



This information brochure is not a prospectus. The information brochure is intended to be used as basis for the decision by Sandvik's shareholders when resolving on the Board of Directors' proposal on the distribution of the shares in the wholly-owned subsidiary Alleima to the shareholders of Sandvik. Provided that the Annual General Meeting of Sandvik on April 27, 2022 resolves on a distribution in accordance with the Board of Directors' proposal, no further action is required of shareholders in Sandvik in order to receive shares in Alleima other than being registered as shareholders of at least five (5) shares (directly registered or nominee registered) on the record date for the distribution of the shares. Provided that the Annual General Meeting resolves on a distribution in accordance with the Board of Directors' proposal, a prospectus will be published prior to the listing of the Alleima shares on Nasdaq Stockholm.

# INFORMATION BROCHURE

*Information to the shareholders of Sandvik prior to deciding on the proposed distribution of the shares in Alleima (Sandvik Materials Technology) at the Annual General Meeting on April 27, 2022*



## **IMPORTANT INFORMATION**

The Board of Directors of Sandvik has proposed that the Annual General Meeting on April 27, 2022, resolves to distribute all of the shares in Sandvik Materials Technology Holding AB (to be renamed Alleima AB) to the shareholders of Sandvik. This information brochure only contains general information and does not constitute a prospectus. Instead, the information brochure is to be used as decision-making material prior to the shareholder resolution. Provided that the Annual General Meeting on April 27, 2022, resolves to distribute all of the shares in Alleima in accordance with the Board of Directors' proposal, a prospectus will be published before the Alleima shares are distributed and listed on Nasdaq Stockholm. The prospectus will contain detailed information about Alleima and the risks associated with an investment in the Alleima shares.

This information brochure is governed by Swedish law. Disputes arising in connection with the content of this information brochure, or any subsequent legal relationships, are to be settled exclusively by Swedish courts. This information brochure has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail.

### **Information to investors in the United States**

The shares in Alleima have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities legislation of any state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with any applicable securities legislation in the relevant state or jurisdiction of the United States. Alleima expects to rely on the exemption from registration under Rule 12g3-2(b) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**"), as amended, and accordingly the shares in Alleima will not be registered under the U.S. Exchange Act and Alleima will not be subject to the reporting requirement of the U.S. Exchange Act.

The shares in Alleima have neither been approved nor disapproved by the U.S. Securities and Exchange Commission (SEC), any state securities authority or any other authority in the United States. Furthermore, the foregoing authorities have not passed upon the benefits of the distribution of the Alleima shares or the accuracy or adequacy of this information brochure. Any representation to the contrary is a criminal offence in the United States.

### **Forward-looking statements and risk factors**

The information brochure contains certain forward-looking statements that reflect Sandvik's or Alleima's present view of future events as well as financial and operational development. Words such as "intend", "anticipate", "expect", "may", "plan", "believe", "estimate", "project", and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking statements. Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements are not a guarantee of future results or developments and actual outcomes may differ materially from the information set forth in the forward-looking statements. Neither Sandvik nor Alleima makes any undertakings that they will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters, other than what is required according to applicable legislation.

A number of factors may affect the Sandvik and Alleima operations. A description of certain risk factors associated with the distribution of shares in Alleima is included in "*Risk factors associated with the distribution of shares in Alleima*" and a description of material risk factors pertaining to Alleima will be included in the prospectus to be published prior to the distribution and listing of the shares in Alleima on Nasdaq Stockholm.

### **Industry and market information**

This information brochure contains industry and market information compiled from information obtained from third parties, as well as Sandvik's and Alleima's own estimates. Neither Sandvik nor Alleima assumes any responsibility for the accuracy of any industry or market information that is included in this information brochure.

### **Presentation of financial information**

Certain figures in this information brochure, including financial data, have been rounded. Accordingly, figures shown in totals in certain tables may not be an exact arithmetical aggregation of the figures which precede them. Unless otherwise explicitly stated, no information in the information brochure has been audited or reviewed by an auditor.

### **Additional information**

This information brochure contains limited information with respect to Sandvik and Alleima, and is supplemented by the public filings and reports of Sandvik, other information available on Sandvik's website and the Alleima listing prospectus that will be published prior to the distribution and listing of the shares in Alleima. Shareholders may access the following information:

- Sandvik's Annual Report 2019, 2020 and 2021, available at <https://www.home.sandvik/en/investors/reports-presentations/annual-reports/>.
- Additional information on Sandvik's business, financial position, results of operations, cash flows and shares, available at <https://www.home.sandvik/en/investors/>.
- The Alleima listing prospectus, which will be published on the Sandvik and Alleima websites prior to the distribution and listing of the shares in Alleima.

Shareholders are encouraged to read the information outlined above along with this information brochure.

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# IMPORTANT DATES

Record date for attendance at Sandvik Annual General Meeting:	April 19, 2022
Final date to provide notification of attendance at Sandvik Annual General Meeting:	April 21, 2022
Annual General Meeting of Sandvik:	April 27, 2022
Expected distribution and first day of trading in the Alleima shares:	August 31, 2022

# ATTENDANCE AT SANDVIK'S ANNUAL GENERAL MEETING

Information regarding the right to participate and how to register for attendance at the Sandvik Annual General Meeting on April 27, 2022 can be found in the notice published on Sandvik's website, <https://www.home.sandvik/en/investors/corporate-governance/general-meetings/2022-agm/>.

# CERTAIN DEFINITIONS

"**Sandvik**" refers to, depending on the context, Sandvik AB (publ) (corporate ID No. 556000-3468) or the group in which Sandvik AB (publ) is the parent company.

The "**Sandvik Group**" refers to Sandvik AB (publ) and its subsidiaries.

"**Alleima**" or the "**Company**" refers to, depending on the context, Sandvik Materials Technology Holding AB (to be renamed Alleima AB) (corporate ID No. 559224-1433) or the group in which Sandvik Materials Technology Holding AB (to be renamed Alleima AB) is the parent company.

"**Euroclear Sweden**" refers to Euroclear Sweden AB.

"**Nasdaq Stockholm**" refers to the Swedish regulated market Nasdaq Stockholm or its operator Nasdaq Stockholm AB, as the context may require.

"**SEK**", "**EUR**" and "**USD**" refers to Swedish kronor, Euro and U.S. dollars, respectively (**bn** indicates billions and **M** indicates millions).

# BACKGROUND AND REASONS

Sandvik is a global, high-tech engineering group with approximately 44,000 employees and sales in about 150 countries. Its heritage dates back to 1862 when the company was founded in Sandviken, Sweden, with a focus on steel production on an industrial scale. Since then, Sandvik has developed into a global leader in cutting tools, mining equipment, and advanced materials based on strong application know-how.

Since 2016, Sandvik operates in a decentralized business model where each business area has full operational responsibility and accountability for its respective business performance and results. The current operations consist of four business areas, each based on distinct product offerings: Sandvik Mining and Rock Solutions, Sandvik Rock Processing Solutions, Sandvik Manufacturing and Machining Solutions and Sandvik Materials Technology. The advanced materials business, including high value-added products in advanced stainless steels and special alloys as well as products for industrial heating, is conducted in the business area Sandvik Materials Technology and accounted for approximately 14 percent of Sandvik's net sales in 2021.

In May 2019, Sandvik announced that its Board of Directors had decided to initiate an internal separation of the business area Sandvik Materials Technology, with the intention to increase Sandvik Materials Technology's structural independence from the Sandvik Group and thereby put greater focus on the businesses' future development opportunities as well as create flexibility for improved performance and growth. At the time it was also announced that Sandvik's Board of Directors had decided to explore the possibility of a separate listing through the distribution of Sandvik Materials Technology to the company's shareholders, should that be deemed to strengthen the business' position and future development. The decision was based on the Board of Directors' and Management's belief that Sandvik Materials Technology would develop more favorably by itself, increasing opportunities for profitable growth and that the sharpened focus of both Sandvik Materials Technology and the remaining Sandvik Group has the potential to improve long-term shareholder value for Sandvik shareholders. For the remaining Sandvik Group the change is deemed to enable stronger focus on profitable growth.

In 2020, the Sandvik Board of Directors decided to proceed with the preparations to distribute Sandvik Materials Technology to Sandvik's shareholders and list the Company's shares on the Nasdaq Stockholm stock exchange, pending approval at a shareholder's meeting in 2022.

On October 18, 2021, Sandvik announced that the Board of Directors had confirmed its previous decision to proceed with the preparation to distribute Sandvik Materials Technology to Sandvik's shareholders with a target to complete the listing during the second or third quarter of 2022, subject to approval by Sandvik shareholders.

Following the proposed distribution, Sandvik's operations will consist of three business areas: Sandvik Manufacturing and Machining Solutions, a global market-leading manufacturer of tools and tooling systems for advanced industrial metal cutting; Sandvik Mining and Rock Solutions, a global leading supplier in equipment and tools, parts, service and technical solutions for the mining and construction industries; and Sandvik Rock Processing Solutions, a leading supplier of equipment, tools, parts, service and solutions for processing rock and minerals.

Sandvik Materials Technology as a standalone listed company will be renamed to Alleima and be a world-leading manufacturer of advanced stainless steels, special alloys and heating systems for the most demanding industries. The separation from Sandvik is expected to provide stronger and more focused governance and control over the business with a clear mandate for Alleima to execute its strategy to drive growth, materials innovation, operational and commercial excellence and sustainability. Alleima recorded revenues of SEK 13.8 billion in 2021 and had 5,465 employees<sup>1)</sup> as of December 31, 2021.

In light of the above, the Board of Directors of Sandvik has proposed that the Annual General Meeting on April 27, 2022 decides on, in addition to a cash dividend of SEK 4.75 per share, the distribution of all shares in the wholly-owned subsidiary Alleima to the shareholders of Sandvik. Sandvik plans to execute the decision to distribute the shares on August 31, 2022.

Stockholm, March 23, 2022

**Sandvik AB (publ)**

*The Board of Directors*

1) The number of employees refers to the number of full-time equivalents (FTEs).

# INFORMATION REGARDING THE PROPOSED DISTRIBUTION OF ALLEIMA

## Resolution on distribution

Provided that the Annual General Meeting of Sandvik on April 27, 2022, resolves, in accordance with the Board of Directors' proposal, to distribute all shares in the wholly-owned subsidiary Alleima to the shareholders of Sandvik, registered shareholders of Sandvik on the subsequently determined record date for distribution of shares in Alleima, as determined by the Board of Directors of Sandvik, are entitled to receive, for every five (5) shares held in Sandvik, one (1) share in Alleima. Aside from being registered as a shareholder on the record date for distribution (directly registered or nominee-registered), no further actions are required in order to receive shares in Alleima. It is expected that the distribution of the shares in Alleima will fulfill the requirements set out in the so called "Lex Asea" rules and therefore not be immediately taxable for individuals and limited liability companies that are Swedish tax residents. For further information, see "*Tax considerations*".

## Distribution ratio

Every five (5) shares in Sandvik entitle to one (1) share in Alleima. In total, 250,877,184 shares in Alleima will be distributed. If a shareholder's shareholding in Sandvik is not evenly divisible by five (5), the fraction of shares which the shareholder's shareholding in Sandvik otherwise would entitle to will be combined with all other shareholders' fractions of shares into whole shares in Alleima, which will be sold on Nasdaq Stockholm through Skandinaviska Enskilda Banken AB (publ) ("**SEB**"). The proceeds from such sale, free of any commissions, will then be paid to such shareholders through the Euroclear system on a pro rata basis. For further information, see "*Shares and ownership structure*".

## Record date

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to resolve on the record date for the distribution of the shares in Alleima. The record date is expected to be August 29, 2022, whereas the distribution of the shares in Alleima and the first day of trading in the Alleima share on Nasdaq Stockholm are expected to occur on August 31, 2022.

## Receipt of shares in Alleima

Those recorded in the share register, maintained by Euroclear Sweden, as shareholders of Sandvik on the record date for the distribution of shares in Alleima will receive shares in Alleima with no further action required. Shares in Alleima will be available in the securities account of those shareholders who are entitled to receive the distribution (or the securities

account belonging to the party who is otherwise entitled to the distribution) no later than two banking days after the record date. Thereafter, Euroclear Sweden will send out a statement containing information on the number of shares registered in the securities account of the recipient.

## Nominee-registered holdings

Shareholders whose holdings in Sandvik are registered in the name of a nominee (i.e. a bank or other nominee) will not receive a statement from Euroclear Sweden. Notification and the crediting of shares in Alleima to the accounts of nominee-registered shareholders will instead be carried out in accordance with the procedures of the respective nominee.

## Listing of shares in Alleima

The Board of Directors of Alleima intends to apply for listing of the Company's shares on Nasdaq Stockholm. Information regarding the ISIN code for the Company's shares will be available in the prospectus that will be published ahead of the listing of Alleima shares.

## Holders of Sandvik American Depositary Receipts

Pursuant to the terms of the deposit agreement under which the American Depositary Receipts ("**ADRs**") representing shares of Sandvik were issued, it is expected that an independent broker, on behalf of the depositary Deutsche Bank, will sell the shares in Alleima distributed in respect to the shares of Sandvik deposited in the ADR facilities. The net cash proceeds from the sale of the shares and fractions of shares in Alleima will be distributed by the depositary to the holders of ADRs representing shares of Sandvik, on a pro rata basis.

## Listing costs

The total listing costs for the proposed distribution of the shares in Alleima are estimated to be approximately SEK 100 million (of which SEK 15 million were incurred 2021 and SEK 85 million are expected to incur in 2022). These costs do not include costs for the separation nor one-time foreign tax costs (disclosed in Sandvik's interim reports).



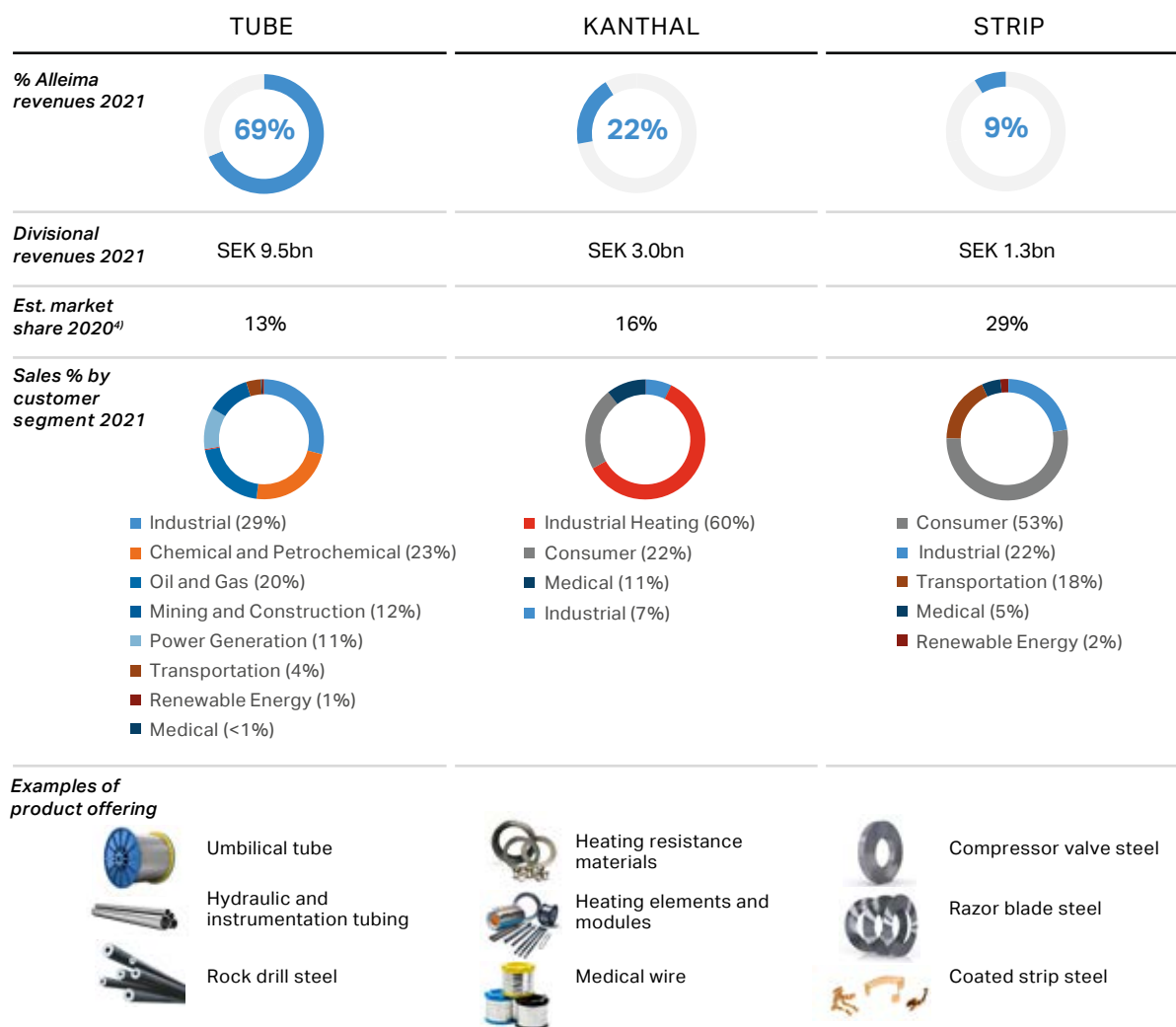
# BRIEF DESCRIPTION OF ALLEIMA

## Overview

Alleima is a developer, manufacturer, and seller of high value-added products in advanced stainless steels and special alloys as well as products for industrial heating, operating with a global footprint. Based on close and long-term customer partnerships, Alleima advances processes and applications in the most demanding industries through materials that are lightweight, durable, corrosion-resistant and able to withstand extremely high temperatures and pressures. Through the Company's offering and in-depth expertise in materials technology, metallurgy and industrial processes, Alleima enables its customers to become more efficient, profitable, safe and sustainable. The fully integrated value chain, from R&D and primary melting to final product, allows the Company to provide superior quality and flexibility in its offering, minimize its CO<sub>2</sub> footprint and increase circularity.

The Company has strong market positions across a wide range of niche end markets. The Company's offering comprises more than 900 active alloy recipes and an extensive range of products to many customer segments, mainly seamless stainless tubes, industrial heating elements, wire for medical devices as well as precision strip steel. Alleima's products are sold in approximately 90 countries across the globe. In 2021, Europe represented 51 percent of revenue followed by North America with 24 percent, Asia with 21 percent and other markets representing four percent. Headquartered in Sandviken, Sweden, Alleima generated net revenue of SEK 13.8 billion and an adjusted EBIT margin<sup>2)</sup> of 7.6 percent during 2021. Alleima had 5,465 employees<sup>3)</sup> as of December 31, 2021.

Alleima is organized into three divisions – **Tube**, **Kanthal** and **Strip**, each with distinct products and end-market focus.



2) Adjusted EBIT margin is defined as adjusted EBIT (earnings before interest and taxes, adjusted for items affecting comparability and metal price effects) as a percentage of revenues.

3) The number of employees refers to the number of full-time equivalents (FTEs).

4) Based on compilation of benchmark of market research and undertaken studies of Alleima provided by Arthur D. Little, hereafter referred to as the "Market Study".

**Tube** generated revenues of SEK 9.5 billion in 2021, corresponding to 69 percent of Alleima's revenues. Tube develops and manufactures seamless tubes and other long products in advanced stainless steels and special alloys used by customers primarily in the customer segments Industrial, Chemical and Petrochemical, Oil and Gas, Mining and Construction, Power Generation and Transportation. Because of their lightweight, durable and highly corrosion-resistant characteristics, Alleima's tubular products can contribute to more efficient and reliable industrial processes. Within the Tube division, Alleima has developed market-leading positions across several niche end markets and product categories, including umbilical tubing (#1 globally), seamless control lines (#1 globally), aerospace titanium tubes (#1 globally) and steam generator tubing (#2 globally). As per December 31, 2021, Tube had 3,652 employees<sup>5)</sup> with the biggest manufacturing sites located in Sandviken, Sweden and Chomutov, Czech Republic.


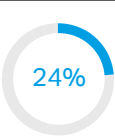

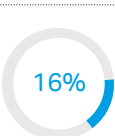

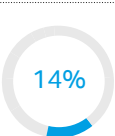

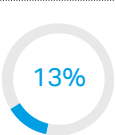

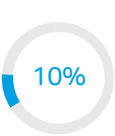

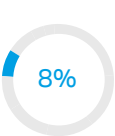

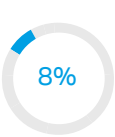

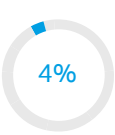



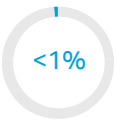
**Kanthal** is a provider of products and services in the area of industrial heating technology and resistance materials and generated revenues of SEK 3.0 billion in 2021, corresponding to 22 percent of Alleima's revenues. Kanthal provides materials for electric heating, temperature sensing and heat resistant applications, as well as ceramic and metallic electric resistance heating furnace elements, modules and heating system radiant tubes that generally require a higher degree of processing and refinement before delivery to customers. Kanthal's products enable the ongoing shift from fossil fuel-based furnaces to electrical furnaces used in industrial manufacturing processes. Kanthal also offers ultra-fine wire in stainless steel and precious metals for use in medical and electronic appliances, where durability of the material is extra important to guarantee functionality and longevity of the products. Kanthal's market positions are particularly strong in industrial heating solutions (#1 globally) and medical wire (#2 globally). As per December 31, 2021, Kanthal had 1,101 employees<sup>5)</sup> with the main manufacturing site located in Hallstahammar, Sweden.

The **Strip** division contributed SEK 1.3 billion of revenue in 2021, corresponding to nine percent of Alleima's revenues. Strip develops and manufactures a wide range of precision strip steel products primarily to the Consumer, Industrial and Transportation customer segments. Key examples of Consumer products are razor blade steel (for electrical and non-electrical shaving) and compressor valve steel (e.g. for use in air conditioners, heat pumps, refrigerators and freezers). Through the business unit for surface technology, the Strip division also offers a portfolio of pre-coated strip steel for one of the most critical components in the hydrogen fuel cell stack – the bipolar plates. In close partnership with customers, this breakthrough technology for industrialized pre-coating of strip steel, eliminates the otherwise costly need for coating of individual plates, enabling fuel cell technology at scale. Alleima's market positions are particularly strong in compressor valve steel (#1 globally), stainless knife steel (#1 globally) and razor blade steel (#3 globally). As per December 31, 2021, Strip had 508 employees<sup>5)</sup> with the main manufacturing site in Sandviken, Sweden.

### Alleima customer segments

Through its global presence and broad portfolio of products, Alleima is a partner to customers in a wide range of selected niche end markets. These can broadly be divided into ten customer segments. The Company's largest customer segment as of 2021 was **Industrial**, which amounted to approximately 24 percent of revenue in 2021 and includes a strong portfolio of products that are supplied to a wide range of industries. Key products include high-pressure and composite tubing, hollow and solid round bars as well as semi-finished ingots and blooms and billets for hot rod. The second largest customer segment was **Chemical and Petrochemical**, representing 16 percent of revenue in 2021, which includes products for the fertilizer industry, critical parts for control and measurement of operations in chemical and petrochemical plants, as well as heat transfers between fluids. **Oil and Gas** was the third largest customer segment in 2021, representing 14 percent of revenue. Examples of products include Corrosion Resistant Alloy (CRA) tubular products used in oil and gas production and well operations, such as umbilicals, Oil Country Tubular Goods (OCTG) and control lines. **Industrial Heating**, representing 13 percent of revenue in 2021, includes products such as Kanthal® wire, ceramic heating elements including Kanthal® Super and silicon carbide and metallic heating elements. These materials and heating elements are chosen by customers because of their ability to conduct heat and are used in industrial settings where heating elements constitute a critical component to heat treatment. Other, albeit smaller customer segments in terms of revenue contribution, include **Consumer, Power Generation, Mining and Construction, Transportation and Medical**. A small, yet important and growing segment is **Renewable Energy** where the Company offers solutions related to renewable energy sources, such as hydrogen fuel cells, high pressure tubing for hydrogen applications and concentrated solar power.

5) The number of employees refers to the number of full-time equivalents (FTEs).

	Customer segment	% of Alleima's revenues 2021	Examples of product offering
	Industrial		<ul style="list-style-type: none"> <li>• Solid round bar and hollow bar</li> <li>• High pressure tubing</li> <li>• Composite tubing</li> </ul>
	Chemical and Petro-chemical		<ul style="list-style-type: none"> <li>• Fertilizer tubing</li> <li>• Hydraulic and instrumental tubing</li> <li>• Heat exchanger tubing</li> </ul>
	Oil and Gas		<ul style="list-style-type: none"> <li>• Umbilical tubing</li> <li>• Control lines</li> <li>• Oil Country Tubular Goods (OCTG)</li> </ul>
	Industrial Heating		<ul style="list-style-type: none"> <li>• Metallic heating elements</li> <li>• Ceramic heating elements</li> <li>• Radiant Kanthal® APM / Kanthal® APMT tubes</li> <li>• Diffusion cassettes</li> </ul>
	Consumer		<ul style="list-style-type: none"> <li>• Razor blade steel</li> <li>• Compressor valve steel</li> <li>• Stainless knife steel</li> <li>• Appliance wire</li> </ul>
	Power Generation		<ul style="list-style-type: none"> <li>• Steam generator tubes</li> <li>• Cladding tubing</li> <li>• Nuclear tubes and pipes</li> </ul>
	Mining and Construction		<ul style="list-style-type: none"> <li>• Rock drill steel</li> </ul>
	Transportation		<ul style="list-style-type: none"> <li>• Titanium and stainless steel tubes</li> <li>• Gasoline Direct Injection (GDI) tubes</li> <li>• Compressor valve steel</li> <li>• Shock absorber steel</li> </ul>
	Medical		<ul style="list-style-type: none"> <li>• Ultra-fine wire</li> <li>• Wire components</li> <li>• Stainless and titanium tubing</li> </ul>
	Renewable Energy		<ul style="list-style-type: none"> <li>• Coated strip steel for fuel cells</li> <li>• High pressure tubing for hydrogen applications</li> <li>• High nickel alloy tubing for concentrated solar power applications</li> </ul>



## Market dynamics

Alleima operates in three different markets: the advanced stainless steel market, the special alloys market and the market for industrial heating products.

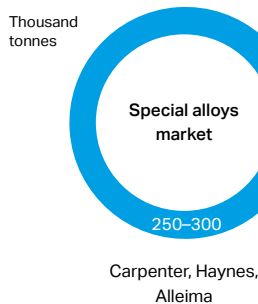
### Overview of the total steel market<sup>6) 7)</sup>

Alleima operates in the advanced stainless steel market, which is a narrow niche within the total steel market. The total steel market has an estimated annual output of approximately 1,900 million tonnes, of which the stainless steel market corresponds to approximately 50 million tonnes. The stainless steel market can be further divided into the advanced stainless steel market, which was estimated to have an annual production output of approximately two to four million tonnes in 2021. Companies operating within the advanced stainless steel market generally offer high value-added products of advanced stainless steel and special alloys with industry requirements on accurate tolerances, product quality and process control.



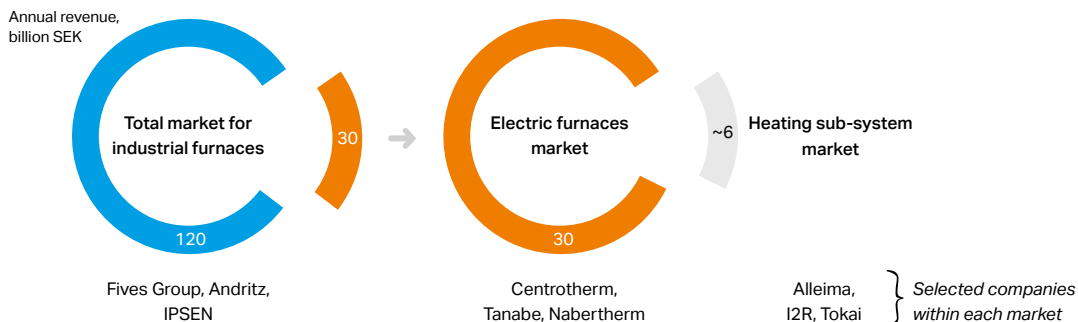
### Overview of the special alloys market<sup>8) 9)</sup>

Alleima is also active in niche categories within the special alloys market, which is exemplified separately from the advanced stainless steel market as this market covers metals other than stainless steel, for example high nickel alloys, titanium, and zirconium. The special alloys market is characterized by a higher degree of material refinement or mixture of metals resulting in higher performance alloys compared to the advanced stainless steel market. The production output on the special alloys market is estimated to be approximately 250 to 300 thousand tonnes.



### Overview of the total market for industrial heating products<sup>10)</sup>

Alleima is active in the industrial furnaces market through its industrial heating offering. The overall market consists of both gas-fired and electric furnaces, where the share of electric furnaces is about 25 percent. The share of electric industrial furnaces is increasing, driven by global megatrends and the transition towards more sustainable solutions.



- 6) The Market Study.  
 7) Annual volume of steel.  
 8) The Market Study.  
 9) Annual volume of special alloys.  
 10) The Market Study.

### Size and growth of Alleima's aggregated market

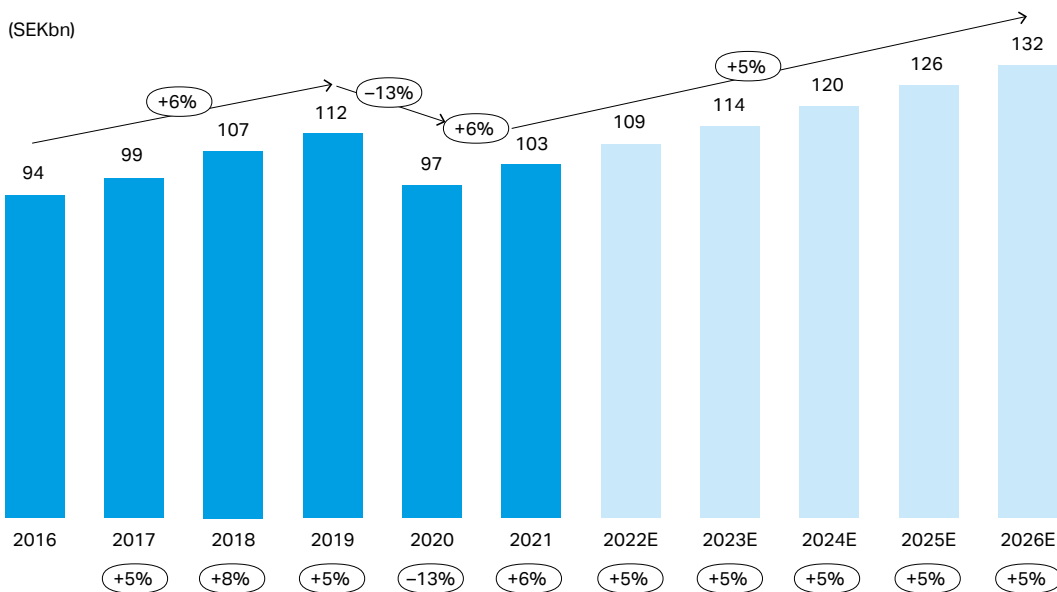
Alleima's offering covers a strong portfolio of advanced stainless steels and special alloys as well as products for industrial heating that serve the ten customer segments described above. The aggregated serviceable addressable market ("SAM") for Alleima's offering was estimated to be SEK 103 billion in 2021.

From 2016 to 2019, the Company's SAM experienced a growth rate of approximately six percent per annum. During the

outbreak of COVID-19 in 2020 the market declined by approximately 13 percent, from SEK 112 billion in 2019 to SEK 97 billion in 2020. The market is anticipated to have fully recovered from the COVID-19 decline by 2023.

The aggregated SAM is expected to grow by approximately five percent per annum from 2021 to 2026. Taking 2019 as a starting point, the market is expected to grow with approximately two percent per annum from 2019 to 2026.<sup>11)</sup>

AGGREGATED SERVICEABLE ADDRESSABLE MARKET (SAM) FOR ALLEIMA FROM 2016 TO 2026<sup>11)</sup>



### General megatrends

There are several megatrends driving growth in Alleima's customer segments, including:

- Changing demographics:** The global population is expected to grow which is estimated to drive consumption and energy demand. Moreover, the share of people aged over 60 years is estimated to increase, which will in turn drive a continued increase in demand for health care and medical solutions. This trend is also expected to drive increased industry production.
- Increasing and changing energy demand:** Global energy demand, with a preference for renewable energy, is estimated to increase, driven by population and economic growth. These trends will primarily drive demand in the Power Generation and Renewable Energy customer segments.
- Electrification of industry and transportation:** The electrification of industrial processes and vehicles is expected to drive demand in the customer segments Industrial Heating and Transportation. Electricity is expected to account for an increasing share of global energy consumption in the future.
- Growth in emerging markets:** The rising living standards and industrial development in emerging markets support growth across all Alleima customer segments.

11) The Market Study.

## Trends within Alleima's customer segments

In addition to the megatrends described above, each of Alleima's ten customer segments have their own key growth drivers, which, among other things, includes the following:

Customer segments	Key growth drivers
<b>Industrial</b> (24% of revenues)	<ul style="list-style-type: none"> <li>The development of the Industrial customer segment is primarily driven by overall industrial growth and investments, as well as higher focus on energy efficiency, the shift towards more sustainable materials and increasing requirements for overall capacity utilization.</li> </ul>
<b>Chemical and Petrochemical</b> (16% of revenues)	<ul style="list-style-type: none"> <li>Demand in the Chemical and Petrochemical customer segment is expected to be driven by growing capital expenditures in the industry, increase of petrochemical industry capacity, growth in plastic and fertilizer production and an expanding Asian market, mainly in China.</li> <li>Moreover, there are continuing trends for upgrading to more advanced materials for the construction of chemical plants for safe and reliable operations.</li> </ul>
<b>Oil and Gas</b> (14% of revenues)	<ul style="list-style-type: none"> <li>Key drivers for the Oil and Gas customer segment include global energy demand, oil price fluctuations, customers' capital expenditures and number of rigs in operation. Oil is mainly used in the transport sector and natural gas is used for power generation and heating. Additionally, the decreasing availability of conventional reserves of oil and gas drives demand for more advanced solutions utilized in exploration.</li> <li>The long-term demand for oil is expected to decrease over time, due to the transition towards more sustainable energy sources. As a result, the demand for natural gas is anticipated to increase in the fossil fuel mix. Short- and mid-term, the demand for oil and gas is expected to increase or remain on a stable level.</li> </ul>
<b>Industrial Heating</b> (13% of revenues)	<ul style="list-style-type: none"> <li>Demand in the Industrial Heating customer segment is primarily driven by the growth in global manufacturing, the shift to electric furnaces, electrification of vehicles and demand for renewable solutions such as solar panels and lithium-ion batteries.</li> </ul>
<b>Consumer</b> (10% of revenues)	<ul style="list-style-type: none"> <li>Factors expected to drive future demand in the Consumer customer segment include global GDP growth, an increasing share of middle-class population, increasing sustainability awareness among individuals, and an increasing demand for products containing energy efficient compressors such as air conditioners, refrigerators and freezers.</li> </ul>
<b>Power Generation</b> (8% of revenues)	<ul style="list-style-type: none"> <li>Growth in the Power Generation customer segment is expected to be driven by global energy demand, government policies to reduce CO<sub>2</sub> emissions, investments in nuclear energy and the advancement of nuclear technology.</li> </ul>
<b>Mining and Construction</b> (8% of revenues)	<ul style="list-style-type: none"> <li>The development of the Mining and Construction customer segment is primarily driven by raw material prices and electrification of industries, which increases the demand for battery related minerals.</li> <li>Furthermore, technological advancements, a growing middle-class and government spending in the construction and infrastructure markets are other key drivers.</li> </ul>
<b>Transportation</b> (4% of revenues)	<ul style="list-style-type: none"> <li>Key drivers for the Transportation customer segment include growth in vehicle demand, demand for high fuel efficiency, electrification, fuel cell vehicles and emission regulations.</li> </ul>
<b>Medical</b> (3% of revenues)	<ul style="list-style-type: none"> <li>The main drivers for the Medical customer segment are global increase in population and life expectancy, OECD healthcare expenditures, increase in cardiovascular diseases, technological advancements, growth of remote patient monitoring and fewer invasive surgeries.</li> </ul>
<b>Renewable Energy</b> (<1% of revenues)	<ul style="list-style-type: none"> <li>Market drivers include growing global energy demand, the shift to renewable energy sources (solar power, offshore wind, geothermal energy, biopower, biofuels, carbon capture and storage) as well as deployment of hydrogen applications and associated infrastructure (e.g. hydrogen refuelling stations).</li> </ul>

## Competitive landscape

Alleima operates in a wide range of selected niches in demanding industries where material requirements, as well as product quality and reliability, are extremely high. The competitive landscape of Alleima varies for each division and the different niches. For the main part of Alleima's tubular product offering there are few competitors moving in a strategic direction aiming for a similar position as Alleima in selected industries. In the smaller portion of the business, offering more standard products, there are other types of competitors, like Asian players utilizing low cost production and local presence. The main competitors within the Tube division are Nippon Steel, Tubacex, Salzgitter Mannesmann, Jiuli as well as Carpenter and Haynes (mainly in the niche of special alloys). The main competitors in the Alleima Kanthal division's heating segments are Apream, VDM Metals, Tokai KK and Isabellenhütte. In the medical segment of Kanthal, Fort Wayne Metals and Heraeus are among the competitors. In the Strip division, key competitors include the precision strip divisions of Hitachi Metals, Voestalpine, Jindal and ZAPP.

## Alleima's history

Alleima's origins date back to 1862 and the foundation of the company Sandvikens Jernverk by Göran Fredrik Göransson, a pioneer in using the Bessemer method for steel production on an industrial scale. The manufacturing of stainless steel began in 1921. Already then, scrap from the Company's own steel production was remelted in the, at the time, new induction furnace. Today, the amount of recycled material in the Company's products is above 80 percent. The first seamless tubes made of stainless steel were introduced in the market in 1924. Extruding stainless steel tubes of the quality demanded by the growing number of new process industries was a daunting technical challenge and in 1959 a license was signed to build the largest extrusion press seen by the industry at that time. Product properties could be further enhanced with the combination of extrusion and pilgering. In 1963, cladding tubes made of zirconium alloys were developed for the nuclear power industry. Low-carbon stainless steel was developed for the pulp and paper industry.

In the early 1960s the program for cold rolled strip products was expanded and ten cold rolling mills for thin strip were built.

In 1985, the first generation of the duplex grade SAF™2205 was released for use in North Sea oil and gas extraction and in 1994, a seamless tube mill in Chomutov, Czech Republic, was acquired, establishing a platform for further development of the umbilical tubing offering. Another noteworthy development during the 1990s was the release of the Safurex® grade in 1996, a product that eliminates the risk of explosion for Urea plants.

When the specialized industrial heating company Kanthal was acquired in 1997, it had the global market's most complete range of resistance materials made of various alloys and ceramics for heating, plus bimetal for measuring and controlling temperatures. Through this acquisition, a completely new market segment was entered. The same year, Kanthal acquired H.P. Reid of Palm Coast, Florida, a producer of ultra-fine medical wire, which was later product branded Exera®.

In 1998, California-based MRL Industries, the world's largest manufacturer of furnace cassettes for the electronics industry, was acquired. It was later organized and rebranded under the Kanthal brand in 2021.

In 2003, the business area changed name from Sandvik Specialty Steel to Sandvik Materials Technology.

In 2009, a new production unit for stainless steel tubing and a service center for precision strip was constructed in Zhenjiang, China. Additional investments in tube production in Chomutov, Czech Republic and in Sandviken, Sweden were made in 2010 to serve the fast growing oil and gas and power generation markets.

During 2017 and 2018, Sandvik Materials Technology divested its stainless wire and welding wire businesses to refine the product portfolio.

In 2018, Custom Electric Manufacturing Co., a North American manufacturer of heating elements was acquired.

In more recent years, several niche acquisitions have been made, including Thermaltek Inc. (2019), Summerill Tube Corporation (2020) and Accuratech Group (2021). Furthermore, in January 2022, the tube engineering solutions company Gerling GmbH was acquired, strengthening the offering and capabilities in the fast-developing hydrogen market.

In 2021, the Kanthal division entered a strategic partnership with HYBRIT (an initiative by SSAB, LKAB and Vattenfall), aiming to develop an electric gas heating solution for the fossil-free hydrogen used to reduce iron ore in the HYBRIT process.

In May 2019, the decision was made by the Sandvik Board of Directors to initiate an internal separation of the business area Sandvik Materials Technology with the intention to increase the structural independence from the Sandvik Group and explore the possibility of a separate listing of the Company on the Nasdaq Stockholm stock exchange. On March 23, 2022, it was announced that Sandvik Materials Technology will adopt the new name Alleima.

## Business model and strategy

### Business model

The Company's business model is based on a fully integrated value chain, including in-house R&D, two steel mills with primary melting, five extrusion presses and several hot working, cold working and finishing facilities spread across 30 production sites in 14 countries. In addition, the Company has its own global sales force. The end-to-end process control from R&D to final product enables benefits such as customer needs identification (which feeds back from the sales force into R&D and production), customization of products, the ability to ensure premium quality as well as full traceability and consistency in delivery (narrow chemistry output). The integrated value chain also reduces the exposure to supply chain disruptions.

The Company's business model is also based on close customer cooperation and extensive industry knowledge in combination with materials and process competence and a global footprint. Customers are generally large global corporations or industry specialists that demand highly customized products and solutions for various demanding applications and industries. The Company's customer partnerships are often characterized by a high degree of technical

collaboration, including identifying the customers' needs and finding innovative ways to solve complex challenges. Several customer partnerships have lasted for more than 20 years. Alleima estimates that approximately 80 percent of products are sold directly to global and regional customers through the Company's own global sales network. The remainder of the revenue is derived from regional and local customers often buying more standardized products (such products are often stocked by distributors and re-sellers).

### Strategy

Alleima has strong positions across its diverse niche end markets with long-term customer partnerships and extensive knowledge about customer applications. The Company's fully integrated value chain, from R&D to primary melting to final product, as well as the Company's global footprint, enables close customer partnerships, industry-leading circularity, sustainability and financial performance. With a clear positioning of being a technology leader, progressive customer partner and sustainability driver, the strategic direction for Alleima stands on a solid foundation and is based on four pillars:

- **Growth:** Capitalize on the megatrends energy transition, energy efficiency, electrification, increased industrial production, medical market growth and capture the oil and gas rebound
- **Materials innovator and technology leader:** Continuous focus on R&D activities to capture new business opportunities, defending and strengthening the current business and widening the materials portfolio
- **Operational and commercial excellence:** Drive excellence through continuous improvements and footprint optimization, digitalization and automation, pricing management and mix optimization, as well as cost flexibility and resilience
- **Industry-leading sustainability:** Lead the market from a sustainability perspective, contribute to increased circularity and support general health and wellbeing, both through product offering as well as operations

### Financial targets and dividend policy

The Board of Directors of Alleima has adopted the following financial targets and dividend policy:

#### Organic growth

Deliver profitable organic revenue growth in line with or above growth in targeted end markets over a business cycle

#### Earnings

Adjusted EBIT margin<sup>12)</sup> to average above 9 percent over a business cycle

#### Capital structure

Net debt<sup>13)</sup> in relation to Equity below 0.3x

### Dividend policy

Dividend on average 50 percent of profit for the period (adjusted for metal price effects) over a business cycle. Dividends to reflect the Company's financial position, cash flow and outlook

### Strengths and competitive advantages

Several key strengths and competitive advantages have contributed to Alleima's development and performance and provide a strong foundation for the Company to execute its strategy as a standalone company. These strengths and competitive advantages include:

#### Premium offering with solid market positions and diverse customer segment exposure

Alleima is a niche player with a premium offering to applications with high demands and level of refinement. The offering includes high value-added products in advanced stainless steels and special alloys as well as products for industrial heating. Through its industry and application knowledge, excellent R&D competence, expertise in metallurgy and advanced materials technology combined with world-class production processes, the Company has established top two market positions (market shares) across a wide range of niche end markets and products such as umbilical tubing, heating elements, aerospace titanium tubes, steam generator tubing and stainless compressor valve steel.

Alleima is exposed to a wide range of customer segments, which is perceived as a strength as it reduces risk and volatility. Furthermore, the industry in which the Company is active in is characterized by extensive capital expenditure required to establish new mills and production facilities as well as regulatory and/or lengthy qualification requirements in selected customer segments (e.g. Oil and Gas, Power Generation, Medical and Transportation). The industry is further characterized by material and process know-how and patents (e.g. Alleima has more than 900 filed patents), customer stickiness due to the risk of changing suppliers of critical parts, the co-developmental nature of partnerships, as well as competence scarcity.

#### Fully integrated value chain with leading metallurgy expertise and global footprint

Alleima's control of the entire value chain, from R&D to the final product, is a key competitive advantage and an enabler for its leading metallurgy expertise. The Company's R&D function consists of approximately 230 in-house material experts and manufacturing specialists, working in world-class R&D facilities with pilot scale manufacturing, as well as a chemical laboratory.

Alleima owns and operates two steel mills with primary melting, five extrusion presses and several hot and cold working facilities, as well as finishing facilities. In total, the Company has 30 production sites spread across the globe, including 11 in Europe, seven in Asia, one in South America and 11 in the United States. The benefits achieved by controlling

12) Adjusted EBIT margin is defined as adjusted EBIT (earnings before interest and taxes, adjusted for items affecting comparability and metal price effects) as a percentage of revenues.

13) Net debt is defined as interest-bearing current and non-current debts, including net pension and lease liabilities, less cash and cash equivalents.



the entire production line include the ability to maintain a narrow chemistry outcome, ensure the highest standard quality control and monitor the various steps to optimize process flows. Equally, the Company can take a holistic approach to sustainability by minimizing its environmental footprint along all phases of production.

Through its global footprint, Alleima is able to facilitate collaborative and close partnerships with its customers. Customer proximity also enables the Company to identify customer needs, be it present or future, which is used in the R&D process.

## FULLY INTEGRATED VALUE CHAIN



### Multiple and tangible levers to deliver profitable growth, capitalizing on global megatrends including the transition to renewable energy

Alleima stands to benefit from several global megatrends. In particular, the Company has identified four trends that are likely to underpin near- and long-term demand for advanced and high-performance materials. The first relates to the growing and ageing population which will invariably drive demand in the energy sector as well as the need for medical care and equipment. Ultimately, this trend is increasing the need for industrial production, which is likely to drive demand for the Company's broad product offering, and will likely also drive demand for tubing products used within mainly chemical and petrochemical production. Secondly, the Company benefits from the general increase in energy demand and is well positioned to capture growth from the energy transition to sustainable alternatives. Thirdly, the ongoing electrification of industries and transportation presents further business opportunities, mainly through its heating solutions offering, which help customers reduce their CO<sub>2</sub> emissions by converting from fossil gas furnaces to electrical furnaces. Lastly, there is potential in the growth of emerging markets and their increasing relative economic importance, which drives increasing demand of the Company's broad product offering, particularly in Asia.

Alleima intends to continue to strengthen its market position by developing advanced materials and products, as well as its geographical footprint to capitalize on these structural growth drivers. The Company is in a good position to capitalize on the anticipated rebound in the oil and gas sector, and build-out of the natural gas infrastructure, which, incidentally, is expected to play an important role in the energy transition towards renewable energy sources. The Company is well positioned to capture the long-term shift toward renewable energy sources, such as hydrogen applications, offshore wind and geothermal energy, through its current and future offering. Within hydrogen applications the Company can offer pre-coated stainless strip steel for hydrogen fuel cells, a technology that produces no harmful emissions. The Company also offers solutions for hydrogen refueling station infrastructure. Other promising growth avenues are biopower, biofuels, supercritical water gasification, offshore wind, carbon capture and storage, as

well as geothermal energy where the Company is exploring potential business opportunities, supported by its R&D. Through Alleima's advanced and high-quality products that offer structural strength, corrosion resistance and high-temperature resistance, the Company believes that it is well positioned to capture growth and capitalize on the transition to renewable energy sources.

In addition to driving organic growth, Alleima will continue to maintain an active M&A agenda to further complement a product portfolio even more suited for alternative renewable energy sources. Moreover, the M&A strategy focuses on making acquisitions in select growth areas that stand to benefit from the identified global megatrends, for example within the Industrial Heating and Medical customer segments.

### Solid foundation with attractive and resilient earnings and cash flow profile

In recent years, Alleima has built a solid foundation with increased focus on operational excellence. The footprint optimization program, which started in 2018, involves locating operations closer to customers as well as improving cost efficiency. This work has been, and will continue to be, an important lever to further improve customer partnerships and manage the cost base. Another focus area has been to improve and control net working capital, including inventory management. A more solid and transparent process for controlling the supply chains, linking sales plans to business planning, as well as inventory management, has been implemented. Alleima has in recent years also improved its price management and product mix, resulting in a strengthened earnings and cash flow profile.

At the time of the COVID-19 outbreak, Alleima was well prepared, activating contingency plans and quickly implementing initiatives to mitigate the negative impact from a volatile economic environment. As a result of the improved flexibility, Alleima reduced temporary staff, implemented work time reductions and made redundancies. As volumes dropped during the COVID-19 outbreak, cash flows were supported by successful inventory management and temporary capital expenditure reductions. The Company has also improved its processes for price management and product mix optimization within all divisions, such as being more selective in booking

orders and mindful about mix optimization to avoid orders with unfavorable pricing in periods with low demand. This proved to be a clear advantage for Alleima as the demand started to return. Other examples include proactivity in pricing models, such as implementing further surcharges to cover for cost inflation from freight and energy. During the pandemic, particularly in 2021, Alleima proved its resilience in its margins and cash flows, despite a sharp drop in volumes due to low backlog in the Oil and Gas segment. The Company's product offering is built on advanced materials technology that serves a diverse set of customer segments, exposed to different business cycles and market dynamics, which helps to reduce risk and volatility.

### Value creation potential as a standalone company

The separation from Sandvik is expected to provide stronger and more focused governance and control over the business with a clear mandate for Alleima to execute its strategy to drive growth, materials innovation, operational and commercial excellence and sustainability. As an independent listed company, Alleima will be able to focus capital allocation in the best interest of Alleima and its shareholders to support acceleration of revenue growth, earnings and cash flow. The autonomy that comes from being a standalone company will facilitate faster decision-making as well as greater accountability throughout the organization.

Alleima's management team comprises long-tenured and highly experienced individuals who together bring a strong combination of skills, management experience and relevant business and market knowledge to deliver on the outlined strategy.

### Sustainability

Sustainability permeates all aspects of Alleima's operations and is an integral part of the commercial strategy. The main contribution to sustainability is through the Company's product offering, enabling the transition to renewable energy, electrification of industries, innovation in the medical sector and much more. The Company also actively seeks to reduce and eliminate harm to people and the environment via its operations. Other important initiatives include diversity and inclusion as well as ensuring compliance with the Company's Code of Conduct.

Alleima products play a pivotal role in advancing technologies – existing and emerging – to tackle the challenges of the future. Alleima's coated strip steel for fuel cell bipolar interconnect plates can be used in, for example, hydrogen cars and stationary hydrogen solutions, which are renewable energy sources. The Company's heating solutions help customers reduce their CO<sub>2</sub> emissions by converting from fossil gas furnaces to electrical furnaces. Gasoline direct injection (GDI) technology helps reduce fuel consumption by 20 percent or more and lowers emissions. Achieving this has required a doubling of pressure in the car engine fuel system and Alleima has developed the special steel Pressurfect® specifically to meet the higher pressure requirements for the next-generation engine platforms. Alleima's compressor valve steel enables smaller and more efficient compressors. Refrigerators, freezers, air conditioners and many other devices, depend on a compressor. Improving compressor energy efficiency has a significant effect on reducing the world's total CO<sub>2</sub> emissions.

Through its high-integrity grades and products, the Company is also well positioned to lead and facilitate the development of less mature applications such as concentrated solar power, carbon capture and storage and geothermal energy. Alleima's Sanicro® material was used to develop the first industrial reactor for supercritical water gasification, a new technology to convert organic waste streams into carbon neutral, or even carbon negative, energy carriers.

The scope is not merely confined to the challenges related to the rise in energy demand and the CO<sub>2</sub> emissions thereto. For example, the Company's Exera® medical wire is used in life changing innovations for people with diabetes, Parkinson's disease, cochlear hearing implants and pacemakers.

The Company's products consist of more than 80 percent recycled material (partially procured via its own materials buyback program) and minimal fossil footprint. The latter is achieved through the Company's deployment of fossil free electricity in its production facilities, the reduction of water usage and chemical management. In 2021, Alleima estimated that approximately 94 percent of its global electricity usage was fossil free. The equivalent figure for its operations based in the EU has been 100 percent since 2013. As part of its circularity initiatives, Alleima also aims to make use of all the by-products, including slag, dust and process gases. Furthermore, Alleima products are fully recyclable and wrapped in recyclable packing, substantially reducing their lifecycle footprint.

Alleima has focused efforts to increase diversity, equality, inclusion, talent attraction and a further developed inclusive culture. The overall objective with the initiative is that this will lead to a more diverse and inclusive workforce with a stronger sense of belonging.

Alleima has developed business principles, policies and procedures to govern and implement controls to support ethical business conduct, specifically in areas of anti-bribery and anti-corruption. The implementation is supported by the introduction of Compliance House, the tool used to operationally install verification and measurement of risk mitigating activities.

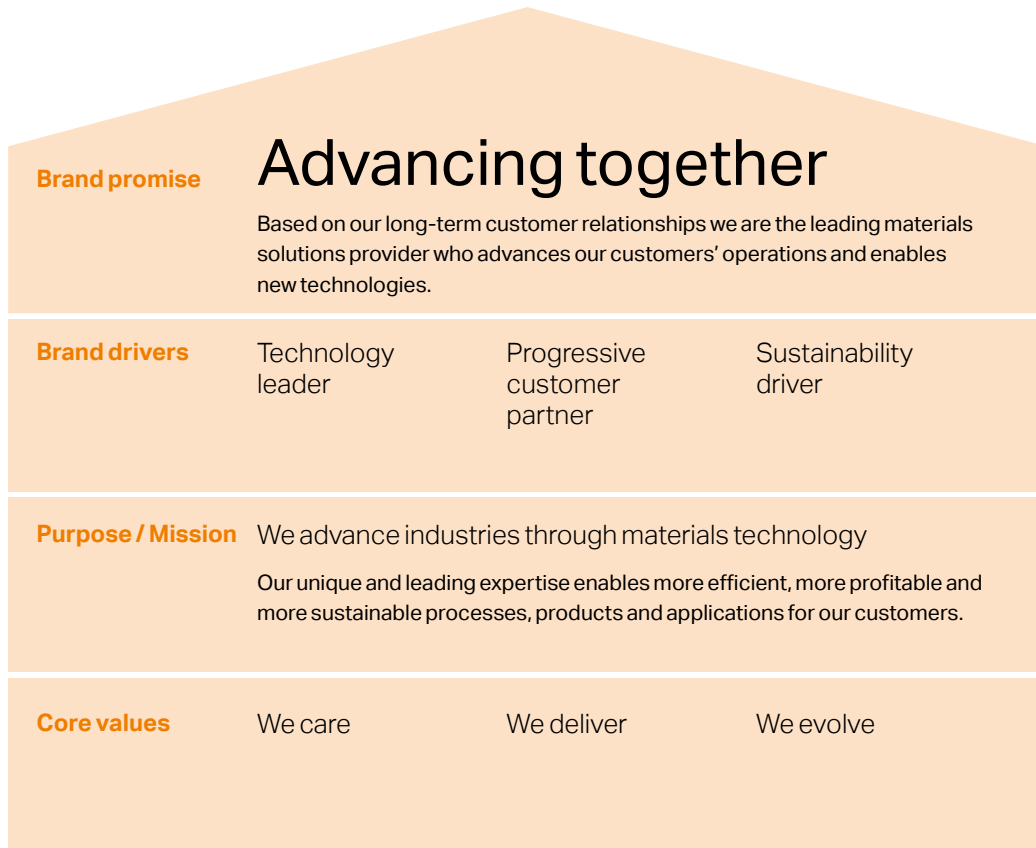
### New brand philosophy



As a result of the proposed distribution and listing of the Company's shares on Nasdaq Stockholm, the Company will change its name to Alleima. The new brand will serve as an important catalyst for the Company's standalone existence and identity as a market leader for advanced materials for the future. The name Alleima is created by combining the words alloys and materials – encapsulating the essence of the Company's business. The symbol in the logotype represents an abstract "A", as well as an arrow that pushes another element forward, adding a notion of progressiveness and drive. The new brand will represent the Company on all markets where it is active and fulfil different roles: corporate brand, employer brand and commercial brand. It will represent the business for the Tube and Strip divisions. The Kanthal organization and business will keep the Kanthal brand and become a standalone brand under the Alleima brand.

*The brand promise* "Advancing together" sets the tone and direction for the Alleima brand. Based on long-term customer relationships and leading materials solutions, Alleima advances its customers' operations and enables new technologies.

*The brand drivers* "Technology leader", "Progressive customer partner" and "Sustainability driver" set the foundation of how the Company wants to be perceived in people's minds. Already today, the Company is differentiating itself in the marketplace through technology leadership. The Company's close customer relationships and its ability to drive sustainability through its processes and product offerings provide further differentiation potential.







# SELECTED FINANCIAL INFORMATION FOR ALLEIMA

The following tables display a summary of unaudited combined financial information for Alleima for the financial years 2019–2021. The majority of the functions and processes created to make Alleima an independent company, separate from Sandvik, were implemented in 2021 or will be implemented in 2022. This means that the financial information is not fully representative in terms of the standalone costs related to these functions and processes. Alleima believes that 2022 will be the first full-year in which costs related to the new functions and processes will generate full effects. Furthermore, Alleima, as part of Sandvik, has only had limited external financing. However, Alleima will enter into external financing arrangements prior to the planned listing. For more information, please see “*Financing*” below.

This means that historical financial figures related to interest-bearing liabilities, net debt, earnings per share and financial net are not representative of the effect from such financing arrangements.

The complete set of combined financial statements will be published in a prospectus prior to the listing of the shares in Alleima on Nasdaq Stockholm. These will be prepared in accordance with the International Financial Reporting Standards as endorsed by the EU (“**IFRS**”).

## Combined income statement

SEK M	2021	2020	2019
Revenues	13,847	13,925	15,654
Cost of goods sold	-10,379	-11,424	-12,011
<b>Gross profit</b>	<b>3,468</b>	<b>2,502</b>	<b>3,643</b>
Selling expenses	-952	-935	-1,160
Administrative expenses	-1,047	-816	-862
Research and development costs	-214	-202	-245
Result from shares in associated companies and joint ventures	0	0	0
Other Operating income	266	119	133
Other Operating expenses	-141	-175	-66
<b>Operating profit<sup>1)</sup></b>	<b>1,379</b>	<b>492</b>	<b>1,444</b>
Financial income	329	212	1
Financial expenses	-263	-149	-432
<b>Net financial items</b>	<b>66</b>	<b>63</b>	<b>-431</b>
<b>Profit after net financial items</b>	<b>1,444</b>	<b>556</b>	<b>1,012</b>
Income tax	-265	-176	-345
<b>Profit for the period</b>	<b>1,179</b>	<b>380</b>	<b>667</b>

1) The operating profit (EBIT) includes items affecting comparability and metal price effects. Adjusted EBIT for 2021 was SEK 1,055 million (7.6%), for 2020 SEK 1,205 million (8.7%) and for 2019 SEK 1,513 million (9.7%).



### Combined condensed balance sheet

SEK M	December 31, 2021	December 31, 2020	December 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	1,352	1,234	1,324
Other intangible assets	123	127	129
Property, plant and equipment	7,251	7,165	7,484
Right-of-use assets	204	210	273
Financial assets	231	93	421
Deferred tax assets	231	456	378
<b>Non-current assets</b>	<b>9,392</b>	<b>9,285</b>	<b>10,009</b>
<b>Current assets</b>			
Inventories	5,372	4,296	4,876
Current receivables	3,413	2,835	3,510
Cash and cash equivalents	1,661	179	112
<b>Current assets</b>	<b>10,446</b>	<b>7,310</b>	<b>8,498</b>
<b>Total assets</b>	<b>19,837</b>	<b>16,595</b>	<b>18,506</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to owners of the parent company	11,615	10,317	8,731
Non-controlling interest	97	50	60
<b>Total equity</b>	<b>11,712</b>	<b>10,368</b>	<b>8,791</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	1,351	1,690	1,772
Non-current non-interest-bearing liabilities	840	836	436
<b>Non-current liabilities</b>	<b>2,191</b>	<b>2,526</b>	<b>2,207</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	1,691	213	365
Current non-interest-bearing liabilities	4,243	3,488	7,143
<b>Current liabilities</b>	<b>5,934</b>	<b>3,701</b>	<b>7,508</b>
<b>Total equity and liabilities</b>	<b>19,837</b>	<b>16,595</b>	<b>18,506</b>

**Combined cash flow statement**

<b>SEK M</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating profit	1,379	492	1,444
Adjustment for non-cash items			
Depreciation, amortization and impairment	743	790	1,003
Other non-cash items	-144	447	8
Received and paid interest	-218	-84	-80
Income tax paid	-189	-271	-125
Changes in working capital	-420	297	-523
<b>Cash flow from operating activities</b>	<b>1,151</b>	<b>1,671</b>	<b>1,726</b>
<b>Investing activities</b>			
Acquisition of tangible and intangible assets	-494	-516	-689
Proceeds from sale of tangible and intangible assets	58	44	99
Acquisition and sale of shares and participations	-54	-62	-154
Other investments and financial assets	-17	1	-1
<b>Cash flow from investing activities</b>	<b>-507</b>	<b>-533</b>	<b>-745</b>
<b>Financing activities</b>			
Proceeds from loans	1,628	0	83
Repayment of loans	-85	-175	0
Amortization of lease liabilities	-76	-72	-91
Dividends paid	0	0	-2
Change in net Group cash pool	-31	-2,879	-4,970
<b>Cash flow from financing activities</b>	<b>1,436</b>	<b>-3,126</b>	<b>-4,980</b>
<b>Net change in cash and cash equivalents</b>	<b>2,080</b>	<b>-1,989</b>	<b>-3,999</b>
Cash and cash equivalents at beginning of year	179	112	8
Exchange rate differences in cash and cash equivalents	13	-14	-1
Other cash flow from transactions with shareholders	-611	2,070	4,104
Cash and cash equivalents at end of period	1,661	179	112

## Key performance indicators

SEKM	2021	2020	2019
Revenues	13,847	13,925	15,654
Organic growth, % <sup>1)</sup>	-3	-9	2
EBITDA <sup>1)</sup>	2,122	1,283	2,446
EBITDA margin, % <sup>1)</sup>	15.3	9.2	15.6
Items affecting comparability <sup>1)</sup>	-176	-478	-158
Metal price effects <sup>1)</sup>	487	-172	274
Adjusted EBITDA <sup>1)</sup>	1,811	1,933	2,331
Adjusted EBITDA margin, % <sup>1)</sup>	13.1	13.9	14.9
EBIT <sup>1)</sup>	1,379	492	1,444
Items affecting comparability <sup>1)</sup>	-164	-540	-343
Metal price effects <sup>1)</sup>	487	-172	274
Adjusted EBIT <sup>1)</sup>	1,055	1,205	1,513
Adjusted EBIT margin, % <sup>1)</sup>	7.6	8.7	9.7
Profit for the period	1,179	380	667
Adjusted profit for the period <sup>1)</sup>	932	916	742
Free operating cash flow <sup>1)</sup>	1,046	1,483	1,250
Net working capital <sup>1)</sup>	4,567	4,019	4,460
Net working capital, % <sup>1)</sup>	29.7	28.4	26.7
Return on capital employed, % <sup>1)</sup>	10.8	4.5	8.8
Personnel, FTE <sup>3)</sup>	5,465	5,084	5,726
Financial net debt (+) <sup>1)</sup>	-22	38	454
Net debt (+), Net cash (-) <sup>1)</sup>	1,324	1,705	1,841
Net debt/Adjusted EBITDA <sup>1)</sup>	0.73	0.88	0.79
Net debt/Equity <sup>1)</sup>	0.11	0.16	0.21
Average number of shares, million	250.877 <sup>2)</sup>	250.877 <sup>2)</sup>	250.877 <sup>2)</sup>
Earnings per share	4.61	1.55	2.64

1) Alternative performance measure.

2) Average number of shares has been calculated based on the distribution ratio that every five (5) shares held in Sandvik entitle to one (1) share in Alleima.

3) Full-time equivalents.

## Definitions of alternative performance measures

Measure	Definition
Adjusted EBIT	EBIT adjusted for items affecting comparability and metal price effects.
Adjusted EBIT margin, %	Adjusted EBIT as a percentage of revenues.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability and metal price effects.
Adjusted EBITDA margin, %	Adjusted EBITDA as a percentage of revenues.
Adjusted profit for the period	Profit for the period, adjusted for items affecting comparability, metal price effects and income tax effects.
EBIT	Operating profit.
EBITDA	EBIT less depreciation, amortization and impairments.
EBITDA margin, %	EBITDA as a percentage of revenues.
Financial net debt (+)	Net debt, excluding net pension and lease liabilities.
Free operating cash flow	EBITDA adjusted for non-cash items, changes in net working capital and acquisition and divestments of tangible and intangible assets.
Items affecting comparability	Major acquisitions, restructuring costs and impairments.
Metal price effects	Effect on operating profit from changes in alloy prices arising from the timing difference between the purchase and the sale of an alloy when alloy surcharges are applied.
Net debt (+)	Interest-bearing current and non-current debts, including net pension and lease liabilities, less cash and cash equivalents.
Net debt/Adjusted EBITDA	Net debt divided by adjusted EBITDA.
Net debt/Equity	Net debt divided by Equity.
Net working capital	Total of inventories, trade receivables, accounts payable and other non-interest-bearing receivables and liabilities, excluding tax assets and liabilities.
Net working capital, %	Average working capital for the most recent quarter, divided by revenues in the most recent quarter adjusted to annual rate.
Organic growth, %	Revenue growth excluding the impact from acquisitions, divestments, changed exchange rates and changed alloy surcharges.
Return on capital employed, %	12 month rolling operating profit/loss 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.

## Financing

Alleima is currently financed primarily through equity and intra-group loans from Sandvik. The financial net debt as per December 31, 2021, amounted to SEK -22 million and net debt amounted to SEK 1,324 million, corresponding to a net debt in relation to Equity of 0.11x and net debt in relation to adjusted EBITDA 2021 of 0.73x. Neither dividend payments nor capital contribution payments to or from Alleima to Sandvik are expected to occur after March 31, 2022, implying that cash flow generated in Alleima after this date remains in Alleima. In preparation for the listing of the Company's shares, a net capital contribution from Sandvik amounting to approximately SEK 1,400 million has been executed in March 2022. After the listing of the Company's shares, there will be no loans or derivatives outstanding between Alleima and Sandvik. It is expected that Alleima will enter into a revolving credit facility of SEK 3,000 million for general corporate purposes.

# BRIEF DESCRIPTION OF SANDVIK, EXCLUDING ALLEIMA

## Overview

Sandvik is a global engineering company with approximately 39,000 employees and sales in more than 150 countries. In 2021, the company had revenues of about SEK 86 billion excluding Alleima. Sandvik has a strong focus on enhancing customer productivity, profitability and sustainability through its unique expertise and solutions for the manufacturing industry and the mining and infrastructure sectors. Sandvik offers solutions across the customer value chain, based on extensive investments in research and development (R&D), customer insights and a deep knowledge of industrial processes and digital solutions.

Sandvik holds world-leading positions in the following areas:

- Equipment and tools, services, digital solutions and sustainability-driving technologies for the mining and construction industries
- Tools and tooling systems for advanced metal cutting, digital manufacturing and software solutions such as CAM, which increases productivity in component manufacturing, as well as technologies like additive manufacturing and in-line metrology

## Value-creating offerings

Sandvik conducts operations in three business areas as presented below. Each business area is responsible for research and development (R&D), production and sales of their respective solutions.

## Sandvik Mining and Rock Solutions

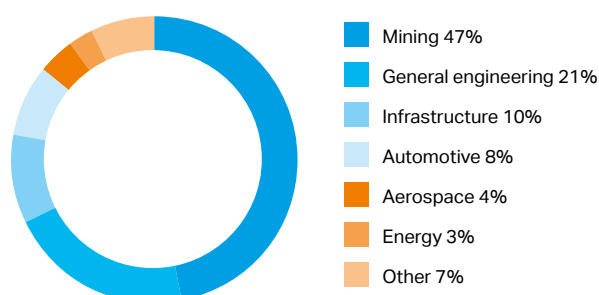
The global market-leading Sandvik Mining and Rock Solutions ("SMR") offers products and services that increase productivity, safety and sustainability in its customers operations. The portfolio includes equipment such as drill rigs, underground loaders and trucks, rock drills and other tools, parts and services, as well as digital and sustainability-driving solutions for the mining and construction industries. SMR offers solutions across the value chain, from digital mine planning to mining equipment and ground support systems. Automation and electrification in mining are two strategic focus areas and SMR is at the forefront of the transition to battery-electric equipment. Sandvik is the industry leader for automated load and haul systems in underground mines. A strategic objective is to increase the market share in surface drilling.

The SMR business area comprises nine divisions; Underground Drilling, Load and Haul, Surface Drilling, Rotary Drilling, Mechanical Cutting, Rock Tools, Ground Support, Digital Mining Technologies, and Parts and Services.



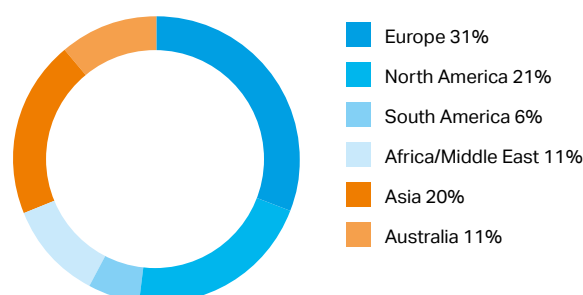
Revenues and adjusted operating profit are excluding Group activities and operating profit is adjusted for items affecting comparability.

REVENUES BY CUSTOMER SEGMENTS 2021



("Other" includes, for example, consumer goods, electronics and chemicals)

REVENUES BY GEOGRAPHIC REGION 2021





### Sandvik Manufacturing and Machining Solutions

Sandvik Manufacturing and Machining Solutions (“SMM”) is a world-leading provider of cutting tools, machining and industrial know-how with the latest in digital manufacturing and software solutions, as well as in technologies like additive manufacturing and in-line metrology. SMM’s end-to-end digital offering is agnostic and automates and connects the component manufacturing value chain – from design and planning to preparation, production and verification.

The SMM business area is divided into two segments: Sandvik Machining Solutions and Sandvik Manufacturing Solutions. Sandvik Machining Solutions comprises machining solutions including traditional metal cutting with the brands Sandvik Coromant, Walter, Wolfram, Seco and Dormer Pramet. Sandvik Manufacturing Solutions addresses digital manufacturing and software solutions, additive manufacturing and industrial metrology in three divisions: Design & Planning Automation, Additive Manufacturing and Industrial Metrology.



Revenues and adjusted operating profit are excluding Group activities and operating profit is adjusted for items affecting comparability.

### Sandvik Rock Processing Solutions

Sandvik Rock Processing Solutions (“SRP”) is a leading supplier of equipment, service and solutions for processing rock and minerals in the mining and construction industries. The business area was formed in 2021 to accelerate profitable growth within rock processing, an area that serves a large customer base with strategic priorities on sustainability and automation. The applications include crushing, screening, feeding, breaking, demolition and recycling.

The SRP business area comprises four divisions; Stationary Crushing and Screening, Mobile Crushing and Screening, Attachment Tools and Shanbao.



Revenues and adjusted operating profit are excluding Group activities and operating profit is adjusted for items affecting comparability.

### Advancing the world through engineering

Sandvik is driven by a passion to continuously innovate smarter solutions and enable important shifts. By creating benefits for all stakeholders – customers, employees and communities – it ultimately delivers shareholder value.

From big, shift-making advancements to small, everyday improvements, Sandvik applies the expert minds of its employees and collaborative ways of working with customers and partners to build more resilient and stronger businesses.

Sandvik drives innovation and digitalization to unlock large-scale value, improve operations, create safer operating conditions and achieve more with less.

Through diverse teams, a strong culture and leading-edge skills, Sandvik enhances productivity, efficiency and sustainability in a world that is continuously evolving.

### A strategy for growth

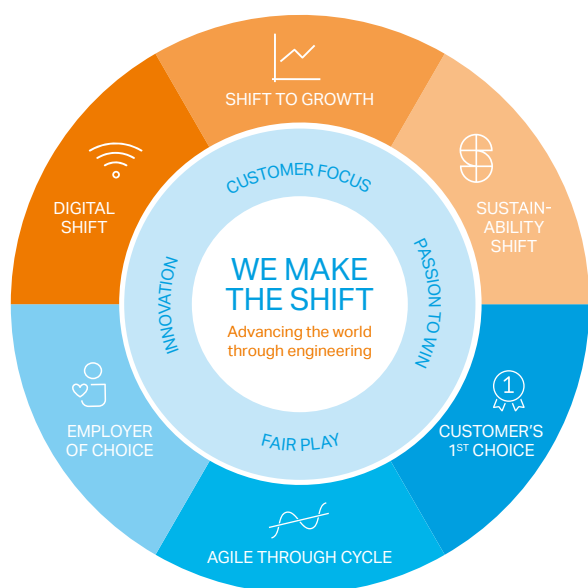
*The Sandvik strategy aims to create value for the company’s shareholders and drive profitable growth. It rests on Sandvik’s core values, explicit target setting in six strategic areas as well as a decentralized way of working.*

Sandvik’s core values of Customer Focus, Innovation, Fair Play and Passion to Win represent the essence of the Sandvik culture. Together with the Sandvik Code of Conduct, they guide the company in the daily business decisions and form a solid platform for Sandvik’s strategy.

The strategy is focused on six strategic objectives, addressing growth and operational excellence. Shift to growth, the Digital shift and the Sustainability shift are of a transformative character while Customer’s first choice, Agile through cycle and Employer of choice focus more on continuous improvements.

For optimal strategy execution, Sandvik has established a decentralized way of working with full profit and loss responsibility, creating transparency and accountability. Decision-making close to the customer ensures an agile organization that can rapidly respond to customer needs. Strong leaders and engaged employees are key to delivering on this strategy and Sandvik makes substantial investments in employee development.

During 2021, the company made important progress in the shift to growth strategy, by delivering strong organic and acquisitive growth. Sandvik made strategically important acquisitions targeted to fill value chain gaps in the offering, enhance the core portfolio and regional exposure, accelerate the digital shift and strengthen the company’s position going forward.



### Sustainable solutions creating value

Sandvik is committed to using engineering and innovation to make the shift towards more sustainable business. Integrating sustainability into the business model and ways of working creates value for all stakeholders: customers, employees, shareholders as well as society.

Sandvik takes a holistic approach, that includes the entire value chain in the sustainability agenda. Sandvik's main contribution to sustainability is through its products and the company works together with customers and suppliers for more productive, safer and more sustainable solutions.

### Sustainability goals 2030

Sandvik's 2030 Sustainability Goals in the areas of Climate, Circularity, People and Fair Play are in place to help the company make the shift to a more sustainable business.

**CLIMATE** Sandvik will deliver on the commitment to reduce climate impact. The company's aim is to shift mindsets and outcomes in its own business, for the customers and with the suppliers to help reach the targets.

Goal: Reduce our CO<sub>2</sub> emissions by 50 percent by 2030

**CIRCULARITY** Sandvik will drive the shift to more circular business models and use of resources, finding ways to close loops and generate new revenue streams from the processes and materials that are used.

Goal: 90 percent circularity by 2030

**FAIR PLAY** Sandvik will constantly aim higher in ethics and transparency, being a leader in playing fair and being open.

Goal: Increase transparency on sustainability targets and results

**PEOPLE** Sandvik aspires to the highest standards for people and will continue to raise these standards in line with the target.

Goal: Reduce our Total Recordable Injury Frequency Rate (TRIFR) to 2.3 by 2030, a 50 percent reduction

### Financial targets

Sandvik has long-term financial targets focusing on growth, profitability, dividend and a strong financial position. New financial targets for the Sandvik Group after the distribution of Alleima will be announced separately in due course. Hence the below financial targets are for the Sandvik Group including Alleima.

GROWTH*):	TROUGH EBIT MARGIN**):	DIVIDEND*) PAYOUT RATIO:	NET DEBT/EQUITY RATIO:
≥5%	≥16%	50%	<0.5
A revenue growth of ≥5 percent through a business cycle, organically and through acquisitions.	A trough EBIT margin of ≥16 percent rolling 12 months, adjusted for items affecting comparability and metal prices.	A dividend payout ratio of 50 percent of earnings per share, adjusted for items affecting comparability, through a business cycle.	A net debt/equity ratio below 0.5.

\*) The growth and dividend targets refer to average through a business cycle.

\*\*\*) Adjusted for items affecting comparability and metal prices.

### Sandvik Annual Report 2021

For further information on Sandvik, please refer to the Sandvik Annual Report 2021, available at [home.sandvik/en/investors/reports-presentations/annual-reports/](https://home.sandvik/en/investors/reports-presentations/annual-reports/).

# SELECTED FINANCIAL INFORMATION FOR SANDVIK, WITH ALLEIMA PRESENTED AS ASSETS HELD FOR DISTRIBUTION

The tables below present selected unaudited financial information for the financial year 2021 for Sandvik presenting Alleima as discontinued operations and as assets and liabilities held for distribution. The basis for the financial information in this section is the financial information presented in the Sandvik Annual Report 2021. The remaining Sandvik Group is presented as continuing operations prepared in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Note, however, that Alleima will legally be treated as an asset held for distribution according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as of January 1, 2022, and, hence, the below is only for information purposes.

## Selected income statement data

SEK M	2021
<b>Continuing operations</b>	
Revenues	85,705
Cost of goods and services sold	-48,975
<b>Gross profit</b>	<b>36,729</b>
Selling expenses	-10,700
Administrative expenses	-5,048
Research and development costs	-3,468
Other operating income and expenses	-254
<b>Earnings before interest and tax</b>	<b>17,259</b>
Financial income	871
Financial expenses	-1,184
<b>Net financial items</b>	<b>-312</b>
<b>Profit before tax</b>	<b>16,946</b>
Income tax	-3,730
<b>Profit for the period, continuing operations</b>	<b>13,217</b>
<b>Profit for the period, discontinued operations Alleima</b>	<b>1,277</b>
<b>Profit for the period, discontinued operations other</b>	<b>-10</b>
<b>Profit for the period, Group total</b>	<b>14,484</b>

## Condensed balance sheet\*

SEK M	December 31, 2021
<b>Group Total</b>	
Intangible assets	46,334
Property, plant and equipment	18,825
Right of Use Assets	3,635
Financial assets	6,419
Inventories	24,507
Current receivables	23,230
Cash and cash equivalents	11,924
Assets held for sale	323
Assets held for distribution	20,319
<b>Total Assets</b>	<b>155,517</b>
Total equity	77,332
Non-current interest-bearing liabilities	29,199
Non-current non-interest-bearing liabilities	4,036
Current interest-bearing liabilities	10,634
Current non-interest-bearing liabilities	27,263
Liabilities held for sale	107
Liabilities held for distribution	6,945
<b>Total equity and liabilities</b>	<b>155,517</b>

\* The balance sheet corresponds to Sandvik's consolidated balance sheet, with Alleima being presented as Assets and Liabilities held for distribution. Note, however, that Alleima will legally be treated as an Asset held for distribution according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as of January 1, 2022, and, hence, the above is only for information purposes.

## Selected cash flow statement data

SEK M	2021
<b>Continuing operations</b>	
<i>Cash flow from operating activities</i>	
Income after financial income and expenses	16,946
Adjustment for depreciation, amortization and impairment losses	5,253
Other adjustments for non-cash items	-1,859
Payment to Pensions	-438
Income tax paid	-3,965
<b>Cash flow from operations before changes in working capital</b>	<b>15,936</b>
<b>Cash flow from changes in working capital</b>	<b>-3,292</b>
Investments in rental equipment	-941
Proceeds from sale of rental equipment	364
<b>Cash flow from operating activities</b>	<b>12,068</b>
<b>Cash flow from investing activities</b>	<b>-25,685</b>
<b>Cash flow from financing activities</b>	<b>2,648</b>
Cash flow from discontinued operations other	-39
<b>Cash flow for the period</b>	<b>-11,008</b>
Cash and cash equivalents at beginning of the period	23,573
Exchange-rate differences in cash and cash equivalents	347
Transactions with Alleima	-987
<b>Cash and cash equivalents at the end of the period</b>	<b>11,924</b>

## Key performance indicators

### Continuing operations

SEK M	2021
Order intake <sup>1)</sup>	93,666
Organic growth % <sup>1)</sup>	24
Revenues	85,705
Organic growth % <sup>1)</sup>	15
Adjusted EBITA <sup>1)</sup>	17,281
Adjusted EBITA margin, % <sup>1)</sup>	20.2
Earnings per share, diluted, SEK	10.52
Adjusted earnings per share, diluted, SEK <sup>1)</sup>	10.12
Return on capital employed, % <sup>1)2)</sup>	17.5
Net working capital, % <sup>1)2)</sup>	25.9

1) Alternative performance measure.

2) Calculated with year-end balances, as opposed to a four-quarter average in the interim report.

## Definitions of alternative performance measures

Measure	Definition
Adjusted EBITA	Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations.
Adjusted EBITA margin, %	Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations in relations to sales.
Adjusted earnings per share, diluted	Profit for the period adjusted for items affecting comparability attributable to equity holders of the parent company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive programs.
Net working capital, %	Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as liabilities and assets held for sale, but excluding tax assets and liabilities and provisions in relation to total revenue.
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.
Organic growth, %	Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions. Sandvik generates the majority of its revenues in currencies other than in the presentation currency (i.e. SEK, Swedish Krona). Organic growth is used to analyze the underlying sales performance in the group.
Return on capital employed, %	Earnings before interest and taxes plus financial income, as a percentage of capital employed at year-end. Capital employed is defined as total net working capital plus tangible and intangible assets, including those classified as asset held for sale, other current assets (incl. cash and cash equivalents) less other current liabilities.

### The Alleima spin-off effect on Sandvik's financing and equity

Alleima is currently primarily financed through equity and intra-group loans from Sandvik. These loans will be repaid prior to the planned listing. Alleima will be in a net financial cash position at listing thereby increasing Sandvik's financial net debt somewhat. Sandvik's external financing is not affected by the distribution of Alleima as no loans are transferred to Alleima. The equity in Sandvik amounted to SEK 77,332 million as of December 31, 2021. It will decrease with the equity in Alleima, which amounted to SEK 11,712 million as of December 31, 2021, and a net capital contribution to Alleima amounting to approximately SEK 1,400 million that has been executed in March 2022.

# ALLEIMA'S BOARD OF DIRECTORS, GROUP EXECUTIVE MANAGEMENT AND AUDITOR<sup>14)</sup>

## Board of Directors<sup>15)</sup>

According to the Company's Articles of association, to be adopted by a General Meeting prior to the listing, the Board of Directors shall be comprised of not less than three and not more than ten members, elected by the shareholders at the General Meeting. In addition and by law, employee organizations are entitled to appoint employee representatives. The Board of Directors currently comprises six members elected by General Meetings as well as two members with two deputies appointed by Swedish employee organizations.

### Andreas Nordbrandt

*Chairman*

*Born 1971. Chairman of the Board since 2021. Chairman of the Remuneration Committee. Master of Science in Mechanical Engineering from the Institute of Technology at Linköping University, Sweden.*

**Professional experience:** Division President at Epiroc Underground Rock Excavation Division and Atlas Copco Rocktec Division.

**Other assignments:** Member of the board of Sandvik AB, ENIG Sverige AB, GAJK AB, Kosa Sports AB, Mälavillan AB, Markutvecklingsbolaget Örebro AB and Trenig AB.

**Holding in Sandvik:** –

### Göran Björkman

*Born 1965. Board member since 2019 and President and CEO since 2017.*

*See "Group Executive Management" below.*

### Claes Boustedt

*Born 1962. Board member since 2021. Member of the Audit Committee. Master of Science in Business and Economics from Stockholm School of Economics, Sweden.*

**Professional experience:** Executive VP at L E Lundbergföretagen AB. President at L E Lundberg Kapitalförvaltning AB. Head of Research at Öhman Fondkommission.

**Other assignments:** Member of the board of Sandvik AB, Byggnads AB S:t Erik, Byggnadsfirma Oscar H. Nord AB, Förvaltnings AB Lunden, Hufvudstaden AB and various board assignments within L E Lundbergföretagen AB.

**Holding in Sandvik:** 50,000 shares.

### Kerstin Konradsson

*Born 1967. Board member since 2022. Member of the Remuneration Committee. Master of Science in Metallurgy from KTH Royal Institute of Technology, Sweden.*

**Professional experience:** President at Boliden Smelters and CEO at Boliden Commercial AB. President at Cast Rolls Europe & Asia at Åkers AB. Various management positions within SSAB AB.

**Other assignments:** Member of the board of Blue Institute, Sibelco N.V and Solbrand & Konradsson AB.

**Holding in Sandvik:** –

### Susanne Pahlén Åklundh

*Born 1960. Board member since 2022. Master of Science in Chemical Engineering from Lund Institute of Technology, Sweden.*

**Professional experience:** Various positions within Alfa Laval AB, including President of the Energy Division and the Equipment Division and member of the Alfa Laval Group Management.

**Other assignments:** Chairman of the board of Alfdex AB. Member of the board of Assa Abloy AB.

**Holding in Sandvik:** 3,000 shares.

### Karl Åberg

*Born 1979. Board member since 2021. Chairman of the Audit Committee. Master of Science in Economics and Business Administration from Stockholm School of Economics, Sweden.*

**Professional experience:** Head of Investments and Analysis and member of the Executive Management of AB Industrivärden. Partner and co-founder at Zeres Capital Partners AB. Partner at CapMan Public Market Fund. Various positions within Handelsbanken Capital Markets.

**Other assignments<sup>16)</sup>:** Various board assignments within AB Industrivärden.

**Holding in Sandvik:** –

14) Information on holdings in Sandvik in this section represents own holdings and holdings of related persons and affiliated companies as per February 28, 2022. The ownership structure in Alleima will initially be identical to that of Sandvik on the record date for the proposed distribution, with the adjustment that five (5) shares in Sandvik entitle to one (1) share in Alleima.

15) There will be no changes to Sandvik's Board of Directors due to the distribution and listing of the shares in Alleima on Nasdaq Stockholm.

16) Karl Åberg has been nominated as member of the board of Svenska Cellulosa AB SCA ("SCA"). Provided that the Annual General Meeting of SCA to be held on March 31, 2022, elects Karl Åberg, he will be a member of the board of SCA.

**Tomas Kärnström**

*Born 1966. Board member since 2021. Employee representative of IF Metall. Upper secondary school education.*

**Professional experience:** Chairman of IF Metall, Sandvik Materials Technology.

**Other assignments:** Chairman of the board of Bångbro Kraft AB, Sandviken Energi AB, Sandviken Energi Elnät AB and Sandviken Energi Vatten AB. Member of the board of Sandvik AB, AB Sandvik Materials Technology, Sandvikens Hotell- och Restaurang AB and Sandvikens Folkets Husförening Ekonomisk förening. Deputy member of the board of Sandvik Utbildnings AB.

**Holding in Sandvik:** 2,889 shares.

**Mikael Larsson**

*Born 1963. Board member since 2021. Employee representative of Unionen. Upper secondary school education.*

**Professional experience:** President of Unionen, Sandvik Materials Technology. Various positions within the Sandvik Group, including Inside Sales Manager and Key Account Manager.

**Other assignments:** Member of the board of AB Sandvik Materials Technology.

**Holding in Sandvik:** 135 shares.

**Group Executive Management<sup>17)</sup>****Göran Björkman**

*President and CEO*

*Born 1965. Master of Science in Mechanical Engineering from KTH Royal Institute of Technology, Sweden. Employed within Sandvik since 1990.*

**Professional experience:** Various management positions within the Sandvik Group, including President of the business area Sandvik Materials Technology and member of Sandvik's Group Executive Management Team, President of Sandvik Materials Technology EMEA AB and VP and Head of Global Production at AB Sandvik Coromant.

**Other assignments:** Various board assignments within the Sandvik Group. Chairman of the board of Industriarbetsgivarna i Sverige service AB. Member of the board of Svenskt Näringsliv.

**Holding in Sandvik:** 8,698 shares.

**Michael Andersson**

*President Tube Division*

*Born 1970. Licentiate of Engineering from Chalmers University of Technology, Sweden. Bachelor's Degree in Industrial Engineering and Economics from University of Gävle, Sweden. Employed within Sandvik since 2002.*

**Professional experience:** Various positions within Sandvik Materials Technology, including Business Unit Manager at Tube Customized Products and General Manager at the Tube division.

**Other assignments:** Various board assignments within the Sandvik Group. Deputy member of the board of ÄVF konsult AB.

**Holding in Sandvik:** 12,835 shares.

**Maria Sundqvist**

*Born 1964. Deputy board member since 2021. Employee representative of Akademikerföreningen. Master of Science in Materials Technology from Luleå University of Technology, Sweden.*

**Professional experience:** Various positions within the Sandvik Group, including Senior R&D Engineer and Project Manager.

**Other assignments:** Deputy member of the board of AB Sandvik Materials Technology.

**Holding in Sandvik:** 703 shares.

**Niclas Widell**

*Born 1974. Deputy board member since 2021. Employee representative of IF Metall.*

**Professional experience:** Chairman of IF Metall, Kanthal AB. Industrial worker.

**Other assignments:** Member of the board of Kanthal AB.

**Holding in Sandvik:** 121 shares.

**Anders Björklund**

*President Kanthal Division*

*Born 1970. Master of Science in Material Science from KTH Royal Institute of Technology, Sweden. Employed within Sandvik since 2012.*

**Professional experience:** VP at Sandvik Materials Technology. VP Supply at AB Sandvik Coromant. President Strip Division at Sandvik Materials Technology. VP Operations at Seco Tools. GM PU Fagersta Seco Tools. VP Operations at Gunnebo Industrier. VP at Johnson Pump. Director Global Purchasing at Volvo CE. Purchasing Manager at Telefonaktiebolaget LM Ericsson. Quality Development at Atlas Copco Rock Drills.

**Other assignments:** Chairman of the board of Wire Sandviken AB. Member of the board of Kanthal AB and Hyttbäcken Invest AB.

**Holding in Sandvik:** 2,612 shares.

**Claes Åkerblom**

*President Strip Division*

*Born 1975. Bachelor's Degree in Business Economics from Dalarna University, Sweden. Employed within Sandvik since 2000.*

**Professional experience:** Various positions within the Sandvik Group, including CFO and VP of the business area Sandvik Materials Technology and VP and other senior positions within Global Finance Shared Services.

**Other assignments:** Member of the board of Sandvik Materials Technology StripTech AB.

**Holding in Sandvik:** 2,656 shares.

17) Due to the distribution and listing of Alleima, Göran Björkman (President and CEO of Alleima) will no longer be part of Sandvik's Group Executive Management after the listing of the shares in Alleima on Nasdaq Stockholm.



**Olof Bengtsson***CFO**Born 1961. Bachelor's Degree in Finance and Administration from Stockholm School of Economics, Sweden. Employed within Sandvik since 2019.***Professional experience:** CFO and Head of Treasury and Corporate Finance at Capio AB. Finance Director and Head of Treasury and Corporate Finance at Securitas AB. VP Treasury and Cash Management at Stora AB. Treasury Manager at Atlas Copco AB.**Other assignments:** Various board assignments within the Sandvik Group. Member of the board of Havskräftan AB and Sandstranden i Falkenberg AB. Deputy member of the board of Hans Bengtsson Fastighets AB, Havsvåg AB and Rörbecksgatan Fbg AB.**Holding in Sandvik:** 1,328 shares.**Johanna Kreft***EVP & General Counsel**Born 1976. Master of Laws from Uppsala University, Sweden. Employed within Sandvik since 2007.***Professional experience:** Business Area General Counsel and Chief Legal Counsel at Sandvik Materials Technology. Legal Counsel at Sandvik AB. Associate at Ahlford Advokatbyrå and Michelson & Werner Advokatbyrå.**Other assignments:** Various board assignments within the Sandvik Group.**Holding in Sandvik:** 1,450 shares.**Mikael Blazquez***EVP Strategy and Mergers & Acquisitions**Born 1972. Master of Science in Automatic Data Processing from University of Gävle, Sweden. Employed within Sandvik since 2006.***Professional experience:** Various positions within Sandvik Materials Technology, including Business Unit Manager Nuclear Power and Global Sales and Marketing Manager Nuclear Power & Aerospace within the Tube division. Various positions within Telefonaktiebolaget LM Ericsson, including Manager Market Supply Americas and Manager Customer Logistics.**Other assignments:** Member of the board of Sandvik Materials Technology StripTech AB.**Holding in Sandvik:** 2,326 shares.**Ulrika Dunker***EVP & Head of Human Resources**Born 1975. Bachelor's Degree in Education from University of Gävle, Sweden. Liquid Leader certificate from Hanken & SSE Executive Education. Employed within Sandvik since 2007 (except between 2016–2020).***Professional experience:** Various positions within the Sandvik Group, including VP and Head of HR at Sandvik Venture AB and Sandvik Construction AB. Executive VP Human Resources and EHS at Ramirent AB. HR Director at Kungliga Operan AB. HR Assistant at the Boston Consulting Group.**Other assignments:** Various board assignments within the Sandvik Group.**Holding in Sandvik:** 761 shares.**Tom Eriksson***EVP & Head of Strategic Research**Born 1973. Doctor of Philosophy in Materials Chemistry from Uppsala University, Sweden. Bachelor's Degree in Inorganic Chemistry from Uppsala University, Sweden. Employed within Sandvik since 2007.***Professional experience:** Various positions within Sandvik Materials Technology, including Head of Materials Design and Strategic Research Manager. Discovery Research Manager and Material Specialist at St. Jude Medical AB. Researcher at Lawrence Berkeley National Laboratory.**Other assignments:** Member of the board of Swerim AB.**Holding in Sandvik:** 1,823 shares.**Elja Nordlöf***EVP & Head of Communications**Born 1985. Master of Science in Media and Communication from University of Gävle, Sweden. Employed within Sandvik since 2006.***Professional experience:** Various positions within the Sandvik Group, including Corporate Communications Manager and Communications Specialist. Communications at the German-Swedish Chamber of Commerce. Customer Service Officer at Korsnäs AB.**Other assignments:** Member of the board of Kanthal AB.**Holding in Sandvik:** 442 shares.**Auditor**

PricewaterhouseCoopers AB

Auditor in charge: Magnus Svensson Henryryson

# SHARES AND OWNERSHIP STRUCTURE

## Share information

As of the date of this information brochure, Sandvik's registered share capital amounts to SEK 1,505,263,107.60 distributed on 1,254,385,923 shares. Every five (5) shares in Sandvik entitle to one (1) share in Alleima. In total, 250,877,184 shares in Alleima will be distributed to the shareholders of Sandvik.

In conjunction with the distribution, Alleima shares will be listed on Nasdaq Stockholm.

## Voting rights

At the General Meeting, each share in Alleima carries one vote.

## Preferential rights to new shares, etc.

If Alleima issues new shares, warrants or convertibles in a cash issue or an issue offsetting debt, shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. There are, however, no provisions in the Company's Articles of association that limit the Company's ability to decide, in accordance with the rules set out in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), to issue new shares, warrants or convertibles with deviation from the shareholder's preferential rights.

## Rights to dividends and surplus in the event of liquidation

Each share in Alleima carries equal right to dividends and the Company's profit and any surpluses in the event of liquidation. Decisions regarding any dividends will be made by the General Meeting. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the General Meeting will be entitled to receive dividends. Dividends are normally paid to shareholders through Euroclear Sweden as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind).

For information on Alleima's dividend policy, please refer to "*Financial targets and dividend policy*" in "*Brief description of Alleima*".

## Central securities depository

Alleima shares will be registered in a central securities depository register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). This register will be maintained by Euroclear Sweden. No share certificates will be issued for Alleima shares. Information regarding the ISIN code for Alleima shares will be contained in the prospectus to be published ahead of the listing of Alleima's shares.

## Convertibles, warrants and other share-based instrument

There are no outstanding warrants, convertibles or other share-based financial instruments issued by Alleima.

## Long-term incentive programs

### Sandvik long-term incentive program

The members of the Alleima Group Executive Management, along with around 30 other Alleima employees who are senior managers and key contributors within the Sandvik Group, have historically participated in Sandvik long-term performance share plans (the "**LTI programs**"). The only ongoing program with Alleima participants at the time of the distribution and listing of the Alleima shares is the 2021 LTI program, with planned vesting in 2024. Due to the separation of Alleima from Sandvik, the 2021 LTI program is, with respect to Alleima participants, intended to be settled through an accelerated pro rata allotment of Sandvik shares corresponding to approximately 42 percent of the initial award. Approximately two weeks before the distribution and listing of the Alleima shares, the Alleima participants will receive their shares. The remaining part, approximately 58 percent of the initial award, will be forfeited.

### Alleima incentive program

After the distribution and listing, Alleima may establish its own long-term incentive program.

### Major shareholders

As of the date of this information brochure, Alleima is a wholly-owned subsidiary of Sandvik. The table below presents Sandvik's largest shareholders as per February 28, 2022. The table is compiled based on information from Modular Finance. If the record date for the distribution of shares in Alleima had been February 28, 2022, the largest shareholders of Alleima would have initially been as illustrated below. The ownership structure in Alleima will initially be identical to that of Sandvik on the record date for proposed distribution, with the adjustment that five (5) shares in Sandvik entitle to one (1) share in Alleima.

Holder/nominee/custodian	Total number of shares	Shares and votes, %
Industrivärden	168,700,000	13.4
Alecta Pensionsförsäkring	55,976,182	4.5
Swedbank Robur Fonder	42,390,173	3.4
BlackRock	42,198,397	3.4
Vanguard	36,223,185	2.9
Lundbergföretagen AB	34,000,000	2.7
SEB Fonder	23,747,777	1.9
Fidelity International (FIL)	20,394,279	1.6
Handelsbanken Fonder	17,675,151	1.4
Norges Bank	17,312,280	1.4
<b>Total ten largest shareholders</b>	<b>458,617,424</b>	<b>36.6</b>
Other shareholders	795,768,499	63.4
<b>Total</b>	<b>1,254,385,923</b>	<b>100.0</b>

Source: Modular Finance.

# RISK FACTORS ASSOCIATED WITH THE DISTRIBUTION OF SHARES IN ALLEIMA

Below is a brief outline of certain risk factors related to the distribution of shares in Alleima. A more detailed description of the risks relating to Alleima will be included in the prospectus to be published prior to the listing of Alleima on Nasdaq Stockholm, provided that the Annual General Meeting resolves on the distribution of Alleima in accordance with the Board of Directors' proposal.

## **The distribution of Alleima shares may fail to realize anticipated benefits**

The intended purpose of the proposed separation from Sandvik is to provide Alleima with stronger and more focused governance and control over the business with a clear mandate to execute its strategy to drive growth, materials innovation, operational and commercial excellence and sustainability. However, there is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions underlying the decision to carry out the distribution turn out to be incorrect, or if the anticipated benefits or underlying drivers have been overestimated. For example, Alleima, as a stand-alone company, may not be able to procure external financing or other financial services on conditions as favorable as those obtainable by Sandvik before the distribution. There is also a risk that investors' appetite in investing directly in Alleima is overestimated, thus causing the share price in Alleima to develop unfavorably following the listing of Alleima shares on Nasdaq Stockholm. Moreover, to the extent that Alleima as a standalone company incurs additional costs or achieves lower revenues, its business, financial position and results of operations could be adversely affected and the anticipated benefits from the distribution could fail to be realized.

## **The new standalone brand is less well-known in the market**

Sandvik is a well-known brand in most of the markets where Sandvik conducts its operations. After the separation from Sandvik, Alleima will conduct its business under a new and less well-known brand than Sandvik. An important factor for Alleima in maintaining a strong market position is for Alleima and its brand to become well-known and associated with positive values by current and future customers and employees. Operating as a separate company, Alleima could have difficulties in obtaining brand recognition and a market position equivalent to that enjoyed by Alleima as part of the Sandvik Group, whose brand has been established internationally for a long time. A weakening of the Company's market position could lead to lower demand for its products and services, as well as higher marketing and sales costs. A weakened market position and brand recognition could also lead to difficulties in

recruiting and retaining employees. These factors could have a material adverse effect on the Company's business, financial conditions and results of operations. Alleima has developed a joint plan with Sandvik to build awareness for the new brand in all major markets.

## **Sandvik and Alleima will be dependent on each other as suppliers for certain functions over a transitional period**

Sandvik and Alleima will, ahead of the distribution and listing of Alleima, enter into a transitional services agreement under which Sandvik and Alleima will provide certain services in relation to IT systems to the other party over a transitional period. The term for the different services varies, but most of them have a term of 24 months. However, all services will at the latest end 42 months after the completion of the distribution, i.e. 42 months after the first day of trading of Alleima's shares on Nasdaq Stockholm. Shortcomings in Sandvik's or Alleima's fulfillment of its commitments in relation to each other, disagreements regarding the interpretation of agreements or other disruptions in the Sandvik-Alleima IT supply relationship could have an adverse impact on the operations of both Sandvik and Alleima. After the transitional period, both Sandvik and Alleima intend to either develop internal capacity or enter into agreements with third parties to replace the IT services currently provided by the other party. If Sandvik or Alleima fails at developing the IT functions internally, if Sandvik or Alleima fails to enter into agreements with third parties on commercially acceptable terms, or if the transition to internal or third party IT services is otherwise disrupted or delayed, the operations, financial position and results of operations could be adversely affected for both Sandvik and/or Alleima. During the internal separation work of Alleima, know-how has been transferred from Sandvik to Alleima both in terms of movement of key resources and through the set-up of systems and processes.

## **Sandvik will be dependent on Alleima as a supplier after the distribution of shares in Alleima**

Sandvik and Alleima will, ahead of the distribution and listing of Alleima, enter into agreements regarding the supply of

certain utilities (e.g. electricity and drinking water) and facility management services, access to the other party's premises in Sandviken to ensure that each party will be able to continue to conduct its business at the Sandviken site following the distribution and listing of Alleima (the "**Supply and Lease Agreements**"). The terms for the Supply and Lease Agreements vary but most of the agreements have an initial term of 25 years. With the exception of one lease agreement regarding premises for restaurant purposes, all utility and facility management services and access to premises provided under the Supply and Lease Agreements will be provided by Alleima to Sandvik. In addition, Sandvik and Alleima have entered into a partnership regarding the supply of rock drill steel products ("**RDS products**"). The production and sale of RDS products is a business unit that forms part of Alleima's business. However, Sandvik Mining and Rock Technology, which is a business area within the remaining Sandvik Group, relies on the continued supply of RDS Products to secure its own production output. Consequently, Sandvik will be dependent on Alleima as a supplier of certain functions and products after Alleima has become a standalone company. Shortcomings in Sandvik or Alleima's fulfillment of its commitments in relation to each other, disagreements regarding the interpretation of agreements, or other disruptions in the Sandvik-Alleima relationship set out above could have an adverse impact on the operations, financial position and results of operations for both Sandvik and Alleima.

#### **The proposed distribution may affect the price of both Sandvik and Alleima shares**

The proposed distribution of Alleima involves the creation of an independent group consisting of operations and assets that generated approximately 14 percent of the current Sandvik Group's net sales in 2021. It is impossible to predict the market price of the shares of Sandvik and Alleima as standalone companies or whether their aggregate share price would exceed the share price of Sandvik as currently constituted. The distribution may also have an effect on the individual companies' financial position and risk profile as well as other conditions for conducting their respective business. There is a risk that the market will not react favorably to the distribution and that investors may perceive the standalone companies less favorably than the Sandvik Group, as currently constituted.

#### **Indemnities under the Master Separation Agreement may result in unforeseen costs for Sandvik or Alleima**

Under the Master Separation Agreement entered into in connection with the separation of Alleima from Sandvik, Alleima shall, as a general rule, indemnify Sandvik for any liability or loss caused by or relating to the Sandvik Materials Technology business area, regardless of when and in what legal entity such liability occurred. Sandvik shall, conversely, as a general rule, indemnify Alleima for any liability or loss caused by or relating to the remaining Sandvik business or certain other residual business conducted by Alleima prior to the completion of the distribution, i.e. the first day of trading in Alleima shares on Nasdaq Stockholm, regardless of when and in what legal entity such liability occurred. Should there occur unforeseen

significant liabilities pertaining to Sandvik or Alleima's business that would trigger Sandvik or Alleima's respective indemnification liability, this could lead to increased costs for Sandvik or Alleima. Furthermore, if Sandvik and Alleima fail to agree on the allocation of liability in any matter described above, the matter may finally need to be resolved in arbitration procedures, which may be both protracted and costly for both Sandvik and Alleima.

#### **Risks associated with smaller, streamlined operations**

The respective asset pools of Sandvik and Alleima as stand-alone companies will be smaller than the combined asset pool in its current form. Accordingly, every risk that currently exists in the Sandvik Group and the Alleima Group, respectively, and which will continue to exist in any of the two businesses (Sandvik or Alleima) after the distribution will be of greater proportional significance to such business than for the respective group as currently constituted. This may concern, for example, the capability to manage unforeseen claims and expenses of material significance. Furthermore, the more streamlined operations to be conducted in the respective businesses of the current respective groups (Sandvik and Alleima) will not have the same possibilities to balance the effects of certain operational risks as the groups as they are currently constituted can. Such major unforeseen claims and expenses as well as material changes in the price of input goods could, therefore, have a significant negative impact on Sandvik and Alleima's respective results of operations, cash flow and financial position.

# TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the proposed distribution of shares in Alleima to the shareholders of Sandvik. It does not purport to be a complete analysis of all tax considerations, neither in Sweden, the United States nor elsewhere. The tax treatment of each individual shareholder depends on the shareholder's particular circumstances and the tax laws in the country where the shareholder is resident for tax purposes. Each shareholder should therefore consult its own tax adviser with regard to the specific tax consequences that may arise in the individual case. This summary is based upon the laws and regulations in effect as of the date of this information brochure and does not consider changes in laws or regulations effective, sometimes with retroactive effect, after such date.

## Certain tax issues in Sweden

The following is a summary of certain Swedish tax consequences that may arise from the proposed distribution of shares in Alleima to shareholders of Sandvik. The summary is based on current legislation and only provide general information applicable to individuals and limited liability companies (Sw. *aktiebolag*) resident in Sweden for tax purposes.

The summary does not cover: (i) shares held by partnerships or as current assets in business operations (Sw. *lagertillgångar*); (ii) the specific rules concerning tax-exempt capital gains (including non-deductibility for capital losses) and dividends in the corporate sector in case shares are deemed to be held for business reasons under the Swedish participation exemption regime (Sw. *näringsbetingade andelar*); (iii) shares that are held in an investment savings account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*), which are both subject to notional taxation; or (iv) special tax rules applicable to certain investors (e.g. investment funds and insurance companies).

The tax consequences for each individual shareholder will ultimately depend on the shareholder's particular circumstances. Each shareholder should therefore consult a tax adviser regarding the specific tax consequences that may arise in the individual case, including (but not limited to) the applicability and effect of foreign tax rules and tax treaties.

## Taxation of the distribution of Alleima

It is expected that the distribution of the Alleima shares will fulfill the requirements set out in the so-called "Lex Asea" rules. The distribution of Alleima shares to Sandvik's shareholders will therefore not trigger any immediate taxation. Shareholders in Sandvik entitled to participate in the distribution will have the tax basis in their Sandvik shares allocated among these shares and the shares received in Alleima. The allocation of the tax basis will be based on the change in value of the Sandvik shares due to the distribution of the shares in Alleima. Sandvik will request general guidelines from the Swedish Tax Agency (Sw. *Skatteverket*) concerning how this tax basis should be allocated and these guidelines will be published on the websites of Sandvik, Alleima and the Swedish Tax Agency as soon as possible.

## Withholding tax on dividends

Since the distribution of the shares in Alleima is expected to fulfill the requirements set out in the so-called "Lex Asea" rules, no Swedish withholding tax will be levied on the distribution.

## Taxation upon the disposal of shares and fractions of shares in Alleima

The disposal of Alleima shares received will result in capital gains taxation. The same applies to shareholders who receive fractions of Alleima shares that are subsequently sold for their account. The capital gain or capital loss is calculated as the difference between the sales price, after deducting selling expenses and the tax basis (consisting of, among other things, the acquisition cost). The acquisition cost of the Alleima shares received by the distribution will be determined based on the general guidelines that the Swedish Tax Agency will render. The acquisition cost of each fraction of a Alleima share should be the corresponding portion of the acquisition cost of a Alleima share established on the basis of the Swedish Tax Agency's guidelines. Since the shares in Alleima will be listed on the stock market, the tax basis of these shares may alternatively be determined at 20 percent of the net sales revenue, using the standard method.

## Certain U.S. federal income tax considerations

THIS SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF ALLEIMA'S SHARES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW AFTER THE DATE HEREOF.

The following is a summary of certain U.S. federal income tax consequences of the receipt of Alleima shares by shareholders of Sandvik pursuant to the distribution (the "**Distribution**"). This summary only applies to a Sandvik shareholder that holds its Sandvik shares as a "capital asset" (generally, property held for investment) and is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, that is created



or organized in or under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect under applicable Treasury Regulations (a "**U.S. Holder**"). This summary does not address U.S. Holders who are subject to special treatment under U.S. federal income tax laws, the Medicare tax on net investment income, the alternative minimum tax or any consequences under any U.S. federal non-income (such as the estate or gift tax), state, local, non-U.S. or other tax laws. The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Sandvik shares will depend on the status of the partner and the activities of the partnership. Partnerships holding Sandvik shares and partners in such partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the distribution.

For additional information with respect to the U.S. federal income tax consequences to U.S. Holders of receiving the Alleima shares (including the subsequent ownership and disposition thereof), see the discussion set forth under the heading "*Tax considerations—Certain U.S. federal income tax considerations*" in the prospectus that will be published prior to the listing of Alleima shares on Nasdaq Stockholm.

### Tax consequences of the Distribution

Sandvik and Alleima intend to take the position that the Distribution qualifies under Section 355 of the Internal Revenue Code of 1986, as amended (the "**Code**") as a tax-free transaction for U.S. federal income tax purposes to U.S. Holders. To qualify under section 355, several requirements must be satisfied, including requirements that relate to the business reasons for engaging in the Distribution, the conduct of certain business activities by Sandvik and Alleima, and certain plans or intentions of Sandvik and Alleima following the Distribution. U.S. Holders should be aware that neither Sandvik nor Alleima has requested or intends to request an opinion of counsel or a ruling from the U.S. Internal Revenue Service (the "**IRS**") with respect to the U.S. federal income tax treatment of the Distribution or any of the other conclusions expressed herein. There can be no assurance that the IRS will not take a contrary position to the views expressed herein or that a court in the event of litigation would not agree with a position of the IRS.

If the Distribution qualifies under Section 355 of the Code, a U.S. Holder of Sandvik shares generally should have the following tax consequences:

- such U.S. Holder should recognize no gain or loss, and have no income, upon the receipt of Alleima shares in the Distribution;
- the aggregate tax basis of the Sandvik shares immediately before the Distribution should be allocated between the Sandvik shares and the Alleima shares received in the Distribution, in proportion to their relative fair market values at the time of the Distribution; and

- such U.S. Holder's holding period in its Alleima shares should include such holder's holding period in its Sandvik shares on which the Distribution was made.

U.S. Holders that acquired different blocks of Sandvik shares at different times or at different prices should consult their tax advisers regarding the allocation of their aggregate adjusted bases among, and their holding period in, shares of Alleima distributed with respect to such blocks of Sandvik shares.

If contrary to Sandvik and Alleima's position, the Distribution does not qualify under Section 355 of the Code as a tax-free distribution for U.S. federal income tax purposes, the Distribution generally would be treated as a taxable distribution of Alleima shares to U.S. Holders of Sandvik shares in an amount equal to the fair market value of Alleima shares on the date of the Distribution (as determined in USD). As a non-U.S. corporation, Sandvik does not maintain calculations of its earnings and profits for U.S. federal income tax purposes. Therefore, if the Distribution is a taxable distribution, U.S. Holders should assume that their receipt of Alleima shares pursuant to the Distribution would be reported as ordinary dividend income for U.S. federal income tax purposes. A U.S. Holder generally would have a tax basis in the Alleima shares equal to the fair market value of the Alleima shares at the time of the Distribution (as determined in USD).

U.S. Holders are urged to consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of their receipt of Alleima shares pursuant to the Distribution, including with respect to any applicable reporting requirements.

# FREQUENTLY ASKED QUESTIONS

## Why are the shares in Alleima distributed?

The Board of Directors of Sandvik believes that Alleima will develop more favorably by itself, increasing opportunities for profitable growth. For the remaining Sandvik Group the change is deemed to enable stronger focus on profitable growth. The sharpened focus of both Alleima and the remaining Sandvik Group has the potential to improve long-term shareholder value for Sandvik shareholders.

## What are the terms and conditions for the distribution?

Registered shareholders of Sandvik on the record date for distribution of shares are entitled to receive one (1) share in Alleima, for no consideration, for every five (5) shares held in Sandvik. If a shareholder's shareholding in Sandvik is not evenly divisible by five (5), the fraction of shares which the shareholder's shareholding in Sandvik otherwise would entitle to will be combined with all other shareholders' fractions of shares into whole shares in Alleima, which will be sold on Nasdaq Stockholm through SEB. The proceeds from such sales, free of any commissions, will then be paid to such shareholders through the Euroclear system on a pro rata basis.

## Do I need to take any actions in order to receive distributed shares?

No. Registered (directly registered or nominee registered) shareholders of at least five (5) Sandvik shares on the record date for distribution will automatically receive shares in Alleima. Holders of ADRs in Sandvik should read "*Holdings of Sandvik American Depositary Receipts*" on page 5 in this information brochure.

## When is the record date for the distribution?

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to resolve on the record date for the distribution of the shares in Alleima. The record date is expected to be August 29, 2022, whereas the distribution of the shares in Alleima and the first day of trading in the Alleima share on Nasdaq Stockholm are expected to occur on August 31, 2022.

## When will the prospectus be published and where can I find it?

A prospectus, which will contain information about Alleima and the risks associated with an investment in Alleima shares, is expected to be published in August 2022. The prospectus will be available for downloading on the Sandvik and Alleima websites and can also be obtained in paper format from the Sandvik and Alleima offices.

## Will the distribution cause any tax consequences for shareholders?

The distribution of the shares in Alleima is expected to fulfill the requirements set out in the so-called "Lex Asea" rules and will therefore not be immediately taxable for individuals and limited liability companies that are Swedish tax residents. The tax basis for the shares in Sandvik that carry distribution rights will however be allocated among these shares and the shares received in Alleima. The allocation of the tax basis will be based on the change in value of the shares in Sandvik due to the distribution of the shares in Alleima. Sandvik will request general guidelines from the Swedish Tax Agency regarding the allocation of the tax basis. Information regarding the Swedish Tax Agency's general guidelines will be published as soon as possible on the websites of Sandvik, Alleima and the Swedish Tax Agency.

No Swedish withholding tax will be levied on a distribution made in accordance with the requirements set out in the so-called "Lex Asea" rules. However, for shareholders who receive fractions of shares that are subsequently sold on their behalf, the sale of fractions of shares will result in capital gains taxation. Such shareholders should read "*Taxation upon the disposal of shares and fractions of shares in Alleima*" on page 35 in this information brochure.

Questions regarding the proposed distribution will be answered by email at [ir.information@sandvik.com](mailto:ir.information@sandvik.com).

This information brochure can also be downloaded from Sandvik's website, [home.sandvik](http://home.sandvik)

# GLOSSARY

Product	Definition
Bars	Stainless steel cast as a round bar for machining in a wide range of grades, including duplex and super-duplex stainless steel.
Billets	Steel cast in compact round shape. Available in a wide range of materials, such as stainless steels, duplex stainless steels and nickel alloys.
Bloom	Steel cast in compact square shape. Available in a wide range of materials, such as stainless steels, duplex stainless steels and nickel alloys.
Cladding tubes	Cladding tubes are used mainly as fuel tubes, with a group of fuel rods containing the fissionable material (uranium) providing fuel for the nuclear reactor.
Composite tubing	<p>Composite tube (compound tube) suitable for applications where the conditions outside and inside the tube require material properties that cannot be met by one material only.</p> <p>The composite tube consists of two different alloys metallurgically bonded together to achieve good thermal transfer properties. One alloy is used to withstand corrosion, while the other is often an approved pressure vessel material.</p>
Compressor valve steel	Strip steel grades with a very high fatigue resistance, especially designed to meet the tough demands on compressor valves.
Corrosion Resistant Alloy (CRA)	Grade with high mechanical strength and excellent corrosion resistance, e.g. to pitting and crevice corrosion, stress corrosion cracking (SCC), acid and caustic environments, erosion-corrosion.
GDI automotive tubing	Seamless stainless steel tubing developed for gasoline direct injection (GDI)
High-pressure tubing	Seamless high-pressure tubes for a variety of high-pressure applications using liquid or gas as the pressure medium, such as hydraulic installations, test benches and water-jet cutting equipment.
Hollow bar	Hollow bar is a thick-walled stainless steel bar often used for machining components.
Ingots	Ingots are a mass of steel that has been cast into a size and shape (such as a bar, plate, or sheet) that is convenient to store, transport, and work into a semi-finished or finished product.
Kanthal® APM	Kanthal® APM is an advanced powder-metallurgical, dispersion-strengthened, ferritic iron-chromium-aluminum alloy (FeCrAl alloy) for use at temperatures up to 1,425 degrees Celsius (2,600 degrees Fahrenheit). The alloy is characterized by exceptionally good form stability and oxidation resistance.
Kanthal® APMT	Kanthal® APMT is an advanced powder metallurgical, dispersion strengthened, ferritic iron-chromium-aluminum-molybdenum alloy (FeCrAlMo alloy) recommended for continuous use up to 1,250 degrees Celsius (2,280 degrees Fahrenheit) in oxidizing and reducing environments.
OCTG	Oil Country Tubular Goods (OCTG) refers to the casing, tubing, piping and pipelines used in the petroleum industry.
Umbilical tubes	<p>Umbilical tubes are the lifeline between surface installations and subsea equipment, and link surface and seafloor oil and gas equipment for controls, power or heat.</p> <p>Umbilical tubes are designed for high systematic pressure at great depths, where thinner walls and high strength are required.</p>



