

# **Sandvik A/S**

Herstedvang 14, 1.

2620 Albertslund

CVR-nr.: 19430839

## **Annual Report 2020**

The annual Report was presented and  
adopted at the Annual General Meeting of  
Sandvik A/S on 11 May 2021

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Chairman

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Sandvik A/S for the financial year 1 January 2020 – 31 December 2020.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a fair view of the assets, liabilities and the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020–31 December 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Albertslund, 11 May 2021

## **Executive Management**

Per Christian Alfsen

## **Board of Directors**

Carl Erik Jansson  
Chairman

Marcus Franciscus Maria Zwinkels

Per Christian Alfsen

## **Independent Auditor's Report**

### **To the shareholder of Sandvik A/S**

#### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of Sandvik A/S at 31 December 2020, and of the results of Sandvik A/S' operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sandvik A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Sandvik A/S in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other 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 opinion.

#### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing Sandvik A/S' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate Sandvik A/S' or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, 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 opinion. 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 internal control relevant to the 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 Sandvik A/S' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sandvik A/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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Sandvik A/S to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 11 May 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant  
mne28703

Anders Røjleskov

State Authorised Public Accountant  
mne28699

## Company details

<b>Company</b>	Sandvik A/S Herstedvang 14, 1. DK-2620 Albertslund
Telephone	43 46 51 00
Telefax	43 96 60 81
Website	<a href="http://www.sandvik.dk">www.sandvik.dk</a>
CVR-no.	19430839
Registered office	Albertslund
Financial year	1 January 2020 – 31 December 2020

<b>Board of Directors</b>	Carl Erik Jansson, Chairman Marcus Franciscus Maria Zwinkels Per Christian Alfsen
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<b>Executive Management</b>	Per Christian Alfsen, MD
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<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup CVR-no.: 33771231
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## Income Statement

	Note	2020 t.kr.	2019 t.kr.
<b>Gross result</b>	3	<b>30.948</b>	<b>30.750</b>
Staff expense	4	<u>-23.817</u>	<u>-23.785</u>
<b>Profit before interest and tax</b>		<b>7.131</b>	<b>6.965</b>
Finance income		0	0
Finance expenses		<u>-548</u>	<u>-178</u>
<b>Profit before tax</b>		<b>6.583</b>	<b>6.787</b>
Tax expense on activities	5	<u>-1.282</u>	<u>-1.446</u>
<b>Profit for year</b>		<b>5.301</b>	<b>5.341</b>
<b>Proposed distribution of results</b>			
Proposed dividend recognized in equity		5.300	5.200
Retained earnings		<u>1</u>	<u>141</u>
<b>Distribution of profit</b>		<b>5.301</b>	<b>5.341</b>

## Balance Sheet as of 31 December

	Note	2020 t.kr.	2019 t.kr.
<b>Assets</b>			
Goods for resale		899	1.051
<b>Inventories</b>		<u>899</u>	<u>1.051</u>
Trade receivables		14.889	17.720
Receivables from group enterprises		19.081	13.687
Other receivables		221	217
Corporation tax		717	0
Prepayments		203	804
Deferred tax		115	123
<b>Receivables</b>		<u>35.226</u>	<u>32.551</u>
<b>Current assets</b>		<u>36.125</u>	<u>33.602</u>
<b>Total Assets</b>		<u>36.125</u>	<u>33.602</u>



## Balance Sheet as of 31 December

	Note	2020 t.kr.	2019 t.kr.
<b>Liabilities</b>			
Share capital		15.000	15.000
Retained earnings		142	141
Proposed dividend for the year		5.300	5.200
<b>Equity</b>		<b><u>20.442</u></b>	<b><u>20.341</u></b>
Trade payables		436	346
Payables to group enterprises		7.985	6.088
Corporation tax		0	499
Other payables		7.262	6.328
<b>Current liabilities</b>		<b><u>15.683</u></b>	<b><u>13.261</u></b>
<b>Liabilities</b>		<b><u>15.683</u></b>	<b><u>13.261</u></b>
<b>Total liabilities and equity</b>		<b><u>36.125</u></b>	<b><u>33.602</u></b>
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## Statement of changes in Equity

	Share capital t.kr.	Retained earnings t.kr.	Proposed dividend for the year t.kr.	Total t.kr.
Equity 1 January 2020	15.000	141	5.200	20.341
Dividend paid	0	0	-5.200	-5.200
Profit (loss)	0	1	5.300	5.301
<b>Equity 31 December 2020</b>	<b>15.000</b>	<b>142</b>	<b>5.300</b>	<b>20.442</b>

The share capital consists of 1 share of a nominal value of DKK 15,000,000. No shares carry any specific rights.

## **Notes**

### **1. Accounting policies**

#### **Reporting Class**

The Annual Report of Sandvik A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies used in preparation of the financial statements are consistent within those of last year.

#### **Translation policies**

Thousand Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the date of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

#### **Income Statement**

##### **Gross profit/loss**

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Act.

Gross profit/loss comprises revenue less cost of sales.

Revenue from the sale of goods for resale and finished goods is recognized in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is recognized excl. VAT and indirect taxes.

Cost of sales comprises costs incurred in generating revenue for the year. Such costs include direct and indirect costs for raw materials and consumables.

Other operating income comprises items of a secondary nature to the activities of the enterprises.

##### **Other external expenses**

Other external expenses comprise of expenses for premises, sales and distribution as well as office expenses, etc.

## Notes

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Financial income and expenses

Financial income and expenses are recognized in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realized and unrealized capital gains, debt and foreign currency transactions, and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognized directly in equity. The Company and Danish group enterprises are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Inventories

Inventories is measured at cost on the basis of the FIFO principle or at the net realizable value if the latter is lower.

Good for resale are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated at the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Prepayments

Prepayments recognized as assets comprise costs regarding subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

### Equity

Proposed dividend for the year is recognized as a separate item in equity.

### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

## Notes

Deferred tax assets, including the tax base losses allowed for carryforward, are recognized at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

### **Other liabilities**

Other liabilities are measured at amortized cost which usually corresponds to the nominal value.

### **Current tax liabilities**

Current tax liabilities and current tax receivables are recognized in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### **Contingent assets and liabilities**

Contingent assets and liabilities are not recognized in the Balance Sheet but appear only in the notes.

## **2. Core activity**

Sandvik A/S is the legal Centre for a number of representative units of the Swedish ultimate parent company, Sandvik AB. These units have their own management channels and are managed by the parent company, while Sandvik A/S coordinates certain administrative and legal services in Denmark. Accordingly, major changes can be made in one unit without significant effects on other units.

Sandvik A/S is a trading company which sells hard metal and high-speed tools within cutting machining, etc. In addition, Sandvik A/S facilitates the sale of stainless steel through global organization EMEA on behalf of Sandvik AB.

The domicile in Albertslund accommodates and/or manages the following divisions: Sandvik Coromant, Sandvik Material Technology, Sandvik Hard Materials, Dormer Tools and WTP (Walter Titex Prototyp).

## Notes

### 3. Gross result - special items

The Company have experienced a decline in activity during 2020 due to Covid-19. Therefore, the Company has received salary compensation in the amount of 905 t.kr. from the Danish State, which is included in Gross result. Severance payments of 1.650 t.kr. is included in staff expense.

	2020 t.kr.	2019 t.kr.
<b>4. Staff expense</b>		
Wages and salaries	21.768	21.762
Post-employment benefit and expense	1.802	1.701
Social security contributions	247	322
	<u>23.817</u>	<u>23.785</u>
Average number of employees	<u>24</u>	<u>26</u>

### 5. Tax expense

Current tax for the year	1.323	1.457
Deferred tax adjustment for the year	8	-7
Current tax adjustment for previous years	-49	-4
	<u>1.282</u>	<u>1.446</u>

### 6. Contingent liabilities

The Company has entered into operating leases and rental agreements with regard to cars and premises with a total lease obligation of t.kr. 1.379 (0-1 year: t.kr. 725; 2-5 years: t.kr. 654, and more than 5 years: t.kr. 0)

The Company is jointly taxed with other group companies. The Company and the other Companies subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

### 7. Collaterals and securities

The Company has not provided guarantees at 31 December 2020

## Notes

### 8. Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

<u>Name</u>	<u>Place of registered office</u>
Sandvik AB	Sweden

The Group Annual Report of Sandvik AB may be obtained at the following address:

Sandvik AB  
Box 510  
SE-10130 Stockholm

### 9. Subsequent events

As per 1 May 2021, the Company's two branches in the Baltic countries have been acquired by another group company, Sandvik Coromant Finland OY. The transfer will reduce the activities of the Company with 20 - 25 %, thus, having a material impact on future earnings of the Company. The Company is still expected to generate a profit in future years.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.