SinterCast

Annual Report 2022

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Notes: This document is an unofficial translation of the official Swedish Annual Report.
The Director's Report, pages 31-43, includes the Corporate Governance Report (pages 35–43).
Pages 30 and 44–82 conform to IFRS (International Financial Reporting Standards).

What is SinterCast?

SinterCast® is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). The properties of CGI enable improved transport solutions, increasing efficiency and reducing carbon emissions in passenger vehicle, commercial vehicle and industrial power applications.

With 57 installations in 13 countries, SinterCast is a publicly traded company, quoted on the Small Cap segment of the Nasdaq Stockholm stock exchange (SINT).

What is Compacted Graphite Iron?

Compacted Graphite Iron is a form of cast iron that provides at least 75% higher tensile strength, 45% higher stiffness, and approximately double the fatigue strength of conventional grey cast iron and aluminium. In engine applications, the use of CGI enables the production of smaller, more efficient, more performant, and more durable engines with reduced fuel consumption, lower carbon emissions and less noise.

Tracking Technologies

With our background in precision measurement in the demanding foundry environment, SinterCast has expanded its technical offering to include a suite of traceability solutions that enable foundries to track ladles, sand cores, moulds and castings. These technologies provide the ability to measure every step of the foundry process, and to use these measurements to determine and implement corrective actions that resolve the root cause of defects and process bottlenecks while improving efficiency and reducing energy and cost. The Tracking Technologies, including SinterCast Ladle Tracker® and SinterCast Cast Tracker®, can be applied to foundries and to other metallurgical facilities such as steel mills and heat treating plants.

SinterCast in Brief

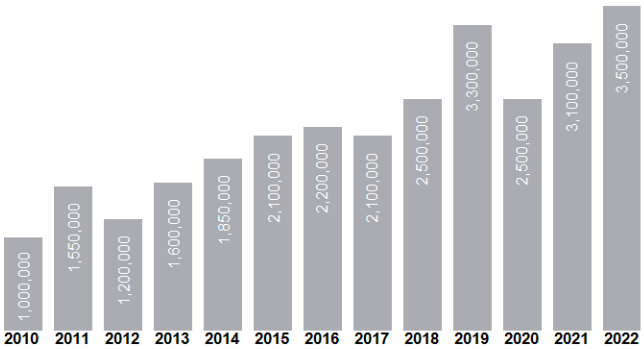
Series Production Growth

13%

Year-on-year growth 2022

11%

CAGR 2010–2022



Engine Equivalents

3.5 million

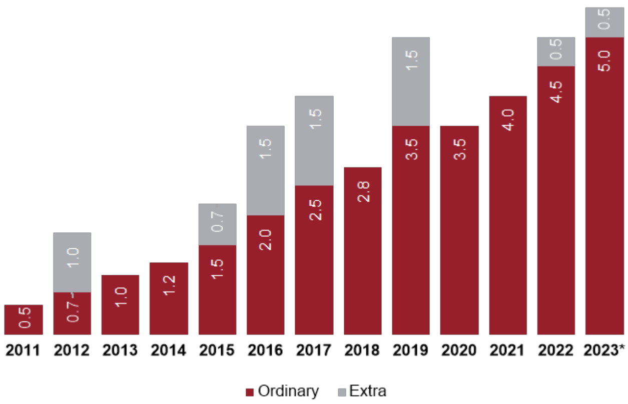
Engine Equivalents 2022
30 million since 1999

What is an Engine Equivalent?

One Engine Equivalent is 50kg – the weight of a cylinder block in a typical passenger vehicle.

Increasing Ordinary Dividend

SEK per share



*2023 Proposed

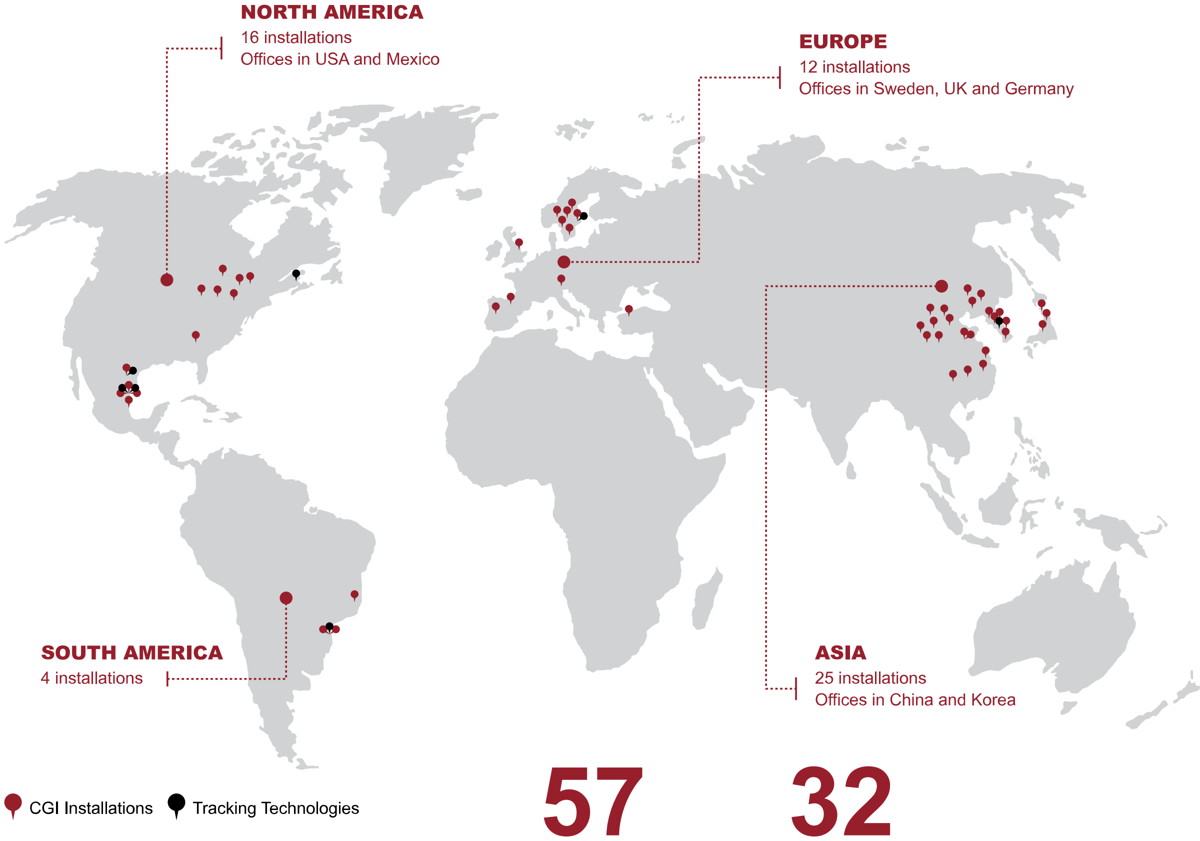
35.5 MSEK

Dividend 2022

282.4 MSEK

Dividend since 2011

Global Presence



57
Installations in 13 countries

32
Employees and 14 nationalities

We contribute to:

~8 million
tonnes of CO_2 reduction in 2022

~50 million
tonnes of CO_2 reduction since 1999

History Timeline

- 1983 – First Patent
- 1999 – First Series Production
- 2006 – First Full-Year Profit
- 2010 – One Million Engine Equivalents
- 2011 – First Dividend
- 2015 – Two Million Engine Equivalents
- 2019 – Three Million Engine Equivalents
- 2022 – Cumulative dividend: SEK 282.4 million

Strategy

SinterCast will focus on providing precision measurements and process control solutions to the cast iron foundry industry. With world-leading technology for the reliable high-volume production of Compacted Graphite Iron (CGI), SinterCast will serve as a partner to its foundry customers and OEM end-users to increase the overall market opportunity for CGI. SinterCast will also build upon its expertise in precision measurement and process control to develop and launch novel technologies, including tracking and traceability solutions. The SinterCast technologies will provide improved energy efficiency, productivity and profitability in the foundry, together with improved fuel efficiency and reduced carbon emissions on the road.

Mission

SinterCast will promote CGI within the foundry and end-user communities to increase the overall market opportunity and to define the forefront of CGI development, production and application. This focus and these efforts will provide long-term value for our stakeholders and for society.

Vision

As the global leader for CGI process control, our technology will reduce energy consumption and waste in the foundry industry and improve fuel efficiency throughout the lifetime of the vehicle, providing improved transport solutions with significant CO_2 savings.

"With more than 90% of our series production focussed on full-size pick-ups, super-duty pick-ups and heavy-duty commercial vehicles, and more than ten million SinterCast-CGI vehicles on the road, we estimate that our technology contributed to the saving of approximately 8 million tonnes of CO_2 in 2022 and approximately 50 million tonnes since the start of our high volume production in 2003. We make large climate contributions to large volumes of large vehicles, today."

Dr Steve Dawson
President & CEO

CEO Message

With four consecutive quarters of record production and record revenue for the full year, 2022 was a good year for SinterCast. But we had hoped for more.

Starting the year with 3.0 million Engine Equivalents in both January and February, we set our sights on the four million milestone before the end of the year. With 3.9 million Engine Equivalents in June, we were on track, but production flattened after the summer shutdown period, preventing us from reaching our goal. The shortfall was due to the combined effects of a model year changeover for the high volume Ford super-duty engine, affecting our annualised volume by approximately 200,000 Engine Equivalents throughout the second-half of the year; the stoppage of the Audi V6 production; the announcement that Ram would discontinue the 3.0 litre V6 engine at year-end; an 8% slump in US vehicle sales in the second-half; and, delays in the ramp rates of two new commercial vehicle engine programmes. We didn't need the stars to align; it would've been enough for everybody to have a normal month at the same time.

With the start of a new year, we reset our optimism. The Ford Super-Duty production has returned, US vehicle sales and semiconductor supply are set to improve, and we expect growing contributions from the continued ramp of the Scania heavy-duty engine for Traton Group commercial vehicles and from the initial ramp at First Automobile Works (FAW) in China. We watch month-by-month for the four million milestone, we look forward to the five million milestone, and we remain confident in growth beyond.

The start of a new year also provides me with the opportunity to share my thoughts on our current status and our outlook, and I'm happy to do that this year with reference to the four pillars upon which SinterCast has been built: growth; longevity; climate contribution; and, profitability.

Growth

With twenty years of high volume series production behind us, our technology is proven and mature. However, our CGI market opportunity is still in the growth phase.

Over the past ten years, our series production has delivered 11% compounded annual growth rate and we reinforced this in 2022 with 13% growth. With double-digit growth in our past, we continue to forecast double-digit growth in our future. During 2022, 47% of our production was for commercial vehicles, 34% was for super-duty pick-up trucks, 11% was for full-size pick-up trucks; 4% was for mid-size pick-ups, SUVs and cars; and, 4% was for off-road applications.

Globally, more than 95% of all heavy-duty commercial vehicles rely on the diesel engine. With less than half of the global fleet currently using CGI – and an industry consensus that most engines will migrate to CGI to meet future performance, fuel efficiency and CO_2 requirements – commercial vehicles comprise our largest growth opportunity, with the potential to provide high volume contribution well beyond 2035.

In our home market in Sweden, Scania started production of a new 13 litre heavy-duty engine during the first quarter of 2022, with both the cylinder block and the cylinder head in SinterCast-CGI. Scania will supply the engine to all of the affiliated companies in the global Traton Group, including MAN, Navistar and the Volkswagen Truck & Bus division. With production at the new purpose-built Scania foundry in Sweden and at the Tupy foundry in Brazil, the engine is expected to provide one million incremental Engine Equivalents when the production reaches mature volume. This ramp will be one of the main drivers of our near-term growth.

In addition to the 13 litre ramp, Scania announced two new developments during 2022 that will provide incremental volume for SinterCast. The announcements include the launch of a new 11 litre version of the engine and the construction of a new wholly-owned manufacturing facility in China that is planned to start production during 2025. With intended production of at least 20,000 commercial vehicles per year, and approval from the local Chinese authorities for up to 50,000 per year, the Chinese facility provides further growth opportunities for SinterCast.

Also in China, 2022 marked the start of series production of a new 16 litre heavy-duty commercial vehicle engine at FAW, with the cylinder block produced in SinterCast-CGI. However, in the face of continued Covid lockdowns, the production did not make a meaningful contribution during 2022. While the 16 litre stalled, FAW announced the development of 11 litre and 13 litre derivatives of the engine, also with SinterCast-CGI cylinder blocks. Considering that FAW is the largest commercial vehicle OEM in the world, with annual production on par with the entire European or American markets, the pending family of 11, 13 and 16 litre engines also provides the opportunity for one million incremental Engine Equivalents.

Beyond the ramp of the current commercial vehicle programmes, we are actively supporting the development of new CGI engine programmes in each of the passenger car, pick-up truck, commercial vehicle, and off-road sectors. The current development programmes have production-intent start dates ranging from 2027 through 2030, providing continuous input to the series production pipeline. From our largest engines in current production, to the smallest ultra-light petrol engine concept that we launched together with Tupy in 2022, we see continued growth opportunities.

Longevity

Media reports suggest that the automotive industry will be all-electric, tomorrow. But that narrative isn't entirely relevant to our vehicles. Approximately 85% of our current production is for commercial vehicles, super-duty pick-ups and off-road applications, where there is no foreseeable alternative to the internal combustion engine. Our OEM customers are currently making investments of hundreds of millions of dollars for new engine development and new engine manufacturing facilities. These are long-term investments, carrying their flagship products well beyond 2035.

Electrification will come, and SinterCast won't be immune. However, the bulk of the current emphasis is on passenger cars and less than 1% of our 2022 production was for cars. But even for cars – where batteries are smaller and driving distances are shorter – electrification won't be as fast, easy and seamless as many of the pundits suggest. Beyond the challenges related to raw materials, infrastructure and cost, the debate is turning toward realisation. Germany and Italy have both publicly questioned the proposed EU ban on internal combustion engines in 2035 and Toyota is strongly advocating for hybrids (smaller batteries together with engines) instead of fully electric vehicles. Meanwhile, in the US, the Detroit-3 have distanced themselves from electrification for super-duty pick-ups, acknowledging that it doesn't suit the use case for the vehicles.

The remaining 15% of our current production is for full-size pick-ups and smaller vehicles, with the Ford-F-150 comprising approximately 11%. While Ford and GM have launched battery electric pick-up trucks, Ford has stated that more than 70% of the sales are new to Ford and new to pick-ups while GM has said that more than 50% are new to GM and more than 60% are new to pick-ups. The early-adopters are conquests rather than converts. In the Ford F-150, our 2.7 litre V6 petrol engine is the smallest and most fuel efficient engine option. It is reasonable to expect that our engine will be hybridised and will continue to be produced beyond 2030.

In our final on-road sector, approximately 4% of our production is for mid-size pick-ups, SUVs and cars. We previously forecast that this sector would sundown in the second half of this decade following the introduction of Euro VII emissions legislation. However, the largest programme in the sector, the Ford 3.0 litre V6 diesel engine, received an indefinite extension during 2022. Originally produced in the UK for Jaguar and Land Rover, Ford has invested in two new manufacturing facilities for the joint venture production of the engine for Ford Ranger and Volkswagen Amarok mid-size pick-ups in South Africa, and in Argentina. These new investments extend the life of the SinterCast-CGI engine – and our small vehicle sector – well beyond 2030.

Climate Contribution

While the industry develops alternative technologies that offer the promise of zero carbon emissions in the future, our technology enables the production of smaller, lighter and more fuel efficient engines that have been making meaningful climate contributions for the past 20 years. We are proud of our contribution and we hope that all of our stakeholders have had the opportunity to review the new sustainability section that we launched on our website in September.

Although we have championed our improved fuel efficiency for more than 20 years, one of the key objectives of our new sustainability section was to quantify our climate contribution. For example, for commercial vehicles, 60 current SinterCast-CGI heavy-duty trucks produce the same greenhouse gas emissions as just one truck produced during the formative years of SinterCast in the late 1980's. In our super-duty sector, the average driver of a SinterCast-CGI engine saves 1,000 litres of fuel per year compared to the nearest available engine option, saving more than 2.5 tonnes of CO_2 per year, per vehicle. And finally, for our Ford F-150 production, our 2.7 litre petrol engine emits 22% less CO_2 than the 2012 engine and 27% less than the 2003 engine. And for each of our vehicles, these CO_2 savings continue to contribute every year, throughout the life of the vehicle.

With more than 90% of our series production focussed on full-size pick-ups, super-duty pick-ups and heavy-duty commercial vehicles, and more than ten million SinterCast-CGI vehicles on the road, we estimate that our technology contributed to the saving of approximately 8 million tonnes of CO_2 in 2021 and approximately 50 million tonnes since the start of our high volume production in 2003. We make large climate contributions to large volumes of large vehicles, today.

In perspective, the Tesla 2021 Environmental Impact Report showed that the cumulative CO_2 saving from Tesla's cars, energy storage systems and solar panels saved 8.4 million tonnes of CO_2 in 2021. This clearly shows that there are different ways of making climate contributions and, with the urgency on decarbonisation, all contributions are welcome.

Today, our climate contribution is based on improving the efficiency and fuel economy of conventional engines using conventional fuels. However, we are also supporting the development of new engines for use with low-carbon synthetic fuels and zero carbon fuels such as renewable diesel and hydrogen. During 2022, Tupy announced a collaborative programme with AVL and Westport to develop a heavy-duty hydrogen engine for commercial vehicles. We are proud to support the castings for this ambitious project and I am personally honoured to be appointed by Tupy to sit on the Advisory Board for the project. Ultimately, I believe that the focus of the current debate will evolve from 'engines' to 'energy', and that the internal combustion engine with clean fuels will be an important part of long-term sustainable mobility.

Profitability

Our technology is strong and our business is also strong. With revenue of approximately SEK 30 per Engine Equivalent, a normal 2.7 litre V6 petrol engine represents a cost of approximately SEK 30 per vehicle for the OEM. In exchange for the improved performance and efficiency, it is good value for the OEM and, with 3.5 million Engine Equivalents in 2022, good business for SinterCast.

During 2022, we achieved revenue of approximately SEK 3.7 million per employee and profit of approximately SEK 1.0 million per employee. In preparation for the market growth, we invested in the expansion of our team over the past five years, from 21 colleagues in 2017 to 32 colleagues at the end of 2022. This increase includes two new recruits in 2022 for the planned succession of two colleagues who will retire during the first half of 2023, returning the base to 30 employees. We are confident that the current team has the depth and competence to drive and support the market development. While there may be some turnover, and well-deserved retirements, our business is highly scalable and we don't expect the headcount to grow by more than 10% before the end of the decade. The revenue growth will predominately fall through to the bottom line.

Ultimately, our confidence in the future and our pro-dividend stance led to the Board's proposal for an ordinary dividend of SEK 5.00 per share, plus an extraordinary dividend of SEK 0.5 per share. Since our first dividend was paid in 2011, we have delivered a continuously increasing ordinary dividend, with the exception of a brief pause during the Covid year of 2020. Considering the current dividend proposal, we will have returned SEK 282.4 million to our shareholders, representing 111% of the operating result for the financial years 2010 through 2022. We value the longstanding support of our shareholders and we remain committed to our strong dividend strategy.

Twenty years ago, in 2003, we started the production of our first high volume engine: the Ford 2.7 litre V6 diesel. Today, with approximately two million produced, the engine has found new applications that will maintain its high volume production well beyond 2030. The efficiency drivers for the development of that first engine twenty years ago are the same as they are for the development of the new engines that we are currently working on. The drivers for us also remain the same: to see our technology on the roads, to contribute to society, and to build a legacy that we can all be proud of.

Dr Steve Dawson
President & CEO

World Foundry Congress 2022 – Busan, Korea

Dr Steve Dawson, President & CEO, provided a keynote lecture at the World Foundry Congress in Busan Korea on 18 October 2022. The lecture was originally planned to be given by Dr Wilson Guesser, the former Technical Director of Tupy, who sadly passed away in February 2020. Dr Dawson was invited by the World Foundry Organisation to give the lecture in honour of Dr Guesser. The title of the keynote lecture was “Compacted Graphite Iron: Past, Present and Future” – a topic on which Dr Guesser and Dr Dawson collaborated for more than 25 years.

Held every two years, the World Foundry Congress is the foremost event for foundry managers and academia to discuss the state-of-the-art in the foundry industry and to explore new product and market development opportunities.

Business Model

CGI Business Model

SinterCast sells or leases the hardware, leases the process control software, sells the sampling consumables, and charges a running Production Fee for each tonne of CGI castings produced using the SinterCast technology. Revenue is also derived from spare parts, customer service, field trials and sales of test pieces. The individual components of the CGI business model are described as follows:

- **System 4000 Hardware Platform:** The System 4000 can be configured to suit the layout and process flow of any foundry. Typical sales prices are €400,000–600,000 for the full System 4000 or System 4000 *Plus*, and €75,000–125,000 for the Mini-System 4000, depending on the configuration and installation requirements. Lease options are also available.
- **Process Control Software:** The software applies the metallurgical know-how and provides the operating logic for the System 4000 hardware. SinterCast charges an Annual Software License Fee and retains ownership of the software.
- **Sampling Consumables:** The consumables consist of the Sampling Cup and the Thermocouple Pair. One Sampling Cup is consumed with each measurement. The Thermocouple Pair is re-used for up to 250 measurements. One SinterCast measurement is required for each production ladle.
- **Production Fee:** A running fee is levied for each tonne of shipped castings, based on the as-cast (premachined) weight. There are 20 Engine Equivalents (50 kg each) per tonne.
- **Technical Support:** SinterCast provides engineering service for product development, trials, new installations, calibrations, metallurgical consultancy, and ongoing customer service.

The total running fees (sampling consumables, software licence and Production Fee) depend on the ladle size and the casting yield. The SinterCast business model is highly scalable, allowing profitability to rise as the installed base grows and as more products enter series production. Full-year series production in 2022 was 3.5 million Engine Equivalents.

System 4000

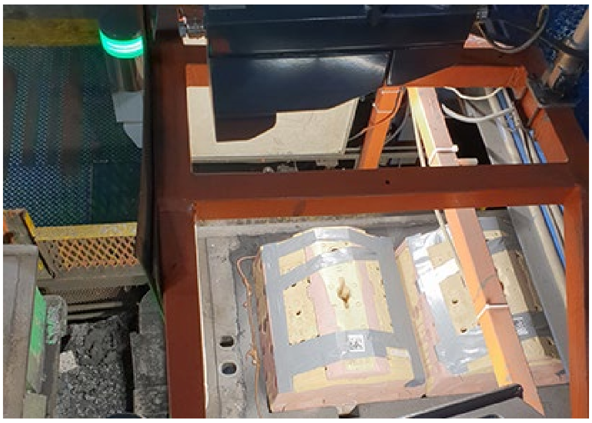
Mini-System 4000

Tracking Technologies Business Model

Introduced in 2016, the Tracking Technologies include the SinterCast Ladle Tracker® and the SinterCast Cast Tracker®. As of the end of 2022, five Ladle Tracker and two Cast Tracker systems have been installed in six foundries in five countries. The SinterCast Tracking Technologies offer the potential to provide supplemental income to the core CGI business and to enhance the technical reputation of SinterCast as a provider of innovative solutions to improve process control and profitability in the foundry industry.

- **Ladle Tracker:** The SinterCast Ladle Tracker measures the time and location of every ladle as it moves through the foundry. Radio Frequency Identification (RFID) tags are affixed to each ladle and antennae are positioned at key locations in the foundry to ensure that every ladle successfully passes every step. The Ladle Tracker technology prevents out-of-spec iron from being poured and enables foundry managers to identify bottlenecks and to implement process efficiency improvements.
- **Cast Tracker:** The SinterCast Cast Tracker provides complete traceability of the foundry process, linking the coremaking and moulding history to the liquid metal history. The traceability includes the date and time of core production (inception), shelf storage time, pouring (birth) and shake out. The Cast Tracker technology prevents out-of-spec moulds from being poured, and provides a comprehensive database for traceability, troubleshooting and process optimisation.
- **Revenue Stream:** As in the CGI business model, SinterCast sells or leases the Tracking Technologies hardware. Depending on the configuration and scope of the installation, the sales price may range from approximately €75,000–200,000. SinterCast charges an Annual Software Licence Fee and retains ownership of the process control software. SinterCast also provides RFID tags and labels as consumables, but the consumable volume and revenue are limited. A running fee for each casting has been established for the Cast Tracker technology, but a running fee is not applicable for the Ladle Tracker technology.

SinterCast Ladle Tracker



SinterCast Cast Tracker

Five Waves Status Report

Introduced in 2002, the Five Waves strategy continues to provide the basis for how SinterCast views the overall market development. Full-year series production increased by 13% in 2022, to 3.5 million Engine Equivalents. The production status for each of the Five Waves is summarised as follows:

First Wave: V-Diesel Engines in Europe

Constant production in 2022 with approximately 150,000 Engine Equivalents, representing 4% (5%) of the total volume. First Wave production benefitted from strong growth of the Ford 3.0 litre V6, offset by the suspension of production of the Audi 3.0 litre V6 during the first half of the year. The long-term outlook remains constant as Ford is investing in new manufacturing sites for the V6 diesel in Argentina and South Africa to serve the market demand in Latin America, Africa and Southeast Asia.

Second Wave: Commercial Vehicle Engines Worldwide

Production grew by 25% to reach approximately 1.63 million Engine Equivalents, representing 47% (40%) of the total volume. The Second Wave benefitted from strong demand in Europe and the Americas, plus the 1Q22 start of production of a new high volume engine at Scania in Sweden, destined for use in the Traton group for MAN, Navistar, Scania and Volkswagen brands. Commercial vehicles remain the largest growth opportunity with long-term demand to 2035 and beyond.

Third Wave: In-line Diesel Engines Worldwide

Production grew by 10% to reach approximately 600,000 Engine Equivalents and remain fixed at 17% of the total volume. With only one product in the Third Wave, and with declining demand for diesel powertrains in small passenger vehicles, it is unlikely for new products to be introduced in the Third Wave. Passenger cars constitute less than 2% of the current SinterCast volume.

Fourth Wave: V-Diesel Engines Beyond Europe

Production decreased by 8% to approximately 600,000 Engine Equivalents, representing 17% (20%) of the total volume. However, the decline was primarily due to a temporary reduction in the high volume Ford 6.7 litre V8 Super Duty engine during the second half of the year due to a model year changeover. The production is expected to recover during early-2023 and the Fourth Wave is expected to provide growth opportunities with long-term demand to 2035 and beyond.

Fifth Wave: Petrol Engines Worldwide

Production increased by 25% to reach approximately 375,000 Engine Equivalents, representing 11% (9%) of the total volume. The production continued to grow in 2022 as the Ford 2.7 litre and 3.0 litre V6 engines were launched in new vehicles, including the Ford Bronco. The outlook remains positive as the engine is the most fuel-efficient option in the Ford F-150, America's best-selling pick-up for 46 years. Continued strong production is expected over the next decade and beyond, including hybrid options.

Other Growth Opportunities

Beyond the core waves for on-road automotive engines, the SinterCast technology is also used for the production of large engine components for agriculture, locomotive, marine and off-road industrial power applications, and for exhaust components and bedplates in passenger vehicles. These products grew by 11% in 2022 to provide approximately 145,000 Engine Equivalents (4% of the total volume), with 85% of the volume coming from industrial power applications. The industrial power sector provides long-term growth opportunities as stricter emissions legislations are applied to off-road machinery, but the relative contribution is likely to remain low, simply because the core on-road market is so much larger.

Market Development

Twenty years ago, the demand for improved fuel efficiency and reduced CO_2 emissions provided the opportunity to prove our technology. Today, the same ever-increasing demands provide the opportunity for our continued growth, and our continued environmental contribution.

Since the start of our high volume series production in 2003, we have delivered more than 10% compounded annual growth rates and contributed to approximately 50 million tonnes of CO_2 reduction. We look forward to continued double-digit growth, enabling us to increase our climate contribution.

More than 90% of our series production is for pick-up trucks and commercial vehicles, powering more than one million new vehicles in 2022. While alternative technologies offer the potential for net zero emissions in the future, we provide large CO_2 reductions to large volumes of large vehicles – today!

Commercial Vehicles: Globally, more than 95% of all heavy duty commercial vehicles rely on the diesel engine. With less than half of the global fleet currently using CGI – and an industry consensus that most engines will migrate to CGI to meet future performance, fuel efficiency and CO_2 emissions requirements – commercial vehicles comprise our largest growth opportunity.

Batteries and fuel cells receive considerable media attention. However, these technologies and their infrastructures are still in their infancy. During 2022, Stillwater Associates published a comparison on the replacement of the US diesel fleet with modern diesel engines vs electric trucks as the current fleet gradually retires. The study concluded that the fleet renewal with modern diesel engines, together with the use of low-carbon or zero-carbon fuels such as biodiesel and renewable diesel that are available today, has the potential to provide larger cumulative greenhouse gas (GHG) savings than electrification over the next ten years.

> *"… diesel vehicles with 100% renewable diesel were found to provide up to five times larger cumulative GHG reduction from 2022 to 2032 than electric vehicles while 20% biodiesel blends provided the same cumulative GHG reductions as electric vehicles. These drop-in fuels are available now…"*
>
> Stillwater Associates, July 2022

The Diesel Technology Forum in the United States forecasts that the majority of heavy duty long haul commercial vehicles will remain diesel in 2040. This positive outlook for the heavy duty diesel engine provides strong growth opportunities with long-term demand to 2035 and beyond.

Super-Duty Pick-ups: In the North American Super-Duty pick-up truck market, the SinterCast-CGI engines used in the Ford and Ram trucks are the most fuel-efficient engine options, providing 20-30% better fuel economy, and up to 40% better fuel economy when towing. For the average Super-Duty driver, this improved efficiency translates into fuel savings of approximately 1,000 litres per year. With current production of more than 1,000 vehicles every day, SinterCast contributes to new annual savings of approximately one million tonnes of CO_2 per year, equal to taking 250,000 passenger vehicles off the road. The Super-Duty sector is not a near-term target for electrification, and when electrification does approach the sector, it is likely that the inroads will be made against the petrol powertrain options. We see long-term demand to 2035 and beyond.

> *"If you're pulling 10,000 pounds [4,500 kg], an electric truck is not the right solution. And more than 95% of our customers pull more than 10,000 pounds."*
>
> Jim Farley, CEO, Ford Motor Company
> Automotive News, 3 October 2022

Light-Duty Pick-ups: Despite setbacks in 2021 and 2022, the outlook for light-duty pick-up trucks remains positive. During 2021, Ford discontinued the SinterCast-CGI 3.0 litre V6 diesel engine in the F-150 and Ram followed with the cancellation of the Ram 1500 3.0 litre V6 EcoDiesel on 14 September 2022. Ironically, the Ram EcoDiesel won the Green Truck of the Year award just two months later, on 14 November!

Light-Duty production accounted for approximately 15% of the total volume in 2023. The outlook provides for constant volume beyond 2030 as the 2.7 litre V6 petrol engine is the smallest, lightest and most fuel efficient engine option in the Ford F-150, positioning it as the best alternative to electrification. Ford has also invested in two new manufacturing facilities to continue the 3.0 litre V6 diesel production for the mid-size Ford Ranger and Volkswagen Amarok pick-ups in Africa, Latin America and Southeast Asia.

> *"… the Ram 1500 EcoDiesel is the Green Truck of the Year because it can tow more and go further on a single tank than its electric rivals. It defeated actual electric trucks such as the Rivian R1T and the Ford F-150 lightning for this prestigious award."*
>
> MotorBiscuit, 14 November 2022

Global Installations

SinterCast provides process control technology for CGI series production, product development and R&D activities. The SinterCast technology is currently used in 57 installations in 13 countries.

Automated System Installations

ASIMCO International, China
Caterpillar, USA
Daedong Metals, Korea
Dashiang Precision (2), China
Dongfeng, China
Döktas, Turkey
Fagor Tafalla, Spain
FAW Changchun, China
Federal Mogul, Sweden
Hyundai Jeonju, Korea
Impro Mexico, Mexico
Scania Classic Foundry, Sweden
Scania New Foundry, Sweden
SKF Mekan, Sweden
Teksid Monclova, Mexico
Tupy Betim, Brazil
Tupy Joinville Line E0, Brazil
Tupy Joinville Line C4, Brazil
Tupy Ramos, Mexico
Tupy Saltillo Line 3, Mexico
Tupy Saltillo Line 4, Mexico
VDP, Italy
Volvo, Sweden
Zhongding Power, China

Mini-System Installations

ASK Chemicals, USA
Case Western University, USA
CSIC, China
Dongfeng, China
Dongya Technology, China
Doosan Infracore (2), Korea
FAW Changchun – Research, China
FAW Wuxi, China
Ford Casting Development, USA
Grainger & Worrall, China
Grainger & Worrall, UK
Impro China, China
Jiangling Motors, China
Jönköping University, Sweden
Kimura Japan, Japan
Kimura USA, USA
Mid-City Foundry, USA
Shanxi Sanlian, China
Toa Koki, Japan
Total Solutions & Power, Korea
Tupy Funfrap, Portugal
Undisclosed (1), Japan
University of Alabama, USA
YTO Group, China

Tracking Technologies

Poitras, Canada (Ladle Tracker)
Scania, Sweden (Cast Tracker)
Tupy Line E0, Brazil (Ladle Tracker)
Tupy Line 3, Mexico (Ladle Tracker)
Tupy Line 3, Mexico (Cast Tracker)
Hyundai, Korea (Ladle Tracker)
Teksid Monclova, Mexico (Ladle Tracker)

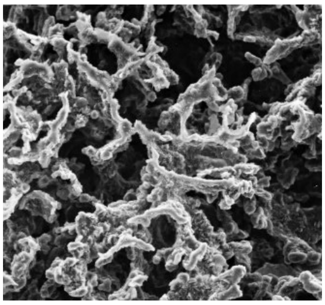
System 4000
Fully automated series production

Mini-System 4000
Niche volume production
Product development and R&D

SinterCast Tracking Technologies

All information as of 31 December 2022

Technical Offering



[CGI Microstructures and Properties]

Compacted Graphite Iron

- At least 75% stronger and 45% stiffer than conventional grey iron and aluminium alloys.
- Double the fatigue strength of grey iron and five times the fatigue strength of aluminium at elevated temperatures.
- New engines: reduce size and weight while increasing performance.
- Existing engines: improve durability and increase operating loads.
- Ideally suited for components with simultaneous thermal and mechanical loading, such as cylinder blocks and heads.
- Used in passenger vehicle, commercial vehicle, and industrial power engines.

[CGI Engine Benefits]

CGI Engine Benefits

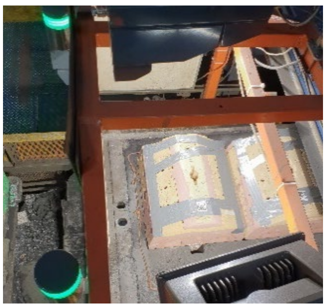
- 10–20% lighter than grey iron engines, 10–20% increased power per litre, 75–100% improved durability, and 5–10% reduced operating noise.
- 10–20% shorter than aluminium engines. Reduced length means that all of the components that span the length of the engine are shorter and lighter. The net result is that fully assembled CGI engines can be same weight, or even lighter than, aluminium engines.

These benefits contribute to the ongoing trend toward downsizing in passenger vehicle and commercial vehicle engines. Compared to aluminium, CGI is stronger, consumes less energy and generates less CO_2 during production, is more recyclable, and less expensive.

[The SinterCast Process]

The SinterCast Process

- The SinterCast process is based on the measurement and feedforward correction of each ladle.
- The process begins with an accurate analysis of the liquid iron conducted in the patented Sampling Cup.
- Based on the analysis, additional amounts of magnesium and inoculant are automatically added to each ladle to optimise the iron prior to casting.
- The average corrective addition of magnesium is approximately 35 grams per tonne of iron.
- The two-step measure-and-correct control strategy eliminates variation and ensures cost-effective CGI production.



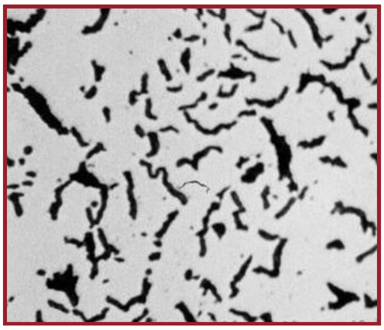
[SinterCast Ladle Tracker®]
[SinterCast Cast Tracker®]

SinterCast Tracking Technologies

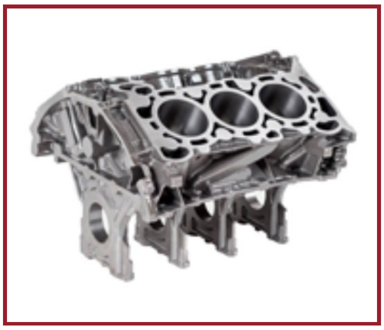
- Traceability, process control and troubleshooting for ladles, cores, moulds and castings.
- Measuring every step of the foundry process to ensure that only good castings are poured.
- Industry 4.0 for the foundry industry: digital fingerprint of every casting to determine – and eliminate – the root cause of defects and process bottlenecks.
- Applicable to grey iron, ductile iron and CGI foundries, and to other metallurgical facilities such as steel mills and heat treating facilities.

The SinterCast Tracking Technologies provide previously unavailable insight to foundry managers, reducing waste and increasing efficiency. More insight means more control, more efficiency, and more profit.

SinterCast-CGI Cylinder Block Benefits



STRENGTH & DURABILITY
+75% Tensile Strength
+45% Elastic Modulus
+100% Fatigue Strength



ENGINE PERFORMANCE
10-20% Weight Reduction
10-20% Power-up (kW/litre)
5-10% Noise Reduction
75-100% Improved Durability

PROVEN RELIABILITY
50 CGI installations
>150,000 cylinder blocks/month
2.7 to 16.0 litre displacement
>60 components in series production

25 REASONS TO USE SINTERCAST-CGI

1. ***WEIGHT REDUCTION***
2. ***SIZE REDUCTION***
3. ***POWER INCREASE***
4. ***IMPROVED DURABILITY***
5. ***REDUCED NOISE***
6. ***INCREASED CYLINDER PRESSURE***
7. ***FUTURE POWER-UP POTENTIAL***
8. ***LESS CYLINDER BORE DISTORTION***
9. ***LESS BLOW-BY EMISSIONS***
10. ***IMPROVED WEAR RESISTANCE***
11. ***IMPROVED HONING SURFACE***
12. ***LESS OIL CONSUMPTION***
13. ***LESS CAVITATION***
14. ***CLEANER AS-CAST SURFACES***
15. ***>100,000 KM EMISSIONS CAPABILITY***
16. ***WELL-TO-WHEELS CO2 REDUCTION***
17. ***100% RECYCLABLE***
18. ***LESS EXPENSIVE THAN ALUMINIUM***
19. ***SECONDARY WEIGHT REDUCTION BENEFITS***
20. ***THERMAL EXPANSION EQUAL TO GREY IRON***
21. ***COMPATIBLE WITH GREY IRON TOOLING***
22. ***FRACTURE SPLIT MAIN BEARINGS***
23. ***REDUCED THREAD ENGAGEMENT***
24. ***PROVEN HIGH VOLUME MACHINING***
25. ***ISO, ASTM & SAE INTERNATIONAL STANDARDS***

Sustainability

SinterCast-CGI enables improved transportation solutions, increasing efficiency and reducing CO_2 during manufacturing and on the road.

SinterCast: *Driving* Sustainability

Innovation & Technology

With our roots in academia, we collaborate with universities and industry to complement the continuous improvement of our product offering and our development of next generation technologies that ensure our continued sustainable and profitable growth.

People

With 32 full-time colleagues from 14 nationalities, SinterCast is a truly inclusive employer. At SinterCast, we respect, encourage and support each other. At SinterCast, we like each other.

Environment

Production efficiency in the foundry and fuel efficiency on the road. The SinterCast technology contributes to the reduction of more than one million tonnes of CO_2 every year.

Governance & Ethics

We are committed to earning the respect of our stakeholders through our technical expertise, our service, our sincerity and our integrity.

Driving Sustainability

As a technology company, our primary activities are software development and technical support. We assemble our process control systems and conduct quality control inspection on our consumables, but we don't have in-house manufacturing. The production of our equipment and consumables is outsourced, mostly from Swedish suppliers. Our environmental impacts and contributions are primarily realised at our customer sites and in the vehicles that use our technology.

On the Road

Focussing on large vehicles, with more than 90% of our production supporting pick-up trucks and long-haul heavy-duty commercial vehicles, we make big climate contributions to big volumes of big vehicles.

The use of CGI enables OEMs to reduce the weight and increase the pressure in commercial vehicle engines. Together, the weight reduction and increased pressure improve the fuel efficiency of the engine, reducing CO2 emissions. Every one million Engine Equivalents of SinterCast-CGI heavy-duty engines contributes to the saving of approximately 200,000 tonnes of CO_2 per year. In the lead-up to 2027 emissions legislation, heavy duty engines are expected to increase operating pressures by 20% and engine efficiency by 10% to meet the new standards. These requirements continue to drive OEMs toward CGI.

On the road, CGI enables the use of more efficient downsized engines, providing higher fuel economy and lower CO_2 emissions.

In the Foundry

With 57 installations in 13 countries, SinterCast provides two technologies to improve foundry efficiency and profitability.

- Compacted Graphite Iron: On-line process control for the reliable high volume production of CGI, enabling weight reduction and reducing raw materials, energy and waste.
- Tracking Technologies: Industry 4.0 traceability at every stage of the foundry process, including the liquid metal, the sand moulds and the finished castings to improve production efficiency.

SinterCast contributes to the environment by improving efficiency. Process efficiency in the manufacturing phase and engine efficiency throughout the life of the vehicle. We estimate that the SinterCast technology saved approximately eight million tonnes of CO_2 in 2022 and approximately 50 million tonnes of CO_2 since our first series production casting was produced in 1999.

Climate Contribution: How we Calculate

With more than 90% of our series production focused on full-size pick-ups, Super-Duty pick-ups and heavy-duty commercial vehicles, and more than ten million SinterCast-CGI vehicles on the road, we make big climate contributions to big volumes of big vehicles – today.

Commercial Vehicles – Fuel Efficiency

The newest generation of heavy-duty SinterCast-CGI diesel engines provide approximately 8% better fuel efficiency than the previous generation. For a 13 litre engine with annual mileage of 100,000 km and fuel consumption of 25 litres per 100 kilometres, the improved efficiency saves approximately 2,000 litres per year. Every litre of diesel fuel generates approximately 2.5 kg CO_2; accordingly, the CO_2 saving is approximately 5 tonnes per truck. If one-third of the saving is attributed to the combustion, the improved properties of CGI and the associated weight reduction, this corresponds to a SinterCast contribution of 1.7 tonnes per truck per year. The SinterCast technology currently supports the production of approximately 200,000 heavy-duty vehicles per year, providing annual savings of more than 300,000 tonnes of CO_2 per year – throughout the life of the vehicle.

Super-Duty Pick-up Trucks – Fuel Efficiency

SinterCast-CGI diesel engines provide 20-30% better fuel economy than the nearest available petrol engine and up to 40% better fuel economy when towing. For the average Super-Duty driver, travelling 20,000 miles (32,400 km) per year, the improved efficiency saves approximately 1,000 litres per year. Every litre of diesel fuel generates approximately 2.5 kg of CO_2. The SinterCast technology supports the production of more than 1,000 Super-Duty vehicles every day, providing annual savings of approximately one million tonnes of CO_2 per year – throughout the life of the vehicle.

Ford F-150 Pick-up Truck – Fuel Efficiency

The SinterCast-CGI 2.7 litre V6 petrol engine is the smallest and most fuel efficient engine option in the F-150 lineup, consuming approximately one litre less fuel per 100 kilometres compared to the nearest available engine option. With average driving distance of approximately 12,500 miles (20,000 km) per year, each vehicle saves approximately 0.5 tonnes of CO_2 per year. The SinterCast technology currently supports the production of approximately 300,000 F-150 engines per year, providing annual savings of approximately 150,000 tonnes of CO_2 per year – throughout the life of the vehicle.

Foundry Efficiency – Weight Reduction:

For a foundry producing one million Engine Equivalents per year, a 15% weight reduction provides an annual savings of 7,500 tonnes of castings, corresponding to approximately 11,500 tonnes of liquid iron (65% mould yield). The energy needed to melt cast iron is approximately 10,000 MJ per tonne, with an average CO_2 emission of 55 grams per MJ. The reduction in liquid metal demand corresponds to a saving of approximately 115 million MJ of electricity and approximately 6,400 tonnes of CO_2 per year. With current production of approximately 3.5 million Engine Equivalents per year, the SinterCast technology contributes to the reduction of approximately 22,500 tonnes of CO_2 per year.

Foundry Efficiency – Scrap Reduction & Yield Improvement:

The energy needed to melt cast iron is approximately 10,000 MJ per tonne. For a foundry producing one million Engine Equivalents per year, with a mould yield of 65%, the annual energy demand for melting is approximately 800 million MJ. Every 1% of scrap reduction, 1% weight reduction, or 1% improved mould yield saves 8 million MJ, corresponding to approximately 425 tonnes of CO_2 for every one million Engine Equivalents. Assuming combined efficiency savings of 5%, and annual production of 3.5 million Engine Equivalents, the SinterCast technology contributes to a reduction of approximately 7,500 tonnes of CO_2 per year.

Green Office Facilities

Our Technical Centre in Katrineholm hosts more than 80% of our Team. The rest of our colleagues work from home, in six different countries, where they provide local support to our customers. The energy supply at our Technical Centre is 100% renewable. We don't have energy intensive in-house production. Our main products are knowledge and service.

Responsible Travel

During 2022, we established a technical presence in Mexico to serve the local market. We will also establish a technical presence in Brazil, providing local support in our three largest markets: Brazil, Mexico and Sweden. The vast majority of our travel is in economy class, although we do offer business class when colleagues have had a heavy schedule, to acknowledge their contribution and to ensure wellbeing.

Remote Support

We travel to develop new business opportunities, to commission new installations, to provide technical support, and to foster relationships. However, the confidence and trust that we have built with our customers allows us to conduct much of our technical support remotely, through virtual meetings, correspondence, and our monthly process efficiency benchmarking reports.

People

Equality, Diversity and Inclusion

With 32 full-time colleagues representing 14 nationalities, SinterCast is a truly inclusive employer. We welcome the contribution of every employee and every business partner, regardless of race, colour, gender, sexual orientation, religion, origin or age. We reject all forms of harassment. We reject abusive practices and we reject discrimination. The core of every successful team is respect. At SinterCast, we respect, encourage and support each other. At SinterCast, we like each other.

Male Employees

76%

Female Employees

24%

Female Managers

22%

2 of 9 first reporting-level managers are female. In contrast, in our largest end-user market of the United States, the American Foundry Society (AFS) estimates that 12% of white-collar employees in the US foundry industry are female. The Swedish Foundry Association estimates that 8.3% of white-collar foundry workers are female.

Employee Health and Wellbeing

At SinterCast, we encourage fitness and healthy lifestyles. Since 2014, all employees participate in an annual fitness campaign that sets a team goal at the beginning of every new year. At the end of the year, our most-improved performer is celebrated with our fitness trophy and, if we achieve the team goal, every employee receives a gift certificate to spend on something related to fitness. Our team has achieved the fitness goal in seven out of the eight years since the campaign was launched.

Employee Motivation

Hosting approximately 80% of our colleagues, and serving as a training site for our international colleagues and customers, our Technical Centre in Sweden provides a showcase for our technology and an environment that is conducive to collaboration and technical development. Innovation is encouraged and exceptional contributions are recognised through the annual KPI incentive programme and through the coveted President's Award. A rolling three-year incentive programme has also been implemented to motivate, reward and retain staff.

Corporate Governance

SinterCast embraces Corporate Governance to guide the overall development of the company and to ensure that we fulfil our obligations to shareholders, customers, employees, suppliers and society. With more than 20 years of compliance, our routines are mature, understood and respected.

- International Board with more than 150 years of experience in the customer arena
- Fostered atmosphere of open reporting and dialogue between Board, management and employees
- Benchmarking and transparent reporting of Board and management remuneration
- Accurate disclosure to shareholders; press release frequency exceeding peer group
- Whistleblower routines in place for all employees and business partners

The full Corporate Governance Report is available on Page 35–43 of this Annual Report and on the SinterCast website.

Building our Team

SinterCast — Ladle Tracker —

SinterCast — Supermetal CGI —

SinterCast — Cast Tracker —

Our Mission

SinterCast will promote CGI within the foundry and end-user communities to increase the overall market opportunity and to define the forefront of CGI development, production and application. This focus and these efforts will provide long-term value for our stakeholders and for society.

Our Vision

As the global leader for CGI process control, our technology will reduce energy consuption and waste in the foundry industry and improve fuel efficiency throughout the lifetime of the vehicle, providing improved transport solutions with significant CO_2 savings.

Our Guiding Principles

- **CGI Leadership:** We are *the* CGI Company. We shall be the global leader in every aspect of CGI know-how, production and appication.
- **Technical Expertise:** We have built – and will continue to build – our company on technical expertise. We are comitted to earning the respect of our customers through our technical excellence, our service and our innovation.
- **Fair Play:** We conduct business with reputable customers and partners who are involved in lawful business and whose funds are derived from legitimate sources. We are committed to growing our business while respecting the rules.
- **Positive Environment:** We welcome the contribution of every employee and every business partner. At SinterCast, we respect, encourage and support each other. We want everyone to be proud to wear the SinterCast shirt.
- **Focus Five Million:** We deliver shareholder value through sustainable growth. With double-digit growth behind us, we steadfastly focus on reaching our near-term goal of five million Engine Equivalents per year, and growth beyond.

Our Values

- **Impeccable Customer Service:** SinterCast is a supplier and a partner. We help our customers solve their problems. We are proactive, fast and accurate. Technology, service and relationships are the foundation of our future.
- **Measure & Correct:** We continuously measure customer performance and provide feedback to improve quality and efficiency. We continuously measure our own performance to improve our technology, to broaden our leadership position, and to increase our value proposition.
- **Sincerity & Integrity:** Every day, we seek to make a positive contribution to our customers, to each other, and to society. We are helpful, positive, kind and empathetic.
- **Teamwork:** We take advantage of being a small company to communicate openly and broadly. We encourage innovation and ownership, but we work as a team. We want every employee to feel the business.
- **Recognition & Reward:** We encourage, celebrate and reward exceptional contributions to our technology and our business.
- **Never Give Up:** We always take a can-do approach to opportunities and challenges. We start with “yes”. Business isn’t always easy – we are both persistent and patient.

Building our Business

Newton's First Law: an object at rest will stay at rest unless acted upon by an external force.

CGI was first observed and patented in 1948, but it took more than 50 years for the first series production engine to be launched. Why the remarkably long development cycle? First, CGI is indeed difficult to produce. Second, there was no driver to promote the benefits of the material. SinterCast was the external force that motivated the industry to overcome these hurdles. The introduction of our technology enabled the reliable high volume production of CGI and we have worked tirelessly to educate and motivate the foundry and automotive industries about the benefits of CGI in engine applications. For more than 30 years, we have built our own business. We continue to drive the market opportunity.

During 2022, together with Tupy and Ricardo, SinterCast introduced a novel concept that re-imagined and re-invented the petrol engine cylinder block. Beginning with a state-of-the art 1.2 litre three-cylinder petrol engine, the team redesigned the cylinder block in CGI to achieve the same weight as the series production aluminium block. The CGI engine required 54% less metal and generated approximately 50% less CO_2 during manufacturing. The engine concept can be used in hybrid and battery-electric vehicle range extender applications, and with biofuels, synthetic fuels and other carbon neutral of net-zero CO_2 emission fuels. SinterCast is actively engaged in research projects for net-zero CO_2 emission engine applications, including the development of hydrogen fuelled commercial vehicle engines.

Building our Technology

With approximately 10% of our revenue re-invested in R&D every year, SinterCast prioritises innovation. Our current process control system – System 4000 – is our fourth generation technology and we are currently working on the sixth generation of our patented Sampling Cup. Most recently, we have launched the SinterCast Ladle Tracker® and SinterCast Cast Tracker® as new products that improve process efficiency and bring Industry 4.0 traceability to the cast iron foundry industry. We will continue to build upon our expertise in precision measurement in the hostile foundry environment to improve the efficiency and profitability of our customers, and in doing so, to secure the long-term sustainability and profitability of our business.

SinterCast History

2022
- Four consecutive quarterly production records
- Start of production for Scania and Traton group
- Two millionth Sampling Cup shipped
- Ultra-Light petrol engine concept revealed
- Climate contribution: ~8 million tonnes CO_2 saved

2021
- Covid recovery: 24% increase in series production
- Record Sampling Cup shipments: 208,700
- Progress impacted by Covid and semiconductors

2020
- Record installation revenue: SEK 16.6 million
- Covid impacts full-year series production

2019
- Series production surpasses three million Engine Equivalents
- Launch of System 4000
- Record installations, Record revenue and Record operating result

2018
- Start of production of inline diesel engines for passenger vehicles
- SinterCast Cast Tracker® launched
- Wards *10 Best Engine* award for SinterCast-CGI diesel in Ford F-150

2016–2017
- Cumulative dividend reaches SEK 100 million
- Ford announces SinterCast-CGI diesel in F-150 pick up
- Wards *10 Best Engine* award for Ford 2.7 litre V6
- SinterCast Ladle Tracker® launched

2015
- Series production surpasses two million Engine Equivalents
- Third consecutive Wards *10 Best Engine* award for Ram EcoDiesel
- One millionth Sampling Cup produced

2012–2014
- First high volume CGI petrol engine begins sales
- Engine commitments in full-size pick ups for Ram, Ford and Nissan
- First bespoke CGI agriculture engine launched

2011
- Record six new installations

2010
- Land Rover, Navistar and VM Motori launch new SinterCast-CGI engines
- Series production surpasses one million Engine Equivalents

2009
- Launch of third generation process control system: System 3000
- Ford begins series production of first CGI engine in North America

2005–2008
- Eight new SinterCast-CGI commercial vehicle engines launched
- Start of series production in Korea: Hyundai 3.0 litre V6
- First SinterCast installation in China

2003
- First high-volume production: Ford 2.7 litre V6
- ISO 9001:2000 Certification

1999
- First series production reference: Audi 3.3 litre V8

1997–1998
- Development and launch of second generation process control system: System 2000
- Development of high-volume machining solutions

1996
- First installation of System 1000: Cifunsa, Mexico
- ISO 9001 certification

1992–1994
- Development of first industrial product: System 1000
- Dual marketing toward foundries and automotive OEMs
- IPO on Stockholm Stock Exchange: 26 April 1993

1984–1991
- Fundamental research on the solidification of CGI
- Initial technical trials and demonstrations

1983
- SinterCast AB founded
- First patent filed

Group Management

Steve Dawson	**Daphner Uhmeier**
President & CEO	Finance Director
BEng, MASc, PhD, PEng	BSc
London, United Kingdom	Rönninge, Sweden
Born: 1962	Born: 1962
Nationality: Canadian, British	Nationality: Swedish
Employed since: 1991	Employed since: 2004
SinterCast shares: 40,000*	SinterCast shares: 16,700*

*As of 23 March 2023

Operational Management

Tom Schroeder	**Roger Andersson**	**Patrik Popelar**	**Marjurie Vitor**	**Elin Nilsson**	**David Gilson**	**Arnaud Denis**	**Tobias Björklind**
Technical Director	Chief Engineer Systems	R&D Director	General Manager Latin America	Procurement Manager	Sales Director	Chief Engineer Tracking	Chief Engineer CGI
1993	2015	1995	2018	2014	2011	2010	2012
USA	Sweden	Canada	Brazil	Sweden	USA	France	Sweden

The SinterCast Board

Jan Åke Jonsson
Chairman, Board Member
BBA

Göteborg, Sweden
Born: 1951, Nationality: Swedish

Other Assignments
Chairman of 4xJons and Chairman of the Board of Directors of Easy Mining AB, and Datachassi Larm AB

Professional background
Former CEO Saab Automobile, former Director for After Sales & Services of Saab, Vice President for Sales and Marketing for Saab USA, Vehicle Line Executive and Director Commercial Vehicles at General Motors Europe

Elected 2019
7,200 SinterCast Shares

Robert Dover
Board Member
FREng, FIMechE, FIED, FRSA, CBE

London, United Kingdom
Born: 1945, Nationality: British

Other Assignments
Chairman, e-PPI Ltd, Autoscan Ltd, Advanced Propulsion Centre UK Ltd and Dymag Ltd

Professional background
Professor of Manufacturing, Warwick University, Professor of Engineering, Coventry University, Former Chairman and CEO of Jaguar and Land Rover. Former Chairman and CEO Aston Martin, Former Vice President, Ford Motor Company

Elected 2004
1,474 SinterCast Shares

Jun Arimoto
Board Member
BEng

Rickmansworth, United Kingdom
Born 1954, Nationality: Japanese

Other Assignments
No other Board duties

Professional background
Former Powertrain Executive of ISUZU MOTORS Ltd, Japan. Former Managing Director and Member of the Board of ISUZU subsidiary companies in Europe and China for 16 years in total. Former General Sales Manager of Perkins Engines (Peterborough) Ltd.

Elected 2018
1,517 SinterCast Shares

Steve Gill
Board Member
BEng

Chelmsford, UK
Born: 1966, Nationality: British

Other Assignments
No other Board duties

Professional background
Current CEO-Automotive, First Hydrogen Corp. Former Consultant Director to AVL, former Director – Powertrain Engineering, Ford of Europe, former Chief Engineer for gasoline engines, Ford Motor Company, and former Chief Engineer of Perkins Engines Ltd.

Elected 2020
0 SinterCast Shares

Åsa Källenius
Board Member
BA, Business Administration

Stockholm, Sweden
Born: 1967, Nationality: Swedish

Other Assignments
Board member of Green Landscaping AB, Cinis Fertilizer AB and DoMyPizza AB, deputy Board member of KAAX Investment AB, Källenius Invest AB, Scylla och Charybdis AB, and ANNMAKA AB.

Professional background
Current CFO of MEKO AB. Former CFO of Tele2 Sweden AB and of Inflight Service Global AB.

Elected 2020
1,000 SinterCast Shares

Steve Dawson
President & CEO, Board Member
BEng, MASc, PhD, PEng

London, United Kingdom
Born 1962, Nationality: Canadian, British

Other Assignments
No other Board duties

Professional background
Former Technical Director and Chief Operating Officer, SinterCast Group Senior Research Engineer, LTV Steel

Elected 2007
40,000 SinterCast Shares

Information regarding Board meeting presence is presented on page 38
Information regarding Board remuneration is presented on pages 37 and 63-64
Note: All information as of 23 March 2023.

Directors' Report

The Board of Directors and the Managing Director of SinterCast AB (publ), corporate identity number 556233-6494, hereby submit the Annual Report and consolidated financial statements for 2022. SinterCast AB, the Parent Company of the SinterCast Group, is a publicly traded limited liability company with its registered office located in Stockholm, Sweden.

Operations

SinterCast is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). The properties of CGI enable improved transport solutions, increasing efficiency and reducing carbon emissions in passenger vehicle, commercial vehicle and industrial power applications. As a specialist supplier of precision measurement and process control solutions to the metals industry, SinterCast also supplies the SinterCast Ladle Tracker® and SinterCast Cast Tracker® technologies, to improve production efficiency and Industry 4.0 traceability in a variety of applications. With 57 installations in 13 countries, SinterCast is a publicly traded company,

Organisation

With successful high volume CGI production in customer foundries located in Europe, Asia and the Americas, SinterCast has established a global organisation with employees and offices in China, Germany, Italy, Korea, Mexico, Sweden, the United Kingdom and the United States.

The global organisation includes functions for Key Account Management, Process Engineering, Research & Development, Procurement, Sales & Marketing, and Finance & Administration. All of these functions report directly to the President & CEO of the SinterCast Group and Managing Director of SinterCast AB. Key Account Management is a dedicated function responsible for serving the technical and commercial needs of key customers. The Process Engineering function is managed by a Chief Engineer's Council that is responsible for the day-to-day operational management and the long-term planning related to the continuous improvement of our product offering, customer support, the production and supply of our control systems, and the commissioning of new installations. The Research & Development function is responsible for the continuous improvement of the core thermal analysis technology, the process control software, new product development and general metallurgical support for our product development and our customer activities. The Procurement function is responsible for the production, supply and quality assurance of our sampling consumables and for the procurement, stockholding and delivery of systems and spare parts. The global Sales & Marketing function is responsible for supporting the commercial needs of existing customers, for the active development of new foundry and OEM business opportunities, and for overall quality management, including the current ISO 9001:2015 certification and supplier development. The centralised Finance & Administration function, based at the Technical Centre in Katrineholm, is responsible for supporting the needs of all Group companies with regard to finance, control, administration, information and communication, human resources and information technology. The Finance & Administration function also supports the Board and the President & CEO in various matters. The Renumeration Policy for Group Management is included in the Corporate Government Report.

Legal Structure

The legal structure of the SinterCast Group includes the Parent Company, SinterCast AB (publ), and its subsidiaries SinterCast Ltd in the United Kingdom, SinterCast Inc in the USA, SinterCast Trading (Beijing) Co., Ltd in China, SinterCast Korea Co., Ltd in Korea and SinterCast SA de CV and SinterCast Servicios SA de CV, both in Mexico.

The majority of the operations are managed by the Parent Company while local operations in the United Kingdom, United States, Korea and China are managed by the local companies. The Parent Company holds all of the patents and trademarks and controls the activities of the Group. On 31 December 2022, the Parent Company had 26 (25) employees. The average number of employees during the period was 26 (24).

The information given for the Group in this report corresponds in all material respects to the Parent Company. However, the result for the period may differ between the Group and the Parent Company due to intercompany transactions between the Parent Company and its subsidiaries.

As of 31 December 2022, the Group had 32 (30) employees, 7 (6) of whom are female. The average number of employees during the period was 31 (29). SinterCast is well positioned to support global market activities and to drive the future growth of the company.

Patents, Intellectual Property and Research & Development

The company has implemented a strategy to protect its technology through patents or other intellectual property rights to preserve its leading position within CGI process control and Tracking Technologies. The company applies for patents in selected countries that are relevant to the foundry and/or automotive industries, while retaining some core technology as knowhow.

SinterCast currently holds three patents, that are maintained as 23 individual national phase patents. These patents address the SinterCast metallurgical technology and the Sampling Cup. Some patents have recently come to end-of-life and SinterCast has allowed other patents to lapse as it is judged that these patents no longer represented the current technology and therefore did not justify continued payment of the annual fees.

Research & Development is a key focus area for SinterCast, representing 10% (13%) of the total operating cost. The emphasis of the R&D activity is to continuously improve the accuracy and the reliability of the thermal analysis and process control software and to develop the SinterCast Tracking Technologies, SinterCast Ladle Tracker® and SinterCast Cast Tracker®. In addition to these current products, SinterCast is also investigating the development of other unique technologies – within and beyond the scope of thermal analysis – to improve quality and production efficiency in the metals industry, and to broaden our product portfolio and our production base.

Environment

SinterCast operates within the environmental limits established by local and national legislation and does not have any operations that require specific environmental permission or concessions from the authorities. The accuracy of the SinterCast process enables foundries to reduce scrap rates, thus reducing the emissions and the cost associated with re-manufacturing. As a CGI-enabler, the SinterCast technology contributes to the production of smaller and more fuel-efficient engines, thus reducing CO_2 emissions in passenger vehicle and commercial vehicle applications. In general, the diesel engines produced using SinterCast-CGI provide up to 30% better fuel efficiency and therefore, up to 30% lower CO_2 emissions (or more when towing) than the nearest available petrol engine options.

Risks and Uncertainty Factors

Uncertainty factors for SinterCast include the timing of OEM decisions for new CGI engines and other components, adherence to start-of-production dates and ramp projections, the global economy for new vehicle sales, technology trends and emissions legislation, and the individual sales success of vehicles equipped with SinterCast-CGI components.

Material shortages, energy costs, inflation, interest rate and economic uncertainties and the geopolitical instability exacerbated by the Russian invasion of Ukraine and the remaining effects of the Covid-19 pandemic, are the dominant near-term risk factors for the global foundry and automotive industries. While it is not yet possible to quantify the impact of these factors on the near-term market development, SinterCast remains confident in the long-term growth of CGI. Other factors that may influence the market risk for SinterCast and its end-user industries include the renegotiation of international tariffs and free-trade agreements on vehicle sales, climate change legislation and the associated growth of alternative powertrain technologies, and the overall demand for goods transportation.

No significant risk of material adjustment to the carrying amounts of assets and liabilities has been identified at the balance sheet date and no costs have been taken to the profit and loss due to Covid-19 or the Russian invasion of Ukraine. For additional risk and uncertainty factor information, please see note 26.

Financial Summary

Revenue

The revenue for the SinterCast Group relates primarily to income from equipment, series production and engineering service.

The 2022 revenue increased by 10% to SEK 118.7 million (SEK 107.4 million). Series production revenue increased by 16% and amounted to SEK 113.4 million (SEK 97.4 million) following annualised series production of 3.5 million (3.1 million) Engine Equivalents and shipment of 196,200 (208,700) Sampling Cups. The increases in production volume and favourable exchange rates were partially offset by the 6% decrease in Sampling Cup shipments and 60% decrease in equipment revenue. Equipment revenue amounted to SEK 3.4 million (SEK 8.5 million). Engineering Service amounted to SEK 1.9 million (SEK 1.5 million).

Results

The business activities of SinterCast are best reflected by the Operating Result. This is because the "Result for the period after tax" and the "Earnings per Share" are influenced by the financial income and costs and by the revaluation of tax assets.

The 2022 operating result increased by SEK 1.1 million to SEK 30.6 million (SEK 29.5 million), due to the combined effect of a SEK 10.6 million increase in gross result and a SEK 4.3 million increase in operating costs. Other operating costs and income combined decreased by SEK 5.2 million primarily due to the termination of the deferred purchase agreement with WHB resulting in a one-time impact of approximately SEK 4.9 million. The System 4000 has been returned to SinterCast and will be refurbished for resale.

Results Summary

(Amounts in SEK million)	**2022**	2021
Operating Result	**30.6**	29.5
Income tax	**2.9**	3.9
Result for the period after tax	**33.1**	32.9
Earnings per Share (SEK)	**4.68**	4.65

The result for the period after tax increased by SEK 0.2 million to SEK 33.1 million (SEK 32.9 million), primarily due to the SEK 1.1 million increase in operating result, increased financial net of SEK 0.1 million and lower tax income of SEK 1.0 million following the revaluation of the deferred tax asset. During the period, no government support was received.

Income Tax and Deferred Tax Asset

Income tax for 2022 amounted to SEK 2.9 million (SEK 3.9 million). The estimated future taxable profit and deferred tax asset calculation is reassessed every quarter. As of 31 December 2022, SEK 248.0 million (SEK 233.5 million) of the SinterCast total carried-forward tax losses are the basis of the updated calculation, resulting in SEK 51.1 million (SEK 48.1 million) being capitalised as a deferred tax asset.

Cashflow, Liquidity and Investments

2022 cashflow from operations decreased by SEK 7.5 million, compared to the same period last year, primarily due to the SEK 11.1 million increase in working capital. The increase, since year-end 2021, is primarily due to a SEK 5.7 million increase in customer receivables following the mandatory extension of payment terms by a major customer from 60 to 90 days and a SEK 6.2 million increase in inventory to secure upcoming customer deliveries. The working capital is expected to improve in 2023. The extended payment terms have been renegotiated to 60 days effective from 1 January 2023 and will result in a step-increase in liquidity at the end of the first quarter. The inventory level is also expected to be reduced during 2023 as the inventory includes items that are expected to be shipped during 2023. Total investments amounted to SEK 1.7 million (SEK 2.7 million). Total cashflow amounted to SEK -13.3 million (SEK 1.2 million).

Liquidity on 31 December 2022 was SEK 14.2 million (SEK 27.5 million). SinterCast currently has no loans. As an additional liquidity buffer, an overdraft credit facility in the amount of SEK 12.5 million was established during the fourth quarter of 2022. Together, the liquidity plus the overdraft credit facility provide effective liquidity of SEK 26.7 million.

Annual General Meeting 2023

The Annual General Meeting 2023 of SinterCast AB (publ) will be held in Stockholm on Tuesday 16 May 2023. Shareholders wishing to have a matter considered at the Annual General Meeting were requested to provide written submissions to agm.registration@sintercast.com or to the company: SinterCast AB (publ), Kungsgatan 2, 641 30 Katrineholm, Sweden, at least seven weeks prior to the Annual General Meeting for the proposal to be included in the notice of the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

Dividend Distributed in 2022

The Annual General Meeting (AGM) of the shareholders decided on an ordinary dividend of SEK 4.50 per share and an extraordinary dividend of SEK 0.50 per share (totally SEK 35,450,665) for the financial year 2021. The dividend was divided into two equal payments of SEK 2.50 per share with the record date 19 May 2022 for the first dividend payment and the record date 7 November 2022 for the second dividend payment.

Proposed Dividend 2023

The Board of Directors propose an ordinary dividend of SEK 5.00 per share (SEK 4.50 per share) with an extraordinary dividend of SEK 0.50 per share (SEK 0.50 per share), representing a distribution of SEK 39.0 million (SEK 35.5 million) to the shareholders of SinterCast AB (publ) for the financial year 2022, distributed in two equal payments of SEK 2.75 per share. The Board proposes 19 May 2023 as the record date for the first dividend payment and 10 November 2023 as the record date for the second dividend payment. In deciding the amount of the ordinary dividend to be proposed to the AGM 2023, the Board considered cashflow from operations, the financial position, investment requirements and other factors, such as market outlook, growth strategy and the internal financial forecast for the Group. As a basis for the Board's dividend proposal, the Board of Directors made an assessment in accordance with Chapter 18, Section 4 of the Swedish Companies Act including the liquidity of the Parent Company and the Group, the need for financial resources, the current financial position, and the long-term ability to meet commitments. At year-end, the Group reported an equity ratio of 86% (86%) and a net cash amount of SEK 14.2 million (SEK 27.5 million). As an additional liquidity buffer, an overdraft credit facility in the amount of SEK 12.5 million was established during the fourth quarter of 2022. Together, the liquidity plus the overdraft credit facility provide effective liquidity of SEK 26.7 million. The Board of Directors also considered the Parent Company's result and financial position, recent changes in market risk and uncertainty, and the Group's position in general. In this respect, the Board of Directors has taken into account known commitments that may have an impact on the financial positions of the Parent Company and its subsidiaries. It is the Board's assessment that the dividend proposal is well-balanced considering the nature, scope and risks of the business activities as well as the capital requirements for the Parent Company and the Group.

Events after the Balance Sheet Date

No material transactions have taken place between SinterCast and the Board or the Management during the period. There have been no significant events since the balance sheet date of 31 December 2022 that could materially change these financial statements.

Proposed Allocation of Profits in SinterCast AB (publ)

The following earnings in the Parent Company are at the disposal of the Annual General Meeting.

Amounts in SEK	
Share premium reserve	35,336,610.00
Result brought forward	11,542,373.00
Result for the year	29,184,262.00
Total non-restricted equity	76,063,245.00

The Board of Directors proposes to the AGM that earnings be distributed as follows.

Amounts in SEK	
A dividend of SEK 5.5 per share shall be distributed	38,995,731.50
To be retained by the Parent Company*	37,067,513.50
Total	76,063,245.00
* of which Share premium reserve	35,336,610.00

Corporate Governance Report 2022

Corporate Governance in SinterCast

SinterCast focuses primarily on providing process control technology and know-how for the reliable high volume production of Compacted Graphite Iron. SinterCast promotes CGI within the foundry and end-user communities to increase the overall market opportunity for CGI and to define the forefront of CGI development, production and application. This focus and these efforts will secure SinterCast's global leadership in the field of CGI. SinterCast also builds upon its technical expertise in thermal analysis and cast iron process control to develop new technologies beyond the core CGI market. These focused activities will provide the foundation for increasing the long-term value of the company. As a technology led company, SinterCast will grow and prosper by earning the respect of its customers. The objective of Corporate Governance at SinterCast is to ensure continued strong development of the company and that the Group fulfils its obligations to shareholders, customers, employees, suppliers and society. Corporate Governance includes: establishing the overall operational goals and strategy of the company; ensuring that there is an effective system for follow-up and control of the company's operations; ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations; and, defining necessary guidelines to govern the company's ethical conduct and ensuring that the company's external communications are characterised by openness and that such communications are accurate, reliable and relevant. The Group's risks are well-analysed and risk management is integrated in the work of the Board and in operational activities.

External Regulation of Corporate Governance

The Swedish Annual Accounts Act prescribes that listed companies shall, on a yearly basis, present a Corporate Governance Report, to be included in the Annual Report. The Swedish Companies Act defines the legal framework for limited liability companies including rules for the Articles of Association, the share, the Annual General Meeting (AGM), and the management of the company. The Corporate Governance Report must be in accordance with the Swedish Code of Corporate Governance which is applicable to all Swedish companies whose shares are traded on a regulated market in Sweden.

SinterCast Shareholders

The SinterCast shares have been listed since 26 April 1993 and are quoted on the Small Cap segment at Nasdaq Stockholm stock exchange. SinterCast had approximately 3,700 (3,700) shareholders on 31 December 2022. The ten largest, of which three (four) were nominee shareholders, controlled 50.2% (51.6%) of the capital and votes of 7,090,133 (7,090,133) shares in total. On 31 December 2022, Swedish shareholders held and controlled 89.8% (88.4) of the capital and votes in SinterCast AB. The largest shareholder, Avanza Pension AB (Sweden), held 13.0% (17.3%) of the capital and votes as a nominee shareholder. As of 31 December 2022, the SinterCast Board, management and employees controlled 1.0% (1.1%) of the capital and votes. The paid dividend was the only transaction between the company and the shareholders during the year. During the year, shareholders have provided feedback and proposals to the Board, the Managing Director and to the Nomination Committee.

Nomination Committee

Nomination Committee prior to the AGM 2022

The Nomination Committee, elected by the AGM 2021, consisted of Victoria Skoglund (Chairman), Jan Åke Jonsson (Chairman of the Board of Directors), Andrea Fessler, Aage Figenschou and Carina Andersson. The Committee concluded that the current Board fulfilled the demands imposed on it in consideration of the company's position and future focus. As a result of the Board composition review, and after consultations with the shareholders, the Nomination Committee proposed to the AGM 2022 that the Board Members, Jan Åke Jonsson, Robert Dover, Jun Arimoto, Steve Gill, Åsa Källenius and Steve Dawson were re-elected as Board Members, with Mr Jonsson being reappointed as Chairman. The Nomination Committee proposed the Board remuneration to the AGM and nominated the Auditor for election, for the period until the next AGM.

Overview of Corporate Governance of SinterCast

Nomination Committee

The SinterCast Nomination Committee is, after consultation with the shareholders, responsible for nominating candidate for election to the Board; to propose remuneration for the Board and for each member of the Board; to nominate Auditors for election; to make recommendations on remuneration for the external auditors; and, to establish certain other proposals for consideration at each AGM. The majority of the members of the Committee are to be independent of the company and it's Group Management. No members of the Group Management are to be members of the Nomination Committee and at least one member of the Committee is to be independent of the company's largest shareholder. The AGM appoints members of the Nomination Committee or specifies how members shall be appointed. The Committee also considers the merits of equal gender distribution on the SinterCast Board with regard to the requirements of the company and the potential contribution of each new candidate.

General Meeting of Shareholders

The Shareholders' main influence to govern the company is during the AGM, which is the company's highest decision-making body, where the Shareholders meet the Board of Directors, the Management and the Company Auditors and where the Shareholders are given the opportunity to raise questions and to vote on the proposals distributed prior to the meeting. The shareholders shall be given the opportunity to exercise their ownership role in an active, well-informed manner. All shares represented at the AGM have the same voting rights. The Board is elected annually at the AGM and the majority of the Directors elected shall be independent of the company and its Group Management. Independence shall be determined by a general assessment of all factors that may give cause to question the individual's independence.

Articles of Association

The Articles of Association of SinterCast defines the name, location, objectives of the company, number of shares, number of Board Members, number of Auditors, and proceedings for convening Annual General Meetings. Changes to the Articles of Association must be decided by the AGM. The Articles of Association of SinterCast do not regulate dismissal of Directors.

The Articles of Association is available on SinterCast's website.

Remuneration Committee

The Board shall appoint a Remuneration Committee whose main tasks are to monitor and evaluate the remuneration guidelines that the AGM is legally obliged to establish, as well as the current remuneration structures and levels in the company and to propose new incentive programmes to the Board to decide upon. The Remuneration Committee shall also agree on the principles for remuneration and other terms of employment of the Managing Director and, after advice from the Managing Director, for Directors and Managers reporting directly to the Managing Director. The Compensation Committee shall also monitor and evaluate programmes for variable remuneration, both ongoing and for those that have ended during the year.

Board of Directors

The Board is appointed at the Annual General Meeting. The Board is responsible for establishing the overall operational goals and strategy of the company and for ensuring that there is an effective system for follow-up and control of the company's operations. The Board shall fulfil applicable independence rules. The AGM appoints the Chairman of the Board. The Chairman's role is to head the Board's work and ensure that the Board completes its mandate. The Board has executed a Work Programme including instructions regarding the distribution of work and financial reporting, as a complement to the regulations of the Swedish Companies Act, Articles of Association of the Company and the Swedish Code of Corporate Governance and other instructions.

Audit Committee

The responsibility of the Audit Committee is to ensure that the company has adequate internal controls and formal routines to ensure that the company's financial reports are produced in accordance with legislation, applicable accounting standards and other requirements for listed companies. The primary task of the Audit Committee is to ensure the quality of the financial reports. The Audit Committee is also responsible for the evaluation of the Auditors' work, fees and independence and assists the Nomination Committee with proposals for potential Auditors. The Audit Committee also assists the Group Management in determining how identified risks will be handled in order to ensure good internal control and risk management. The Audit Committee prepares and decides on the Corporate Governance Report.

Work Programme and other Instructions

Each year the Board adopts a written Work Programme documenting the Board's responsibilities and regulating the internal division of duties between the Board; its Committees and Group Management; the decision-making process within the Board; the Board's meeting schedule; summonses to Board meetings; agendas and minutes, and the work of the Board and its committees on accounting and auditing matters and financial reporting. The Work Programme also regulates how the Board shall receive information and documentation in order to be able to make well informed decisions. Other controlling documents adopted by the Board include the Finance Policy and the Authorisation Policy, including the organisation chart and the Code of Conduct for the company.

Managing Director

The Board appoints the Managing Director who is responsible for the operational and strategic management of the company in accordance with the Board of Directors' instructions and guidelines.

The Managing Director established, as the President & CEO for the SinterCast Group, the Group Management including the Finance Director. During 2021, the company transitioned to a new organisation structure, establishing nine first-reporting-level managers, reporting directly to the CEO. The managers are responsible for key operational functions. The new structure improves focus and efficiency while developing the future management team.

External Auditor

The company shall appoint one or two Auditors with not more than two Alternate Auditors. A registered accounting firm may also be appointed as Auditor.

The company's statutory Auditor shall be appointed by the AGM to examine the company's annual accounts and accounting practices and to review the Board's and the Managing Director's management of the company.

The Auditor shall present its report to the owners at the AGM in the annual audit report.

Remuneration Adopted at AGM (SEK)

	Remuneration Adopted at AGM (SEK)					
	Board		Audit Committee		Compensation Committee	
	2022	2021	**2022**	2021	**2022**	2021
Jan Åke Jonsson	**410,000**	410,000	**-**	-	**35,000**	-
Robert Dover	**190,000**	190,000	**25,000**	-	**-**	-
Jun Arimoto	**190,000**	190,000	**25,000**	-	**-**	-
Åsa Källenius	**190,000**	190,000	**50,000**	-	**-**	-
Steve Gill	**190,000**	190,000	**-**	-	**20,000**	-
Steve Dawson	**-**	-	**-**	-	**-**	-
Summary	**1,170,000**	**1,170,000**	**100,000**	**-**	**55,000**	**-**

Renumeration until next AGM, 50% paid current year, 50% next year

Annual General Meeting (AGM) 2022

SinterCast Aktiebolag's Annual General Meeting (AGM) was conducted on 17 May 2022.

At the AGM 2022, All Members of the Board, (with the exception of the Chairman), the Group Management, the Nomination Committee Chairman and the external Auditor were represented during the meeting. At the AGM, 437,927 (46,692) shares and votes where represented. During the AGM, Jan Åke Jonsson, Robert Dover, Jun Arimoto, Steve Gill, Åsa Källenius and Steve Dawson were re-elected as Board Members, with Mr. Jonsson being reappointed as Chairman. The Auditor presented how the audit work was conducted and presented the annual Audit Report to the AGM. The AGM adopted the Annual Report and the consolidated financial statements as of 31 December 2021, as presented by the Board of Directors and the Managing Director; decided upon allocation of the company's result; and, granted the Directors and the Managing Director discharge from liability. The Nomination Committee presented how it conducted its work during the year and presented its proposals. Thereafter, the AGM decided, for the period until the next AGM, six ordinary Board Members; that the company shall have a registered auditing company as auditor; that the Board shall receive a total remuneration of SEK 1,170,000 (SEK 1,170,000), with no remuneration for the Managing Director and that the Nomination Committee shall consist of five (five) Members. The AGM authorised the Board to decide upon the acquisition and disposal of SinterCast shares, as proposed by the Board of Directors. All of the proposals presented to the AGM were approved by the shareholders, with the exception of the proposed increase in Board fees.

Board of Directors

At the AGM 2022, Jan Åke Jonsson, Robert Dover, Jun Arimoto, Steve Gill, Åsa Källenius and Steve Dawson were re-elected as Board Members, with Mr. Jonsson being reappointed as Chairman. The Board remuneration, decided at the AGM 2022, shall be divided between the Chairman SEK 410,000 (SEK 410,000) and four (four) ordinary Board Members SEK 190,000 (SEK 190,000) each, with no remuneration for the Managing Director. With the exception of the Managing Director, no member of the Board holds an operational position in the company. However, Jun Arimoto assisted and has been paid for minor market support in Japan. The Board is judged to be independent of the company and its management. A more detailed description of the Board of Directors is presented on page 29.

Statutory Board Meeting

In the statutory Board meeting held immediately after the AGM, Jan Åke Jonsson was re-confirmed as Chairman of the Board. Steve Dawson was re-elected Managing Director for SinterCast AB (publ) and President & CEO of the SinterCast Group. Jan Åke Jonsson and Steve Gill were elected to constitute the Remuneration Committee. Further, Åsa Källenius, Robert Dover and Jun Arimoto were elected to constitute the Audit Committee.

Chairman of the Board

The Chairman directed the Board's activities and promoted the overall efficiency of the Board. The Chairman ensured that the Board's activities were conducted in accordance with the Swedish Companies Act and other applicable laws and regulations and ensured that the resolutions of the Board were implemented. The Chairman also conducted the evaluation of the Board's activities and shared the evaluation with the Nomination Committee. The Chairman approved the agenda for each Board meeting in consultation with the Managing Director. The Chairman had regular communication with the Managing Director, relayed opinions from shareholders to the other Board Members and acted as spokesperson on behalf of the Board.

The content of the main meetings is summarised in the table below.

Main Board and Audit Committee Meetings including Auditor Presence				
February	March/April	May	August	November
Market Report and Financial Outlook	Auditor participated in Audit Committee Meeting	Auditor participated in Board Meeting	Market Report and Financial Outlook	Auditor participated in Audit Committee Meeting
Approve Book Closing Report	Approve Annual Report	AGM Board Meeting	Approve 2Q Interim Report	Market Report and Financial Outlook
Evaluate Managing Director	Approve 1Q Interim Report	Market Report and Financial Outlook	Approve Strategy and Business Plan	Approve 3Q Interim Report
AGM preparations and decisions	AGM preparations and approval of notice	Annual General Meeting	Revise and approve Work Programme	Approve Budget for the coming year
		Statutory Board Meeting	Review Technical Progress	Approval Finance Policy

Board Membership and Attendance Summary

		Board and Committee Membership and Presence Calendar Year 2022					
	Independent	Board		Audit		Remuneration	
		Member	Meeting	Member	Meeting	Member	Meeting
Jan Åke Jonsson	Yes	Chairman	6/8	y	2/3	Chairman	2/2
Robert Dover	Yes	x,y	8/8	x	3/3	-	1/1
Jun Arimoto	Yes	x,y	8/8	x	3/3	-	1/1
Åsa Källenius	Yes	x,y	8/8	Chairman	3/3	y	1/1
Steve Gill	Yes	x,y	8/8	y	2/3	x	1/2
Steve Dawson	No	x,y	8/8	No	3/3	No	2/2

Comments

Independent of the company, the management and major shareholders

The Composition of committee membership changed at the AGM in May 2022

y=membership prior to the AGM, x=membership after the AGM

Steve Dawson atttends relevant sections of the Committee meetings

Board Meetings

In connection with every quarterly report, the Managing Director presented the market and financial outlook and reported on operations and important current events. The Board of Directors dealt with long-term strategies, structural organisational issues, approval of the budget for the following year, the annual evaluation of the Board of Directors, risk assessment, human resources and succession planning. Individual Board Members also assisted the Group Management in various strategic and operational matters. The Work Programme defines the Board's work during the year.

Managing Director

The SinterCast Board appointed Steve Dawson as the Managing Director for SinterCast AB (publ) and President & CEO for the Group. The Managing Director, as responsible for the operational and strategic management of the company, has managed the company in accordance with the Board of Directors' instructions and guidelines. The Managing Director assisted the Chairman with the preparation for each Board. Meeting and distributed information, according to the Work Programme, to be decided upon by the Board. In addition, the Managing Director provided the Board with monthly reports including significant events and financial information.

The Managing Director constitutes, as the President & CEO for the SinterCast Group, the Group Management during 2022 together with the Finance Director. During 2022, the company transitioned to a new organisation structure, establishing nine first-reporting-level managers, reporting directly to the CEO. The managers are responsible for key operational functions. The new structure improves focus and efficiency while developing the future management team. More detailed information of the Group Management is presented on page 28.

Remuneration Committee

Before the AGM, the Remuneration Committee, elected by the Board, consisted of Jan Åke Jonsson, Chairman, and Åsa Källenius. After the AGM the Board appointed Jan Åke Jonsson, Chairman, and Steve Gill to the Remuneration Committee. The tasks and responsibilities of the Remuneration Committee are defined in the Board's Work Programme. During the year, the Remuneration Committee has evaluated variable remuneration programmes, special remuneration given for extraordinary efforts and the remuneration policy approved by the AGM. The Committee has also reviewed the remuneration for the Managing Director and the Group Management. Since the AGM 2022, The Remuneration Committee carried out two minuted meetings. The Board was informed of the Remuneration Committee's activities and ratified its proposals.

Remuneration Policy and Remuneration Report for Group Management 2022

The Annual General Meeting 2020 decided upon a remuneration policy (guidelines) to contribute to the company's business strategy, long-term interest and sustainability in respect of the Managing Director, other members of the Group Management, other employees and Board Members. The policy needs to be re-approved at the AGM 2024, at the latest. The following italic text was approved by the 2020 AGM:

Remuneration etc. in relation to the Managing Director and other members of the Group Management

Remuneration, pension and benefits

The remuneration to members of the Group Management shall consist of a balanced combination of fixed remuneration, variable remuneration, pension and other benefits. The total remuneration shall be in accordance with market practice and shall be based on performance. The fixed remuneration shall be individually determined and shall be based on each individual's responsibility, role, competence and position. Variable remuneration shall be based on predetermined targets on the Group level and the individual level, considering the effect on the long-term result. In extraordinary situations a special compensation may be paid out to attract and retain key competence. Variable remuneration and special compensation may not exceed an amount corresponding to 75 percent of the fixed annual salary. Pension benefits are in the form of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Variable remuneration and special compensation in extraordinary situations shall not constitute a basis for pension as far as this does not conflict with applicable *collective agreement. Pension contributions may not exceed an amount corresponding to 30 percent of the fixed annual salary. Other benefits may include, for example, life insurance, medical insurance and company car. Costs for such benefits may not amount to more than 10 percent of the base salary.*

Termination of employment

Upon termination by the company, the notice period for the Managing Director is nine months, and six months for the other members of the Group Management. Upon termination of the Managing Director by the company the Managing Director is entitled to a severance payment corresponding to nine months compensation. Deduction shall not be made for remuneration paid by another employer. No severance payments have been agreed with the other members of the Group Management.

Remuneration etc. in relation to Board Members

Remuneration to Board Members (aside from Board Fee) shall only be paid in case Board Members (either personally or through a company) perform work for the company in addition to their ordinary board work. Such remuneration (consultancy fee) may not exceed, on a yearly basis, the Board Fee. The remuneration shall be based on current market rates and be proportionate to the benefit for the company and to the extent to which such work contributes to the development of SinterCast. Consultancy agreements with Board Members may be terminated by the company at any time by giving two months' notice.

Salary and employment terms for other employees of the company

When preparing the Board's proposed guidelines for remuneration to senior executives, consideration was given to the salary and employment terms of the company's other employees. The Board considered the total remuneration, the components of the remuneration, and the increase and rate of increase of the remuneration over time as part of the basis upon which the Board assessed whether the guidelines and the resulting limitations were reasonable.

Decision-making process for adopting, reviewing and implementing the guidelines

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting for decision. The Remuneration Committee established by the Board shall continuously review and assess the guidelines and the implementation of the guidelines. To avoid conflicts of interests, no member of the Group Management shall participate in discussions or decisions which may affect their own remuneration or terms of employment. Further, the Board shall decide on the remuneration (consultancy fees) to any individual Board Member in the absence of the concerned Member.

Description of significant changes in the guidelines and how shareholders' views are taken into account.

The proposed guidelines do not entail any significant changes in relation to existing compensation guidelines at SinterCast. SinterCast has not received any direct input from the shareholders.

Deviation from the guidelines

The Board of Directors and, on behalf of the Board of Directors, the Remuneration Committee, shall be entitled to deviate from the above guidelines if, in an individual case, there are specific reasons for this and a deviation is necessary to meet the long-term interests and sustainability of SinterCast or to secure financial viability of SinterCast.

The main conditions for remuneration to the Group Management in the current employment agreements are described in Note 5 in this Annual Report. There were no material transactions between the company and any of the Board Members during the year, with the exception of the ordinary Board fees. However, Board Member Jun Arimoto received minor remunerations for consulting services in Japan according to the Consulting Agreement approved by the Board. The remuneration policy (guidelines) in respect of the Managing Director, other members of the Group Management, other employees and Board Members is proposed to be unchanged in 2022. The AGM decided to approve the Board of Director's remuneration report for 2022.

Audit Committee

Before the AGM, the Audit Committee consisted of all Board Members, except the Managing Director. During the Statutory Board Meeting after the AGM, Åsa Källenius (Chairman), Robert Dover and Jun Arimoto were elected to the Audit Committee.

During the year, the Audit Committee has ensured that the company has adequate internal controls and formal routines to ensure that approved principles for financial reporting and internal controls have been applied, and that the company's financial reports have been produced in accordance with legislation, applicable accounting standards and other requirements for listed companies.

The Audit Committee met the Auditor during the year to discuss the Audit Report and the audit plan. The Audit Committee also met the Auditor in the absence of the Group Management. The Audit Committee evaluated the Auditors' work and provided feedback to the Nomination Committee in preparation for the election of the Auditor during the Annual General Meeting 2023. The Audit Committee also determined and identified risks to be handled in order to ensure good internal control and risk management. The Audit Committee prepared and approved the Corporate Governance Report for 2022.

External Auditor

At the AGM 2022, KPMG was re-appointed as Auditor and Jonas Eriksson was appointed as Auditor in charge by KPMG. The Auditor in charge has had three Auditors assisting in the audit work during the year. The audit follows an audit schedule, based on the Auditor's risk assessment, in agreement with the Audit Committee.

Prior to the AGM 2022, in conjunction with the approval of the Annual Report 2021, the auditor met with the Audit Committee. The Auditor met with the Board of Directors at the Board meeting in May, where the Auditor reported observations directly to the Board of Directors both with and without the presence of the Group Management. The Auditor reported on the audit of the company's annual accounts and consolidated accounts and accounting practices and reported observations directly to the Audit Committee. The Auditor audited the company's annual accounts and accounting practices and reviewed the Board's and the Managing Director's management of the company. The Auditor presented the annual Audit Report at the AGM 2022. The Audit Report contained a statement that the Annual Report has been compiled in accordance with the relevant legislation and recommended that the Directors and the Managing Director be discharged from liability.

After at the AGM 2022, at the Statutory Board Meeting, the Auditor presented the Audit Plan for 2022 and provided a follow-up of the Audit Plan during the November and March Audit Committee meetings. In November he presented the result from the review of the financial report for the period January–September 2022 and gave audit feedback from the interim audit procedures that were conducted during the third quarter of 2022. The Auditor also had separate discussions and meetings with the Chairman and company management during the year.

In conjunction with the approval of this Annual Report 2022 the Auditor met with the Audit Committee. The Auditor reported on the audit of the company's annual accounts and consolidated accounts and accounting practices and reported observations directly to the Audit Committee. The Auditor audited the company's annual accounts and accounting practices and reviewed the Board's and the Managing Director's management of the company.

Auditor
KPMG AB

Jonas Eriksson
Authoritised Public Accountant

Company auditor since June 2020
Assignments: AddLife, Alligo, Conjeco, Knowit and Beijer Alma.

Nomination Committee

Nomination Committee after the AGM 2022

At the AGM 2022, Victoria Skoglund (Chairman), Jan Åke Jonsson, Andrea Fessler, Aage Figenschou, and Carina Andersson were elected to the Nomination Committee.

The Nomination Committee is judged to be independent of the company and the largest shareholders.

The Chairman of the Board has described to the Nomination Committee the process applied for the annual evaluation of the Board of Directors and Managing Director and has provided information regarding the results of these evaluations to the Nomination Committee. The Nomination Committee's proposals to the AGM 2023 are to be presented in the notice of the AGM and on the company website. During the AGM 2023 the Nomination Committee will also present how it conducted its work and will explain its proposals.

Since the AGM 2022 the Nomination Committee of SinterCast carried out several informal meetings and two minuted meetings. According to rules regarding equal gender representation, the Nomination Committee intends to report to the upcoming AGM how it has fulfilled its work regarding gender representation in the Board. The Nomination Committee can be contacted at the following e-mail address: nomination.committee@sintercast.com.

Information

SinterCast must comply with the EU Market Abuse Regulation nr 596/2014 (MAR), which includes strict requirements of how SinterCast shall manage inside information. The MAR rules address how insider information shall be disclosed; under which conditions the disclosure may be postponed; and when SinterCast is obliged to keep a list of persons having access to inside information (a so-called Logbook).

During 2022, the company has used a digital Logbook to ensure compliance under the EU market abuse regulation and the insider policy of the company; from the decision to postpone the disclosure of insider information; up to the mandatory message including the closure of the Logbook and the disclosure date, to the Swedish Finansinspektionen. Only authorised personnel have access to the Logbook.

Summary

According to the Swedish Companies Act, the Board is responsible for ensuring that the company's organisation is designed in such a way that the bookkeeping, financial management and the company's financial conditions are controlled in a satisfactory manner. The Swedish Code of Corporate Governance clarifies and prescribes that the Board shall ensure that the company has adequate policies, internal controls and formal routines to ensure that approved principles for financial reporting and internal controls are applied, and that the company's financial reports comply with legislation, applicable accounting standards, policies and other requirements for listed companies.

The Board has decided that SinterCast shall comply with the Swedish Code of Corporate Governance and present a Corporate Governance Report in accordance with the Code including the Board of Directors' Report on internal control of financial reporting. The procedure and routines of SinterCast are compliant with the Corporate Governance code and this Corporate Governance Report does not indicate any significant deviations from the code.

Board of Directors’ Report on Internal Control and Risk Management of the Financial Reporting

Internal Control

The Board of Directors has the overall responsibility for internal control related to financial reporting. An important part of the Board’s internal control management is to issue policies and instructions for the organisation with the objective to maintain a low risk profile regarding financial and legal matters, including: the Work Programme that clarifies the Board of Directors’ responsibilities and regulates the internal distribution of work between the Board, its committees and the management; the Finance Policy, to define the Board of Directors’ instructions regarding risk management and financial reporting, to ensure an effective risk profile and correct financial reporting; and the Authorisation Policy, including the organisation chart. In addition to the policies and instructions, the Board has established the Audit Committee. The primary task of the Audit Committee is to ensure that established principles for financial reporting and internal control regarding financial reporting are followed, to ensure the quality of the financial reports and that appropriate relations are maintained with the Auditor. The management and the Audit Committee assess the most critical accounting areas on an annual basis to prepare instructions for the financial reporting and to define how to apply the accounting policies according to IFRS, including accounting judgements and estimates.

Risk Assessment

The Business is monitored in a structured process and associated risks have been discussed and evaluated during most Board Meetings. Any change in significant risks will result in changes in the instructions for the preparation of financial reports. Processes to track changes in accounting regulations and to ensure that these changes are implemented correctly in the financial reporting are in place, in which the Auditors play an important role. The most critical accounting areas for SinterCast have been defined and include the valuation of deferred tax on tax losses carried forward, revenue recognition of system sales and the principle of capitalisation of research and development costs.

Control Activities and Monitoring

The primary purpose of control activities is to prevent, or to discover at an early stage, errors in the financial reporting so that these can be addressed and rectified. Control activities take place on both the overview and the detail levels within the Group. Routines and activities are designed in order to find and rectify significant risks associated with the financial reporting. Regarding control activities in critical areas of the financial reporting, the management follows the business regularly and conducts normal control activities on daily operation, monthly, quarterly and year-end closings. Quarterly reports and the Annual Report have been sent to the Board and the Audit Committee for review and approval. The management and the Board especially monitored critical accounting areas, including: review of the estimated future taxable profit and deferred tax asset calculation, by reviewing the forecast for secured series production programmes and probability factors (the forecasted contribution from secured production, reduced by the forecasted expenses for the operations provides the base for the final deferred tax asset calculation); the revenue recognition of system sales and related revenue streams, in which contract performance obligations review is included to define the individual revenue streams (equipment, Engineering Service, Annual Software Licence Fee); and, review of research and development projects during the period to assess to what extent expensed costs should be capitalised.

The Board’s monitoring of the internal control with respect to financial reporting took place through the Audit Committee follow-up on the financial reporting. In advance of each major Board Meeting, management distributed pre-defined and various ad hoc reports to the Board. The reports and key audit areas were reviewed and discussed during the Board Meetings. Reports from the Auditors have been distributed to the Board.

Information and Communication

All external information must be provided in accordance with the listing agreement for listed companies in Sweden and according to EU market abuse regulation MAR. Information concerning the SinterCast Group and the Parent Company may only be provided by the Managing Director. The Board of Directors has issued and approved the Interim Reports and the Annual Report of the financial year. The reports have been published on the website after having first been sent to Nasdaq Stockholm stock exchange.

Income Statement – Group

Amounts in SEK million	Note:	2022	2021
Revenue	1, 9	**118.7**	**107.4**
Cost of goods sold	3, 17	**-31.9**	-31.3
Gross result		**86.7**	**76.1**
Cost of sales and marketing	3, 5, 9	**-31.4**	-26.6
Cost of administration	3, 4, 5, 10	**-10.2**	-9.6
Cost of research & development	2, 3, 5, 10	**-10.7**	-11.8
Other operating income	10	**1.6**	3.4
Other operating costs	10	**-5.4**	-2.0
Operating result		**30.6**	**29.5**
Financial income		**0.1**	0.0
Financial costs		**-0.4**	-0.5
Financial net	11	**-0.3**	**-0.5**
Result before income tax		**30.3**	**29.0**
Income tax	12	**2.9**	3.9
Result for the year		**33.1**	**32.9**
Result attributable to:			
Equity holder of the parent company		**33.1**	32.9
Non-controlling interests		**-**	-
Earnings per share, SEK		**4.68**	4.64
Earnings per share, diluted, SEK		**4.68**	4.64
Number of shares at the close of the period, thousands	25, 29	**7090.1**	7090.1
Average number of shares, thousands	29	**7090.1**	7090.1
Average number of shares, diluted, thousands	29	**7090.1**	7090.1

With effect from this report, USD/SEK forward contracts have been reclassified from ‘financial net’ to ‘other operating cost/income’. Comparison figures have been adjusted accordingly.

Statement of Result and Other Comprehensive Income – Group

Amounts in SEK million	2022	2021
Result for the period	**33.1**	**32.9**
Other comprehensive income		
Items may be reclassified to the income statement		
Translation differences, foreign subsidiaries	**0.2**	0.2
Other comprehensive income, net of tax	**0.2**	**0.2**
Total comprehensive income for the period	**33.3**	**33.2**
Total comprehensive income attributable to:		
Shareholder of the parent company	**33.3**	**33.2**
Non-controlling interests	**-**	**-**

Balance Sheet – Group

Amounts in SEK million	Note:	2022	2021
ASSETS			
Fixed assets			
Capitalised development		**3.9**	5.0
Patents & rights		**0.8**	0.9
Total intangible assets	13	**4.7**	**5.9**
Production equipment, office equipment and computers		**2.5**	2.8
Process control equipment		**0.5**	0.0
Right of use assets		**2.7**	3.5
Total tangible assets	14	**5.8**	**6.4**
Other long-term receivables	16, 23	0.7	4.5
Total financial assets		**0.7**	**4.5**
Deferred tax asset	12, 16	**51.1**	48.1
Total fixed assets		**62.2**	**64.9**
Current assets			
Inventory	17	**16.7**	10.4
Total inventory		**16.7**	**10.4**
Trade debtors	15, 23, 26	**34.1**	25.6
Other debtors	18, 23	**1.0**	1.3
Prepaid expenses and accrued income	19	**2.4**	1.8
Total short-term receivables		**37.4**	**28.7**
Total cash and cash equivalents	23, 26	**14.2**	27.5
Total current assets		**68.3**	66.6
Total assets		**130.5**	**131.5**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	24, 25	**7.1**	7.1
Additional paid in capital		**44.9**	44.9
Translation differences, foreign subsidiaries	26	**1.6**	1.5
Accumulated result including result for the year		**58.4**	60.4
Total shareholders’ equity		**111.9**	**113.8**
Other long term liabilities	20	**1.5**	2.4
Total long term liabilities		**1.5**	**2.4**
Accounts payable	23, 26	**3.1**	3.4
Other current liabilities	21, 23, 26	**3.3**	4.4
Accrued expenses and prepaid income	22	**10.7**	7.6
Total short term liabilities		**17.1**	**15.3**
Total liabilities		**18.5**	**17.7**
Total shareholders' equity and liabilities		**130.5**	**131.5**

Statement of Changes in Equity – Group

Amounts in SEK million	Note:	Share Capital	Additional Paid in Capital	Exchange Differences	Cumulative Results	Total Equity
Opening balance 1 January 2021		**7.1**	**44.9**	**1.2**	**55.6**	**108.8**
Other		-	-	-	0.2	0.2
Total comprehensive income						
Result for the year		-	-	-	32.9	32.9
Other comprehensive income		-	-	0.2	-	0.2
Total comprehensive income		-	-	**0.2**	**32.9**	**33.2**
Dividend		-	-	-	-28.4	-28.4
Closing balance 31 December 2021	25	**7.1**	**44.9**	**1.5**	**60.4**	**113.8**
Opening balance 1 January 2022		**7.1**	**44.9**	**1.5**	**60.4**	**113.8**
Other		-	-	-	0.3	0.3
Total comprehensive income						
Result for the year		-	-	-	33.1	33.1
Other comprehensive income		-	-	0.2	-	0.2
Total comprehensive income		-	-	**0.2**	**33.1**	**33.3**
Dividend		-	-	-	-35.5	-35.5
Closing balance 31 December 2022	25	**7.1**	**44.9**	**1.6**	**58.4**	**111.9**

Cashflow Statement – Group

Amounts in SEK million	Note:	2022	2021
Operating activities			
Operating result		**30.6**	**29.5**
Adjustments for items not included in the cash flow			
Depreciation	13, 14	**4.3**	3.8
Other		**0.2**	-0.5
Unrealised exchange rate differences		**0.9**	-0.3
Received interest		**0.1**	0.0
Paid interest		**-0.4**	-0.5
Paid income tax		**-0.1**	-0.1
Total cashflow from operating activities before change in working capital		**35.6**	**31.9**
Change in working capital			
Inventory	17	**-6.2**	-1.0
Operating receivables	15	**-5.7**	1.8
Operating liabilities	18, 19, 21, 22	**1.8**	0.1
Total change in working capital		**-10.2**	**0.9**
Cashflow from operations		**25.4**	**32.9**
Investing activities			
Acquisition of intangible assets	13	**-0.6**	-1.9
Acquisition of tangible assets	14	**-1.1**	-0.8
Cashflow from investing activities		**-1.7**	**-2.7**
Financing activities			
Payment lease liability		**-1.6**	-0.7
Dividend		**-35.5**	-28.4
Cashflow from financing activities		**-37.1**	**-29.1**
Exchange rate differences in cash and cash equivalents		**-**	0.1
Cashflow for the period		**-13.3**	1.2
Cash - opening balance		**27.5**	26.3
Cash - closing balance*	23, 26	**14.2**	**27.5**

* The cash and cash equivalents comprise short-term deposits and cash at bank and in hand

With effect from this report, USD/SEK forward contracts have been reclassified from ‘financial net’ to ‘other operating cost/income’. Comparison figures have been adjusted accordingly.

Income Statement – Parent Company

Amounts in SEK million	Note:	2022	2021
Revenue	1, 9	**118.3**	**106.7**
Cost of goods sold	3, 17	**-34.2**	-32.5
Gross result		**84.1**	**74.2**
Cost of sales and marketing	3, 5, 9	**-31.4**	-26.6
Cost of administration	3, 5, 9	**-10.2**	-9.6
Cost of research & development	2, 3, 5	**-10.7**	-11.8
Other operating income	10	**0.9**	2.7
Other operating costs	10	**-6.2**	-2.2
Operating result		**26.4**	**26.7**
Financial income		**0.1**	0.1
Financial costs		**-0.2**	-0.1
Financial net	11	**-0.1**	**0.0**
Result before income tax		**26.3**	**26.7**
Income tax	12	**2.9**	4.0
Result for the period		**29.2**	**30.6**

Statement of Result and Other Comprehensive Income – Parent Company

Amounts in SEK million	2022	2021
Result for the period	**29.2**	30.6
Total comprehensive income for the period	**29.2**	30.6

Balance Sheet – Parent Company

Amounts in SEK million	Note:	2022	2021
ASSETS			
Capitalised development		**3.9**	5.0
Patents & rights		**0.8**	0.9
Total intangible assets	13	**4.7**	**5.9**
Production equipment, office equipment and computers		**2.5**	2.8
Process control equipment		**0.5**	0.0
Total tangible assets	14	**3.0**	**2.8**
Shares in subsidiaries	24	**1.9**	1.9
Intercompany receivables long term		**0.1**	-
Other long-term receivables	16, 23	**0.3**	4.1
Deferred tax asset	12, 16	**51.1**	48.1
Total financial assets		**53.4**	**54.2**
Total fixed assets		**61.1**	**62.9**
Inventory	17	**16.3**	10.3
Total inventory		**16.3**	**10.3**
Trade debtors	26	**34.1**	25.2
Intercompany receivables		**1.4**	1.0
Other debtors	18, 23, 26	**1.0**	1.3
Prepaid expenses and accrued income	19	**1.7**	1.5
Total short-term receivables		**38.2**	**29.0**
Cash at bank and in hand	26	**11.8**	23.8
Total current assets		**66.4**	63.0
Total assets		**127.5**	126.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	24, 25	**7.1**	7.1
Statutory reserve		**9.5**	9.5
Other reserve		**3.9**	5.0
Total restricted capital		**20.6**	**21.6**
Share premium reserve		**35.3**	35.3
Result brought forward		**11.5**	15.3
Result for the year		**29.2**	30.6
Total retained capital		**76.1**	**81.3**
Total Shareholders' equity		**96.6**	**102.9**
Long term liabilities	20	**-**	-
Accounts payable	23, 26	**2.9**	3.2
Intercompany liabilities		**20.1**	12.3
Other current liabilities	21, 23, 26	**1.5**	**2.4**
Accrued expenses and prepaid income	22	**6.4**	**5.1**
Total short term liabilities		**30.9**	**23.1**
Total liabilities		**30.9**	**23.1**
Total shareholders' equity and liabilities		**127.5**	**126.0**
Adjusted equity per share, SEK		**13.63**	14.51

Statement of Changes in Equity – Parent Company

		Restricted Equity			Unrestricted Equity			
Amounts in SEK million	Note:	Share Capital	Statutory Reserve	Reserve Develop-ment Costs	Share Premium Reserve	Results Brought Forward	Results for the Year	Total Equity
Open balance 1 January 2021		7.1	9.5	5.0	35.3	21.6	22.0	100.7
Appropriation of last year's result		-	-	-	-	22.0	-22.0	-
Capitalised development costs		-	-	1.9	-	-1.9	-	-
Depreciation, development costs		-	-	-2.0	-	2.0	-	-
Result of the year*		-	-	-	-	-	30.6	30.6
Dividend		-	-	-	-	-28.4	-	-28.4
Closing balance 31 December 2021	25	**7.1**	**9.5**	**5.0**	**35.3**	**15.3**	**30.6**	**102.9**
Open balance 1 January 2022		7.1	9.5	5.0	35.3	15.3	30.6	102.9
Appropriation of last year's result		-	-	-	-	30.6	-30.6	-
Capitalised development costs		-	-	1.3	-	-1.3	-	-
Depreciation, development costs		-	-	-2.4	-	2.4	-	-
Result of the year*		-	-	-	-	-	29.2	29.2
Dividend		-	-	-	-	-35.5	-	-35.5
Closing balance 31 December 2022	25	**7.1**	**9.5**	**3.9**	**35.3**	**11.5**	**29.2**	**96.6**

* Result of the year corresponds to total comprehensive income for the year

Cashflow Statement – Parent Company

Amounts in SEK million	Note:	2022	2021
Operating activities			
Operating result		**26.4**	**26.7**
Adjustments for items not included in the cash flow			
Depreciation	13, 14	**2.8**	**2.9**
Other		**-0.1**	-0.1
Unrealised exchange rate differences		**0.2**	0.3
Received interest		**0.1**	0.1
Paid interest		**-0.2**	-0.1
Paid income tax		**-0.1**	-
Total cashflow from operating activities before change in working capital		**29.0**	**29.7**
Change in working capital			
Inventory	17	**-6.1**	-1.0
Operating receivables	15	**-5.4**	3.0
Operating liabilities	18, 19, 21, 22	**7.8**	0.6
Total change in working capital		**-3.8**	**2.6**
Cashflow from operations		**25.3**	**32.4**
Investing activities			
Acquisition of intangible assets	13	**-0.6**	-2.1
Acquisition of tangible assets	14	**-1.1**	-0.8
Cashflow from investing activities		**-1.7**	**-2.9**
Financing activities			
Dividend		**-35.5**	**-28.4**
Cashflow from financing activities		**-35.5**	**-28.4**
Exchange rate differences in cash and cash equivalents		**-**	-
Cashflow for the period		**-11.9**	1.1
Cash - opening balance		**23.8**	**22.7**
Cash - closing balance*	26	**11.8**	**23.8**

* The cash and cash equivalents comprise short-term deposits and cash at bank and in hand

With effect from this report, USD/SEK forward contracts have been reclassified from ‘financial net’ to ‘other operating cost/income’. Comparison figures have been adjusted accordingly.

Accounting Policies

General Information

SinterCast AB (publ) is the Parent Company of the SinterCast Group with its registered office located in Stockholm, Sweden. SinterCast is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). The consolidated financial accounts for SinterCast AB (publ) for the financial year ending 31 December 2022 were approved on 22 March 2023 by the Board of Directors and the Managing Director, for publication on 23 March 2023 and will be presented at the Annual General Meeting on Tuesday 16 May 2023.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union. The consolidated accounts of the Group also comply with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 – Supplemental Accounting Rules for Groups. The accounts of the Parent Company comply with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 – Accounting for Legal Entities. The accounting policies used by the Parent Company comply with the policies used by the Group unless otherwise stated. IFRS-16 leases is not used by the parent company according RFR 2. The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

Accounting Policy Changes

It is judged that there are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2022 that had a material impact on the Group. With effect from this report, the income statement has been reclassified. Revaluation changes of customer receivables (USD to SEK) are presented in other operating costs and income. To mitigate currency effects, forward contracts have been established. In order to include the net currency effects in the operating result, the unrealised revaluation changes in forward contracts are now disclosed in other operating costs and income instead of in the financial net. Comparison figures have been recalculated accordingly. This change also influences the cashflow statements.

Critical Accounting Judgements and Estimates

The preparation of financial statements according to IFRS requires judgement of how to use accounting policies. Further, the management must decide how to apply chosen accounting principles. The principle of valuation of deferred taxes on tax losses carried forward, revenue recognition of system sales and capitalisation of Research & Development costs are important for SinterCast.

The standard for accounting for deferred tax is IAS 12 "Income Taxes". Interpretation of IAS 12 is that recognition of deferred tax assets for the carry forward of unused tax losses may be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

SinterCast uses a model to calculate to which extent the carried forward tax losses can be utilised. The calculation is based on the SinterCast business model in the form of its contracts with foundries for the programs that are in current series production or where foundry customers have received definitive orders for future series production in SinterCast-CGI. The input for the model is based on the forecast volume, as communicated by the foundry and/or OEM, and is adjusted with a probability factor for each series production program. The programs and probability factors are reviewed regularly. To determine the future taxable profit, the forecast contribution from secured production is reduced by the forecast expenses of the operations. The calculations are based on historical ten-year average currency rates.

The above model is only used to determine the amounts of the tax losses that are probable to be utilised within the forecast horizon, as required by IAS 12, and does not constitute a profit forecast.

In revenue recognition of system sales, SinterCast needs to assess whether the revenue will be recognised over time or at a point in time. The effect of variable considerations and the time value of money on transaction price need to be assessed and quantitative and qualitative disclosures about the entity's agreements with customers, performance obligations in the contracts and significant judgements may be required. Revenue recognition of system sales and related revenue streams (Equipment, Engineering Service, Annual Software Licence Fee) is based upon performance obligations in the contract.

Development costs that have been directly associated with specific and unique development projects and where management is confident that the resulting products will generate economic benefits exceeding costs beyond one year are recognised as intangible assets when all criteria for recognition have been fulfilled. In applying this principle, management also considers the ability of market success and the future economic benefits.

Group Consolidation

The consolidated accounts include the Parent Company and all companies in which the Parent Company directly or indirectly controls more than 50% of the voting rights or by other means has full control. A controlling influence exists if the Parent Company has influence over the investment object, is exposed to or has the right to variable returns from its engagement and can use its influence over the investment to affect the returns. In the assessment as to whether a controlling influence exists, potential shares that entitle the holder to votes are taken into account as well as whether de facto control exists. No minority interest currently exists.

The consolidated accounts have been prepared in accordance with the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group has no additional shareholdings at present other than the subsidiaries.

Classification

Non-current assets essentially consist of amounts which are expected to be recovered more than twelve months after the balance-sheet date. Current assets essentially consist of amounts that are expected to be recovered within twelve months of the balance-sheet date. Long-term liabilities essentially consist of amounts that SinterCast has an unconditional right to choose to pay more than twelve months after the end of the reporting period. If SinterCast does not have that right at the end of the reporting period - or if the liability is held for trade or is expected to be settled within the normal operating cycle - the amount of debt is accounted for as a short-term liability.

Cost by Functions and Segment Reporting

Costs in SinterCast are presented in the profit and loss statement classified by function. This coincides best with how SinterCast looks upon and controls its business.

SinterCast constitutes one segment and the financial statements are presented accordingly. At present, SinterCast provides only two products: process control systems for the reliable production of Compacted Graphite Iron with related services for product development, installations, calibration, and technical support; and, a suite of tracking technologies, including the SinterCast Ladle Tracker® and SinterCast Cast Tracker®, to improve process control, productivity and traceability in a variety of applications. The company judges that the opportunities and risks with its business are related to the overall CGI market development. The format of the financial statements presented in this Annual Report coincides with the internal reporting structure the company's business activities that management uses to plan, control and follow.

Intangible Assets

Capitalised Patent Expenses

Costs that are directly associated with filing a patent controlled by the Group in a new market, and where the patent is expected to generate economic benefits exceeding costs beyond one year, are recognised in the balance sheet. The annual patent fees are expensed. Amortisation of capitalised patent expenses is included in the costs for Research & Development.

Capitalised Development Costs Development

Costs that are directly attributable to the design and testing of identifiable and unique new products controlled by the Group are recognised as intangible assets when the following criteria are met:

– It is technically feasible to complete the product so that it will be available for use;

– Management intends to complete the product and sell it;

– There is an ability to sell the product;

– The means by which the product will generate probable future economic benefits can be demonstrated;

– Adequate technical, financial and other resources are available to complete the development and to sell the product; and

– The expenditure attributable to the product during its development can be reliably measured

Directly attributable costs that are capitalised include direct employee costs.

Costs that have been directly associated with the development of specific and unique customer products controlled by the Group and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Capitalised development costs related to specific customer projects are amortised over the estimated useful life of the projects. Amortisation of capitalised development costs are included in the costs for Research & Development.

Capitalised development costs in the Parent Company are reported as restricted equity in other reserves. Depreciation of capitalised development costs recognised in profit for the year is transferred from restricted equity to non-restricted equity to the extent that depreciation relates to these investments.

Depreciation

The rate of depreciation, after evaluation of the useful lives is 12 years (8%) for patents and similar rights and 5–7 years (14–20%) for capitalised development.

Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test is based on future estimated income.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash generating units. Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Assets not subject to amortisation, which refer to capitalised development yet to be finalised, are tested for impairment on an quarterly basis.

Tangible Assets

Tangible assets consist of laboratory and production equipment, facility upgrades, computers, installed process control equipment, lease agreements for facilities and vehicles and office furniture. The tangible assets are stated at historical cost less depreciation. Expenses for improvement of the assets are included in the carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs for maintenance and repair are expensed. The assets are depreciated systematically over the anticipated useful life using the straight-line method. The rate of depreciation, after evaluation of the useful life for each asset is 3 years (33%) for computers, 3-4 years (24-33%) for laboratory and production equipment, 3–4 years (24–33%) for installed process control equipment, 7 years (14%) for short-term facility upgrades and lease agreements and 10 years (10%) for production tooling and long-term facility upgrades and workshop equipment.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Financial Instruments

A financial instrument is a real or virtual document such as derivative instruments, commercial papers, fixed income instruments, debt or loan agreements, representing a legal agreement between two or more parties regarding a right to payment of money. A financial asset or liability is recognised when the company is a party to the contractual conditions of the instrument. Acquisitions and sales of financial instruments are accounted for at trade date. An instrument is removed from the balance sheet when cashflow rights from the instrument have expired or been transferred and when the Group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Financial liabilities are also derecognised when the contractual rights to receive the cashflows have been materially modified. If modified, a new financial liability is recognised, measured at amortised cost. When a financial liability is derecognised, the difference between the recognised value and the proceeds received is accounted for in the profit and loss statement.

Classification

SinterCast classifies its instruments in the following measurement categories:

- Financial assets at fair value through profit or loss
- Financial assets to be measured at amortised cost
- Financial liabilities to be measured at amortised cost

The classification for interest-bearing assets is based on the nature of the assets' cash flows and business model. Investments in equity instruments shall be measured at fair value in accordance with IFRS 9. SinterCast has chosen to report the changes in value of such instruments in the income statement.

Financial Asset at Amortised Cost

Interest-bearing assets (debt instruments) held for the purpose of collecting contractual cash flows and where these cash flows consist only of principal amounts and interest are valued at amortised cost. The carrying amount of these assets is adjusted with any expected loan losses (see paragraph below). Interest income from these financial assets is reported using the effective interest method and is reported as financial income.

The Group's financial assets that are valued at amortised cost consist of long term receivables, trade debtors and cash and cash equivalents.

Financial Asset at Fair Value Through Profit or Loss

The Group's financial assets at fair value through profit or loss consist of funds, short term investments and derivative instruments.

Short-term investments are valued at fair value through the income statement as the Group's business model is to manage the funds based on value development and to continuously realise results by divesting parts of the investments. Equity instruments where the Group has chosen to report these at fair value through the income statement are also included in this category. A gain or loss on a financial asset recognised at fair value through the income statement is recognised net in the income statement in the period in which the gain or loss arises.

Derivative Instruments, included in other debtors or other creditors are always recognised at fair value through the income statement and gain or loss is recognised in other cost and income in the income statement in the period in which the gain or loss arises.

Financial Liabilities at Amortised Cost

The Group's financial liabilities are classified as valued at amortised cost using the effective interest method. Financial liabilities at amortised cost consist of accounts payable and other liabilities, excluding accruals. Liabilities are initially reported at fair value, net after transaction costs. Liabilities are subsequently reported at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, applying the effective interest method. Liabilities are classified as short-term in the balance sheet if the company does not have an unconditional right to postpone the debt's regulation for more than twelve months after the reporting period. Dividends are reported as a liability after the Annual General Meeting approval. Accounts payable and other operating liabilities have short, expected maturities and are valued without discounting at nominal amounts.

Impairment of Financial Assets

At each reporting date, the Group assesses the future expected loan losses that are linked to assets reported at accrued acquisition value based on forward-looking information. The Group's financial assets for which expected loan losses are expected to consist essentially of accounts receivable and other receivables. The Group applies the simplified approach for credit reservation, that is, the reserve will correspond to the expected loss over the entire life of the accounts receivable.

Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swedish Kronor, which is the company's functional and presentation currency.

Transactions and Balances

Transactions in foreign currency have been translated into the functional currency at the transaction date using the exchange rate prevailing at the dates of the transactions. Payment in foreign currency following the transaction, resulting in currency gain or loss, is accounted for in the profit and loss statements. Conversion of monetary liabilities or receivables in foreign currency has been made at the currency rate at the end of the period. Gains or losses from recalculation of receivables or liabilities related to the operation are presented in the profit and loss statements as other income or costs.

Translation of Group Companies

Translating the foreign subsidiaries' financial statements into Swedish Kronor has been made according to the following principles:

- All assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each profit and loss statement are translated at average exchange rates.

The exchange rate differences for the period that consequently arise are recognised as Other Comprehensive Income. Accumulated exchange differences are presented in the balance sheet as Translation differences, foreign subsidiaries.

Revenue Recognition

Consideration is paid in the form of payments for the delivery of Equipment, Series Production and Engineering Service. SinterCast also needs to assess whether the revenue will be recognised over time or at a point in time. The effect of variable considerations and the time value of money on transaction price need to be assessed and quantitative and qualitative disclosures about the entity's agreements with customers, performance obligations in the contracts and significant judgements may be required. The sale of spare parts, consumables and stand-alone equipment components that are delivered without interconnected services are usually recognised as revenue in connection with the shipment of the goods. Transport is normally ex-works according to Incoterms rules. Payment terms is normally 60 days net.

Agreements

When SinterCast becomes a party to an agreement, the agreement is analysed to determine how many distinct performance obligations it contains. The consideration received or to be received under the agreement, i.e. the transaction price, is allocated to each distinct performance obligation based on the relative share of each obligation on the estimated stand-alone selling price for the total contractual obligation. The allocated amount is then recognised as revenue when the obligation is fulfilled, either at a point in time or over time. The following describes how and when each revenue stream is recognised.

Sales of Systems

Consideration for the sale of a system is based on payment for hardware, software and installation, calibration of the system at the customer site and when applicable, additional services. A standard agreement system sale, containing an interconnected hardware supply, software delivery and on-site services for commissioning and hardware calibration, is a joint undertaking (one bundled performance obligation). The reason why these different parts of the agreement are regarded as one bundled performance obligation is that the total promise to the customer is that the customer buys fully installed, calibrated equipment, normally according to the standard installation specification, and is reported as revenue at a point in time when the following criteria are fulfilled: the customer has legal ownership, physical possession, control and benefits of the calibrated installed system; and, SinterCast has the right to payment i.e., the control has been transferred to the customer.

In addition, agreements may also include services to be delivered after the installation, such as process support, product calibration, or additional process support services, training, or additional engineering services. Revenue recognition of such additions are treated as distinct obligations and accounted for over time, separately from the bundled system sale described above. In these circumstances an allocation of the total transaction price is performed. The total transaction price in the agreement is split between the bundled equipment component and the additional services. System sale is allocated into the revenue streams Equipment and Annual Software License Fee. Agreement for unique, non-standard, special purpose customer built systems are recognised over time.

Series Production

Series Production revenue is comprised of consumables, Production Fee and Annual Software License Fee.

The sale of consumables is usually reported in connection with the delivery of the goods, i.e., the following criteria have been established; the goods are delivered, the customer has legal ownership and physical possession.

The Production Fee per tonne of cast goods, based on the intellectual property rights of SinterCast, shall be recognised as revenue when the license is distinct and based on the use of the intellectual property right, i.e. the revenues relate specifically to the license and not to other obligations. Production fees are recognised on an accrual basis when the customer has reported shipped castings. Estimates are made to account for late production reporting.

Software License Fee identified as separate performance commitments are of the character "right to use". A "right to use" license means the right to use the intellectual property of SinterCast in its existing condition at the time the license is granted. The right to use license is reported at a given time, i.e. at the time when the customer gets control of the license. Typically, distinct licenses of the kind are "the right to use" because the services that could affect the value and benefit of the license are reported separately as a separate distinct performance obligation. SinterCast defines the licenses as "right to use" and an annual software license fee is charged according to the customer agreement. The license fee is reported in the income statement at the time when the lease term starts, and the customer has control over the asset.

Engineering Service

Revenue from services refer to service contracts where no assets are created and where the customer consumes the service when it is provided. The obligation is assessed to be met over time. Service revenue is recognised in the accounting period in which the service is performed when SinterCast has the right to invoice the customer.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost consists of purchase price, and other costs directly related to the purchase, and is determined using the first in, first out method (FIFO). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and, the amount can be reasonably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Employee Benefits

All expenses related to the remuneration of the employees have been accounted for in the period the work has been performed. If notice terminating the employment has been served, expenses until termination of the employment are accounted for during the notice period. If future period contributions are received from the employee, the expense will be recognised as cost in that future accounting period.

The pension plan for employees in the UK is based on a 30% contribution of the salary while, for employees in the US, it is based on a 15% contribution of the salary, without any future commitments in either country. All commitments to the employees are in the form of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The pension plan for employees in Sweden follows the ITP- plan insured by Alecta. The Alecta ITP-plan is by definition a multi-employer benefit plan but is constructed such that it is not possible to calculate surplus or deficit on the pension plans that fulfil the requirements in IAS 19 enabling defined benefit accounting, for the respective participating legal entities. The plan is therefore accounted for as a defined contribution plan.

Alecta reported a preliminary collective consolidation level on December 31, 2022 of 172 (172) percent. The collective consolidation level is defined as the fair value of Alecta's plan assets in percent of the insured pension commitments calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19. Such a surplus can be distributed among the employers or the beneficiaries, but there is no agreement concerning this that enables the company to report a receivable from Alecta. Alecta's pension commitments to SinterCast are insignificant 0.00429% (0.00512%) for Alecta in relation to their total pension commitments. SinterCast represents 0.00313% (0.00328%) of the total number of insured individuals at Alecta.

The pension age for the majority of SinterCast employees is expected to be 65-67 years; however, this is regulated by the relevant national laws rather than by the individual employment agreements.

Leasing Agreements

SinterCast as Lessee

The Group's lease agreements consist mainly of offices, warehouses, company cars and office equipment. The average lease period for buildings is approximately five years, and for machinery and equipment approximately three years.

The Group recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease. Whether a contract contains a lease is determined based on whether SinterCast has the right to control the use of an identified asset for a period of time.

At the commencement date, a right-of-use asset as defined by IFRS 16 is measured at cost. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The nominal lease liability is initially measured at the present value of the lease payments over the lease term. The lease payments include fixed payments, amounts to be expected to be paid under residual value guarantees, the exercise price of reasonably certain extension options, and payments of penalties for terminating a lease in case this reflects the lease term. The lease payments are discounted at a single discount rate. The lease term is the non-cancellable period of the lease plus the period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. The lease liabilities are subsequently measured at initial recognition less occurring lease payments that are allocated to the principal.

The lease liability for premises with an index-linked rent is calculated with the rent at the end of the reporting period. The liability is adjusted with the corresponding amount as the right of use asset is adjusted at the last notice date within the previously assessed leasing period or when significant events occur, or circumstances change significantly in a way that is within the Group's control and affects the current assessment of the leasing period.

Lease payments are presented as repayments of liabilities and related interest expenses. The lease payments are presented in the cash flow from financing activities and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases, low-value assets and variable payments are presented in the cash flow from operating activities.

The lease and non-lease components are separated. Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification and a termination of a lease agreement is recognised in other operating income or other operating expenses in the statement of income. Lease contracts shorter than 12 months or ending within 12 months at the date of application are considered short-term and hence not recognised as lease liability or right-of-use asset. Low value contracts (with a value below EUR 5,000) are also excluded from being recognised as lease liability or right-of-use asset.

The parent company uses the exception in RFR 2 to not report lease agreements in accordance with IFRS 16. Lease payments under operational leases are recognised in the profit and loss statement on a straight-line basis over the contractual period of the lease. If equipment is sold after the lease period has expired, the revenue from the sale is accounted as revenue.

SinterCast as Lessor

The Group has classified its lease agreements as operational because the Group maintains the ownership and associated risks and returns. At all times, SinterCast retains the ownership of the SinterCast software and systems.

Taxes

Tax on temporary differences is accounted for using the balance sheet liability method. The accounting policy for deferred tax in relation to unused carry-forward tax losses is described under the heading "Critical Accounting Judgements and Estimates" and presented in the Accounting Notes.

Liquidity/Cash and Cash Equivalents

Cash and cash equivalents are defined as cash, cash holdings at bank and short-term deposits available with less than three months' notice.

Rounding

The total amount in tables and statements might not always sum up to the same number due to differences in rounding. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total.

Amount below SEK 50,000 is presented as "0.0". Where no amount is applicable, the value is presented as "–".

Accounting Notes to the Financial Statements

ALL AMOUNTS IN SEK MILLION UNLESS OTHERWISE STATED

1 Revenue Breakdown

Equipment includes sold and leased CGI and Tracking systems and Spare Parts. Series Production includes Consumables, Production Fees and Software Licence Fees. Engineering Service includes performed Engineering Services, Demonstrations and sales of Test Pieces. Group sales represent delivery to foreign subsidiaries of Equipment and Engineering Service. Group purchases represent mainly services provided by the subsidiaries.

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Series Production	**113.4**	97.4	**113.0**	95.6
Equipment	**3.4**	8.5	**3.4**	7.2
Engineering Service	**1.9**	1.5	**1.7**	1.4
Group Sales	**-**	-	**0.2**	2.5
Total	**118.7**	**107.4**	**118.3**	**106.7**

Group sales of total sales for the Parent Company %	**0%**	2%
Group purchases of costs of goods sold for the Parent Company	**25.1**	19.1
Group purchases of costs of goods sold for the Parent Company %	**65%**	54%

	GROUP	
Revenue Breakdown per Country	**2022**	2021
Brazil	**65.2**	54.4
Mexico	**29.2**	30.6
Sweden	**13.8**	9.3
Korea	**4.7**	7.4
USA	**3.4**	2.2
China	**1.5**	1.1
Japan	**0.6**	0.4
UK	**0.1**	1.6
Other	**0.3**	0.4
Total	**118.7**	**107.4**

2 Research & Development

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Costs for personnel and administration	**7.7**	8.2	**7.7**	8.2
Material in R&D	**0.8**	0.6	**0.8**	0.6
Depreciation and write down	**1.8**	2.3	**1.8**	2.3
Other	**1.3**	1.6	**1.3**	1.6
Capitalised development	**-1.0**	-0.9	**-1.0**	-0.9
Total	**10.6**	11.8	**10.6**	11.8

3 Costs per Category

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Personnel expenses	**49.9**	44.1	**30.0**	28.4
Material costs of goods sold and R&D	**14.1**	16.9	**13.7**	16.4
Consultants; sales, marketing and administration	**6.5**	5.6	**6.0**	5.2
Termination of customer agreement	**4.9**	-	**4.9**	-
Travel, commission, exhibition and other sales costs	**4.3**	3.8	**2.8**	2.9
Office and related costs	**3.9**	3.5	**3.3**	3.0
Depreciation and write down	**3.8**	2.6	**2.6**	2.2
Operational foreign exchange difference	**-0.7**	-3.2	**0.8**	-2.5
Other	**3.2**	3.6	**4.7**	4.1
Group purchase	**-**	-	**25.1**	19.1
Total	**89.9**	**76.9**	**93.8**	**78.8**

4 Auditors' Fees

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
KPMG (Sweden)				
Audit fees	**0.7**	0.4	**0.7**	0.4
Other statutory audit fees	**-**	**-**	**-**	**-**
Total	**0.7**	**0.4**	**0.7**	**0.4**
PricewaterhouseCoopers (Sweden)				
Audit fees	**-**	**-**	**-**	**-**
Tax consultancy	**0.1**	-	**0.1**	-
Other services	**-**	0.1	**-**	0.1
Total	**0.1**	**0.1**	**0.1**	**0.1**
Timothy N. Horne Ltd & Darby (United Kingdom)				
Audit fees	**0.1**	0.0	**-**	-
Tax consultancy	**-**	0.0	**-**	-
Total	**0.1**	**0.1**	**-**	**-**
Beijing Jiarun CPA Ltd (China)				
Total	**-**	**-**	**-**	**-**
Total	**0.9**	**0.6**	**0.8**	**0.5**

5 Salaries and Remunerations

Salaries, Remuneration, Pension and Benefits

Salaries and remunerations consist of fixed remunerations, taxable benefits in the form of insurance premiums paid for life, long term disability and medical, school fees, company cars and variable remunerations. Taxable benefits amount to less than 10 percent of the base salary. Variable remuneration has been awarded to almost every employee and the variable part constituted a minor part of the total remuneration package. During the financial and prior year, no share based related benefits existed. Pension benefits are in the form of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Pension contributions amount less than 30 percent of the fixed annual salary. Pension costs include additional voluntary contributions.

Total Salaries, Remunerations and Board Remunerations Expensed Allocated Per Country and Category

ALL AMOUNTS IN SEK

	2022			2021		
GROUP	Salaries and remuneration	Social security costs	Pension costs	Salaries and remuneration	Social security costs	Pension costs
China	**2,213,063**	**246,694**	**-**	1,485,221	173,211	-
Korea	**2,053,963**	**-**	**192,842**	1,759,040	-	164,581
Sweden	**21,458,816**	**6,496,954**	**2,782,672**	20,000,555	5,866,740	3,428,057
United Kingdom	**6,290,273**	**907,267**	**1,117,820**	4,938,820	667,910	1,002,892
USA	**5,957,495**	**260,574**	**596,961**	4,688,675	215,738	494,843
Total	**37,973,610**	**7,911,489**	**4,690,295**	32,872,311	6,923,599	5,090,373
Per Category						
Employees	**28,711,287**	**6,153,677**	**3,188,850**	23,746,240	4,926,813	3,329,550
Group management						
Managing Director[1]	**6,290,273**	**907,267**	**1,117,820**	4,938,820	667,910	1,002,892
Other Directors[2]	**1,711,634**	**632,596**	**383,625**	3,041,787	1,133,141	757,931
Board	**1,260,416**	**217,949**	**-**	1,145,464	195,735	-
Total	**37,973,610**	**7,911,489**	**4,690,295**	32,872,311	6,923,599	5,090,373

Variable remuneration from the incentive programme for the group management is included in the table above

	2022	2021
1. Managing Director	**1,565,617**	435,537
2. Other Directors	**373,859**	393,281

PARENT COMPANY	Salaries and remuneration 2022	Social security costs 2022	Pension costs 2022	Salaries and remuneration 2021	Social security costs 2021	Pension costs 2021
Sweden						
Employees[3]	**18,486,766**	**5,646,409**	**2,399,047**	15,813,304	4,537,864	2,670,126
Group management	**1,711,634**	**632,596**	**383,625**	3,041,787	1,133,141	757,931
Board	**1,260,416**	**217,949**	**-**	1,145,464	195,735	-
Total	**21,458,816**	**6,496,954**	**2,782,672**	20,000,555	5,866,740	3,428,057

3. Contributions to the Alecta ITP-2 pension plan amounted to SEK 1.0 million (1.2). The expected contribution for next year is approximately SEK 1.0 million.

Remuneration Guidelines for Senior Executives
The Annual General Meeting 2020 adopted Guidelines for remuneration to Senior Executives, i.e. the Managing Director, other members of the Group Management and Board Members. The complete Guidelines are presented in the Corporate Governance section.

Remuneration, Pension and Benefits
The remuneration to members of the Group Management shall consist of a balanced combination of fixed remuneration, variable remuneration, pension and other benefits. The total remuneration shall be in accordance with market practice and shall be based on performance. The fixed remuneration shall be individually determined and shall be based on each individual's responsibility, role, competence and position. Variable remuneration shall be based on predetermined targets on the Group level and the individual level, considering the effect on the long-term result. In extraordinary situations a special compensation may be paid out to attract and retain key competence. Variable remuneration and special compensation may not exceed an amount corresponding to 75 percent of the fixed annual salary.

Pension benefits are in the form of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Variable remuneration and special compensation in extraordinary situations shall not constitute a basis for pension as far as this does not conflict with applicable collective agreement. Pension contributions may not exceed an amount corresponding to 30 percent of the fixed annual salary.

Other benefits may include, for example, life insurance, medical insurance and company car. Costs for such benefits may not amount to more than 10 percent of the base salary.

Group Management
The remuneration to the Managing Director is allocated according to the compensation committee´s resolution and includes variable remuneration, taxable benefits in the form of insurance premiums paid for life, long term disability and medical, and school fees. Pension contributions (30% of salary) are based on contributions made without any further commitments. The remuneration to the other one (two) member of the Group Management, the Finance Director, during 2022, include variable remuneration and benefits for company car. In addition, pension contributions were paid, including additional voluntary contributions. The pension plan follows the Swedish ITP-Plan, according to collective agreement.

The Board of Directors
The Annual General Meeting decides upon a total Board remuneration, for the period until the next AGM, with no Board remuneration for the Managing Director. The Board remuneration during the financial and prior year has been in accordance with the AGM decision. No Board fees were allocated to the Managing Director. No bonus schemes, incentive programmes, pension commitments, or pension liabilities exist for the Board Members, with the exception of the Managing Director. Board Member Jun Arimoto received minor remunerations for consulting services in Japan according to the Consulting Agreement approved by the Board.

Total Board Remuneration Adopted at the AGM until next AGM

ALL AMOUNTS IN SEK

	Remuneration Adopted at AGM (SEK)					
	Board		Audit Committee		Compensation Committee	
	2022	2021	**2022**	2021	**2022**	2021
Jan Åke Jonsson	**410,000**	410,000	**-**	-	**35,000**	-
Robert Dover	**190,000**	190,000	**25,000**	-	**-**	-
Jun Arimoto	**190,000**	190,000	**25,000**	-	**-**	-
Åsa Källenius	**190,000**	190,000	**50,000**	-	**-**	-
Steve Gill	**190,000**	190,000	**-**	-	**20,000**	-
Steve Dawson	**-**	-	**-**	-	**-**	-
Summary	**1,170,000**	**1,170,000**	**100,000**	**-**	**55,000**	**-**

Renumeration until next AGM, 50% paid current year, 50% next year

6 Transactions with Related Parties

No substantial transactions took place between SinterCast and the Board or management during 2022 other than disclosed in note 5.

7 Board and Group Management

	2022			2021		
GROUP	**Total**	**Female**	**Female%**	Total	Female	Female%
Board Members	**11**	**2**	**18%**	13	2	15%
CEO and Group Management	**2**	**-**	**0%**	3	-	0%
First-Reporting-Level managers	**9**	**2**	**22%**	9	2	22%
PARENT COMPANY						
Board Members	**6**	**1**	**17%**	6	1	17%
CEO and Group Management	**2**	**-**	**0%**	3	-	0%
First-Reporting-Level managers	**9**	**2**	**22%**	9	2	22%

8 Average Number of Employees During the Year

	2022		**2021**	
GROUP	Total	Male	Total	Male
China	**1**	**1**	1	1
Korea	**1**	**1**	1	1
Sweden	**26**	**19**	24	19
United Kingdom	**1**	**1**	1	1
USA	**2**	**2**	2	2
Total	**31**	**24**	**29**	**24**
PARENT COMPANY				
Sweden	**26**	**19**	24	19
Total	**26**	**19**	**24**	**19**

Number of Employees at Year End

	2022		2021	
GROUP	Total	Male	Total	Male
China	**2**	**2**	1	1
Korea	**1**	**1**	1	1
Sweden	**26**	**19**	25	19
United Kingdom	**1**	**1**	1	1
USA	**2**	**2**	2	2
Total	**32**	**25**	**30**	**24**
PARENT COMPANY				
Sweden	**26**	**19**	25	19
Total	**26**	**19**	**25**	**19**

9 Leasing

	GROUP		PARENT COMPANY	
SinterCast as Lessor	**2022**	2021	**2022**	2021
Income from operational leasing	**0.1**	0.1	**0.1**	0.1
Contracted future undiscounted income from operational leasing	**0.5**	0.5	**0.5**	0.5
Receivables within 1 year	**0.1**	0.1	**0.1**	0.1
Receivables within 1–2 years	**0.1**	0.1	**0.1**	0.1
Receivables within 2–3 years	**0.1**	0.1	**0.1**	0.1
Receivables within 3–4 years	**0.1**	0.1	**0.1**	0.1
Receivables within 4–5 years	**0.1**	0.1	**0.1**	0.1

Leased equipment refers to Agreements with SKF.

	GROUP		PARENT COMPANY	
SinterCast as Lessee	**2022**	2021	**2022**	2021
Cost from leased premises and equipment	**-**	**-**	**1.3**	1.4
Contracted future commitments	**-**	-	**6.9**	7.0
Payable within 1 year	**-**	-	**1.4**	1.3
Payable within 2–5 years	**-**	-	**5.5**	5.3
Payable beyond 5 years	**-**	-	**-**	-

Parent company operational leasing fees are charged to the operating result and refer primarily to leased premises used for production, inventory, development, office space, and cars. The Group's operational leases are recognised as capitalised leases (Right of Use Assets), disclosed in the note Tangible Assets.

	GROUP	
Lease Liability	**2022**	2021
Opening balance	**3.9**	4.1
Amortisation	**-1.7**	-0.7
Additions	**0.7**	0.5
Interest cost	**0.3**	0.4
Paid interest	**-0.3**	-0.4
Closing balance	**2.9**	**3.9**

	GROUP	
Amounts Recognised in Income Statement	**2022**	2021
Expenses related to short term leases	**-**	-
Expenses related to leases of low value	**-**	-
Depreciation and impairment of right-of-use assets	**1.5**	0.9
Interest expense (included in financial expense)	**0.3**	0.4
Interest income (included in financial income)	**-**	-

	GROUP	
Amounts Recognised in Cashflow Statement	**2022**	2021
Amortisation of lease liabilities (included in finance activities)	**-1.6**	-0.7
Interest expense (included in operating activity cashflow)	**-**	-
Interest income (included in operating activity cashflow)	**-**	-
Expenses related to short term leases (included in operating activity cashflow)	**-**	-
Expenses related to leases of low value (included in operating activity cashflow)	**-**	-

10 Other Operating Income and Costs

	GROUP		PARENT COMPANY	
Other Income	**2022**	2021	**2022**	2021
Exchange gains from operations	**7.1**	5.2	**8.5**	5.1
Revaluation gains of forward exchange contracts	**0.8**	-	**0.9**	-
Other income	**0.1**	0.1	**-**	0.1
Total	**8.0**	**5.4**	**9.3**	**5.2**
Other Costs				
Exchange loss from operations	**-6.4**	-2.0	**-9.2**	-2.6
Revaluation losses of forward exchange contracts	**-**	-2.0	**-**	-2.2
Other costs from operations	**-5.4**	-	**-5.4**	-
Total	**-11.8**	**-4.0**	**-14.6**	**-4.7**
Total other operating income and costs	**-3.8**	**1.3**	**-5.3**	**0.5**

11 Financial Income and Expenses

	GROUP		PARENT COMPANY	
Interest	**2022**	2021	**2022**	2021
Interest income	**0.1**	0.0	**0.1**	0.1
Interest cost	**-0.4**	-0.5	**-0.2**	-0.1
Total	**-0.3**	**-0.5**	**-0.1**	**0.0**

12 Tax

Income Tax	GROUP 2022	GROUP 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Current income tax for the year	**-0.1**	-0.1	**-0.1**	-
Deferred income tax for the year	**3.0**	4.0	**3.0**	4.0
Income tax in the income statement	**2.9**	**3.9**	**2.9**	**4.0**
Deferred Tax Asset				
Deferred tax asset brought forward	**48.1**	44.1	**48.1**	44.1
Capitalised carry forward tax losses during the year	**3.0**	4.0	**3.0**	4.0
Accumulated value carried forward	**51.1**	**48.1**	**51.1**	**48.1**

Deferred tax asset relates to carry forward tax losses in Sweden, only. No tax effects on items included in other comprehensive income.

Carry Forward Tax Losses

Based on the filed tax returns prior the financial year, with addition of the calculated taxable result of the financial year.

Country	Valid until	2022	2021	Tax Rate
Sweden	indefinitely	**266.2**	291.6	20.6%
United Kingdom	indefinitely	**31.5**	31.8	19.0%
USA*	20 years from the year of filing	**18.7**	22.4	15-35%
Total**		**316.4**	**345.8**	**20.6%**

* Of which USD 1.8 (2.3) million is due within 5 years, USD 0.1 (0.3) million within 10 years.

** SEK 248.0 million (SEK 233.5 million) of the Group’s total carried-forward tax losses have been used as the basis of the deferred tax asset calculation. SEK 68.4 million (SEK 112.3 million) of the Group’s carried forward tax losses have not yet been used.

Tax Expenses Based on Actual Tax Rate	GROUP 2022	GROUP 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Result before tax	**30.3**	**29.0**	**26.3**	**26.7**
Tax calculated based on Swedish tax rate	**-6.2**	-6.0	**-5.4**	-5.5
Tax effect on non tax deductible expenses	**0.1**	-	**0.1**	-
Tax effect on non taxable income	**-0.6**	-0.8	**-0.6**	-0.8
Tax effect on utilised carried forward tax losses	**6.6**	6.7	**5.8**	6.3
Tax effect on capitalised tax losses	**3.0**	4.0	**3.0**	4.0
Tax on the result for the period as per the income statements	**2.9**	**3.9**	**2.9**	**4.0**

The income tax rate valid for the Group was 20.6% (20.6%). The income tax rate valid for Sweden was 20.6% (20.6%).

The income tax rate valid for UK was 19% (19%). The income tax rate valid for US was 21% (21%).

13 Intangible Assets*

	Patent & Rights		Capitalised Development		Total	
GROUP	**2022**	2021	**2022**	2021	**2022**	2021
Acquisition value brought forward	**2.6**	2.5	**10.5**	9.2	**13.1**	11.7
Acquisitions during the year						
Research & development	**-**	0.1	**1.3**	2.0	**1.3**	2.1
Disposals						
Research & development	**-**	-	**-0.7**	-0.7	**-0.7**	-0.7
Accumulated acquisition carried forward	**2.6**	**2.6**	**11.1**	**10.5**	**13.7**	**13.1**
Depreciation brought forward	**-1.7**	-1.5	**-5.5**	-4.0	**-7.2**	-5.5
Depreciation for the year						
Research & development	**-0.2**	-0.2	**-1.7**	-2.0	**-1.9**	-2.2
Disposals						
Research & development	**-**	-	**-**	0.5	**-**	0.5
Accumulated depr. carried forward	**-1.9**	-1.7	**-7.2**	-5.5	**-9.1**	-7.2
Book value carried forward	**0.8**	**0.9**	**3.9**	**5.0**	**4.7**	**5.9**

	Patent & Rights		Capitalised Development		Total	
PARENT COMPANY	**2022**	2021	**2022**	2021	**2022**	2021
Acquisition value brought forward	**2.6**	2.5	**10.5**	9.2	**13.1**	11.7
Acquisitions during the year						
Research & development	**-**	0.1	**1.3**	2.0	**1.3**	2.1
Disposals						
Research & development	**-**	-	**-0.7**	-0.7	**-0.7**	-0.7
Accumulated acquisition carried forward	**2.6**	**2.6**	**11.1**	**10.5**	**13.7**	**13.1**
Depreciation brought forward	**-1.7**	-1.5	**-5.5**	-4.0	**-7.2**	-5.5
Depreciation for the year						
Research & development	**-0.2**	-0.2	**-1.7**	-2.0	**-1.9**	-2.2
Disposals						
Research & development	**-**	-	**-**	0.5	**-**	0.5
Accumulated depr. carried forward	**-1.9**	-1.7	**-7.2**	-5.5	**-9.1**	-7.2
Book value carried forward	**0.8**	**0.9**	**3.9**	**5.0**	**4.7**	**5.9**

* All intangible assets are related to Sweden.

14 Tangible Fixed Assets

GROUP	Production Equipment, Office Equipment and Computers 2022	2021	Process Control Equipment 2022	2021	Total 2022	2021
Acquisition value brought forward	**8.3**	7.5	**2.2**	2.2	**10.5**	9.7
Acquisitions during the year						
Administration	**0.4**	0.8	**0.8**	-	**1.2**	0.8
Disposals						
Administration	**-0.8**	-	**-0.1**	-	**-0.9**	-
Accumulated acquisition carried forward	**7.9**	**8.3**	**2.9**	**2.2**	**10.8**	**10.5**
Depreciation brought forward	**-5.5**	-4.8	**-2.1**	-2.2	**-7.6**	-7.0
Depreciation for the year						
Administration	**-0.7**	-0.7	**-0.4**	-	**-1.1**	-0.7
Disposals						
Administration	**0.8**	-	**0.1**	-	**0.9**	-
Accumulated depreciation carried forward	**-5.4**	**-5.5**	**-2.4**	**-2.2**	**-7.8**	**-7.7**
Book value carried forward	**2.5**	**2.8**	**0.5**	**0.0**	**3.0**	**2.8**

Right of Use Assets

GROUP	Offices & Warehouses 2022	2021	Cars & Photocopiers 2022	2021	Total 2022	2021
Acquisition value brought forward	**5.5**	5.5	**1.4**	0.9	**6.9**	6.4
Acquisitions during the year						
Administration	**0.7**	-	**-**	0.5	**0.7**	0.5
Disposals						
Administration	**-**	**-**	-	-	**-**	-
Accumulated acquisition carried forward	**6.2**	**5.5**	**1.4**	**1.4**	**7.6**	**6.9**
Depreciation brought forward	**-2.7**	-2.0	**-0.7**	-0.5	**-3.4**	-2.5
Depreciation for the year						
Administration	**-1.5**	-0.7	**-**	-0.2	**-1.5**	-0.9
Disposals						
Administration	**-**	**-**	**-**	**-**	**-**	-
Accumulated depreciation carried forward	**-4.2**	**-2.7**	**-0.7**	**-0.7**	**-4.9**	**-3.4**
Book value carried forward	**2.0**	**2.8**	**0.7**	**0.7**	**2.7**	**3.5**

PARENT COMPANY	Production Equipment, Office Equipment and Computers 2022	2021	Process Control Equipment 2022	2021	Total 2022	2021
Acquisition value brought forward	**8.3**	7.5	**1.8**	1.8	**10.1**	9.3
Acquisitions during the year						
Administration	**0.4**	0.8	**0.8**	-	**1.2**	0.8
Disposals						
Administration	**-0.8**	-	**-0.1**	-	**-0.9**	-
Accumulated acquisition carried forward	**7.9**	**8.3**	**2.5**	**1.8**	**10.4**	**10.1**
Depreciation brought forward	**-5.5**	-4.8	**-1.7**	-1.8	**-7.2**	-6.6
Depreciation for the year						
Administration	**-0.7**	-0.7	**-0.4**	-	**-1.1**	-0.7
Disposals						
Administration	**0.8**	-	**0.1**	-	**0.9**	-
Accumulated depreciation carried forward	**-5.4**	**-5.5**	**-2.0**	**-1.8**	**-7.4**	**-7.3**
Book value carried forward	**2.5**	**2.8**	**0.5**	**0.0**	**3.0**	**2.8**

All fixed assets in the Parent Company and the Group relate to Sweden. Regarding Right of Use assets, leased premises also exist in Korea and China and company cars also exist in Korea (1), Germany (1) and US (2).

15 Accounts Receivable – Trade

	GROUP 2022	2021
Accounts receivable not due	**31.2**	21.4
Accounts receivable overdue 0–30 days	**0.5**	2.0
Accounts receivable overdue 31–90 days	**1.1**	2.1
Accounts receivable overdue 91–180 days	**1.1**	1.5
Accounts receivable overdue >180 days	**1.4**	-
Accounts receivables gross	**35.3**	27.0
Provision for expected credit losses	**-1.2**	-1.5
Accounts receivables net	**34.1**	**25.6**

Accounts receivable net, including provision expected credit losses. The carrying amount of accounts receivable represents the fair value. The provision for expected credit losses refers to account receivables overdue >180 days.

	GROUP 2022	2021
Opening balance, provision for expected credit losses	**1.5**	**1.3**
Additional provisions	**0.0**	0.3
Reversal previous provisions	**-**	-0.1
Losses	**-0.3**	-
Closing balance	**1.2**	**1.5**

16 Other Long Term Receivables

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Long term customer receivable & deposits*	**0.7**	4.5	**0.3**	4.1
Deferred Tax Asset	**51.1**	48.1	**51.1**	48.1
Accrued Interest from subsidiary	**-**	-	**0.1**	0.0
Total	**51.8**	**52.6**	**51.5**	**52.2**

* Primarily, office rental deposits SEK 0.3 million (SEK 0.4 million) and supplier deposit SEK 0.3 million (SEK 0.1 million) for the parent company.

* Long-term customer receivable (SEK 4.0 million) in 2021.

17 Inventory

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Raw material and finished products	**15.9**	9.3	**15.6**	9.1
Work in progress	**0.8**	1.1	**0.8**	1.1
Total	**16.7**	**10.4**	**16.3**	**10.3**

	2022	2021	**2022**	2021
Inventory expensed as cost of goods sold	**14.1**	**16.9**	**13.7**	**16.4**

18 Other Debtors

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
VAT and tax receivables	**0.3**	0.7	**0.4**	0.7
Other current receivables	**0.6**	0.6	**0.6**	0.5
Total	**1.0**	**1.3**	**1.0**	**1.3**

19 Prepaid Expenses and Accrued Income

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Prepaid rents	**0.1**	0.1	**0.1**	0.1
Prepaid insurance	**0.7**	0.6	**0.7**	0.6
Accrued sales income	**0.1**	0.1	**0.1**	0.1
Others	**1.5**	1.0	**0.8**	0.7
Total	**2.4**	**1.8**	**1.7**	**1.5**

20 Long Term Liabilities

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
IFRS 16, long term lease liability	**1.5**	2.4	**-**	-
Other	**-**	-	**-**	-
Total	**1.5**	**2.4**	**-**	**-**

21 Other Current Liabilities

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Withholding tax and national insurance contributions for employees	**1.7**	1.7	**1.3**	1.4
Short term lease liability	**1.5**	1.6	**-**	-
Other current liability	**0.2**	1.1	**0.2**	1.1
Total	**3.3**	**4.4**	**1.5**	**2.4**

22 Accrued Expenses, Prepaid Income and Provisions

	GROUP		PARENT COMPANY	
	2022	2021	**2022**	2021
Accrued personnel expenses	**8.6**	6.4	**5.4**	4.4
Deferred income	**1.1**	0.3	**0.3**	0.2
Others	**1.0**	0.8	**0.8**	0.6
Total	**10.7**	**7.6**	**6.4**	**5.1**

23 The Link Between IFRS 9 Categories and SinterCast Balance Sheet Items in the Balance Sheet

	Financial Liabilities at Fair Value Through Profit and Loss		Financial Assets at Amortised Cost		Financial Liabilities at Amortised Cost		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Other long term receiv.	**-**	-	**0.7**	4.5	**-**	-	**0.7**	4.5
Trade debtors	**-**	-	**34.1**	25.6	**-**	-	**34.1**	25.6
Other debtors	**-**	-	**0.6**	0.6	**-**	-	**0.6**	0.6
Cash and cash eqvns	**-**	-	**14.2**	27.5	**-**	-	**14.2**	27.5
Accounts payable	**-**	-	**-**	-	**-3.1**	-3.4	**-3.1**	-3.4
Other current liabilities	**-0.2**	-1.1	**-**	-	**-3.1**	-3.3	**-3.3**	-4.4
Total	**-0.2**	**-1.1**	**49.6**	**58.1**	**-6.2**	**-6.6**	**43.2**	**50.4**

The carrying amount of financial assets valued at amortised cost and financial liabilities valued at amortised cost represents the fair value.

24 Shares in Subsidiaries for the Parent Company, SinterCast AB (publ)

ALL AMOUNTS IN SEK	**2022**	2021
Acquisition value brought forward	**66,268,332**	66,268,332
Accumulated acquisition value carried forward	**66,268,332**	**66,268,332**
Impairment brought forward	**-64,352,300**	-64,352,300
Write-off of shares in subsidiaries	**-2**	-
Accumulated impairment carried forward	**-64,352,302**	-64,352,300
Book value carried forward	**1,916,030**	**1,916,032**

List of subsidiaries to SinterCast AB (publ)		Corporate Identification Number	Votes and Equity, %	Book Value 2022	Book Value 2021
SinterCast Trading (Beijing) Co., Ltd.	Beijing, China	110000450218467	100%	1,848,046	1,848,047
SinterCast Korea Co., Ltd	JeonJu-City, Korea	418-81-40366	100%	67,980	67,981
SinterCast Ltd.	London, UK	2021239	100%	1	1
SinterCast, Inc	Chicago, USA	187363	100%	1	1
SinterCast SA de CV	Saltillo, Mexico	SIN960415AY5	100%	1	1
SinterCast Servicios SA de CV	Saltillo, Mexico	SSE960408EX1	100%	1	1
Total				**1,916,030**	**1,916,032**

25 Share Capital Development in SinterCast AB (publ)

	Number of Shares				
	A*	B**	Total	Par Value (SEK)	Share Capital (SEK)
Share capital as of 1 January 1993	101,200	2,660	103,860	0.50	51,930
March 1993: Share issue I	161,200	2,660	163,860	0.50	81,930
April 1993: Split 10:1	1,612,000	26,600	1,638,600	0.05	81,930
April–May 1993: Share issue II	2,084,600	26,600	2,111,200	0.05	105,560
April–May 1993: Share issue III	2,311,350	26,600	2,337,950	0.05	116,898
December 1993: Bonus issue	2,311,350	26,600	2,337,950	1.00	2,337,950
January 1994: Directed share issue	2,811,350	26,600	2,837,950	1.00	2,837,950
October 1994: Directed share issue	2,811,350	626,600	3,437,950	1.00	3,437,950
October 1995: Directed share issue	3,435,350	626,600	4,061,950	1.00	4,061,950
December 1995: Subscription via warrants	3,435,350	628,600	4,063,950	1.00	4,063,950
June 1996: Subscription via warrants	3,435,350	655,600	4,090,950	1.00	4,090,950
February 2002: Directed share issue	4,235,350	655,600	4,890,950	1.00	4,890,950

	Number of Shares		
June 2002: (B shares converted to A)*	4,890,950	1.00	4,890,950
September 2002: Subscription via warrants	4,900,062	1.00	4,900,062
November 2003: Subscription via warrants	5,364,200	1.00	5,364,200
December 2003: Subscription via warrants	5,389,200	1.00	5,389,200
December 2004: Subscription via warrants	5,552,900	1.00	5,552,900
September 2009: Directed share issue	6,478,383	1.00	6,478,383
October 2010: Subscription via warrants	6,930,653	1.00	6,930,653
December 2010: Subscription via warrants	6,975,653	1.00	6,975,653
December 2013: Subscription via warrants	7,090,133	1.00	7,090,133
Share capital	**7,090,133**	**1.00**	**7,090,133**

* One vote per share
**One tenth vote per share

26 Risk Management, Risks and Uncertainty Factors

All business and share-ownership involves some measure of risk. The risk factors reported herein are not ranked in order of priority or significance, and do not claim to be comprehensive. Shareholders should make their own assessment of each risk factor and its significance for the future development of the company. The risk exposure for SinterCast can be broadly divided into strategic risks, operational risks and financial risks.

The Board of Directors monitors the business development and the associated risks during the Board Meetings. The Board of Directors has established policies to provide a framework for how the various risks that SinterCast can encounter shall be managed and to define the risk exposure with which the business may be operated. The objective of the Board's policies is to maintain a low risk profile regarding financial and legal matters. External monitoring is conducted by auditors and advisors. Internal monitoring takes place in accordance with the operating principles approved by the Board of Directors. Appropriate insurance has been taken against risks associated with assets and interruption of operations and to minimise indemnity risks. Operating procedures have also been implemented to reduce the risk of IT interruptions and recovery procedures have been established. SinterCast is currently not involved in any legal disputes.

Strategic Risks

Market Risks

Uncertainty factors for SinterCast include the timing of OEM decisions for new CGI engines and other components, adherence to start-of-production dates and ramp projection, the longevity of each engine programme, the global economy for new vehicle sales, technology trends and emissions legislation, and the individual sales success of vehicles equipped with SinterCast-CGI components.

Material shortages, energy costs, inflation, interest rate and economic uncertainties, the geopolitical instability exacerbated by the Russian invasion of Ukraine, and the remaining effects of the Covid-19 pandemic constitute the dominant near-term risk factors for the global foundry and automotive industries. While it is not yet possible to quantify the impact of these factors on the near-term market development, SinterCast remains confident in the long-term growth of CGI and in the ability to reach the five million Engine Equivalent milestone, with growth beyond. Other factors that may influence the market risk for SinterCast and its end-user industries include the renegotiation of international tariffs and free-trade agreements on vehicle sales, climate change legislation and the associated growth of alternative powertrain technologies, and the overall demand for goods transportation.

Product Applications

Series production is diversified between diesel and petrol engines for passenger vehicles including cars, SUVs and pick-ups; commercial vehicle cylinder blocks and heads; and other applications such as industrial power components. During 2022, the SinterCast production mix was approximately 50% (55%) passenger vehicle, 47% (40%) commercial vehicle and 3% (5%) other components. SinterCast endeavours to offset the risk in its current customer activities by developing new products and new CGI series production applications. During 2022, together with Tupy, SinterCast introduced a novel concept for petrol engines, with a CGI engine providing weight parity with aluminium. The SinterCast Tracking Technologies also provide the opportunity for supplemental revenue beyond the core CGI business.

Alternative Technologies and Emissions Legislation

The business development of SinterCast is strongly linked to the internal combustion engine, particularly the diesel engine. Recent events in the global passenger vehicle market have increased the scrutiny on internal combustion engines and some governments are revisiting emissions legislation. New legislation can present a hindrance to the market demand for passenger cars with internal combustion engines. Currently, approximately 10% of the SinterCast series production is for petrol-engined pick-ups and SUVs; 35% is for Super Duty pick-ups; and, 47% is for commercial vehicles. Accordingly, more than 90% of the SinterCast volume is within the sectors that benefit most from internal combustion engines. For long-haul commercial vehicles, which represent the largest growth opportunity for CGI, diesel engines currently constitute more than 95% of the market and are expected to remain the dominant powertrain technology well beyond 2030, providing long-term market opportunities.

In the meantime, the internal combustion engine, will continue to make efficiency improvements to defend its position as a cost-efficient and convenient powertrain option. These gains will include downsizing, increased thermal and mechanical loading, and increased specific performance. These developments can benefit from stronger materials such as CGI.

Code of Conduct

The Board of Directors has established a Code of Conduct to guide the way that the company is represented. The guidelines provided in the Code of Conduct are established to reinforce the recognition, respect and leadership position that SinterCast enjoys in industry and in society. SinterCast is committed to high and consistent standards of integrity and ethics. The Board and the management are committed to leading by example and to ensuring that the Code of Conduct is honoured by all employees, Board members and key suppliers.

Operational Risks

Major Customers

In recent years, SinterCast has actively worked to expand its customer base in order to reduce its dependence on individual foundry customers. As of 31 December 2022, SinterCast had 57 installations in 13 countries. In 2022, the three largest customers represented SEK 64.9 million (SEK 50.2 million), SEK 20.6 million (SEK 20.9 million) and SEK 12.9 million (SEK 8.0 million) of the company's sales while the five largest customers accounted for approximately SEK 107.8 million (SEK 87.3 million) of sales.

	GROUP	
Revenue major Customers	**2022**	2021
Top 3	**83%**	**74%**
Top 5	**91%**	**81%**
Total	**100%**	**100%**

Revenue major Customers	**2022**	2021
Top 3	**98.4**	**79.2**
Top 5	**107.8**	**87.3**
Total	**118.7**	**107.5**

As a result, the loss of a single foundry customer, capacity constraints at any such customer, or stoppages in the production of any high-volume engine programme could – at least in the short term – have a significant negative impact on the company's revenue and result.

Key Personnel

For the foreseeable future, SinterCast will be dependent on the expertise and creativity of a core group of key personnel. These people have the knowledge, experience and contacts that develop and support the underlying technology and that maintain the customer support and sales activities. The departure of one or more of these individuals could have a negative effect on the company's business. Overlap periods for retiring employees are a key part of the company's human resource planning. The Board of Directors has implemented annual and long-term incentive programmes to manage this risk and to motivate, retain and reward employees. The recent recruitment of technical and administrative staff has also helped to distribute the core know-how and broaden the competence within the company. SinterCast strives to provide a challenging and rewarding work environment.

Patents and Intellectual Property Rights

The company has implemented a strategy to protect its technology through patents or other intellectual property rights to preserve its leading position within liquid metal process control. The company applies for patents in selected countries that are relevant to the foundry and/or automotive industries, while retaining much of the core technology as knowhow. However, there is no guarantee that the company will continue to be granted patents in the relevant geographic markets or will be able to defend the patents that have been granted. There is also a risk that new technologies may be developed which circumvent the company's patents. During the recent years, some of the older patents have expired. This is not considered to be a risk because these patents no longer reflected the company's current technology. Also, as the SinterCast technology has evolved, the company has allowed selected patents to lapse, as it was judged that continued payment of the national phase annuities for these patents would not provide a return on the investment.

Risk for Claims

The risk for claims refers to the costs that SinterCast could incur to replace or rectify non-conforming or defective products or systems and the possible costs for customer-levied penalties. SinterCast endeavours to resolve any claim quickly and efficiently to ensure customer satisfaction and loyalty, even if such resolutions result in short term costs. The Group's cost for claims amounted to less than one percent of turnover. SinterCast strives to minimise its risks for claims by means of comprehensive testing during the development phase, through quality control, planned customer visits and proactive customer support.

Social Engineering Fraud Risk

Social engineering fraud refers to a variety of techniques used by fraudsters to deceive and manipulate victims into voluntarily performing actions which result in them giving out confidential information or transferring funds. To minimise the risk of fraud, the bank details for all new suppliers – and changes of bank details for existing suppliers – are checked and documented according to internal instructions. An IT-base anti-fraud training programme has been implemented for all employees.

Financial Risks and Financial Instruments

The Board of Directors has established the SinterCast finance policy to provide a framework for how different types of financial risks shall be managed and to define the risk exposure with which the business may be operated. The objective of this policy is to maintain a low risk profile. In general, risks and principles are applicable for both the Parent Company and the Group. Please see “Accounting Policies” for more detailed information regarding the SinterCast classification of financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Group's short term cash and cash equivalents requirements may not be met. Planning of the Group's future requirements for liquid funds is facilitated by continuously updating the Group's requirements for liquidity over a 12-month period. The Board must be promptly notified of any sudden or expected decline in the Group liquidity. The risk is limited by holding sufficient cash and cash equivalents and if necessary, securing granted but unused credit facilities that can be utilised without conditions, for at least a 12-month period. During 2022, an unused overdraft credit facility in the amount of SEK 12.5 million was established. The liquidity risk is considered as low. Following the increase in working capital (customers receivables and inventory) activities are in place to improve the working capital as it is important for lowering the liquidity risk. The liquidity amount requirement to operate the business has improved since the yearly dividend payment has been changed to two dividend payments.

Liquidity	Group		Parent Company	
Amounts in SEK million	**2022**	2021	**2022**	2021
Cash at bank	**14.2**	27.5	**11.8**	23.7
Total	**14.2**	27.5	**11.8**	23.7

Maturity Structure	2022		2021	
Group (Parent Company)	**Total**	<30 days	**Total**	<30 days
Total cash & equivalents	**14.2(11.8)**	13.9(11.5)	**27.5(23.7)**	27.2(23.4)
Receivables	**34.1(34.0)**	0.5(0.5)	**29.6(25.1)**	2.0(2.0)
Income from leases	**0.1(0.1)**	0.0(0.0)	**0.1(0.1)**	0.0(0.0)
Total	**48.4(45.9)**	**14.4(12.0)**	**57.2(48.9)**	**29.2(25.4)**
Total payable, ex salaries	**4.1(3.9)**	4.1(3.9)	**4.1(3.9)**	4.1(3.9)
Expenses from leases	**1.9(1.3)**	0.2(0.1)	**2.0(1.3)**	0.2(0.1)
Total	**6,0(5,2)**	**4.3(4.0)**	**6.1(5.3)**	**4.3(4.0)**

Refinancing Risk

Refinancing risk is the risk that the Group will be unable to raise new loans or to refinance existing loans, when falling due. Planning of the Group's future finance requirements is facilitated by continuously updating the Group's finance forecasts over a five year period and reviewing existing loans, if any. The company also maintains frequent and positive relations with its banks. Only the Board can approve new loans.

Credit Risk, Customers and Deposits

Credit risk is the risk that any counterparty may not be able to fulfil its commitments and, as a consequence, the Group suffers a loss. Prior to entering a business relationship with a new customer, professional credit information about the customer is obtained and reviewed. Before offering credit, financing guarantee products that provide cover against payment risks are evaluated and the credit terms and terms of payments are determined accordingly. This is also valid regarding deposits. Credit risk in excess of SEK 7 million must be approved by the Board. Credit risk is handled by the Group's finance function. Credits are systematically monitored and followed up. The majority of the Group's customers are large, well-known companies and organisations. The credit risk is distributed among the majority of the customers. Historical bad debt losses have been low. However, during 2022, SinterCast did experience a loss of customer receivables in the amount of SEK 4.9 million due the termination of the deferred purchase agreement with WHB. SinterCast operates without credit insurance as the risk from the major customers is low, the terms are not appropriate for the international customer base, and the overall judgement that the cost of the premiums will not provide a return on the investment. Provision for bad debts has been made amounting to SEK 1.2 million (SEK 1.5 million).

Credit Risk	Group		Parent Company	
Amounts in SEK million	**2022**	2021	**2022**	2021
Receivables, not due	**31.2**	21.4	**31.2**	17.1
Due <30 days	**0.5**	2.0	**0.5**	2.0
Due 31-90 days	**1.1**	2.1	**1.0**	2.0
Due 91-180 days	**1.1**	1.5	**1.1**	1.4
Due > 180 days	**1.4**	-	**1.4**	-
Provision bad debts	**-1.2**	-1.5	**-1.2**	-1.5
Total trade receivables	**34.1**	**25.5**	**34.0**	**21.0**

Bond investments shall be made in bond funds such that all funds shall be Standard & Poors BBB or above, with a maximum of 50% of the funds allocated to the BBB class. The Group shall not invest in securities or funds which are exposed to long term interest rate risks.

Interest Rate Risk

Interest rate risk is the risk that variations in interest rates will have a negative impact on the Group results. The aim is to minimise the interest rate risk by investing the Group's liquid funds in a well-balanced portfolio. Interest rate risk exists in short term investments, bank deposits, lease liabilities and outstanding loans due to variability of interest rates. An interest rate change of one percentage point up or down corresponds to an interest risk of approximately SEK 0.0 million for SinterCast's short term investments and bank deposits.

Currency Risk

Currency risk is the risk that the value of future flows, loans, and equity may change as a result of foreign exchange rate fluctuations. This risk can be further subdivided as follows:

Transaction exposure is the risk that the value in Swedish krona of actual and estimated net inflows in foreign currencies varies with the exchange rate. The net inflow of exposed currencies shall be budgeted for the next 12 months and presented to the Group's banks and other financial advisors for guidance on future hedging. The annual hedging policy is decided upon in conjunction with the budget at the autumn Board meeting and the current hedge position is thereafter reviewed by the Board every Board meeting and in the internal Monthly Reports.

Major Currencies Exchanged

Currency	2022	2021	Diff
Sold			
USD	**10.9**	10.9	-
EUR	**0.5**	0.5	-
Bought			
GBP	**0.9**	0.5	0.4
SEK	**105.1**	92.8	12.3

The Group´s net inflow of foreign currency primarily consists of USD and EUR while its expenses are primarily in SEK. Increased revenue in foreign currency will increase the transaction exposure and increased expenses outside Sweden paid in USD or EUR will increase the natural hedge of the USD and EUR inflow and thereby reduce the transaction exposure.

The net surplus of foreign currency primarily consists of USD and EUR which are primarily exchanged to SEK and GBP. During 2022, foreign currencies exchanged to SEK amounted to approximately USD 10.9 million (USD 10.9 million) and EUR 0.5 million (EUR 0.5 million). Foreign currencies exchanged to GBP amounted to approximately SEK 1.1 million (SEK 0.5 million)

During 2022, the average USD/SEK exchange rate increased by 18%, from 8.6 to 10.1. The EUR/SEK exchange rate increased by 5% from 10.1 to 10.6.

Average Exchange Rate Changes Major Currencies

versus SEK	2022	2021	%
USD	**10.1**	8.6	18%
EUR	**10.6**	10.1	5%
GBP	**12.5**	11.8	6%

The exchange rate movement in these currencies in 2022 effected the net currency flow by approximately SEK 17.0 million (SEK -6.9 million).

Exchange Rate Movements in Net Currency Flow

(SEK)	2022	2021	Diff
USD	**16.7**	-6.7	23.5
EUR	**0.2**	-0.2	0.4
Total	**17.0**	**-6.9**	**23.9**

An exchange rate increase of 10 percent in the main net currency flows versus SEK, has an effect of approximately (USD) SEK 11.0 million and (EUR) SEK 0.6 million on the future net currency flows.

Risk in Net Currency flow

(+10%)	2022	2021	Diff
USD	**11.0**	9.3	1.7
EUR	**0.6**	0.5	0.1
Total	**11.6**	**9.8**	**1.8**

All presented figures above are before consideration of hedges made in accordance with the Finance Policy. The combined currency movement, phasing on conversions made and other currency effects, excluding hedges, on the Income Statement during 2022, amounted to approximately SEK 17.8 million (SEK -8.7 million.)

In accordance with the Group's Finance Policy, part of the expected and budgeted flow of USD and EUR was hedged for the following 12-month period. Outstanding currency forward exchange contracts on the balance sheet date were:

Forward Exchange Contracts

SEK million	2022		2021	
	Total	**<6 month**	Total	<6 month
USD	**5.4**	**3.0**	0.4	0.4
EUR	**-**	**-**	2.3	1.1

Translation exposure is the risk of holding net assets in a foreign subsidiary (i.e. subsidiaries with a base currency other than SEK). Currently, the net assets in foreign subsidiaries are not hedged. This is reviewed on a yearly basis, in conjunction with the Finance Policy review and approval. Any changes to the hedge decision must be approved by the Board.

The value of the Group's net assets, meaning the difference between capital employed and net debt, amounted to SEK 15.5 million, (SEK 11.2 million) and was distributed among the following currencies:

Net Assets in Foreign Subsidiaries

Amounts in SEK million	**2022**	2021
USD	**7.5**	5.8
GBP	**4.8**	3.7
KRW	**1.6**	1
RMB	**1.6**	0.7

If the currency moves 10% towards SEK, the following translation effect will arise, and will affect the result before tax correspondingly.

Translation Risk in Net Assets in Subsidiaries

Amounts in SEK million	**2022**	**2021**
USD	0.8	0.6
GBP	0.5	0.4
KRW	0.2	0.1
RMB	0.2	0.1

Loan exposure is the risk of holding loans denominated in a foreign currency, which are not used to hedge the transaction or equity position. The matching principle is applied to funds borrowed externally. Accordingly, if possible, money is raised, or hedged, in the currency in which it is intended to invest the funds. Internal loans are denominated in the currency of the lender. External foreign currency loans must be approved by the Board.

Capital Risk

Capital Risk is the risk that the Group's capital structure is not efficient or that there are risks that may cease the Group's operation.

The Group's objective in respect of the capital structure, equity versus loans, is to optimise the capital structure in order to secure that SinterCast is able to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders and in order to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group must seek approval from the shareholders to issue new shares, buy-back shares or distribute dividends. The capital structure is regularly monitored and the Board is updated of the current capital structure and provided with proposals to be decided upon. The Group equity on the balance sheet day amounted to SEK 111.9 million (SEK 113.8 million). The equity of SinterCast AB amounted to SEK 96.6 million (SEK 102.9 million). During 2022, an unused overdraft credit facility in the amount of SEK 12.5 million was established. The foreign subsidiaries have been financed by internal loans and equity

27 Events After the Balance Sheet Date

There have been no other significant events since the balance sheet date of 31 December 2022 that could materially change these financial statements.

The balance sheets and the income statements shall be presented for approval at the Annual General Meeting of shareholders on Tuesday 16 May 2023.

28 Proposed Allocation of Profits in SinterCast AB (publ)

The following earnings in the Parent Company are at the disposal of the Annual General Meeting.

Amounts in SEK	
Share premium reserve	35,336,610.00
Result brought forward	11,542,373.00
Result for the year	29,184,262.00
Total non-restricted equity of the Parent Company	**76,063,245.00**

The Board of Directors proposes to the AGM that earnings be distributed as follows.

Amounts in SEK	
A dividend of SEK 5.5 per share shall be distributed	38,995,731.50
To be retained by the Parent Company*	37,067,513.50
Total	**76,063,245.00**
* of which Share premium reserve	35,336,610.00

29 Definitions

Definitions and reconciliation

The European Securities and Markets Authority (ESMA) has issued guidelines regarding alternate key ratios for listed companies. Alternative ratios relate to financial key figures and share data used by management to control and evaluate the Group’s business, other than those defined in the applicable financial reporting framework (IFRS). These ratios are also considered to be of interest to external investors and analysts who monitor the company. The key ratios are calculated according to the following definitions using the figures presented in the financial statements. According to management judgement, reconciliation of the key ratios has not been presented because the calculations are based on non-adjusted figures.

Operating margin %
Operating results as percentage of revenue

Solidity %
Adjusted shareholders' equity expressed as percentage of total assets end of period

Equity per share
Shareholders' equity divided by the average number of shares

Capital employed
Total assets less non-interest-bearing liabilities

Return on shareholders' equity %
Result for the period as a percentage of average shareholders' equity

Return on capital employed %
Result for the period as a percentage of average capital employed

Return on total assets %
Result for the period as a percentage of total average assets

Average number of shares
Weighted average of the number of shares outstanding for the period

Average number of shares adjusted for dilution
Weighted average of the number of shares for the period adjusted for dilution

Earnings per share
Result for the period divided by the average number of shares

Earnings per share, diluted
Result for the period divided by the average number of shares adjusted for dilution

Dividend per share
Dividend divided by the number of shares

Cashflow from operations per share
Cashflow from operations divided by the number of shares

Share price at the end of the period
Latest paid price for the SinterCast share at NASDAQ Stockholm stock exchange

Value presented as "0.0"
Amount below SEK 50,000

Value presented as "-"
No amount applicable

Signatures

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of the operations. The Directors' Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of the operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 22 March 2023

Jan Åke Jonsson Chairman of the Board	Robert Dover Member of the Board	Jun Arimoto Member of the Board
Steve Gill Member of the Board	Åsa Källenius Member of the Board	Steve Dawson Member of the Bord & Managing Director

Our audit report was submitted on 22 March 2023
KPMG AB

Jonas Eriksson
Authorised Public Accountant

Auditor’s Report

To the general meeting of the shareholders of SinterCast AB (publ), corp. id 556233-6494

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of SinterCast AB (publ) for the year 2022, except for the corporate governance statement on pages 35-43.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 35-43. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the 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.

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.

Deferred tax asset – valuation of tax losses carried forward

See disclosure 12 and accounting principles on pages 52-60 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The consolidated and the parent company’s balance sheet include ‘Deferred taxes’. As per year end, whis amounts to SEK 51,1 (48,1) million, which corresponds to 39% of balance sheet totals and is attributable to taxable deficit deductions in Sweden of SEK 248 (233,5) million of which could be used against future taxable surpluses according to the company management’s assessment. Details of the total tax losses are disclosed in note 12 in the financial statements.

The estimation of future taxable surpluses requires both judgment and interpretations of the tax legislation as estimates of future market conditions. The accounted value of deferred taxes may vary significantly if other assumptions is used when expecting future profits and the possibilities to use the deficit deductions.

The company management assesses that the utilization of tax losses carried forward are limited to future earnings from secured CGI programs. The future taxable income which can be offset against tax losses carry forward is calculated, based on a mathematical model.

With reference to that the accounted value of the deferred taxes are based on judgments of applicable law and future profits, there is a risk that the value could be over- or underestimated and every correction of the value directly affects the period’s result, whereof the valuation of the deficit deductions is deemed to be a key audit matter.

Response in the audit

Our audit has included the following:

- We have obtained the mathematical model and assessed if it is mathematical correct and if it is consistently applied. Also, applied exchange rates have been reviewed.
- We have assessed the reasonableness of the calculation by comparing estimated future production rates, revenue and cost levels against historical information in the company’s system and we have
- Compared revenue data that is applied in the model against underlying agreements on sample basis.
- We have challenged management assessments as to whether the data relating to future taxable income is reasonable and if there are any known changes regarding income from production fees and consumables.
- We have also made inquiries to management and board regarding the fairness and sustainability of future production levels and revenues.

We have also assessed the underlying facts and circumstances which is presented in the annual report and reviewed if the information is extensive enough to understand the company management’s assessment.

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 3-30 and on pages 88-91. The other information comprises also of the remuneration report which we obtained prior to the date of this 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements
Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SinterCast AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group’s equity, consolidation requirements, liquidity and position in general.
The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner.
The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company’s profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company’s situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors’ proposed appropriations of the company’s profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor’s examination of the Esef report

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 SinterCast AB (publ) for year 2022.

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 SinterCast 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 the 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 audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The 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 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 the 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 XHMTL 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 35-43 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of SinterCast AB (publ) by the general meeting of the shareholders on the 17th of May 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2020.

Stockholm

KPMG AB

Jonas Eriksson

Authorized Public Accountant

Historical Summary – Group

Amounts in SEK million	2022	2021	2020	2019	2018
Profit and Loss accounts					
Revenue	**118.7**	**107.4**	95.4	116.5	87.7
Operating result	**30.6**	**29.5**	21.7	40.1	29.4
Financial net	**-0.3**	**-0.4**	0.6	-0.2	-
Tax	**2.9**	**3.9**	-0.1	8.3	3.3
Result for the year	**33.1**	**32.9**	**22.2**	**48.2**	**32.7**
Cashflow analysis					
Cashflow from operations before change in working capital	**35.6**	**32.0**	25.4	43.0	31.6
Change in working capital	**-10.2**	**0.9**	-3.3	-5.2	-6.8
Cashflow from operations	**25.4**	**32.9**	**22.1**	**37.8**	**24.8**
Cashflow from investments	**-1.7**	**-2.7**	-2.8	-1.2	-2.6
Cashflow from financial operations	**-37.1**	**-29.1**	-25.9	-36.5	-19.5
Exchange rate differences in cash and cash equivalents	**-**	**0.1**	-	-	-
Change in cash position	**-13.3**	**1.2**	**-6.6**	**0.1**	**2.7**
Balance sheet					
Assets					
Fixed assets	**62.2**	**64.9**	62.8	55.8	45.7
Other current assets	**54.1**	**39.1**	38.6	38.9	31.7
Cash and bank deposits	**14.2**	**27.5**	26.3	32.9	32.8
Total assets	**130.5**	**131.5**	**127.7**	**127.6**	**110.2**
Total shareholders' equity	**111.9**	**113.8**	108.8	111.7	99.2
Long-term liabilities	**1.5**	**2.4**	3.2	1.9	-
Current liabilities	**17.1**	**15.3**	15.7	14.0	11.0
Total shareholders' equity and liabilities	**130.5**	**131.5**	**127.7**	**127.6**	**110.2**
Key ratios					
Operating margin, %	**25.8**	**27.4**	22.7	34.4	33.5
Solidity, %	**85.8**	**86.6**	85.2	89.7	90.0
Capital employed	**111.9**	**113.8**	112.0	113.6	99.2
Return on shareholders' equity, %	**29.4**	**29.6**	20.2	45.7	35.4
Return on capital employed, %	**29.4**	**29.6**	19.7	45.7	35.4
Return on total assets, %	**25.3**	**25.4**	17.4	40.5	31.9
Earnings per share, SEK	**4.68**	**4.65**	3.10	6.80	4.60
Dividend per share, SEK	**5.00**	**4.00**	3.50	5.00	2.80
Cashflow from operations/share, SEK	**3.59**	**4.64**	3.90	5.30	3.50
Employees					
Number of employees at the end of the period	**32**	**30**	28	23	21
Average number of employees	**31**	**29**	26	22	21

Definition of key ratios can be found in Note 29.

SinterCast Share

The SinterCast share has been listed and quoted on the Small Cap segment of the Nasdaq Stockholm stock exchange, since 26 April 1993. ABG Sundal Collier is the appointed liquidity provider for the SinterCast share in order to improve the volume and thereby the liquidity, and to decrease the difference between quoted prices. ABG Sundal Collier undertakes to continuously, for its own account, and during the opening hours of the Nasdaq Stockholm stock exchange, quote prices for the SinterCast share in accordance with the at all times prevailing minimum requirements for liquidity providers set out by Nasdaq Stockholm. The SinterCast share capital on 31 December 2022 was SEK 7,090,133 (SEK 7,090,133 on 31 December 2021) at par value of SEK 1 per share.

SinterCast had approximately 3,700 (3,700) shareholders on 31 December 2022. As of 31 December 2022, the SinterCast Board, management and employees controlled 1.0% (1.1%) of total shares.

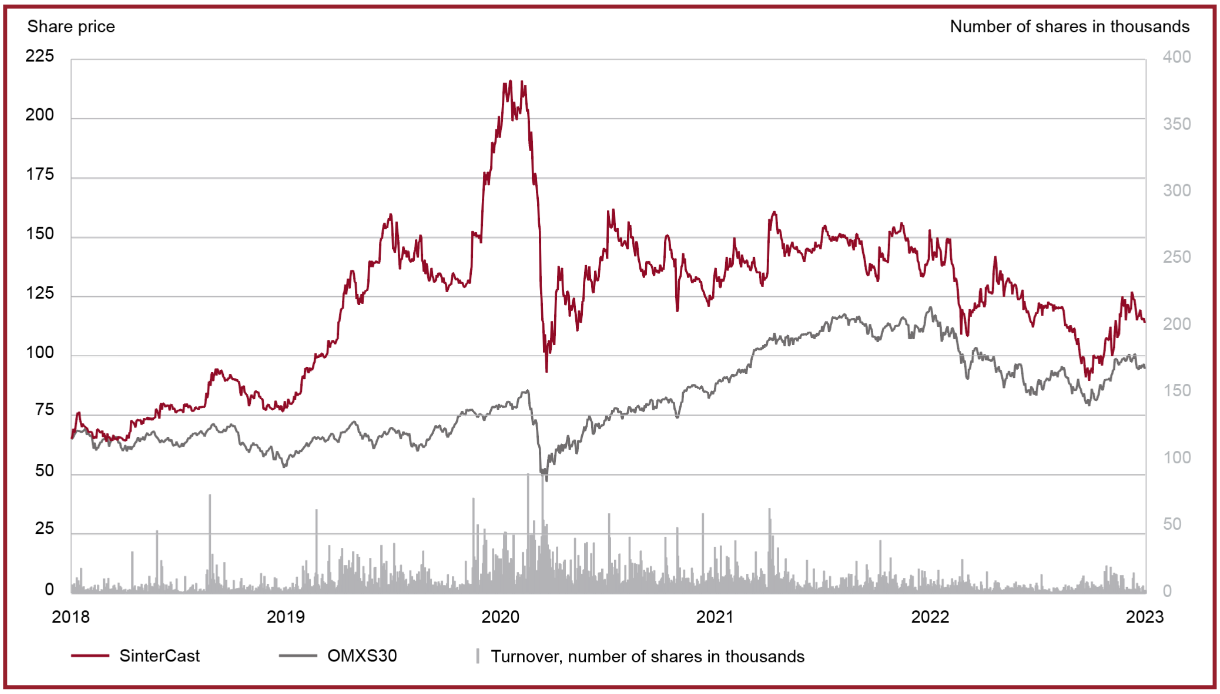
SinterCast Major Shareholder 31 December 2022

Major Shareholders	Shares	%
Avanza Pension	920,048	13.0%
Ulf Stenbeck incl. affiliates	656,063	9.3%
Nordnet Pensionsförsäkring	436,202	6.2%
Torbjörn Gustafsson	334,202	4.7%
Lars Ahlström Dbo	326,875	4.6%
Canaccord Genuity Wealth Management	259,665	3.7%
Jan Olof Brandels	176,424	2.5%
Bergsjöholm Förvaltning AB	155,000	2.2%
Måns Flodberg	150,000	2.1%
VLTCM Ltd	135,020	1.9%
Hans Christer Lund	127,820	1.8%
eQ Asset Management Oy	123,676	1.7%
Franz Jörgen Holm	60,000	0.8%
Martin Karlberg	50,000	0.7%
Handelsbanken Liv Försäkring AB	47,062	0.7%
Jörgen Gyllensten	46,100	0.7%
Fredrik Dahlgren	43,910	0.6%
Andersson Johansson Art Invest AB	43,910	0.6%
Steve Dawson	40,000	0.6%
Ulf Aspenberg	38,734	0.5%
Swedbank Försäkring	36,279	0.5%
Sven Persson	34,000	0.5%
Håkan Carlsson	32,000	0.5%
Handelsbanken Fonder	31,312	0.4%
Palmgrengruppen AB	26,500	0.4%
Total top 25	**4,330,802**	**61.1%**

Country	Number of shares	Number of known owners
Sweden	6,367,729	3,570
United Kingdom	310,854	18
Cayman Islands	179,763	1
Finland	128,805	12
Spain	22,876	4
France	21,300	1
Austria	20,585	3
United States	11,792	9
Norway	11,149	16
Denmark	10,060	17
Others	5,220	49
Total	**7,090,133**	**~3,700**

Size class	Number of shares	Number of known owners
1 - 1,000	610,850	3,182
1,001 - 2,000	273,702	186
2,001 - 5,000	576,275	175
5,001 - 10,000	440,636	60
10,001 - 20,000	551,581	40
20,001 - 50,000	745,428	24
50,001 - 100,000	60,000	1
100,001 - 500,000	2,269,627	10
500,001 -	1,576,111	2
Anonymous own.	-14,077	-
Total	**7,090,133**	**~3,700**

SinterCast Share January 2018–December 2022



Share Data

Amounts in SEK	**2022**	2021	2020	2019	2018
Number of shares at the end of the period	**7,090,133**	7,090,133	7,090,133	7,090,133	7,090,133
Average number of shares during the period	**7,090,133**	7,090,133	7,090,133	7,090,133	7,090,133
Average number of shares during the period adjusted for outstanding warrants1	**7,090,133**	7,090,133	7,090,133	7,090,133	7,090,133
Earnings per share	**4.68**	4.64	3.10	6.80	4.60
Earnings per share diluted	**4.68**	4.64	3.10	6.80	4.60
Equity per share	**15.79**	16.05	15.30	15.80	14.00
Equity per share adjusted for outstanding warrants	**15.79**	16.05	15.30	15.80	14.00
Dividends per share	**5.00**	4.00	3.50	5.00	2.80
Share price at the end of the period	**114.00**	140.80	124.20	195.00	80.80
Highest share price during the period	**153.60**	163.00	222.00	195.50	94.60
Lowest share price during the period	**87.80**	123.00	91.60	78.00	63.80
Number of shareholders	**3,680**	3,714	3,999	4,019	2,783
Non-Swedish shareholdings, % of share capital	**10.2**	11.5	18.0	17.0	19.0
Swedish shareholdings, % of share capital	**89.8**	88.5	82.0	83.0	81.0
Market value, SEK million	**808.3**	998.3	880.6	1382.6	572.9

Notes:

1 Calculated as per the recommendations of IAS 33

Definition of key ratios can be found in Note 29

Important Dates

Annual General Meeting

The Annual General Meeting 2023 will be held on Tuesday 16 May 2023.

Information

The financial report January−March 2023 will be published on 26 April 2023.

The financial report April−June 2023 will be published on 16 August 2023.

The financial report July−September 2023 will be published on 8 November 2023.

The financial report October−December 2023 and Full Year Results 2023 will be published on 14 February 2024

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QUALITY SYSTEM CERTIFICATION DNV ISO 9001

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