



2021-12-17

Sandviken, Sweden, December 2021

Dear Customer.

As you will have no doubt witnessed from your own operations, the rising price of wholesale energy is having a serious negative impact on the cost of products we manufacture at Sandvik Materials Technology. This has been especially the case during Q4 2021, and we anticipate that these high energy levels will continue for the foreseeable future.

At Sandvik we strive to be as efficient as possible. To date we have tried to mitigate the impact of energy increases to our customers however, given the unprecedented level of gas and electricity costs we now experience, we have no choice but to impose a supplemental variable energy surcharge on our invoices applicable from January 1<sup>st</sup> 2022 for the following products:

Stainless steel billets, Solid bars, Hollow Bars, Hot & Cold Worked Seamless Tube & Pipe.

We will include this additional surcharge as part of our current alloy surcharge mechanism. Our intention is to inform you of the energy surcharge portion/cost that we will include. This we will do on our published standard monthly alloy surcharge list.

The energy surcharge we will impose is calculated over and above our previous base line energy costs. As such this surcharge will fluctuate monthly to reflect the changing cost of energy and create transparency of the energy surcharge movements.

We thank you for your understanding during these times of uncertainty. If you have any questions, please do not hesitate to contact your local Sandvik representative who will be happy to talk through these changes with you.

Yours Faithfully,

A handwritten signature in black ink, appearing to read "Robert Stål". The signature is fluid and cursive, with a prominent initial "R" and "S".

Robert Stål  
President Business Unit EMEA  
Tube Division  
Sandvik Materials Technology