

*This is a translation of the Swedish original. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

## **Statement by the Board of Directors of Sandvik AB in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act**

The Board of Directors hereby issues the following statement pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act regarding:

- (i) the proposed distribution of the cash dividend of SEK 4.75 per share;
- (ii) the proposed distribution of all shares in the wholly-owned subsidiary Sandvik Materials Technology Holding AB (to be renamed Alleima AB) ("Alleima") to the shareholders of Sandvik; as well as
- (iii) the proposed authorization for the Board to resolve on acquisitions of the Company's own shares.

The value of the distribution of the shares in Alleima is determined based on the book value at the time of the distribution of the shares to Sandvik's shareholders by application of the relevant accounting rules. Sandvik estimates the book value of the shares in Alleima at the time of the distribution to SEK 12,824,878,289. Together with the Board's proposed cash dividend totaling SEK 5,958,333,134, the estimated total value of the proposed distributions is SEK 18,783,211,423.

The nature and extent of the Company's operations are stated in the Articles of Association and issued annual reports. Such nature and extent do not entail risks over and above those inherent, or reasonably to be expected, in the industry or otherwise inherent in business operations. For information on significant events, reference is made to the 2021 Annual Report.

The Company's unappropriated earnings as per December 31, 2021 amounted to SEK 31,487,406,602. Provided that the 2022 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposals, including the distribution of Alleima, SEK 12,704,195,179 will be carried forward. The Board finds that there will be full coverage for the restricted equity of the Company in accordance with Chapter 17, Section 3, Paragraph 1 of the Swedish Companies Act after the proposed distributions. It is the Board's assessment that after the proposed distributions, the equity of the Company and the group will be sufficient with respect to the kind, extent and risks of the operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general. In making this assessment, the Board has considered, among other things, the effect of the division of the group into two companies where assets and liabilities are divided, the Company's and the group's historical development, the budgeted development and the state of the market.

The proposed distributions and the authorization to acquire the Company's own shares do not infringe on future investments deemed to be required and the financial strength of the group is assessed to continue to be good in relation to the industry in which the group is operating. The execution of the proposals will not affect the ability of the Company and the group to comply with its payment obligations in the short or long term. The Board finds that the Company and the group are well prepared to handle any changes in respect of liquidity, as well as unexpected events. In addition, the Company's liquidity reserve is in the form of an unutilized revolving credit facility amounting to SEK 9,000 million, which means that the Company should reasonably be able to meet unexpected events and temporary fluctuations in cash flows of reasonable proportions.

In view of the above and based on what the Board is otherwise aware, the proposed distributions and the authorization to resolve on acquisitions of the Company's own shares are, in the Board's opinion, compatible with the rules of reason expressed in Chapter 17, Section 3, Paragraphs 2-3 of the Swedish Companies Act.

Stockholm, March 23, 2022

Sandvik Aktiebolag (publ)  
The Board of Directors