

Year-end report 2022

Press release 2 February 2023

Q4 2022

- Net sales of SEK 25,361 million (20,986).
- Organic growth 9.7% (3.8%).
- Adjusted operating profit of SEK 2,542 million (2,260).
- Operating profit SEK 2,069 million (2,594).
- Adjusted operating margin 10.0% (10.8%).
 - Industrial 11.9% (14.0%).
 - Automotive 5.4% (2.5%).
- Operating margin 8.2% (12.4%).
 - Industrial 9.7% (15.8%).
 - Automotive 4.2% (3.6%).
- Net cash flow from operations SEK 3,351 million (1,231).
- Basic earnings per share SEK 1.96 (3.74).

Full year 2022

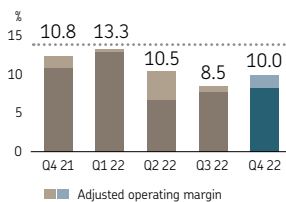
- Net sales of SEK 96,933 million (81,732).
- Organic growth 8.1% (12.6%).
- Adjusted operating profit of SEK 10,204 million (10,839).
- Operating profit SEK 8,532 million (10,758).
- Adjusted operating margin 10.5% (13.3%).
 - Industrial 13.3% (16.1%).
 - Automotive 3.6% (6.2%).
- Operating margin 8.8% (13.2%).
 - Industrial 11.3% (15.9%).
 - Automotive 2.4% (6.3%).
- Net cash flow from operations SEK 5,641 million (5,248).
- Basic earnings per share SEK 9.81 (16.10).

Financial overview

MSEK unless otherwise stated	Q4 2022	Q4 2021	2022	2021
Net sales	25,361	20,986	96,933	81,732
Adjusted operating profit	2,542	2,260	10,204	10,839
Adjusted operating margin, %	10.0	10.8	10.5	13.3
Operating profit	2,069	2,594	8,532	10,758
Operating margin, %	8.2	12.4	8.8	13.2
Adjusted profit before taxes	2,166	1,994	8,965	10,143
Profit before taxes	1,693	2,328	7,293	10,063
Net cash flow from operating activities	3,351	1,231	5,641	5,248
Basic earnings per share	1.96	3.74	9.81	16.10
Adjusted earnings per share	3.00	3.01	13.49	16.28

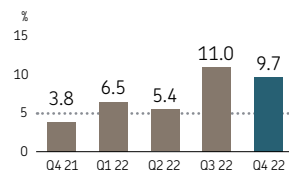
Operating margin¹⁾

TARGET 14%



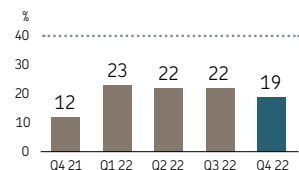
Revenue growth²⁾

TARGET 5%



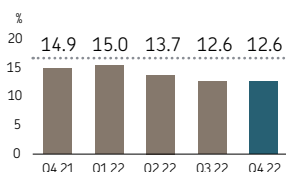
Net debt/Equity³⁾

TARGET <40%



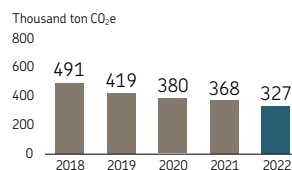
ROCE¹⁾

TARGET 16%



Net zero by 2030^{4) 5)}

TARGET 0 BY 2030



SKF's long-term targets shall be achieved over a business cycle

- 1) Adjusted for items affecting comparability.
- 2) Including acquisitions, adjusted for divestments.
- 3) Excluding pension liabilities.
- 4) Scope 1 & 2 CO₂e from all SKF manufacturing and logistics units.
- 5) 2022 is pending final verification from external auditors.

Strong organic sales and cash flow development

Review of 2022

2022 was a year in which we accelerated our strategic development in earnest. We've capitalized on opportunities in our target growth areas delivering double-digit growth in several strategically important segments. At the same time, we are taking a more active approach to portfolio management, working across customer industries and product lines to improve our operational performance. As announced in December, we have also commenced a strategic review of our Aerospace business.

We have accelerated investments in our regional engineering and manufacturing capabilities across Asia and the Americas, with total investments for the year of SEK 5 billion. This is an important step in creating a more competitive and sustainable foundation from which to support our customers, as well as increasing our attractiveness as an employer.

Throughout the year, we have been operating against a backdrop of challenging external circumstances, including the war in Ukraine and exceptional cost inflation levels, which accelerated throughout the year, peaking during Q3. We have worked hard to compensate for this continually moving target, with the gap closing towards the end of the year.

I'm very grateful for the commitment, customer focus and care for one another that SKF colleagues have demonstrated throughout a very volatile and difficult 2022. I'm convinced that our newly embedded operating model and organizational structure will bring us even closer to our customers and further enhance our speed to market.

Review of the fourth quarter

The fourth quarter saw strong demand across the board, with double-digit sales growth in EMEA and India & Southeast Asia. Net sales were SEK 25,361 million, representing an organic sales growth of approximately 10%, bringing our total organic growth for the year to over 8% - at the top-end of our previous guidance. Our business in China saw a general negative impact from the fast spread of Covid-19 during the month of December.

The adjusted operating profit of SEK 2,542 million improved sequentially and compared to last year, bringing our adjusted operating margin to 10%. We continued to implement broad-based price increases, compensating for the SEK 1.8 billion of cost inflation during the quarter. The positive currency impact on our results was lower than guided (about SEK 150 million, compared to the previously guided SEK 400 million), driven by fluctuations in the US Dollar and Euro rates versus the Swedish Krona.

Our focus on improving cash efficiency is also showing results, with a very strong net cash flow from operations of over SEK 3.3 billion (1.2 billion last year), driven mainly by improved working capital management.

The Industrial business saw solid demand in most segments and regions, with especially high demand in EMEA and India & Southeast Asia. Organic growth was 9% and the adjusted operating margin was 12%. Our historically European-centric manufacturing footprint within Industrial makes us exposed to



cost inflation levels in the region, but our positive trend of price/mix compensation continues. Our railway, marine and aerospace business grew by some 20% respectively.

Our future technology initiatives are showing strong momentum. The magnetic bearings business had a strong finish to the year, reaching a record order intake of SEK 1 billion in 2022, driven by new energy applications. Within RecondOil, our partnerships with Quaker Houghton and Castrol are developing well, with the first regenerated oils being reused at several recurring customer locations.

The Automotive business saw double-digit growth in all regions except China & Northeast Asia, delivering an organic growth of 12% and a solid adjusted operating margin of over 5%. We continue to shift our portfolio to focus on customer segments where we can capitalize on the value of our offers: electric vehicles, commercial vehicles and aftermarket. Demand for our high-performance bearings used in EV applications continues to be strong, growing by 46% in the quarter.

Outlook

We expect to see continued volatility and geopolitical uncertainty impacting the markets in which we operate. Nevertheless, looking into the first quarter of 2023, we expect mid single-digit organic sales growth. For the full year, we expect mid single-digit organic sales growth, compared to 2022.

In recognition of the Group's solid financial position, the Board has decided to propose to the Annual General Meeting a dividend of SEK 7.00 per share.

Rickard Gustafson
President and CEO

Financial performance

Fourth quarter 2022

Operating profit for the fourth quarter was SEK 2,069 million (2,594). Operating profit included items affecting comparability of SEK -473 million (+334), whereof SEK -401 million (-51) related to ongoing restructuring and cost reduction activities mainly in Europe, SEK -72 million (+385) related to impairments and gain on sale of business in 2022 and sales of assets in 2021.

The adjusted operating profit for the fourth quarter was SEK 2,542 million (2,260). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by cost increases, mainly related to material costs.

Adjusted operating profit bridge, MSEK	Q4
2021	2,260
Currency impact	148
Divested businesses	-11
Organic sales & Manufacturing volumes	1,929
Cost development	-1,784
2022	2,542

- Financial income and expense, net was SEK -376 million (-266). Exchange rate fluctuations had a more negative effect in the fourth quarter 2022, compared to the fourth quarter 2021.
- Taxes in the quarter was SEK -709 million (-559) resulting in an effective tax rate of 41.9% (24.0%). The tax rate in 2022 was negatively impacted by withholding tax on intra-group dividends, currency adjustments and changes to deferred tax assets. Adjusted for this the effective tax rate was 28.7%.
- Net cash flow from operating activities in the fourth quarter was SEK 3,351 million (1,231). The improved cash flow is mainly driven by positive impact from changes in working capital and currency effects.
- Net working capital in percent of annual sales was 32.4% in December 2022 compared to 30.7% in December 2021. The ratio was negatively affected by higher inventory levels and currency effects.
- Provisions for post-employment benefits net increased by SEK 1,107 million (-1,392) in the quarter, driven by actuarial losses on gross obligation due to decreased discount rates.

Full year 2022

Operating profit for the year was SEK 8,532 million (10,758). Operating profit included items affecting comparability of SEK -1,672 million (-81), whereof SEK -675 million related to the divestment of the business in Russia, SEK -851 million (-466) related to ongoing restructuring and cost reduction activities mainly in Europe and SEK -146 million (+385) related to impairments, customer settlements and gain from sale of business in 2022 and gain on sale of assets and impairments in 2021.

The adjusted operating profit for the year was SEK 10,204 million (10,839). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by cost increases, mainly related to material, energy, and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	10,839
Currency impact	965
Divested businesses	-136
Organic sales & Manufacturing volumes	6,647
Cost development	-8,111
2022	10,204

- Financial income and expense, net was SEK -1,239 million (-695). Exchange rate fluctuations had a more negative effect in 2022 compared to 2021 and interest expenses was higher in 2022.
- Taxes in 2022 was SEK -2,438 million (-2,484) resulting in an effective tax rate of 3.4% (24.7%). The tax rate in 2022 was negatively impacted by the loss from divestment of business in Russia in the second quarter. Tax rate excluding the impact from the divestment was 30.6%.
- Net cash flow from operating activities was SEK 5,641 million (5,248). The change against last year is mainly driven by lower operating profit offset by currency effects.
- Net working capital in percent of annual sales was 32.4% in December 2022 compared to 30.7% in December 2021. The ratio was negatively affected by higher inventory levels and currency effects.
- Provisions for post-employment benefits net decreased by SEK -3,090 million (-3,425) driven by actuarial gains on gross obligation due to increased discount rates.

Key figures	31 Dec 2022	30 Sep 2022	31 Dec 2021
Net working capital, % of 12 months rolling sales	32.4	35.6	30.7
ROCE for the 12-month period, % ¹⁾	12.6	12.6	14.9
Net debt/equity, %	35.2	35.2	38.3
Net debt/equity, excluding post-employment benefits, %	19.3	21.6	12.5
Net debt/EBITDA, %	1.5	1.5	1.2

1) Adjusted for items affecting comparability.

Dividend proposal

The Board has decided to propose a dividend of SEK 7.00 per share to the Annual General Meeting.

Sales

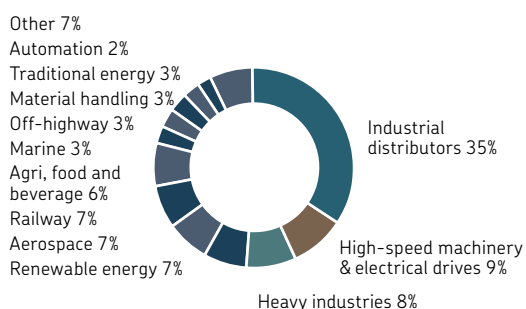
Net sales, change y-o-y, %	Q4				Full year 2022			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	9.7	-1.8	13.0	20.9	8.1	-1.5	11.9	18.5
Industrial	8.9	-2.0	12.9	19.8	8.5	-1.5	11.7	18.7
Automotive	11.7	-1.6	13.1	23.2	7.2	-1.4	12.4	18.2

1) Price, mix and volume

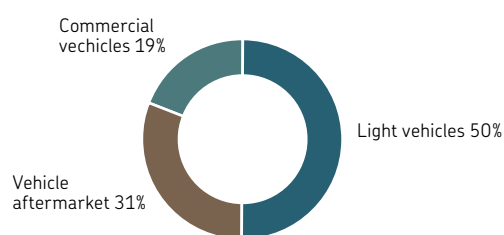
Organic sales in local currencies, change y-o-y, %	Q4				Full year 2022			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
SKF Group	14.3	7.2	2.8	14.5	10.0	9.4	-1.9	21.6
Industrial	+++	++	+	+++	+++	+++	+/-	+++
Automotive	+++	+++	+/-	+++	++	+++	--	+++

Customer industries	Q4				Full year 2022			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
Organic sales in local currencies, change y-o-y:								
Industrial distributors	+++	+	+/-	+++	+++	+++	+++	+++
High-speed machinery & electrical drives	+	+/-	--	+++	+++	+++	+/-	+++
Other	++	+/-	--	+	+++	++	-	+++
Renewable energy	---	---	+++	+++	---	---	---	+++
Heavy industries	++	+++	+/-	+++	+++	+/-	++	+++
Aerospace	+++	++	---	+/-	++	+/-	---	+/-
Railway	+++	+++	+++	+++	+++	+++	+++	+++
Agriculture, food and beverage	+++	+++	+++	+++	+++	+++	+++	+
Off-highway	+	+	---	+++	+	-	---	+++
Marine	+++	+/-	++	+/-	+++	+/-	---	+++
Material handling	+++	+++	---	+++	+++	+++	--	+/-
Automation	+++	+++	+++	+/-	+++	+++	+++	+++
Traditional energy	+++	+++	---	+/-	-	+++	+++	++
Light vehicles	+++	+++	+	+++	++	+++	+++	+++
Vehicle aftermarket	+++	++	---	+/-	+++	+++	--	+++
Commercial vehicles	+++	++	--	+	+++	++	---	+++

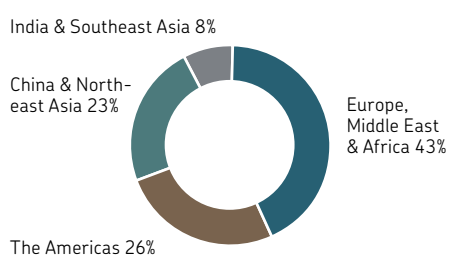
Net sales by customer industry for Industrial Q4 2022



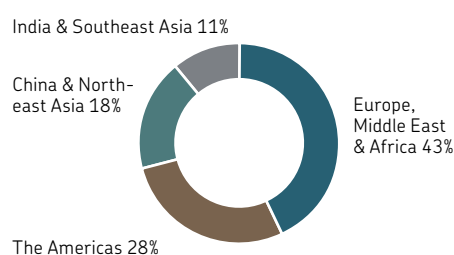
Net sales by customer industry for Automotive Q4 2022



Net sales by region for Industrial Q4 2022



Net sales by region for Automotive Q4 2022



Segment information¹⁾

MSEK unless otherwise stated

	Industrial				Automotive			
	Q4 2022	Q4 2021	2022	2021	Q4 2022	Q4 2021	2022	2021
Net sales	18,147	15,135	69,516	58,559	7,214	5,851	27,417	23,173
Adjusted operating profit	2,155	2,116	9,216	9,405	387	144	988	1,434
Adjusted operating margin, %	11.9	14.0	13.3	16.1	5.4	2.5	3.6	6.2
Operating profit	1,766	2,386	7,875	9,289	303	208	657	1,469
Operating margin, %	9.7	15.8	11.3	15.9	4.2	3.6	2.4	6.3

1) Previously published figures for 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Industrial

Comments on organic sales in local currencies in the fourth quarter 2022, compared to fourth quarter 2021

Europe, Middle East & Africa

Overall, sales were significantly higher in the quarter. By industry, sales to most industrial segments were significantly higher. The exceptions were heavy industries and other with higher sales, off-highway and high-speed machinery & electrical drives with slightly higher sales and renewable energy with significantly lower sales.

The Americas

Sales were higher in the quarter. By industry, sales to heavy industries, railway, agriculture, food & beverage as well as material handling, automation and traditional energy were all significantly higher. Sales were higher to aerospace and slightly higher to industrial distributors and off-highway. To high-speed machinery & electrical drives, other and marine it was relatively unchanged while it was significantly lower to renewable energy.

China & Northeast Asia

Overall, sales were slightly higher in the quarter. It was significantly higher to renewable energy, railway, agriculture, food & beverage, and automation. It was higher to marine and relatively unchanged to industrial distributors and heavy industries. Sales to high-speed machinery & electrical drives and other were lower while it was significantly lower to aerospace, off-highway, material handling and traditional energy.

India & Southeast Asia

Overall, sales were significantly higher in the quarter. By industry, sales to most industrial segments were significantly higher. The exceptions were other with slightly higher sales and aerospace, marine, automation and traditional energy with relatively unchanged sales.

Automotive

Comments on organic sales in local currencies in the fourth quarter 2022, compared to fourth quarter 2021

Europe, Middle East & Africa

Sales in the quarter were significantly higher compared to last year with significantly higher sales to all automotive segments.

The Americas

Sales in the quarter were significantly higher compared to last year, with significantly higher sales to light vehicles and higher sales to commercial vehicles and to the vehicle aftermarket.

China & Northeast Asia

Sales were relatively unchanged in the quarter with slightly higher sales to light vehicles, lower sales to commercial vehicles and significantly lower sales to the vehicle aftermarket compared to last year.

India & Southeast Asia

Sales in the quarter were significantly higher compared to last year with significantly higher sales to light vehicles, higher sales to commercial vehicles while to the vehicle aftermarket it was relatively unchanged.

Industrial

Comments on operating profit 2022, compared to 2021

Fourth quarter 2022

The adjusted operating profit for the fourth quarter was SEK 2,155 million (2,116). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material costs and general inflation.

Adjusted operating profit bridge, MSEK	Q4
2021	2,116
Currency	110
Divested businesses	-8
Organic sales & Manufacturing volumes	1,272
Cost development	-1,335
2022	2,155

Full year 2022

The adjusted operating profit for the year was SEK 9,216 million (9,405). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material, energy, and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	9,405
Currency	714
Divested businesses	-98
Organic sales & Manufacturing volumes	5,063
Cost development	-5,868
2022	9,216

Automotive

Comments on operating profit 2022, compared to 2021

Fourth quarter 2022

The adjusted operating profit for the fourth quarter was SEK 387 million (144). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material costs and general inflation.

Adjusted operating profit bridge, MSEK	Q4
2021	144
Currency	38
Divested businesses	-3
Organic sales & Manufacturing volumes	657
Cost development	-449
2022	387

Full year 2022

The adjusted operating profit for the year was SEK 988 million (1,434). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material, energy, and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	1,434
Currency	251
Divested businesses	-38
Organic sales & Manufacturing volumes	1,584
Cost development	-2,243
2022	988

Outlook and Guidance

Demand for Q1 2023 compared to Q1 2022

Looking into the first quarter of 2023, we expect mid single-digit organic sales growth.

Guidance for Q1 2023

Currency impact on the operating profit is expected to be around SEK 300 million positive compared with the first quarter 2022, based on exchange rates per 31 December 2022.

Guidance 2023

- For the full year, we expect mid single-digit organic sales growth, compared to 2022.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Previous outlook and guidance statement

Demand for Q4 2022 compared to Q4 2021

For the fourth quarter of 2022 we expect an organic sales growth of about 10%.

Guidance for Q4 2022

Currency impact on the operating profit is expected to be around SEK 400 million positive compared with the fourth quarter 2021, based on exchange rates per 30 September 2022.

Guidance 2022

- For the full year we expect organic growth to end in the upper part of our previously guided range of about 4-8%.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Significant events

17 October – Collaboration to build smart energy and carbon management system in China

SKF and Chinese wind turbine manufacturer Goldwind have collaborated to build the first smart energy and carbon management system in SKF's Dalian factory in China. The parties have also cooperated to use green electricity to lower the carbon emissions of SKF production sites across China.

27 October – Strategic cooperation

SKF and NIO, a leading premium smart electric vehicle manufacturer have strengthened their strategic cooperation. As part of the agreement, SKF will be a preferred supplier of ceramic ball bearings and provide wide-ranging technical expertise to support NIO's product development and global expansion plans.

9 November – Acquisition of Tenute Srl completed

SKF has completed the previously announced acquisition of Tenute Srl. Tenute develops and manufactures sealing solutions for various industrial applications and has around 50 employees.

24 November – Increased regional capabilities across Asia

Through selected investments, totalling SEK 1.25 billion, SKF is continuing to increase its regional capabilities and competitiveness across China, India and Southeast Asia.

7 December – Partnership offering "Oil as a service"

SKF continues to expand its RecondOil offer through a partnership agreement with Castrol, one of the world's leading lubricant brands. The partnership will enable Castrol industrial customers to use integrated RecondOil Double Separation Technology (DST) systems.

8 December – Capital Markets Day 2022 – SKF initiates strategic review of its Aerospace business

At the Capital Markets Day in London, Investors, analysts and members of the media were given an update on the Group's strategic development and focus areas moving forward. At the event, it was announced that the Group is conducting a strategic review of its Aerospace business, considering ongoing consolidation in the industry.

15 December – SKF awarded top sustainability ratings

For the third year, SKF has achieved a Platinum Medal from EcoVadis, one of the world's most trusted providers of sustainable ratings for use in supply chains.

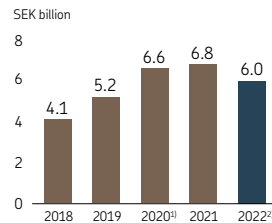
Sustainability performance

SKF has been publicly reporting on sustainability performance for many years, for example, in the Group's annual report and on skf.com. Reflecting the increasing operational and strategic importance of these issues, the Group is also including certain related KPI's in the quarterly reports.

Cleantech revenues

Cleantech revenues are the aggregated sales to acknowledged cleantech sectors such as renewable energy, electric vehicles, recycling industry and bearing remanufacturing. The decline in cleantech revenues is mainly due to a decline in the wind industry, however partly offset by an increase in the electric vehicles industry.

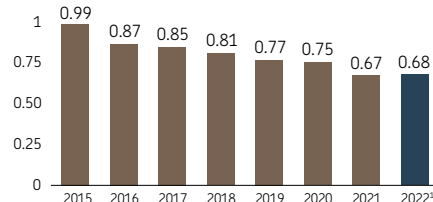
- 1) Previously published figures for 2020 have been restated to reflect a change in classification.
- 2) 2022 figures relate to the latest 12 months period.



Accident rate

The accident rate measures the number of recordable accidents per 100 employees per year. There has been a considerable reduction in the accident rate over the past 5 years.

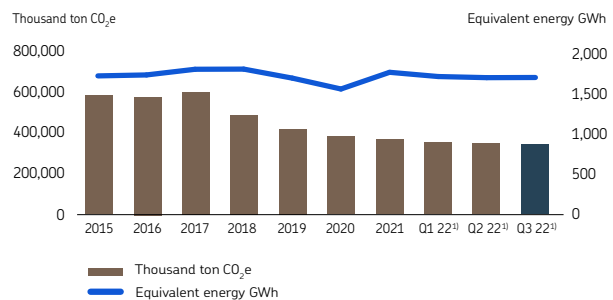
- 1) 2022 figures relate to the latest 12 months period.



CO₂ emissions, Equivalent energy

CO₂ emissions¹⁾ for SKF's operations (Scope 1 and 2 according to the Greenhouse Gas protocol) and total energy use for the same scope are presented in the graph. SKF continues to make good progress towards the Group's goal to be net zero for these aspects by 2030.

- 1) Due to external reporting constraints, this data is presented for the end of the previous quarter.



Notes

Note 1 Accounting principles

The consolidated financial statements of the SKF Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim report was prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosure as required by IAS 34 p. 16 A is provided in the notes to the financial statements as well as in other parts of the interim report. The financial statements of the Parent Company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities". SKF Group and the Parent Company applied the same accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2022. None of these have a material effect on the SKF Group's financial statements.

Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2021, have been consistently applied throughout the reporting period. There are no major changes in fair value during the period.

During 2022, Turkey has been classified as an hyperinflation economy. Since SKF has operations in the country, the Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies and restated the financial statements accordingly.

Note 2 Transactions with related parties

No significant change is present for transactions with related parties in relation to disclosure provided in Annual Report 2021.

Note 3 Risks and uncertainties in the business

The SKF Group operates in many different industrial and geographical areas that are at different stages of the economic cycle. A general economic downturn at global level, for example caused by a pandemic, or in one of the world's leading economies, could reduce the demand for the Group's products, solutions and services for a period of time. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets and natural disasters, could have a negative effect on the demand for the Group's products and services. There are also political and regulatory risks associated with the wide geographical presence.

The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the EUR, USD and CNY. As the major part of the profit is made outside Sweden, the Group is also exposed to translational risks in all the major currencies.

The financial position of the parent company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services

provided by the Group could mean lower residual profits and lower dividend income for the parent company, as well as a need for writing down values of the shares in the subsidiaries.

SKF is subject to an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense, regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil.

SKF's operations are affected by the ongoing conflict in Ukraine. SKF operates in Ukraine with approximately 1,100 employees. Sales in Ukraine amounted to less than 0.1% of SKF's total sales in 2022. SKF's factory in Lutsk, Ukraine, accounted for a production volume of approximately 0.5% of SKF's total production volume in 2022. The factory in Ukraine has been producing whenever possible due to prevailing circumstances however at a lower level than normal.

For a more detailed description of risks and uncertainties, please see the Risk Management section on pages 42-44 in the SKF Annual Report 2021.

Note 4 SKF's Performance Share Programme

In order to continue to link the long-term interests of the participants and the shareholders, the Board proposes, that a decision be taken at the Annual General Meeting 2023 on SKF's Performance Share Programme 2023. It is proposed that the programme covers a maximum of 225 senior managers and key employees in the SKF Group, including Group Management, with the opportunity of being allotted, free of charge, SKF B shares. The number of shares that may be allotted must primarily be related to the degree of achievement of the Total Value Added (TVA) target level, as defined by the Board, for the TVA development for the financial years 2023-2025 compared to the financial year 2022. The number of shares that may be allotted shall also be related to the SKF Group net zero 2030 objective. The net zero 2030 target is based on a greenhouse gas emission reduction trajectory for the operations defined by the net zero 2030 objective with 2022's emissions as a starting point. Under the programme, not more than 1,000,000 SKF B shares may be allotted.

SKF's Performance Share Programme 2020, which was decided by the Annual General Meeting 2020, will be settled in the first quarter 2023. The outcome is that about 160 managers of the SKF Group will receive around 230,000 SKF B shares (around 23% of the maximum number of shares approved by the Annual General Meeting), based on the degree of achievement of the TVA target level, as defined by the Board, for the financial years 2020-2022 compared to the financial year 2019. The total cost for the SKF's Performance Share Programme 2020 amounted to around SEK 46 million including administrative costs and social charges.

Gothenburg, 2 February 2023

Aktiebolaget SKF (publ)

Rickard Gustafson

President and CEO

This report has not been reviewed
by AB SKF's auditors.

Condensed consolidated income statements

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	25,361	20,986	96,933	81,732
Cost of goods sold	-19,012	-15,310	-72,465	-58,457
Gross profit	6,349	5,676	24,468	23,275
Research and development cost	-827	-766	-3,177	-2,751
Selling and administrative expenses	-3,319	-2,736	-12,023	-10,250
Other operating income/expenses, net	-134	420	-736	484
Operating profit	2,069	2,594	8,532	10,758
Financial income and expense, net	-376	-266	-1,239	-695
Profit before taxes	1,693	2,328	7,293	10,063
Taxes	-709	-559	-2,438	-2,484
Net profit	984	1,769	4,855	7,579
Net profit attributable to:				
Shareholders of AB SKF	893	1,705	4,469	7,331
Non-controlling interests	91	64	386	248
Basic earnings per share (SEK) ¹⁾	1.96	3.74	9.81	16.10

1) Shares from the Performance Share Programme are not considered dilutive, therefore diluted earnings per share is equal to basic earnings per share.

Condensed consolidated statements of comprehensive income

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net profit	984	1,769	4,855	7,579
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	-1,233	617	3,674	2,751
Income taxes	237	-149	-898	-694
	-996	468	2,776	2,057
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	-1,269	867	3,846	2,759
Assets at fair value through other comprehensive income	-44	3	-16	96
Income taxes	0	1	4	2
	-1,313	871	3,834	2,857
Other comprehensive income, net of tax	-2,309	1,339	6,610	4,914
Total comprehensive income	-1,325	3,108	11,465	12,493
Shareholders of AB SKF	-1,302	3,000	10,998	12,127
Non-controlling interests	-23	108	467	366

Condensed consolidated balance sheets

MSEK	December 2022	December 2021
Goodwill	12,351	10,924
Other intangible assets	5,842	6,018
Property, plant and equipment	24,897	20,723
Right of use asset leases	3,084	2,661
Deferred tax assets	3,173	3,839
Other non-current assets	1,781	1,674
Non-current assets	51,128	45,839
Inventories	26,052	20,997
Trade receivables	16,905	13,972
Other current assets	5,614	5,163
Other current financial assets	11,224	13,657
Current assets	59,795	53,789
Total assets	110,923	99,628
Equity attributable to shareholders of AB SKF	51,927	43,645
Equity attributable to non-controlling interests	2,116	1,720
Long-term financial liabilities	21,219	15,472
Provisions for post-employment benefits	8,748	11,781
Provisions for deferred taxes	1,365	1,040
Other long-term liabilities and provisions	1,108	1,445
Non-current liabilities	32,440	29,738
Trade payables	11,594	9,881
Short-term financial liabilities	916	3,864
Other short-term liabilities and provisions	11,930	10,780
Current liabilities	24,440	24,525
Total equity and liabilities	110,923	99,628

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Dec 2022	Jan-Dec 2021
Opening balance 1 January	45,365	35,712
Net profit	4,855	7,579
Hyperinflation adjustments	444	147
Components of other comprehensive income		
Currency translation adjustments	3,846	2,759
Change in FV OCI assets and cash flow hedges	-16	96
Remeasurements	3,674	2,751
Income taxes	-894	-692
Other	-	-1
Transactions with shareholders		
Non-controlling interest	-1	-
Cost for Performance Share Programmes, net	27	25
Dividends	-3,249	-3,011
Other	-8	-
Closing balance 31 December	54,043	45,365

Condensed consolidated statements of cash flow

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating activities:				
Operating profit	2,069	2,593	8,532	10,758
Non-cash items:				
Depreciation, amortization and impairment	1,049	885	3,784	3,305
Net loss/gain (-) on sales of PPE and businesses	-4	-401	598	-436
Other non-cash items	985	-111	1,530	-758
Income taxes paid	-674	-707	-2,572	-2,250
Interest received	35	-4	94	24
Interest paid	-156	-88	-334	-239
Other	-412	-433	-2,085	-1,209
Changes in working capital:	459	-503	-3,906	-3,947
Inventories	21	-1,279	-3,233	-4,308
Accounts receivable	688	136	-1,900	-931
Accounts payable	-148	859	990	970
Other operating assets/liabilities	-102	-219	237	322
Net cash flow from operating activities	3,351	1,231	5,641	5,248
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-1,402	-1,152	-5,389	-3,933
Sales of PPE, businesses and equity securities	26	744	43	785
Net cash flow used in investing activities	-1,376	-408	-5,346	-3,148
Net cash flow after investments before financing	1,975	823	295	2,100
Financing activities:				
Proceeds from short- and long-term loans	52	57	4,402	3,148
Repayments of short- and long-term loans	-3,257	-27	-3,358	-2,126
Repayment leases	-260	-203	-809	-738
Cash dividends	-6	-1	-3,249	-3,012
Other financing items	-	-761	-198	-930
Investments in short-term financial assets	-102	-3	-304	-33
Sales of short-term financial assets	37	86	116	178
Net cash flow used in financing activities	-3,536	-852	-3,400	-3,513
Net cash flow	-1,561	-29	-3,105	-1,413
Change in cash and cash equivalents				
Cash and cash equivalents at 1 Oct/1 January	11,975	13,039	13,219	14,050
Cash effect excl. acquired/sold businesses	-1,558	-	-2,963	-1,386
Cash effect of acquired/sold businesses	-4	-29	-143	-27
Exchange rate effect	-158	209	142	582
Cash and cash equivalents at 31 December	10,255	13,219	10,255	13,219

Change in Net debt	Closing balance 31 December 2022	Other non- cash changes	Acquired/sold businesses	Cash changes	Translation effect	Opening balance 1 January 2022
Loans, long- and short-term	18,346	-29	15	1,044	862	16,454
Post-employment benefits, net	8,621	-2,929	1	-1,080	918	11,711
Lease liabilities	2,921	726	-44	-809	290	2,758
Financial assets, others	-599	1	-4	-220	-32	-344
Cash and cash equivalents	-10,255	-	143	2,963	-143	-13,219
Net debt	19,034	-2,231	111	1,898	1,895	17,360

Condensed consolidated financial information

MSEK unless otherwise stated

	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Net sales	19,865	20,735	20,146	20,986	22,942	23,655	24,975	25,361
Cost of goods sold	-14,124	-14,441	-14,582	-15,310	-16,453	-17,777	-19,223	-19,012
Gross profit	5,741	6,294	5,564	5,676	6,489	5,878	5,752	6,349
Gross margin, %	28.9	30.4	27.6	27.0	28.3	24.9	23.0	25.0
Research and development cost	-653	-683	-648	-766	-765	-806	-779	-827
Selling and administrative expenses	-2,423	-2,706	-2,385	-2,736	-2,779	-3,094	-2,831	-3,319
- as % of sales	12.2	13.1	11.8	13.0	12.1	13.1	11.3	13.1
Other, net	34	-27	57	420	8	-397	-213	-134
Operating profit	2,699	2,878	2,588	2,594	2,953	1,581	1,929	2,069
Operating margin, %	13.6	13.9	12.8	12.4	12.9	6.7	7.7	8.2
Adjusted operating profit	2,789	3,118	2,672	2,260	3,058	2,473	2,131	2,542
Adjusted operating margin, %	14.0	15.0	13.3	10.8	13.3	10.5	8.5	10.0
Financial net	-204	-77	-148	-266	-68	-484	-311	-376
Profit before taxes	2,495	2,801	2,440	2,328	2,885	1,097	1,618	1,693
Profit margin before taxes, %	12.6	13.5	12.1	11.1	12.6	4.6	6.5	6.7
Taxes	-646	-661	-618	-559	-824	-511	-394	-709
Net profit	1,849	2,140	1,822	1,769	2,061	586	1,224	984
Net profit attributable to								
Shareholders of AB SKF	1,782	2,089	1,756	1,705	1,984	493	1,099	893
Non-controlling interests	67	51	66	64	77	93	125	91

Reconciliation of profit before taxes for the Group

MSEK	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Operating profit:								
Industrial ¹⁾	2,201	2,319	2,384	2,386	2,696	1,689	1,724	1,766
Automotive ¹⁾	498	559	204	208	257	-108	205	303
Financial net	-204	-77	-148	-266	-68	-484	-311	-376
Profit before taxes for the Group	2,495	2,801	2,440	2,328	2,885	1,097	1,618	1,693

1) Previously published figures for 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Number of shares

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	29,403,933	30,503,933	29,403,933	30,503,933
- whereof B shares	425,947,135	424,847,135	425,947,135	424,847,135
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068

Key figures

Definitions, see page 17

	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
EBITDA, MSEK	3,494	3,852	3,239	3,479	3,814	2,478	2,906	3,118
EBITA, MSEK	2,841	3,024	2,733	2,742	3,104	1,741	2,094	2,234
Adjusted operating profit	2,789	3,118	2,672	2,260	3,058	2,473	2,131	2,542
Adjusted operating margin, %	14.0	15.0	13.3	10.8	13.3	10.5	8.5	10.0
Basic earnings per share, SEK	3.91	4.59	3.86	3.74	4.36	1.08	2.41	1.96
Adjusted earnings per share, SEK	4.11	5.11	4.04	3.01	4.59	2.90	2.86	3.00
Dividend per share, SEK	–	6.50	–	–	7.00	–	–	–
Net worth per share, SEK	86	83	89	96	98	109	117	114
Share price at the end of the period, SEK	248.2	217.9	207.6	214.5	153.9	150.5	150.3	159.2
NWC, % of 12 months rolling sales	30.2	30.7	30.5	30.7	34.3	35.7	35.6	32.4
ROCE for the 12-month period, %	10.5	13.6	14.5	14.8	14.8	12.7	11.5	10.6
ROE for the 12-month period, %	13.7	18.4	19.3	18.8	18.3	13.8	11.7	9.5
Gearing, %	44.4	44.7	43.1	40.5	39.0	35.2	36.6	35.6
Equity/assets ratio, %	42.4	41.6	43.2	45.5	45.7	48.2	47.7	48.7
Additions to property, plant and equipment, MSEK	819	895	969	1,138	1,023	1,372	1,288	1,347
Net debt/equity, %	43.2	50.1	44.0	38.3	45.0	37.7	35.2	35.2
Net debt, MSEK	17,576	19,809	18,541	17,360	20,787	19,444	19,441	19,034
Net debt/EBITDA	1.6	1.5	1.4	1.2	1.4	1.5	1.5	1.5
Registered number of employees	41,151	41,433	42,139	42,602	42,763	42,602	42,885	42,641

SKF applies the guidelines issued by ESMA (European Securities and Markets Authority) on APMs (Alternative Performance Measures). These key figures are not defined or specified in IFRS but provide complementary information to investors and other stakeholders on the company's

performance. The definition of each APM is presented at the end of the interim report. For the reconciliation of each APM against the most reconcilable line item in the financial statements, see investors.skf.com/en.

Segment information – quarterly figures ¹⁾

MSEK unless otherwise stated

Industrial	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Net sales	13,788	14,889	14,747	15,135	16,520	17,114	17,735	18,147
Adjusted operating profit	2,271	2,588	2,430	2,116	2,785	2,360	1,916	2,155
Adjusted operating margin, %	16.5	17.4	16.5	14.0	16.9	13.8	10.8	11.9
Operating profit	2,201	2,319	2,384	2,386	2,696	1,689	1,724	1,766
Operating margin, %	16.0	15.6	16.2	15.8	16.3	9.9	9.7	9.7
Assets and liabilities, net	42,430	42,489	42,417	44,127	46,385	48,974	51,768	51,108
Registered number of employees	34,890	35,124	35,797	36,136	36,342	36,556	36,929	36,744
Automotive	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Net sales	6,077	5,846	5,399	5,851	6,422	6,541	7,240	7,214
Adjusted operating profit	518	530	242	144	273	113	215	387
Adjusted operating margin, %	8.5	9.1	4.5	2.5	4.2	1.7	3.0	5.4
Operating profit	498	559	204	208	257	-108	205	303
Operating margin, %	8.2	9.6	3.8	3.6	4.0	-1.7	2.8	4.2
Assets and liabilities, net	10,374	10,857	11,106	10,885	12,436	14,340	15,091	14,504
Registered number of employees	3,409	3,400	3,359	3,392	3,341	3,316	3,300	3,270

1) Previously published figures for 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Parent Company condensed income statements

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Revenue	1,927	2,590	6,658	7,775
Cost of goods sold	-1,523	-1,310	-5,923	-5,036
General management and administrative expenses	-561	-425	-1,799	-1,470
Other operating income/expenses, net	-3	3	8	0
Operating result	-160	858	-1,056	1,269
Financial income and expense, net	2,446	1,892	3,549	2,325
Profit before taxes	2,286	2,750	2,493	3,594
Appropriations	1,115	-793	1,115	-793
Taxes	-172	15	5	-54
Net profit	3,229	1,972	3,613	2,747

Parent Company condensed statements of comprehensive income

MSEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net profit	3,229	1,972	3,613	2,747
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	-43	2	-15	95
Other comprehensive income, net of tax	3,186	1,974	3,598	2,842
Total comprehensive income	3,186	1,974	3,598	2,842

Parent Company condensed balance sheets

MSEK	December 2022	December 2021
Intangible assets	1,234	1,371
Investments in subsidiaries	22,441	22,074
Receivables from subsidiaries	18,388	13,022
Other non-current assets	927	891
Non-current assets	42,990	37,358
Receivables from subsidiaries	5,555	6,958
Other receivables	358	273
Current assets	5,913	7,231
Total assets	48,903	44,589
Shareholders' equity	26,117	25,683
Provisions	666	445
Non-current liabilities	18,386	13,023
Current liabilities	3,734	5,438
Total shareholders' equity, provisions and liabilities	48,903	44,589

Alternative performance measures and definitions

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating margin

Operating profit margin excluding items affecting comparability.

Adjusted earnings/loss per share in SEK

Basic earnings per share excluding items affecting comparability.

Basic earnings/loss per share in SEK (as defined by IFRS)

Profit/loss after taxes less non-controlling interests divided by the ordinary number of shares.

Currency impact on operating profit

The effects of both translation and transaction flows based on current assumptions and exchange rates compared to the corresponding period last year.

Debt

Loans and net provisions for post-employment benefits.

EBITA

(Earnings before interest, taxes and amortization). Operating profit before amortizations.

EBITDA

(Earnings before interest, taxes, depreciation and amortization) Operating profit before depreciations, amortizations, and impairments.

Equity/assets ratio

Equity as a percentage of total assets.

Gearing

Debt as a percentage of the sum of debt and equity.

Gross margin

Gross income as a percentage of net sales.

Items affecting comparability

Significant income/expenses that affect comparability between accounting periods. This includes, but is not limited to, restructuring costs, impairments and write-offs, currency exchange rate effects caused by devaluations and gains and losses on divestments of businesses.

Net debt

Debt less short-term financial assets excluding derivatives.

Net debt/EBITDA

Net debt, as a percentage of twelve months rolling EBITDA.

Net debt/equity

Net debt, as a percentage of equity.

Net worth per share (Equity per share)

Equity excluding non-controlling interests divided by the ordinary number of shares.

Net working capital as % of 12 month rolling sales (NWC)

Trade receivables plus inventory minus trade payables as a percentage of twelve months rolling net sales.

Operating margin

Operating profit/loss, as a percentage of net sales.

Organic growth

Sales excluding effects of currency and acquired and divested businesses.

Revenue growth

Sales excluding effects of currency and divested businesses.

Registered number of employees

Total number of employees included in SKF's payroll at the end of the period.

Return on capital employed (ROCE)

Operating profit/loss plus interest income, as a percentage of twelve months rolling average of total assets less the average of non-interest bearing liabilities.

Return on equity (ROE)

Profit/loss after taxes as a percentage of twelve months rolling average of equity.

SKF demand outlook

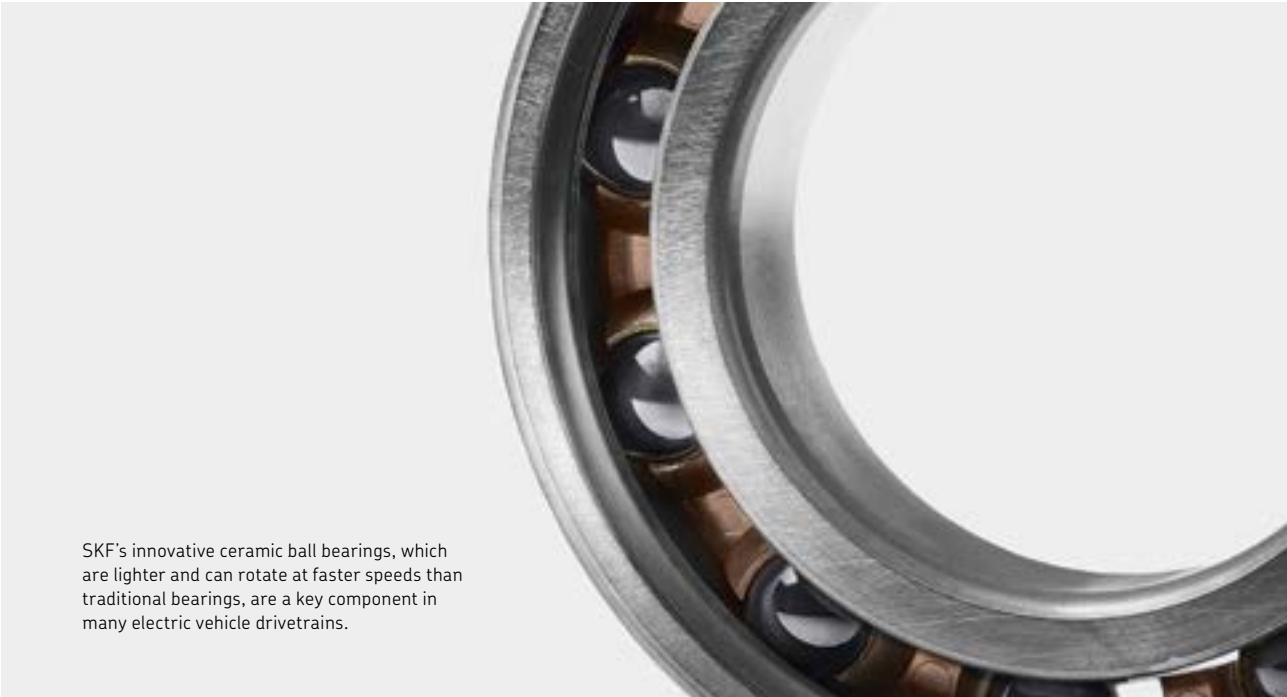
The demand outlook for SKF's products and services represents management's best estimate based on current information about the future demand from our customers. The demand outlook is the expected volume development in the markets where our customers operate.

For reconciliations of other Key Ratios, see investors.skf.com/en.

Cautionary statement

This report contains forward-looking statements that are based on the current expectations of the management of SKF. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a

result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in SKF's latest annual report (available on investors.skf.com/en), including under the Administration Report; "Risk management" and in this report under "Risks and uncertainties in the business."



SKF's innovative ceramic ball bearings, which are lighter and can rotate at faster speeds than traditional bearings, are a key component in many electric vehicle drivetrains.

This is SKF

SKF is a leading global supplier of bearings, seals, lubrication systems and services, which include technical support, maintenance and reliability services, engineering consulting and training.

Quick facts

Founded 1907
Represented in more than 129 countries
Net sales in 2022: SEK 96,933 million
42,641 employees
15 technical centers
91 manufacturing sites
More than 17,000 distributors

AB SKF (publ)

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Webcast

2 February at 09:00 (CET), 08.00 (UK)

<https://investors.skf.com/en>

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Passcode: 330094

Calendar 2023

1 March Annual Report 2022

23 March Annual General Meeting

27 March Proposed record date to be entitled to receive dividends

30 March Proposed date for distribution of dividends

27 April Q1 report

19 July Q2 report

27 October Q3 report

9 February 2024, Q4 report

The financial information in this press release is information which AB SKF is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014. The information was provided by the above contact persons for publication on 2 February 2023 at 08.00 CET.