

Strategy

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A value-creating strategy

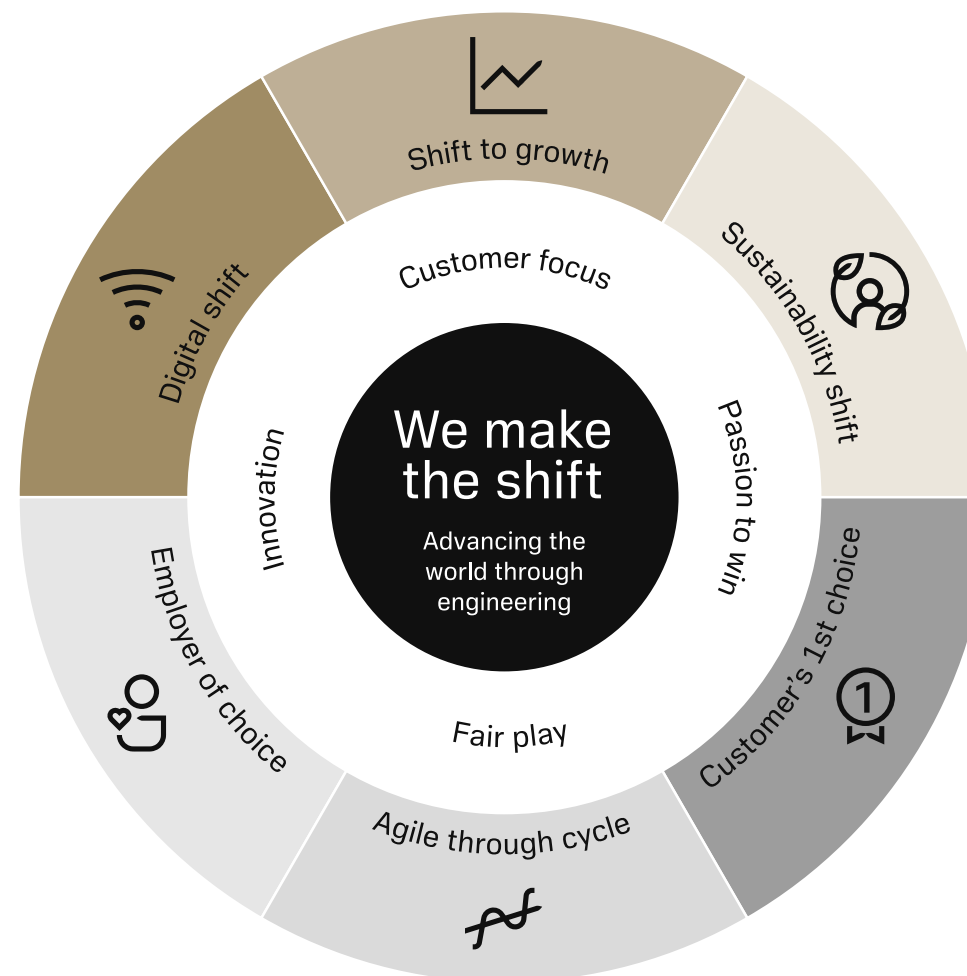
Our strategy aims to create benefits for all our stakeholders – customers, employees and communities, ultimately leading to shareholder value. It rests on our core values, explicit target setting and a decentralized way of working.

The strategy includes six strategic objectives for which Sandvik has defined 2025 targets and key results. We have a solid platform to build on with market-leading positions and strong brands.

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

Sandvik strives to be an enabler in our customers' shifts through a strong focus on innovation and a leading offering in new technologies, digitalization, automation and sustainable solutions.

In recent years, Sandvik has been on a transformation journey that has strengthened the company, both in terms of growth potential and improved resilience. Our solid financial position and strong cash-flow generation enable us to continue to drive this transformation and consistently deliver on our strategy and targets.



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

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

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

Customer focus

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

Innovation

We always strive for technology leadership and successful partnerships. We work to ensure everyday advancements and innovative shifts.

Fair play

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

Passion to win

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

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Shift to growth

Sandvik has a long-term target to grow 7 percent over a business cycle, organically and through acquisitions. Since 2019, we have had an annual growth of 7 percent (CAGR 2019–2024) and become a SEK 123 billion company, a strong achievement considering macro-economic challenges and our exit from Russia. Organic growth is paramount to achieving our targets and in 2024 we continued to launch ground-breaking innovations connected to electrification, digitalization and automation (see pages 32, 38 and 44). Our New Sales Ratio (NSR) target of 30–35 percent by 2025, defined as the share of sales from products launched in the last five years, was 24 percent (25) in 2024. Investments in R&D amounted to 4.1 percent (3.8) of revenues. We have also strengthened our portfolio through acquisitions, and since 2020 added SEK 22 billion in revenues from acquisitions with strong strategic rationale.

Our ambition is to grow faster than the market, and our Group target relies on specific growth initiatives in all our businesses. With both Sandvik Mining and Rock Solutions and Sandvik Rock Processing Solutions, we aim to grow (CAGR versus 2019) 10 percent, and 5 percent with the Sandvik Machining Solutions business area segment. Business area segment Sandvik Manufacturing Solutions has a growth target to reach SEK 4 billion in software revenues by 2025.

Sandvik has continued to make progress in the "shift to growth" strategy in 2024. We have invested in innovation and acquired important

assets, strengthening our foundation to capture the growth opportunities we see ahead.

Growth areas

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

Sandvik Mining and Rock Solutions is industry-leading regarding the electrification of underground mining equipment, with the ambition that 50 percent of underground hard rock equipment sales should be electric by 2030. In 2024, we continued to develop our unique battery-electric offering with a new trolley solution for battery-electric vehicle (BEV) trucks, as well as an upgraded Lithium Iron Phosphate (LFP) battery module with enhanced performance and safety. To ensure new technologies are optimized for specific customer demands, close collaboration is of the essence.

In 2024, Sandvik acquired Universal Field Robots (UFR), a provider of autonomous interoperable solutions for the surface mining and underground mining markets. The acquisition will increase the addressable market and further strengthen the market position of AutoMine® – the leading mining automation platform. Adding to the platform's existing capabilities to integrate third-party equipment, UFR will significantly expand the number of compatible systems. This will reinforce our underground position and provide opportunities to grow within surface mining, a segment where

we have the target of doubling our revenues from 2022 by 2028.

The key focus areas for Sandvik Rock Processing Solutions are to expand in mining and increase the share of parts, services and consumables, and the acquisition of SP Mining in 2022 was an important step in that direction. With a strengthened position as a full-service provider of crushers and screens, we will expand across customers and geographically.

Sandvik Rock Processing Solutions is shaping eco-efficient rock processing solutions. By replacing some of the high-energy-consuming grinding with fine crushing solutions we expand our offering in the value chain and reduce energy use at the customer's site. Our leading crusher technology is an enabler to make this shift for customers currently using legacy techniques in grinding. During the year, we launched an upgraded cone crusher series with improved capabilities in terms of higher crushed volumes and finer particles sizes.

The business area segments Sandvik Manufacturing Solutions and Sandvik Machining Solutions have the common aspiration of providing end-to-end optimization and automation within component manufacturing, but they also address separate strategic areas for future growth. Sandvik Machining Solutions' priority areas are to strengthen our position in inserts, take a leading position in round tools and the mid-market segment, and to expand outside of Europe. There is also an ambition to be the industry leader in digital solutions, and

to master the automotive shift towards electric vehicles (EVs).

Sandvik Machining Solutions made important progress in strategic execution with the acquisition of leading US-based workholding fixtures and tooling company PDQ. Furthermore, by acquiring a majority stake in the leading round tools company Suzhou Ahno, Sandvik established a strong foothold in the fast-growing local premium segment in China. The shift towards electric vehicles within the automotive industry requires new capabilities and solutions, and we continued to build on our offering through the acquisitions of Pro-micron, a supplier of sensorized tools and automation software, and Almü, a solutions provider for aluminium machining.

Sandvik Manufacturing Solutions is growing through the offering of an end-to-end agnostic digital offering with a portfolio of strong brands. In 2024, our software businesses had strong momentum and grew by mid single digits, despite challenging markets. We also enhanced our ability to serve our customers through the acquisition of Cimquest, a US-based reseller of Computer Aided Manufacturing (CAM) solutions and the largest reseller to our CAM brand, Mastercam®.

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Digital shift

A key strategic priority for Sandvik is to expand the digital offering and we strive to become leading in the industries we serve. In recent years, we have accelerated our digital focus, acquired assets that fit with our core offering, and built a solid platform for growth. Our target for 2025 is to reach SEK 6.5 billion in digital offering revenues. At year-end 2024, with revenues totaling SEK 5.1 billion (4.9), we are well on track to deliver on the target.

Our strategy is to combine hardware and software to create optimized solutions for the manufacturing, mining and infrastructure industries. Our equipment and tools are increasingly becoming intelligent and automated, gathering data and enabling predictive maintenance, resulting in improved productivity and sustainability for our customers.

Sandvik Mining and Rock Solutions is creating value through leading autonomous solutions and a digital platform that supports customers across the value chain. During the year, we saw solid growth in the Digital Mining Technologies division. We also introduced a number of innovations connected to our automation platform AutoMine®. We took one step closer to an OEM (Original Equipment Manufacturer) agnostic approach for mine automation through the acquisition of Universal Field Robots.

Sandvik Rock Processing Solutions has set a target to have 60 percent of customers utilizing its automated and digital solutions by 2025, and by the end of 2024 we had already reached this target.

The digital shift opens opportunities for new business models. During the year, Sandvik Rock Processing Solutions started offering remote monitoring as a service, enabling customers to access predictive insights, technical support and optimization. This improves uptime as well as increases productivity.

Sandvik Manufacturing Solutions launched an industry-first Manufacturing Copilot, based on generative artificial intelligence specifically developed for computer aided manufacturing (CAM), in alliance with Microsoft. This will significantly improve the user experience, making programming of machining processes easier and more productive.

Internally, we drive digitalization to enable efficient, intelligent, data-driven end-to-end processes, including interactions with customers and suppliers. During the year, we started a number of AI initiatives to optimize and automate steps in our supply chain and customer experience. We have deployed Enterprise Resource Planning (ERP) systems at critical sites and improved our analytics capabilities and data accessibility for more data-driven supply chain optimization.



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Sustainability shift



Sandvik aims to be a positive force in shaping the industries of the future, using our expertise and skills to solve the biggest challenges of our time. In each of our businesses and value chains, we have the opportunity to enable the transformation through innovative sustainable solutions, collaboration with our customers and suppliers, and incorporating responsibility and transparency at every level.

Sustainable solutions

The largest contribution we can make is to help our customers undergo a sustainable transition in mining, infrastructure and manufacturing through the solutions we provide. About 65 percent of the emissions in our value chain derive from the use of our products.

In 2024, we developed a framework that

will serve as the basis for a common way of working and target-setting within sustainable solutions. We introduced numerous innovations with a focus on automation, digitalization and electrification. These improve efficiency and productivity while reducing emissions and waste. Read more about our sustainable innovations on pages 30, 36 and 42.

Net zero

We have committed to reaching net-zero greenhouse gas (GHG) emissions by 2050 at the latest, reducing absolute emissions from our own operations (Scope 1 and 2) by 50 percent by 2030 and 90 percent by 2040. We will also reduce absolute emissions from customers, suppliers and transport (Scope 3) by 30 percent by 2030. All of these targets have

been approved by the Science Based Targets initiative (SBTi).

Our target is to reduce GHG emissions by 25 percent by 2025 compared to the base year 2019. In 2024, we reduced GHG emissions by 3 percent and since 2019 we have reduced emissions by 47 percent in comparable data and by 20 percent in actual data. We are in line with our 2030 targets. See note NF8 for more information.

Circularity

Our goal is 90 percent waste circularity by 2030. Metal raw materials, which can be melted and reused without losing quality, are our primary waste source. We aim to increase recycled content in our products and run buyback programs to reuse materials. We also partner with waste companies to innovate recycling methods. Waste circularity increased to 74 percent (73). See note NF8 for more information.

Waste circularity is much more than recycling. It covers areas such as design, sourcing, use, and resource recovery. In countries without strong waste management infrastructure we work to identify alternatives to landfill. This year's 'Sandvik Sustainability Award in Memory of Sigr d G ransson' was awarded to the team behind a digitalized tool recycling program for customers.

Ecosystems

The biodiversity impact of our sites is relatively limited. They are predominantly situated in urban industrial locations, minimizing the

impact on biodiversity-sensitive areas. Most of the biodiversity impact is located in our value chain and related to sourced raw material and the use of equipment within our mining and rock processing businesses. Our own mining operation Wolfram Bergbau und H tten (Austria) has been assessed as having no direct negative impact on biodiversity.

Responsible business

Sandvik is committed to maintaining the highest standards of business conduct and responsibility built into our operations and throughout our value chain. We constantly aim higher in ethics and transparency and ensure that these same high standards are embedded within our supplier management and procurement practices. Our work is supported by a variety of tools, such as the Sandvik Code of Conduct, the Supplier Code of Conduct, our risk-based compliance programs, policies, training and a whistleblowing system – Speak Up.

During the year, we worked to strengthen our human rights processes and investigate human rights impacts across our value chain. See notes NF3–NF5 for more information.

People and communities

We aim to have a positive impact on society, including people and communities throughout our value chain. We actively participate in local communities through partnerships, education and volunteering to bring our values to life. In 2024, we engaged in approximately 160 (170) community projects.



Agile through cycle

Being agile through the cycle starts with resilient revenues through, for example, a higher share of parts, services and consumables or increased software revenues. During 2024, Sandvik made good progress with, for example, double-digit growth in our parts, services and consumables business and the strong momentum of our software solutions.

Due to leading positions and solutions that help our customers run more sustainable and productive operations, Sandvik successfully mitigated cost inflation with pricing.

Sandvik continuously seeks ways to strengthen operational efficiency and resilience. At the beginning of the year, we implemented a new program of restructuring measures, supporting the strategy and the financial targets of the Group. These measures included consolidation of production units and optimizing the structure of the organization globally. The program is estimated to generate annual savings of about SEK 1.2 billion, and at year-end, we had delivered almost 80 percent of the program. The 2022 program is also tracking as planned, with annualized run-rate savings achieved of approximately 90 percent at year-end 2024.

The transformation of Sandvik includes a repositioning into faster-growing areas and also a successful portfolio optimization which has resulted in reduced volatility in profitability. Since 2017, we have added more than SEK 20 billion in revenues through acquisitions and divested or spun out revenues of SEK 30 billion, including Alleima. This work continued during the year as we made a strategic decision

to focus on software solutions in Sandvik Manufacturing Solutions. We also revised our additive manufacturing strategy to focus mainly on metal powders. As a consequence, we divested the engineer-to-order business DWFritz Automation and decided to seek an exit of our minority stake in AM service provider BEAMIT.

The key measurement for success is our target of an adjusted EBITA margin ranging between 20–22 percent through a business cycle. The EBITA corridor is to be seen as a guide for when additional corrective measures may be necessary or what may not be seen as long-term sustainable margins during the peak of a cycle. Our decentralized organization helps us act quickly on market changes and all business areas have well-prepared contingency plans for different scenarios. In 2024, we showed margin resilience in a weaker market with an EBITA margin amounting to 19.2 percent (20.0).



Customer's first choice



Delivering customer value is the cornerstone of long-term business success. With an ambition to be number one or two in the markets in which we operate, we are utilizing our strong brand portfolio to drive innovation and enhance our customers' experiences. We create seamless experiences, gain valuable insights, push our R&D innovations to set new industry standards, and adapt to changing market conditions to be our customer's first choice.

In 2024, we expanded our portfolio, inaugurated new production plants, and engaged in a number of customer collaborations that will enhance our capacity to deliver cutting-edge, sustainable solutions. Examples of this were the testing of our battery-electric concept surface drill rig at mining company Boliden's Kevitsa mine and our

development of diesel-electric underground mining equipment with both contract miner Byrnecut and mining service provider Perenti.

We continue to drive digital transformation in the manufacturing sector through the integration of software and hardware solutions. Our deployment of artificial intelligence-driven customer assistance tools and the development of advanced metrology systems help customers improve efficiency and sustainability in their operations.

Across the organization, we have advanced the way we measure and improve customer value and satisfaction. This has been instrumental in enhancing customer interactions and ensuring access to Sandvik services is seamless.



Employer of choice

Sandvik aims to be the employer of choice within our industries and attract, retain and develop diverse talents to drive our shift strategy. A very respectable 44th position in Forbes magazine's "World's Best Employer" list proves we are on the right track.

Work-life balance is important to Sandvik and in 2024 we rolled out a new global parental leave benefit. The benefit provides 14 weeks of paid leave with 90 percent of base salary to all employees in countries where no equivalent benefit already exists.

We implemented an enhanced global recruitment process where we introduced tools like screening assessments, structured interviews, and improved candidate sourcing strategies. We also provided training to recruiters and hiring managers.

Sandvik pursues a continuous dialogue with its employees and in 2024 we started using a new engagement insights tool, Workday Peakon. The engagement rate was 7.7 (7.6) at year-end.

Inclusion is high on the agenda. We offer online and offline trainings and engage in initiatives such as #SandvikTrueColors where we share and highlight different perspectives. We believe in diversity in all its forms. In 2024, the share of female managers was 20.5 percent (20.5) and we had 32 percent (29) women within "next generation leaders".*

Safety is a top priority and we have a vision of zero harm. For 2025, our goal is a Total Recordable Injury Frequency Rate at 2.7, and in 2024 it amounted to 3.0 (3.2).

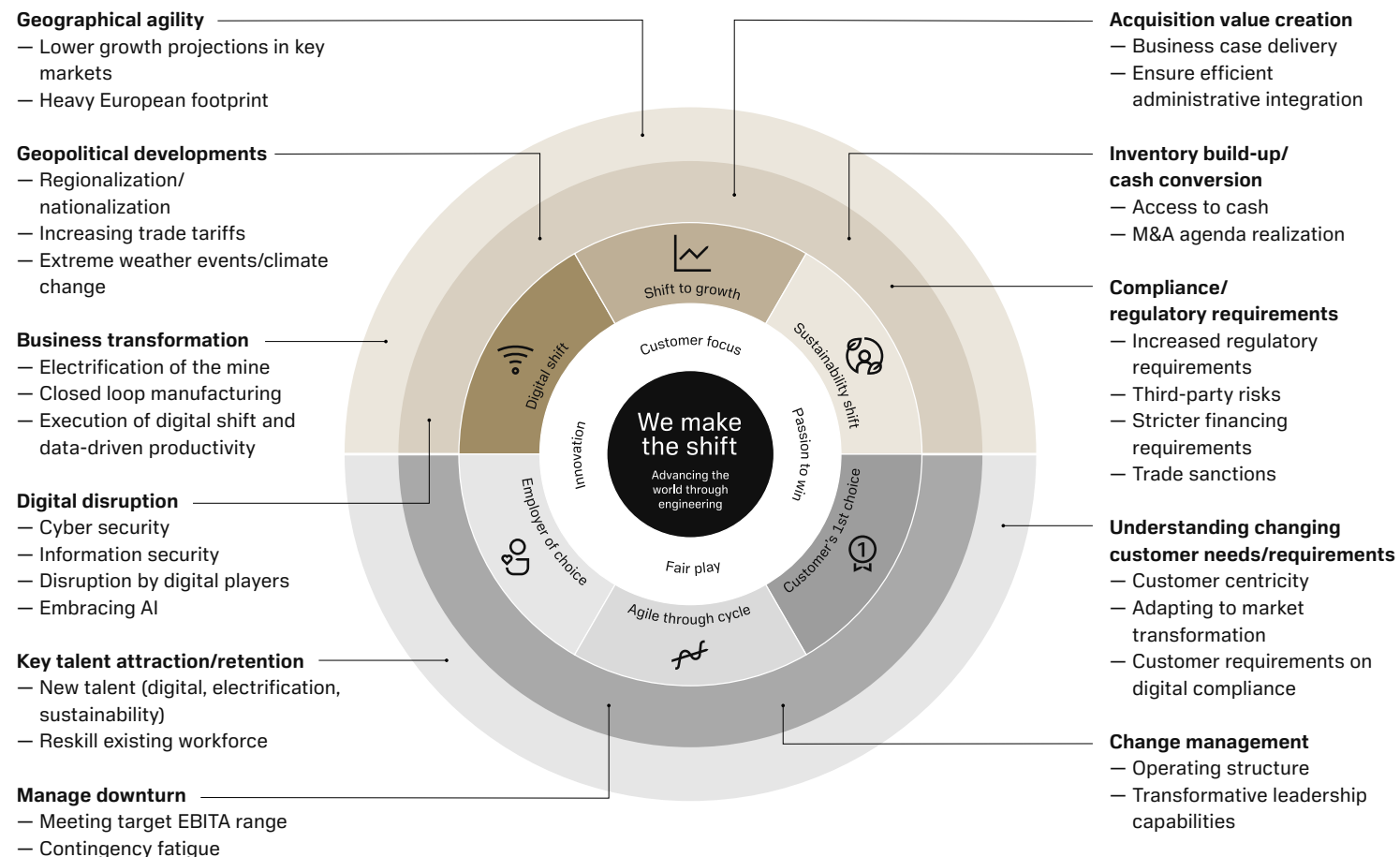
*Career stream for members of a business area/division management team, or employees reporting to the Group Executive Management team or a business area management team and in a position deemed to have the same complexity as roles within a business area/division management team.



	2025 targets	2024 key results
Shift to growth	<ul style="list-style-type: none">— Total growth of 7 percent (CAGR) at fixed exchange rates over a business cycle— New Sales Ratio of 30–35 percent, defined as share of sales of products younger than 5 years	<ul style="list-style-type: none">— Total growth was 7 percent (9), CAGR vs 2019 at fixed exchange rates— New Sales Ratio of 24 percent (25)
Digital shift	<ul style="list-style-type: none">— Software and digital sales (rolling 12M) of SEK 6.5 billion— 70 percent of our sites to have modern Enterprise Resource Planning (ERP) platforms implemented to enable a seamless flow	<ul style="list-style-type: none">— Software and digital sales amounted to SEK 5.1 billion (4.9)— 52 percent (45) of our sites had implemented modern seamless flow platforms
Sustainability shift	<ul style="list-style-type: none">— Reduce greenhouse gas emissions in Scope 1–2 by 25 percent, compared to baseline 2019— 80 percent waste circularity	<ul style="list-style-type: none">— Compared to the baseline 2019, GHG emissions in Scope 1–2 have decreased by 47 percent (comparable data). The corresponding reduction in actual data is 20 percent— Waste circularity amounted to 74 percent (73)
Agile through cycle	<ul style="list-style-type: none">— Adjusted EBITA margin within the range of 20–22 percent over a business cycle	<ul style="list-style-type: none">— Adjusted EBITA margin amounted to 19.2 percent (20.0)
Customer’s first choice	<ul style="list-style-type: none">— 100 percent of our divisions measure customer satisfaction and show verified improvements	<ul style="list-style-type: none">— All divisions have established methods to measure customer satisfaction
Employer of choice	<ul style="list-style-type: none">— 25 percent female managers— Employee engagement rate above 7.6— Total Recordable Injury Frequency Rate (TRIFR) at 2.7	<ul style="list-style-type: none">— At year-end, 20.5 percent (20.5) of our managers were women— The employee engagement score was 7.7 (7.6) of a maximum 10— The Total Recordable Injury Frequency Rate was 3.0 (3.2) Compared to the baseline 2019 it has decreased by 6 percent

Strategic risk landscape

Achieving the Sandvik strategy is dependent on continuously managing the risks associated with it. These risks can be driven by external factors where our ability to influence them is limited and risk mitigation is therefore focused on agility and adaptability. Others can be more directly within our own control. Sandvik continues to run its well-established Enterprise Risk Management (ERM) process which is used in all parts of the Group for analyzing risks in the local entity, business unit, division, or business area. These local risk analyses are heavily influenced by the strategy and key objectives for each part of the business, in accordance with our decentralized way of working, but the total outcome is aggregated into a bottom-up summary of the most significant risks at Group level. You can read more about this process on pages 62–63. The bottom-up process is complemented with a strategic analysis by the Group Executive Management to identify key risk areas that are tied to our ability to execute on our strategy. This is done to achieve a more focused, strategic risk landscape for the Group to enable good follow-up of the various risk mitigating activities in relation to the Group strategic goals. The Sandvik Key Risks map details the individual risks we are actively addressing to achieve long-term success and strategy fulfillment. When we deliver on our strategic targets, many of the risks will be fully mitigated. The Sandvik Key Risks map is also coupled with a follow-up model for tracking the initiatives that will lead to improved risk mitigation (see page 64). The tracking model is regularly reviewed and discussed in the Group Executive Management team, thus creating a more dynamic and strategically relevant risk management discussion at the highest level of the company.



The illustration shows which strategic area each key risk relates to, although several risks are relevant for more than one strategic area. The proximity to the center shows how actively we operationally work with the risk. The further out from the center, the more long-term/strategic the risk is. Many risks are both short and long term and require both short and long-term mitigation.

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During 2024, the share price decreased by 9 percent, while the OMXS30 index on Nasdaq Stockholm increased by 4 percent.

Sandvik shares are listed on Nasdaq Stockholm, Sweden. At year-end 2024, the share price was quoted at SEK 198.30 (218.10), corresponding to a market capitalization of SEK 249 billion, placing Sandvik as the 12th (12) largest company on Nasdaq Stockholm.

Share trading

In 2024, a total of 1.9 billion shares (2.1) were traded for a total value of SEK 407 billion (433). Trading in Sandvik shares on Nasdaq Stockholm accounted for 25 percent (25) of the total volume of shares traded. Other markets, for example CBOE and London Stock Exchange, accounted for 75 percent (75). The Sandvik share can be traded in the US in the form of American Depositary Receipts (ADRs), a process handled by Deutsche Bank Trust Company Americas as a depository bank. In 2024, the average daily ADR trading volume was 105,516 (86,364). At the end of 2024 there were 14,382,658 ADRs outstanding (22,700,848).

Dividend and total shareholder return

Our target is that the dividend will amount to 50 percent of adjusted earnings per share, through a business cycle. The Board has proposed a dividend of SEK 5.75 per share (5.50) to the 2025 Annual General Meeting, corresponding to approximately SEK 7.2 billion (6.9) and a dividend yield of 2.9 percent (2.5) based on the share price at year-end. The dividend proposal corresponds to 48 percent (43) of adjusted earnings per share after dilution.

Share capital

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

Authorization on acquisition of the company's own shares

The 2024 Annual General Meeting resolved to authorize the Board of Directors, for the period until the next Annual General Meeting, to decide on acquisitions of Sandvik shares, on one or more occasions, up to a maximum of 10 percent of all the shares in the company. The purpose of the authorization is to enable the Board of Directors to continuously adapt the company's capital structure and thereby contribute to increased shareholder value.

Sustainability indices

Sandvik is included in several sustainability indices, such as FTSE4Good and CDP. These are international indices analyzing global companies that assume their responsible business practices. Inclusion in these indices confirms the Group's achievements in relation to sustainable business practices.

Owners

In 2024, the number of shareholders decreased to 134,622 (138,399). There are shareholders in 81 (79) countries, and the total ownership outside of Sweden amounted to 40 percent (40) at year-end. The ten largest individual shareholders accounted for 40 percent (39) of the share capital on the same date. As of December 31, 2024, members of the Group Executive Management owned a total of 189,510 shares in Sandvik. Members of the Board of Directors owned a total of 1,044,375 shares in Sandvik (including deputy board members, excluding the CEO). Total ownership of Group Executive Management and the Board corresponds to about 0.10 percent of the capital and voting rights.

5.75

Proposed dividend per share, SEK

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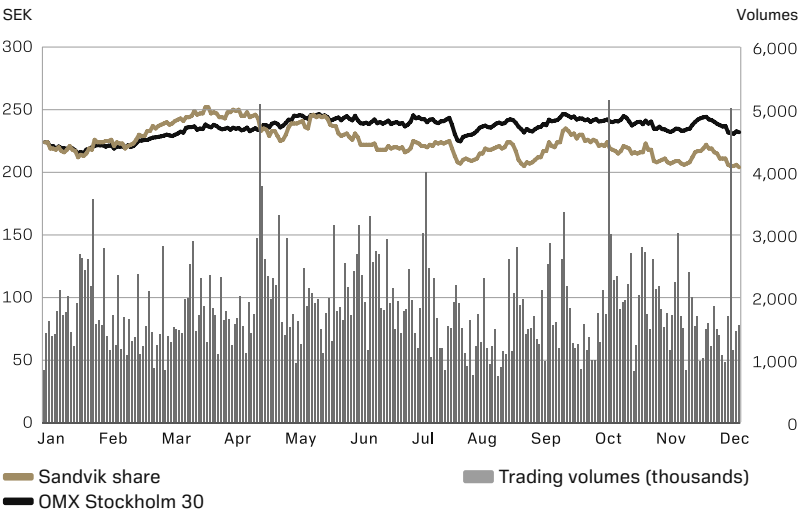
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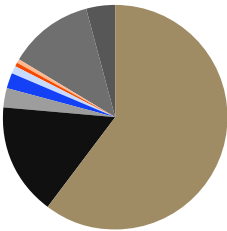
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The Sandvik share, 2024

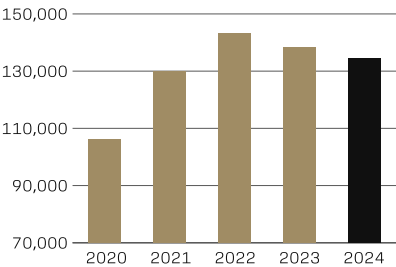


Distribution of shareholding by country, December 31, 2024



- Sweden, 60%
- US, 16%
- Norway, 3%
- Great Britain, 2%
- Finland, 1%
- Canada, 1%
- Germany, 1%
- Unknown countries, 12%
- Other countries, 4%

Number of shareholders, December 31, 2020–2024



Key figures

	2023	2024
Number of shares at year-end, million	1,254	1,254
Market capitalization at year-end, billion	274	249
Number of shareholders	138,399	134,622
Share price at year-end, SEK	218.1	198.3
Earnings per share after dilution, SEK	12.18	9.75
Adjusted earnings per share, after dilution, SEK	12.69	11.90
P/E ratio at year-end	17.9	20.3
Change in share price during the year, %	15.8	-9.1
Dividend, SEK/share	5.50	5.75 ¹
Dividend payout ratio, %	43	48 ¹
Total return (price increase + dividend), %	18	-7
Proportion of shares in Sweden, %	60	60
Proportion of shares owned by the ten largest shareholder groups, %	39	40

1) Proposed dividend.

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

The ten largest shareholder groups, as of December 31, %

	2023	2024
Industrivärden	14.1	14.6
Alecta Pension Insurance	4.5	4.5
BlackRock	2.9	3.5
Swedbank Robur Funds	4.3	3.4
Vanguard	3.2	3.3
Lundbergföretagen	2.9	3.1
Handelsbanken Funds	2.4	2.7
Norges Bank Investment Management	1.7	1.9
SEB Investment Management	1.9	1.9
Folksam	1.4	1.4

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

Sandvik as an investment

Sandvik has a strong platform to leverage on, with global market leading positions, a decentralized structure, a strong corporate culture, and financial strength. With solid strategic execution and a winning mindset, the company has gone through a significant transformation, strengthening the growth platform and building a more resilient business model. We have set an ambitious growth target of 7 percent through a cycle, consisting of organic growth and growth through acquisitions, and to date we have delivered on that target.

Innovation based on customer insights and relationships is at core of our business and our strong innovation capabilities supports organic growth and value-based pricing. During 2024, we maintained a good level of R&D investments of about 4 percent of total revenues, and investments amounted to SEK 5.1 billion. Part of our growth ambitions are related to acquired growth, where the aim is to extend our capabilities and offerings in faster growing regions, segments and applications. Since 2017, we have added over SEK 20 billion in revenues through acquisitions. A big focus for Sandvik is also to be a technology leader in the industries we serve. Today's shifts towards digitalization, automation and the use of new technologies, are an integral part of our growth strategy, and we have set an ambition to expand our digital offering to SEK 6.5 billion in revenue by the end of 2025. In 2024, revenues from the digital offering exceeded SEK 5 billion. Sustainability is embedded in our business model and our solutions support mines to run safer and more efficient, rock processing

to extract maximum value with less energy consumption, and the manufacturing industry to be more productive and resource efficient.

Sandvik is well-positioned to continue to deliver profitable growth with several global trends in our favor. The growing middle class and rapid urbanization drives the need for metals and minerals and for infrastructure investments, and it underpins demand for industrial production and manufacturing. Additionally, the green transition requires electrification minerals and increases demand for machining of lightweight materials. Demand for increased productivity, efficiency and sustainability through new technology, digitalization and automation is in line with our purpose and strategy.

Our market-leading positions and strong customer relationships, combined with a decentralized organization, enable us to respond faster to market trends and customer needs. In a dynamic and complex world, our decentralized business model helps us become more flexible, reduce earnings volatility and increase predictability; and we have increased our share of recurring revenues by expanding our parts, services and consumables business and our software business.

We continuously strive to improve our own operational efficiency and have increased the share of variable costs to reduce earnings volatility and improve our flexibility. Cash flow generation is strong in the Group, and in 2024, free operating cash flow amounted to SEK 21.2 billion. With a solid balance sheet, good cash flow generation and margin resilience, Sandvik has a strong platform to build from

and is well-positioned to capture future growth opportunities.

Our purpose is to advance the world through our engineering capabilities, creating value for all our stakeholders: customers, employees and communities – ultimately leading to shareholder value. For 2024, the Board of Directors has proposed a dividend of SEK 5.75 (5.50) per share, corresponding to a payout ratio of 48 percent, well aligned with our ambition to distribute 50 percent of adjusted earnings per share through a business cycle.

The customer's first choice

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

Shift to growth

- A solid balance sheet, good cash-flow generation
- Growth target of 7 percent through a business cycle to come from organic and acquired growth
- Investments in product development
- Capex at SEK 4.8 billion in 2024
- Acquisitions to broaden our value-creating offering, lead digitalization and automation and expand geographically in fast-growing markets

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Dialogue with analysts

Twenty-five analysts cover Sandvik on a continuous basis. Below are some of the most frequent questions discussed in 2024, and our answers.

Q: Demand has been mixed throughout the year, could you walk us through the demand in key regions and customer segments?

A: 2024 was a challenging year, with geopolitical and macroeconomic instability – and as a result we have seen weakened demand in key segments. Lower industrial activity and specific challenges in Europe and automotive impacted the demand for our cutting tools negatively. We also had a tough year for infrastructure, although with a more positive sentiment at the end of the year. The mining side was more stable. High metal prices drove high activity in the mines and led to a strong momentum in our parts, services and consumables business. Overall, we saw good momentum for our software solutions, despite a tougher macro-economic environment.

Q: In April, Sandvik acquired a majority stake in the Chinese company Suzhou Ahno, could you elaborate on that?

A: With the acquisition of Suzhou Ahno, we have established an important position in the local premium segment in China. The company has a leading position in precision cutting tools, with a broad product- and service offering and extensive sales, distribution and production footprint. Ahno's competitive assortment and closeness to customers is a great platform to drive further growth of our tooling business in the region, and much of the offering is focused on fast-growing segments, like electric vehicles

and medical, which makes Ahno a perfect fit with our strategy. It also enhances our local production capabilities, making it a great addition to Sandvik.

Q: You also strengthened your automation offering with the acquisition of Universal Field Robots, what value does it bring to Sandvik?

A: Universal Field Robots (UFR) is a fast-growing Australia-based provider of autonomous interoperable solutions for the surface mining and underground mining markets. Its solutions portfolio is built on a common autonomy platform, which is a strong complement to our own automation offering and includes OEM (Original Equipment Manufacturer) agnostic robotic and autonomous solutions for trucks, loaders and auxiliary equipment. The acquisition will help increase the addressable market for Sandvik and further strengthen the market position of AutoMine® – our world-leading mining automation platform. Adding to the platform's existing capabilities to integrate third-party equipment, UFR will significantly expand the number of compatible third-party equipment types, providing customers with flexible opportunities to optimize the performance of their full mining equipment fleets. UFR is an important strategic addition to Sandvik Mining and Rock Solutions that will strengthen the growth potential and provide key capabilities in the development of our mining automation solutions portfolio going forward.

Q: Sandvik promotes end-to-end optimization and automation in the component manufacturing value chain. What does that mean and how far are you in that work?

A: Our vision is to enable fully interconnected manufacturing operations using digital threads. Today, Sandvik provides solutions that connect important parts of the operation by integrating products to create more seamless solutions for our customers, where data from one solution is used to increase productivity for the other. One example are the integrations of the Sandvik Coromant tool library in our various CAM products, where the programmer will get direct access to the right product data in the CAM environment when programming a machining process. We will continue to build on that, adding to the scope we cover step by step, directed by customer value and feasibility. And, because we intimately understand our customer's operations, we can package, sell and deliver our solutions in ways that for the customer are simple to implement and realize the benefits from.

Our recent product releases in CAM and in industrial metrology include numerous improvements for automation, more seamless use of integrated solutions, and improved user interfaces. It proves we are on the right track, and we have many interesting developments in the pipeline.

Agile through cycle

- Solid adjusted EBITA margin in 2024 of 19.2 percent in a weak market, slightly below our target range of 20–22 percent
- Strengthened margin resilience and reduced sales cyclicity by growing our parts, services and consumable businesses including software offerings
- Flexible cost structures to ensure resilience in downturns
- Continuous work to improve cost structures and operational efficiency

Shareholders rewarded

- Responsible and value-creating capital allocation
- Dividend payout policy of 50 percent of adjusted earnings per share through a business cycle
- Payout ratio of 48 percent for the year, with the average payout ratio for a three-year period amounting to 44 percent and for a five-year period to 49 percent