvik Mexicana S.A. de C.V.	406,642,873	90 ²⁾	712,312	406,642,873	90 ²⁾	712,312
Mongolia	Sandvik Mongolia LLC.	400,000	100	2,682	400,000	100	2,682
Netherlands	Sandvik Finance B.V.	18,788	100	7,093,582	18,788	100	23,552,902
Peru	Sandvik del Perú S.A.	6,562,795	90 ²⁾	26,025	6,562,795	90 ²⁾	26,025
Portugal	Frezigest SGPS S.A.	1,001,069	100	1,071,545	1,001,069	100	1,071,545
Republic of Korea	Sandvik Korea Ltd.	752,730	100	5,992	752,730	100	5,992
Russia	Sandvik LLC	–	100	0	–	–	–
	Sandvik Mining and Construction CIS LLC	–	100	0	–	–	–
Serbia	Sandvik Mining and Rock Technology LLC Belgrade	–	100	7,898	–	100	7,898
Slovakia	Sandvik Slovakia s.r.o.	–	100	1,238	–	100	1,238
South Africa	Sandvik Holding Southern Africa (Pty) Ltd	1,107,501	100	1,377,126	1,107,501	100	1,377,126
	Rocbolt Technologies Holdings Pty Ltd	500,000	50	172,322	500,000	50	125,966
Türkiye	Sandvik Endüstriyel Mamüller Sanayi ve Ticaret A.S.	125,154,588	100	3,200	125,154,588	100	3,200
UAE	Sandvik Middle East FZE.	1	100	19,886	1	100	19,886
Zimbabwe	Sandvik Mining and Construction Zimbabwe (Pty) Ltd.	233,677	100	3,269	233,677	100	3,269
Total				41,576,980			58,004,033

1) Refers to voting rights, which also equals share of capital unless otherwise indicated.

2) Remaining shares are held by other Group companies.



→ P12, Continued

Sandvik AB's holdings¹ of shares and participations in subsidiaries, indirect holdings in % ¹

Country/ Location	Company	2022	2023	Country/ Location	Company	2022	2023	
Sweden	DSI Underground Nordics AB	100	100	Australia	Sandvik Rock Processing Australia Pty Limited	100	100	
	Edvirt AB	100	100		Seco Tools Australia Pty Ltd	100	100	
	Metrolog Services Nordic AB	100	100		SigmaTEK Pty. Ltd. (Australia)	100	100	
	Pramet Scandinavia AB	100	100		S-Process Equipment Australia Pty Limited	100	100	
	Sandvik Financial Services SPV AB	100	100		Stratabolt Resins Australia Pty Ltd	100	100	
	Sandvik Invest Aktiebolag	100	100		Terelion (Australia) Pty Ltd	100	100	
	Sandvik Mining and Construction Haparanda AB	100	100		Tricon Drilling Solutions Pty Ltd	100	100	
	Sandvik SRP AB	100	100		Austria	DSI Underground Austria GmbH	100	100
	Sandvik Treasury AB	100	100			Sandvik in Austria Gesellschaft GmbH	100	100
	Seco AB	100	100			Sandvik Mining and Construction G.m.b.H.	100	100
	SETP Invest AB	100	100			Sandvik Mining and Construction Materials Handling GmbH	100	0
Argentina	DSI Underground Argentina S.A.	100	100	Sandvik Mining and Construction Materials Handling GmbH & Co KG		100	0	
	Sandvik Argentina S.A.	100	100	Seco Tools Gesellschaft GmbH		100	100	
	Sandvik Mining and Construction Argentina S.A.	100	100	Walter Austria GmbH		100	100	
	Seco Tools Argentina S.A.	100	100	Wolfram Bergbau und Hütten AG		100	100	
Armenia	Sandvik Mining and Rock Technology AM LLC	100	100	Belarus		OOO Walter Tools	100	0
Australia	Deswik Brazil Holdings Pty Ltd	100	100			Belgium	S.A. Seco Tools Benelux N.V.	100
	Deswik Group Pty Ltd	100	100	Botswana		Walter Benelux N.V./S.A.	100	100
	Deswik Mining Consultants (Australia) Pty Ltd	100	100		Sandvik Botswana (Pty) Ltd	100	100	
	Deswik Software Solutions Pty Ltd	100	100	Brazil	CGTech Brasil Consultoria de Software Eireli	100	100	
	DSI Australia (Holdings) Pty Ltd	100	100		Dormer Pramet Solucoes Para Usinagem Ltda	100	100	
	DSI Holdings 1 Australia Pty Ltd	100	100		DSI Underground System Brasil Indústria e Comercio Ltda	100	100	
	DSI Holdings 2 Australia Pty Ltd	100	100		Frezite Ferramentas de Corte LTDA	100	100	
	DSI Underground Australia Pty Limited	100	100		MCB Serviços e Mineração Ltda.	30	100	
	Edvirt Australia Pty Ltd	100	0		Sandvik Coromant Do Brasil Industria e Comercio de Ferramentas Ltda	100	100	
	Fero Group (Queensland) Pty Ltd	100	100		Sandvik MGS S.A.	100	0	
	Fero Group Pty Ltd	100	100		Sandvik Mining and Rock Technology do Brasil Ltda	100	100	
	Fero Reinforcing Pty Ltd	100	100		Sandvik Rock Processing Brasil Ltda	100	100	
	Fero Strata Systems Pty Ltd	100	100		Seco Tools Indústria e Comércio Ltda.	100	100	
	Heintzmann Australia Pty Ltd	100	100		SigmaTEK Systems Brasil Ltda.	99	100	
	NTX Australia Pty Ltd	100	100	Walter do Brazil Ltda	100	100		
	Polymathian Pty Ltd	0	100	Burkina Faso	Sandvik Mining and Rock Technology Burkina Faso SARL	100	100	
	Sandvik Australia Holdings Pty Ltd	100	100		Canada	11740750 Canada Limited	100	100
	Sandvik Australia Pty Ltd	100	100	Canada	Artisan Vehicles, Inc.	100	100	
	Sandvik Financial Services Pty Ltd	100	100		Cimatron Technologies Inc (Canada)	100	100	
	Sandvik Mining and Construction Australia (Production/Supply) Pty Ltd	100	100		Deswik (Canada) Inc	100	100	
	Sandvik Mining and Construction Australia Pty Ltd	100	100					

1) Refers to share of capital, which also corresponds to voting rights for the total number of shares unless otherwise stated.

→ P12, Continued

Country/ Location	Company	2022	2023
Canada	DSI Underground Canada Ltd.	100	100
	ICAM Technologies Corporation	100	100
	Indexable Cutting Tools of Canada LLC	100	100
	Inrock Ltd.	100	100
	Newtrax Holdings Inc	100	100
	Newtrax Technologies Inc	100	100
	Norgalv Limited	0	100
	Norprop Limited	0	100
	Postability Inc.	0	100
	Sandvik Canada, Inc.	100	100
Chile	SigmaTEK Canada, LLC (Delaware)	100	100
	Deswik Chile SpA	100	100
	DSI Underground Chile SpA	100	100
	DSI Underground Ventilation Systems S.p.A.	51	51
	NTX Chile SpA	100	100
	Sandvik Chile S.A.	100	100
	Sandvik Financial Services S.A.	100	100
	Sandvik Mining and Construction Chile S.A.	100	100
	Sandvik Rentals Chile SPA	100	100
	Schenck Process Austral SA	100	100
China	Beijing CGTech Software Co., Ltd.	100	100
	Chuzhou OMK Carbide Tools Co., Ltd.	72	72
	Chuzhou Yongpu Carbide Tools Co., Ltd.	72	72
	Cimatron (Beijing) Technologies Co. Ltd.	100	100
	Dormer Tools (Shanghai) Co Ltd	100	100
	DSI Underground Consulting (Shanghai) Co., Ltd.	100	100
	DWFritz Precision Automation	100	100
	DWFritz Technology Limited	100	100
	DWFritz Wuxi Limited	100	0
	Jinan Lingong Mining and Rock Technology Co Ltd	65	85
	Kunshan OSK Precision Tools Co., Ltd	100	100
	Sandvik (Jining) Rocbolt Technologies China Co., Ltd	100	100
	Sandvik Coromant Cutting Tools (Shanghai) Co., Ltd	100	100
	Sandvik Industrial Equipment (Shanghai) Co., Ltd.	100	100
	Sandvik Industry Equipment (ChangZhou) Co., Ltd.	100	100
	Sandvik Logistics (Shanghai) Co. Ltd	100	100
	Sandvik Mining and Construction (China) Co Ltd	100	100
	Sandvik Mining and Construction (Luoyang) Co Ltd	100	100
	Sandvik Mining and Construction Trading (Shanghai) Co.	100	100
	Sandvik Mining Technology (Tianjin) Co., LTD	100	100
Sandvik Rock Tools Technology (Wuxi) Co., Ltd	100	100	
Sandvik Tooling Production (Langfang) Co. Ltd	100	100	

Country/ Location	Company	2022	2023
	Seco Tools (Shanghai) Co Ltd	100	100
	Seco Tools Manufacturing (Shanghai) Co Ltd	100	100
	Shanghai Jianshe Luqiao Machinery Co. Ltd	100	100
	SigmaTEK Systems China, LLC	100	100
	Suzhou SPD Precision Technology Co., Ltd.	72	0
	Suzhou Xinlan Nano Technology Co., Ltd.	72	72
	Suzhou Yongpu Precision Technology Co., Ltd.	72	72
	Suzhou Yongpu Technology Management Co., Ltd.	72	72
	Walter Wuxi Co. Ltd.	100	100
	Wuhan Yongpu Carbide Tools Co., Ltd.	72	72
Colombia	Yongpu Global Trading Shanghai Co., Ltd.	72	72
	Deswik Colombia S.A.S	100	100
	DSI Underground Colombia S.A.S.	100	100
Czech Republic	Sandvik Colombia S.A.S.	100	100
	Dormer Pramet s.r.o.	100	100
	DSI Underground Multitex s.r.o.	100	0
	FREZITE s.r.o.	100	100
	Seco Tools CZ s.r.o.	100	100
Denmark	WALTER CZ s.r.o.	100	100
	Sandvik A/S	100	100
	Seco Tools A/S	100	100
DR Congo	Sandvik DRC Services SASU	0	49
	Sandvik Mining & Construction DRC SARL	100	100
Finland	Akkurate Oy	100	0
	Oy Tampella Ab	100	100
	Sandvik Coromant Finland Oy	100	100
	Sandvik Mining and Construction Finland Oy	100	100
	Sandvik Mining and Construction Oy	100	100
	Seco Tools Oy	100	100
	Tammerfors Linne och Jern Ab	100	100
	Tamrock Oy	100	100
Velroq Oy	100	100	
France	A.O.B. S.A.S	100	100
	CGTech S.A.R.L.	100	100
	DWFritz Metrology SAS	100	100
	Financiere Metrolog SAS	100	100
	Gunther Tools	100	100
	Metrologic Group SAS	100	100
	Metrologic Services SAS	100	100
	Sandvik Coromant Inserts France S.A.S	100	100
	Sandvik Holding France S.A.S	100	100
	Sandvik Mining and Construction France S.A.S	100	100
Sandvik Mining and Construction Lyon S.A.S	100	100	
Sandvik Tooling France S.A.S	100	100	
Seco Ressources et Finances SA	100	100	



→ P12, Continued

Country/ Location	Company	2022	2023
France	Seco Tools France S.A.S.	100	100
	Seco Tools Reaming SAS	100	100
	SECO Tools Tooling Systems SAS	100	100
	SigmaNEST France	100	100
	Walter France S.A.S.	100	100
Germany	CGTech Deutschland GmbH	100	100
	Cimatron Technologies GmbH	100	100
	Comara GmbH	100	0
	DSI Underground GmbH	100	100
	esco GmbH engineering solutions consulting	0	100
	FMT Frezite Metal Tooling GmbH	100	100
	Gold Werkzeugfabrik GmbH	100	100
	Metrologic Group GmbH	100	100
	Protomedical GmbH	100	100
	Prototyp-Werke GmbH	100	100
	Sandvik Holding GmbH	100	100
	Sandvik Mining and Construction Central Europe GmbH	100	100
	Sandvik Mining and Construction Deutschland GmbH	100	100
	Sandvik Tooling Deutschland GmbH	100	100
	Schaum-Chemie Beteiligungen 1 GmbH	100	100
	Seco Tools GmbH	100	100
	SigmaNEST GmbH	100	100
TDM Systems GmbH	100	100	
Walter AG	100	100	
Walter Deutschland GmbH	100	100	
Walter Germany GmbH	0	100	
Werner Schmitt PKD-Werkzeug GmbH	100	100	
Ghana	Sandvik Mining & Construction Ghana Limited	100	100
Hong Kong	DWFritz Hong Kong Limited	100	100
	Sandvik Hongkong Ltd	100	100
Hungary	Pramet Kft	100	100
	Seco Tools Kereskedelmi Kft	100	100
	Walter Hungaria Kft	100	100
India	CGTech India Software Solutions PLC	100	100
	Cimatron Technologies Pvt. Ltd.	100	100
	Deswik Software Solutions India Private Limited	0	100
	Dormer Pramet India Private Limited	100	100
	DSI Underground India Pvt. Ltd.	100	100
	Sandvik Coromant India Private Limited	100	100
	Sandvik Mining and Rock Technology India Private Limited	100	100
	Seco Tools India Private Limited	100	100
	SigmaTEK Systems India Private Limited	100	100
	Vaal Triangle Systems Private Limited	100	100
Walter Tools India Private Limited	100	100	
Indonesia	Pt. DSI Indonesia	100	100
	Pt. DSI Underground	100	100
	PT Sandvik Indonesia	100	100

Country/ Location	Company	2022	2023
	PT Sandvik Mining and Construction Indonesia	100	100
	PT Sandvik SMC	100	100
	PT Seco Tools Indonesia	100	100
	Ireland	Diamond Innovations International Sales	100
	Premier Machine Tools (Ireland)	0	95
Israel	Cimatron Limited	100	100
Italy	CGTech s.r.l.	100	100
	Cimatron Technologies srl (Italy)	100	100
	Metrologic Group Italia S.R.L.	100	100
	Preziss, SRL	100	100
	Sandvik Italia S.p.A.	100	100
	Seco Tools Italia S.p.A SU	100	100
	SigmaTEK Srl (Italy)	100	100
	SSC Holding Italia SRL	100	100
	Walter Italia SRL	100	100
Japan	KK CGTech	100	100
	Sandvik Tooling Supply Japan K.K.	100	100
	Seco Tools Japan K.K.	100	100
	SigmaTEK Japan LTD.	100	100
	Walter Japan K.K.	100	100
Kazakhstan	Deswik Kazakhstan LLP	100	100
	Sandvik Mining and Construction Kazakhstan Ltd	100	100
Korea	CGTech Co. Ltd	100	100
	Sandvik SuhJun Ltd	100	100
	Seco Tools Korea Ltd	100	100
	SigmaTEK Systems LLC Korea	100	100
	Walter Korea Ltd	100	100
Luxembourg	DSI Underground IP Holding Luxembourg S.à r.l	100	100
	DSI Underground SMART S.à r.l	100	100
	Jupiter LuxCo 2 S.à r.l.	100	100
	Rocbolt Technologies Holdings Mongolia S.à r.l.	50	50
Malaysia	Sandvik Equipment Sdn Bhd	0	100
	Sandvik Mining And Construction (M) Sdn Bhd	100	100
	Seco Tools Sdn Bhd	100	100
	Walter Malaysia Sdn Bhd	100	100
Mauritius	Rocbolt of Mauritius Ltd	50	50
Mexico	Deswik Mexico S.A de C.V	100	100
	DSI Underground Mexico S.A. de C.V.	100	100
	FMT Tooling Systems S de RL de CV	100	100
	Mansour Mining Technolog De Mexico S.A DE C.V	100	100
	Mansour Mining Technolog De Mexico Servicios S.A. de C.V.	100	100
	NTX Mining Services S de RL de CV	100	100
	Preziss Tools de Mexico, S de R.L. de C.V.	100	100
	Sandvik de Mexicana S.A.	100	100
	Sandvik Hard Materials de Mexico S.A. de C.V.	100	100

→ P12, Continued

Country/ Location	Company	2022	2023	Country/ Location	Company	2022	2023
Mexico	Sandvik Mining and Construction de Mexico S.A. de C.V.	100	100		LLC Pramet	100	0
	Sandvik SA de CV	100	100		LLC Seco Tools	100	0
	Seco Tools de Mexico S.A. de C.V.	100	100		LLC Walter	100	0
	SigmaTEK Systems Mexico S. de R.L. de C.V.	100	100		Newtrax Rus LLC	100	0
	Terelion de Mexico S.A. de C.V.	100	100		Siberia GT LLC	100	0
	Valenite de Mexico	100	100	Serbia	Seco Tools SRB d.o.o.	100	100
	Walter Tools S.A. de C.V.	100	100	Singapore	Sandvik Mining and Construction S.E. Asia Pte Ltd	100	100
Mongolia	Rocbolt Technologies Mongolia LLC	100	100		Sandvik South East Asia Ptd Ltd	100	100
	Seco Tools S.A.	100	100		Seco Tools (SEA) Pte Ltd	100	100
Morocco	Seco Tools S.A.	100	100	Walter AG Singapore Pte Ltd	100	100	
Mozambique	Sandvik Mining & Construction Mozambique Lda	100	100	Slovakia	PRAMET Slovakia, spol. s r.o.	100	100
	Sandvik Namibia (Pty) Ltd	100	100		Seco Tools SK, s.r.o.	100	100
Netherlands	Sandvik Benelux B.V.	100	100	Walter Slovakia s.r.o.	100	100	
	Sandvik Mining and Construction B.V.	100	100	Slovenia	Seco Tools SI trgovina d.o.o.	100	100
	Seco Tools BV	100	100		Walter Tools, d.o.o.	100	100
Nigeria	Sandvik Mining & Construction Nigeria Limited	100	100	South Africa	Deswik Mining Consultants (Pty) Ltd	100	100
Norway	Sandvik Norge AS	100	100		Kwatani (Pty) Ltd	100	100
	Sandvik Teeness AS	100	100		Kwatani Global (Pty) Ltd	100	100
	Seco Tools AS	100	100		Kwatani Holding Pty Ltd	100	100
Papua New Guinea	Sandvik Mining and Construction PNG Limited	100	100		Mine & Quarry Supplies (Pty) Ltd	100	100
	Peru	Deswik Peru S.A.C	100		100	Newtrax Pty. Ltd	100
DSI Underground Peru S.A.C.		100	100		RB Technology Holdings (Pty) Ltd	65	65
Newtrax Peru Sociedad Anonima Cerrada		100	0		Rocbolt Technologies Africa Pty Ltd	100	100
Sandvik del Peru S.A.		100	100		Rocbolt Technologies Holdings Pty. Ltd.	50	50
Sandvik Forestal S.A.		100	100		Rocbolt Technologies Pty. Ltd	75	75
Terelion, LLC Sucursal Del Peru		100	100	Sandvik (Pty) Ltd	100	100	
Philippines	Sandvik Philippines Inc	100	100	Sandvik Financial Services (Pty) Ltd	100	100	
	Sandvik Tamrock Philippines Inc	100	100	Sandvik Mining & Construction Delmas (Pty) Ltd	100	100	
Poland	DSI Schaum Chemie Sp. z o.o.	100	100	Sandvik Mining RSA (Pty) Ltd	75	75	
	DSI Underground Chemicals sp. z o.o.	100	100	Sandvik Rock Processing Solutions International (PTY) LTD	100	100	
	DSI Underground Merol Sp. z.o.o.	100	100	Sandvik SRP Holdings South Africa	0	100	
	DSI Underground Poland Sp. z.o.o.	100	100	Sandvik SRP RSA (PTY) LTD	75	75	
	Fabryka Narzędzi FANAR S.A.	100	100	Schenck Process Africa (Pty) Limited	100	100	
	Pramet Sp. Z.o.o.	100	100	Schenck Process South Africa (Pty) Limited	100	100	
	Sandvik Polska Sp. Z.o.o.	100	100	Seco Tools South Africa (Pty) Ltd	100	100	
	Seco Tools Sp Z.o.o.	100	100	Zebenza Kanzima (Pty) Ltd	49	49	
	Walter Polska SP. Z.o.o.	100	100	Spain	DSI Underground Spain SAU	100	100
	Portugal	FHP – Frezite High Performance, Unipessoal, LDA	100		100	Frezite Herramientas de Corte SL	100
Frezite – Ferramentas de Corte S.A.		100	100		Herramientas Preziss, S.L.	100	100
Sandvik SRL		100	100		Metrologic Group Spain S.L.	100	100
Seco Tools Portugal Lda		100	100		Preziss Diamant S.L.	100	100
Seri – Sociedade de Estudos E Realizações Industriais, Unipessoal, LDA	100	100	Sandvik Española		100	100	
Romania	Sandvik SRL	100	100	Seco Tools España S.A.	100	100	
	Seco Tools Romania SRL	100	100	Walter Tools Iberica S.A.U.	100	100	
	Walter Tools SRL	100	100	Switzerland	HC Holding Alpha AG	100	100
Russia	Deswik RUS	100	100		P. Rieger Werkzeugfabrik AG	100	100
	DSI Techno	100	0		Sandvik AG	100	100
	DSI Techno LLC	100	0		Sandvik Holding AG	100	100
				Santrade Ltd	100	100	



→ P12, Continued

Country/ Location	Company	2022	2023
Switzerland	Seco Tools AG	100	100
	Sphinx Werkzeuge AG	100	100
	Walter (Schweiz) AG	100	100
Taiwan	Sandvik Taiwan Ltd	100	100
Tanzania	Sandvik Mining & Construction Tanzania Limited	100	80
Thailand	Sandvik Thailand Limited	91	91
	Seco Tools (Thailand) Co Ltd	100	100
	Walter (Thailand) Co Ltd	100	100
Türkiye	Seco Tools Kesici Takımlar Makina San. Tic.A.S.	100	100
	Walter Cutting Tools Industry and Trade LLC	100	100
Ukraine	LLC Seco Tools Ukraine	100	100
	Sandvik Ukraine	100	100
United Kingdom	BTA Heller Drilling Systems Ltd	100	100
	CGTech Limited	100	100
	Deswik Europe Ltd	100	100
	Dormer Pramet Ltd	100	100
	DSI Underground UK Holdings Ltd.	100	100
	DSI Underground UK Ltd.	100	100
	Edvirt UK Limited	100	100
	Extec Mobile Crushers and Screens Limited	100	100
	Fintec Crushing and Screening Limited	100	100
	FMT Tooling Systems Limited	100	100
	Inrock Ltd. (UK)	100	100
	Mastercam UK Limited	100	100
	Premier Machine Tools (UK)	0	95
	Sandvik Holdings Ltd	100	100
	Sandvik Ltd	100	100
	Sandvik Materials Limited	100	100
	Sandvik Mining and Construction LTD	100	100
	Sandvik Osprey Ltd	100	100
	Sandvik Services Limited	100	100
	Seco Tools (UK) Limited	100	100
SigmaTEK Business Systems Limited	100	0	
SigmaTEK Europe Limited	100	100	
Tamrock Great Britain Holdings Ltd	100	100	
Walter GB Ltd	100	100	
USA	Advanced Theodolite Technology, Inc.	100	100
	Alliance CNC LLC	100	100
	Artisan Vehicle Systems, Inc.	100	100
	Benchmark Carbide LLC	100	100
	Buffalo Tungsten Inc	0	100
	Cambrio Acquisition, LLC	100	100
	CGI Tool LLC	100	0
	CGTech	100	100
	Cimatron Gibbs LLC (California)	100	100
	Cimatron Technologies, Inc. (Michigan)	100	100
CJT Tool LLC	100	100	

Country/ Location	Company	2022	2023
	CNC Software, Inc.	100	100
	CTMI Tool LLC	100	100
	Deswik USA Inc.	100	100
	Diamond Tool Coating, LLC	100	100
	Dimensional Control Systems, Inc.	100	100
	Dormer Pramet LLC	100	100
	DSI Tunneling LLC	100	0
	DWFritz Automation, LLC	100	100
	DWFritz International, Inc.	100	100
	DWFritz Metrology, Inc.	100	100
	GWS Tool Intermediate Holdings LLC	100	100
	GWS Tool LLC	100	100
	ICAM Technologies Corporation U.S.A.	100	0
	Indexable Holding LLC	100	100
	Inrock Acquisitions, Inc.	100	100
	Inrock Drilling Systems, inc.	100	100
	Intrepid LLC	100	100
	Melin Tool Company, Inc.	100	100
	Metrologic Group Services, Inc.	100	100
	MG USA Properties, Inc.	100	100
	Monster Tool LLC	100	100
	NATC LLC	100	100
	Niagara Cutter LLC	100	100
	Sandvik Financial Services LLC	100	100
	Sandvik Machining Solutions USA LLC	100	100
	Sandvik Mining and Construction USA LLC	100	100
	Sandvik Rock Processing Solutions North America	100	100
	Sandvik, Inc.	100	100
	Seco Tools, LLC	100	100
	SigmaTEK Systems, LLC (Delaware)	100	100
	ST Acquisition Co.	100	100
	STF Precision LLC	100	100
	Taurus Tool LLC	100	100
	TDM Systems Inc	100	100
	Terelion LLC	100	100
	uFab LLC	100	100
	Valenite LLC	100	100
	Walter USA LLC	100	100
	Wetmore Tool and Engineering Company	100	100
Vietnam	Sandvik Vietnam Company Ltd	100	100
	Seco Tools Vietnam Co Ltd	100	100
Zambia	Sandvik Mining and Construction Zambia Limited	100	100

→ P12, Continued

§ Accounting principles

Subsidiaries

Subsidiaries are entities over which the Parent Company has a controlling influence. Controlling influence exists if the Parent Company has the power over the investee, meaning the investor has existing rights that give it the ability to direct the relevant activities, is exposed to or has the rights to variable return from its involvement in the investee and can, through its influence, affect the return from the involvement in the investee. In assessing a controlling interest, de facto control, potential voting rights that are currently exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the controlling influence commences until the date that control ceases.

For cases in which the subsidiary's accounting policies do not coincide with the Group's accounting policies, adjustments were made to comply with the Group's accounting policies.

The consolidated financial statements are prepared in accordance with the purchase method. In business combinations, acquired assets and assumed liabilities are identified and classified, and measured at fair value on the date of acquisition (also known as a purchase price allocation).

Transaction costs in conjunction with acquisitions are directly recognized in profit or loss for the year as other operating expenses.

Contingent considerations are recognized as financial liabilities and at fair value on the acquisition date. Contingent considerations are remeasured at each reporting period with any change recognized in profit or loss for the year.

In step acquisitions, when a controlling interest is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. If the controlling interest is lost upon divestment, net profit is recognized in profit or loss. Any residual holding in the divested business is then measured at fair value on the date of divestment and its effect is recognized in profit or loss for the year.

Shares in Group companies and associated companies

The Parent Company recognizes shares in Group companies and associated companies in accordance with the cost model, meaning that transaction costs are included in the carrying amount of holdings in subsidiaries and associated companies. Transaction costs related to shares in Group companies are recognized directly in profit or loss in the consolidated financial statements when they arise. Contingent consideration is valued based on the probability that the consideration will be paid. Any changes in the provision/receivable are added to/ deducted from the cost. Contingent consideration is measured at fair value in the consolidated financial statements with changes in value recognized in profit or loss. Dividends from subsidiaries are recognized in full as income in profit or loss for the year.

P13 Non-current receivables and other current receivables

	2022	2023
Non-current receivables		
Derivatives	59	3
Other interest-bearing receivables	11	17
Total	70	20
Other current receivables		
Derivatives	117	22
Other non-interest-bearing receivables	403	488
Other interest-bearing receivables	0	0
Total	520	510

P14 Inventories

	2022	2023
Raw materials and consumables	746	684
Work in progress	265	331
Finished goods and goods for resale	94	67
Total	1,105	1,082

P15 Capital and reserves

Share capital

According to the Articles of Association of Sandvik AB, the share capital shall amount to a minimum of SEK 700,000,000 and a maximum of SEK 2,800,000,000. All issued shares are fully paid, have the same voting rights and are equally entitled to the Company's assets. Share capital has changed as follows over the past two years:

Share capital at:	No. of shares	Quotient value SEK/share	Share capital SEK
December 31, 2021	1,254,385,923	1.20	1,505,263,108
December 31, 2022	1,254,385,923	1.20	1,505,263,108
December 31, 2023	1,254,385,923	1.20	1,505,263,108

A dividend is proposed by the Board of Directors in accordance with the stipulations in the Swedish Companies' Act, and is approved at the Annual General Meeting. The proposed dividend for 2023 is estimated to amount to SEK 6,899 million, corresponding to SEK 5.50 per share. The amount has not been recognized as a liability.

No shares have been reserved for transfer under options or other agreements.

The Sandvik share is officially listed only on Nasdaq Stockholm. Shares can also be traded in the US in the form of ADRs (American Depositary Receipts).

The following information is presented in accordance with the provisions of Chapter 6, Section 2.a. of the Swedish Annual Accounts Act.

The Parent Company has issued one series of shares and each share carries one vote. The total number of shares shall be no less than 1,000,000,000 and no more than 4,000,000,000.

At the end of 2023, 1,254,385,923 shares (1,254,385,923) with a quotient value of SEK 1.20 per share had been issued. Shareholders have a preferential right to subscribe to newly issued shares issued for cash or with terms and conditions concerning rights of set off. All shares are fully negotiable.



→ P15, Continued

§ Accounting principles

Undistributable equity

Undistributable equity may not be paid to the shareholders in the form of dividends.

Statutory reserve

The purpose of the statutory reserve has been to tie up part of the net profit that is not needed to cover an accumulated deficit. The statutory reserve includes amounts that before January 1, 2006, were included in the share premium reserve.

Distributable equity

Share premium reserve

Comprises the value of shares that have been issued at a premium, meaning the price paid was in excess of the share's quotient value. The amount received in excess of the quotient value was transferred to the share premium reserve.

Retained earnings

Retained earnings comprise the distributable reserves recognized in the preceding year less any dividend declared. The total of such profits brought forward and the profit for the year constitute the total distributable reserves, that is the maximum amount available for distribution to the shareholders.

P16 Provisions for pension and other non-current post-employment benefits

The Parent Company's recognized pension provision was SEK 848 million (551). The Parent Company's PRI pensions are secured through Sandvik's own pension foundation, the Sandvik Pension Foundation in Sweden. Sandvik AB and most of its Swedish subsidiaries are members of the foundation. The deficit was recognized as a liability in the companies. The Parent Company's funded obligations mainly comprise ITP Plans.

Present value of funded and unfunded pension obligations

	2022	2023
Present value of funded and unfunded pension obligations	2,319	2,655
Plan assets	1,884	1,885
Deficit in the assets of the pension foundation	-116	-79
Net amount recognized for pension obligations	-551	-848

P17 Other provisions

	Warranties	Restructuring	Employee benefits	Environmental obligations	Legal disputes	Other obligations	Total
Balance at January 1, 2022	2	141	129	11	0	0	283
Provisions made during the year	1	112	85	-	-	0	198
Provisions used during the year	0	-79	-78	-9	-	-	-166
Unutilized provisions reversed during the year	-	-	0	-	-	-	0
Reclassifications	-	1	-1	-	-	-	0
Balance at December 31, 2022	3	175	135	2	0	0	315
Balance at January 1, 2023	3	175	135	2	0	0	315
Provisions made during the year	-	90	125	-	-	0	215
Provisions used during the year	0	-115	-82	-2	-	-	-199
Unutilized provisions reversed during the year	-	0	-	-	-	-	0
Reclassifications	-	-1	-	-	-	-	-1
Balance at December 31, 2023	3	149	178	0	0	0	330

P18 Non-current interest-bearing liabilities

Non-current interest-bearing liabilities fall due as follows:

	2022			2023		
	Within one to five years	Later than five years	Total	Within one to five years	Later than five years	Total
Loans from Group companies	-	1	1	-	1	1
Other liabilities ¹⁾	17,104	13,127	30,231	18,583	8,065	26,648
Total	17,104	13,128	30,232	18,583	8,066	26,649

1) Other liabilities mainly comprise bond loans.

P19 Accrued expenses and deferred income

	2022	2023
Personnel related	1,175	1,379
Expense related to finance	413	393
Other	41	7,587
Total	1,629	9,359

P20 Contingent liabilities and pledged assets

Continuing operations

Contingent liabilities	2022	2023
Guarantees issued for customers and others	63	72
Other contingencies	21,502	16,981
Total	21,565	17,053

The Parent Company's surety undertakings and contingent liabilities amounted to SEK 17,053 million (21,565), of which SEK 8,877 million (14,770) related to the Parent Company's guarantees for Sandvik Treasury AB's financial borrowings. The remainder comprised mainly indemnity bonds for commitments of Group companies to their customers and vendors on advances received and various types of performance bonds and guarantees to financial institutions relating to local borrowings, and guarantee facilities as well as to pension commitments.

No assets of the Parent Company had been pledged in 2022 and 2023.

P21 Transactions with related parties

Sales to Group companies from the Parent Company amounted to SEK 12,284 million (11,722), or 90 percent (89) of total sales. The share of exports was 58 percent (60). The Parent Company's purchases from Group companies amounted to SEK 2,044 million (2,234), or 18 percent (20) of total purchases. The Parent Company granted no loans to associated companies. Guarantees have been made for obligations of associated companies in the amount of SEK 0 million (0). All transactions are effected at "arm's length" basis.

For information regarding employment agreements see note G4.

P22 Supplementary information to the cash flow statement

Cash and cash equivalents	2022	2023
Cash and cash equivalents comprise:		
Cash and bank	0	0
Total in the balance sheet	0	0
Total in the cash flow statement	0	0

Interest and dividend paid and received	2022	2023
Dividend received	8,125	8,400
Interest received	909	458
Interest paid	-739	-1,690
Total	8,295	7,168

Other adjustments for non-cash items, etc.	2022	2023
Changes in value if financial instruments	698	-302
Unappropriated results of associated companies	-	-
Gains and losses on disposal of non-current assets	-12	-22
Gains on disposal of companies and shares	-3	-2
Provision for pensions	309	298
Other provisions	32	15
Other	840	7,791
Total	1,864	7,778

P23 Events after the end of the period

No major events to report after the end of the reporting period.



Board statement on dividend proposal

Board statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The nature and extent of the company's operations are stated in the Articles of Association and issued annual reports. Such nature and extent do not entail risks over and above those inherent, or reasonably to be expected, in the industry or otherwise inherent in business operations. For information on significant events, reference is made to the Directors' Report.

The company's financial position as of December 31, 2023, is apparent from this Annual Report. The proposed dividend does not infringe on investments deemed to be required. In addition, the company's main liquidity reserve is in the form of an unutilized revolving

credit facility amounting to SEK 11,000 million, which means that the company should reasonably be able to meet unexpected events and temporary fluctuations in cash flows of reasonable proportions. The company's financial position supports the assessment that the company will be able to continue its business and meet its obligations in both the short and long term.

In view of the above and based on what the Board is otherwise aware of, the proposed dividend in the Board's opinion is justified considering the requirements which the nature, extent and risks associated with the operations place on the size of the equity of the company, and also taking into consideration the company's need to strengthen its balance sheet, liquidity and financial position in general.

Stockholm, March 11, 2024

Sandvik Aktiebolag (publ)
BOARD OF DIRECTORS

Proposed appropriation of profits

The Board of Directors proposes that the profits at the disposal of the Annual General Meeting:

profits carried forward	20,736,818,564
and result for the year	5,396,307,174
SEK	26,133,125,738

be appropriated as follows:

a dividend of 5.50 SEK per share to the shareholders	6,899,122,577
profits carried forward	19,234,003,161
SEK	26,133,125,738

The proposed record date for dividends is Thursday, May 2, 2024.
The income statements and the balance sheets of the Group and of the Parent Company are subject to adoption by the Annual General Meeting on Monday, April 29, 2024.

The Board of Directors and the President hereby certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in the regulation (EU) no. 1606/2002 of the European Parliament and Council dated July 19, 2002, pertaining to the application of international financial reporting standards. The Annual Report and the consolidated financial statements give a true and fair view of the Parent Company's and the Group's financial position and results. The Report of the Directors pertaining to the Parent Company and the Group gives a fair overview of the development of the Parent Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 11, 2024

Johan Molin
Chairman

Jennifer Allerton
Board member

Thomas Andersson
Board member

Claes Boustedt
Board member

Marika Fredriksson
Board member

Thomas Lilja
Board member

Andreas Nordbrandt
Board member

Helena Stjernholm
Board member

Kai Wärn
Board member

Stefan Widing
Board member
President and CEO

Our auditors' report was submitted on March 12, 2024
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Anna Rosendal
Authorized Public Accountant



Auditors' report

Unofficial Translation

To the general meeting of the shareholders of Sandvik AB (publ),
corporate identity number 5560000-3468

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sandvik AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 40–136 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Our audit strategy is built on our knowledge and understanding of Sandvik's operations, strategy, governance and overall control environment. With this as a foundation, we tailor our Group audit with a focus on the key audit matters and other risks with the purpose of gaining audit comfort in order to express an opinion on the consolidated Financial statements. Our business understanding, risk assessment and selection of entities to be included in the Group audit is a continuous process which is updated once a year during our planning phase.

We build our overall understanding of Sandvik for the purpose of our Group audit, by interviewing Management for the Business Areas, Divisions and Group Functions and by updating our process understanding and understanding of relevant controls and systems that support the financial reporting. We also obtain and read management reports, policies and procedures etc.

The Group audit team coordinate the Group audit by issuing Group audit instructions to component auditors of selected entities in scope. We obtain and read reporting deliverables and conduct component calls with selected teams in order to ensure adherence to the overall Group audit strategy. The Group audit team is also responsible for auditing the consolidation process, the parent company accounts and for reporting to the Audit Committee and the Board of Directors (once per year). The interim report for the third quarter is subject to an ISRE 2410 review. In addition, most legal entities in the Group are subject to statutory audit requirements based on local regulations.

Materiality

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key Audit Matter*Revenue recognition in the appropriate period*

The Group manufactures and sells products and services to its customers globally, mainly through its own distribution network. Sales contracts contain various performance obligations and other terms and the determination of when significant performance obligations have been met varies albeit a specific point in time can often be established. The Group has analyzed its various sales contracts and concluded on the principles for deciding in which period or periods the Group's sales transactions should be recognized as revenue.

Disclosures in notes G2, G3 and P2 provide additional information on how the Group accounts for its revenue.

Measurement of goodwill and intangible assets with an indefinite life including acquired intangible assets

The majority of Sandvik's intangible assets have been acquired externally, mostly through acquiring businesses, and represent significant amounts. Assets with indefinite useful life such as goodwill are not subject to yearly depreciation. Instead, an annual test will show whether the carrying amount for the cash generating unit can still be supported. Sandvik has acquired several businesses containing intangible assets during 2023.

There are a number of instances where management's judgment is decisive for the accounting treatment, both in connection with acquiring businesses and in connection with annual impairment tests.

Note G13 contains additional information on the Group's intangible assets and the significant assumptions applied in the annual impairment tests. In note G31 there is additional information about business combinations, accounting principles and acquired intangible assets.

Measurement of inventory

Sandvik keep significant stock of raw materials, spare parts and work-in-progress at its production units and stores of finished goods mostly at its sales units and distribution centres. The inventory balance is material and measurement of inventory is important for a fair presentation of gross margin. A due process is required to prepare accurate reporting of the acquisition cost when procurement, production and logistical processes are complex.

Establishing product costing requires many instances of management judgment with effect on the reported values. This includes assessing normal production levels, foreign currency, prices of raw materials and allocation of other direct and indirect costs. For finished goods, assessment is needed of obsolescence and how sellable the products are. Finally, there is a complexity in monitoring and measuring volumes particularly for some raw materials and work in progress as well as eliminating effects from intra Group transactions.

Notes G18 and P14 provide information about the the Group's accounting principles for measuring inventory and additional information on the line item.

How our audit addressed the Key Audit Matter

Our audit included but was not limited to the following activities:

- Mapped and evaluated selected systems and processes for revenue recognition and tested a sample of key controls.
- Evaluated whether the Group accounting principles for revenue recognition comply with IFRS.
- Tested a sample of sales transactions for compliance with the Group accounting principles.
- Performed data analytical procedures to identify and evaluate a sample of manual and automatic journal entries.
- Traced disclosure information to accounting records and other supporting documentation.

Our audit included but was not limited to the following activities:

- Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared with the historic business performance and the Group's forecasts and strategic planning as well as with external data sources when possible and relevant.
- Evaluated whether the purchase price allocations of the Significant acquisitions made during the year meet the Requirements of IFRS and have been prepared according to generally accepted practices. Assessed that significant assumptions used to measure values of acquired assets are reasonable. We have involved valuation specialists when conducting our work.
- Traced disclosure information to accounting records and other supporting documentation.

Our audit included but was not limited to the following activities:

- Mapped and evaluated selected systems and processes for inventory and tested a sample of key controls for establishing cost.
- Tested, on a sample basis, stocks of raw materials to actual prices. Assessed the reasonableness of the product costing for work in progress and finished goods.
- Participated in stock takes at many locations and tested the cut-off of deliveries in or out of inventory.
- Obtained the Group's monitoring controls of slow movers and assessments of obsolescence as well as net selling prices.
- Traced disclosure information to accounting records and other supporting documentation.



Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–39 and 162–164, and the Statutory Sustainability Report and Sustainable Business Report on pages 7–9, 13, 61–66 and 142–160.

The other information also contains the Remuneration report which we expect to receive after the release of the Auditor's Report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on

Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Sandvik AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sandvik AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sandvik AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the

requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97, Stockholm, was appointed auditor of Sandvik AB (publ) by the general meeting of the shareholders on 27 April 2023 and has been the company's auditor since 27 April 2018.

Stockholm March 12, 2024
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Auditor in charge

Anna Rosendal
Authorized Public Accountant