

# Annual Report 2023



We make the shift  
– advancing the world  
through engineering

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# Important events

- Sandvik showed continued strong performance despite challenging market conditions. Order intake grew by 5 percent to SEK 125,011 million and revenues by 13 percent to SEK 126,503 million.
- Adjusted EBITA increased by 12 percent to SEK 25,240 million and the adjusted EBITA margin was 20.0 percent (20.0), within our target range.
- Numerous product innovations were launched in strategic areas, such as electrification, automation and digital manufacturing.
- We acquired 7 companies within, for example, mine optimization, CAM solutions, electrification, powder solutions, and medical.
- Record orders for electric, automated and surface drilling mining equipment.
- We updated our sustainability strategy and the Science Based Targets initiative approved our greenhouse gas targets.
- The Total Recordable Injury Frequency Rate (TRIFR) declined to 3.0 (3.1). However, a tragic fatality underlines the importance of continuous focus on safety.
- A new brand identity and logotype was launched to reflect the transformation Sandvik has undergone.

Cover photo: Detail of round metal machinery. The formal Annual Report comprises pages 40–136. The Statutory Sustainability Report and Sustainable Business Report include pages 2–3, 7, 13, 58–66, 142–160.

**Indices** Sandvik is included in several prestigious sustainability indices and is a signatory of the UN Global Compact (UNGC).

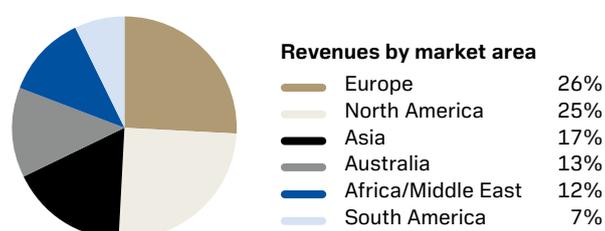
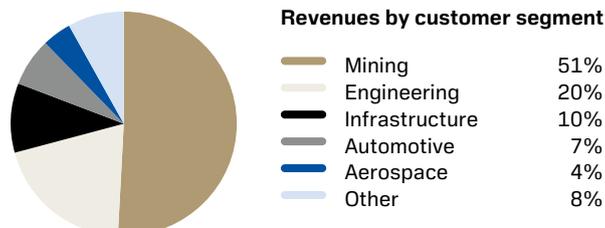




# 2023 in brief

## Key figures

	2022	2023
Order intake, MSEK	119,196	125,011
Revenues, MSEK	112,332	126,503
EBITA, MSEK	22,471	24,530
EBITA margin, %	18.2	19.4
Adjusted EBITA <sup>1</sup> , MSEK	22,486	25,240
Adjusted EBITA margin <sup>1</sup> , %	20.0	20.0
Free operating cash flow, MSEK	12,103	19,582
Return on capital employed, %	15.8	16.5
Earnings per share, diluted, SEK	10.24	12.20
Adjusted earnings per share, diluted, SEK <sup>1</sup>	11.98	12.69
Greenhouse gas emissions (scope 1–2), ktons	139	141
Waste circularity, %	73	71
Total Recordable Injury Frequency Rate, TRIFR <sup>2</sup>	3.1	3.0
Number of employees <sup>3</sup>	40,489	40,877
Share of women, %	20.2	20.6



1) Adjusted for items affecting comparability, see page 47.  
 For definitions of alternative performance measures, see page 155.  
 2) Total number of recordable injuries per million hours worked.  
 3) Full-time equivalent.

# 9%

Revenue growth, CAGR vs 2019, at fixed exchange rates

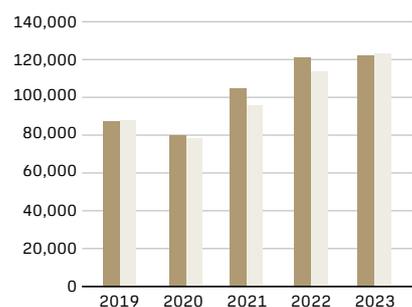
# 20.0%

Adjusted EBITA margin

# 1.2

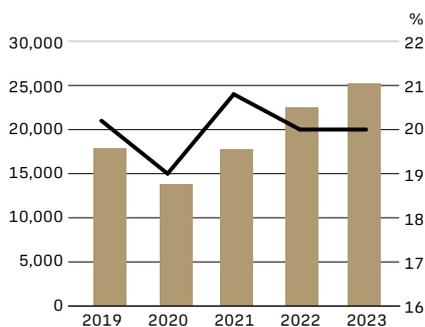
Financial net debt/EBITDA

Order intake and revenues, MSEK, revenue growth, %, fixed exchange rates



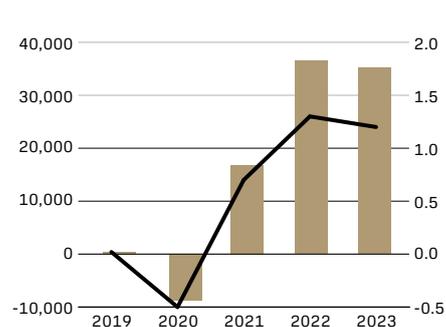
Order intake  
Revenues

Adjusted EBITA, MSEK and adjusted EBITA margin, %



EBITA, adjusted  
EBITA margin, adjusted

Financial net debt, MSEK, and financial net debt/EBITDA



Financial net debt  
Financial net debt/EBITDA

# Value-creating offerings

Sandvik is a global, high-tech engineering group providing solutions that enhance productivity, profitability and sustainability for the manufacturing, mining and infrastructure industries. We have approximately 41,000 employees and sales in about 170 countries.

## Business areas and divisions

52%

Share of revenues

53%

Share of adjusted EBITA



### Sandvik Mining and Rock Solutions

A global leading supplier of equipment and tools, parts, service, digital solutions and sustainability-driving technologies for mining and infrastructure industries.

#### Divisions

- Digital Mining Technologies
- Ground Support
- Load and Haul
- Mechanical Cutting
- Parts and Services
- Rock Tools
- Rotary Drilling
- Surface Drilling
- Underground Drilling

9%

Share of revenues

6%

Share of adjusted EBITA



### Sandvik Rock Processing Solutions

A leading supplier of equipment, service and technical solutions for processing rock and minerals in the mining and infrastructure industries.

#### Divisions

- Stationary Crushing and Screening
- Mobile Crushing and Screening
- Attachment Tools

39%

Share of revenues

41%

Share of adjusted EBITA



### Sandvik Manufacturing and Machining Solutions

A market-leading manufacturer of tools and tooling systems for advanced metal cutting, expanding into digital manufacturing and software solutions, as well as technologies such as additive manufacturing and in-line metrology.

#### Sandvik Machining Solutions<sup>1</sup>

- Sandvik Coromant
- Seco
- Walter
- Dormer Pramet
- Powder Solutions
- Tool Flow Solutions
- GWS<sup>2</sup>

#### Sandvik Manufacturing Solutions<sup>1</sup>

- Design and Planning Automation
- Industrial Metrology

1) Business area segments  
2) As of January 1, 2024

Adjusted EBITA is excluding Group activities and items affecting comparability.



## Key customer segments and share of revenues



### Mining

We deliver drill rigs, rock drilling tools and systems, load and haul machines, tunneling equipment, continuous mining and mechanical cutting equipment, crushing and screening, service and sustainability-driving technologies to increase digitalization, automation, safety and customer productivity.



### General engineering

Our tools and tooling systems for metal cutting and manufacturing software are used in engineering industries worldwide, improving productivity, profitability, quality and safety as well as reducing environmental impact. We are also a global leader in high-alloy metal powder.



### Infrastructure

We offer solutions that increase safety and customer productivity in breaking, drilling, cutting, crushing and screening. Application areas include tunneling, quarrying, demolition and recycling.



### Automotive

Our software solutions, tools and tooling systems for turning, milling and drilling in metals, as well as our industrial metrology offering, increase productivity when manufacturing, for example, engines and transmissions.



### Aerospace

We work closely with the world's aerospace companies. As they apply new materials to manufacture airplanes that are lighter, safer and more fuel efficient, advanced tooling solutions and end-to-end optimization are critical.



### Other

Includes mainly energy, die and mould, electronics, medical, pump and valve, rail and defense.

- Sandvik Mining and Rock Solutions
- Sandvik Rock Processing Solutions
- Sandvik Manufacturing and Machining Solutions

# Sandvik provides proof of quality

Sandvik performed well in 2023 and we made important strategic progress. Our strong performance contributed to favorable growth in many of our strategic focus areas and generated good profitability, despite a challenging external operating environment.

We have a clear strategy and growth focus where the solutions we offer contribute to making our customers more productive and more sustainable. Through our leading market positions, a growing share of parts, services and consumables, and a targeted expansion within our customers' value chains, we have become a more agile and resilient business with a strengthened platform for long-term growth.

Our performance in 2023 is clear evidence of that transformation. Revenues, at fixed exchange rate, grew by a strong 9 percent and we delivered an all-time high adjusted operating profit (EBITA) of SEK 25.2 billion, an increase of 12 percent.

The world is changing and Sandvik is changing with it. We have a strong platform to build on with world-leading market positions, strong brands and a winning culture. Based on this foundation, we are well positioned to capture future growth opportunities and drive digital and sustainability shifts in the industries in which we operate.

We continued to see good progress in many strategic focus areas during the year. There continues to be strong customer demand for our battery-electric and automated mining solutions and we won several major orders as well as a large number of repeat orders, underscoring the quality and strength of our offering. We have increased our focus on surface drilling and in 2023 we made good progress, including several product launches and a record order in the fourth quarter.

Our machining solutions business is building a stronger position to meet external trends, such as the increasing demand for aluminium machining for electric vehicles, as well as increasing interest in automation and digital solutions. Productivity, sustainability and safe operations are at the core of Sandvik. With our unique offering that combines world-leading equipment, tools and software solutions, we have great potential to create value for our customers.

## **A new face**

Sandvik has in many aspects become a new company in recent years. To reflect this, we launched a new, modern brand identity and logotype that represents our purpose, our world-leading positions and our strategic direction. The new face of Sandvik means that we are even better equipped to live up to our purpose: We make the shift – advancing the world through engineering.

## **An agile company**

Our efforts over the past few years to strengthen the resilience, flexibility and speed of our decentralized structure

continue to pay off. We actively work with maintaining resilient revenue streams and have a constant cost focus to make Sandvik even more competitive, more efficient and less complex. All parts of our business have contingency plans in place, enabling quick responses to different scenarios. In a multifaceted demand environment, with geopolitical tension, lingering inflation pressure and supply chain disruptions, I am proud that we managed to keep our adjusted EBITA margin at 20.0 percent, within our target range.

## **Building on innovation**

Sandvik is built on world-leading research and development (R&D), and this continues to be essential to ensure our future success. Our R&D investments amounted to SEK 4.8 billion in 2023, corresponding to 3.8 percent of the Group's revenue. Organic revenue growth was 6 percent, with continuing strong momentum in highly strategic areas such as manufacturing software, parts, services and consumables, automation and battery-electric vehicles. Some of the innovations introduced were the first of their kind in the industries we serve, and it is clear from the developments in strategic focus areas that our innovative product portfolio is stronger than ever.

## **Platform for growth**

We aim to grow both organically and through acquisitions, and in recent years we have been very active in establishing a strong acquisition agenda. The seven acquisitions made in 2023 further enhance our strong positions in the marketplace and strengthened our position in areas such as mine optimization, CAM solutions, electrification, powder solutions and medical.

Previously acquired companies have added great value to the Sandvik Group. The acquisition of SP Mining within Sandvik Rock Processing Solutions in 2022, for example, increased our exposure towards the mining industry and also increased the share of parts, services and consumables sales, adding positively to the 2023 results. The acquisition of Deswik in 2022, the world's leading mine planning software company, made it possible for us to provide a unique end-to-end customer offering.

We are making continued progress in our work to leverage the world-class assets we have within Sandvik and to gradually realize our goal of helping our customers in component manufacturing automate the entire production cycle – from design and planning to manufacturing and verification.



“The world is changing and Sandvik is changing with it.”

#### **Sustainable development**

In September, our targets to reduce greenhouse gas emissions were validated by the Science Based Targets initiative. This third-party validation of our emission targets is essential as we set the strategic direction of Sandvik. We also see that we have a big opportunity to drive sustainability through our customer offerings.

The total recordable injury frequency rate was 3.0 (3.1). We have a zero harm vision for accidents in the workplace and have intensified our focus on this area to continue our long-term positive trend. Sandvik continues to support the principles of the United Nations Global Compact and contributes to the UN Sustainable Development Goals.

#### **A stronger company**

In 2023, we continued to build a stronger Sandvik and it is clear that we are making good progress. With the performance this year we have again proven our ability to navigate challenges that come our way, and we look forward with confidence to the opportunities ahead of us. I would like to thank our fantastic employees, whose continued outstanding efforts are the main reason that we can look back at another strong year. I would also like to extend a big thank you to our shareholders and customers for your continued trust.

Stefan Widing  
President and CEO

# Financial targets

Sandvik has long-term financial targets focusing on growth, profitability, financial position and dividend.

## Growth

9%

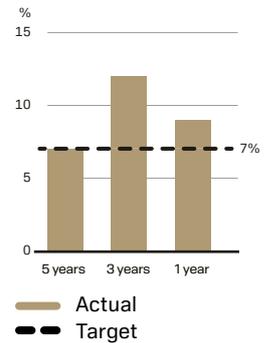
Outcome

### Target

A growth of 7 percent through a business cycle, organically and through acquisitions.

### Outcome

A revenue growth (CAGR vs 2019) of 9 percent. In 2023, total growth at fixed exchange rates was 9 percent, of which organic growth was 6 percent. Revenue growth was 12 percent over a three-year period and 7 percent over a five-year period.



## EBITA margin range

20.0%

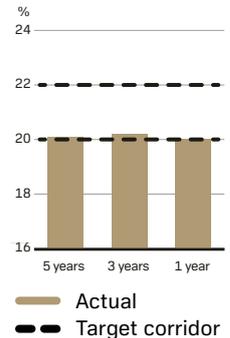
Outcome

### Target

An adjusted EBITA margin range through a business cycle of 20–22 percent.

### Outcome

The adjusted EBITA margin amounted to 20.0 percent (20.0), in line with the target.



## Financial net debt/EBITDA

1.2

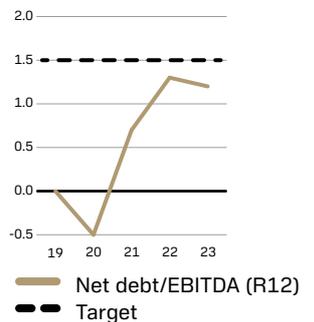
Outcome

### Target

A financial net debt/EBITDA ratio (excluding transformational M&As) below 1.5.

### Outcome

The target was achieved as the financial net debt/EBITDA ratio was 1.2.



## Dividend payout ratio<sup>1)</sup>

43%

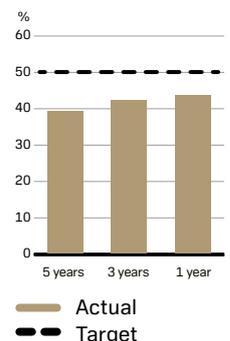
Outcome

### Target

A dividend payout ratio of 50 percent of earnings per share, adjusted for items affecting comparability, through a business cycle.

### Outcome

A solid performance in 2023 resulted in a proposed dividend of SEK 6.9 billion (6.3) corresponding to a payout ratio of 43 percent. The average payout ratio for a three-year period amounted to 42 percent and for a five-year period to 39 percent.



Target outcomes are 2023 results. All figures except financial net debt/EBITDA are excluding Alleima and other operations for previous years.

1) The dividend payout ratio is only related to cash dividends and does not consider the distributed value from Alleima to shareholders in 2022. The ratio is calculated on adjusted earnings per share, diluted, for the total Group for all years except 2022 when it excludes earnings related to Alleima.



# Sustainability targets

We have set sustainability goals in selected focus areas and we report on KPIs for our operations to track progress towards targets. In addition to our own operations, we also work with customers and suppliers to achieve the goals.

## Net zero

# 141 ktons

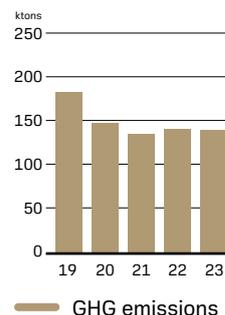
Outcome

### Target

Our target is to reduce our scope 1 and 2 greenhouse gas (GHG) emissions by 50 percent by 2030, compared to 2019.

### Outcome

In 2023, we increased our GHG emissions by 1 percent to 141 ktons. The increase was primarily due to lower sourcing of low-emission electricity, such as certificates. Emissions from own operations (scope 1) decreased by 3 percent. Compared to the base year (2019), GHG emissions have been reduced by 23 percent and we are on track to reach the 2030 target.



## Circularity

# 71%

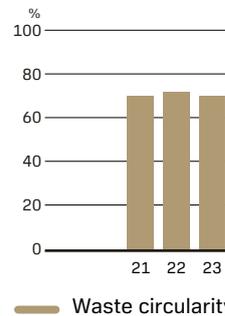
Outcome

### Target

Our target is to increase our waste circularity to 90 percent by 2030.

### Outcome

We achieved 71 percent (73) waste circularity. The decrease is mainly due to acquired companies and we are still in line to achieve the 2030 target. Total waste decreased by 21 percent to 336 ktons.



## Safety

# 3.0

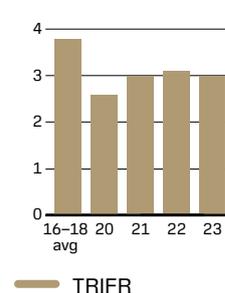
Outcome

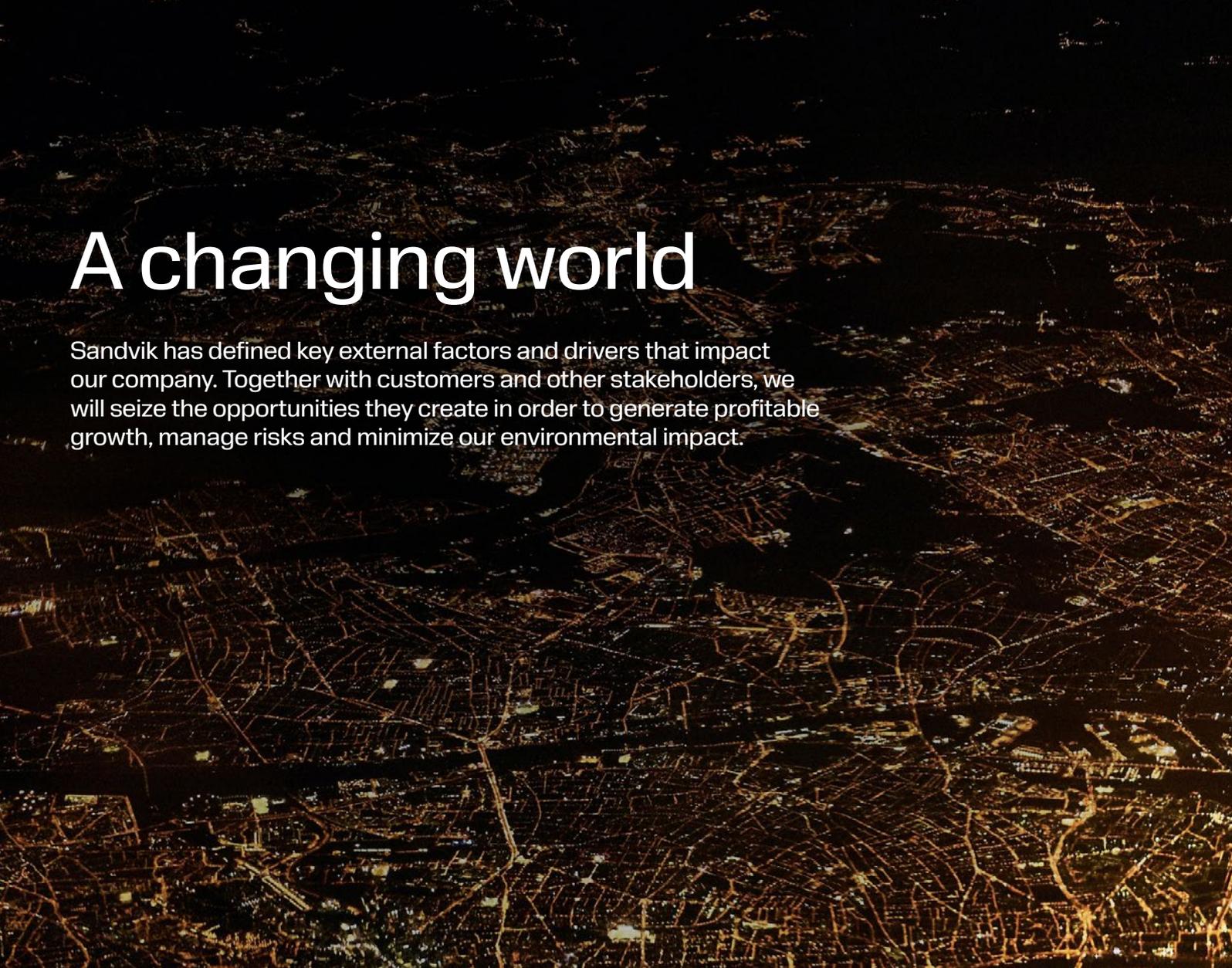
### Target

Our target is to reduce the Total Recordable Injury Frequency Rate (TRIFR) to 1.9 by 2030, representing a 50 percent reduction from the baseline average 2016-2018.

### Outcome

The TRIFR amounted to 3.0 (3.1). Compared to the baseline (average 2016–2018) it has decreased by 21 percent. Acquisitions continue to negatively impact both TRIFR and LTIFR trends. Regrettably, one fatality was reported.





# A changing world

Sandvik has defined key external factors and drivers that impact our company. Together with customers and other stakeholders, we will seize the opportunities they create in order to generate profitable growth, manage risks and minimize our environmental impact.

## **Digitalization and automation**

The manufacturing and mining industries are experiencing a shift to digitalization and automation. Access to big data, sophisticated analytical tools, robotics and artificial intelligence are creating new business opportunities and improved business intelligence. New ways for people to interact with machines and the ability to transfer digital instructions into physical products or equipment enable real-time decisions in the machining process. Such developments contribute to reduced costs, increased productivity and improved management of fluctuations in demand. It also puts higher demands on our coworkers' expertise. Sandvik offers digitalized solutions and services to optimize its customers' operations pertaining to costs, productivity and environmental impact.

Historically, design, machining and analysis have been three clearly defined phases in the manufacturing of components. New technology, digitalization and metrology are leading to the integration of the three phases to form a seamless, automated end-to-end value chain.

In the mining industry, digitalization and automation are used across the value chain, from mine planning through mining and crushing operations to the extraction of minerals. Data collection, for example in mining equipment, enables advanced analysis to optimize processes and predict maintenance needs. We are the market leader in automated solutions for mining equipment.

## **Economic and political developments**

Macro factors such as globalization, political governance and cyclicity impact Sandvik. A growing middle class and rapid urbanization increase the demand for metals and minerals, the need for infrastructure investments, and the demand for consumer and industrial goods. Regionalization and protectionism affect trade regulations, such as customs duties or new legal requirements. Our global and local presence and our decentralized way of working allow us to be flexible and adapt to changing conditions. All of our business areas have action plans in place to manage changes in market conditions.



### **New technologies**

A number of emerging technologies will affect our industries. The rapidly expanding demand for battery-electric vehicles offers vast business opportunities for Sandvik within its mining operations but also headwinds in some parts of its business, for example in component manufacturing for the automotive sector.

Artificial intelligence (AI) and machine learning will be used for increasingly complex tasks and the implementation of 5G will contribute to more intelligent equipment. Sandvik is investing in AI and machine learning models where applications include, for example, the monitoring of tools or the ability to identify a need for maintenance to avoid mining equipment breakdowns, before it happens.

Multi-axis technology, enabling the machining of a material from several different angles, improves efficiency and allows for products with, for example, more complex design.

Sandvik has a deep knowledge of additive manufacturing, a technology that requires fewer manufacturing steps and, by producing lighter products with fewer raw materials, reduces the environmental impact.

### **Sustainability**

The Paris Climate Agreement's goal to limit global warming to 1.5° C places demands on companies and society for change and new thinking. One consequence is the rapid electrification of society, increasing demand for electrification minerals and the need for fossil fuel-free energy sources. Sandvik is a world leader in electric mining equipment and supplies tools and tooling systems for the energy industry, including renewable energy.

Sandvik has set a clear goal of reducing its greenhouse gas impact across the entire value chain. Our largest impact is through our products and solutions and we continuously strive to increase productivity and minimize the environmental impact. Sandvik aims to increase circularity by using more secondary material in production. We repurchase customers' used cemented carbide inserts, drill bits and rock tools, turning them into tungsten carbide powders and new tools.

Today's customers and stakeholders require ethical conduct from businesses and Sandvik is committed to high business standards.

# A value creating strategy

Our strategy aims to create benefits for all our stakeholders – customers, employees and communities, ultimately leading to shareholder value. It rests on our core values, explicit target setting and a decentralized way of working.

Our core values of customer focus, innovation, fair play and passion to win represent the essence of the Sandvik culture. Together with the purpose “We make the shift – advancing the world through engineering” and the Code of Conduct, they guide us in our daily business decisions and form a solid platform for our strategy.

The strategy includes six strategic objectives for which we have defined 2025 targets and key results. We have a strong platform to build on with market-leading positions and strong brands, and we are number 1 or 2 in the market segments we operate in. Our business model is built around helping our customers become more productive, efficient and sustainable, with innovation at the core of our culture. We are financially strong with a strong balance sheet and cash-flow generation in combination with a margin that is resilient across a business cycle.

The strategy relies on a number of common strengths across our Group: being close to the customer with a decentralized way of working and leading brands, digitalization and automation, a strong performance culture and modern leadership that focuses on ensuring high employee engagement.



## Our purpose: We make the shift – advancing the world through engineering

Our purpose captures our ambition whereby our innovative solutions make the shift in areas such as digitalization and sustainability, creating value for customers, employees and communities, ultimately leading to shareholder value.

Our core values of customer focus, innovation, fair play and passion to win capture the culture of the company and they guide us in our actions and daily business decisions.

### Customer focus

We constantly strive to exceed our customers' expectations and enable them to excel in their business. We are decentralized and decisions are taken close to customers.

### Innovation

We always strive for technology leadership and successful partnerships. We work to

ensure everyday advancements and innovative shifts.

### Fair play

We put health and safety first. We are ethical and compliant with high standards for business conduct.

### Passion to win

We strengthen our market leadership through strong performance management, continuous improvement and empowered people. We are passionate about making our company number one.



## Shift to growth

Sandvik is well positioned to capture future growth opportunities. Our long-term target is to grow at least 7 percent over a business cycle, organically and through acquisitions. The ambition is to grow faster than the market and we aim to grow (CAGR vs 2019) 10 percent for Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions respectively, and 5 percent for the Sandvik Machining Solutions business area segment. We updated the ambition for the Sandvik Manufacturing Solutions business area segment with a new growth target, defined as SEK 4 billion in software revenues by 2025.

Since 2019, the annual growth has been 9 percent (CAGR), a strong result considering, for example, the exit from Russia. Organic growth is paramount to achieve our targets and in 2023 we launched a number of innovative new products connected to electrification, digitalization and automation (see pages 22, 28 and 34). We have a New Sales Ratio (NSR) target of 30–35 percent by 2025, defined as the share of sales from products launched in the last five years. In 2023, the NSR was 25 percent. Investments in R&D amounted to 3.8 percent of revenues.

We have added approximately SEK 19 billion in annualized growth through 31 acquisitions, of which seven took place in 2023.

### Growth areas

Sandvik has identified prioritized growth areas for each of its businesses, with digitalization and sustainability as common denominators.

Sandvik Mining and Rock Solutions is world-leading within underground electrification and automation. In 2023, we received record orders for battery-electric vehicles and won 75 percent of all load and haul tenders we participated in. Our goal is to have a full underground electric offering by 2030. The acquisition of Deswik in 2022 made Sandvik world-leading within mine planing software and this year Deswik acquired Poly-mathian Industrial Mathematics, an Australia-based provider of AI solutions for mine optimization. Sandvik is the only OEM in the industry with an end-to-end digital offering.

Sandvik has increased its focus on growing within surface drilling. In 2023 we introduced an electric concept surface drill rig and acquired a new surface testing facility in Finland. Parts, services and consumables

accounted for 66 percent (69) of sales in 2023. A high share of total sales improves our resilience over time.

Sandvik Rock Processing Solutions is shaping eco-efficient rock processing solutions. By replacing the high energy-consuming grinding process with fine crushing solutions we expand our offering in the value chain and reduce energy use at the customer site. The acquisitions of Kwatani in 2021 and SP Mining in 2022 broadened our screening offering, increased the share of mining sales to 53 percent (39) and increased the share of parts, services and consumables sales to 59 percent (55). We already provide a fully electrified stationary crushing and screening equipment offer, and aim to have 90 percent of our mobile offering electric by 2025. In 2023 we launched several electric mobile products and introduced a wider range of attachment tools to the US market.

Sandvik Manufacturing and Machining Solutions is aiming for end-to-end optimization and automation within component manufacturing, so-called closed loop manufacturing. The Sandvik Machining Solutions business area segment aims to grow within inserts, round tools, the mid-market segment and outside Europe, also aiming for digital industry leadership and to master the automotive shift. Round tools revenues have increased by more than 20 percent since 2021 and we have increased our market share in North America. In 2023 we acquired Buffalo Tungsten Inc (BTI), a leading US-based manufacturer of tungsten powders; esco GmbH, a German supplier of software solutions for a gear machining technology; and 95 percent of the shares of Irish medical machining solutions provider Premier Machine Tools Limited.

The Sandvik Manufacturing Solutions business area segment is growing through the provision of an end-to-end agnostic digital offering with a portfolio of strong brands. In 2023, we strengthened our offering with the acquisition of Postability, a Canadian company that develops post processors for Mastercam (acquired by Sandvik in 2021). We also acquired a minority stake in up2parts, a German closed loop manufacturing software start-up. We continued to integrate hardware and software solutions, automating and connecting the component manufacturing value chain.



## Digital shift

Sandvik aims for digital leadership in its industries. We combine hardware and software to create optimized solutions for the manufacturing, mining and infrastructure industries. Our equipment and tools are increasingly becoming intelligent and automated, gathering data and enabling predictive maintenance, leading to improved productivity and sustainability for our customers.

We have set a target to generate Group digital and software sales of SEK 6.5 billion by 2025, and are on track to deliver on the target. The expansion of our digital offering in 2023 significantly contributed to our overall growth targets and sales from software and digital solutions were close to SEK 5 billion.

Sandvik Mining and Rock Solutions is creating value through leading autonomous solutions and integrated digital and AI platforms that support customers across the value chain. The Digital Mining Technologies division achieved double-digit organic growth year on year, with support from the acquisitions made in previous years, such as mine planning software company Deswik. We achieved strong sales of autonomous min-

ing equipment and AutoMine® solutions, and increased the number of mines using our Remote Monitoring Services.

Sandvik Rock Processing Solutions aims to have 60 percent of customers utilizing its automated and digital solutions by 2025, thereby gaining operational insights for improving productivity and performance. Automation is a prioritized growth area and the business area sees opportunities to provide leading optimization and automation solutions through continuous developments and new functionality additions for its digital assistant platform SAM™.

In line with the vision to become the leader in closed loop component manufacturing, Sandvik Manufacturing and Machining Solutions continued to integrate acquisitions made in previous years, establishing a stronger portfolio of world-leading combined software solutions. CoroCut® QD for Y-axis parting and CoroPlus® Tool Library, for example, are now integrated into some of our CAM software solutions, creating more seamless user experiences.

Sandvik received orders for Toro® LH625iE electric loaders equipped with AutoMine® autonomous solutions in 2023.





# Sustainability shift

In 2023 we updated our sustainability strategy, which provides the base for our ambitious sustainability agenda. The new strategy broadens the scope of our focus areas and sets a future sustainable vision for each industry that we work with. It takes a holistic approach that includes customers, suppliers, and our own operations.

### Sustainable solutions

Our biggest contribution is to help our customers make a sustainable transition through the solutions that we provide. Our mission is to build sustainability into everything we do, from research and development to product innovation and sustainable sourcing in our supply chain.

We launched numerous solutions in 2023, including electric mining and rock processing equipment and software systems for component manufacturing, which reduce energy use and improve efficiency and productivity. Many of these solutions are referred to in more detail in the following pages.

### Net zero

In 2023, our targets to reduce greenhouse gas (GHG) emissions were validated by the Science Based Targets initiative (SBTi). This means that we are committed to reaching net zero GHG emissions by 2050 at the latest, reducing absolute emissions from our own operations, heating and power (scope 1 and 2) by 50 percent by 2030 and by 90 percent by 2040. We will also reduce absolute emissions from customers, suppliers and transports (scope 3) by 30 percent by 2030. All targets have 2019 as their base year.

We are in line with our 2030 climate targets for GHG emissions (scope 1 and 2) even though they increased by 1 percent in 2023. Compared with the base year 2019, they have been reduced by 23 percent.

### Circularity

Sandvik aims to be over 90 percent circular by 2030 for packaging, products and waste, and we expect the same of our key suppliers. We are building circularity and resource efficiency into our business in a number of different ways. In our own operations, we are working to increase waste circularity. In countries without strong waste management infrastructure, we work with procurement to identify alternatives to landfill. We continue to identify circular solutions for complex waste streams. Waste circularity decreased from 73 percent in 2022 to 71 percent in 2023. See NF8 for more information.

We continue to buy back used tools from our customers and recycle them to make new tools. We introduced a customer recycling program for used drill bits and we conducted a pilot to facilitate customer's recycling of used inserts with good results. We also launched a new website feature to easier facilitate reconditioning of customers solid round tools.

### Ecosystems

Sandvik works with partners to prevent or mitigate negative impacts and to protect and restore biodiversity and ecosystems in our value chain. We have initiated a pre-study to understand impacts from our own operations and those of strategic suppliers with greater precision. Based on the results, we will develop a biodiversity action plan in line with the EU Biodiversity strategy that aims for no net loss of biodiversity by 2030, net gain from 2030 and full recovery by 2050.

### Responsible business

Sandvik ensures high standards of business conduct and responsibility are built into our operations and throughout our value chain, enabled by transparency and due diligence. We constantly aim higher in ethics and transparency.

Our work in this area is supported by the Sandvik Code of Conduct, our risk-based compliance programs with clear policies and training as well as monitoring and assurance, complemented by our Speak Up and investigations processes and remediation, and discipline (see pages 64–65).

Our commitment to high standards of business conduct has been recognized by sustainability rater EcoVadis, which covers a wide range of Corporate Social Responsibility topics, including environment, labor and human rights, ethics and sustainable procurement.

We also aim to ensure that our own high standards are embedded within our supplier management and procurement practices. Our commitment to responsible sourcing is reflected in our Supplier Code of Conduct and the Sandvik Statement on Responsible Sourcing of Minerals and Metals, in accordance with the OECD Due Diligence Guidance.

### People and communities

Sandvik works to consistently encourage the wellbeing of all our employees. Health and safety is rigorously monitored across our operations and we continuously invest in our safety culture and our goal of zero harm. In 2023, we launched injury prevention campaigns for hand injuries, improved safety onboarding programs and carried out workshops to improve site safety management. The Total Recordable Injury Frequency Rate improved to 3.0 (3.1) and the Lost Time Injury Frequency Rate to 1.1 (1.3). Regrettably, a tragic fatality was reported.

We engage in our operations' local communities for mutual benefit. Our aim is to actively participate through partnerships, education and volunteering to bring our values to life. In 2023 we engaged in about 170 community projects.



## Agile through cycle

Being agile through the cycle starts with resilient revenues which are supported by, for example, a higher share of parts, services and consumables or increased software revenues. In 2023 we demonstrated good pricing power and ability to mitigate inflation with price increases.

Ramping up after Covid-19, we have chosen to implement a higher share of flexible costs. We have increased the share of variable costs through actions like increasing third-party personnel and satellite, or outsourced, production. Developing alternative supply chains and acquiring assets, such as Buffalo Tungsten and a foundry in India, also increased operational flexibility.

We actively work with establishing an efficient cost base and continuously improve the fixed cost structure. In 2022 we announced

long-term structural measures that will generate annual savings of about SEK 785 million, with a full run-rate in 2025. Measures include consolidation of sites and optimizing the organization, and at year-end we had delivered on 48 percent of the program, which is according to plan.

The key measurement for success is our margin target of an adjusted EBITA margin ranging between 20–22 percent through a business cycle. The EBITA corridor is to be seen as a guide for when additional corrective measures may be necessary or what may not be seen as long-term sustainable margins.

Our decentralized organization helps us to act quickly on market intelligence and all business areas have well-prepared contingency plans for different scenarios.



## Customer's first choice

Customer value ensures long-term business success. Working close to customers is in the DNA of Sandvik and we develop close relationships for customer insights, R&D benefits and for quick feedback when market conditions change. We have built trust over decades and with vast knowledge of customer needs we are a trusted partner.

We aim to be number one or two in the markets where we operate. This is achieved through strong brands and innovative offerings.

Our strategic priority to be the customer's first choice include providing a leading performance-based offering and superior basic and advanced services.

In 2023, we supported customers in a faster and more efficient way by, for example, placing service resources permanently on site, locating engineering and R&D resources close to the customer site, modifying parts to suit specific customer needs, strengthening our ground support capabilities and investing in warehouse management systems.

Across the organization we aim to advance the way in which we measure and improve customer value and customer satisfaction. In 2023 all of our divisions measured their customer satisfaction through structured methods. By 2025 they will be able to show verified improvements.

An example of customer insights is that small and medium enterprises need support in connecting equipment and creating a more efficient component manufacturing process. We are helping this customer group, for example with our Lighthouse Program, by being a partner in their digital journey, offering solutions and expertise to support them.

In our indirect channels we are training our partners to become more knowledgeable about our offerings so they can better solve customer problems with our solutions. We have also created a unique end-to-end customer offering in mining, from planning to operations.



## Employer of choice

Sandvik aims to be the employer of choice within our industries and attract, retain and develop diverse talented individuals to drive our shift strategy.

We focus on having a diverse, strong and passionate corporate culture, where people feel included and experience no discrimination due to factors such as age, sex, gender expression, race, ethnicity, language, religion, disability or sexual orientation.

By listening and acting on insights shared by our employees we build a workplace that fosters personal growth and development, while promoting digitalization, accountability and business results. We empower and support everyone to reach, act and function at their best. In 2023 we implemented a revised Employee Value Proposition to support our new Employer Branding Strategy and our Employee Experience Journey.

We strive for an industry-leading engagement level among our employees and have set an engagement target of over 80 per-

cent for 2025. In 2023, we reached 78 percent (78). During the year we deployed a new engagement insights platform to become even more employee-centric. The digital tool provides managers with live engagement to instantly act on the insights from our employees.

Sandvik has a decentralized way of working and encourages local business area initiatives for employee engagement and individual career development.

We believe that diversity, equity and inclusion start at the top. Our Executive Management includes people from various nationalities and backgrounds and 40 percent are women. We aim for 25 percent of our managers to be female by 2025 and in 2023 the share amounted to 20.5 percent (19.6).

Sandvik was once again part of the green list in the non-profit foundation Allbright's assessment of gender distribution at the board and executive management team level in Swedish companies.



## 2025 targets

## 2023 key results

## Shift to growth

- Total growth of 7 percent (CAGR) at fixed exchange rates over a business cycle
- New Sales Ratio of 30–35 percent, defined as share of sales of products younger than 5 years

- Total growth was 9 percent (CAGR vs 2019) at fixed exchange rates
- New Sales Ratio of 25 percent

## Digital shift

- Software and digital sales (rolling 12M) of SEK 6.5 billion
- 70 percent of our sites to have modern Enterprise Resource Planning (ERP) platforms implemented to enable a seamless flow

- Software and digital sales amounted to SEK 4.9 billion (4)
- 45 percent (45) of our sites had implemented modern seamless flow platforms

## Sustainability shift

- Reduce greenhouse gas emissions by 25 percent
- 80 percent waste circularity

- Greenhouse gas emissions increased by 1 percent in 2023. Compared to the baseline (2019) they have decreased by 23 percent
- Waste circularity amounted to 71 percent (73)

## Agile through cycle

- Adjusted EBITA margin (rolling 12M) within the range of 20–22 percent over a business cycle

- Adjusted EBITA margin amounted to 20.0 percent (20.0)

## Customer's first choice

- 100 percent of our divisions to measure customer satisfaction and show verified improvements

- All divisions have established methods to measure customer satisfaction

## Employer of choice

- 25 percent female managers
- Employee engagement rate above 80 percent
- Total Recordable Injury Frequency Rate (TRIFR) at 2.7

- At year-end, 20.5 percent (19.6) of our managers were women
- The employee engagement rate was 78 percent (78)
- The Total Recordable Injury Frequency Rate was 3.0 (3.1). Compared to the baseline (average 2016–2018) it has decreased by 21 percent.

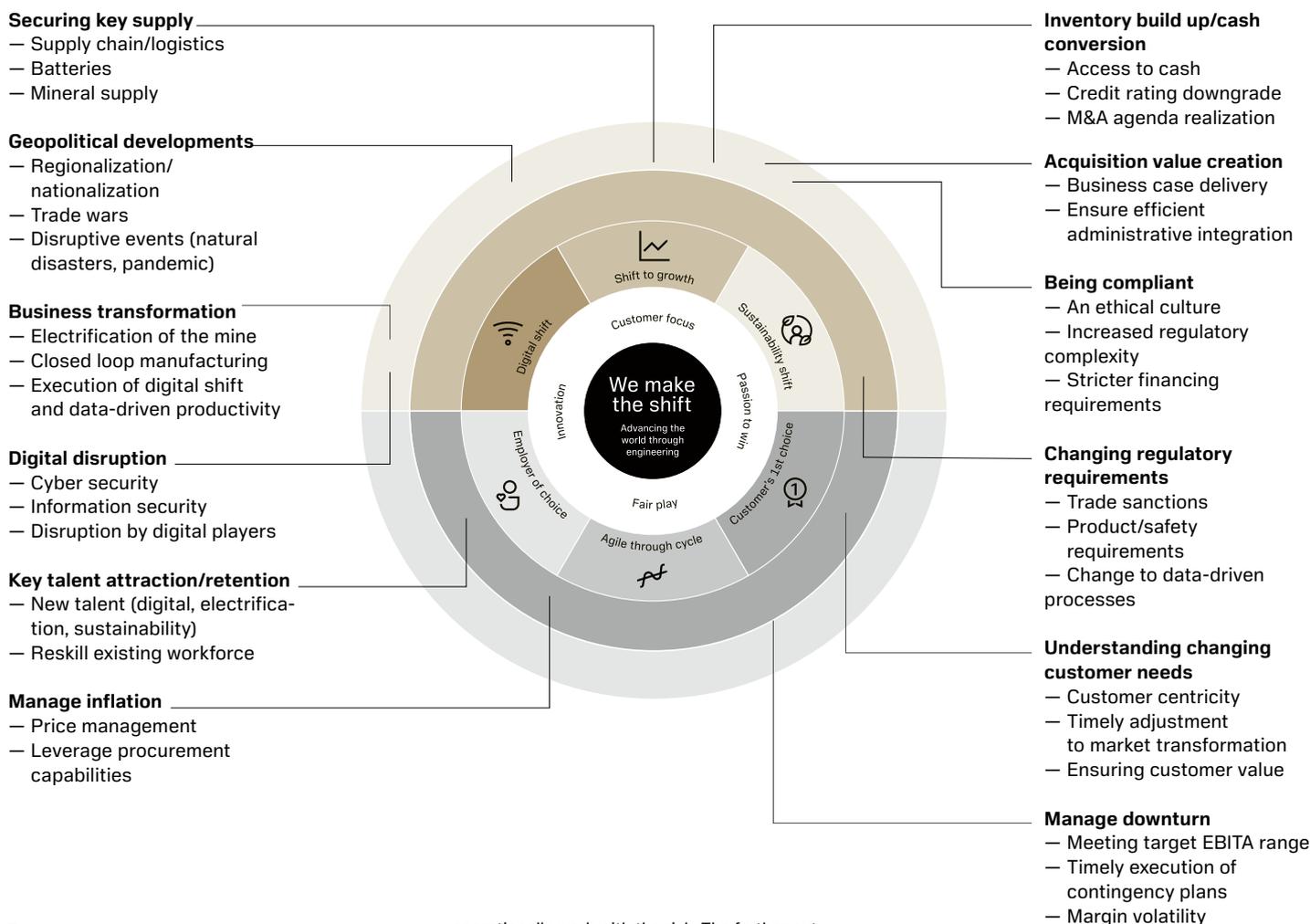


# Strategic risk landscape

Achieving the Sandvik strategy is dependent on continuously managing risks associated with it. These risks can be driven by external factors where our ability to influence them is limited and risk mitigation is hence focused on agility and adaptability. They can also be more directly within our own control. Sandvik continues to run its well-established Enterprise Risk Management (ERM) process which is used in all parts of the Group for analyzing risks in the local entity, business unit, division, or business area. These local risk analyses are heavily influenced by the strategy and key objectives for each part of the

business, in accordance with our decentralized way of working, but the total outcome is aggregated into a bottom-up summary of the most significant risks at Group level. You can read more about this process on pages 58–59. Since 2022, we have complemented the bottom-up process with a strategic analysis at the Group Executive Management level and identify key risk areas that are tied to our ability to execute on our strategy. This is done to achieve a more focused, strategic risk landscape for the Group to enable good follow-up of the various risk mitigating activities in relation to the strategic goals. The

Sandvik Key Risks map for 2024 details the individual risks we are actively addressing to achieve long-term success and strategy fulfillment. When we deliver on our strategic targets, many of the risks will be fully mitigated. The Sandvik Key Risks map is also coupled with a follow-up model for tracking the initiatives that will lead to improved risk mitigation (see page 60). The tracking model is regularly reviewed and discussed in the Group Executive Management team, thus creating a more dynamic and strategically relevant risk management discussion at the highest level of the company.



The illustration shows which strategic area each key risk relates to, although several risks are relevant for more than one strategic area. The proximity to the center shows how actively we

operationally work with the risk. The further out from the center, the more long-term/strategic the risk is. Many risks are both short and long-term and require both short and long-term mitigation.





# Sandvik Mining and Rock Solutions

Record levels of order intake and revenues contributed to a strong year for Sandvik Mining and Rock Solutions. Growth was driven by progress in key strategic focus areas such as electrification, surface drilling and automation, as well as product launches in core areas.

Sandvik Mining and Rock Solutions is a global leading supplier of equipment and tools, parts, service, digital solutions and sustainability-driving technologies for the mining and infrastructure industries. We provide high-performing products and services that increase our customers' productivity and safety, extend uptime, and reduce costs and environmental impact. Our product offering includes equipment for rock drilling, rock cutting, loading and hauling, tunneling and quarrying.

We are shaping the sustainable mine of the future through fully electric and mine automation solutions and end-to-end optimization via connected digital services, including remote monitoring services. Our mine automation systems cover all aspects of automation, from single pieces of equipment to full fleet control.

## Market overview

The global mining industry was stable at high levels throughout 2023. The need for more minerals and metals for the green transition and global GDP growth continued to drive strong demand and high commodity prices. Inflationary pressures and energy costs did not impact global mining demand. The market continues to show strong interest in the sustainable solutions and digital technologies necessary for the mine of the future. Infrastructure demand was soft, particularly in Europe.

## Shift to growth

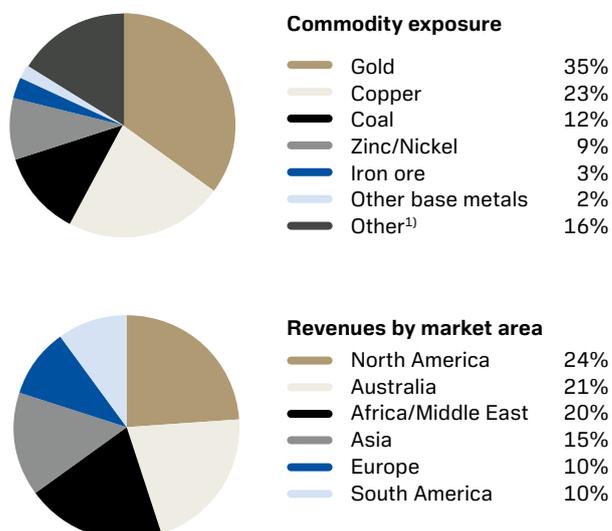
Sandvik Mining and Rock Solutions experienced strong momentum and record orders within automation, surface drilling and electric mining equipment. We introduced several innovations, including a higher-capacity battery for battery-electric (BEVs) loaders and trucks.

We continued to build an extensive surface drilling portfolio and introduced Sandvik® DR413i, a surface drill rig in our intelligent rotary blasthole range, Ranger® DX910, a powerful drill rig with intelligent features and a concept surface drill rig. We also acquired a new testing facility in Finland to develop and prove future surface drilling technologies and received our largest-ever order for surface drilling, valued at SEK 248 million.

The leveraging of acquisitions made in previous years, such as Deswik (mine planning software), contributed to double digit growth for the eleventh consecutive quarter in our Digital Mining Technologies division. In 2023 we acquired Poly-mathian Industrial Mathematics, an Australia-based provider of advanced mine optimization software and services and we strengthened our presence in South America with the acquisition of MCB Services and Minerals, a mining software and services provider.

Sandvik received an order from Canadian mining company Torex Gold Resources for a 35-unit mining equipment fleet

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	62,895	64,527
Revenues, MSEK	56,843	65,690
Adjusted EBITA <sup>2)</sup> , MSEK	11,643	13,716
Adjusted EBITA margin <sup>2)</sup> %	20.5	20.9
Return on capital employed, %	22.6	24.6
Number of employees <sup>3)</sup>	16,206	17,019
Gender balance (men/women), %	82/18	81/19
Women in managerial positions, %	18.7	20.1
Lost Time Injury Frequency Rate (LTIFR)	0.9	0.9
Total Recordable Injury Frequency Rate (TRIFR)	3.5	3.3

1) Platinum, diamonds and other.

2) Adjusted for items affecting comparability of SEK 67 million (-1,264).

3) Full-time equivalent.

valued at SEK 650 million and an order from a customer in Australia for underground equipment valued at SEK 460 million. We celebrated the delivery of our one thousandth Toro™ TH551 and TH663 large trucks.

The parts, services and consumables business accounted for 66 percent (69) of revenues. We invested SEK 260 million to increase our rock drill production capacity in Tampere (Finland).

#### Digital shift

We have a unique end-to-end ecosystem of digital solutions, including automation solutions, mine planning software and an AI-enabled Remote Monitoring Service, used by customers for predictive maintenance. Through our mining simulation tools, we are partnering with customers and generating sales by, for example, illustrating the type and size of fleet needed in an electric mine.

Sandvik became the first OEM to introduce a unified traffic management system for drills, loaders and trucks with AutoMine® tele-remote solution that enables operators to remotely and simultaneously control and supervise multiple automated Sandvik underground drills.

We made progress in our aim to bring automation to surface drilling, supplying Leopard® DI650i down-the-hole (DTH) drill rigs and AutoMine® surface drilling systems to a large European customer. We also launched My Sandvik Onsite, a monitoring solution that transforms data from Sandvik iSeries surface drill rigs into actionable insights for productivity improvements.

Sandvik received major orders from the Swedish mining company LKAB to supply automated loaders for use at the Kiruna mine in northern Sweden, the world's largest underground iron ore mine. The orders are valued at approximately SEK 250 million and SEK 120 million, respectively.

#### Sustainability shift

We help our customers reduce their environmental impact primarily through our product offering. There is a strong demand for battery-electric vehicles (BEVs), which now account for approximately 15 percent of load and haul order intake. Electrification helps mine operators reach their sustainability targets and we have a unique electric product portfolio, which we are expanding to meet future needs. We take full end-to-end responsibility for batteries, including battery design and we now provide battery recycling options in areas where our BEVs operate. To further support electrification we invested in a new production unit in Malaysia for the manufacture of electric underground loaders and trucks and announced plans to expand our battery center of excellence in California, USA.

Our Charging While Drilling innovation received the 2023 Sandvik Sustainability Award in Memory of Sigrid Göransson. The technology for battery-electric drilling equipment in mines utilizes the drilling cycle to simultaneously charge the battery, removing approximately 1.2 tons of CO<sub>2</sub> emissions per drill rig per year.

Sandvik has run carbide recycling programs for many years and in 2023 we rolled out an industry-first 'opt-out' recycling program for carbide drill bits, aiming to collect 90 percent of our own used drill bits by 2025. Other manufacturers' used bits can also be recycled within the scope of the new initiative.

We signed a letter of intent with steelmaker SSAB, securing their fossil-free steel for the future production of Sandvik loaders and trucks.

#### Customer's first choice

A strong focus on high service levels helped us achieve good order levels in the parts, services and consumables business. We work to ensure that parts and services are available on a timely basis and develop tools, such as the predictive maintenance

Remote Monitoring Service, to help customers optimize uptime.

Sandvik continued to leverage the ground support capabilities that came with the acquisition of DSI Underground in 2021. In 2023 we acquired Norgalv, a state-of-the-art galvanizing plant based in Canada to strengthen the overall supply offered by DSI Underground within the North American market. To better serve mining customers in North America, we are also investing over USD 50 million in a facility in Elko, Nevada, our largest US facility to date. We invested in warehouse management systems globally to support our customers in a faster and more efficient way.

We understand our customers' needs and partner with our customers on their digitalization, automation and electrification journeys. We secured several large orders, including an order from Codelco, the world's largest copper producer, to supply AutoMine® fleet automation system and six autonomous loaders to Chile. This is a continuation of our long-standing partnership with Codelco on automation solutions and supports their goal to operate the world's most automated and digitalized mine. The 19-unit BEV fleet, ordered for Rana Gruber's mine in northern Norway, will support its goal to operate the world's first carbon-free iron ore mine by the end of 2025.

#### Agile through cycle

Despite inflation and logistical challenges, we maintained profitability through our ability to be agile and we mitigated inflation with price compensation. A large share of our production is outsourced, for increased flexibility, and we have been very cautious about increasing employment costs in general. The restructuring program initiated in 2022 is progressing according to plan and will lead to annualized savings of SEK 100 million with a full run-rate in 2025.

While recent supply chain issues have started to normalize, we remain very focused on this area. We chartered a RoRo vessel in Finland, for example, to secure customer deliveries.

#### Employer of choice

We are focused on improving openness and communication to ensure that all employees understand where we are heading.

Through a six-month reverse mentoring program, several members of the extended business area management team were matched with a younger, less experienced employee, to challenge their way of thinking and encourage new ideas. A number of female employees were selected to participate in the International Women in Mining mentorship program, designed to empower women to overcome professional challenges and build confidence for achievement and industry leadership. Through the program, our employees partner with senior industry leaders (male and female) from the global mining industry.

There is a shortage of mining engineers in the industry and we need more skills related to electrification, digitalization and automation. We are attracting such competencies through close cooperation with universities and schools, particularly at locations near our operations.

Safety is our number one priority and we improved our safety performance through a number of local initiatives in our efforts to ensure zero harm.

Psychological safety is also high on our agenda, and was one of the topics included in the 2023 Global Learning Network program agenda. The safety leadership handbook at our Tampere (Finland) facility includes a section on psychological safety and mental wellbeing. The Load and Haul division received the 2023 Diamond (Diversity & Inclusion) Award for their project, a psychological safety film.

## Meet our employees



Haley Blinn, electric vehicle applications engineer, is passionate about battery-electric vehicles and even writes a blog about battery solutions and electrification.

**Find out more about Haley Blinn in this film and article:**



[home.sandvik/haley-blinn/](https://home.sandvik/haley-blinn/)

## Overview

### Product portfolio

Equipment for drilling, bolting, cutting, loading and hauling. Drilling consumables (rock tools), service, spare and wear parts. Comprehensive digital solutions to drive efficiency and process optimization.

### Market characteristics

#### Mining

Consolidated customer base of some 200 global major and junior miners. Remote locations, decreasing ore grades and deeper mines as well as safety requirements drive volume output and the need for semi-automated to fully automated solutions. Significant parts, services and consumables business.

#### Infrastructure

Sandvik is active in the niche area of rock excavation. The customer base is fragmented with more than 25,000 individual customers. Localized offering and local competition.

### Demand drivers

#### Mining

- GDP growth rate and resource-intensive industry development
- A growing middle class
- Metal and mineral prices
- Electrification
- Production levels in existing mines and expansion projects (greenfield and brownfield)
- Productivity improvements and new technology, for example automation and electrification
- Demand in the areas of environment, health and safety

#### Infrastructure

- GDP growth/urbanization
- Infrastructure investments and spending
- Government stimulus programs
- Aggregates production
- Cement consumption

### Competitive landscape/Major competitors

#### Mining

Mainly global competitors such as Epiroc, Caterpillar and Komatsu Mining.

#### Infrastructure

Some global competitors present in several niches: Epiroc, Caterpillar and Furukawa. Many local players.

### Go-to-market model

#### Mining

Direct sales approximately 95 percent with worldwide service network.

#### Infrastructure

Due to a fragmented customer base, 50 percent of sales is via distributors. Global sales and service organization.

### Growth strategy

Grow the parts, services and consumables business on the installed base. Expand market share in surface drilling. Climb the service ladder by data-driven productivity and advanced services. Automation, electrification and exploring complementary technologies and offerings through mergers and acquisitions.

### Strategic risk management

Various forms of business environment risk with an impact on the mining and infrastructure market in general, such as increased market competition with new technological developments and the emergence of new competitors, fluctuations in commodity prices and compliance-related risks. Political uncertainty in some parts of the world.

## Innovations creating customer value

We are partnering with our customers on their electrification, digitalization and automation journeys. Our expanding portfolio of products and solutions ensures that our customers can use the latest technologies to transition to a safer, more efficient and more sustainable mine of the future.

We introduced several new electrification innovations, including a higher-capacity battery that enables our largest underground BEV loaders and trucks to operate 36 percent longer between battery swaps. The increased capacity also improves charge acceptance, enabling faster downhill speeds, better efficiency and a lower cost per amp-hour compared to current generation Artisan® battery packs. We successfully tested the Sandvik® TH665B battery-electric truck in Australia, our largest capacity BEV truck for underground applications and the industry's only battery-electric powered underground truck with a 65-ton capacity.

Additions to our digital portfolio included Toro® LH518iB and Toro® LH514iE, automation-ready electric underground loaders with AutoMine® compatibility. xCell Cyclops™ is a digital convergence system for ground support that provides wire-

less, continuous, remote and real-time measurement of ground movements. My Sandvik Onsite is a monitoring solution that transforms data from Sandvik iSeries surface drill rigs into actionable insights for productivity improvements. AutoMine® AutoLoad 2.0 is a new feature that increases loading cycle consistency while reducing equipment idle time and operating costs.

The new Sandvik Alpha™ 340 drilling tools for mining and tunneling use a new innovative asymmetric thread design. The design reduces stress in critical areas, boosts fatigue strength, is easier to uncouple and reduces costs per meter advanced drilling. Digital simulations helped perfect the design, while digital control in machining enabled the more advanced geometries.



## Future opportunities with our offering

Sandvik is shaping the sustainable mine of the future. With our solutions, our customers become more productive and can run safer, more sustainable operations. We aim to have a fully electric underground hard rock offering by 2030, and by then we believe that more than 50 percent of our equipment sales in underground hard rock mining will be electrified. Battery-electric vehicles are estimated to have higher lifecycle revenue potential than conventional diesel-powered vehicles.

We are driving the development and adoption of mining solutions for electrification, automation and process optimization. Mining is essential for the electrification of our society and enabling the energy transition.

With our solutions we have extensive exposure to electrification metals, such as copper, creating solid fundamentals. Additionally, the long-term trend of declining ore grades is forcing mines to move deeper and

deeper, where temperatures are higher. This increases the demand for our high-performing electric equipment. It emits much less heat and no exhaust emissions, improving safety, the working environment and cost efficiency.

Our already leading position in underground mining is being leveraged to surface drilling and we aim to more than double revenues from 2022 to 2028. In addition to a strong position in battery-electric vehicles and fleet automation systems, we are a leading provider of mine planning software. This enables a full range of digital offerings throughout the value chain, with mine planning directly linked to safer operations planning, monitoring and execution. These new capabilities will help us build and develop even better products and solutions, and help our customers design mines that are optimized for automation and electrification.

## Rock excavation



## Our offering

- Underground drilling
- Loading and hauling
- Surface drilling
- Rotary drilling
- Rock tools and systems
- Continuous mining and tunnelling
- Ground support
- Digital mining technologies
- Parts and services



New drilling tools for mining and tunneling with an asymmetric thread design were launched in 2023.



The battery-electric truck Sandvik® TH665B was successfully tested in Australia.





# Sandvik Rock Processing Solutions

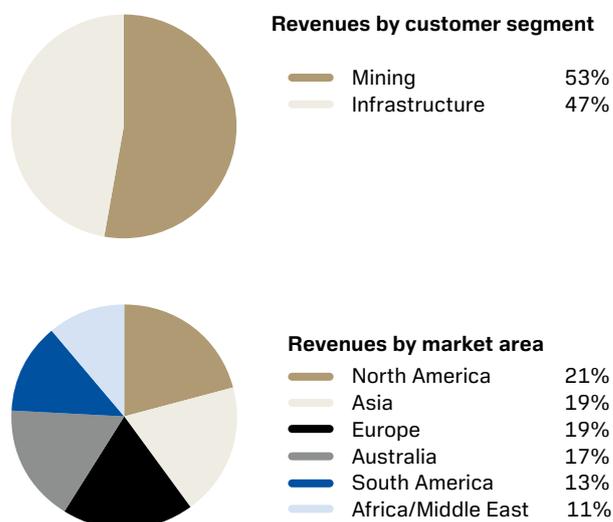
Sandvik Rock Processing Solutions experienced a mixed demand picture during the year. Demand in mining remained robust, driven by the need for parts, services and consumables, while investments in infrastructure were subdued. The strong contribution from acquisitions led to double-digit revenue growth in 2023.

Sandvik Rock Processing Solutions provides high-performing products and services to customers primarily in the mining and infrastructure industries. We have world-leading products and services for applications in crushing, screening, feeding, train loading, breaking, demolition and recycling. Our products, services and flexible maintenance programs increase productivity, safety and uptime and reduce costs. Thanks to our strong innovation capabilities, in combination with a deep knowledge of our customers' processes and needs, we continue to introduce products, energy-efficient solutions and new digital technologies that enable our customers to run more sustainable operations. An important strategic priority is to continue to leverage on our fine crushing technology, with the aim of reducing the high energy usage in the industry.

## Market overview

Demand in the mining sector remained robust, driven by favorable mineral price levels, in particularly for copper and gold, and consequently high mining activity. Due to a challenging macro environment, with rising interest rates and inflationary pressure, the infrastructure demand remained weak. In addition, elevated stock levels, due to supply chain disturbances, also impacted the order levels negatively during 2023. The decarbonization ambitions, in combination with declining ore grades enforce the need to extract more material at a deeper depth. These are trends that play in our favor to capture growth ahead.

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	9,874	11,238
Revenues, MSEK	9,587	11,472
Adjusted EBITA <sup>1)</sup> , MSEK	1,530	1,661
Adjusted EBITA margin <sup>1)</sup> %	16.0	14.5
Return on capital employed, %	16.7	8.6
Number of employees <sup>2)</sup>	2,919	2,946
Gender balance (men/women), %	85/15	82/18
Women in managerial positions, %	19.2	20.8
Lost Time Injury Frequency Rate (LTIFR)	5.1	2.8
Total Recordable Injury Frequency Rate (TRIFR)	7.9	7.0

1) Adjusted for items affecting comparability of SEK -144 million (-201).

2) Full-time equivalent.

### Shift to growth

Despite the organic decline in revenues, mainly due to the soft infrastructure market, we delivered double-digit revenue growth, driven by our acquired business SP Mining. By the end of the year, we were well on track to deliver on our CAGR growth target of 10 percent for the period 2019-2025.

The acquisition of SP Mining, completed at the end of 2022, was an important step in our shift to growth strategy. With SP Mining's complementary offering of high-capacity screening solutions, we have been able to expand our offering to the mining segment. This in turn has strengthened our parts, services and consumables business. Increasing sales in parts, services and consumables is a key part of our growth strategy and in 2023 it accounted for 59 percent (55) of total revenues. Part of our strategy is to leverage our leading offer and close customer relationships by expanding in the customer value chain. An example of this was the introduction of a wider range of attachment tools for the US market.

### Digital shift

We are on track towards our target to have 60 percent of our customers utilizing our automated and digital solutions by 2025, primarily through connecting more equipment. Throughout the year we continued to develop and release new functionality for our digital assistant platform SAM™. This gives customers operational insights and performance-enhancing information to increase crushing and screening productivity.

New features were introduced during the year, for example parts recommendations and strengthened data resolution, which helps to improve the analysis of the operation of crushers to find areas for improvement. We also launched DeckMapp, a digital solution for conducting wear scanning of screen media panels.

### Sustainability shift

We help our mining and infrastructure customers make their operations more sustainable. Sustainability is integrated into our product development and we continuously make improvements to our offering to reduce the energy used per ton of material crushed at the customer site and extend service intervals.

Through the electrification of our offering we help customers reduce their CO<sub>2</sub> emissions. We already provide a fully electrified stationary crushing equipment offer and aim to have an electric option for 90 percent of the mobile offering by 2025. New electric mobile products launched in 2023 included the UJ443E heavy jaw crusher and the QA442 2-deck sizing screen.

We have the ambition to expand in the value chain and reduce downstream high energy consuming processes by replacing grinding with fine crushing solutions. With our optimized crushing and screening circuits we can halve the size of a normal mill feed, providing higher mill throughput.

We continuously work with our own processes at our manufacturing sites to reduce our emissions and improve recycling and reuse in the factories. At our operations in Ballygawley (Northern Ireland) we adapted and automated the oven doors to reduce gas consumption, reducing the CO<sub>2</sub> emissions by approximately 15 percent.

Across our operations we continue to replace natural gas with biogas and conduct heat recovery to reuse excessive heat. At our manufacturing facility in Svedala (Sweden) we use

recycled steel in an innovative process of producing manganese wear parts for cone crushers.

### Customer's first choice

By understanding our customers' specific needs, we develop solutions that bring them value through increased productivity, safety, sustainability and reduced costs. We adapt our ways of working and prioritize product development based on concrete feedback from customers and the close interaction between our account managers, product owners and development engineers. When needed, we establish dedicated teams of people who regularly meet customers on different levels and openly share views and proposals.

During the year, for example, we located engineering and R&D resources close to a customer, placed a service resource permanently on site and developed customized crushing chambers for the customer's specific application. We modified parts to suit other customers' needs and manufactured locally to shorten lead times and reduce development cycles and environmental impact. In Finland, we prioritized the development of our hammer product as a result of customer feedback. We also made adaptations to our mobile equipment based on customer feedback.

### Agile through cycle

Being agile through the cycle includes driving measures to improve resilience, both on revenues and operating margins. The acquisition of SP Mining, with high parts, services and consumables sales, is an example of how we have improved revenue resilience. During the year we also worked actively to mitigate inflation with price compensation.

To protect the margins in downturns, we focus on operational efficiency and reducing our fixed cost base, but we also instill a mindset of preparedness and are ready to act in the event of business changes.

The softening demand in the infrastructure segment resulted in activation of contingency plans and a reduction of employees in all our divisions. We used non-replacement and natural attrition, reduced temporary contracted employees and implemented flexible working hours. We have conversely been employing contractors in Australia where the demand continued to be on a high level. The restructuring program initiated in 2022 is progressing according to plan and will lead to annualized savings of SEK 140 million with a full run-rate in 2025.

Another example of insourcing was the investment in a foundry in India in 2023. This enables a greater control of our supply chain for a much higher proportion of our key wear components for crushing chambers and jaw crushers.

### Employer of choice

We actively work to improve our diversity and gender balance, in both internal and external recruitments, to ensure a good mix of people in leading positions in our company.

In relation to work balance, and to adapt to respective individual needs, we accommodate flexible solutions such as location and working at home possibilities.

Attracting technicians where our customers operate is an increasing challenge. We address this by working with local schools to sponsor, encourage and educate young people to be able to work with us and operate equipment at customer sites.

## Meet our employees



Latifa Melk, originally from Morocco, moved to Svedala (Sweden) to work as a materials development expert. It opened many doors for her, including the opportunity to take to the skies.

### Learn more about Latifa Melk:



[home.sandvik/latifa-melk/](https://home.sandvik/latifa-melk/)

## Overview

### Product portfolio

Equipment for crushing, screening, feeding, train loading, breaking, demolition, tools, service, spare parts, wear parts, digital solutions and sustainability-driving technologies for rock processing.

### Market characteristics

#### Mining

Consolidated customer base of some 200 global major and junior mining companies. Remote locations, decreasing ore grades as well as increased safety requirements drive volume output and the need for eco-efficient comminution as customers focus on energy and water conservation. Significant business in parts, services and consumables.

#### Infrastructure

Sandvik is active in the rock processing areas of crushing, screening, feeding, demolition and recycling. The customer base is fragmented with thousands of individual customers. However, there is an ongoing consolidation towards larger capacity quarries driven by productivity, cost per ton, sustainability and safety. Regional offerings and regional competition.

### Demand drivers

#### Mining

- GDP growth rate and resource-intensive industry development
- A growing middle class
- Metal and mineral prices
- Declining ore grades (fewer minerals extracted per ton)
- Production levels in existing mines and expansion projects (greenfield and brownfield)
- Productivity improvements and new technology, for example digital solutions and electrification
- Demand in the areas of environment, health and safety, for example eco-efficient comminution, energy and water conservation.

### Aggregates

- GDP growth/urbanization
- Infrastructure investments and spending
- EHS and sustainability trend for premium technology
- Aggregates and cement production
- Growth in emerging markets.

### Demolition and recycling

Laws and regulations, transformation in customers' demand, focus on recycle and reuse.

### Competitive landscape/Major competitors

#### Mining

Mainly global competitors such as Metso, FLSmidth, WEIR and Terex.

#### Infrastructure

Some global competitors present in several niches: Metso, Terex, Keestrack, Furukawa and Epiroc. Many regional players.

### Go-to-market model

#### Mining

Direct sales approximately 90 percent with worldwide service network.

Infrastructure: Due to a fragmented customer base, approximately 75–80 percent of sales is via distributors.

### Growth strategy

Grow sales of parts, services and consumables on the installed base and new offerings. Sales channel optimization, direct sales, distributor sales and OEM. Eco-efficient rock processing offering, automation, digitalization, electrification and exploring complementary technologies and offerings through mergers and acquisitions.

### Strategic risk management

Various forms of business environment risks with an impact on the mining and infrastructure market in general, such as increased market competition with new technological developments and the emergence of new competitors, fluctuations in commodity prices and compliance-related risks. Political uncertainty in some parts of the world.

## Innovations creating customer value

Sandvik Rock Processing Solutions continuously develops services and solutions that help our customers in the mining and infrastructure industries improve their productivity and sustainability.

In 2023 we introduced the UJ443E heavy jaw crusher. Built upon a new fully electric track, the jaw crusher is designed for hard and abrasive rock applications. It has been designed with an increased focus on sustainability, productivity and durability and can be powered by an external electricity supply, HVO or diesel from the onboard genset.

The QA442 2-deck sizing screen is the latest evolution of our doublescreen technology. It was developed with sustainability, productivity and lower cost of ownership in mind. A high performing processing solution, the screen is ideal for producing massive volumes of high specification products for the mineral, aggregate and recycling industries.

DeckMapp is our new digital solution for conducting wear scanning of screen media panels. Using computer vision algorithms and AI models, it allows personnel to measure apertures, estimate wear, detect failure modes and recommend panel replacements. It provides complete wear data and analytics to reduce human error, enable transparency of a screen's panel performance and replacement decisions and provide additional safety and efficiency benefits.

Our new range of compact hydraulic hammers is designed with versatility in mind and features a customizable body structure. The three compact models can be adapted to suit various customer needs and applications.



The UJ443E heavy jaw crusher is fully electric and designed with an increased focus on sustainability productivity and durability.

## Future opportunities with our offering

Our vision is to be the recognized leader in sustainable rock processing solutions. The mining sector is an energy-intensive industry and a significant part of the energy is consumed in the comminution process. This means there is great potential to impact our customers' sustainability footprint and productivity by providing smart, eco-efficient solutions.

Our offering covers the mining and infrastructure industries. These industries have solid long-term fundamentals, with mining being essential for electrifying our society, while declining ore grades require higher volumes of rock to be crushed. Sustainability is also a major driver for the infrastructure industry, with urbanization increasing the need for new and upgraded infrastructure. These factors require continuous optimization of production processes, improved productivity and energy efficiency.

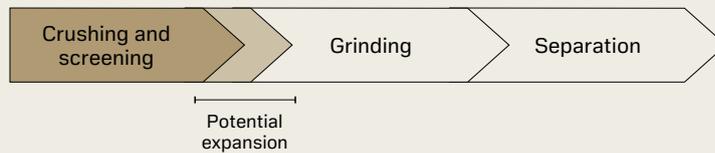
In the mining business our largest exposure is towards electrification metals and minerals. On the infrastructure side our largest exposure is towards aggregate materials, a key ingredient for a wide range of infrastructure projects, from buildings to highways. Here, optimized processes for recycling

and reducing waste are crucial. Our approach addresses the lifecycle of the equipment we provide.

The mining sector represents about 6 percent of the world's total energy consumption and 40 percent of it is consumed in the grinding phase. We have the ambition to expand in the value chain by replacing grinding with fine crushing solutions, which are ten times more efficient than grinding.

We are electrifying our offering. Our entire stationary offering is already electrified and more than 90 percent of our mobile offering will be available as an electric option by 2025. We help automate our customers' production processes to maximize their uptime and productivity, with our digital solutions enabling condition monitoring and data-driven insights for continuous improvements. We expand our offering of parts, services and consumables, and we place a high priority on developing circular offerings, ensuring optimized resource efficiency throughout the product lifecycle. Sandvik Reborn is one example where we restore customers' crushers to their original condition or even apply the latest upgrades to the units.

## Rock processing

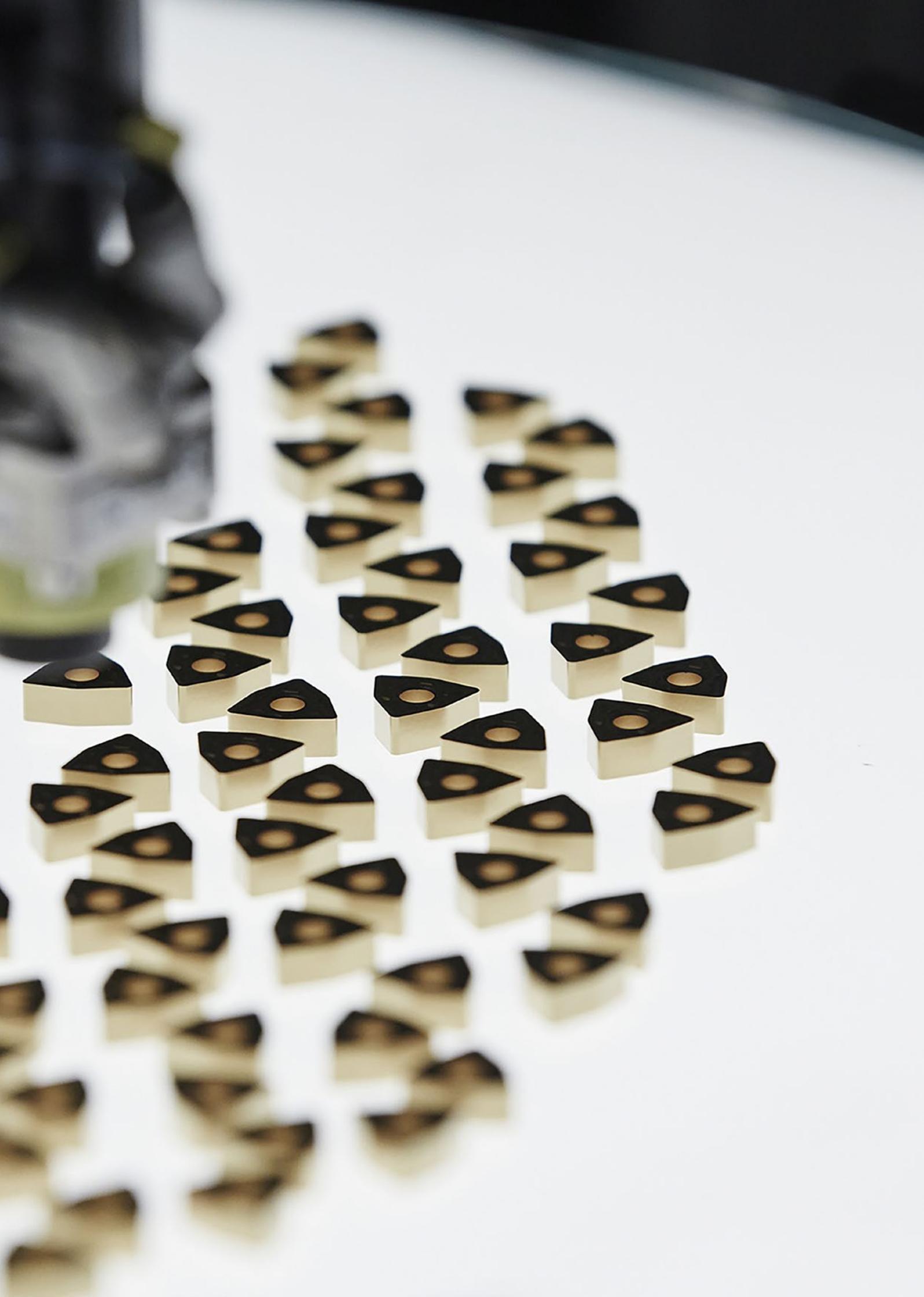


## Our offering

- Stationary crushing and screening
- Mobile crushing and screening
- Hydraulic breakers, booms and demolition tools
- Parts, services and consumables
- Digital services and solutions



Sandvik® 800i cone crusher series with automation system coupled with the SAM™ digital assistant platform gives customers operational insights and information for increased productivity.





# Sandvik Manufacturing and Machining Solutions

A broad set of focused activities throughout the year enabled Sandvik Manufacturing and Machining Solutions to achieve solid business momentum and a strengthened market position. Acquisitions, innovations and the integration of software solutions across the business area supported positive order intake developments and revenue growth.

Sandvik Manufacturing and Machining Solutions provides world-leading tools and tooling systems for advanced component manufacturing as well as digital manufacturing, additive manufacturing and metrology solutions. Our uniquely combined hardware and software solutions are being integrated to further increase our customers' productivity and efficiency and we are aiming towards so called closed-loop manufacturing.

The business area consists of two business area segments: Sandvik Machining Solutions and Sandvik Manufacturing Solutions. Sandvik Machining Solutions provides tools, tooling systems, software and services that optimize machining operations such as turning, milling and drilling as well as tool management solutions. We address the component manufacturing market through our market-leading brands Sandvik Coromant, Walter, Seco and Dormer Pramet, which operate independently to optimize market opportunities. We offer metal powders such as high-quality tungsten carbide and various powders for additive manufacturing.

Sandvik Manufacturing Solutions provides digital manufacturing and software solutions for design and planning

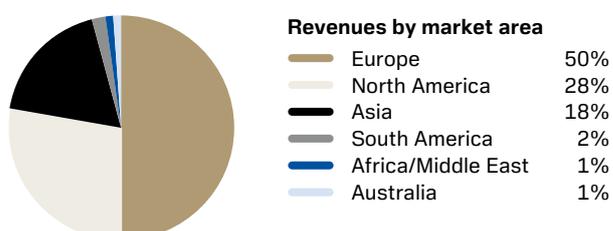
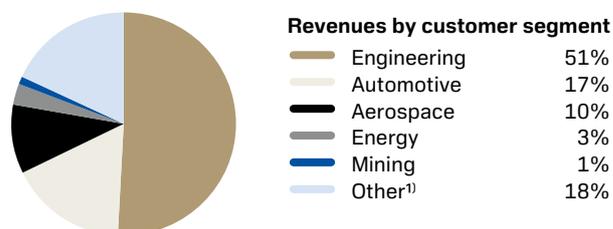
automation and industrial metrology. Through our end-to-end agnostic digital offering, we automate and connect the component manufacturing value chain, from design and planning to preparation, production and verification.

## Market overview

Aerospace provided strong growth throughout the year, together with solid demand from automotive, driven by strong backlogs and the removal of supply chain bottlenecks. Europe and North America saw stable momentum. These factors offset a slower than expected recovery in China and in Asia overall, and soft general engineering demand.

Key trends affecting our customer base included the slowing down of globalization. This means that manufacturing is becoming more local, and an ageing workforce is leading to less talent movement and therefore skill shortages, prompting a need for new solutions. Increasing material and component complexity means our customers require more advanced and customized machine tooling solutions. Sustainability and digitalization continue to be important market drivers.

## 2023 in figures



## Overview

	2022	2023
Order intake, MSEK	46,428	49,247
Revenues, MSEK	45,901	49,340
Adjusted EBITA <sup>2)</sup> , MSEK	10,023	10,597
Adjusted EBITA margin <sup>2)</sup> , %	21.8	21.5
Return on capital employed, %	13.8	13.7
Number of employees <sup>3)</sup>	20,802	20,326
Gender balance (men/women), %	79/21	79/21
Women in managerial positions, %	19.2	19.6
Lost Time Injury Frequency Rate (LTIFR)	1.5	1.1
Total Recordable Injury Frequency Rate (TRIFR)	2.3	2.3

1) Mainly die and mould, electronics, medical, pump and valve, rail and defense.

2) Adjusted for items affecting comparability of SEK -552 million (-935).

3) Full-time equivalent.

### Shift to growth

We strengthened our market position in both the premium- and mid-market. Through leveraging earlier acquisitions, we increased our market share in round tools and micro tools. The acquisition of 95 percent of the shares of Premier Machine Tools Limited, an Irish medical machining solutions provider, supported our growth in the medical segment. With the acquisition of Buffalo Tungsten Inc. (BTI), a leading US-based manufacturer of tungsten metal powder and tungsten carbide powder, we increased our presence in North America.

A number of acquisitions strengthened our software offering. Postability, a Canadian company that develops post processors for Mastercam (acquired by Sandvik in 2021), strengthens our Computer Aided Manufacturing (CAM) portfolio. Esco GmbH, a German supplier of software solutions for power skiving, a gear machining technology, gives us a position in a high-growth premium niche market driven by increasing automotive electrification. We acquired a minority stake in up2parts, a German closed loop manufacturing software start-up that aims to commercialize software which optimizes manufacturing processes. Sandvik also signed an agreement to acquire pro-micron GmbH, a German-based supplier of sensorized tools and automation software.

We continued to introduce new innovations which improved our New Sales Ratio (NSR). We launched CoroCut® 2, a precision system which offers a new level of process security and productivity for machining, and new steel turning grades, tailored to capture opportunities within the mid-market and strengthen our position in inserts. Software sales grew in line with the market.

### Digital shift

By continuing to integrate the products from previously acquired brands, we have continued to enhance our already world-leading solutions. We began leveraging our strong market presence in tools hardware and software solutions to provide combined offerings. CoroCut® QD for Y-axis parting, for example, combines modern CNC machines and challenging conventional machining directions for productivity and tool life gains, and is now integrated into some of our CAM software solutions. We also integrated the CoroPlus® Tool Library from Sandvik Coromant into our CAM softwares Cimatron™, Mastercam® and GibbsCAM™, creating a more seamless user experience.

We saw high demand for our software solutions through both license and maintenance contracts that provide customers with up-to-date products and the necessary training and support. With new technologies and Artificial Intelligence (AI) we can capture a lot of data to improve processes and make forecasts and we have started working with proof of concept solutions to enable further automation in the industry.

### Sustainability shift

In our cutting tools offering we introduce on average eight new products a day, each of which helps our customers reduce energy and raw material waste. We continuously invest in R&D to make our tools more efficient and to reduce the environmental impact of producing and distributing them. We continue to buy back used tools from our customers and recycle them to make new tools. We started the development of tools using our Bergla® tungsten carbide powder, made entirely of recycled material, this year. We increased the circularity rate in our powders generally and made progress with the reconditioning of solid carbide tools.

Our software solutions and industrial metrology applications help customers reduce waste and increase efficiency by ensuring more predictable outcomes and quickly eliminating

deviations in the machining phase. We are developing a CO<sub>2</sub> tracking software tool that will help customers reduce their carbon emissions.

### Customer's first choice

Through our decentralized business model, we stay close to our customer base and distributor network. Our sales representatives often work closely with our customers' production and our solutions are developed based on feedback that we receive from our customers.

Our larger customers have come a long way with their digitalization capabilities and require specific solutions from us. We see an increased need for fully integrated solutions from small and medium-sized enterprises. Our Lighthouse Program is designed to support small and medium-sized component manufacturers. In return, they provide continuous feedback on digital processes and solutions, giving us a deep understanding of customer needs. Two customers joined the program this year, a German-based contract manufacturer and a US research institute.

We ensure that we can be a partner in our customer's digital journey, regardless of the stage they are at, and offer relevant solutions and expertise to support them.

### Agile through cycle

Our ability to leverage our resilience in a challenging year, with large variations in market and segment development, ensured good continuity through the cycle. The market has still not fully recovered since 2019. We worked actively to offset inflation with price implementation in our various business verticals and shifted capabilities towards growth areas and adapted to business situations when and where needed. A higher share of software sales increased recurring revenues.

In the short perspective, business is changing fast and it is critical to have a good planning system. In 2023 we worked with workforce flexibility and outsourcing. We increased our productivity efficiency in our own operations, actively worked with procurement and increased our supply chain ownership. We revised staffing models throughout the year, depending on needs, taking active decisions about where we need our own competences and where to outsource.

We also worked on our fixed assets and footprint optimization within the long-term structural measures announced in 2022. The program will deliver SEK 540 million in annualized savings with a full run rate in 2025.

### Employer of choice

We undertake systematic activities to increase diversity and inclusion in our workforce and we are constantly focusing on increasing the share of female employees at all levels in the workforce.

There is a great value in having development plans for all employees and we achieved a 90 percent completion rate in 2023. For following up employee engagement, we undertake quarterly surveys. The results are an important tool for continuous improvement. This year we focused on including acquired entities in our quarterly engagement survey. Health and wellbeing is also measured in the quarterly surveys. We have local health and wellbeing programs at all our major sites.

We are working to attract capabilities needed for the future, including for cloud-based solutions, AI, and full-stack development. To encourage cross-learning we have established mentorship programs across our businesses and we are ensuring that our acquired businesses utilize the vast number of training programs within Sandvik.

## Meet our employees



Shin Voeks, president for CGTech has digital manufacturing at heart. He explains how adding software solutions to component manufacturing will create vast opportunities.

**Listen to the podcast with Shin Voeks:**



[home.sandvik/podcast](https://home.sandvik/podcast)

## Overview

### **Product portfolio**

Providing customers with a leading and sustainable offer delivered via multiple divisions and brands in the form of metal cutting tools, digital manufacturing and software solutions, additive manufacturing and industrial metrology.

### **Market characteristics**

Cutting tools represent a small share of the total manufacturing cost for customers, however they are significant for productivity and quality. Service levels and product solutions are the main differentiators for the premium market. The mid-market is more price sensitive but requires a lower degree of service.

### **Demand drivers**

- Manufacturing volumes
- Material evolution
- New manufacturing technologies
- Complex component designs and functionalities
- Sustainability
- Automation
- Flexibility in manufacturing
- Shortage of skilled labor

### **Competitive landscape/Major competitors**

- Competitors in the premium market: IMC Group (ISCAR brand), Kennametal (Kennametal brand)
- Fragmented in the mid-market including global premium players present with their mid-market brands: Mitsubishi, IMC Group (TaeguTec brand), Kennametal (Widia brand), Zhuzhou
- Hexagon, Autodesk, Open Mind, Tebis and Dassault Systèmes within CAM. A mix of larger competitors and smaller niche players within additive manufacturing and industrial metrology.

### **Go-to-market model**

Direct sales approximately 55–60 percent. Distribution sales are predominant in North America, whereas direct sales are predominant in Europe. In Asia, mainly distribution sales with a limited service offering in the mid-market segment and direct sales, with a high service level in the premium market.

### **Growth strategy**

Expansion through organic growth, innovation and focused acquisitions, strengthen our position in the fast-growing sub-segments of our core business. Expansion into digital and software solutions, additive manufacturing and industrial metrology, supporting customer value chains.

### **Strategic risk management**

Systematic management and mitigation of business environment risks with an impact on the metal cutting market in general, including changes in customer behavior, acquisition-related risks, trade/geopolitical risks, structural changes in our industry, information security risks and compliance-related risks.

## Innovations creating customer value

The manufacturing of the future is digitalized and automated, from design to finished product – supporting the transition to a sustainable world. Our tooling and software solutions enable a component manufacturing industry that is more productive, energy efficient and less resource intensive.

We offer integrated hardware and software solutions to increase productivity and value for our customers. The tool concept CoroCut® QD for Y-axis parting combines modern CNC machines and challenging conventional machining directions for productivity and tool life gains. It is designed with the insert pocket rotated 90 degrees, providing more than six times higher blade stiffness in turning centers and multi-task machines with Y-axis. The combination of Sandvik Coromant Y-axis turning and PrimeTurning™ with the new CoroPlex® YT tools is fully supported in our CAM software GibbsCAM™.

Dormer Pramet developed new steel turning grades with a tailored assortment to capture opportunities within the mid-market. The all-round performance and versatility across multiple inserts and applications eliminates the need for several grades for price-sensitive customers.

The CoroPlus® Tool Library from Sandvik Coromant was integrated into our CAM software Cimatron™, Mastercam® and GibbsCAM™. With this tool library, users can access an extensive database of Sandvik Coromant tools, 3D tool assemblies

and cutting data by importing the information directly into CAM. Users get a unified interface and can manage tools and create toolpaths efficiently, reducing programming time and increasing overall efficiency. Users experience a quick and easy way of creating cutters, holders and machining parameters by importing data directly from CoroPlus® Tool Library.

Developed to meet the specific needs of parting and grooving applications, the CoroCut® 2 precision system offers a new level of process security and productivity for machining. The tool concept gives customers the stability they need while keeping down cost per component and raising metal cutting efficiency.

Our Vericut® simulation tool from CGTech was also integrated with our CAM software GibbsCAM™, Mastercam® and Cimatron™. With the new interface, users can launch Vericut from their CAM system to help create accurate and efficient NC tool path programs.



## Future opportunities with our offering

Our vision is to become the global leader in closed loop component manufacturing solutions. As the worldwide number one company in metal-cutting tools, with more than 100,000 direct customers and 400,000 software licensees in our selected key manufacturing software offerings, we have a unique foundation to build on.

The manufacturing industry is going through a transformational shift, with production processes increasingly automated, digitalized, and dependent on actionable insights from operational data. While making this shift will be essential to remain competitive, many of the industries that Sandvik services are generally remain at the beginning of their digitalization journey, meaning there is a big potential to help customers of all sizes. With our world-leading cutting tools offering, unparalleled machining expertise and a growing portfolio of digital solutions and services, we improve the productivity and sustainability of our customers.

We envision the future of component manufacturing as closed loops, where a digital thread runs through the different process steps in the customers' manufacturing value chain, seamlessly connected and automated, enabling a feedback loop that puts data to use to efficiently manage operations and for continuous improvement. We are building the strongest possible solutions portfolio we can in key parts of this value chain – from design and planning to preparation, production and verification.

With this approach we aim to develop solutions to help our customers as they move towards more autonomous processes over time, enabling improved efficiency, performance and reduced waste. We will do this with a flexible approach, catering to customer needs irrespective of where they are in their development, leveraging a comprehensive portfolio of brand-agnostic solutions and a robust ecosystem of partners.

## Manufacturing and machining



## Our offering

- Metal cutting (milling, turning and drilling)
- CAD/CAM software
- Tool management solutions
- Additive manufacturing
- Metal powder
- Industrial metrology



The precision system CoroCut® 2 is developed to meet the specific needs of parting and grooving applications.



Dormer Pramet has developed new steel turning grades with a tailored assortment to capture opportunities within the mid-market.

# Our share

During 2023, the share price increased by 16 percent, while the OMXS30 index on Nasdaq Stockholm increased by 17 percent.

Sandvik shares are listed on Nasdaq Stockholm, Sweden. At year-end 2023, the share price was quoted at SEK 218.10 (188.4), corresponding to a market capitalization of SEK 274 billion, placing Sandvik as the 12th (12) largest company on Nasdaq Stockholm.

## Share trading

In 2023, a total of 2.1 billion shares (2.5) were traded for a total value of SEK 433 billion (470). Trading in Sandvik shares on Nasdaq Stockholm accounted for 25 percent (24) of the total volume of shares traded. Other markets, for example, BATS Chi-X and Turquoise, accounted for 75 percent (76). The Sandvik share can be traded in the US in the form of American Depositary Receipts (ADRs), a process handled by Deutsche Bank Trust Company Americas as a depository bank. In 2023, the average daily ADR trading volume was 86,364 (145,756). At the end of 2023 there were 22,700,848 ADRs outstanding (21,518,410).

## Dividend and total shareholder return

Our target is that the dividend will amount to 50 percent of adjusted earnings per share, through a business cycle. The Board has proposed a dividend of SEK 5.50 per share (5.00) to the 2024 Annual General Meeting, corresponding to approximately SEK 6.9 billion (6.3) and a dividend return of 2.5 percent based on the share price at year-end. The dividend proposal corre-

sponds to 43 percent of adjusted earnings per share after dilution for continuing operations.

## Share capital

The number of Sandvik shares amounts to 1,254,385,923. Each share has a nominal value of SEK 1.2 and the share capital amounts to SEK 1,505,263,108. Sandvik's share capital comprises one series of shares, with each share carrying equal voting rights and equal rights to a dividend. Sandvik does not hold any shares in treasury.

## Authorization on acquisition of the company's own shares

The 2023 Annual General Meeting resolved to authorize the Board of Directors, for the period until the next Annual General Meeting, to decide on acquisitions of Sandvik shares, on one or more occasions, up to a maximum of 10 percent of all the shares in the company. The purpose of the authorization is to enable the Board of Directors to continuously adapt the company's capital structure and thereby contribute to increased shareholder value.

## Sustainability indices

Sandvik is included in several sustainability indices, such as FTSE4Good, Ethibel Excellence Europe and CDP. These are international indices analyzing global companies that assume their responsible

business practices. Inclusion in these indices confirms the Group's achievements in relation to sustainable business practices.

## Owners

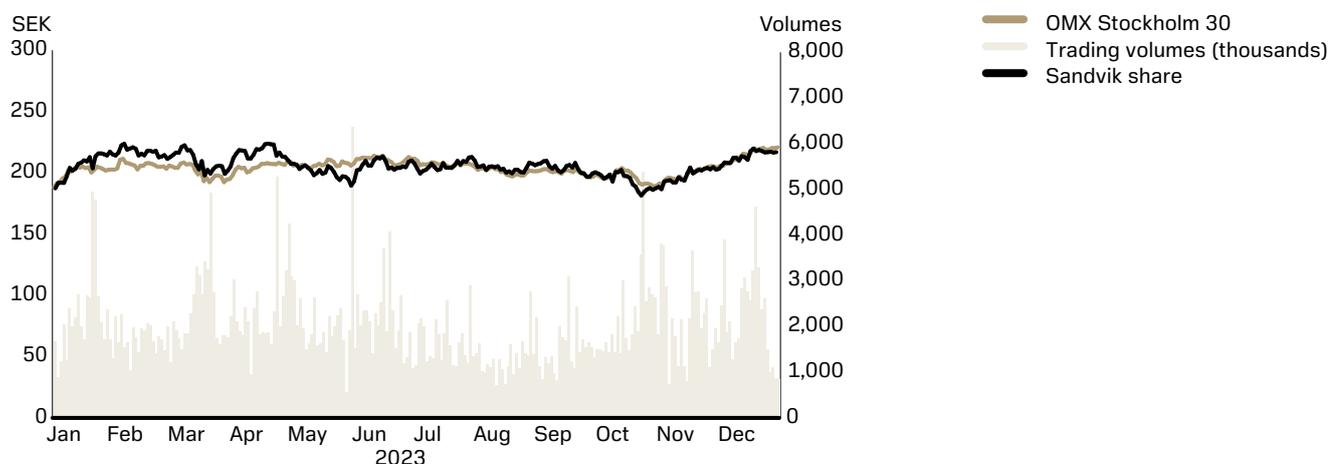
In 2023 the number of shareholders decreased to 138,399 (143,065). There are shareholders in 79 (76) countries, and the total ownership outside of Sweden amounted to 40 percent (41) at year-end. The ten largest individual shareholders accounted for 39 percent of the share capital on the same date. As of December 31, 2023, members of the Group Executive Management owned a total of 138,147 shares in Sandvik. Members of the Board of Directors owned a total of 1,034,343 shares in Sandvik (including deputy board members, excluding the CEO). Total ownership of Group Executive Management and the Board corresponds to about 0.09 percent of the capital and voting rights.

# 5.50

Proposed dividend per share, SEK



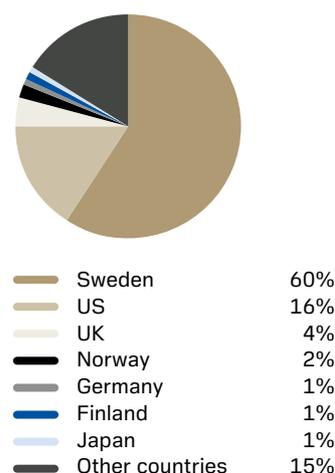
### The Sandvik share, 2023



Key figures	2022	2023
Number of shares at year-end, million	1,254	1,254
Market capitalization at year-end, billion	236	274
Number of shareholders	143,065	138,399
Share price at year-end, SEK	188.4	218.1
Earnings per share after dilution, SEK <sup>1)</sup>	10.24	12.18
Adjusted earnings per share, after dilution, SEK <sup>1)</sup>	11.98	12.69
P/E ratio at year-end <sup>1)</sup>	18.4	17.9
Change in share price during the year, %	-23.5	15.8
Dividend, SEK/share	5.00	5.50 <sup>2)</sup>
Dividend payout ratio, <sup>1)</sup> %	42 <sup>3)</sup>	43 <sup>2)</sup>
Total return (price increase + dividend), %	-22	18
Proportion of shares in Sweden, %	59	60
Proportion of shares owned by the ten largest shareholder groups, %	41	39

1) Continuing operations. 2) Proposed dividend. 3) The dividend payout ratio is only related to cash dividends and does not take into consideration the distributed value from Alleima to shareholders. Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

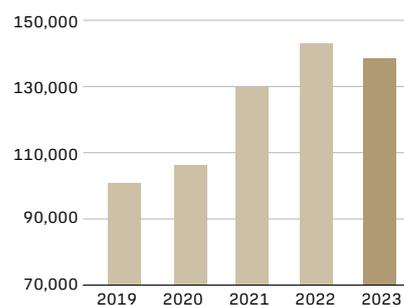
### Distribution of shareholding by country, December 31, 2023



The ten largest shareholder groups, as of December 31, %	2022	2023
AB Industrivärden	13.7	14.1
Alecta Pension Insurance	4.8	4.5
Swedbank Robur Funds	3.9	4.3
Vanguard	3.0	3.2
Lundbergföretagen AB	2.8	2.9
BlackRock	2.8	2.9
Handelsbanken Funds	1.5	2.4
SEB Funds	1.7	1.9
Norges Bank	1.4	1.7
Fidelity International (FIL)	-	1.4

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

### Number of shareholders, December 31, 2019–2023



# Sandvik as an investment

Sandvik has world leading positions and brands in the market segments where we operate. Through solid strategy execution we have built a leading digital and software platform and with our expertise, innovative offerings, and close customer relationships, we continue to support in our customers' transition to a more digital, automated and sustainable business. Sustainability is embedded in our business model and our solutions support mines to run safer and more efficient; rock processing to extract maximum value with less energy consumption; and the manufacturing industry to be more productive and resource efficient. Innovation is at the core of our culture and strategy and a lever to maintaining our leading positions. It supports organic growth and value-based pricing. We have accelerated our R&D investments in recent years, and in 2023 investments amounted to SEK 4.8 billion.

Our ambition is to deliver profitable growth by staying agile throughout the cycle and executing on our shift to growth priorities. To reach our growth target of 7 percent, we will continue to expand and strengthen our positions in fast-growing regions and segments and in our customer's value chain. Today's important shifts towards digitalization, automation and sustainability, are an integral part of our strategy for growth and we will continue to be at the forefront of digitalization and offering sustainable solutions. We have set out to expand our digital offering to SEK 6.5 billion in revenue by 2025 and during 2023 Sandvik's targets for reducing greenhouse gas (GHG) emissions was validated by the Science Based Targets initiative (SBTi) as aligned with the latest climate science and consistent with the goals of the Paris Agreement.

We see several global trends in our favor. The growing middle class and rapid urbanization drives the need for metals, minerals, and infrastructure investments. The need for infrastructure in turn, drives the demand for industrial production and manufacturing. The green transition requires electrification minerals and machining of lightweight materials. Demand for increased productivity, efficiency and sustainability through new technology, digitalization and automation is in line with our purpose and strategy. Our growth target of 7 percent will come from organic growth and acquisitions. Sandvik has made good progress and has since 2019 added SEK 19 billion in revenues through strategic acquisitions. In 2023 revenues grew by 13 percent, of which 6 percent was organic. To achieve profitable growth we need to stay agile. Our decentralized organization enables us to respond faster to market trends, economic fluctuations and customer needs. We work continuously with improving our own operational efficiency and have increased the share of variable costs to reduce earnings volatility. Cash-flow generation is strong in the Group, and for the year 2023 free operating cash-flow amounted to SEK 19.6 billion. With a solid balance sheet, good cash flow generation and margin resilience Sandvik has a strong platform to build from and is well positioned to capture future growth opportunities.

Our purpose is to advance the world through our engineering capabilities, creating value for all our stakeholders – customers, employees and communities – ultimately leading to shareholder value. For 2023, the Board of Directors suggested a dividend of SEK 5.50 per share, corresponding to a payout ratio of 43 percent, well-aligned with our ambition to distribute 50 percent of adjusted EPS through a business cycle.

## The customer's first choice

- By focusing on improving customers' productivity and sustainability we secure market-leading positions and can maintain value-based pricing
- Strategic and long-term relationships with our customers combined with a decentralized decision model enable us to adapt faster to current and future needs
- About 4 percent of our annual revenues are spent on R&D to ensure a leading product offering
- High barriers to entry, resulting from leading technology position, capital intensity, materials know-how and customer relationships

## Shift to growth

- A solid balance sheet, good cash-flow generation
- Growth target of at least 7 percent through a business cycle to come from organic and acquired growth
- Capex at <SEK 5.4 billion in 2023, for 2024 approximately SEK 5.0 billion
- Investments in product development
- Acquisitions to broaden our value-creating offering, lead digitalization and automation and expand geographically in fast-growing markets



# Dialogue with analysts

Twentyfive analysts cover Sandvik on a continuous basis. Below are some of the most frequent questions discussed in 2023, and our answers.

**Q: Sandvik has a market-leading position in underground mining. During the year you talked about your strong position in automation and batteri-electric vehicles (BEVs) and the advantage of having an integrated digital platform throughout the customers' value chain. Could you elaborate on your progress in these areas?**

A: We have a clear number one position in tele-remote and autonomous underground mining solutions, with over 65 percent market share, and we have continued to increase the number of sites connected to our Automine® platform during 2023. With over 20 years experience in this field, Sandvik is the only original equipment manufacturer (OEM) that can provide large-scale underground automation. During the fourth quarter of 2023, Sandvik enhanced the already well-proven Automine® platform for trucks and loaders, with the introduction of Automine® for underground drills. With this, we became the first OEM to offer a unified traffic management system for mining equipment underground.

The progress on battery-electric vehicles has also been significant. Sandvik won 75 percent of the total BEV tenders in 2023. Our more than 10 years of experience in learning, developing and improving the technology, combined with our dedication in integrating BEVs into customer operations (site preparation, business case, simulation studies, and service), are key factors to this success. With our BEVs, we provide value in terms of improved working environment, higher productivity and lower CO<sub>2</sub> emissions.

With our strong automation and operational planning offering, combined with our recent software acquisitions, Deswik and Polymathian, Sandvik now has a fully integrated digital platform in underground mining. Being a full end-to-end solutions provider to our customers, digitalizing and automating their value chain further strengthens our position in underground mining.

**Q: While the shift to electric vehicles (EVs) will contribute positively to the mining business, it is a headwind for your cutting tools business in terms of less cutting tools potential for EV than traditional internal combustion engines (ICEs). During the fall**

**you provided a slightly more positive view on this development than previously, and that you will actually grow your automotive business?**

A: By 2030, the cutting tool potential mix will change significantly with different vehicle types, while keeping the overall potential almost at the 2022 level. The machining intensity, i.e., the amount of cutting tools required to produce one vehicle, as compared to one ICE-powered light vehicle, varies by vehicle type, leading to different requirements for cutting tools by each sub segment. The cutting tool requirements in medium and heavy commercial vehicles (MHCV) compared to light vehicles (LVs) are almost five times greater. This is positive for Sandvik, taken into consideration the expected CAGR growth of LVs and MHCVs of 2 percent and 3 percent, respectively, as well as our exposure (60 percent towards LVs and 40 percent towards MHCVs). In addition, Sandvik will continue to expand its capabilities into lightweight/aluminum cutting tools, which has a greater potential in the manufacturing of components in electric vehicles. To conclude, Sandvik will continue to grow our automotive business until 2030.

**Q: During the year, Sandvik updated the financial targets specifically for Sandvik Manufacturing Solutions (SMF). Why, and are you lowering your ambitions here?**

A: After having built a solid platform of software assets, identified as key levers to grow our business in the component manufacturing area, we are taking the next step. One of these steps was to change the organizational set-up slightly with, for example, the move of the powder business closer to the core: from the Sandvik Manufacturing Solutions business area segment to the Sandvik Machining Solutions business area segment. With these changes, there will be a sharper focus on developing the software business with enabling hardware in SMF. For that reason, the previous SMF revenue target SEK 6 billion in 2025, of which 60 percent was coming from software, was revised to a new target of having software revenues of SEK 4 billion in 2025. With a more concentrated share of software in the SMF portfolio, we also increased our margin target from 20.0 percent to 22.0 percent.

## Agile through cycle

- Solid adjusted EBITA margin in 2023 of 20.0 percent, within our target range of 20–22 percent
- Strengthened margin resilience and reduced sales cyclicality by growing our parts, services and consumable businesses including software offerings
- Flexible cost structures to ensure resilience in downturns
- Continuous work to improve cost structures and operational efficiency

## Shareholders rewarded

- Responsible and value-creating capital allocation
- Dividend payout policy of 50 percent of adjusted earnings per share through a business cycle
- Payout ratio of 43 percent for the year, with the average payout ratio for a three-year period amounting to 42 percent and for a five-year period to 39 percent
- Adjusted earnings per share growth of 6 percent over one year, 14 percent over three years and 5 percent over five years

# Board of Directors' report

## Group Total

### Order intake and revenue

The demand for Sandvik's products and solutions was stable overall during 2023, with variations between segments and regions. Demand in mining was on stable high levels, with a decline in equipment orders, compensated by solid growth within parts, services and consumables. Strong momentum was noted in automation and battery-electric solutions. On the back of a more challenging environment, with increased interest rates and inflationary pressure, the infrastructure segment displayed soft demand in all of Sandvik's major regions. The slow-down in manufacturing activities, also signaled in the global Purchase Managers' Indexes, had a negative impact on volumes in general engineering. Solid demand was noted in the aerospace segment, while the development in automotive was stable. Sandvik's order intake amounted to SEK 125,011 million (134,019), and revenues were SEK 126,503 million (123,453), implying a bill ratio of 99 percent (109).

### Earnings and return

Sandvik's EBITA increased to SEK 24,530 million (22,471), corresponding to 19.4 percent (18.2) of revenues. The adjusted EBITA increased to SEK 25,240 (24,470) and the adjusted EBITA margin increased to 20.0 percent (19.8) compared to the previous year. Changes in foreign exchange rates affected adjusted EBITA positively by SEK 601 million (3,711) compared with the preceding year. Net financial items amounted to SEK -2,623 million (531). The result before taxes for the Group was SEK 19,794 million (16,983), and SEK 19,794 million (17,738) for continuing operations. Income tax had a total impact of SEK -4,493 million (-5,758) on earnings, corresponding to 22.7 percent (26.9) of profit before taxes. Profit for the year attributable to owners of the Parent Company was SEK 15,300 million (11,212). Basic earnings per share for the Group amounted to SEK 12.20

(8.95) and SEK 12.20 (10.25) for continuing operations. Return on capital employed was 17 percent (17) and return on equity was 18 percent (14).

### Working capital

Relative net working capital for the year was 29 percent (26) of revenues. In absolute terms net working capital amounted to SEK 35,048 million (33,361) at the end of the year. In terms of volume, net working capital increased by SEK 1,687 million compared with the preceding year. Changed currency rates decreased net working capital by SEK -898 million compared with the preceding year. The structural effect from acquisitions and divestments increased working capital by SEK 146 million.

### Cash flow and financing

Cash flow from operating activities increased to SEK 18,797 million (10,465). Net cash flow after investing activities was SEK 10,293 million (-9,839). At the end of the year, cash and cash equivalents amounted to SEK 4,363 million (10,489) and free operating cash flow was SEK 19,582 million (11,985).

Financial net debt was SEK 35,215 million (36,466) and the financial net debt/EBITDA ratio was 1.18 (1.32).

At the end of 2023, Sandvik had unutilized credit facilities SEK 16,525 million equivalent, which includes a revolving credit-facility of SEK 11,000 million, and other SEK 5,525 million equivalent. The remaining duration for the Group's outstanding bonds is currently 3.8 years. At year-end 2023, Sandvik Group held a

Earnings and return	2022	2023
EBITA, MSEK	22,471	24,530
EBITA margin, %	18.2	19.4
Adjusted EBITA <sup>1)</sup> , MSEK	24,470	25,240
Adjusted EBITA margin <sup>1)</sup> , %	19.8	20.0
Profit before tax, MSEK	16,983	19,794
Profit for the period	11,225	15,301
Return on capital employed, %	16.5	16.5
Return on total equity, %	14.2	17.7
Earnings per share, basic, SEK	8.95	12.20
Earnings per share, diluted, SEK	8.94	12.18
Items affecting comparability in EBITA <sup>2)</sup>	-1,999	-710
Whereof continuing operations		
EBITA, MSEK	20,145	24,530
EBITA margin, %	17.9	19.4
Adjusted EBITA <sup>1)</sup> , MSEK	22,486	25,240
Adjusted EBITA margin <sup>1)</sup> , %	20.0	20.0
Profit before tax, MSEK	17,738	19,794
Profit for the period	12,854	15,301
Earnings per share, diluted, SEK	10.24	12.20
Adjusted earnings per share, diluted, SEK	11.98	12.69
Items affecting comparability in EBITA <sup>2)</sup>	-2,341	-710

1) Adjusted for items affecting comparability.

2) 2022 is mainly related to the wind-down of operations in Russia, structural measures to support resilience ambitions and M&A costs. The line items affected are mainly Cost of goods and services sold SEK -818 million, Selling expenses SEK -653 million, Administrative expenses SEK -450 million, and Other operating expenses SEK -708 million. 2023 is mainly related to structural measures to support resilience ambitions announced in May 2022, applicable for all Business Areas, with the main portion related to SMM and SRP. It also includes wind-down of operations in Russia and M&A costs. The line items affected are mainly Cost of goods and services sold SEK -479 million, Administrative expenses SEK -228 million, Other operating income SEK 252 million and Other operating expenses SEK -168 million.



#### Quarterly trend of revenue and profit before tax

MSEK		Revenue	Profit before tax	Net margin, %
2022	First quarter	29,006	5,465	19
	Second quarter	31,658	5,266	17
	Third quarter	31,694	1,467	5
	Fourth quarter	31,095	4,785	15
2023	First quarter	30,968	5,063	16
	Second quarter	32,243	4,428	14
	Third quarter	31,476	5,004	16
	Fourth quarter	31,816	5,298	17

long-term credit-rating of A- according to the international credit-rating agency Standard & Poor's and likewise A-2 for short-term loans.

#### Equity

Equity at year-end amounted to SEK 87,697 million (81,270), or SEK 69.9 per share (64.8). The equity ratio was 50 percent (46).

#### Investments

Investments in non-current assets for the full year 2023 amounted to SEK 5,354 million (4,530) corresponding to 153 percent of scheduled depreciation. Proceeds from the sale of companies and shares, net of cash, amounted to SEK -164 million (-34). Investments in internally generated intangible assets were SEK 1,085 million (680).

Capital expenditure, Group total	2022	2023
Investments in non-current assets, MSEK	4,530	5,354
% of revenue	3.7	4.2
% of scheduled depreciation	132	153

Financial position	2022	2023
Cash flow from operating activities, MSEK	10,465	18,797
Cash flow after investing activities, MSEK	-9,839	10,293
Cash and cash equivalents as of December 31, MSEK	10,489	4,363
Net debt as of December 31, MSEK	43,952	43,475
Net financial items, MSEK	531	-2,623
Equity ratio, %	46	50
Financial net debt/ EBITDA	1.32	1.18
Equity as of December 31, MSEK	81,270	87,697
Equity per share as of December 31, SEK	64.8	69.9

#### Acquisitions during the year

In February, Sandvik acquired 95 percent of the shares in the Irish-based company PMT Premier Machine Tools Limited, a solutions provider to medical customers in Ireland. In February, Sandvik also completed the previously announced acquisition of Polymathian Industrial Mathematics, an Australia-based provider of advanced mine optimization software and services.

In April, Sandvik acquired the remaining 70 percent of MCB Services and Minerals, a seller of mining software and services. Deswik, a Sandvik-owned company since 2022, had already acquired 30 percent of MCB Services and Minerals in 2019.

In June, Sandvik acquired Norgalv, a galvanizing company in Canada.

In August, Sandvik acquired Postability, a Canadian-based global software firm developing NC (numerical control) post processors for Mastercam.

In November, Sandvik acquired esco GmbH, a German-based supplier of software for power skiving, an important technology within gear machining.

In December, Sandvik acquired Buffalo Tungsten, Inc., a leading US-based manufacturer of tungsten metal powder and tungsten carbide powder.

#### Parent Company<sup>1)</sup>

The Parent Company's revenues for 2023 amounted to SEK 13,705 million (13,139) and the operating result was SEK -6,868 million (4,906). The result from shares in Group companies of SEK 12,855 million (11,166) for the year consists mainly of dividends and contributions. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 38,011 million (16,147). The Parent Company's total assets increased by SEK 17,546 million, from SEK 82,868 million to SEK 100,414 million. Investments in non-current assets amounted to SEK 384 million (320).

The number of employees in the Parent Company and the subsidiaries operating on commission for Sandvik AB as of December 31, 2023 was 3,641 (3,720).

1) The Parent Company includes subsidiaries operating on commission for Sandvik AB. These are presented in note P12.

#### Dividend

The Board of Directors proposes a dividend of SEK 5.50 per share (5.00). The dividend proposal represents 43 percent (42) of adjusted earnings per share, dilutive for the Sandvik Group in total.

Dividend 5.50 per share	
× number of shares	1,254,385,923
	=6,899,122,577
Profit carried forward	19,234,003,161
<b>Total, SEK</b>	<b>26,133,125,738</b>

#### Employees

The average number of employees amounted to 40,686 (42,318), of which 21 percent (20) were women. The employee turnover rate was 10 percent (12). Wages, salaries and other remunerations for the year totaled SEK 26,323 million (25,467).

### **Current guidelines for the remuneration of senior executives**

The below remuneration guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024.

#### **Scope of the guidelines**

These guidelines encompass the President and other members of the Group Executive Management. The guidelines do not apply to any remuneration decided on or approved by the General Meeting.

#### **The guidelines' promotion of the Company's business strategy, long-term interests and sustainability**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer senior executives a competitive total remuneration. For more information regarding the Company's business and sustainability strategy, please see the Company's website: [home.sandvik](https://www.sandvik.com).

#### **Types of remuneration**

The total remuneration package should be based on market terms, be competitive and reflect the individual's performance and responsibilities as well as the Group's earnings trend. The remuneration may consist of fixed salary, variable remuneration, pension benefits and other benefits.

##### *Fixed salary*

The purpose of the fixed salary is to attract and retain senior executives with the right competence for the respective positions. The salary level should be determined by comparing the salary to similarly complex positions within a defined peer group.

##### *Variable remuneration*

###### *– Variable share related remuneration*

The Company may offer long-term share related or share price related remuneration. Such programs are adopted by the General Meeting and are therefore not covered by these guidelines. There are

currently ongoing long-term share related incentive programs for senior executives and key employees in the Group. For more information on these programs, see the Company's website: [home.sandvik](https://www.sandvik.com).

###### *– Variable cash remuneration*

The Company may offer short or long-term variable cash remuneration. The fulfillment of objectives for awarding such remuneration shall be measured over a period of one to three years. Such remuneration may amount to not more than 75 percent of the fixed annual salary per year.

Variable cash remuneration shall be conditional upon the fulfillment of defined and measurable criteria. These criteria shall aim at promoting the Company's business strategy and performance as well as its long-term interests, including its sustainability. At the beginning of each year the Board of Directors and the Remuneration Committee shall establish the criteria, including key performance indicators (KPIs) and the target ranges, deemed relevant for the upcoming measurement period. The criteria may be financial, with at least three KPIs, and non-financial, and shall always be related to business performance. At least 80 percent of the variable cash remuneration shall be linked to the financial criteria. The President and Group Function heads shall be measured on Group level KPIs and the Business Area Presidents shall be measured on both Group level and Business Area level KPIs. The established KPIs shall be presented on the Company's website: [home.sandvik](https://www.sandvik.com). The extent to which the criteria for awarding variable cash remuneration have been fulfilled shall be determined when the measurement period has ended and will be published in the Report on Evaluation of Remuneration the following year. For financial criteria, the evaluation shall be based on the latest financial information made public by the Company.

###### *– Special arrangements*

In specific cases, the Company may offer one-off remuneration provided that such remuneration is only made on an individual basis, for the purpose of recruiting or retaining senior executives, does not exceed an amount corresponding to 100 percent of the individual's fixed

annual salary and maximum variable cash remuneration, and is not paid more than once per year and individual.

###### *– Right to withhold or reclaim remuneration*

Terms and conditions for variable remuneration shall be designed so that the Board of Directors (i) has the right to limit or refrain from payment of variable remuneration if exceptional economic circumstances prevail and such a measure is considered reasonable, and (ii) has the right to withhold or reclaim variable remuneration paid to an executive based on results that afterwards were found to have been misstated because of wrongdoing or malpractice (so called malus and clawback).

###### *Pension benefits*

For the President, the pension benefit shall be defined contribution and the pension premiums shall amount to not more than 37.5 percent of the fixed annual salary. For the other senior executives, pension benefits shall be defined contribution and amount to not more than 55 percent of the fixed annual salary, in accordance with the Swedish ITP1 pension scheme. Exceptions to this main rule may be decided on for senior executives with existing defined benefit schemes provided that the cost of such schemes does not exceed the above mentioned cap.

###### *Other benefits*

Other benefits may include, for example, life insurance, medical insurance and company car benefit. Such benefits may amount to not more than 5 percent of the fixed annual salary. For senior executives in need of double accommodation, paid accommodation, etc. may be added in line with Sandvik's regulations and such benefits may amount to not more than 20 percent of the fixed annual salary.

###### **Termination of employment**

Severance pay may be paid when employment is terminated by Sandvik. The President and the other senior executives may have a period of notice of not more than 12 months, in combination with severance pay corresponding to 6–12 months fixed salary. When employment is terminated by the senior executive, the



notice period may not exceed six months and no severance pay shall be paid.

In case a senior executive is not entitled to severance pay, but is covered by a non-compete undertaking, the senior executive may instead be compensated for such a non-compete undertaking. Any remuneration paid as compensation for a non-compete undertaking shall not exceed 60 percent of the fixed salary at the time of notice of termination of the employment and shall not be paid for a longer period than 18 months. Fixed salary during the notice period together with any compensation for the non-compete undertaking shall not exceed an amount equivalent to the senior executive's fixed salary for 24 months.

#### **Consideration of remuneration to the Company's employees**

When preparing the proposal for these guidelines, the employment conditions applied within the Company as a whole have been used as a benchmark, following the principle that the remuneration packages of all Sandvik employees should be based on the complexity of the position, performance and market practice. In general, the same combination of remuneration components such as fixed salary, variable remuneration, pension and other benefits are offered within Sandvik.

#### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for senior executive remuneration. The Board of Directors shall prepare a proposal for guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the Remuneration Committee are independent

of the Company and its executive management. The President and the other senior executives do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters to the extent that they are affected by such matters.

Decisions on remuneration to the President are taken by the Board of Directors, based on proposals from the Remuneration Committee, and decisions on remuneration to the other senior executives are taken by the Remuneration Committee.

#### **Adjustments to local rules**

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

For information concerning the current remuneration of senior executives, including ongoing long-term incentive programs, refer to note G4.

#### **Proposal for new guidelines for the remuneration of senior executives**

The Remuneration Committee has recommended that the Board of Directors proposes that the Annual General Meeting 2024 adopt guidelines for remuneration with, in principle, the same content as the current guidelines. However, a change is proposed in respect of pension benefits where the cap for defined contribution benefits is lowered to be better aligned

with market practice and the possibility to offer defined benefit schemes is removed.

In light of the above, the Board of Directors proposes that the Annual General Meeting 2024 resolves on guidelines for remuneration with the same content as the guidelines that were resolved at the Annual General Meeting 2020, with the exception of the section on pension benefits, which is proposed to have the following new wording:

For the President, the pension benefit shall be defined contribution and the pension premiums shall amount to not more than 37.5 percent of the fixed annual salary. For the other senior executives, pension benefits shall be defined contribution and amount to not more than 35 percent of the fixed annual salary.

#### **Research and development (R&D)**

Each business area is responsible for its own R&D activities. Focus areas are machining materials and process development, powder metallurgy, electrification and digital solutions.

Sandvik has a portfolio of approximately 6,921 (7,079) active patents. In 2023, 722 (725) new patents were granted. Investments in R&D were SEK 4,803 million (4,471), corresponding to 3.8 percent (4.0) of revenues. The number of employees in R&D, including Quality Assurance, was 3,134 (3,009).

#### **Tax**

Sandvik is a multinational group with many intercompany transactions. The OECD has issued guidelines for transfer pricing of cross-border transactions in multinational groups. Sandvik adheres to these guidelines and also to the local legislation of each country to ensure that a correct pricing model is deployed and that a correct amount of tax is paid in each country. Sandvik monitors the OECD's tax reform work and the EU initiatives on tax transparency carefully and observes these standards as and when enacted. Sandvik strives to have good relations with our stakeholders, such as tax authorities, non-governmental organizations and investors.

Sandvik has initiated cooperation with tax authorities in several countries. We are

convinced that an open discussion and cooperation with tax authorities around the globe will help us to reduce uncertainty about the taxes we are obliged to pay. We contribute to the local communities and countries in which we operate in the form of, for example, taxes and employment opportunities. In 2023, the Group paid SEK 6,852 million (5,262) in income taxes globally. Income tax comprises just a portion of all taxes paid by Sandvik worldwide. In addition, we pay social security contributions, environmental and energy taxes, property taxes, etc. Furthermore, Sandvik collects and pays taxes at the request of governments and authorities, including indirect taxes and withholding taxes.

### **Environment**

In Sweden, Sandvik operates under licenses at nine sites in accordance with the Swedish Environmental Code. Each site holds the necessary environmental

permit, and none of them exceeded their limits throughout the year. In 2023, new environmental permits were applied for the Sandviken (Sweden) sites. Sandvik Additive Manufacturing and Sandvik Coromant received new permits while the permit process for Sandvik Rock Tool was still ongoing at year-end. Notifications for operational changes and renewal of permission for handling flammable goods were submitted for Seco Tools in Fagersta. The site in Arboga was closed at the end of the year.

### **Statutory sustainability report**

Sandvik has, in accordance with the Annual Accounts Act, prepared a statutory sustainability report, approved for issue by the Board of Directors and the President and CEO. The Statutory Sustainability Report and Sustainable Business Report comprise pages 2–3, 7, 13, 58–66, 142–160.

### **Events after the end of the period**

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



## Development in business areas

Sandvik's operations consists of three business areas: Sandvik Mining and Rock Solutions, Sandvik Rock Processing

Solutions and Sandvik Manufacturing and Machining Solutions.

### Order intake by business area

MSEK	2022	2023	Change, %	Change, % <sup>1)</sup>
Sandvik Mining and Rock Solutions	62,895	64,527	3	-1
Sandvik Rock Processing Solutions	9,874	11,238	14	-13
Sandvik Manufacturing and Machining Solutions	46,428	49,247	6	-1
<b>Continuing operations</b>	<b>119,196</b>	<b>125,011</b>	<b>5</b>	<b>-2</b>
Discontinued operations	14,822	–	n/m	–
<b>Group total</b>	<b>134,019</b>	<b>125,011</b>	<b>-7</b>	<b>-2</b>

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

### Revenue by business area

MSEK	2022	2023	Change, %	Change, % <sup>1)</sup>
Sandvik Mining and Rock Solutions	56,843	65,690	16	12
Sandvik Rock Processing Solutions	9,587	11,472	20	-3
Sandvik Manufacturing and Machining Solutions	45,901	49,340	7	0
<b>Continuing operations</b>	<b>112,332</b>	<b>126,503</b>	<b>13</b>	<b>6</b>
Discontinued operations	11,122	–	n/m	–
<b>Group total</b>	<b>123,453</b>	<b>126,503</b>	<b>2</b>	<b>5</b>

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

### Adjusted EBITA and adjusted EBITA margin by business area

MSEK	2022	% of revenue	2023	% of revenue	Change, %	Change, % <sup>1)</sup>
Sandvik Mining and Rock Solutions	11,643	20.5	13,716	20.9	18	18
Sandvik Rock Processing Solutions	1,530	16.0	1,661	14.5	9	-15
Sandvik Manufacturing and Machining Solutions	10,023	21.8	10,597	21.5	6	-2
Group activities	-711	n/m	-733	n/m	3	11
<b>Continuing operations</b>	<b>22,486</b>	<b>20.0</b>	<b>25,240</b>	<b>20.0</b>	<b>12</b>	<b>7</b>
Discontinued operations	1,985	17.8	–	–	n/m	n/m
<b>Group total</b>	<b>24,470</b>	<b>19.8</b>	<b>25,240</b>	<b>20.0</b>	<b>3</b>	<b>7</b>

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

n/m=non meaningful

### Sandvik Mining and Rock Solutions

Sandvik Mining and Rock Solutions is a global leading supplier of equipment and tools, parts, service, digital solutions and sustainability-driving technologies for the mining and infrastructure industries. Order intake for the business area amounted to SEK 64,527 million (62,895), a decrease of -1 percent at fixed exchange rates for comparable units. Revenue totaled SEK 65,690 million (56,843), an increase of 12 percent at fixed exchange rates for comparable units. The EBITA margin was 21.0 percent (18.3) of revenues and the adjusted EBITA margin was 20.9 percent (20.5) of revenues. The items affecting comparability of SEK 67 million (-1,264) were primarily charges related to divestments and implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	62,895	64,527
Revenue	56,843	65,690
EBITA	10,379	13,783
EBITA margin, %	18.3	21.0
Adjusted EBITA <sup>1)</sup>	11,643	13,716
Adjusted EBITA margin <sup>1)</sup> , %	20.5	20.9
Return on capital employed, %	22.6	24.6
Number of employees <sup>2)</sup>	16,206	17,019
Items affecting comparability <sup>3)</sup>	-1,264	67

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) Primarily related to the wind-down of operations in Russia and M&A costs during 2022 and the restructuring program and divestments in 2023.

### Sandvik Rock Processing Solutions

A leading supplier of equipment, service and technical solutions for processing rock and minerals in the mining and infrastructure industries. Order intake for the business area amounted to SEK 11,238 million (9,874), a decrease of -13 percent at fixed exchange rates for comparable units. Revenue totaled SEK 11,472 million (9,587), a decrease of -3 percent at fixed exchange rates for comparable units. The EBITA margin was 13.2 percent (13.9) of revenues and the adjusted EBITA margin was 14.5 percent (16.0) of revenues. The items affecting comparability were SEK -144 million (-201) mainly related to implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	9,874	11,238
Revenue	9,587	11,472
EBITA	1,330	1,517
EBITA margin, %	13.9	13.2
Adjusted EBITA <sup>1)</sup>	1,530	1,661
Adjusted EBITA margin <sup>1)</sup> , %	16.0	14.5
Return on capital employed, %	16.7	8.6
Number of employees <sup>2)</sup>	2,919	2,946
Items affecting comparability <sup>3)</sup>	-201	-144

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) Primarily related to M&A costs and the wind-down of operations in Russia during 2022 and the restructuring programs during 2023.

### Sandvik Manufacturing and Machining Solutions

Sandvik Manufacturing and Machining Solutions is a market-leading manufacturer of tools and tooling systems for advanced metal cutting, expanding into digital manufacturing and software solutions, as well as disruptive technologies like additive manufacturing and in-line metrology. Order intake for the business area amounted to SEK 49,247 million (46,428), a decrease of -1 percent at fixed exchange rates for comparable units. Revenue totaled SEK 49,340 million (45,901), an increase of 0.4 percent at fixed exchange rates for comparable units. The EBITA margin was 20.4 percent (19.8) of revenues and the adjusted EBITA margin was 21.5 percent (21.8) of revenues. The items affecting comparability of SEK -552 million (-935) were mainly related to M&A costs and implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	46,428	49,247
Revenue	45,901	49,340
EBITA	9,088	10,045
EBITA margin, %	19.8	20.4
Adjusted EBITA <sup>1)</sup>	10,023	10,597
Adjusted EBITA margin <sup>1)</sup> , %	21.8	21.5
Return on capital employed, %	13.8	13.7
Number of employees <sup>2)</sup>	20,802	20,326
Items affecting comparability <sup>3)</sup>	-935	-552

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) For 2022 primarily related to the wind-down of operations in Russia, M&A costs and implementation of structural measures to support resilience ambitions. For 2023 mainly related to restructuring programs and M&A costs.



# Corporate governance report

Sandvik AB has its head office in Stockholm and is the Parent Company of the Sandvik Group, with subsidiaries in about 70 countries. The Group has about 41,000 employees and revenues in about 170 countries. Sandvik AB is a public company with its shares listed on Nasdaq Stockholm.

Corporate governance within Sandvik is based on external rules such as the Swedish Companies Act, the Nordic Main Market Rulebook for Issuers of Shares, the Swedish Code of Corporate Governance (the "Code") and other relevant laws and regulations. The Code is available at [corporategovernanceboard.se](http://corporategovernanceboard.se). In 2023, Sandvik applied the Code without deviating from any of its regulations.

## The Sandvik Way

Sandvik's corporate governance framework, The Sandvik Way, implements

the external rules previously mentioned and also sets out the internal rules and principles for governance that apply specifically within Sandvik. It is based on three segments, as set forth in the model below, and describes how common ways of working have been implemented throughout the entire organization.

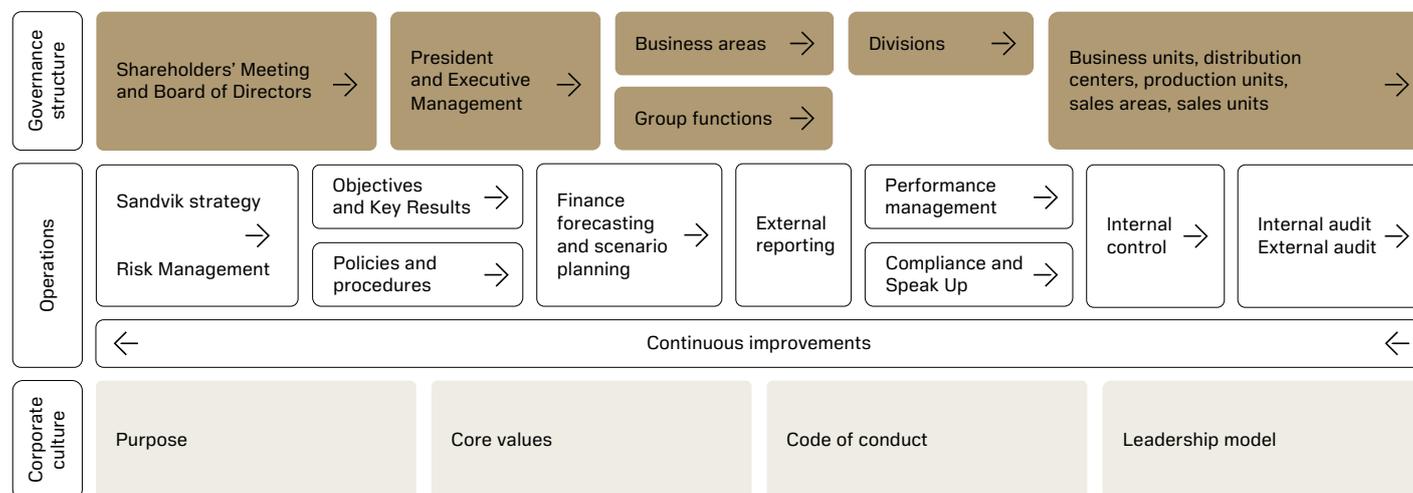
### Governance structure

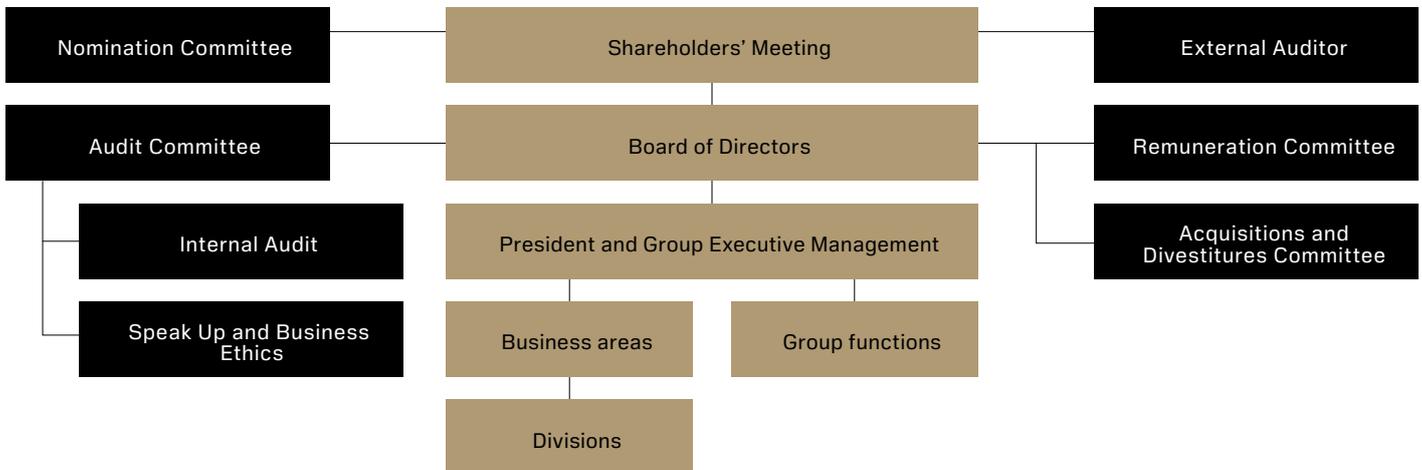
This segment outlines how the Sandvik Group is led and governed. The Board of Directors, elected at the Shareholders' Meeting, sets the strategic direction for the Group. The President carries this out

through the Group Executive Management whose members manage and oversee the operations of the Group. The main operational responsibility in the Group lies with the business areas and divisions, whereas the Group functions are responsible for functional policies and processes supporting the business.

The Sandvik Way is implemented in the respective business areas, with additional requirements cascaded down in the operational structure of each business area.

## The Sandvik Way



**Corporate governance model****Operations**

The detailed controls and risk frameworks common across the Group are detailed in this segment. This includes many aspects such as strategy and risk management, policies, financial forecasting and scenario planning, as well as compliance, internal controls and audits. Performance management, controls and continuous improvements provide a solid basis for our ways of working.

**Corporate culture**

This segment sets the foundation for how we all shape our culture in the company and enable a customer-oriented and responsible business. Our operational controls and risk frameworks are supported by the ambitions and requirements of our purpose, core values, Code of Conduct and leadership model.

**Ownership structure**

As of December 31, 2023, Sandvik's share capital amounted to SEK 1,505,263,107.60 represented by 1,254,385,923 shares. At year-end, Sandvik had about 138,000 shareholders and AB Industrivärden was the largest owner with about 14.1 percent of the share capital. Of the total share capital at year-end, about 40 percent was owned by investors outside Sweden.

**Shareholders' meeting**

The General Meeting of Shareholders is the highest decision-making body. At the Annual General Meeting, the shareholders are given the possibility to exercise their voting rights in relation to, for example, the Annual Report, dividends, election of the Board and appointment of auditor, and other matters stipulated in the Companies Act, the Articles of Association and, where applicable, the Code.

All shareholders who have been entered in the share register and have informed the company of their participation within the time limit stated in the notice of the General Meeting are entitled to participate at the General Meeting and vote according to the number of shares held. Shareholders are also entitled to be represented by a proxy at a General Meeting. According to the Articles of Association, the Board may also decide to allow shareholders to exercise their voting rights through postal voting before the General Meeting.

All shares in Sandvik carry equal voting rights with one vote per share.

**2023 Annual General Meeting**

Shareholders representing 60.1 percent of the share capital and votes participated at the Annual General Meeting held on April 27, 2023. Resolutions included the following:

- Dividend of SEK 5.00 per share

**Ten largest shareholders, December 31, 2023, %**

AB Industrivärden	14.1
Alecta Pension Insurance	4.5
Swedbank Robur Funds	4.3
Vanguard	3.2
Lundbergföretagen AB	2.9
BlackRock	2.9
Handelsbanken Funds	2.4
SEB Funds	1.9
Norges Bank	1.7
Fidelity International (FIL)	1.4

Source: Monitor by Modular Finance AB

- Re-election of Board members Jennifer Allerton, Claes Boustedt, Marika Fredriksson, Johan Molin, Andreas Nordbrandt, Helena Stjernholm, Stefan Widing and Kai Wärn as well as re-election of Johan Molin as Chairman of the Board
- Re-election of PricewaterhouseCoopers AB as auditor
- Approval of the Board's remuneration report
- Adoption of a long-term incentive program in the form of a performance share program for about 350 senior executives and key employees in the Group
- Authorization for the Board to decide on acquisition of the company's own shares up to a maximum of 10 percent of all the shares in the company



The 2023 Annual General Meeting was held at the Göransson Arena in Sandviken, Sweden.

For additional information about the Annual General Meeting, including the minutes, visit: [home.sandvik.com](https://home.sandvik.com).

#### *2024 Annual General Meeting*

The next Annual General Meeting will be held in Sandviken, Sweden, on April 29, 2024. More information can be found in the notice convening the General Meeting and at: [home.sandvik.com](https://home.sandvik.com).

#### **Nomination Committee**

The Nomination Committee is a preparatory body that prepares proposals for, among other things, the election of the Board, the Chairman of the Board and auditors as well as fees for adoption at the General Meeting. The Annual General Meeting has adopted instructions for the Nomination Committee, which include

#### **Nomination Committee's tasks ahead of the 2024 Annual General Meeting**

- Proposal concerning the Chairman of the Meeting
- Proposal concerning the number of Board members
- Proposal concerning remuneration of each Board member
- Proposal concerning the Board and Chairman of the Board
- Proposal concerning auditor and remuneration of the auditor
- If deemed necessary, proposal for changes to the Nomination Committee's instruction concerning the procedure for appointment of the Nomination Committee for the forthcoming Annual General Meeting and its assignment

procedures for appointing the Nomination Committee, valid until the General Meeting resolves on a change. In accordance with these instructions, the Nomination Committee shall consist of members appointed by each of the four largest shareholders in terms of the number of votes on the final business day in August plus the Chairman of the Board (convener).

#### *Nomination Committee for 2024 AGM*

For the 2024 Annual General Meeting, the Nomination Committee consists of Fredrik Lundberg, Chairman (Industrivärden), Daniel Kristiansson (Alecta), Marianne Nilsson (Swedbank Robur Funds), Lars Pettersson (Lundbergs) and Johan Molin (Sandvik's Chairman of the Board).

Up to the date of this Annual Report, the Nomination Committee met on three occasions. The Nomination Committee was informed of the results of the Board's own evaluation. The Committee met with the President and CEO and the Group CFO who presented the company's strategy. The Nomination Committee discussed the general criteria that Board members should fulfill, including the independence requirement, and reviewed the number of Board assignments that each Board member has in other companies. The Nomination Committee applied rule 4.1 of the Code as the diversity policy. This rule states that the Board shall have an appropriate composition in view of the company's operations, phase of development and other relevant circumstances, display diversity and breadth in terms of

qualifications, experience and background of the Board members elected by the General Meeting and that the company shall strive for gender balance.

#### **Board of Directors**

The Board is responsible for the company's organization and the management of the company's business. The Board is required to continuously monitor the company's and the Group's financial position.

The Board is to ensure that the company's organization is designed in a way that ensures that the financial statements, the management of assets and the company's financial condition in general are controlled in a satisfactory manner. The Board also adopts the strategy for the Group and monitors the performance and compliance with relevant rules and strategic plans.

The President is appointed by the Board and is responsible for the daily operations pursuant to guidelines and instructions issued by the Board. The distribution of responsibilities between the Board and the President is laid down in the Board's Procedural Guidelines which are reviewed and adopted each year. The review is based on such aspects as the Board's evaluation of the individual and collective work that the Board performs.

In addition to financial reporting and the monitoring and follow-up of daily operations and profit trend, Board meetings address the goals and strategies for the operations, significant acquisitions and investments, as well as

matters relating to the capital structure. Senior executives report business plans and strategic issues to the Board on an ongoing basis.

#### Composition

As of December 31, 2023, Sandvik's Board consisted of eight members elected by the Annual General Meeting. The Nomination Committee communicated before the 2023 Annual General Meeting that the Nomination Committee had applied rule 4.1 of the Code as the diversity policy. The current Board composition is the result of the work of the Nomination Committee prior to that General Meeting. The Board consists of members with experience from different geographic areas and different industry sectors. Excluding the President, 43 percent of the Board members elected by the General Meeting are women. No Board member represents any under-represented social groups.

Pursuant to Swedish legislation, trade unions are entitled to representation on the Board and they have appointed two members and two deputies.

The Board members are presented on pages 54–55.

#### Independence

Marika Fredriksson and Helena Stjernholm are not regarded as independent in relation to major shareholders in the company and Stefan Widing is not regarded as independent in relation to the

company and its executive management. The other five Board members elected by the General Meeting are all independent in relation to Sandvik and its executive management, as well as the company's major shareholders. Accordingly, the composition of the Board complies with the independence requirements of the Code. The President is the only executive member of the Board.

#### Board proceedings during 2023

During the year, the Board held 14 meetings. The Board addressed matters related to the Group strategy, the new Sandvik brand, financial targets and cash management, sustainability reporting, succession planning and talent manage-

ment, investments and operational restructuring and review of previously made investments.

The Presidents of all business areas presented their goals and strategies and the Board also reviewed the strategies and results from a number of the divisions. Further, the Board handled matters relating to the acquisitions of Buffalo Tungsten, Inc., MCB Services and Minerals, Premier Machine Tools Ltd and Norgalv Ltd.

The Remuneration Committee, Audit Committee and the Acquisitions and Divestitures Committee reported from their respective meetings. With respect to the Audit Committee, reported matters included accounting principles, financial

#### Attendance at Board and Committee meetings in 2023

Member	Board	Audit Committee	Remuneration Committee	Acquisitions and Divestitures Committee
Total number of meetings	14	5	3	1
Jennifer Allerton	14			
Thomas Andersson	14			
Claes Boustedt	14	5		1
Marika Fredriksson	13			
Fredrik Håf	14			
Erik Knebel	14			
Thomas Lilja	13			
Johan Molin	14	5	3	1
Andreas Nordbrandt	14			
Helena Stjernholm	14	5	3	1
Stefan Widing	14			
Kai Wärn	14		3	

#### Composition of the Board as of December 31, 2023

Name	Function	Independent in acc. with the Code	Shareholding, number <sup>1)</sup> Dec 31, 2023	Elected	Audit Committee	Remuneration Committee	Acquisitions and Divestitures Committee
Jennifer Allerton	Member	Yes	10,000	2015			
Thomas Andersson	Member <sup>2)</sup>		0	2012			
Claes Boustedt	Member	Yes	50,000	2015	Chairman		Member
Marika Fredriksson	Member	No <sup>3)</sup>	2,500	2017			
Fredrik Håf	Deputy <sup>2)</sup>		2	2022			
Erik Knebel	Deputy <sup>2)</sup>		1	2021			
Thomas Lilja	Member <sup>2)</sup>		4,840	2016			
Johan Molin	Chairman	Yes	950,000	2015	Member	Chairman	Chairman
Andreas Nordbrandt	Member	Yes	0	2021			
Helena Stjernholm	Member	No <sup>3)</sup>	5,000	2016	Member	Member	Member
Stefan Widing	Member	No <sup>3)</sup>	65,464	2020			
Kai Wärn	Member	Yes	12,000	2020		Member	

1) Pertains to own and closely related persons' shareholdings in Sandvik AB.

2) Employee representatives (both members and deputy members participate in Board meetings). Thomas Lilja (member) and Erik Knebel (deputy) represent Unionen/Ledarna/Swedish Association of Graduate Engineers. Thomas Andersson (member) and Fredrik Håf (deputy) represent IF Metall.

3) Marika Fredriksson and Helena Stjernholm are not regarded as independent in relation to major shareholders in the company and Stefan Widing is not regarded as independent in relation to the company and its executive management.



outcome, ERM, compliance, Speak Up and Code of Conduct, internal control and internal audit as well as the result of the external audit. The Committees also submitted matters for resolution by the Board and the minutes and reports from these meetings were made available to the Board members.

In the autumn of 2023, the Board traveled to Canada to visit Sandvik's operations in Winnipeg and a customer mine where Sandvik's Battery Electric Vehicles are being used.

#### *Remuneration of the Board*

As resolved at the 2023 Annual General Meeting, the fee to the Chairman of the Board was SEK 2,875,000 and the fee to each of the non-executive Board members elected by the General Meeting was SEK 770,000.

In addition, SEK 338,000 was paid to the Chairman of the Audit Committee and SEK 192,000 to each of the other Committee members, in total SEK 722,000. The Chairman of the Remuneration Committee was paid SEK 161,000 and each of the other Committee members SEK 127,000, in total SEK 415,000. The Chairman of the Acquisitions and Divestitures Committee was paid SEK 218,000 and each of the other Committee members SEK 161,000, in total SEK 540,000.

For more detailed information on remuneration of the Board members, see note G4.

#### *Evaluation of the work of the Board*

To ensure the quality of the work of the Board, optimize the work processes and identify the possible need for further expertise and experience, the work of the Board and its members is evaluated annually. In 2023, the evaluation was led by the Chairman of the Board, without the involvement of an independent third party, and was carried out by way of each Board member responding anonymously to an online questionnaire. The Chairman also held separate evaluation discussions with all Board members. The compiled results of the evaluations were analyzed and subsequently presented to the Board as well as to the Nomination Committee.

#### **Board Committees**

The tasks of the Committees and their work procedures are stipulated in written instructions issued by the Board. The Committees' primary task is to prepare issues and present them to the Board for resolution.

The members of each Committee, including the Committee Chairman, are appointed annually by the Board at its constituent meeting held after the Annual General Meeting.

#### *Remuneration Committee*

During 2023 the members of the Remuneration Committee were Johan Molin (Chairman of the Committee), Helena Stjernholm and Kai Wärn. The tasks of the Remuneration Committee are, among others, those prescribed by the Code, which include preparing proposals regarding guidelines for remuneration of senior executives and long-term incentive programs for senior executives.

The Remuneration Committee decides on the remuneration to be paid to the Group Executive Management. Based on the recommendations of the Remuneration Committee, the Board decides the remuneration and terms of employment for the President.

For guidelines, remuneration and other benefits payable to the Group Executive Management, refer to the Guidelines for the remuneration of senior executives on pages 42–43 and note G4.

During 2023 the Remuneration Committee held three meetings.

#### *Audit Committee*

During 2023 the members of the Audit Committee were Claes Boustedt (Chairman of the Committee), Johan Molin and Helena Stjernholm. Areas addressed by the Audit Committee mainly related to:

- Monitoring the financial reporting and ensuring its reliability
- Effectiveness of the system of internal control and internal audit
- Planning, scope and follow-up of the internal and external audit for the year
- Assistance to the Nomination Committee with regards to proposal for auditor

- Monitoring of the external auditor's independence and objectivity vis-à-vis the company, including the extent to which the auditor provides other services than auditing services to the company
- The Group's systematic processes for overall corporate risk management, as well as more detailed risk management matters including legal disputes, compliance, corporate investigations, IT security, Group Digital Security Improvement, accounting procedures, taxation, treasury, finance operations, insurance coverage and pension issues
- The development and effectiveness of compliance processes, with special focus on ensuring operational stability of the compliance program
- Sandvik's Code of Conduct, Sandvik's global whistleblowing system, some specific cases managed through Speak Up as well as the overall effectiveness of the system
- Sandvik's sustainable business strategy and materiality analysis

During 2023 the Audit Committee held five meetings at which Sandvik's external auditor and representatives of the company's management were present.

#### *Acquisitions and Divestitures Committee*

During 2023 the members of the Acquisitions and Divestitures Committee were Johan Molin (Chairman of the Committee), Claes Boustedt and Helena Stjernholm. The purpose of the Committee is to prepare matters relating to major or strategically important acquisitions and divestitures for Board decisions. The Committee meets on an ad hoc basis, at the request of the President and CEO in consultation with the Chairman of the Board.

During 2023 the Acquisitions and Divestitures Committee held one meeting, during which the Committee reviewed matters related to a proposed acquisition.

## President and Group Executive Management

The President is accountable for Group decision-making in all areas delegated by the Board. In order to ensure a full Group perspective in these matters, the President has appointed the Group Executive Management as an advisory forum, focusing on how to achieve Group targets, strategies, structure and organization. The Group Executive Management meets each month and its members are accountable for implementing the President's decisions.

In 2023, the Group Executive Management consisted of:

- Stefan Widing, President and CEO, and President of Sandvik Manufacturing and Machining Solutions
- Cecilia Felton, Executive Vice President and Chief Financial Officer
- Mats Eriksson, President of Sandvik Mining and Rock Solutions
- Richard Harris, President of Sandvik Rock Processing Solutions
- Nadine Crauwels, President of the Sandvik Machining Solutions business area segment
- Christophe Sut, President of the Sandvik Manufacturing Solutions business area segment (up until May 7, 2023)
- Mattias Nilsson, President of the Sandvik Manufacturing Solutions business area segment (as of May 8, 2023)
- Jessica Alm, Executive Vice President and Head of Group Communications and Sustainability (up until April 30, 2023)
- Björn Roodzant, Executive Vice President and Head of Group Communications and Sustainability (as of May 1, 2023)
- Johan Kerstell, Executive Vice President and Head of Human Resources
- Sofia Sirvell, Executive Vice President and Chief Digital Officer (as of March 1, 2023)
- Åsa Thunman, Executive Vice President and General Counsel

The members of the Group Executive Management are presented further on pages 56–57.

## Business areas

The Sandvik organizational model is based on a decentralized business model. There are three separate business areas – Sandvik Mining and Rock Solutions, Sandvik Rock Processing Solutions and Sandvik Manufacturing and Machining Solutions – each based on distinct product offerings. Each business area has full responsibility and accountability for its respective business results.

Sandvik Manufacturing and Machining Solutions is divided into two business area segments – Sandvik Machining Solutions and Sandvik Manufacturing Solutions. Further, each of the three business areas is organized in a number of divisions based on product offering or brand. The division is the highest operational level in the Sandvik organizational structure. Certain divisions that are based on a product offering are divided into business units representing a defined part of the product offering.

For an overview of Sandvik's organizational model, refer to page 2 and visit [home.sandvik](https://www.home.sandvik) for more detailed information relating to the Group's business activities and product portfolios.

## Group functions

There are five Group functions within Sandvik: Communications and Sustainability, Finance, HR, IT and Legal. Group functions specifically focus on setting the appropriate enabling structures and processes that are common for the Group or cover a specific area for which the Group is responsible.

## External auditor

At the 2023 Annual General Meeting, the audit firm PricewaterhouseCoopers AB was re-elected auditor of Sandvik AB for the period until the 2024 Annual General Meeting. Peter Nyllinge is the auditor-in-charge.

The auditor continuously audits and monitors the company's general

accounting and the execution by the Board and the President of their respective responsibilities.

The progress of the audit is reported regularly during the year to the management teams of individual companies and the business areas, the Audit Committee and the Board. The auditor meets with the Board at least once a year without the President or any other member of the Group Executive Management attending.

The independence of the external auditor is guaranteed by the Audit Committee having determined the principles for allowing non-audit services to be provided by the auditor and, in some cases, pre-approving non-audit services.

Audit fees are paid continuously over the period in office on an approved current account basis. For detailed information on fees paid to the auditor, see note G5.

## Internal control over financial reporting

The Sandvik organization manages a well-established financial reporting process aimed at ensuring a high level of internal control.

The internal control system aligns with the conceptual framework of COSO, which is based on five key components that provide an effective framework for describing and designing the internal control system implemented in the organization. The five components are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring and Follow-up. The application of the COSO framework is described below.

Sandvik's Board is ultimately responsible for the governance of risk management including internal control over financial reporting.

## Control environment

Sandvik internal control over financial reporting forms an integral part of the operations, described in *The Sandvik Way*, which also includes risk assessments, policies, procedures and compliance.

The Sandvik Financial Reporting Policies and Procedures govern control



over financial reporting. These documents contain detailed instructions regarding accounting policies and financial reporting procedures to be applied by all Sandvik reporting entities.

A Sandvik Financial Internal Control Framework has been developed and includes key components such as well-defined roles and responsibilities, internal control procedures and the risk and control matrix which defines a mandatory minimum of control activities that contribute to the mitigation of risks to acceptable levels. Internal control implementation projects managed by Group Internal Controls were completed during the year. Future implementations (including new acquisitions) will be managed and implemented by the respective business area.

#### *Risk assessment and risk management*

The Enterprise Risk Management (ERM) process at Sandvik includes the area of financial reporting. Read more about the ERM program on page 58.

Key risks noted in local assessments and observations made by Internal and External Audit are also taken into consideration to ensure that adequate controls exist to mitigate these risks.

#### *Control activities*

Mandatory control activities include business process controls, IT controls and corporate governance controls focusing on compliance with policies and procedures. Internal controls are tailored per each operational entity based on risks and applicability. Entity management and process owners are responsible for

ensuring that internal controls are operated as per agreed design.

At Group level, Group Control manages the reporting process to ensure the completeness and accuracy of financial reporting and compliance with IFRS requirements.

Controllers in the divisions and business areas perform analytical reviews and investigations, conduct business trend analyses and update forecasts.

#### *Information and communication*

Policies and procedures related to financial reporting are updated and communicated on a regular basis to all entities.

Results of monitoring and status of improvement activities related to internal controls are included in the CFO report which is part of the agenda for the Audit Committee meetings.

Quarterly interim reports are published externally and are supplemented by investor meetings attended by members of the Group Executive Management.

#### *Monitoring and follow-up*

Entity management as well as local and global process owners are responsible for testing the effectiveness of internal controls through self-assessments every six months and according to the requirements in the Sandvik Internal Control Framework. Results of the self-assessment testing of controls including test evidence are reported and consolidated in a Governance, Risk and Compliance IT tool. The tool also requires reporting of action plans with the purpose to remediate ineffective controls.

Business areas and divisions are to monitor the remediation of ineffective controls. The Audit Committee monitors the effectiveness of internal controls related to financial reporting presented by management with potential deficiencies and suggested actions.

The Board reviews all quarterly interim reports as well as the Annual Report prior to publishing. The Audit Committee reports to the Board regarding internal control matters including matters for resolution. Minutes from Audit Committee meetings are made available to Board members.

#### **Internal audit**

Internal Audit is subordinated to the Audit Committee and the Vice President of Internal Audit reports to the Audit Committee.

Internal audits include, as a basis, the Group's policies for corporate governance, risk management and internal control regarding areas such as financial reporting, compliance with the Code of Conduct and IT.

The outputs of the audits include action plans and programs for improvement. Findings are reported to the business area management and to the Audit Committee.

Internal Audit interacts with External Audit on a periodic basis to discuss and share audit plans and audit results.

## Board of Directors



### Johan Molin

Born 1959. Chairman of the Board since 2015. Chairman of the Remuneration Committee and the Acquisitions and Divestitures Committee and member of the Audit Committee.

**Education and business experience:**

M.Sc. in Business and Economics, Stockholm School of Economics. President and CEO of Assa Abloy 2005–2018. President and CEO of Nilfisk-Advance 2001–2005. Various positions within Atlas Copco 1983–2001.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 950,000.



### Jennifer Allerton

Born 1951. Board member since 2015.

**Education and business experience:**

M.Sc. in Physics and B.Sc. in Mathematics, Physical Sciences and Geosciences. Chief Information Officer at F. Hoffmann-La Roche Ltd 2002–2012. Technology Director at Barclaycard 1999–2002. Various positions at ServiceNet, USA, BOC (now Linde), Cable & Wireless Business Networks and Unilever plc.

**Current board assignments:**

Board member of Iron Mountain Inc. and Barclays Bank Ireland plc.

**Shareholding in Sandvik (own and closely related persons):** 10,000.



### Claes Boustedt

Born 1962. Board member since 2015. Chairman of the Audit Committee and member of the Acquisitions and Divestitures Committee.

**Education and business experience:**

M.Sc. in Business and Economics, Stockholm School of Economics. Executive Vice President of L E Lundbergföretagen AB since 1997. President of L E Lundberg Kapitalförvaltning AB since 1995.

**Current board assignments:**

Board member of Hufvudstaden AB, Förvaltnings AB Lunden and Alleima AB.

**Shareholding in Sandvik (own and closely related persons):** 50,000.



### Marika Fredriksson

Born 1963. Board member since 2017.

**Education and business experience:**

Master of Business Administration. CFO and Group Executive Vice President of Vestas Wind Systems A/S 2013–2022. CFO of Gambro AB 2009–2012. CFO of Autoliv Inc. 2008–2009. Various positions within Volvo 1996–2008, including CFO and Senior Vice President Finance and Strategy at Volvo Construction Equipment Corporation.

**Current board assignments:**

Chairman of the board of Emagine A/S and board member of AB Industrivärden, A.P. Møller-Mærsk A/S., KONE Oyj and Ecolan AB.

**Shareholding in Sandvik (own and closely related persons):** 2,500.



### Andreas Nordbrandt

Born 1971. Board member since 2021.

**Education and business experience:**

M.Sc. in Mechanical Engineering and Hydraulics. President of the Underground Rock Excavation Division within the Epiroc Group 2018. Various positions within the Atlas Copco Group 1995–2018, including President of the Underground Rock Excavation Division, President of the Rocktec Division, Vice President Service Operations and Operations Manager Business Line Manager, Service Division, Atlas Copco Mining and Rock Excavation Australia.

**Current board assignments:**

Chairman of the board of Alleima AB.

**Shareholding in Sandvik (own and closely related persons):** 1,375 (acquired February 1, 2024).



### Helena Stjernholm

Born 1970. Board member since 2016. Member of the Audit Committee, the Remuneration Committee and the Acquisitions and Divestitures Committee.

**Education and business experience:**

M.Sc. in Business and Economics, Stockholm School of Economics. President and CEO of AB Industrivärden since 2015. Investment manager and subsequently partner at IK Investment Partners 1998–2015. Consultant at Bain & Company 1997–1998.

**Current board assignments:**

Board member of AB Industrivärden, Telefonaktiebolaget LM Ericsson and AB Volvo.

**Shareholding in Sandvik (own and closely related persons):** 5,000.

## Employee representatives



**Stefan Widing**

Born 1977. Board member since 2020.

**Education and business experience:**

M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. President and CEO, Sandvik AB, and President of the Sandvik Manufacturing and Machining Solutions business area since 2020. Various positions within the Assa Abloy Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

**Current board assignments:** Board member of the Swedish Association of Industrial Employers (Industriarbetsgivarna).

**Shareholding in Sandvik (own and closely related persons):** 65,464.



**Kai Wörn**

Born 1959. Board member since 2020. Member of the Remuneration Committee.

**Education and business experience:**

M.Sc. in Mechanical Engineering, the Royal Institute of Technology, Stockholm. President and CEO of Husqvarna AB 2013–2020. Operations partner at IK Investment Partners Norden AB 2011–2013. President and CEO of Seco Tools AB 2004–2010. Various positions within ABB 1985–2004.

**Current board assignments:**

Chairman of the board of Electrolux Professional AB and SunStreet Energy AB.

**Shareholding in Sandvik (own and closely related persons):** 12,000.



**Thomas Andersson**

Born 1962. Board member since 2022, deputy Board member 2012–2022 (employee representative, IF Metall).

**Education and business experience:**

Chairman of the Union Committee, Metal Workers' Union, Sandvik Coromant, Gimo. Various operator positions at Gimoverken, Sandvik Coromant, since 1984. Construction firm Anders Diös 1980–1984.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 0.



**Fredrik Håf**

Born 1983. Deputy board member since 2022 (employee representative, IF Metall).

**Education and business experience:**

Chairman of the Union Committee, Metal Workers' Union, division Rock Tools, Sandviken, Sweden. Various operator positions at division Rock Tools, since 2002.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 2.



**Thomas Lilja**

Born 1975. Board member since 2016 (employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

**Education and business experience:**

Technical College Graduate, Mechanical Engineering. Chairman Trade Union, Unionen Sandvik Sweden and Unionen Coromant and Machining Solutions. Various purchasing positions within Sandvik 2000–2010 and various production and logistics positions within Scania 1995–2000.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 4,840.



**Erik Knebel**

Born 1965. Deputy Board member since 2021 (employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

**Education and business experience:**

Technical College Graduate, Mechanical & Automation. Chairman of the Swedish Association of Graduate Engineers Sandvik Sweden and Sandvik Coromant Gimo. Various positions within Sandvik Coromant and Sandvik Machining Solutions since 1990; Production, IT and Quality.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 1.

HONORARY CHAIRMAN

**Percy Barnevik**

Born 1941. Chairman of the Board of Sandvik AB 1983–2002.

BOARD SECRETARY

**Åsa Thunman**

Born 1969. Executive Vice President and General Counsel, Sandvik AB, since 2014.

AUDITOR

**PricewaterhouseCoopers AB**

**Auditor-in-charge:** Peter Nyllinge, Authorized Public Accountant.

**Other auditing assignments:**

Saab AB, Getinge AB and AB Electrolux.

## Group Executive Management



### Stefan Widing

Born 1977. President and CEO, Sandvik AB, President of the Sandvik Manufacturing and Machining Solutions business area since 2020.

**Education and business experience:**

M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. Various positions within the Assa Abloy Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

**Current board assignments:** Board member of the Swedish Association of Industrial Employers (Industriarbetsgivarna).

**Shareholding in Sandvik (own and closely related persons):** 65,464.



### Nadine Crauwels

Born 1971. President of the Sandvik Machining Solutions business area segment since 2020.

**Education and business experience:**

M.Sc. in Mechanical Engineering. President of Sandvik Coromant 2017–2020. Various other positions within Sandvik Coromant since 2000, including Vice President Customized Solutions and Strategic Relations, and Sandvik Coromant Manager Switzerland. Project Engineer and Consultant for the metal cutting industry at WTCM (today Sirris) 1995–2000.

**Current board assignments:** Board member of Alfa Laval AB.

**Shareholding in Sandvik (own and closely related persons):** 10,925.



### Mats Eriksson

Born 1962. President of the Sandvik Mining and Rock Solutions business area since 2022.

**Education and business experience:**

B.Sc. in Computer Science. President of the Load and Haul division 2016–2022. President and CEO of Cencorp Oyj 2010–2012 and Salcomp Oyj 1998–2006 as well as leading positions for several other companies.

**Current board assignments:**

Board member of Sandvik Pension Fund in Finland.

**Shareholding in Sandvik (own and closely related persons):** 4,866.



### Cecilia Felton

Born 1984. Executive Vice President and Chief Financial Officer, Sandvik AB, since 2022.

**Education and business experience:**

B.Sc. Environmental Policy with Economics. Various positions within Sandvik since 2013, including acting Chief Financial Officer, Vice President Group Control and Director Group M&A and Investments, and Director Group Business Control. Various positions within Ernst & Young, Operational Transaction Services, London, 2007–2013.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 4,999.



### Richard Harris

Born 1970. President of the Sandvik Rock Processing Solutions business area since 2022.

**Education and business experience:**

Bachelor of Engineering and Chartered Engineer. Various positions within Sandvik since 2002, including President of the Walter division 2019–2022, President of the Wolfram division 2016–2019 and different Supply and Production Director roles. Previously various positions within manufacturing companies, including Production Manager at Land Rover and Plant Manager at Keiper UK Ltd.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 5,772



### Johan Kerstell

Born 1970. Executive Vice President and Head of Human Resources, Sandvik AB, since 2016.

**Education and business experience:**

M.Sc. in Business and Economics. Various positions in Human Resources within Sandvik since 2004. Consultant at Cap Gemini 1999–2003.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 31,779.



## Mattias Nilsson

Born 1972. President of the Sandvik Manufacturing Solutions business area segment since May 2023.

**Education and business experience:**

B.Sc. in Business Administration, Finance and Accounting. Various positions within Sandvik since 2007 including Vice President Offer Management and R&D at Sandvik Coromant 2021–2023.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 3,522.



## Björn Roodzant

Born 1969. Head of Group Communications and Sustainability, Sandvik AB, since May 2023.

**Education and business experience:**

M.Sc. in Economics, Strategy and Marketing. Various positions within Sandvik since 2004, including Vice President Marketing and Communications at Sandvik Coromant.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 3,873.



## Sofia Sirvell

Born 1974. Executive Vice President and Chief Digital Officer (CDO), Sandvik AB, since March 2023.

**Education and business experience:**

M.Sc. in Industrial Engineering. Various positions within H&M 2006–2021 including Deputy Chief Technical Officer 2020–2021 and Head of Strategy IT 2019–2020.

**Current board assignments:** –

**Shareholding in Sandvik (own and closely related persons):** 1,450.



## Åsa Thunman

Born 1969. Executive Vice President and General Counsel, Sandvik AB, since 2014.

**Education and business experience:**

Master of Laws (LL.M), Sweden and the Netherlands. Various positions within Securitas 2009–2014, including General Counsel, Elekta AB 1999–2009, including General Counsel, and Lagerlöf & Leman law firm 1996–1999.

**Current board assignments:**

Board member of the Swedish Association of Listed Companies (Aktiemarknadsbolagens förening).

**Shareholding in Sandvik (own and closely related persons):** 5,497

### Changes in the Group Executive Management

Jessica Alm, Head of Group Communications and Sustainability, left Sandvik and was succeeded by Björn Roodzant in May 2023. Christophe Sut, President Sandvik Manufacturing Solutions, left Sandvik and was succeeded by Mattias Nilsson in May 2023. Sofia Sirvell was appointed Chief Digital Officer and member of the Group Executive Management as of March 2023.

*Information regarding board assignments and holdings of shares as of December 31, 2023.*

*Current board assignments refer to assignments in companies or organizations outside the Sandvik Group.*

# Risk management

The Sandvik risk management process aims to support our business in managing and mitigating critical risks which may impact our ability to achieve our financial targets and strategic objectives.

## **ERM – a part of our strategic work**

To effectively identify and manage risk is an important element of business success for all parts of the Sandvik business.

Sandvik has implemented an Enterprise Risk Management (ERM) program that covers all business areas, divisions, and functions within the Group. The Sandvik Board of Directors is ultimately responsible for the governance of risk management and Sandvik's Group Executive Management ensures there is a common and efficient process in place. All management teams are responsible for their own risk management. The teams must follow the minimum requirements outlined in The Sandvik Way, which requires reviewing the strategic and operational risks at least annually. The ERM methodology is also used as a tool for decision-making, operationally and within projects, as well as in the strategy process in various levels of the Group.

## **Sandvik Group key risks**

Since 2022, we have complemented the bottom-up process with a strategic analysis at the Group Executive Management level to more specifically identify key risk areas that are tied to our ability to execute on our Make the Shift Strategy on the Group level. The purpose is to get a more focused and concrete risk landscape for the Group to enable good follow-up of the different risk-mitigating activities in relation to the strategic goals. The Sandvik Key Risk map is presented on page 17.

An ERM report, summarizing key risks and mitigating activities across our business, was provided to Sandvik's Audit

Committee and Board of Directors in December 2023. The Board of Directors' and the Audit Committee's involvement in the ERM process is further described on pages 51–52.

## **Insurance as a risk management tool**

Sandvik has tailored insurance programs that transfer the risks associated with, amongst others, the Group's property, cargo, and liability exposures. Insurable risks are continuously evaluated and actions are taken to reduce these insurable risks, as part of Sandvik's loss-prevention strategy. During 2023, a Technology Errors and Omissions insurance was procured to meet customer expectations within our software business. Supported by our loss-prevention procedure and guidelines, risk evaluations highlight opportunities to reduce the potential for business interruption and to ensure the Group's ability to deliver to its customers. In order to ensure cost efficient and tailored insurance solutions, selected risks are reinsured through the Group's captive insurance company.

## **Business continuity and crisis management**

The Global Risk Management Policy and related procedures for business continuity and crisis management set the requirements for local management teams to ensure their ability to successfully respond to disruptive events and continue their business operations on an acceptable level when faced with challenges. Once a risk materializes, our crisis and business continuity management priorities are to minimize harm to

people, to the environment, and to minimize damage to Sandvik's business, as well as ensuring a swift return to normal activities and safeguarding the company brands.

## **Internal audit and internal control in Sandvik's risk work**

The internal audit function regularly follows up the implementation of different risk management programs such as ERM, business continuity, crisis management and the insurance programs. Sandvik applies group-wide internal controls to monitor risk mitigations. Read more about the internal controls program at Sandvik on pages 52–53.

## **Sandvik Group risk profile**

The Sandvik Group risk profile is based on the bottom-up ERM process where the divisions, business areas and functions first make their assessment and the Group Risk Management Council makes recommendations for a new Group risk profile based on the outcome of these assessments. The ERM process is complemented with a strategic analysis at the Group Executive Management level to create the Group Key Risk map. The map is also coupled with a follow-up model for tracking the different initiatives that lead to better risk mitigation, which the Group Executive Management team review and discuss every quarter, thus creating a more dynamic and strategically relevant risk management discussion at the highest levels of the company.

The outcome of these two processes is presented in the table on page 60, together with examples of what the identified risks mean for Sandvik in



*In risk management, there are many crossroads to navigate.*

different parts of the organization and the mitigating activities taken to manage them.

**Sustainability and climate change**

Assessment and management of sustainability risks, including climate change, are integrated parts of the ERM program and are set out in the Sandvik Key Risks map and Risk Profiles in different parts of the organization. During 2022 we conducted an assessment of current and future natural and climate change-related hazards for Sandvik locations covering 285 individual sites and 94 percent of the overall Total Insured Value (TIV). The assessment reflects the current situation and models the evolution of Natural Hazards under

different climate change scenarios and at different future time horizons.

The goals with the assessment were to provide an overview of the physical climate risks facing the portfolio of sites at different time horizons and under different climate change scenarios and to establish a ranking of locations from high to low climate risk based on climate data and insured values. The assessment is used to support in the identification and prioritization of management actions, which may include in-depth assessments of sites and investments in resilience measures, as upcoming steps in Sandvik's climate resilience journey.



*Read more about the strategic risk landscape on page 17.*

Strategic objective	Key risk	What does this mean?	Examples of what do we do (mitigation)
Shift to growth 	Geopolitical development	Trends towards regionalization or nationalization and trade wars Disruptive events (natural disasters, pandemic)	Reviewing regional strategies and footprint distribution and supply chain
	Securing key supply	Potential resource constraints around supply of battery cells and minerals	Different initiatives around sourcing and business continuity planning
	Acquisition value creation	Business case delivery Ensure efficient administrative integration	M&A Tracker/review process and score cards Integration follow-up processes with business reviews
	Business transformation	Electrification of the mine Closed loop manufacturing Execution of the digital shift and data-driven productivity	Performance management and execution of the strategy for M&A, product development and the six moves for enabling the digital shift
	Inventory build-up/cash conversion	Access to cash M&A agenda realization	Inventory management projects in all business areas and divisions
Digital shift 	Digital disruption	Cyber security Information security Disruption by digital players	Cyber security improvement program and the six steps Sandvik has identified to enable the digital shift
Sustainability shift 	Being compliant	Ensuring an ethical culture Increased regulatory complexity Stricter financing requirements	Learning and workshop initiatives across the organization, digital journey and a new Third Party Management policy and process
	Changing regulatory requirements	Trade sanctions Product/safety requirements Change to data-driven processes	CSRD preparation project Compliance digital journey to increase agility
Agile through cycle 	Managing inflation	Price management Leverage procurement capabilities	Ongoing price management efforts and price/volume growth tracking Different sourcing initiatives to increase flexibility/agility
	Managing downturn	Meeting target EBITA range Timely execution of contingency plans Margin volatility	Contingency plans, strong performance management and agile decision process with decentralized approach for each part of the business
Customer's 1st choice 	Understand changing customer needs	Customer centricity Timely adjustment to market transformation Ensuring customer value	Customer satisfaction measurement, with divisions, business units and sales areas taking necessary actions close to the customers
Employer of Choice 	Key talent attraction and retention	New talent (digital, electrification, sustainability) Re-skill existing workforce	Talent attraction and development projects in all parts of the business Group common employer branding initiatives targeting new competence areas



# Sustainability governance

The sustainability governance of the Sandvik Group is grounded in its business strategy, business model, and international frameworks. Relevant goals are established to address material areas and effectively manage associated impacts, risks, and opportunities. Policies and management systems have been set to ensure financial, environmental and social compliance.

## Governance structure

The Sandvik Board of Directors holds primary responsibility for sustainability oversight within Sandvik and the Audit Committee monitors the sustainability reporting. Implementation is delegated to the President and CEO of Sandvik.

The Group Executive Management bears the overarching responsibility for the Sandvik sustainability strategy and agenda. Implementation and follow-up, however, are the responsibilities of the Group functions, business areas and divisions. Additionally, the business areas are tasked with assessing and managing sustainability risks in their operations.

The coordination within the Group is managed by the Group Communications and Sustainability function. Key performance indicators (KPIs) are consolidated and reported to track goals at both Group and business area levels. Annually, we assess our performance, establish targets, and outline focus actions for the upcoming year.

The Sustainability Council serves as a collaborative forum for cooperation and best practice sharing across Sandvik, with representation from both business areas and Group functions. Group Sustainability coordinates the sustainability agenda together with the business areas and Group functions.

## Board's sustainability competence

The Board consists of members with experience from different geographic areas and different industry sectors. All Board members have long experience from managing different positions in global, industrial companies in different

functions, which includes the topics generally covered by the sustainability concept. Many of the Board members are former CEOs or senior managers of other global, industrial companies and as such, have extensive experience from managing environmental, social, and governance-related impacts of the business in all parts of its value chain.

## Board's role in overseeing management of sustainability impacts

The Board oversees the due diligence and other processes to manage the impact Sandvik has on the economy, environment and people through many different processes, managed through the Board's Procedural Guidelines and the policies and procedures in The Sandvik Way. The normal Board processes include regular reports to the Board and its Committees on risk management, human resource management, sustainable supplier management, compliance and environment, and health and safety reporting. Key KPIs within the areas are tracked and reported to the Board on a quarterly basis, both through the interim reports and the Key Objectives tracking. The Audit Committee supports the Board in reviewing performance in these areas.

Stakeholder engagement is managed through the operational structure. This includes Investor Relation meetings with key shareholders, dialogues with the Board union representatives as well as considering external analyst and shareholder reports.

The Board uses this information in the strategic planning for the Group and updates the guidance to management as

appropriate, considering the overall balance of the different interests. For example, after input from stakeholders, the Remuneration Committee has requested management to investigate potential Environmental, Social, Governance (ESG) targets for one or several of the existing incentive programs during 2024.

## Evaluation and reporting

The effectiveness of the processes described above is evaluated using, for example, the internal controls framework, internal and external audits in different parts of the value chain (including supplier audits), as well as the feedback from the Speak Up system and investigations conducted as part of that process.

Sustainability is an integrated part of the reports submitted to the Audit Committee and sustainability reports are also made available to the Board on at least a quarterly basis. These reports include stakeholder engagement and results of the evaluation of the effectiveness of processes.

In 2023, the Board of Directors also received updates on the new sustainability strategy and the Corporate Sustainability Reporting Directive (CSRD) project. The Communication and Sustainability function informed the Audit Committee of relevant sustainability matters and communicated progress throughout the year. Both the Audit Committee and the Board of Directors proactively sought information and engaged in discussions on related topics, including CSRD.

### Materiality assessment

Sandvik has performed a double materiality assessment to determine material topics. The double materiality assessment was performed supported by the topics included in the CSRD and GRI as well as the dependence on natural, social, and human resources. The outcome of the assessment results in material impacts, risks, and opportunities, and forms the basis of this year's GRI reporting. The impact assessment includes positive, negative, actual, and potential impacts. The mapping and understanding of impacts were primarily centered on the value chains where impacts were deemed most likely to occur. Upstream, this included transportation of products and sourcing of minerals and metals from high-risk countries, as well as sourcing of conflict minerals and cobalt. Downstream, focus was on transportation of products and people, the mining sites in high-risk areas, and the end-of-life of our business areas' products.

Impacts were evaluated using scale, scope and irremediability determining the severity of an impact as well as likelihood for potential impacts. The evaluation of positive and negative impacts relied on internal expertise within different areas such as supplier management, environment, human resources, health and safety, community involvement and law. The participants came from different business areas, functions, and geogra-

phies within Sandvik, which brought different perspectives and experience on Environmental, Social and Governance (ESG) topics in the value chain. The assessment also considered external reports, legislation, and frameworks. These sources included the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the OECD Due Diligence Guidance for Responsible Mineral Supply Chains, as well as supplier risk screening through EcoVadis and supplier audits. The process involved workshops and interviews.

In the financial materiality assessment, risks and opportunities were assessed by the magnitude of the financial consequence as well as likelihood. The financial materiality assessment was based on a short-term perspective which highlighted the most urgent topics. In the coming year, the medium perspective will be further investigated and included in the analysis. Based on the input collected, a threshold value for the topics was defined, above which the topics were deemed material and as such a basis for our reporting.

Sandvik has a multitude of interactions across the value chain: suppliers, customers, and our own operations and interactions related to the end-of-life process. Our supply chain and geographical footprint are examples of factors that affect the value chain and our impacts, risks, and opportunities.

### Material topics

- Affected communities
- Biodiversity and ecosystems
- Business conduct
- Climate change
- Equal treatment and opportunities for all
- Health and safety
- Pollution & air pollution
- Recycled input materials
- Reconditioning and refurbishment
- Waste
- Water and marine resources
- Workers in the value chain

*A topic is material if the company has an actual or potential significant impact on people or the environment connected to the topic. A topic is also material if it triggers financial effects on the company that are likely to influence its future cash flow. The changes in material topics from last year include the addition of biodiversity and ecosystems, water and marine resources, as well as pollution and air pollution.*



## Examples of contributions to the Sustainable Development Goals

Sandvik contributes to achieving the Sustainable Development Goals according to the UN's 2030 Agenda. By integrating the sustainability goals, also known as the Sustainable Development Goals (SDGs), into our operations and strategy, we work to create a positive impact on society and the environment.



minerals, reduced environmental impact, and minimizing waste generation. The "opt-out" program implies that customers are automatically enrolled in the recycling initiative unless they choose to decline or "opt-out" of participation. The initiative contributes to a circular system for cemented carbide.

Our division Wolfram started the development of tools using our Bergla® tungsten carbide powder, made entirely of recycled material, this year. It is produced from 100 percent recycled tungsten raw material in a manufacturing process that requires less than 10 percent energy compared to standard recycling methods, with 90 percent of the energy utilized being renewable. The advantage of the process is its combination of an existing

technology at Wolfram with the full integration of circularity, reusing waste material.

In 2023, Sandvik announced the strategic acquisition of tungsten powder manufacturer Buffalo Tungsten. The acquisition offers synergy potential, by optimizing materials sourcing and increasing the rate of locally produced tungsten metal powder through its facility in Depew, New York, US.

Waste circularity is a focal point in our 2030 targets. In May, the Seco division introduced product packaging made from 100 percent recycled materials, sourced from discarded household plastic packaging. The increased use of recycled plastic not only aids in reducing GHG emissions but also promotes circularity.

We continually strive to improve our practices for recycling and reuse at all our sites.

### **SDG 13 Climate action**

In September 2023, our GHG reduction targets received approval from the Science Based Targets initiative (SBTi) (read more about this on page 13). We are committed to achieving net-zero GHG emissions across the entire value chain by no later than 2050. Our near-term objectives include achieving a 50 percent reduction in absolute scope 1 and 2 GHG emissions by 2030, a 30 percent reduction in absolute scope 3 emissions and a 90 percent reduction in absolute scope 1 and 2 GHG emissions by 2040. All targets have 2019 as the base year.

### **Code of Conduct**

Sandvik believes that ethical and sustainable business practices are a crucial foundation for a successful business.

Sandvik has a long history of working in accordance with applicable laws and internationally recognized principles, as well as in partnership with our local communities. Our Code of Conduct is built on our internal core values and external principles, such as the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption as outlined in the ten principles of the United Nations Global Compact.

We are also committed to adhering to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Code of Conduct is a vital component in The Sandvik Way, our governance framework. It shows us how we need to act as individual employees, as a company and what ethical standards we should adhere to in our day-to-day work, and it is an important enabler for achieving our 2030 Sustainability Goals.

### **Speak Up**

Employees and external parties who witness a violation of the Code of Conduct, laws or our policies can report the violation, anonymously, through the global whistleblowing tool Speak Up. All reports are assigned to an investigator from the relevant business area that conducts the investigation taking into account the principle of independent and impartial investigation. The Ethics Office oversees the effectiveness of the Speak Up process. Reports, investigations and remediations are recorded, monitored, and included in reporting to the Audit Committee.

No retaliation may be taken against an employee or business partner who, in good faith, voices their concern, as is outlined in the Speak Up policy.

Our reporting tool, Speak Up, is publicly and directly accessible by all stakeholders. They can raise concerns about the organization's negative impacts on them, including human rights concerns, and the process allows for grievances to be identified and addressed. In addition, certain countries have local grievance mechanisms and other mechanisms to support employees beyond legal requirements, such as foundations that provide rehabilitation and financial support in relation to health and well-being. The European Works Councils and relevant local unions have been involved in

the setup of local whistleblowing channels and appointments of investigators.

### **Compliance**

The Sandvik Compliance System encompasses four key areas: Anti-Bribery and Corruption, Competition Law, Trade & Third-Party Management, and Data Privacy. The purpose is to establish a well-functioning structure for effectively managing primary compliance risks in all countries where Sandvik operates. Group Compliance sets the compliance program requirements, including risk identification, policies, relevant training and communication, monitoring and assurance, reporting, and more. These requirements are then implemented by each business area. The Group Compliance function reports to the Sandvik Group General Counsel, the Group Executive Management and the Audit Committee.

For the purpose of coordinating efforts, identifying synergies, and driving continuous improvements, a Compliance Functional Council has been established. This council, comprising representatives from both the Group and business areas, has been operational for several years and typically convenes on a quarterly basis.

Sandvik operates in countries and industries with elevated corruption and sanctions risks, both directly and indirectly through business relationships. This situation underscores the potential



significant impact the company could have on the economy, people, and the environment. To address these challenges, Sandvik has instituted an anti-corruption compliance program based on a zero-tolerance approach. Key guiding documents shaping this program include the Code of Conduct, an anti-corruption policy, and procedures governing commercial and administrative intermediaries, gifts, hospitality, travel and entertainment, and conflicts of interest. The commitment to identify and prevent corruption is not limited to these; it is also integrated into other steering documents such as the M&A procedure and the Community Involvement, Sponsorship and Donations procedure. Crucially, the Speak Up policy, along with its underlying investigation procedure, constitute vital components of the program.

All operational entities within Sandvik have a mandate to assess and collaboratively address their compliance risks together with the compliance organization. The aim is to identify and prevent potential negative impacts stemming from compliance-related issues. The actions taken by these entities undergo scrutiny from both internal and external audits. Any perceived negative impacts and weaknesses can also be raised, and where relevant, remediated through the Speak Up process. This process not only allows for the identification of concerns but also includes active engagement with individuals reporting issues, where possible. To measure and assess progress, targets and indicators are established annually through the Compliance Functional Council. These may include self-assessments covering various aspects, including anti-corruption, sanctions, export control, data privacy, and competition law efforts. Action plans are then formulated based on identified gaps, with a commitment to completing them within specified deadlines. This systematic approach ensures ongoing evaluation and improvement in our compliance practices.

#### **Human rights and fair labor conditions**

Our commitment to human rights and fair labor conditions is confirmed in both our Code of Conduct and Supplier Code of Conduct. These guiding documents endorse key international frameworks,

including the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. The Sandvik Code of Conduct, aligned with our core values, serves as a guide in the identification, prevention, and mitigation of risks associated with human rights and fair labor conditions.

To mitigate risks related to human rights, we continuously work to ensure compliance with national legislation and internationally agreed upon human rights standards and regulations. We regularly evaluate our processes and procedures for identifying, preventing, and mitigating these risks in the Group's operations and in our value chain. The double materiality analysis has taken consideration of human rights across our value chain. Our work on human rights and fair working terms is integrated into our regular processes and procedures in different ways, for example, in our Sustainable Supplier Management, our safety work and in our diversity, equity and inclusion work. We have zero tolerance for modern slavery in all its forms, forced labor, slave labor and/or child labor. We support children's rights and the right to education.

Every employee has the right to join a union and be covered by a collective agreement. Our commitment extends to rejecting all forms of harassment or bullying. We firmly believe in fostering a diverse workforce and maintain a zero-tolerance policy against discrimination based on sex, gender identity or expression, sexual orientation, ethnicity, national origin, age, disability, belief, marital status, social group, or any other characteristics.

Speak Up is our grievance mechanism that is available for employees and external partners for our entire value chain.

#### **Employees**

Sandvik is dedicated to providing a diverse, equitable, and inclusive workplace, ensuring fair remuneration and working terms that consider individual needs. Our People policy underscores our commitment to employees, outlining our approach to attracting, developing, and

retaining staff, and, when necessary, managing their exit from the business.

#### **Leadership development**

Our managers play a crucial role in fostering team growth and achieving results. Through our leadership model and global leadership programs, we establish clear expectations for both leadership capabilities and behaviors.

#### **Young talent**

With our Global Graduate Program, we attract young professionals and offer training across various segments of the Sandvik organization. One of the program's main objectives is to develop and prepare graduates for future key positions. Upon completion, participants transition into different roles within our business.

#### **Diversity, Equity and Inclusion**

Diversity, Equity, and Inclusion are vital aspects of our people strategy, integral to the 2030 Sustainability Goals and stipulated by our Code of Conduct and core value, fair play.

The business is responsible for implementing and communicating the 2030 goals, ensuring resource allocation, and taking necessary measures for goal achievement. Sandvik has established a Diversity, Equity, and Inclusion forum comprising representatives from business areas and the Group. The forum collaborates to cultivate a diverse organization, an equitable workplace, and a culture of inclusion. Joint initiatives, best practices, and experiences are shared among forum members.

#### **Environment, Health, and Safety (EHS)**

Our Environmental, Health, and Safety (EHS) policy aligns with the principles of the Code of Conduct and core values, aiming to realize our vision of Zero Harm. We have established Group EHS procedures that focus on hazard identification, operational risk management, incident reporting injury management, EHS performance measurement and monitoring, and EHS training and competency. Each procedure clearly defines roles, responsibilities, and performance management indicators. Regular internal and external audits are conducted to review compliance with legislation, policies, and procedures.

Our EHS policy, along with Group EHS objectives and the 2030 Sustainability Goals, guides our health and safety initiatives. Each business area develops plans to meet these objectives, with annual targets set to drive performance at all organizational levels toward the 2030 goals. The scope of our EHS policy extends beyond our internal operations to include the services provided by Sandvik at customer locations.

The Sandvik EHS Council, comprising representatives from all business areas, serves as a key forum to facilitate collaboration across the company, advancing our progress toward our EHS vision. While EHS activities are decentralized within the business areas, the EHS Council identifies, reaches consensus on, and implements common initiatives and procedures. Additionally, the Council drafts documents, including the EHS policy and objectives, for consideration and approval by the Group Executive Management. The council also has the authority to appoint working groups to address specific EHS issues, such as environmental working groups.

Our EHS management systems are based on ISO 14001 and ISO 45001. The management of individual topics adheres to the criteria of established frameworks but may extend beyond them. We maintain a unified EHS policy for the company, along with Group procedures in areas where Sandvik aims to establish standards exceeding the requirements of our certified management systems. Sites with a lower risk profile are not obligated to undergo external certification. Nevertheless, these sites must comply with the requirements outlined in the Group procedure for small sites and offices.

For specific local issues, such as effluent discharge limits or environmental permits not addressed in legal requirements, certifications, or Group procedures, we implement local initiatives tailored to the specific needs of each production unit or business division. The EHS management systems extend to relationships beyond company boundaries, emphasizing our responsibility to uphold high standards in environments under the company's control. This involves actively identifying and mitigating risks to prevent work-related injuries or occupational illnesses.

Environmental criteria are integrated into the sustainable supplier management process, while both environmental and safety criteria are integral to the product development process.

Every Sandvik-controlled location will establish and uphold formal systems and processes for conducting risk assessments. All employees are empowered and encouraged to report observed hazards. The system facilitates the proper handling of all hazards, ensuring a comprehensive process from identification to resolution. The most senior Sandvik manager at each location bears responsibility for the proper management of registered hazards.

Every business area/location operates its Incident Reporting and Investigation system, with the responsibility of disseminating the findings from incident investigations throughout the organization. Each employee has access to a colleague within their immediate workplace or organization who serves as a representative of the EHS function within Sandvik.

Health and safety committees are organized based on the specific structure of the local organization and the prevailing issues within the region. These committees typically include representatives from local management, employees, and EHS professionals.

Training is incorporated into the induction process for all employees, with more in-depth training provided for EHS professionals. Additionally, EHS issues are integrated into training programs for specific roles. Our training packages encompass various formats, including in-house classroom sessions, external training, and self-learning opportunities, such as e-learning.

Access to medical and healthcare services is tailored to local needs, ranging from on-site professional healthcare to external partnerships providing services like vaccinations and health checks for our employees. We provide voluntary health and well-being programs that are adapted to local needs, covering various aspects including fitness, nutrition, mental health, and disease prevention.

#### **Sustainable supplier management**

Sandvik is committed to sustainable procurement practices that minimize our social and environmental impacts,

improve the sustainability performance of our suppliers, and create value for the business, our customers and society at large. It is important for us to partner with suppliers who understand and embrace our sustainability standards in areas such as environment, labor, human rights, anti-corruption, circularity of materials, and carbon footprint. Our requirements are part of our 2030 Sustainability Goals and are outlined in our Supplier Code of Conduct.

#### **Community involvement**

Sandvik engages in diverse community relation projects worldwide with three primary focus areas: 1) Sustainability Shift: Organizations, projects and activities related to climate change, resources and waste management, or the clean and sustainable development of communities. 2) Digital Shift: Organizations, projects and activities that build technical and digital skills, support innovations that contribute to global advancement, or introduce people to new technologies. 3) Societal Impact: Projects that support equality and inclusion, improve health and well-being, or contribute to positive development in the local communities where we operate.

We view our community involvement projects as investments, for which we require contracts, clear target groups and objectives with measurable results. We have a Community Involvement, Sponsorship and Donations procedure to guide all Sandvik entities engaged in community relations projects. All activities must comply with our Code of Conduct, which means that we do not engage in any activities of a political or religious nature, or in projects that may be viewed as hazardous to health or the environment. All our partners must sign the Sandvik Supplier Code of Conduct and undergo the same screening process as our suppliers. As part of our 2030 Sustainability Goals, we promote employee engagement in community initiatives that contribute positively to society. Our community involvement activities will be governed via a digital tool that allows for mapping, tracking and follow-up. The app is in final testing and will be launched broadly across the Group during the first half of 2024.

# Consolidated financial statements

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# Consolidated income statement

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



# Consolidated balance sheet

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

# Consolidated changes in equity

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



# Consolidated cash flow statement

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

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

# Group notes

## G1 Significant accounting principles – assessments and assumptions for accounting purposes

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

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

All notes are presented for continuing operations unless otherwise stated.

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

### § Accounting principles

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

#### Statement of compliance

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

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

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

#### Basis of measurement

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

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

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

#### Basis of consolidation

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

#### Foreign currency

##### *Financial statements of foreign operations*

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

#### Changes in accounting policies 2023

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

##### *IAS 1 Disclosure of material accounting policy information*

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

##### *IAS 12 Deferred tax*

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

##### *IAS 12 Pillar II*

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



→ G01, continued

### **Changes in accounting policies 2024 or later**

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

#### *IAS 1 Disclosure of Supplier Finance Arrangements (SFAs)*

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

### **Critical accounting estimates and judgments**

#### *Key sources of estimation uncertainty*

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

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### **! Critical estimates and judgments**

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

<b>Note</b>	<b>Critical estimates and judgments</b>
G13	Impairment tests of goodwill and impairment tests of other non-current assets
G14	Impairment tests of other non-current assets
G22	Post employment benefits
G24	Disputes
G31	Allocation of goodwill and other surplus values

## G2 Segment information

### Information on business areas

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

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



→ G02, continued

#### Information by country, continuing operations

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

Revenue is specified by country based on where customers are.

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

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

#### § Accounting principles

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

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

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

## G3 Categories of revenue

### Information on revenue, continuing operations

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

### § Accounting principles

#### Sale of goods

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

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

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

#### Rendering of services

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

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

#### Variable consideration

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

#### Significant financing component

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

#### Cost to obtain a contract

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

#### Licenses

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



## G4 Personnel information and remuneration of management

Personnel information is based on Group total.

### Average number of employees

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

### Wages, salaries and other remuneration and social costs

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

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

### Remuneration to the board of directors

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

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

### Wages, salaries and other remuneration by market area

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

### Gender distribution in senior management

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

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

→ G04, continued

**President and other senior executives***Guidelines for remuneration*

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

*President and CEO*

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

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

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

*Other senior executives*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4) Relates mainly to fringe benefit and company car.

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

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

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

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

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

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

*Performing shares*

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

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

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

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

*Performance outcome 2020–2023*

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

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

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



→ G04, continued

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

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

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

#### Costs for the programs

The following IFRS 2 provisions were established during the year:

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

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

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

#### Preparation and decision-making process

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

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

#### Assumptions for determining the value, 2020–2023 LTI Programs

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

<sup>1)</sup> Based on analysts' 3 year combined expectations.

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

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

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

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

## § Accounting principles

### Share-based payments

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

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

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

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

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

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

## G5 Remuneration to auditors

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

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

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

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

## G7 Other operating income

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

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

## G6 Research and development costs

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

### § Accounting principles

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

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

## G8 Other operating expenses

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

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



## G9 Operating expenses

Other expenses mainly relate to purchases of services and consumables.

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

## G10 Net financial items

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

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

### § Accounting principles

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

## G11 Income tax

### Recognized in the income statement

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

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

### Reconciliation of the tax expense

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

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

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

→ G11, continued

**Tax items attributable to other comprehensive income**

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

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

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

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

1) Mainly related to pensions

2) Mainly related to provisions

**Unrecognized deferred tax assets**

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

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



→ G11, continued

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

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

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

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

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

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

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

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

#### OECD Pillar II model rules

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

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

#### § Accounting principles

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

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

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

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

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

#### ! Critical estimates and key judgments

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

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

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

## G12 Earnings per share

### Basic and diluted earnings per share, SEK

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

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

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

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

### Weighted average number of shares, in thousands of shares

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

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

### § Accounting principles

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

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



## G13 Intangible assets

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

→ G13, continued

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

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

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

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

**Impairment tests of intangible assets**

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

**Goodwill**

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

**Impairment tests of goodwill**

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

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

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

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

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

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



→ G13, continued

## § Accounting principles

### Intangible asset

#### Goodwill

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

#### Other intangible assets

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

#### Amortization of intangible assets

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

The estimated useful lives are as follows:

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

#### Borrowing costs

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

#### Cloud computing arrangements

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

## ! Critical estimates and key judgments

### Impairment tests of goodwill

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

### Impairment tests of other non-current assets

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

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

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

## G14 Property, plant and equipment

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



→ G14, continued

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

	2022	2023
Cost of sales expenses	-21	-103
Administrative expenses	-	-1
Research & development expenses	0	-13
Other operating expenses	-65	0
<b>Total</b>	<b>-85</b>	<b>-117</b>

#### Impairment tests

Property, plant and equipment with a definite useful life are tested for impairment when an indication for impairment is identified. The tests resulted in impairments of SEK 117 million (-85).

#### Additional information

Items of property, plant and equipment totaling SEK 238 million (240) have been pledged as security for liabilities. In 2023, contractual commitments for the acquisition of property, plant and equipment amounted to SEK 561 million (378).

## ! Critical estimates and key judgments

#### Impairment tests of non-current assets

Sandvik's tangible assets are stated at cost less accumulated depreciation and any impairment losses. The assets are depreciated over their estimated useful lives to their estimated residual values. Both the estimated useful life and the residual value are reviewed at least at each financial year-end.

The carrying amount of the Group's non-current assets is tested for impairment whenever events or changes in circumstances indicate that the carrying amount will not be recovered. The rental fleets of Sandvik Mining and Rock Solutions are subject to special examination considering their dependence on the business climate in the mining and oil industry and the risk that rental agreements may be cancelled. The carrying amount of the rental fleets at the end of 2023 was SEK 1,366 million (1,327).

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

## § Accounting principles

#### Rental fleet

The fleet is balanced between underground drills, loaders and trucks followed by surface drills. The largest fleets are based in northern Europe, Canada, the US and Australia.

#### Depreciation of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives. Land is not depreciated. Depreciation is recognized on a straight-line basis (unless otherwise described) based on the cost of the assets, adjusted by residual value when applicable, and estimated useful lives. The following depreciation periods are applied:

#### Land and buildings:

- Land	indefinite useful life
- Buildings	10–50 years
- Site improvements	20 years

#### Plant and machinery:

- Plant and machinery	5–15 years
- Rental fleet	3 years

#### Equipment, tools, fixtures and fittings:

- Depreciated over the estimated useful lives
- Computer equipment is depreciated over 3–5 years using the reducing balance method

If an item of property, plant and equipment comprises components with different useful lives, each such significant component is depreciated separately. Depreciation methods and estimated residual values and useful lives are reviewed at each year-end.

#### Borrowing costs

The capitalization of borrowing costs relating to tangibles are mainly relevant for the construction of production buildings on a proprietary basis.

## G15 Right-of-use assets

### Leases with Sandvik as lessee

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



→ G15, continued

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

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

#### Contracts not yet commenced

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

#### Sandvik as lessor

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

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

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

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

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

## § Accounting principles

#### Sandvik as a lessee

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

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

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

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

#### Sandvik as a lessor

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

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

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

## G16 Shares in associates, joint ventures and financial assets

### Shares in associates and joint ventures

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

### Additional information

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

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

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

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

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

### Financial assets

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

## § Accounting principles

### Associates and joint venture

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

### Other financial assets

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



## G17 Non-current receivables

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

## G18 Inventories

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

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

### § Accounting principles

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

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

## G19 Trade receivables

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

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

### § Accounting principles

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

## G20 Other current receivables

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

### § Accounting principles

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

## G21 Capital and reserves

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

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

## § Accounting principles

### Reserves

#### *Translation reserve*

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

#### *Hedging reserve*

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

### Non-controlling interests

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

### Put options issued to owners with non-controlling interests

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



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

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

### Sweden

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

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

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

### UK

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

### US

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

### Finland

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

### Germany

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

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

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

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

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

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

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

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

→ G22, continued

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

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



→ G22, continued

### Risks and cash flows

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

#### Future pension payments

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

#### Return on assets

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

#### Measurement method

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

#### Discount rate

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

#### Sensitivity analysis

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

#### Sensitivity analysis, change in provision

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

#### Plan assets

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

#### Class of assets, %

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

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

#### Governance

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

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

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

#### Investment strategy

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

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

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

## § Accounting principles

#### Defined-contribution plans

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

#### Defined-benefit plans

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

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

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

## ! Critical estimates and key judgments

#### Post-employment benefits

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

## G23 Other interest-bearing liabilities

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

### § Accounting principles

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

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



## G24 Other provisions

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

### § Accounting principles

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

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

#### Warranties

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

#### Restructuring

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

#### Employee benefits

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

#### Environmental obligations

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

#### Legal disputes

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

### Other obligations

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

### ! Critical estimates and key judgments

#### Disputes

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

## G25 Other liabilities

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

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

### § Accounting principles

#### Other liabilities

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

#### Derivatives

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

#### Contract liabilities

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

## G26 Accrued expenses

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

## G27 Contingent liabilities and pledged assets

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

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

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

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

#### Pledged assets

Pledged assets for own liabilities and provisions.

Pledged assets	2022	2023
Property mortgages	240	238
<b>Total</b>	<b>240</b>	<b>238</b>

### § Accounting principles

#### Contingent liabilities

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

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



## G28 Supplementary information – financial risk

### FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

### Currency risk – Transaction exposure

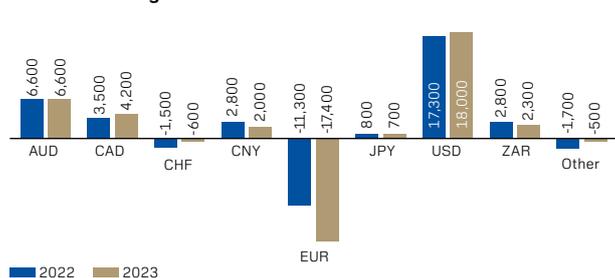
#### Risk

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

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

#### Exposure

##### Net flow in foreign currencies



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

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

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

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

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

### Sensitivity analysis by currency

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

### Currency risk – Translation exposure

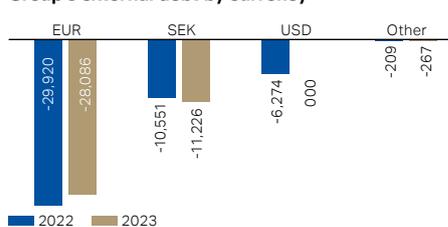
#### Risk

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

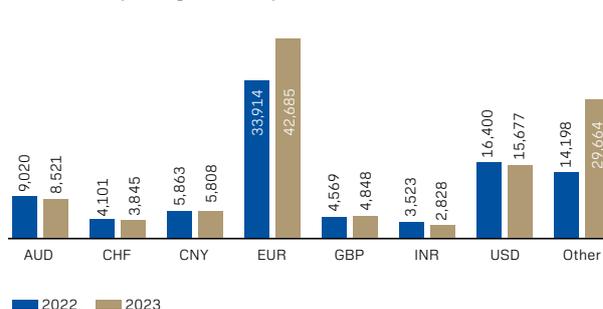
Since the Swedish krona (SEK) is Sandvik's functional currency, a translation risk related to the valuation of the net assets in foreign subsidiaries and the profit/loss in foreign currency achieved during the period occurs. The net assets, which usually consist of the foreign subsidiaries' shareholders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

#### Exposure

##### Group's external debt by currency



##### Net assets by foreign currency



→ G28, Continued

### Comments

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

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

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

### Sensitivity analysis by currency

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

### Interest rate risk

#### Risk

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

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

#### Exposure

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

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

### Interest rates and fixed-interest terms on outstanding loans

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

### Comments

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

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

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

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

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

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

### Liquidity and refinancing risk

#### Risk

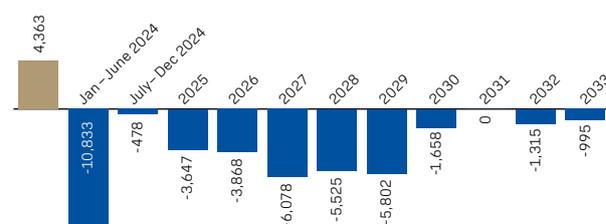
Liquidity and refinancing risk is defined as the risk that financing possibilities will be limited when loans are to be refinanced, and that payment commitments cannot be honored as a result of insufficient liquidity.

#### Exposure

### Maturity profile for borrowing and liquid assets

Nominal amount

Liquid assets



### Borrowing and remaining credit periods

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

### Comments

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

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



→ G28, Continued

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

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

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

## Credit risk

### Risk

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

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

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

### Exposure

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

<sup>1)</sup> The age structure of trade receivables are further described in note G19

<sup>2)</sup> Comprises parts of the Group's other receivables from contract assets

### Expected credit loss

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

### Comments

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

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

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

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

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

## Raw materials price risk

### Risk

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

### Exposure

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

### Comments

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

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

## Pension commitments

### Risk

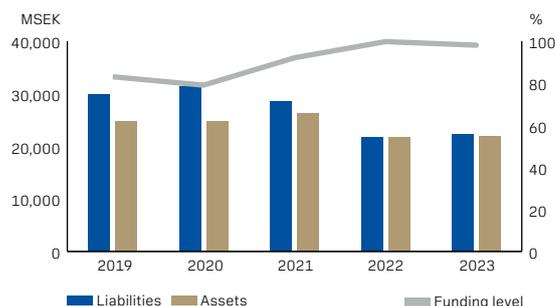
Sandvik has comprehensive pension obligations in the countries in which it operates. The pension solutions and funding requirements vary depending on legislation and local agreements. The largest funded pension plans are found in the US, UK, Finland, Sweden, Germany, and Canada. Three main risks are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

### Exposure

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

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

→ G28, Continued

**Development of pension liability and assets****Comments**

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

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

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

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

1) Included in other receivables and financial assets.

2) Included in other liabilities.

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

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

**Financial assets and liabilities by valuation category**

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

1) Excludes assets held for sales.

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

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

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

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

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

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

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

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



→ G28, Continued

### Net result per valuation category

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

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

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

1) Excludes assets held for sales.

### Supplier finance

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

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

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

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2026 and later
Interest rate derivatives	0	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0</b>								

### Derivative financial instruments – interest rate swaps

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

→ G28, Continued

## § Accounting principles

### FINANCIAL INSTRUMENTS

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

#### Recognition and derecognition

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

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

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

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

#### Classification and measurement

##### *Financial assets excluding derivatives*

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

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

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

#### Financial instruments measured at fair value in the balance sheet

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

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

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

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

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

#### Measurements of fair value

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

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

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

#### Hedge accounting

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

#### Cash flow hedges

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

#### Fair-value hedges

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

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



→ G28, Continued

### **Expected credit losses**

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

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

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

### **Confirmed credit losses**

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

## G29 Transactions with related parties

### Related-party transactions

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

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

### Transactions with key management personnel

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

## G30 Supplementary information to the cash flow statement, Group total

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

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

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

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

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



→ G30, Continued

## § Accounting principles

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

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

## G31 Business combinations

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

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

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

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

→ G31, Continued

**Acquisitions**

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

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

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

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

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

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

**Fair value recognized in the Group 2023**

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

**Acquisitions made by Sandvik Mining and Rock Solutions**

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

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

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

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



→ G31, Continued

#### Fair value recognized in 2023, Sandvik Mining and Rock Solutions

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

#### Acquisitions made by Sandvik Manufacturing and Machining Solutions

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

#### Fair value recognized in 2023, Sandvik Manufacturing and Machining Solutions

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

#### Contributions from companies acquired in 2023 by business area

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

→ G31, Continued

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

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

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

**§ Accounting principles**

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

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

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

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

**! Critical estimates and judgments**

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



## G32 Divestments, assets held for sale and discontinued operations

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

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

### Divestments and assets held for sale

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

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

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

### Assets and liabilities included in divestments 2023

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

### Discontinued operations

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

### Income Statement for discontinued operations

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

### Cash flow Statement for discontinued operations

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

→ G32, Continued

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## § Accounting principles

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### Assets held for sale and discontinued operations

#### *Disposal groups held for sale*

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

#### *Discontinued operations*

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

#### *Distribution to owners*

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

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

## G33 Government grants

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

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

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

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## § Accounting principles

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

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

## G34 Events after the end of the period

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

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

# Financial statements

## Parent Company

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## Parent Company income statement

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

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



# Parent Company balance sheet

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

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

## Parent Company changes in equity

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

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

## Parent Company cash flow statement

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



## P1 Accounting principles, Parent Company

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

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

### § Accounting principles

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

#### Changed accounting principles

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

#### Classification and presentation

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

## P2 Categories of revenue

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

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

## P3 Personnel information and remuneration to management

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

### Wages, salaries, other remuneration and social costs

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

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

### Gender distribution in senior management

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

For information regarding incentive programs see note G4.

### § Accounting principles

#### Employee benefits

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

## P4 Remuneration to auditors

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

## P5 Research and development

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

## P6 Other operating income and expenses

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

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

## P7 Financial income and expenses

### Result from shares in Group companies

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

### Interest income and similar items

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

### Interest expense and similar items

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

### § Accounting principles

#### Group contributions and shareholders' contributions in legal entity accounts

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

#### Anticipated dividends

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

#### Financial guarantee

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



## P8 Income tax

### Recognized in profit and loss

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

### Reconciliation of the Parent Company's tax expense

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

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

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

### Recognized in the balance sheet

#### Deferred tax assets and liabilities

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

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

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

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

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

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

### Accounting principles

#### Income tax

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

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

## P9 Intangible assets

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

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

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

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

### § Accounting principles

#### Intangible assets

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

#### Amortization of intangible assets

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

- Patents 10–20 years
- Goodwill 10 years

#### Borrowing costs

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



## P10 Property, plant and equipment

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

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

### § Accounting principles

#### Borrowing costs

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

## P11 Leases

### Operating leases with Sandvik as lessee according to RFR 2

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

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

### Operating leases with Sandvik as lessor

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

### § Accounting principles

#### Leased assets

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

## P12 Shares in Group companies

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

1) Reversal of impairment related to divestment of Russia



→ P12, Continued

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

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

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

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

→ P12, Continued

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

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

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

2) Remaining shares are held by other Group companies.



→ P12, Continued

**Sandvik AB's holdings<sup>1</sup> of shares and participations in subsidiaries, indirect holdings in % <sup>1</sup>**

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

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

→ P12, Continued

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

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



→ P12, Continued

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

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

→ P12, Continued

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



→ P12, Continued

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

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

→ P12, Continued

## § Accounting principles

### Subsidiaries

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

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

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

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

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

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

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

### Shares in Group companies and associated companies

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

## P13 Non-current receivables and other current receivables

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

## P14 Inventories

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

## P15 Capital and reserves

### Share capital

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

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

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

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

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

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

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

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



→ P15, Continued

## § Accounting principles

### Undistributable equity

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

### Statutory reserve

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

### Distributable equity

#### Share premium reserve

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

#### Retained earnings

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

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

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

### Present value of funded and unfunded pension obligations

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

## P17 Other provisions

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

## P18 Non-current interest-bearing liabilities

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

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

1) Other liabilities mainly comprise bond loans.

## P19 Accrued expenses and deferred income

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

## P20 Contingent liabilities and pledged assets

### Continuing operations

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

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

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

## P21 Transactions with related parties

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

For information regarding employment agreements see note G4.

## P22 Supplementary information to the cash flow statement

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

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

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

## P23 Events after the end of the period

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



# Board statement on dividend proposal

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

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

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

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

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

Stockholm, March 11, 2024

Sandvik Aktiebolag (publ)  
BOARD OF DIRECTORS

# Proposed appropriation of profits

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

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

be appropriated as follows:

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

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

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

Stockholm, March 11, 2024

Johan Molin  
Chairman

Jennifer Allerton  
Board member

Thomas Andersson  
Board member

Claes Boustedt  
Board member

Marika Fredriksson  
Board member

Thomas Lilja  
Board member

Andreas Nordbrandt  
Board member

Helena Stjernholm  
Board member

Kai Wärn  
Board member

Stefan Widing  
Board member  
President and CEO

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

Peter Nyllinge  
Authorized Public Accountant  
Partner in charge

Anna Rosendal  
Authorized Public Accountant



# Auditors' report

Unofficial Translation

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

## Report on the annual accounts and consolidated accounts

### Opinions

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

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

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

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

### Basis for Opinions

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

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

### Our audit approach

#### Audit scope

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

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

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

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

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

### Materiality

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

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

### Key audit matters

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

**Key Audit Matter***Revenue recognition in the appropriate period*

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

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

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

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

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

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

*Measurement of inventory*

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

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

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

**How our audit addressed the Key Audit Matter**

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

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

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

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

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

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



### **Other Information than the annual accounts and consolidated accounts**

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

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

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

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

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

### **Responsibilities of the Board of Directors and the Managing Director**

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

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

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

### **Auditor's responsibility**

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

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

Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

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

#### *Opinions*

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

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

#### *Basis for opinions*

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

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

#### *Responsibilities of the Board of Directors and the Managing Director*

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

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

#### *Auditor's responsibility*

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

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

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

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

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

### **The auditor's examination of the ESEF report**

#### *Opinion*

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

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

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

#### *Basis for opinion*

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

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

#### *Responsibilities of the Board of Directors and the Managing Director*

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

#### *Auditor's responsibility*

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

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

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

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

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

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

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

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

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

Stockholm March 12, 2024  
PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant  
Auditor in charge

Anna Rosendal  
Authorized Public Accountant

# Non-financial notes

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## NF1 About this report

This is our eighteenth consecutive year of sustainability reporting, and our commitment to annual sustainability reporting remains unchanged. The report was published on March 13, 2024. The data presented refers to the fiscal year 2023. The most recent Sustainable Business Report was published in March 2023. The non-financial notes encompass information on strategy, management approaches, stakeholder dialogues, and sustainability data.

Information meeting the Swedish legal requirements on sustainability reporting, the Statutory Sustainability Report, and Sandvik Sustainable Business Report, are found on pages 2–3, 7, 13, 58–66, 142–160. Please refer to note P12 for a list of entities included in the figures unless otherwise specified.

This report adheres to the Global Reporting Initiative, GRI Standards 2021. The figures presented are accumulated for the 2023 fiscal year for all active reporting units, unless stated otherwise. An operational control approach was used for consolidations. It encompasses material aspects defined in the materiality assessment described on page 61 and has undergone external review. No restatements of information from previous reporting periods have been made.

Our reporting aligns with the Task Force on Climate-related Financial Disclosures (TCFD), and we also adhere to the Sustainability Accounting Standards Board (SASB) reporting standard. Our climate impact is disclosed through the non-profit organization CDP.

Sandvik has been a signatory to the UN Global Compact (UNGC) since 2013, reporting on the ten principles in accordance with the UN Global Compact advanced level criteria.

As of September 2023, the Science Based Targets initiative (SBTi) has approved Sandvik science-based greenhouse gas emission reduction targets.

An independent assurance provider, engaged by the Board of Directors and the CEO of Sandvik, has undertaken a combined assurance of the Sandvik Annual Report 2023.

The Sandvik Code of Conduct, Sandvik Supplier Code of Conduct, and Sandvik Business Partner Code of Conduct are publicly accessible on [home.sandvik/sustainability](https://home.sandvik/sustainability). Group policies, classified as internal documents, are available on the company intranet, having received approval from the Group Executive Management team. 14 policies, including the Anti-Bribery and Corruption Policy, have also been approved by the Board of Directors. These commitments apply organization-wide, including for business relationships, and are communicated via the line organization.

For additional details on our reporting, please visit [home.sandvik/sustainability](https://home.sandvik/sustainability).

## NF2 Stakeholder dialogues

Sandvik has identified a range of stakeholders who are anticipated to be impacted by the company or have the potential to influence Sandvik, with customers, employees, and investors as the most significant among them.

In 2023, we actively engaged with these stakeholders to gain insights into their relationships with Sandvik and to identify potential impacts, risks, and opportunities as part of our materiality assessment.

We met with analysts, investors, and shareholders, covering the implementation of strategic initiatives, the impact of the 2030 Sustainability Goals on Sandvik business, specific targets and outcomes, and our contributions to the UN Sustainable Development Goals. Sandvik engaged with all major shareholders during this period.

Continuous dialogues with customers remain a priority, focusing on key areas such as product development for enhanced safety, increased energy efficiency, and the promotion of electrification.

Ongoing communication with employees is facilitated through regular meetings, employee surveys, and performance dialogues. Sustainability-related perspectives are integrated into the Sandvik employee survey.

Furthermore, Sandvik maintains regular interactions with unions, fostering discussions centered around the sustainability agenda.

In 2023, Sandvik actively engaged in conferences and roundtable discussions organized by global organizations and academia.

### Membership in organizations

Sandvik is a signatory of the UN Global Compact and is active in various industry associations, such as Jernkontoret (steel producers), Svemin (mines, minerals, and metal producers), the International Council of Swedish Industry (NIR), the Cobalt Institute, the International Tungsten Industry Association, the Responsible Minerals Initiative, and The Tungsten Industry Conflict Minerals Council.



## NF3 Code of Conduct

The Sandvik Code of Conduct, rooted in our core values, underscores our strong commitment to ethical and responsible business practices, ensuring compliance with relevant laws and regulations across all our markets. The Code of Conduct defines the principles governing individual and corporate behavior, providing guidance for our actions and everyday business decisions.

To uphold these standards, Sandvik has set a target to train 100 percent of employees and long-term contractors who have been employed for over 90 days, in the Code of Conduct. This training covers critical topics such as anti-bribery, corruption, diversity and inclusion, among others. The target is monitored via compliance reports and training dashboards. By the end of 2023, 97 percent (95) of employees and long-term contractors had completed the Code of Conduct training. All members of the Group Executive Management and the Board of Directors have undergone training in the Code.

The goal for onboarding new employees is to train 90 percent within three months of their hiring. By the end of 2023, the outcome was 83 (77) percent. Additionally, refresher training, reinforcing Code of Conduct principles, is automatically deployed to employees who completed the training more than two years previously. As of December 31, 2023, 91 (89) percent of the invited population had successfully completed this refresher training.

## NF4 Whistleblowing (Speak Up)

Employees and external stakeholders who observe any potential breach of the Code of Conduct, laws, or our policies are encouraged to report such violations, anonymously if preferred, through the global reporting tool, Speak Up. The act of speaking up is a crucial element of the Sandvik culture, fostering trust, enhancing the work environment, and mitigating risks for the company.

Our Speak Up training serves to enhance awareness and trust in the Sandvik whistleblowing process. In 2023, we provided training to 827 (4,534) new employees. To improve the enrollment in the Speak Up training, we have changed training supplier, and updated training will be added to Workday in 2024. According to our employment engagement survey, 91 percent (93) of respondents expressed confidence in the statement “I am aware that Sandvik has a whistleblowing process (Speak Up) for reporting violations of our Code of Conduct or company policies.”

Speak Up is accessible through our internet and web portals, as well as via telephone hotlines in all major countries where Sandvik operates. Reports submitted through Speak Up undergo screening, and each case is subsequently assigned to an investigator. These investigators conduct the necessary investigations with support from the Business Integrity specialist investigation function.

In 2023, there were 343 (290) reported Speak Up incidents excluding inquiries (see distribution in chart) with 83 percent (91) closed within 90 days.

The substantiation rate for closed cases was 29 percent (35). No cases (1) concerned human rights, and 21 (6) cases involved bribery and kickbacks. All Speak Up cases undergo investigation, resulting in either substantiated or unsubstantiated findings

based on the allegations. Consequences for substantiated cases vary from warnings and enhanced controls/training to employee dismissal, contract termination, non-renewal for business partners, or referral to relevant authorities for further investigation. The execution of the consequences is carefully managed within the remit of the law and our policies, including the obligation to protect the identity of the whistleblower and relevant data privacy regulations.

Speak Up reports	Number	
	2022	2023
Human relations	152	165
Compliance	42	73
Theft and misappropriation	25	20
Business records and information	11	28
Environment, health and safety	22	24
Inquiries	30	24
Other	38	33
<b>Total</b>	<b>320</b>	<b>367</b>

## NF5 Compliance

The compliance initiatives throughout 2023 continued to be significantly influenced by the sanctions imposed on Russia and the company decision in 2022 to wind down its operations. During 2023 the focus of compliance gradually moved from actual winding-down towards risk-based efforts to counteract Russian entities from accessing Sandvik products through intermediaries outside of Russia. Prior to February 2022, Sandvik operated through eight legal entities and employed approximately 950 individuals in Russia. By December 31 2023, Sandvik had no employees left in the country and only one legal entity, which was in the process of being liquidated.

The Compliance House serves as a tool allowing, among other things, each Sandvik entity to understand and address its compliance risks, increasing transparency in control implementation. In 2023, the emphasis was placed on identifying and rectifying additional gaps in the implementation of the compliance program. As of the year-end 2023, the Compliance House included all business entities, with the exception of a few recently acquired entities that underwent compliance risk assessment during the due diligence process. Additionally, certain entities primarily engaged in administrative tasks and internal services, deemed low risk, were excluded. 88 percent (92) of the operational units in the tool conducted a self-assessment review during the year.

The Compliance House requires that each entity communicates annually with its employees in four compliance areas. As of December 31, 2023, 82 percent (94) of the entities reported compliance with anti-corruption communication. The corresponding figures for competition law, trade compliance, and data privacy communication were 82 percent (93), 71 percent (new), and 82 percent (92), respectively.

Compliance training was provided to employees through various formats, including e-learning, webinars, and classroom sessions. Over 53,835 training records were generated, with 21,476

→ NF5, continued

focusing on anti-corruption, 5,510 on competition law, 22,801 on data privacy, and 4,048 on sanctions and export control.

In 2022, all members of the Group Executive Management participated in anti-corruption dilemma training, and during 2023, this training was expanded to include business area and division management teams. This will continue in 2024.

Sandvik has zero tolerance for bribery and corruption and in 2023, Sandvik reviewed and updated its Anti-Bribery and Corruption policy. The policy mandates all employees, managers and directors to identify and disclose any conflicts of interest. No members of the Board of Directors have declared any conflict of interest with respect to cross-shareholding with suppliers and other stakeholders. The risk assessment conducted through the Compliance House, factoring in action plans and existing controls, did not reveal any significant residual corruption risks. Sandvik requires its business partners to adhere to its supplier/business partner Code of Conduct. It requires suppliers/business partners to comply with relevant rules and principles concerning anti-corruption, competition law, data privacy, and international sanctions.

Sandvik also requires that relevant commercial intermediaries sign an anti-corruption and export control/trade clause in the contract. The use of the anti-corruption clause and the Business Partner Code of Conduct is followed up through Compliance House. 78 percent (63) of the entities using commercial intermediaries responded that all their commercial intermediaries had signed the Sandvik Business Partner Code of Conduct and 73 percent (60) that all commercial intermediaries had signed a contract including an anti-corruption clause. The entities' responses are audited and confirmed by the Internal and External Audit functions as part of the regular audit programs.

During 2023 there were no major public legal cases regarding potential non-compliance with laws and regulations brought against Sandvik and neither did Sandvik receive any significant fines or non-monetary sanctions for non-compliance with laws or regulations.

## NF6 Employees

At year-end 2023, the number of employees amounted to 40,877 (40,489).

### Competence development

Sandvik offers numerous opportunities for competence development, such as stretch assignments, mentorship, utilization of digital learning platforms, and participation in face-to-face programs. We provide a global offer of leadership and expert programs, a variety of learning academies, digital workshops, and e-learning modules aimed at upskilling and reskilling for both current needs and future demands, all supporting our 2025 strategy.

### Global Graduate program

The Global Graduate program is a Sandvik trainee program, providing young professionals with a 15-month opportunity to explore different facets of our global operations. The program aims to attract and recruit top students from selected markets, facilitating their introduction to the Sandvik world and contributing to our employer brand. In September 2023, the sixth global graduate program commenced with twelve participants from China, India, Finland, Sweden, Brazil, Germany, and the US, maintaining a balanced gender split of 50/50 percent.

### Internal job market

As a Sandvik employee, you are responsible for steering your own career development. Our organization provides a broad spectrum of career opportunities. Through our internal job market, employees have the opportunity to transition to different divisions within Sandvik or explore opportunities in other countries, fostering both personal and professional growth. In 2023, we welcomed 3,599 new hires recruited externally to Sandvik. A significant portion of the job openings were advertised within our Sandvik internal job market.

### Diversity, Equity, and Inclusion

We strive to create an equitable workplace with an inclusive culture for diverse talented individuals, which creates benefits all the way to our communities, value chains and customers. This commitment is evident in our recruitment, people development, and retention efforts, with ongoing initiatives detailed on pages 20, 26, and 32.

We recognize that diversity, equity, and inclusion are essential, starting from the top. Our Executive Management team exemplifies this, representing 4 (5) nationalities and diverse backgrounds. As part of our goals, we aim to achieve 25 percent female representation among our managers by 2025, and as of 2023, we reached 20.5 percent (19.6). Additionally, in 2023, 32 percent (30) of external executive recruits were female, and 27 percent (28) of the successor talent pool for division management comprised women. In terms of nationality, 14 percent (14) of business area management team members were non-Europeans.

In 2023, we initiated the integration of Equity into our Diversity and Inclusion (D&I) efforts. This involved defining the relationship between Equity and our core Sandvik value of fair play, incorporating Equity into our Sustainability Strategy, and launching quarterly global awareness campaigns with #SandvikTrueColor.



→ NF6, continued

By embracing "Equity," Sandvik aims to adopt an employee-centric approach that acknowledges and addresses the specific realities of our diverse talents.

Our commitment is to empower individuals to thrive, bring their authentic selves to work, and foster a workplace that supports everyone's career growth, regardless of background. We monitor our inclusion levels through quarterly D&I Pulse surveys. As part of our strategy, we provide Diversity, Equity, and Inclusion (now DEI instead of D&I) training to all employees, managers, and HR specialists across our business areas. This comprehensive program includes a toolbox featuring online and offline learning, workshops, exercises, and DEI basic training offered to all newly hired and acquired employees. Our Bridge program specifically focuses on leadership across diverse cultures, and all internal global leadership programs include training on creating an inclusive work environment and promoting diversity.

### Employee engagement

Sandvik conducts Quarterly Engagement Surveys (QPulse) to measure employee satisfaction and engagement, and recognize improvement possibilities in identified priority areas. In the third quarter, we introduced a modern Engagement Insights Platform, enhancing our employee-centric and digital approach. This platform provides managers with real-time engagement data, enabling prompt action on employee insights. The annual average for the Engagement Index was 78 percent (78), and the Inclusion Index was 81 percent (79.5), with a response rate of 73 percent (65).

Key Performance Indicators based on results are implemented in each business area and Group functions.

Bias awareness was introduced to the manager training, and 93 percent of the feedback respondents evaluated the training as useful.

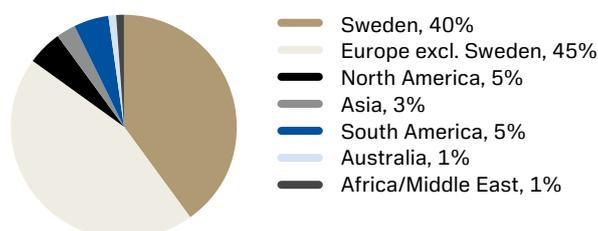
Every Sandvik employee is offered at least one annual individual performance dialogue with their manager, focusing on past performance, new goals, and development plans for the upcoming years. In 2023, 94 percent (93) of employees participated in these dialogues.

In 2023, 42 percent (46) of employees were covered by collective bargaining agreements.

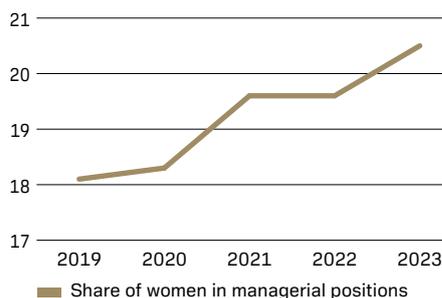
### Remuneration

The ratio of the annual total compensation for the President and CEO to the average remuneration per employee in the Parent Company (excluding the President and CEO) is 30 to 1. The ratio of the percentage increase in these respective compensations for 2023 compared to 2022 is 1.4 to 1. Regarding remuneration, see note G4.

#### Top 300 managers, nationalities



#### Share of women in managerial positions, %



#### Employees by employment contract and gender

FTE	Women		Men		Total	
	2022	2023	2022	2023	2022	2023
Permanent	6,662	7,043	26,467	27,400	33,129	34,443
Temporary	318	345	1,067	1,007	1,385	1,352
<b>Total</b>	<b>6,980</b>	<b>7,388</b>	<b>27,534</b>	<b>28,407</b>	<b>34,514</b>	<b>35,795</b>

#### Employees by employment type and gender

FTE	Women		Men		Total	
	2022	2023	2022	2023	2022	2023
Full time	6,402	6,785	27,033	27,890	33,435	34,675
Part time	578	603	501	517	1,079	1,120
<b>Total</b>	<b>6,980</b>	<b>7,388</b>	<b>27,534</b>	<b>28,407</b>	<b>34,514</b>	<b>35,795</b>

#### Employees by employment contract and region

FTE	Permanent		Temporary		Total	
	2022	2023	2022	2023	2022	2023
Europe	17,160	17,428	681	516	17,841	17,944
North America	4,361	4,492	23	27	4,384	4,519
South America	2,006	2,310	35	32	2,041	2,342
Africa & Middle East	2,032	2,122	250	380	2,282	2,502
Asia	6,517	6,671	374	362	6,891	7,033
Australia	1,062	1,434	23	36	1,085	1,470
<b>Total</b>	<b>33,138</b>	<b>34,457</b>	<b>1,386</b>	<b>1,353</b>	<b>34,524</b>	<b>35,810</b>

#### Employees by employment type and region

	Full time		Part time		Total	
	2022	2023	2022	2023	2022	2023
Europe	16,843	16,895	998	1,049	17,841	17,944
North America	4,359	4,503	25	16	4,384	4,519
South America	2,021	2,323	20	19	2,041	2,342
Africa & Middle East	2,277	2,497	5	5	2,282	2,502
Asia	6,887	7,028	4	5	6,891	7,033
Australia	1,058	1,444	27	26	1,085	1,470
<b>Total</b>	<b>33,445</b>	<b>34,690</b>	<b>1,079</b>	<b>1,120</b>	<b>34,524</b>	<b>35,810</b>

→ NF6, continued

**Employee hires by age**

	2022		2023	
	Hired	%	Hired	%
Under 30	1,153	32	1,146	32
30–50	2,148	60	2,141	59
Over 50	298	8	310	9
<b>Total</b>	<b>3,599</b>	<b>100</b>	<b>3,597</b>	<b>100</b>

**Employee hires by gender**

	2022		2023	
	Hired	%	Hired	%
Women	872	24	832	23
Men	2,734	76	2,763	77
<b>Total</b>	<b>3,607</b>	<b>100</b>	<b>3,599</b>	<b>100</b>

**Employee hires by region**

	2022		2023	
	Hired	%	Hired	%
Europe	1,328	37	1,176	33
North America	835	23	865	24
South America	387	11	452	13
Africa & Middle East	268	7	268	7
Asia	594	17	557	15
Australia	195	5	281	8
<b>Total</b>	<b>3,607</b>	<b>100</b>	<b>3,599</b>	<b>100</b>

**Employee turnover by age**

	2022		2023	
	Left	%	Left	%
Under 30	556	16	547	15
30–50	2,448	12	1,887	9
Over 50	911	10	946	10
<b>Total</b>	<b>3,915</b>	<b>12</b>	<b>3,380</b>	<b>10</b>

**§ Reporting principles**

Employee statistics regarding Full Time Equivalent (FTEs) are sourced from the financial reporting system. To align with financial reporting standards, we specifically report on continuing operations. All additional employee metrics, such as age distribution, turnover rates, new hires, part-time/full-time status, gender demographics, and performance dialogues, are extracted from the Group's centralized HR system, covering 86 percent of the workforce at Sandvik.

These figures are compiled annually and serve as the foundational data for various calculations, including performance reviews. Discrepancies in the total employee count across certain tables are attributed to incomplete data. For our classification, a manager is defined as an employee responsible for overseeing an organizational unit. Sandvik does not have a substantial portion of workers who are not categorized as formal employees.

**Employee turnover by gender**

	2022		2023	
	Left	%	Left	%
Women	818	13	716	10
Men	3,098	12	2,665	10
<b>Total</b>	<b>3,916</b>	<b>12</b>	<b>3,381</b>	<b>10</b>

**Employee turnover by region**

	2022		2023	
	Left	%	Left	%
Europe	2,192	13	1,325	8
North America	638	15	762	17
South America	225	12	328	15
Africa & Middle East	212	11	216	10
Asia	496	8	508	8
Australia	154	15	243	19
<b>Total</b>	<b>3,917</b>	<b>12</b>	<b>3,382</b>	<b>10</b>

**Employees by gender and employee category, %**

	Women		Men		Total	
	2022	2023	2022	2023	2022	2023
Staff	27	27	73	73	57	57
Workers	12	12	88	88	43	43
<b>Total</b>	<b>20</b>	<b>20</b>	<b>80</b>	<b>80</b>	<b>100</b>	<b>100</b>

**Employees by age group and employee category, %**

	Under 30		30–50		Over 50		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Staff	8	8	64	64	27	28	57	57
Workers	18	17	57	58	25	25	43	43
<b>Total</b>	<b>13</b>	<b>12</b>	<b>61</b>	<b>63</b>	<b>26</b>	<b>25</b>	<b>100</b>	<b>100</b>

**Share of women and age structure**

	Share of women, %	Age structure, %		
		Under 30	30–50	Above 50
Board of Directors	25 (25)	0 (0)	25 (25)	75 (75)
Management	21 (20)	1 (1)	68 (69)	31 (30)
Other employees	21 (20)	14 (14)	60 (60)	26 (26)



## NF7 Health and Safety

### Management systems

Each non-administrative Sandvik facility employing more than 25 individuals is required to attain external ISO 45001 certification within two years of commencement or acquisition. At the end of 2023, 90 percent of the relevant sites were certified in accordance with ISO 45001 standards.

### Health and safety metrics

We utilize a wide range of leading and lagging indicators to assess health and safety performance across all Sandvik locations. Notable metrics include the Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR), both of which have exhibited positive long-term trends. In 2023, the LTIFR (LTIs per million hours worked) decreased to 1.1 (1.3), and the TRIFR (total number of recordable injuries per million hours worked) decreased to 3.0 (3.1). Hand and finger cuts and pinches were the most common injury types.

Acquisitions continue to exert a negative impact on both TRIFR and LTIFR trends, and we are working actively to bring these numbers down to the same level as more established Sandvik sites. We have implemented various health and safety initiatives, including targeted injury prevention campaigns and safety

meetings, with an ongoing commitment to maintaining a strong focus on safety.

Regrettably, a tragic fatality occurred at one of our Australian production units during the year. The investigation into the incident is currently underway and Sandvik is cooperating with local authorities.

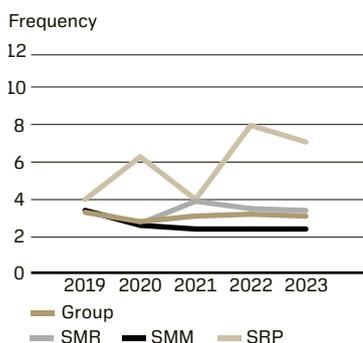
### Training

We strive to equip every employee with the necessary skills, knowledge, and competencies to execute their tasks safely, thereby reducing the risk of occupational injury, illness, and environmental harm. In each Sandvik location, we identify and document the fundamental qualifications and competencies required for each occupation, conducting training needs analyses. Attendance at crucial training sessions is mandatory, and records of attendance are maintained.

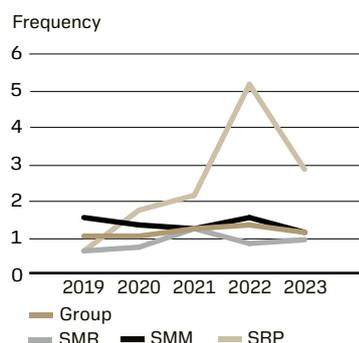
### Occupational health and well-being

Sandvik offers health and well-being programs to its employees across all locations. These initiatives cover a diverse range of topics, including work/life balance, healthy eating, and stress management.

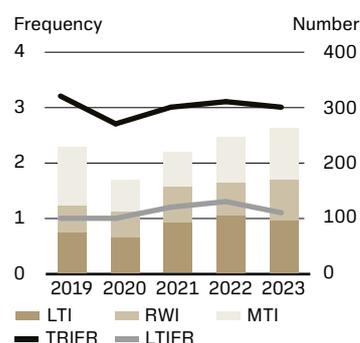
TRIFR by business area



LTIFR by business area



TRIFR and LTIFR, Group



### Work-related incidents

	2022			2023		
	Employees	Non-employees <sup>1)</sup>	Total workforce	Employees	Non-employees <sup>1)</sup>	Total workforce
Number of fatalities	0	0	0	1	0	1
Number of LTI	90	15	105	88	7	95
LTIFR <sup>2)</sup>	1.3	1.4	1.3	1.2	0.65	1.1
Number of TRI	218	30	248	233	31	264
TRIFR <sup>2)</sup>	3.2	2.9	3.1	3.1	2.9	3.0
<b>Exposure hours, hazards and near misses</b>						
Million exposure hours	69.2	10.4	79.6	76.1	10.8	86.9
Hazards reported	-	-	64,266	-	-	71,039
Hazards closed out	-	-	60,650	-	-	67,618
Hazard close out ratio (%)	-	-	94.4	-	-	95
Near misses reported	-	-	3,845	-	-	3,912
NMFR	-	-	48	-	-	45

1) All who are not employees but whose work and/or workplace is controlled by Sandvik.

2) Normalization factor = 1,000,000 hours worked.

→ NF7, continued

### Occupational risk management

All Sandvik locations are required to incorporate occupational health risks, such as exposure to noise, dust, fumes, and other hazardous materials, in their location risk assessments as an integral part of their EHS Management Systems.

We consistently strive to substitute hazardous materials in our production with less harmful alternatives. Where replacement is not feasible, we actively minimize the use of hazardous materials. We invest in new equipment and refining processes to diminish employee exposure to hazards, including noise, dust, and gases. Our products and solutions are thoughtfully designed with a focus on enhancing operators' health and safety, reducing their exposure to chemical hazards.

For example, our battery-driven underground mining equipment plays a crucial role in mitigating potential health impacts from diesel particulate matter and other engine emissions.

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### § Reporting principles

Health and safety data is sourced from our EHS reporting system, providing a comprehensive array of EHS performance indicators on a monthly basis. The key figures compiled are based on information available at the date of the most recent year-end accounts, which may require that historical figures are adjusted. All EHS data refers to continuing operations. Acquisitions are included in the actual data set once they are merged with Sandvik and start reporting EHS data.

An LTI (Lost Time Injury) refers to an incident resulting in a full shift away from work. An RWI (Restricted Work Injury) involves an injury where an individual can be at work but cannot perform all of their regular duties. An MTI (Medical Treatment Injury) is an injury requiring medical treatment but allowing the individual to perform all of their usual work tasks. Worked hours are defined as exposure hours, encompassing all hours exposed to risk by employees, contractors, and subcontractors. These exposure hours are collected and entered into the EHS database on a monthly basis.

Incidents categorized as "high-consequence injury/illness" in GRI reports are integrated into our data for Lost Time Injuries. In 2023, we recorded one (1) incident meeting the criteria for a six-month absence. Our approach to mitigate these low frequency/high severity injuries/illnesses is a key part of our management system and is handled within the processes for serious potential incident management including, for example, in our work with critical controls.

Information on occupational illnesses and frequency rates is an integral part of our EHS reporting processes. Capturing illness data can be challenging, often surrounded by regulatory obligations, particularly concerning worker privacy. Complicating matters is the fact that occupational illnesses may not be detected until some time after exposure, and there may be non-work-related factors contributing to the illness, making it challenging to recognize as work-related. This uncertainty increases the complexity of handling illness data.

Occupational illness is defined as physical or mental harm or disease that develops over time during the course of work, not resulting from a single instantaneous event. Determining an illness as work-related is a complex process.

## NF8 Environmental footprint

### Management systems

Every non-administrative Sandvik location with more than 25 people is mandated to obtain external ISO 14001 certification within two years of commencement or acquisition. By year-end 2023, 92 percent of the sites within scope had obtained certification in accordance with ISO 14001.

### Greenhouse gas emissions and energy

Sandvik is actively working to ensure that each individual site in the company has an action plan in place to enhance energy efficiency and reduce greenhouse gas (GHG) emissions.

In 2023, there were over 200 Environmental Improvement Projects (EIPs) and contributions in progress, with many focused on reducing greenhouse gas (GHG) emissions and promoting circularity. These projects target the most material topics for each business area, division, or site. Initiatives such as improved insulation in buildings, implementation of LED lighting, switching to electric forklifts, and the installation of solar rooftop panels exemplify the ongoing efforts.

### *Our transition plan to net zero*

In 2023, our GHG reduction targets were endorsed by the Science Based Targets initiative (SBTi), confirming their alignment with the latest climate science and adherence to the objectives of the Paris Climate Agreement. The baseline for our GHG emissions reduction targets is set at 2019, and our 2030 objectives encompass a 50 percent reduction in absolute scope 1 and 2 (own operations respective heating and electricity) GHG emissions, along with a 30 percent reduction in absolute scope 3 GHG emissions (customers, suppliers and transport).

We have a number of activities, so called decarbonization levers, that support us in our transition plan towards net-zero. In scope 1, fuel switching and electrification of transportation and production processes are essential in order to reach our targets. For instance, diesel forklifts were replaced by electric forklifts at several sites during 2023, for example in Khanbogd (Mongolia), Patancheru (India), Luoyang (China) and Santiago (Chile). Our sites in Lahti (Finland) and Svedala (Sweden) continued to replace natural gas with biogas.

To reduce emissions in scope 2, we build upon activities such as energy efficiency measures, power purchase agreements (PPAs), roof-top solar panels and sourcing of fossil-free electricity. In 2023, our own renewable electricity production increased by 64 percent, compared to 2022.

Reductions in scope 3 are enabled by our development of more sustainable solutions across all our industries, including battery-electric mining equipment, energy-efficient rock processing solutions and productivity-enhancing manufacturing and machining solutions for optimized energy and resource efficiency.

We see a clear trend towards battery electric mining equipment (BEVs), now accounting for more than 10 percent of orders. During the year, we launched new electric mining and rock processing equipment, see pages 22 and 28. Sourcing of low-carbon materials and circularity/ecodesign initiatives are other integral parts of our transition. We create circular business models to keep



→ NF8, continued

valuable materials in circulation and, in 2023, we introduced an industry-first "opt-out" recycling program for carbide drill bits.

The acquisition of Buffalo Tungsten will increase our local production of metal powders in the US, reduce transport and become a hub for recycling of used tools. We also signed a letter of intent with steelmaker SSAB for the purchase of fossil-free steel.

For a more detailed transition plan to net zero, visit our website [home.sandvik/sustainability](https://home.sandvik/sustainability) or scan the QR code.



### 2023 developments

In 2023, GHG emissions within scope 1 and 2 increased by 1 percent, compared to the preceding year. This increase can be attributed primarily to lower sourcing of low-emission electricity, such as certificates. Scope 1 emissions decreased by 3 percent. Compared to our 2019 baseline, we have decreased our scope 1 and 2 emissions by 23 percent. We are on track to meet the ambitious 2030 goal for scope 1 and 2 emissions. Within scope 2, we monitor both location-based and market-based greenhouse gas emissions, where the difference is mainly due to the purchase of renewable or fossil-free energy via renewable energy certificates and/or guarantees of origin. Location-based emissions decreased by 4 percent compared to the previous year.

On the next page lie our scope 3 baseline inventory alongside our most recent scope 3 inventory. The primary scope 3 categories are "Purchased goods and services" and "Use of sold products". "The Purchased goods and services" category is primarily influenced by the procurement of steel and cemented carbide. The "Use of sold products" category relates to fuel consumption, including diesel, and electricity in our sold mining and rock processing equipment.

It is important to apply caution when analyzing scope 3 data, as it represents a complex methodology and includes data uncertainty. The increase in category 1 emissions between 2019 and 2022 is primarily attributable to inflation and currency exchanges. The influence of inflation and currency fluctuations introduces a notable level of data uncertainty, and we are moving away from spend-based data in order to enhance data reliability. We are cultivating closer relationships with key suppliers to obtain emission factors specific to each supplier, which offer greater precision compared to general spend- or weight-based emission factors. Our emphasis on key suppliers is driven by the challenge of obtaining supplier-specific data from 46,000 suppliers spanning 104 countries, from whom we source raw materials, components, products, and services.

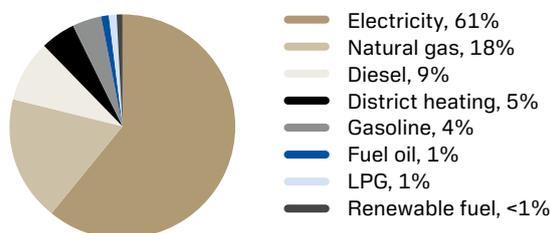
The determination of the emissions of use of sold products, such as mining and rock processing equipment, is based on sales volumes and the anticipated lifespan of these products. Collaborating closely with quality assurance, services, and repair teams allows us to extend the operational lifespan of our products. However, it is crucial to acknowledge that a longer product lifetime

contributes to increased GHG emissions in category 11, accounting for the entire life expectancy of the product.

For battery electric vehicles (BEVs), the GHG emissions are closely linked to the electric grid mix of the country where the product is sold to. BEV sales to countries with cleaner electric grids result in lower GHG emissions. Additionally, GHG emissions are influenced by available emission factors. As an example, emission factors for electricity within category 3 have increased by about 47 percent due to a modification in emission factor methodology.

Despite the uncertainties associated with these data points, it is imperative to calculate and report scope 3 GHG emissions. This practice not only identifies emission hotspots but also guides the formulation of targeted reduction initiatives necessary to achieve our net-zero goals.

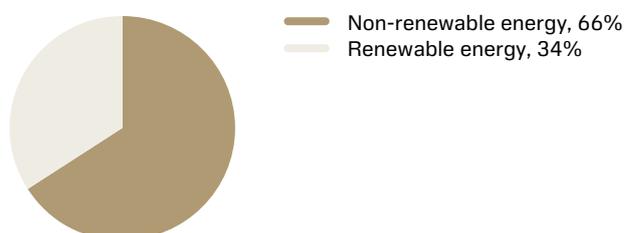
### Energy by energy source



### Energy consumption

TJ	2022	2023
<b>Non-renewable fuels</b>	<b>1,307</b>	<b>1,251</b>
Gasoline	130	159
Diesel	316	336
Liquefied petroleum gas (LPG)	38	41
Natural gas	767	664
Fuel oil	57	50
<b>Renewable fuels</b>	<b>17</b>	<b>32</b>
Ethanol	2	7
HVO	5	11
Bio gas	10	15
<b>Total energy from fuels</b>	<b>1,323</b>	<b>1,283</b>
Grid electricity	2,321	2,291
Own renewable electricity	18	29
Purchased heat and steam	189	218
Sold heat	-35	-26
<b>Total electricity heat and steam</b>	<b>2,493</b>	<b>2,512</b>
<b>Total energy consumption</b>	<b>3,816</b>	<b>3,795</b>

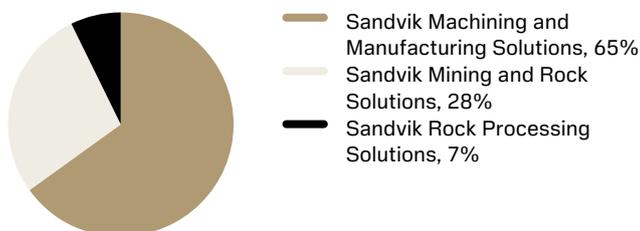
### Renewable vs. Non-renewable energy



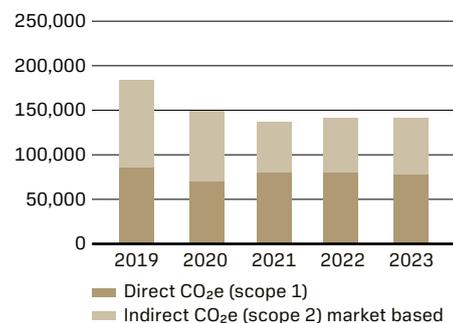
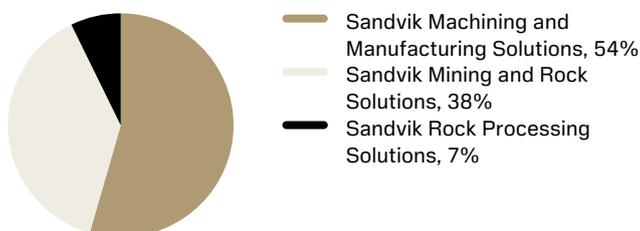
→ NF8, continued

**Energy intensity**

Total energy use in relation to revenues	2022	2023
GJ/MSEK	34	30

**Energy consumption by business area****GHG emissions, scope 1 and 2**

Ktons CO <sub>2</sub> e	2022	2023
Scope 1	81	78
Scope 1 Biogenic Fraction	3	9
Scope 2 (location based)	187	181
Initiatives to source low-emission electricity	-129	-118
Scope 2 (market based)	58	63
<b>Gross total (location based)</b>	<b>268</b>	<b>259</b>
<b>Net total (market based)</b>	<b>139</b>	<b>141</b>

**GHG emissions 2019–2023, ktons****GHG emissions by business area (scope 1 and 2)****Emission intensity (scope 1 and 2)**

Total CO <sub>2</sub> e in relation to revenues	2022	2023
Tons CO <sub>2</sub> e/MSEK	1.2	1.1

Scope 3 inventory	2019 (base-line year), kton CO <sub>2</sub> e	2022 (latest inventory), kton CO <sub>2</sub> e	Difference, %
Category 1: Purchased goods and services	1,800	2,600	44
Category 2: Capital goods	60	70	17
Category 3: Fuel and energy related actions	50	80	60
Category 4: Upstream transportation and distribution	300	400	33
Category 5: Waste generated in operation	30	20	-33
Category 6: Business travel	80	50	-38
Category 7: Employee commuting	60	50	-17
Category 8: Upstream leased assets	8	6	-25
Category 9: Downstream transportation and distribution	11	4	-64
Category 10: Processing of sold goods	6	9	50
Category 11: Use of sold products	5,700	5,800	2
Category 12: End-of-life treatment of sold products	7	7	0
Category 13: Downstream leased assets	0	0	-
Category 14: Franchises	0	0	-
Category 15: Investments	0	0	-
<b>Total scope 3 emissions</b>	<b>8,100</b>	<b>9,000</b>	<b>11</b>

**Other emissions to air**

Emissions to air of nitrogen oxides (NO<sub>x</sub>) and sulfur oxides (SO<sub>x</sub>) from usage of fossil fuels are material for Sandvik. Emissions of NO<sub>x</sub> and SO<sub>x</sub> are managed via our GHG reduction commitments and as we decarbonize our own operations, the emissions of NO<sub>x</sub> and SO<sub>x</sub> decrease.

Other emissions to air (tons)	2022	2023
NO <sub>x</sub>	120.2	120.0
SO <sub>x</sub>	0.9	0.7

**Water**

Water usage is carefully monitored, and steps are taken to minimize withdrawal, including the circulation of process and cooling water to reduce the reliance on fresh water. The company's emissions to water primarily include nitrogen compounds, oxygen-consuming substances, and metals. As part of our commitment to environmental stewardship, all wastewater from production processes undergoes treatment before release to ensure that all discharges adhere to acceptable limits.

In manufacturing operations, particularly in hot environments, a certain amount of water will naturally transpire and evaporate. However, the volumes evaporated are negligible in comparison to overall production and water quantities. All withdrawn water is either released back to recipients following appropriate treatment (either in our own facilities or through third-party treatment operations) or is circulated and reused. Water withdrawal and discharges are executed with control and adhere to applicable permits.

Sandvik employs the WWF tool, the Water Scarcity Risk Map, to identify sites situated in water stress areas. We have mapped sites



→ NF8, continued

representing 95 percent of our water consumption, with 10 facilities located in areas experiencing high to very high water stress risk. These specific sites account for approximately 6 percent of our total water consumption.

#### Water intensity

Water withdrawal in relation to revenues	2022	2023
m <sup>3</sup> /MSEK	40	31

#### Water withdrawal, 1,000 m<sup>3</sup>

Fresh water by source of withdrawal	All areas		Water stressed areas	
	2022	2023	2022	2023
Surface	2,784	2,354	0	0
Ground	462	459	36	29
Third-party	1,181	1,133	233	196
Rain	27	3	22	3
<b>Total withdrawal</b>	<b>4,453</b>	<b>3,950</b>	<b>290</b>	<b>228</b>

#### Waste

Circularity is a material topic for Sandvik and we reuse and recycle to offset the use of raw materials and reduce waste. Our most significant waste input is various forms of metal raw materials as our products are refined products based on metal handling. A metal raw material can be melted down and used many times, without compromising quality, which creates favorable conditions for circular material handling. We strive to increase recycled material in our products.

We systematically collect and categorize waste generated from our production processes to facilitate the reuse or recycling of the materials. Through buyback programs with our customers, we actively retrieve and reintegrate the collected material back into our production cycles. Our commitment to sustainable waste management includes partnerships with external entities, including waste service companies, with whom we collaborate to explore innovative recycling methods for our waste streams. Each of our locations bears the responsibility of ensuring that third-party waste companies handle the waste in strict accordance with contractual and legislative obligations. Further, all employees and contractors are responsible for accurate waste sorting and disposal.

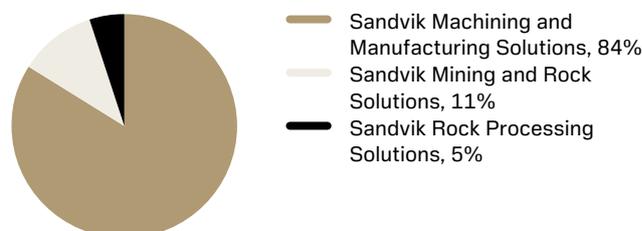
Total actual waste decreased by 21 percent to 336 ktons in 2023, primarily driven by reduced amount of tailings, digestion sludge and slag. With a few exceptions, waste is predominantly treated off-site.

Our overarching objective is to achieve a waste circularity of 90 percent by 2030. The current waste circularity rate stands at 71 percent (73). Circular waste is defined as reuse and recycling. In circularity rate reporting, we exclude tailings, digestion sludge and slag because we assess that it is not feasible in the foreseeable future to take further actions to avoid sending these fractions to landfill.

#### Waste by type and disposal method

Tons	2022	2023
<b>Hazardous waste</b>	<b>19,208</b>	<b>20,552</b>
<b>Circular waste</b>	<b>7,045</b>	<b>6,900</b>
to reuse	141	114
to recycling	6,904	6,786
<b>Non-circular waste</b>	<b>12,163</b>	<b>13,652</b>
to energy recovery	581	775
to incineration	766	1,366
to landfill	9,384	10,701
<i>whereof digestion sludge</i>	<i>6,005</i>	<i>5,465</i>
disposal method unknown	1,432	809
<b>Non-hazardous waste</b>	<b>407,085</b>	<b>315,229</b>
<b>Circular waste</b>	<b>40,612</b>	<b>43,242</b>
to reuse	8,466	7,851
to recycling	32,146	35,391
<b>Non-circular waste</b>	<b>366,473</b>	<b>271,987</b>
to energy recovery	3,026	3,509
to incineration	253	290
to landfill	362,361	267,542
<i>whereof slag</i>	<i>3,589</i>	<i>2,130</i>
<i>whereof mining tailings</i>	<i>351,072</i>	<i>257,824</i>
disposal method unknown	832	645
<b>Total waste</b>	<b>426,293</b>	<b>335,781</b>
<i>Waste excluding landfilled slag, tailings and digestion</i>	<i>65,627</i>	<i>70,362</i>

#### Total waste by business area



#### Waste intensity

Total waste in relation to revenues	2022	2023
Tons/MSEK	3,795	2,654

#### Disclosure related to sustainability linked loan

In 2022, Sandvik signed a SEK 11 billion revolving credit facility with a group of 14 banks. The new credit facility has a clear link to our sustainability targets for 2030 with regards to the ambitions to reduce carbon emissions by 50 percent and increase waste circularity to 90 percent. The annual KPIs are aligned with those goals and the interest margin on the facility is affected positively or negatively depending on whether the KPI levels are met. The targets are based on comparable data, which means we adjust the data for a more accurate reflection of the outcome. Acquisitions are included once their historical baseline data has been recalculated. At the end of 2023, we reached a 46 percent reduction in scope 1 and 2 GHG emissions, compared to the 2019 baseline (using the comparable dataset). Waste circularity reached 73 percent (using the comparable dataset).

→ NF8, continued

## § Reporting principles

Environmental data is sourced from our EHS reporting system, with reporting occurring quarterly for environmental indicators. To ensure accuracy, the environmental data is offset by one month, allowing time for data collection, quality control, and consolidation. The data encompasses the period from December 2022 to November 2023. The key figures presented are based on information available as of December 2023, and adjustments to historical figures may be necessary based on subsequent updates. All EHS data refers to continuing operations. Acquisitions are incorporated into the dataset once they are integrated with Sandvik and start reporting EHS data.

In calculating our scope 1–3 GHG emissions, we adhere to the GHG Protocol, employing an operational control consolidation approach. Scope 1 and 3 calculations encompassed CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. The scope 2 calculations were limited to CO<sub>2</sub> emissions because it is the only emission that energy companies are obligated to report, thus the emission factors are also limited to CO<sub>2</sub>. This exclusion is estimated to represent less than 1 percent of total emissions.

Scope 1 and 2 calculations are based on reported energy consumption data. Scope 1 biogenic emissions are restricted to use of biofuels, such as ethanol, biogas and bio-based fractions of gasoline and diesel. We account for a reduction in fossil GHG scope 1 emissions following our purchase of biogas, which takes place through contractual instruments.

In our scope 3 calculations, we employ a hybrid approach combining both screening and inventory-based methodologies. Emission factors sourced from DEFRA, Ecoinvent, IEA, US EPA's Power Profiler, Canada National Inventory Report, and Exiobase are utilized, along with supplier-specific data. For market-based emissions (scope 2), consumption data incorporates specific emission factors when available; otherwise, it relies on the same factors used for location-based emissions.

Emissions of NO<sub>x</sub> and SO<sub>x</sub> are calculated using emission factors from the Swedish Environmental Protection Agency.

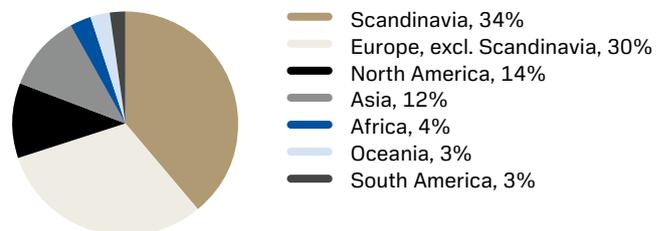
In our waste management framework, reportable waste disposal methods are defined based on the disposal codes outlined in the EU Regulation (EC) No 1013/2006 of the European Parliament and Council dated 14 June 2006 concerning shipments of waste. These definitions are applied by our reporting entities. The determination of waste disposal method varies in the company but primarily relies on information provided by waste disposal companies.

## NF9 Sustainable supplier management

At Sandvik, we are committed to sustainable procurement practices, with a focus on minimizing social and environmental impacts while concurrently enhancing the sustainability performance of our suppliers. This dedication is designed to create value for our business, customers, and society at large. Our sourcing and procurement operations are pivotal in realizing our Sandvik sustainability goals.

We focus on proactively identifying, preventing, mitigating, and accounting for adverse risks within our supply chain. With 46,000 suppliers spanning 104 countries, we strategically source raw materials, components, products, and services with sustainability in consideration.

Supplier spend by region



The Sandvik Supplier Code of Conduct, accessible at [home.sandvik.com/supplier-code-of-conduct](https://home.sandvik.com/supplier-code-of-conduct), imposes sustainability requirements on our suppliers. We pursue continuous improvement in collaboration with our suppliers.

Sandvik collaborates with EcoVadis, a global sustainability rating and risk screening provider. EcoVadis supports us in evaluating our supplier base in a systematic way, and in communicating with our customers, investors, and media. EcoVadis provides us with updated information about risks in our supply chain, monitors suppliers' compliance with the Sandvik Supplier Code of Conduct, and supports the due diligence process. Sandvik also maintains a rating scorecard with EcoVadis, where our performance in sustainability areas such as environment, human rights, and sustainable procurement practices is evaluated. Our sustainable procurement scores have improved from the previous year due to, for example, improved documentation and transparency.

Throughout the year, 31 percent of our procurement team underwent internal training, enhancing their competence in our supplier sustainability requirements. Additionally, we organized two webinars with key suppliers to communicate our sustainability requirements and targets. Across the organization, we organized supplier days and various activities aimed at our suppliers.

### Supplier Risk Management

As an integral component of our sustainability strategy, we are dedicated to ensuring that all suppliers align with our Supplier Code of Conduct by 2030. It outlines our sustainability expectations for suppliers in health and safety, compliance with applicable laws, labor and human rights, environment, and anti-corruption. Suppliers are urged to transmit our requirements throughout their respective supply chains. Suppliers neglecting to address critical issues run the risk of not being rewarded contracts or



→ NF9, continued

facing termination of their existing contracts. In 2023, two supplier contracts were terminated due to violations of the Supplier Code of Conduct. A responsible exit plan is currently being discussed.

In 2023, approximately 4 percent of our supplier spend (1,362 suppliers) was rated as high risk, distributed among China (2.3 percent), India (1 percent), Brazil (0.4 percent) and Mexico (0.4 percent).

Throughout the year, we worked on implementing a more efficient way of evaluating and approving suppliers to be compliant with our Supplier Code of Conduct. We continued the implementation of EcoVadis, to systematically screen suppliers for ethical, social, and environmental risks based on industry affiliation and country, as well as impartial remote assessments.

Given the vast number of suppliers and the complexity of our supply chain, we implement a risk-based approach. We prioritize suppliers with high-risk profiles for proactive measures and further due diligence. So far, approximately 27,000 suppliers have undergone risk screening in EcoVadis.

High-risk suppliers are prioritized for on-site audits and further due diligence. By signing the Supplier Code of Conduct, the supplier grants Sandvik the right to conduct social compliance audits. In 2023, 22 on-site audits were carried out, all conducted by independent third-party auditors. While issues may vary across the supply chain, depending on country and business, we have identified a number of risks related to human rights, the majority related to working hours and compensation. The responsibility for improvements and corrective actions lies with the supplier, with non-compliance cases managed by the responsible buyer alongside the audit coordinator until resolved.

Our overarching focus remains on developing a sustainable supply base, responsible sourcing practices, and fostering strong partnerships with our suppliers.

### Responsible sourcing of minerals and metals

Sandvik is committed to contributing to sustainable development for present and future generations, including the ethical sourcing of minerals and metals. Sandvik condemns any activities in the raw material sector associated with illegal or unlawful exploitation of ores, which directly or indirectly finance armed groups in conflict areas, or contribute to human rights violations, including child labor. Our commitment to responsible sourcing is reflected in the Supplier Code of Conduct and the Sandvik Statement on Responsible Sourcing of Minerals and Metals ([home.sandvik/mineralsourcing](https://home.sandvik/mineralsourcing)), both aligning with the OECD Due Diligence Guidance. These documents serve as the foundation for responsible sourcing and outline supplier requirements for 3TG (Tantalum, Tin, Tungsten, and Gold) and cobalt.

Wolfram Bergbau und Hütten AG (WBH), a Sandvik subsidiary based in Austria, operates one of the world's largest tungsten refineries and is recognized as a Responsible Mineral Initiative (RMI) compliant tungsten facility under the Responsible Minerals Assurance Process (RMAP Conformant Tungsten Smelters at [responsiblemineralsinitiative.org](https://responsiblemineralsinitiative.org)). WBH maintains its own Responsible Sourcing Statement, adheres to annual reporting based on the OECD Step 5 guideline, and undergoes third-party assurance assessments annually.

Our commitment to responsible sourcing for 3TG and cobalt, along with associated due diligence activities, is geared towards increasing supply chain transparency and mitigating potential

risks, while also fostering continuous improvement in supplier performance. We work continuously with selected suppliers to proactively prevent and mitigate risk. We regularly communicate externally, and Sandvik annually publishes a Report on Responsible Sourcing of Minerals and Metals.

Sandvik actively participates in industry forums to advocate for the responsible sourcing of minerals and collaborates in the development of common industry tools and standards to amplify impact. This engagement includes conflict-affected and high-risk areas, either directly or through our subsidiaries. Our involvement includes memberships in the Responsible Minerals Initiative, the Cobalt Institute, and The Tungsten Industry Conflict Minerals Council.

The company's efforts in 2023 were concentrated on reviewing suppliers within scope and strengthening due diligence efforts.

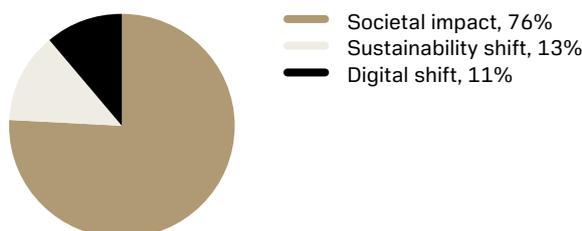
### New and upcoming legislation

In light of the evolving legislative landscape related to sustainability and supply chains, the procurement organization at Sandvik is preparing for upcoming changes. Throughout the year, focus was on reinforcing and developing our due diligence processes and ensuring alignment with reporting requirements. A key activity, for example, was mapping potential and actual impacts in our upstream value chain through the double materiality assessment as part of CSRD requirements. See more under Sustainability Governance.

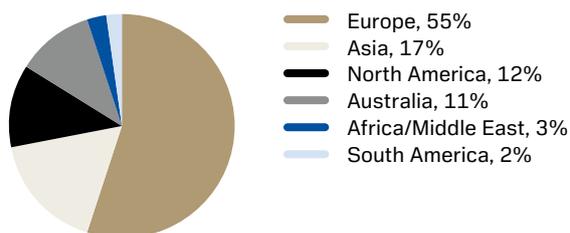
## NF10 Community involvement

Our platform for community involvement includes three focus areas: sustainability shift, digital shift and societal impact. In 2023, we were involved in about 170 projects.

Community projects by focus area



Community projects by geography



## NF11 EU taxonomy

The EU taxonomy identifies specific activities in certain sectors that contribute significantly to at least one of the EU's environmental goals. These activities must also avoid causing significant harm to any of the other objectives and adhere to minimum social safeguards (taxonomy aligned). Sandvik has assessed its operations to determine applicable eligible activities, as outlined by the criteria in the EU delegated acts and supporting NACE code information. Applying the precautionary principle, any activities not clearly defined in the EU taxonomy have been left out. As the mining sector falls outside the scope of the EU taxonomy, our mining equipment business is exempt from the reporting requirements. Similarly, the manufacturing of Sandvik Machining Solutions is not eligible under the EU taxonomy.

Throughout the year, we have examined the four new environmental objectives to identify any eligible activities as well as additions to the existing objectives. For the newly added objectives, the initial eligibility assessment shows that we have activities associated with the transition to a circular economy within Sorting and material recovery of non-hazardous waste and Repair, refurbishment and remanufacturing. For these activities only eligibility is reported for FY2023. When it comes to reporting on climate change mitigation and adaptation, only a few Sandvik activities qualify. Parts of the business area Sandvik Rock Processing are included within Manufacture of steel, however the majority of the Group's eligible activities are related to owned and leased facilities (real estate). Energy efficiency and solar panels are considered separate activities related to real estate, as activities deemed eligible are focused on climate mitigation. Certain limitations in the evaluation stem from the non-global application of European reporting standards, affecting the full review of owned facilities and energy efficiency activities. In such cases, activities are deemed eligible but not fully aligned.

The assessment of aligned activities, including turnover, capital expenditures (CapEx), and operational expenditures (OpEx), has been determined by reviewing the EU criteria for substantial contribution. Validation has been carried out through relevant documents such as certificates, product specifications, and other supporting materials. Changes in aligned activities from previous reporting year include the addition of activity 7.5 for CapEx. Each eligible activity meeting the substantial contribution criteria has been subject to a review of applicable Do No Significant Harm (DNSH) criteria, aligning with EU requirements. Validation in this regard has been supported by documentation such as Climate Scenario Analysis, Life Cycle Analysis, and environmental documentation.

Sandvik has used the Platform on Sustainable Finance's Final report on Minimum Safeguards to assess compliance with the minimum safeguards laid down in Article 18 in Regulation (EU) 2020/852. There are processes in place to secure minimum safeguards relating to anti-corruption, fair competition and taxation as well as following the OECD's six steps for due diligence of human rights. For more information, see pages 61–66 and 143–144. There have been no court convictions in any of these areas.

### Nuclear and fossil gas related activities

#### Row Nuclear energy related activities

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

#### Fossil gas related activities

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat and cool using fossil gaseous fuels.	NO

### § Reporting principles

Total turnover included in the denominator includes external reported revenue in the income statement (line revenues). The allocation of the eligible activities has been prepared using product accounts. The aligned activities refer to production within the manufacturing of steel.

Total CapEx included in the denominator includes investments and additions through acquisitions in property, plant and equipment (G14), intangible assets, excluding goodwill (G13) and right-of-use assets (G15). The allocation of the eligible activities has been prepared by using cost types. The aligned activities refer to buildings.

Total OpEx included in the denominator are R&D, short-term leases, maintenance and repairs and other direct expenditure relating to maintenance of buildings. The allocation of the eligible activities has been prepared using cost types. The aligned activities refer to maintenance of buildings and equipment.



→ NF11, continued

## Proportion of Taxonomy-aligned economic activities

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities.

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')										Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
	Code	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	E	T				
Economic Activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
Manufacture of iron and steel	CCM 3.9	510	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	-	T			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		510	0%	0%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0%					
Of which Enabling					-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	-	E				
Of which Transitional		510	0%	0%						-	Y	Y	Y	Y	Y	Y	0%		T			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL													
Acquisition and ownership of buildings	CCM 7.7	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%					
Sorting and material recovery of non-hazardous waste	CE 2.7	210	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-					
Repair, refurbishment and remanufacturing	CE 5.1	14 753	12%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		14 964	12%	0%	-	-	-	12%	-								0%					
A. Turnover of Taxonomy-eligible activities (A1+A2)		15 474	12%	0%	-	-	-	12%	-								0%					
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
Turnover of Taxonomy-non-eligible activities		111 029	88%																			
TOTAL		126 503	100%																			

→ NF11, continued

*Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities.*

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
	Code	CapEx	Proportion of CapEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards			
Economic Activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacture of iron and steel	CCM 3.9	37	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	-	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	22	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	3	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	E	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	3	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	-	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	23	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0%	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		88	1%	1%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0%		
Of which Enabling		51	1%	1%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0%	E	
Of which Transitional		37	0%	0%						-	Y	Y	Y	Y	Y	Y	0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/ EL	EL; N/EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	1 187	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Repair, refurbishment and remanufacturing	CE 5.1	46	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1 235	15%	14%	-	-	-	1%	-								13%		
A. CapEx of Taxonomy-eligible activities (A1+A2)		1 323	16%	15%	-	-	-	1%	-								13%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		7 240	84%																
TOTAL		8 563	100%																



→ NF11, continued

*Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities.*

Financial year 2023	Year		Substantial Contribution Criteria							DNSH criteria ('Do No Significant Harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity		Category transitional activity	
	Code	OpEx	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards		%	E	T	
Economic Activities		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Manufacture of iron and steel	CCM 3.9	141	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	2%	-	T		
Acquisition and ownership of buildings	CCM 7.7	160	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	2%	-	-		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		301	3%	3%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	4%				
Of which Enabling					-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0%	E			
Of which Transitional		141	1%	1%						-	Y	Y	Y	Y	Y	Y	2%		T		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
Acquisition and ownership of buildings	CCM 7.7	366	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%				
Repair, refurbishment and remanufacturing	CE 5.1	196	2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		562	6%	4%	-	-	-	2%	-								4%				
A. OpEx of Taxonomy-eligible activities (A1+A2)		863	9%	7%	-	-	-	2%	-								7%				
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
OpEx of Taxonomy-non-eligible activities		8 828	91%																		
TOTAL		9 691	100%																		

## NF12 GRI Index

### GRI Content Index

Statement of use	Sandvik has reported in accordance with the GRI standards for the period 2023.01.01–2023.12.31
GRI 1 used	GRI 1: foundation 2021
Applicable GRI Sector Standards	N/A

	Standard and disclosure	Page	Comments
	<b>GRI 2: General disclosures 2021</b>		
	<b>The organization and its reporting practices</b>		
	Disclosure 2-1 Organizational details	36, 47-48, 72, 76	
	Disclosure 2-2 Entities included in the organization's sustainability reporting	44, 72, 125-131, 142-155	
	Disclosure 2-3 Reporting period, frequency and contact point	44, 142	
	Disclosure 2-4 Restatements of information	142	
	Disclosure 2-5 External assurance	52, 142, 161-162	
	<b>Activities and workers</b>		
	Disclosure 2-6 Activities, value chain and other business relationships	2-3, 19-35, 43, 62-66, 101, 132	
	Disclosure 2-7 Employees	144-146	iii and e) Information unavailable/incomplete We lack a Group-wide system for collection of number of non-guaranteed workers.
General disclosures	Disclosure 2-8 Workers who are not employees	144-146	Entire disclosure 2-8 not applicable. Sandvik does not have a significant portion of workers who are not employees.
	<b>Governance</b>		
	Disclosure 2-9 Governance structure and composition	47-51, 54-57, 61, 146	
	Disclosure 2-10 Nomination and selection of the highest governance body	47-48, 51, 61	
	Disclosure 2-11 Chair of the highest governance body	49	
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impact	49, 61	
	Disclosure 2-13 Delegation of responsibility for managing impacts	61	
	Disclosure 2-14 Role of the highest governance body in sustainability reporting	51, 61	
	Disclosure 2-15 Conflicts of interest	37, 48, 51, 54-57, 143-144	
	Disclosure 2-16 Communication of critical concerns	47-51	Not disclosed, due to confidentiality.
	Disclosure 2-17 Collective knowledge of the highest governance body	61	
	Disclosure 2-18 Evaluation of the performance of the highest governance body	50-51, 53, 61	
	Disclosure 2-19 Remuneration policies	42, 51, 77-78	
	Disclosure 2-20 Process to determine remuneration	43, 77-79	
	Disclosure 2-21 Annual total compensation ratio	77-79	



→ NF12, continued

	Standard and disclosure	Page	Comments
General disclosures	<b>Strategy, polices and practices</b>		
	Disclosure 2-22 Statement on sustainable development strategy	4	
	Disclosure 2-23 Policy commitments	47, 63-66	ii) Information incomplete/unavailable. Due diligence is not one single defined process but part of many different polices and procedures across Sandvik and an integrated part of the Sandvik Way.
	Disclosure 2-24 Embedding policy commitments	47, 49, 53-54, 61, 63-67	
	Disclosure 2-25 Processes to remediate negative impacts	61-65	
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	61-65, 143-144	
	Disclosure 2-27 Compliance with laws and regulations	63, 65, 143-144	a, b) Data unavailable/incomplete. We report on significant fines
	Disclosure 2-28 Membership associations	142	
	<b>Stakeholder engagement</b>		
	Disclosure 2-29 Approach to stakeholder engagement	62, 142	
	Disclosure 2-30 Collective bargaining agreements	144-145	b) Data unavailable/incomplete. The working conditions and terms of employment of employees not covered by collective bargaining agreements are based on the Sandvik Code of Conduct and local country legislation
	<b>GRI 3: Material topics 2021</b>		
	<b>Disclosures on material topics</b>		
	Disclosure 3-1 Process to determine material topics	62-66	
	Disclosure 3-2 List of material topics	62	
	Disclosure 3-3 Management of material topics	7, 13, 16, 62-66, 142-153	
	<b>GRI 205: Anti-corruption 2016</b>		
	Disclosure 3-3 Management of material topics	65	iii) Not Applicable. Positive impacts are not material.
	Disclosure 205-1 Operations assessed for risks related to corruption	65, 143-144	
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	64, 143-144	
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	143-144	c) Information unavailable/incomplete
	<b>GRI 301: Materials 2016</b>		
	Disclosure 3-3 Management of material topics	13, 62-66, 151	
	Disclosure 301-1 Materials used by weight or volume		Information unavailable/incomplete for the entire disclosure materials 2016. Data is available in some divisions but not compiled for Sandvik as a whole..
	Disclosure 301-2 Recycled input materials used		
	Disclosure 301-3 Reclaimed products and their packaging materials		
	<b>GRI 302: Energy 2016</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-67, 149-150	
	Disclosure 302-1 Energy consumption within the organization	149-150	c, iii and d, iii) Information unavailable/incomplete No separate data on cooling consumption
	Disclosure 302-2 Energy consumption outside of the organization	149-150	Information unavailable/incomplete Incomplete data of energy consumption outside of the organisation.
Disclosure 302-3 Energy intensity	150		
Disclosure 302-4 Reduction of energy consumption		Entire disclosure information unavailable/incomplete	
Disclosure 302-5 Reductions in energy requirements of products and services		Entire disclosure information unavailable/incomplete	
<b>GRI 303: Water and Effluents 2018</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-66, 150-151		
Disclosure 303-3 Water withdrawal	150-151		
<b>GRI 304: Biodiversity 2016</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-66		
<b>GRI 305: Emissions 2016</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-67, 148-150		
Disclosure 305-1 Direct (scope 1) GHG emissions	148-150		
Disclosure 305-2 Energy indirect (scope 2) GHG emissions	148-150		
Disclosure 305-3 Other indirect (scope 3) GHG emissions	148-151	c) Information unavailable/incomplete	
Disclosure 305-4 GHG emissions intensity	148-150		
Disclosure 305-5 Reduction of GHG emissions	148-150		
Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	150-151		

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	Standard and disclosure	Page	Comments
Material topics	<b>GRI 306: Waste 2020</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-66, 151	
	Disclosure 306-1 Waste generation and significant waste-related impacts	151	
	Disclosure 306-2 Management of significant wasterelated impact	151	
	Disclosure 306-3 Waste generated	151	
	Disclosure 306-4 Waste diverted from disposal	151	
	Disclosure 306-5 Waste directed to disposal	151	
	<b>GRI 308: Supplier Environmental Assessment 2016</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-66, 152-153	
	Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	152-153	
	<b>GRI 401: Employment 2016</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-66, 144-146	
	Disclosure 401-1 New employee hires and employee turnover	144-146	
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employee		Entire disclosure information unavailable/incomplete No global information collected
	<b>GRI 403: Occupational Health and Safety 2018</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-66, 147-148	
	Disclosure 403-1 Occupational health and safety management system	66, 147-148	
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	66, 147-148	
	Disclosure 403-3 Occupational health services	66, 147-148	
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	66, 147-148	
	Disclosure 403-5 Worker training on occupational health and safety	66, 147-148	
	Disclosure 403-6 Promotion of worker health	66, 147-148	
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66, 147-148	
	Disclosure 403-8 Workers covered by an occupational health and safety management system	66, 147-148	
	Disclosure 403-9 Work-related injuries	66, 147-148	
	Disclosure 403-10 Work-related ill health	66, 147-148	
	<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
	Disclosure 3-3 Management of material topics	13, 16, 61-66, 144-146	
Disclosure 405-1 Diversity of governance bodies and employees	144-146	iii) Not applicable. Sandvik does not track information on e.g. minority or vulnerable groups	
Disclosure 405-2 Ratio of basic salary and remuneration of women to men		Entire disclosure information unavailable/incomplete. Not possible to collect information required on significant locations of operations.	
<b>GRI 408: Child Labor 2016</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-66, 143-144, 152-153		
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	143-144, 152-153		
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-66, 143-144, 152-153		
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	143-144, 152-153		
<b>GRI 414: Supplier social assessment 2016</b>			
Disclosure 3-3 Management of material topics	13, 16, 61-66, 152-153		
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	152-153		



# Assurance report

## Auditor's Combined Assurance Report on the Sustainable Business Report and Statement on the Statutory Sustainability Report

To the annual general meeting of Sandvik AB (publ),  
corporate identity number 556000-3468

### Introduction

We have been engaged by the Board and the President and CEO to undertake an examination of Sandvik's Sustainable Business Report for 2023. The company has defined the scope of the Sustainable Business Report and the Statutory Sustainability Report on page 142. The engagement includes a limited assurance engagement on the complete Sustainable Business Report and audit of certain information as specified below. Within the scope for this assignment and our assurance report note NF11 EU Taxonomy, on page 154–157, have not been included in our assurance engagement.

### Responsibilities of the Board and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Sustainable Business Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 142 of the Sustainable Business Report, and consists of the Global Reporting Initiative (GRI) Sustainability Reporting Standards which are applicable to the Sustainable Business, the Greenhouse Gas Protocol for CO<sub>2</sub> emissions as well as the accounting and calculation principles that Sandvik has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainable Business Report based on the procedures we have performed, and to provide a statement on the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our engagement in accordance with ISAE3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. We have conducted our examination regarding the Statutory Sustainability Report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Sandvik according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A

reasonable assurance engagement includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainable Business Report.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainable Business Report, and applying analytical and other limited assurance procedures. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The stated conclusion based on a limited assurance and an examination in accordance with RevR 12, therefore, does not have the security that the conclusion of our reasonable assurance procedures.

Since this assurance engagement is combined, our conclusions regarding the reasonable assurance, the limited assurance and the review according to RevR12 will be presented in separate sections.

Our reasonable assurance engagement includes 2023 data related to the Sustainability Goals We build circularity, We shift climate and We play fair, and specifically the following KPIs:

- Total waste (page 151)
- CO<sub>2</sub> emissions in scope 1 and scope 2 (page 150)
- Share of women in managerial positions (page 146)

Our procedures are based on the criteria defined by the Board of Directors and the Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainable Business Report.

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

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainable Business Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Managing Director.

In our opinion the information in the Sustainable Business Report which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and the Managing Director.

A Statutory Sustainability Report has been prepared.

Stockholm, March 12, 2024

PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant

Anna Rosendal  
Authorized Public Accountant

# Annual General Meeting

## Annual General Meeting

The Annual General Meeting will be held on Monday, April 29, 2024, in Sandviken, Sweden.

Shareholders who wish to participate in the Meeting must:

- be recorded as a shareholder in the share register maintained by Euroclear Sweden AB on Friday, April 19, 2024, and
- give notice of their intention to participate in the Meeting, not later than Tuesday, April 23, 2024.

Shareholders whose shares are registered in the name of a nominee must, to be entitled to participate in the Meeting, temporarily have re-registered the shares in their own name so that the shareholder is registered in the share register as of Friday, April 19, 2024.

Further information on the right to participate and notice of participation will be available in the formal notice convening the Meeting. The information will also be available on the company's website, [home.sandvik](http://home.sandvik).

## Dividend

The Board of Directors proposes that the 2024 Annual General Meeting declare a dividend of SEK 5.50 per share.

The proposed record date is Thursday, May 2, 2024. If the proposal is adopted by the Annual General Meeting, it is expected that dividends will be paid on Tuesday, May 7, 2024. Dividends will be sent to those who on the record date are entered in the share register or on the separate list of assignees, etc. To facilitate the distribution of dividends, shareholders who have changed address should report this change to their bank in sufficient time prior to the record date.

## Annual Report

The Annual Report is available at [home.sandvik](http://home.sandvik), where a printed copy can also be ordered.

# Financial targets

Sandvik has long-term financial targets focusing on growth, profitability, dividend and financial position.

Financial targets are excluding discontinued operations, unless otherwise stated.

## Growth 7 percent

A growth of 7 percent through a business cycle, organically and through acquisitions, in fixed currency

## Adjusted EBITA margin range: 20–22 percent

An EBITA margin range of 20–22 percent through a business cycle, adjusted for items affecting comparability

## Dividend payout ratio: 50 percent

A dividend payout ratio of 50 percent of EPS through a business cycle, adjusted for items affecting comparability, (Group total)

## Financial net debt / EBITDA: <1.5

A financial net debt / EBITDA <1.5, excluding transformational acquisitions (Group total)



# Definitions

## **Adjusted earnings per share\***

Profit/loss for the year adjusted for items affecting comparability attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year.

## **Adjusted EBIT\***

Earnings before interest and tax adjusted for items affecting comparability.

## **Adjusted EBITA<sup>1)</sup>**

Earnings before interest, tax and amortizations, adjusted for items affecting comparability, also excluding other accounting effects arising from business combinations.

## **Adjusted EBITA margin<sup>1)</sup>**

Earnings before interest, tax and amortizations, adjusted for items affecting comparability, also excluding other accounting effects arising from business combinations, in relation to sales.

## **Cash conversion**

Free operating cash flow, adjusted for items affecting comparability divided by adjusted EBITA.

## **Earnings per share**

Profit/loss for the year attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year.

## **EBIT**

Earnings before interest and tax.

## **EBITA**

Earnings before interest, tax and amortizations, also excluding other accounting effects arising from business combinations

## **Financial net debt/EBITDA**

Interest-bearing current and non-current liabilities, excluding net pension liabilities and leases, less cash and cash equivalents divided by rolling 12 month EBITDA.

## **Items affecting comparability (IAC)**

Sandvik reports EBITA, EBIT, profit before tax and earnings per share adjusted for items affecting comparability. IAC includes capital gains and losses from divestments and larger restructuring initiatives, impairments, capital gains and losses from divestments of financial assets, M&A related costs as well as other material items having a significant impact on the comparability.

## **Lost Time Injury Frequency Rate (LTIFR)**

Number of lost time injuries per million worked hours.

## **Net debt/equity ratio**

Interest-bearing current and non-current debts, including net pension liabilities, less cash and cash equivalents divided by total equity.

## **Net working capital**

Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as asset and liabilities held for sale/distribution, but excluding tax assets and liabilities and provisions.

## **Order intake**

Order intake for a period refers to the value of all orders received for immediate delivery and those orders for future delivery for which delivery dates and quantities have been confirmed. General sales agreements are included only when they have been finally agreed upon and confirmed. Service contracts are included in the order intake with the full binding contract amount upon signing.

## **Rate of capital turnover**

Rolling 12 months revenue divided by the average total assets in the five last quarters.

## **Return on capital employed (Roce)**

Earnings before interest and tax plus financial income, as a percentage of a four quarter average capital employed. Capital employed is defined as total capital less current non-interest-bearing debt.

## **Return on total equity**

Consolidated net profit/loss for the year as a percentage of average total equity during the year.

## **Total Recordable Injury Frequency Rate (TRIFR)**

Total number of injuries per million worked hours.

<sup>1)</sup>Alternative Performance Measures: Sandvik presents certain financial measures that are not defined in accordance with IFRS. Sandvik believes that these measures have an important purpose of providing useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS.

## Key figures, Group total

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue, MSEK	88,821	90,822	84,430	93,906	100,924	103,533	86,409	99,110	123,453	126,503
Change, %	2	2	-7	11	8	3	-17	15	25	2
of which organic, %	-2	-6	-6	10	11	-1	-11	12	3	5
of which structural, %	2	0	0	0	-6	-1	-1	6	10	-6
of which currency, %	2	8	-1	1	2	4	-4	-3	10	4
EBIT, MSEK	10,120	6,062	9,657	18,011	18,103	13,182	11,184	18,644	20,912	22,418
as % of revenue	11	7	11	19	18	13	13	19	17	18
Adjusted EBITA, MSEK <sup>1)</sup>	-	-	-	-	-	-	14,846	19,364	24,470	25,240
as % of revenue <sup>1)</sup>	-	-	-	-	-	-	17	20	20	20
Profit before tax, MSEK	8,264	4,059	7,996	16,940	17,315	11,945	11,238	18,451	16,983	19,794
as % of revenue	9	4	9	18	17	12	13	19	17	16
Consolidated net profit for the year, MSEK	5,992	2,194	5,468	13,160	12,669	8,523	8,721	14,484	11,225	15,301
Equity, MSEK	36,672	34,060	39,290	48,722	58,163	61,858	65,082	77,332	81,270	87,697
Net debt/equity ratio, multiple	1.0	1.0	0.7	0.3	0.2	0.2	0.0	0.3	0.5	0.5
Financial net debt/EBITDA <sup>1)</sup>							-0.5	0.7	1.3	1.2
Capital turnover, %	89	86	83	90	89	85	72	76	72	70
Cash and cash equivalents, MSEK	6,327	6,376	8,818	12,724	18,089	16,987	23,752	13,585	10,489	4,363
Return on total equity, %	17.4	6.2	15.2	31.3	23.3	13.9	13.6	20.5	14.2	17.7
Return on capital employed, %	13.4	7.9	12.9	23.8	22.0	15.0	13.3	19.5	16.5	16.5
Investments in non-current assets, MSEK	4,703	4,161	3,691	3,578	3,984	4,147	3,278	3,598	4,530	5,354
Total investments, MSEK	7,537	4,168	3,722	3,578	8,615	6,018	6,552	27,195	20,213	7,345
Cash flow from operations, MSEK	9,515	11,952	12,032	14,286	14,914	16,894	15,347	13,177	10,465	18,797
Cash flow, MSEK	1,039	79	2,288	3,963	5,382	-1,188	7,261	-10,527	-3,617	-5,913
Number of employees, December 31 <sup>2)</sup>	47,318	45,808	43,732	43,024	41,705	40,246	37,125	44,136	40,489	40,877

1) New financial target from 2022, historical values presented for two years.

2) Full-time equivalent.

### Data per share

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earnings, basic, SEK <sup>1)</sup>	4.79	1.79	4.39	10.50	10.11	6.81	6.96	11.53	8.95	12.20
Earnings, diluted, SEK <sup>2)</sup>	4.79	1.79	4.39	10.49	10.09	6.79	6.95	11.52	8.94	12.18
Equity, SEK	29.1	27.1	31.2	38.8	46.4	49.3	51.9	61.6	64.8	69.9
Dividend, SEK (2023 as proposed)	3.50	2.50	2.75	3.50	4.25	-	6.50	4.75	5.00	5.50
Dividend yield, % <sup>3)</sup>	4.6	3.4	2.4	2.4	3.4	-	3.2	1.9	2.7	2.5
<i>Quoted prices, Sandvik share:</i>										
highest, SEK	97	107	116	153.9	165.3	190.4	205.6	255.4	256.6	227.40
lowest, SEK	74	68	65	113.5	123.1	122.7	115.5	194.9	145.3	175.65
year-end, SEK	76.40	74.05	112.70	143.7	126.4	182.7	201.3	252.6	188.4	218.10
No. of shares at year-end, million	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4	1,254.4
P/E ratio <sup>4)</sup>	15.9	41.4	25.7	13.7	12.5	26.9	28.9	22.0	21.1	17.9
Quoted price, % of equity <sup>5)</sup>	261	273	361	370	273	370	388	410	291	312

1) Profit for the year per share.

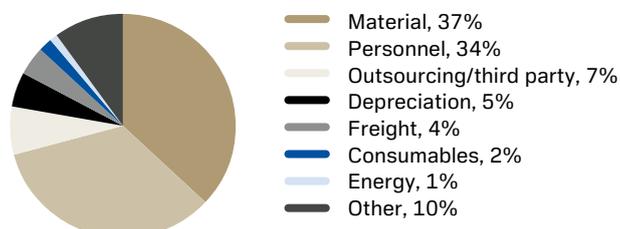
2) Profit for the year per share, after dilution of outstanding share-based program.

3) Dividend by quoted price at year-end.

4) Market price of share at year-end in relation to earnings per share after dilution.

5) Market price of share at year-end, as a percentage of equity per share.

### Group costs by type



If you have any comments on our Annual Report, please contact Group Communications, +46 (0)8 456 11 00 or [info@sandvik.com](mailto:info@sandvik.com).

For comments or questions on sustainability-related information, please contact Sustainable Business, +46 (0)8 456 11 00 or [info@sandvik.com](mailto:info@sandvik.com).



