

# Interim report Q2 2023

July 18, 2023



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On the cover: Epiroc has launched a new flagship surface radio-remote drill rig, SmartROC T25 R. It has a number of valuable features such as an exceptional coverage area, excellent terrainability, application versatility as well as a Rig Control System (RCS) that helps to reduce the rigs' climate impact through fuel savings.

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## Epiroc interim report Q2

- Orders received increased 15% to MSEK 15 436 (13 377), supported by acquisitions. The organic decline was -1%.
- Revenues increased 34% to MSEK 15 910 (11 868), organic increase of 17%.
- Operating profit increased 43% to MSEK 3 413 (2 381), including items affecting comparability of MSEK -16 (-420).\*
- Operating margin was 21.5% (20.1), and the adjusted operating margin was 21.6% (23.6).
- Basic earnings per share were SEK 2.19 (1.47).
- Operating cash flow was MSEK 1 549 (1 462).
- One acquisition completed in the quarter that strengthens the offering within low-profile underground equipment.\*\*

## Financial overview

| MSEK  | 2023<br>Q2 | 2022<br>Q2 | Δ,% | 2023<br>Jan-Jun | 2022<br>Jan-Jun | Δ,% |
|---|------------|------------|-----|-----------------|-----------------|-----|
| Orders received                                 | 15 436     | 13 377     | 15  | 30 584          | 27 195          | 12  |
| Revenues  | 15 910     | 11 868     | 34  | 29 778          | 22 956          | 30  |
| Operating profit, EBIT                          | 3 413      | 2 381      | 43  | 6 574           | 5 012           | 31  |
| <i>Operating margin, %</i>                      | 21.5       | 20.1       |     | 22.1            | 21.8            |     |
| Profit before tax                               | 3 428      | 2 292      | 50  | 6 392           | 4 856           | 32  |
| <i>Profit margin, %</i>                         | 21.5       | 19.3       |     | 21.5            | 21.2            |     |
| Profit for the period                           | 2 653      | 1 773      | 50  | 4 946           | 3 773           | 31  |
| Operating cash flow                             | 1 549      | 1 462      | 6   | 1 887           | 2 329           | -19 |
| Basic earnings per share, SEK                   | 2.19       | 1.47       | 49  | 4.09            | 3.12            | 31  |
| Diluted earnings per share, SEK                 | 2.19       | 1.47       | 49  | 4.09            | 3.12            | 31  |
| <i>Return on capital employed, %, 12 months</i> | 28.6       | 28.1       |     |                 |                 |     |
| Net debt/EBITDA, ratio                          | 0.60       | -0.07      |     |                 |                 |     |

\* For further information, see page 6.

\*\* For further information, see page 26.

## CEO comments

### Record quarter

The order intake increased by 15% to record-high MSEK 15 436, with strong contribution from acquisitions. The customer activity remained high, especially in mining. We won several large equipment orders, albeit not at the same high level as in Q2 last year. The service business continued to perform well, supported by larger rebuilds of customers' equipment.

In the near term, we expect that the underlying demand, both for equipment and aftermarket, will remain at a high level.

Our revenues increased 34% to record-high MSEK 15 910, driven by organic growth, particularly for equipment, as well as from acquisitions. I am pleased to see that our recent acquisitions have achieved higher revenues than anticipated. We had an especially strong development for automation solutions.

The operating profit, EBIT, increased by 43% to MSEK 3 413. The adjusted operating margin was 21.6% (23.6), with strong organic contribution, while currency and acquisitions impacted negatively. The dilution from acquisitions was 0.9 percentage points on the Group margin.

### Cash flow

The operating cash flow increased to MSEK 1 549 (1 462). The long period of strong growth and higher equipment volumes in combination with supply-chain challenges, mainly for outbound transport, led to higher working capital, particularly in inventory. We are taking measures to optimize and reduce inventories and expect that inventory ratios will improve throughout the year.

### Eventful quarter

The "Epiroc World Expo", which we hosted in May in Örebro, Sweden, gathered almost 200 customers from 25 countries. During the week, we showcased innovations and solutions that will increase productivity and enhance sustainability for our customers. In conjunction with the event, we also hosted our Capital Markets Day, with more than 100 external guests.

### Climate leader

In an annual ranking of 500 companies conducted by the Financial Times, Epiroc was named a "Europe Climate Leader" and came out among the top one-third of the companies. Epiroc was highest

ranked among the Sweden-based companies in the "Machines & industrial equipment" category. Climate is important both to us and to our customers. We invest more than ever in innovation to keep providing customers with equipment and services that increase productivity as well as reduce emissions. Year-on-year, our R&D expenses are up almost 40% to MSEK 500.

### Long track record of profitable growth

While our roots trace back 150 years to 1873, in June, we celebrated our fifth birthday as a stand-alone company. We have several milestones to be proud of. We have successfully established the Epiroc brand, innovation is thriving, we have set ambitious sustainability goals for 2030 - which have been validated as science based targets - and we launched our new vision, Dare to think new.

In Q2 2018, our rolling twelve months revenues were BSEK 34 and now, we are at BSEK 57. This corresponds to an increase of 65% and an annual growth rate of 11%. At the same time, our adjusted EBIT has grown even more, almost doubling from BSEK 6.7 to BSEK 13.0, corresponding to an annual growth rate of 14%. That is a strong achievement that we can be proud of.

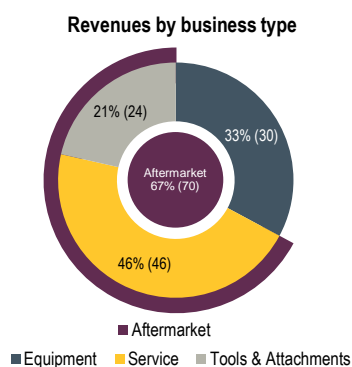
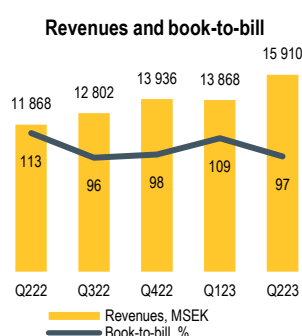
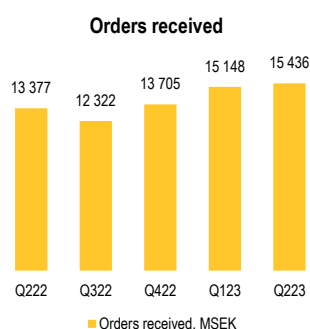
### The best is yet to come

As a team, we have demonstrated great strength and resilience amid major and unforeseen challenges during the past years. Automation, digitalization, and electrification are transforming the industry, but it is the people that actually make it happen. At Epiroc, we have more than 18 000 passionate colleagues who share a relentless ambition to bring value to our customers - not only today, but also in the future. Seeing their drive, I am certain that the best is yet to come.



**Helena Hedblom**  
President and CEO

## Orders and revenues



### Financial overview

| MSEK                | 2023   | 2022   | Δ, % |
|---------------------|--------|--------|------|
|                     | Q2     | Q2     |      |
| Orders received     | 15 436 | 13 377 | 15   |
| Revenues            | 15 910 | 11 868 | 34   |
| Operating profit    | 3 413  | 2 381  | 43   |
| Operating margin, % | 21.5   | 20.1   |      |

### Orders received

Orders received increased 15% to record-high MSEK 15 436 (13 377). The organic decline was -1% (excluding Russia -4%). The customer activity remained high, especially in mining. We won several large equipment orders, albeit not at the same high level as in Q2 last year. Structure (acquisitions) contributed with 12% and currency with 4%.

Compared to the previous year, orders received in local currency increased strongly in Africa/Middle East, Europe, Asia/Australia and South America, while North America had a negative development. The strong development in Africa/Middle East was partly explained by a large order received in South Africa.

Mining customers represented 81% (73) of orders received in the quarter and infrastructure customers 19% (27). The increase in mining is mainly explained by acquisitions.

Sequentially (compared to the previous quarter) orders received decreased -2% organically.

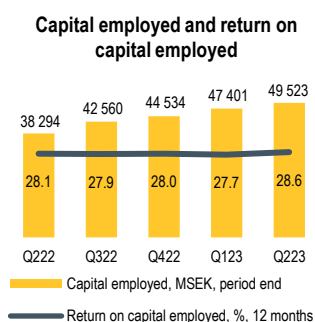
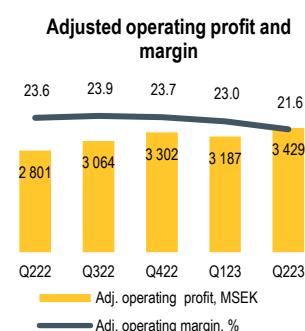
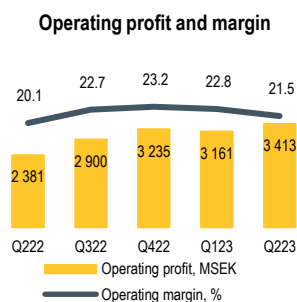
### Revenues

Revenues increased by 34% to record-high MSEK 15 910 (11 868), corresponding to an organic growth of 17%. Acquisitions and currency impacted revenues positively with 12% and 5%, respectively. The book-to-bill ratio was 97% (113).

The aftermarket represented 67% (70) of revenues in the quarter.

| Sales Bridge    | Orders received | Revenues      |
|-----------------|-----------------|---------------|
|                 | MSEK, Δ, %      | MSEK, Δ, %    |
| <b>Q2 2022</b>  | <b>13 377</b>   | <b>11 868</b> |
| Organic         | -1              | 17            |
| Currency        | 4               | 5             |
| Structure/other | 12              | 12            |
| Total           | 15              | 34            |
| <b>Q2 2023</b>  | <b>15 436</b>   | <b>15 910</b> |

## Profits and returns



| Profit bridge    | Operating profit |               |
|------------------|------------------|---------------|
|                  | MSEK, Δ          | Margin, Δ, pp |
| <b>Q2 2022</b>   | <b>2 381</b>     | <b>20.1</b>   |
| Organic          | 695              | 2.4           |
| Currency         | -243             | -2.7          |
| Structure/other* | 580              | 1.7           |
| <b>Total</b>     | <b>1 032</b>     | <b>1.4</b>    |
| <b>Q2 2023</b>   | <b>3 413</b>     | <b>21.5</b>   |

\* Includes operating profit/loss from acquisitions and divestments and items affecting comparability (incl. change in provision for share-based long-term incentive programs).

Operating profit, EBIT, increased by 43% to MSEK 3 413 (2 381). Items affecting comparability were MSEK -16 (-420), consisting of the change in provision for the share-based long-term incentive programs. The comparable period in previous year includes a provision of MSEK -400 related to Russia, restructuring costs related to the relocation of manufacturing from Japan to China of MSEK -95 and change in provision for the share-based long-term incentive programs of MSEK 75.

The operating margin, EBIT, was 21.5% (20.1). The adjusted operating margin (excluding items affecting comparability) was 21.6% (23.6). It was supported by organic growth while currency, acquisitions and mix impacted negatively.

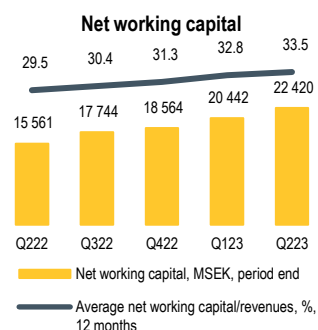
Net financial items amounted to MSEK 15 (-89), positively affected by exchange rate differences. The net interest was MSEK -131 (-23), explained by higher debt and higher interest rates.

Profit before tax was MSEK 3 428 (2 292). Income tax expense amounted to MSEK -775 (-519), corresponding to an effective tax rate of 22.6% (22.6).

Profit for the period totaled MSEK 2 653 (1 773). Basic earnings per share were SEK 2.19 (1.47).

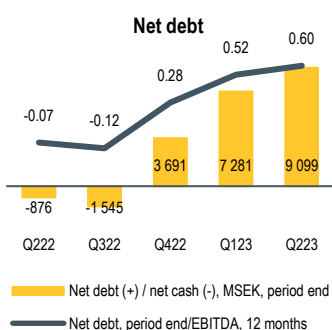
Return on capital employed was 28.6% (28.1) and the return on equity was 29.3% (30.4).

## Balance sheet



### Net working capital

Compared to the previous year, net working capital increased 44% to MSEK 22 420 (15 561). Excluding the effect of acquisitions and currency, the net working capital increased 29%. The increase is mainly explained by strong growth in combination with challenges in the supply chain, mainly outbound transport, as well as higher inventory levels. The average net working capital in relation to revenues in the last 12 months was 33.5% (29.5).

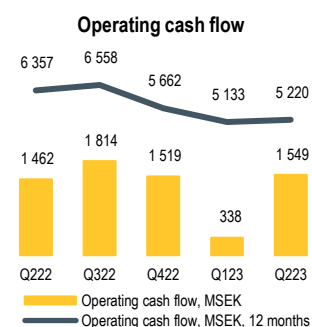


### Net debt

Epiroc ended the quarter with a cash and cash equivalents position of MSEK 4 949 (10 380) and a net debt position of MSEK 9 099 (-876). The change is mainly explained by acquisitions. The net debt/EBITDA ratio was 0.60 (-0.07).

The average tenor of Epiroc's loan facilities was 3.1 years (3.2) with an average interest duration of 17 months (11). Epiroc also has an unutilized revolving credit facility amounting to MSEK 4 000. In the quarter, a green bonds issuance amounting to MSEK 1 500 was made. It follows the previous green bonds issuance of MSEK 2 000, which was done in September 2022.

## Cash flow



### Operating cash flow

Operating cash flow was MSEK 1 549 (1 462). It was supported by higher operating profit, but negatively impacted from change in working capital of MSEK -640 (-436), mainly receivables, as well as higher taxes paid.

### Acquisitions and divestments

One acquisition was completed in the quarter. The net cash flow from acquisitions and divestments was MSEK -38 (-257).

## Leading productivity and sustainability partner

Innovations, acquisitions, and partnerships strengthen Epiroc's position as a leading global productivity and sustainability partner. Below are some highlights from the quarter.



### Acquisitions – Creating options for the future

In the quarter, Epiroc completed one acquisition, AARD Mining Equipment, and acquired key assets from Schramm Australia. See more details on pages 15 and 26.

- **AARD Mining Equipment** complements Epiroc's offering within low-profile underground machines.



### Innovation – Improve operational agility by reducing the reliance on mine site infrastructure

The new MTVR (Multi Terrain Vehicle Reanimator) is a self-contained, wagon-mounted powerpack that supports electric blasthole drill rigs. With its radio remote control and optional rescue function, the MTVR enables off-grid operation, streamlined drill preparation, and continuous tramming.



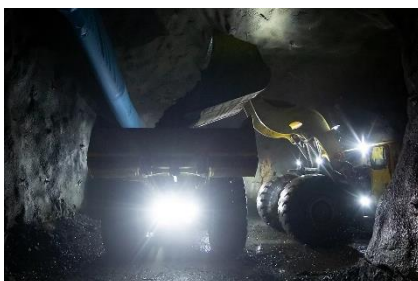
### Innovation – New flagship construction drill rig

Epiroc has launched a new flagship surface radio-remote drill rig, SmartROC T25 R. It has a number of valuable features such as an exceptional coverage area, excellent terrainability, application versatility as well as a Rig Control System that helps to reduce the rigs' climate impact through fuel savings.



### Partnership – Epiroc World Expo for underground customers

In May, almost 200 customers from all over the globe joined the Epiroc World Expo in Örebro, Sweden. Epiroc showcased its latest innovations and acquisitions within underground automation, digitalization, electrification and integrated solutions.



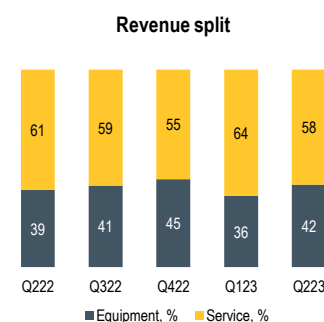
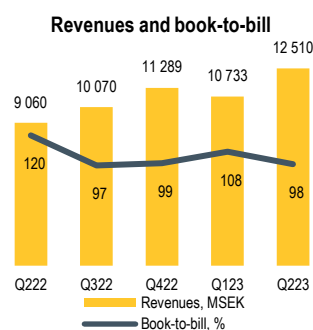
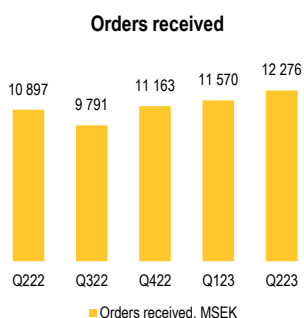
### Partnership – Fossil carbon emission-free recycled steel

Epiroc and Swedish steelmaker SSAB have expanded the collaboration on using fossil-free steel in Epiroc's production. As of Q3 2023, Epiroc will use SSAB Zero™ steel in the manufacturing of battery-electric mine trucks and loaders. The steel is fossil carbon emission-free recycled steel produced using sustainable sources of energy. The companies are also exploring the possibilities to collaborate on using fossil-free steel when manufacturing spare parts and components with additive technology.



## Equipment & Service

Equipment & Service provides rock drilling equipment, equipment for rock excavation, rock reinforcement, loading and haulage, ventilation systems, drilling equipment for exploration, water and energy, exploration tools and solutions, as well as related spare parts and service for the mining and infrastructure industries. The segment also provides solutions for automation, digitalization and electrification.



### Financial overview

| MSEK                | 2023   | 2022   | Δ,% |
|---------------------|--------|--------|-----|
|                     | Q2     | Q2     |     |
| Orders received     | 12 276 | 10 897 | 13  |
| Revenues            | 12 510 | 9 060  | 38  |
| Operating profit    | 2 995  | 1 955  | 53  |
| Operating margin, % | 23.9   | 21.6   |     |

### Orders received

Orders received increased 13% to MSEK 12 276 (10 897). Acquisitions contributed with 9% and currency with 4%.

Compared to the previous year, orders received in local currency increased in Africa/Middle East, Europe and Asia/Australia, were flat in South America, and decreased in North America. The strong development in Africa/Middle East was partly explained by a large order received in South Africa.

For equipment, orders received amounted to MSEK 5 109 (5 012), corresponding to an organic decline of -6%. The investment willingness among customers continued to be high and we won several large orders, albeit not at the same high level as in Q2 last year. Acquisitions and currency, contributed positively. The share of orders from equipment was 42% (46).

For service, orders received increased 22% to MSEK 7 167 (5 885), with a strong contribution from acquisitions. The organic growth was 5% and reflected a continued high activity level as well as a continued good demand for larger rebuilds. The share of orders from service was 58% (54).

Sequentially, orders received increased 2% organically for the segment.

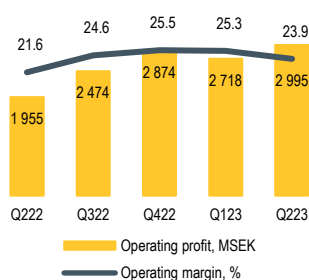
### Revenues

Revenues increased 38% to MSEK 12 510 (9 060), corresponding to an organic growth of 22%. Acquisitions contributed with 10% and currency with 6%. The revenues for service increased 13% organically, while equipment revenues increased 37% organically. The share of revenues from service was 58% (61). The book-to-bill ratio was 98% (120).

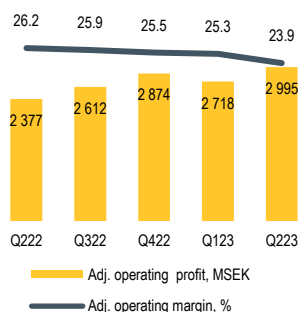
## Equipment & Service

| Sales Bridge    | Equipment & Service |               | Equipment       |              | Service         |              |
|-----------------|---------------------|---------------|-----------------|--------------|-----------------|--------------|
|                 | Orders received     | Revenues      | Orders received | Revenues     | Orders received | Revenues     |
|                 | MSEK,Δ,%            | MSEK,Δ,%      | MSEK,Δ,%        | MSEK,Δ,%     | MSEK,Δ,%        | MSEK,Δ,%     |
| <b>Q2 2022</b>  | <b>10 897</b>       | <b>9 060</b>  | <b>5 012</b>    | <b>3 550</b> | <b>5 885</b>    | <b>5 510</b> |
| Organic         | -                   | 22            | -6              | 37           | 5               | 13           |
| Currency        | 4                   | 6             | 3               | 6            | 5               | 5            |
| Structure/other | 9                   | 10            | 5               | 4            | 12              | 14           |
| Total           | 13                  | 38            | 2               | 47           | 22              | 32           |
| <b>Q2 2023</b>  | <b>12 276</b>       | <b>12 510</b> | <b>5 109</b>    | <b>5 233</b> | <b>7 167</b>    | <b>7 277</b> |

### Operating profit and margin



### Adjusted operating profit and margin



### Operating profit and margin

Operating profit, EBIT, increased 53% to MSEK 2 995 (1 955). It was supported by strong organic revenue growth, particularly for equipment, as well as acquisitions.

The operating margin, EBIT, was 23.9% (21.6). The margin in previous year, Q2 2022, was negatively impacted by provisions related to Russia of MSEK -327 and restructuring costs related to the relocation of manufacturing from Japan to China of MSEK -95. The adjusted operating margin was 23.9% (26.2), supported by organic revenue growth, but negatively impacted by currency, acquisitions, and mix.

### Profit bridge

|                 | Operating profit |             |
|-----------------|------------------|-------------|
|                 | MSEK,Δ           | Margin,Δ,pp |
| <b>Q2 2022</b>  | <b>1 955</b>     | <b>21.6</b> |
| Organic         | 734              | 2.9         |
| Currency        | -199             | -2.9        |
| Structure/other | 505              | 2.3         |
| Total           | 1 040            | 2.3         |
| <b>Q2 2023</b>  | <b>2 995</b>     | <b>23.9</b> |

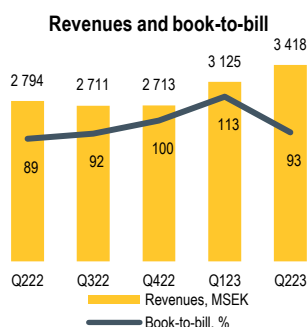
### Acquisitions and investments

In the quarter, Equipment & Service completed the acquisition of AARD Mining Equipment and acquired key assets from Schramm Australia. See pages 15 and 26.

In April, a new heat treatment plant was inaugurated in Örebro, Sweden. Thanks to automation, the 1400 m<sup>2</sup> plant will be able to run 24/7. The residual heat will be used to heat other Epiroc buildings as well as contribute to Örebro's local heating system. The building also has solar panels.

## Tools & Attachments

Tools & Attachments provides rock drilling tools and hydraulic attachments that are attached to machines used mainly for drilling, deconstruction and recycling as well as rock excavation. It also provides related service and spare parts and serves the mining and infrastructure industries.



### Financial overview

| MSEK                | 2023  | 2022  | Δ,% |
|---------------------|-------|-------|-----|
|                     | Q2    | Q2    |     |
| Orders received     | 3 180 | 2 495 | 27  |
| Revenues            | 3 418 | 2 794 | 22  |
| Operating profit    | 524   | 436   | 20  |
| Operating margin, % | 15.3  | 15.6  |     |

### Orders received

Orders received increased 27% to MSEK 3 180 (2 495), corresponding to an organic decline of -1%. Acquisitions, mainly CR, contributed with 25% and currency with 3%.

Compared to the previous year, orders received in local currency, including acquisitions, increased double digits in all regions except Europe.

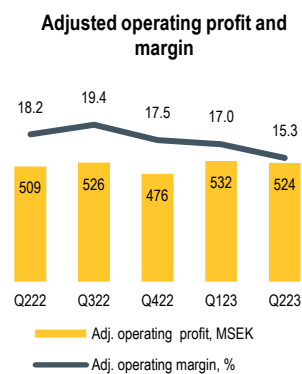
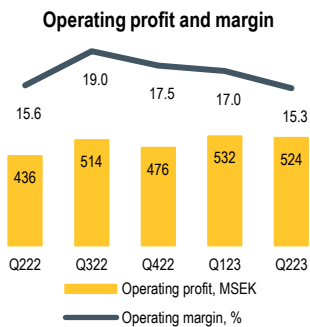
Sequentially, orders received decreased -11% organically.

### Revenues

Revenues increased 22% to MSEK 3 418 (2 794), a flat development organically. Acquisitions, mainly CR, contributed with 19% and currency with 3%. The book-to-bill ratio was 93% (89).

| Sales Bridge    | Orders received | Revenues     |
|-----------------|-----------------|--------------|
|                 | MSEK, Δ,%       | MSEK, Δ,%    |
| <b>Q2 2022</b>  | <b>2 495</b>    | <b>2 794</b> |
| Organic         | -1              | -            |
| Currency        | 3               | 3            |
| Structure/other | 25              | 19           |
| Total           | 27              | 22           |
| <b>Q2 2023</b>  | <b>3 180</b>    | <b>3 418</b> |

## Tools & Attachments



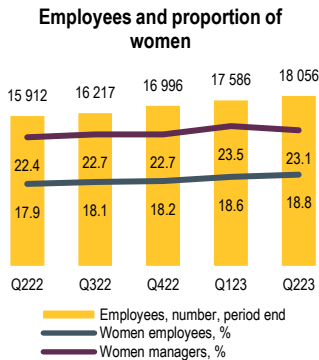
### Operating profit and margin

Operating profit, EBIT, increased 20% to MSEK 524 (436). Previous year, Q2 2022, was negatively impacted by provisions of MSEK -73 related to Russia.

The operating margin, EBIT, was 15.3% (15.6). The adjusted operating margin was 15.3% (18.2), negatively impacted by currency, while acquisitions contributed positively.

| Profit bridge   | Operating profit |               |
|-----------------|------------------|---------------|
|                 | MSEK, Δ          | Margin, Δ, pp |
| <b>Q2 2022</b>  | <b>436</b>       | <b>15.6</b>   |
| Organic         | -28              | -0.3          |
| Currency        | -50              | -2.4          |
| Structure/other | 166              | 2.4           |
| Total           | 88               | -0.3          |
| <b>Q2 2023</b>  | <b>524</b>       | <b>15.3</b>   |

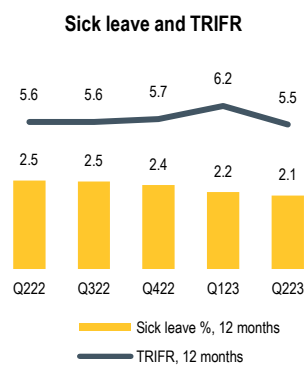
Sustainability: People & Planet



**Employees**

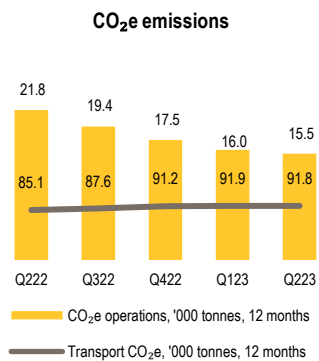
The number of employees increased to 18 056 (15 912), mainly due to acquisitions. External workforce amounted to 1 783 (1 582). For comparable units, the total workforce increased with 516 compared to the previous year.

The proportion of women employees and women managers at the end of the period increased to 18.8% (17.9) and 23.1% (22.4), respectively.



**Safety and health**

The total recordable injury frequency rate (TRIFR) per one million working hours the last 12 months decreased to 5.5 (5.6). Several actions have been taken to reduce injuries. The sick leave decreased to 2.1% (2.5).



**CO<sub>2</sub>e emissions from operations**

The CO<sub>2</sub>e emissions from operations for comparable units\* the last 12 months decreased -29% to 15 459 (21 820) tonnes. The improvement is driven by several initiatives, including the installation of solar panels and a higher share of renewable electricity.

The total CO<sub>2</sub>e emissions from operations for comparable units\* as well as for major customer centers the last 12 months amounted to 23 235 tonnes.

\* Comparable units are production companies and distribution centers in 2022.

**CO<sub>2</sub>e emissions from transport**

The CO<sub>2</sub>e emissions from transport for comparable units\* the last 12 months increased 8% to 91 822 (85 110) tonnes. The increase is mainly explained by higher volumes delivered.

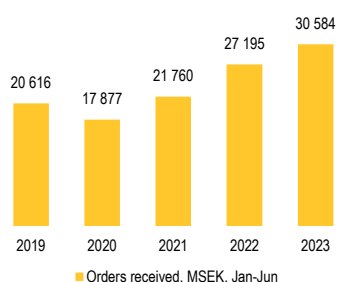
\* Comparable units are production companies and distribution centers in 2022. Recently acquired companies are measured but excluded in this report due to comparability reasons.

**Climate leader**

In an annual ranking of 500 companies conducted by the Financial Times, Epiroc was named a "Europe Climate Leader" and came out among the top one-third of the companies. Epiroc was highest ranked among the Sweden-based companies in the "Machines & industrial equipment" category.

## January – June in summary

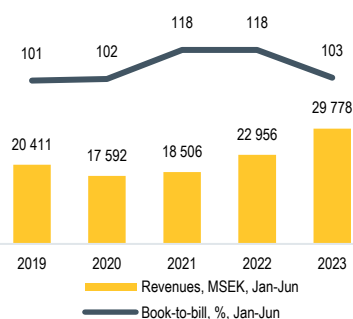
Orders received, Jan-Jun



The orders received the first six months increased 12% to MSEK 30 584 (27 195), corresponding to an organic decline of -4%. Acquisitions contributed strongly to the increase. Revenues increased 30% to MSEK 29 778 (22 956), of which 13% organically.

| Sales Bridge        | Orders received | Revenues      |
|---------------------|-----------------|---------------|
|                     | MSEK,Δ,%        | MSEK,Δ,%      |
| <b>Jan-Jun 2022</b> | <b>27 195</b>   | <b>22 956</b> |
| Organic             | -4              | 13            |
| Currency            | 5               | 6             |
| Structure/other     | 11              | 11            |
| <b>Total</b>        | <b>12</b>       | <b>30</b>     |
| <b>Jan-Jun 2023</b> | <b>30 584</b>   | <b>29 778</b> |

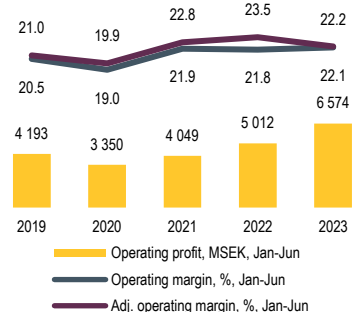
Revenues and book-to-bill, Jan-Jun



Operating profit, EBIT, increased 31% to MSEK 6 574 (5 012), including items affecting comparability of MSEK -42 (-377). Change in provision for the share-based long-term incentive programs was MSEK -42 (118). The comparable period in previous year includes a provision of MSEK -400 related to Russia and restructuring costs related to the relocation of manufacturing from Japan to China of MSEK -95.

The operating margin, EBIT, was 22.1% (21.8) and the adjusted operating margin was 22.2% (23.5). The margin was supported by organic revenue growth, but was diluted by currency and acquisitions.

Operating profit and margin, Jan-Jun



| Profit bridge       | Operating profit | Margin,Δ,pp |
|---------------------|------------------|-------------|
|                     | MSEK,Δ           |             |
| <b>Jan-Jun 2022</b> | <b>5 012</b>     | <b>21.8</b> |
| Organic             | 1 017            | 1.6         |
| Currency            | -38              | -1.3        |
| Structure/other     | 583              | -           |
| <b>Total</b>        | <b>1 562</b>     | <b>0.3</b>  |
| <b>Jan-Jun 2023</b> | <b>6 574</b>     | <b>22.1</b> |

Profit before tax was MSEK 6 392 (4 856). Profit for the period totaled MSEK 4 946 (3 773).

Basic earnings per share were SEK 4.09 (3.12).

Operating cash flow was MSEK 1 887 (2 329).

## Other information

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### Organizational changes

- Effective June 1, 2023, Martin Hjerpe, a member of Epiroc's Group Management, added supply chain to his list of responsibilities. His new title is Senior Vice President Strategy & Supply Chain.
- Paul Bergström started as President of the Digital Solutions division and member of Group Management on May 1, 2023.

### Other relevant information

- On June 2, 2023, Epiroc purchased key assets of Schramm Australia, a leading manufacturer of products for reverse circulation drilling. The assets include intellectual property as well as two production facilities near Perth and two service centers located in Queensland and South Australia. 85 employees have joined Epiroc.
- On May 23, 2023, Epiroc hosted the Annual General Meeting. All proposals in the Notice were approved, including paying a dividend of SEK 3.40 per share in two equal installments, as well as re-election of nine Board members. Anders Ullberg, Board member since the creation of Epiroc, declined re-election.
- On May 4, 2023, Epiroc issued green bonds amounting to BSEK 1.5 to support the continued development of sustainable products and solutions. The issuance follows the previous green bonds issuance of BSEK 2 in September 2022.

## Key risks

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Epiroc is exposed to strategic, operational, legal and compliance as well as financial risks. The key risks include climate change and environment, competition, geopolitical and regulatory, market, corruption and fraud, cyber security and information risk, employees, product development, production, reputation, safety and health, and supply chain. Further information on risks, opportunities and risk management can be found in Epiroc's Annual and Sustainability Report 2022.



## Signature of the President and the Board

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The Board of Directors and President of Epiroc AB declare that the interim report gives a fair view of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

Nacka, Sweden, July 18, 2023

**Ronnie Leten**  
Chair of Board

**Helena Hedblom**  
Board member  
President and CEO

**Johan Forssell**  
Board member

**Astrid Skarheim Onsum**  
Board member

**Ulla Litzén**  
Board member

**Lennart Evrell**  
Board member

**Jeane Hull**  
Board member

**Anthea Bath**  
Board member

**Sigurd Mareels**  
Board member

**Kristina Kanestad**  
Employee  
representative

**Daniel Rundgren**  
Employee  
representative

## Auditor's review report

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Epiroc AB (publ), Corp.Reg.No. 556041-2149

**Introduction:** We have reviewed the condensed interim report for Epiroc AB as at 30 June 2023 and for the sixmonth period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of Review:** We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:** Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, Sweden, July 18, 2023

**Erik Sandström**  
Authorized Public Accountant, Ernst & Young AB

**Financial Statements**
**Condensed consolidated income statement**

| MSEK                                | 2023<br>Q2   | 2022<br>Q2   | 2023<br>Jan-Jun | 2022<br>Jan-Jun |
|-------------------------------------|--------------|--------------|-----------------|-----------------|
| Revenues                            | 15 910       | 11 868       | 29 778          | 22 956          |
| Cost of sales                       | -9 887       | -7 813       | -18 159         | -14 644         |
| <b>Gross profit</b>                 | <b>6 023</b> | <b>4 055</b> | <b>11 619</b>   | <b>8 312</b>    |
| Administrative expenses             | -1 071       | -818         | -2 040          | -1 539          |
| Marketing expenses                  | -1 012       | -767         | -1 938          | -1 408          |
| Research and development expenses   | -497         | -363         | -949            | -682            |
| Other operating income and expenses | -30          | 274          | -118            | 329             |
| <b>Operating profit</b>             | <b>3 413</b> | <b>2 381</b> | <b>6 574</b>    | <b>5 012</b>    |
| Net financial items                 | 15           | -89          | -182            | -156            |
| <b>Profit before tax</b>            | <b>3 428</b> | <b>2 292</b> | <b>6 392</b>    | <b>4 856</b>    |
| Income tax expense                  | -775         | -519         | -1 446          | -1 083          |
| <b>Profit for the period</b>        | <b>2 653</b> | <b>1 773</b> | <b>4 946</b>    | <b>3 773</b>    |
| Profit attributable to              |              |              |                 |                 |
| - owners of the parent              | 2 645        | 1 770        | 4 935           | 3 767           |
| - non-controlling interests         | 8            | 3            | 11              | 6               |
| Basic earnings per share, SEK       | 2.19         | 1.47         | 4.09            | 3.12            |
| Diluted earnings per share, SEK     | 2.19         | 1.47         | 4.09            | 3.12            |

**Condensed consolidated statement of comprehensive income**

| MSEK   | 2023<br>Q2   | 2022<br>Q2   | 2023<br>Jan-Jun | 2022<br>Jan-Jun |
|--|--------------|--------------|-----------------|-----------------|
| <b>Profit for the period</b>   | <b>2 653</b> | <b>1 773</b> | <b>4 946</b>    | <b>3 773</b>    |
| <b>Other comprehensive income</b>  |              |              |                 |                 |
| <b>Items that will not be reclassified to profit or loss</b>               |              |              |                 |                 |
| Remeasurements of defined benefit pension plans                            | 42           | 369          | -44             | 780             |
| Income tax relating to items that will not be reclassified                 | -9           | -78          | 9               | -163            |
| <b>Total items that will not be reclassified to profit or loss</b>         | <b>33</b>    | <b>291</b>   | <b>-35</b>      | <b>617</b>      |
| <b>Items that may be reclassified subsequently to profit or loss</b>       |              |              |                 |                 |
| Translation differences on foreign operations                              | 1 125        | 1 362        | 829             | 2 032           |
| Cash flow hedges   | -15          | -            | -93             | -               |
| Income tax relating to items that may be reclassified                      | 3            | -            | 19              | -               |
| <b>Total items that may be reclassified subsequently to profit or loss</b> | <b>1 113</b> | <b>1 362</b> | <b>755</b>      | <b>2 032</b>    |
| <b>Other comprehensive income for the period, net of tax</b>               | <b>1 146</b> | <b>1 653</b> | <b>720</b>      | <b>2 649</b>    |
| <b>Total comprehensive income for the period</b>                           | <b>3 799</b> | <b>3 426</b> | <b>5 666</b>    | <b>6 422</b>    |
| Total comprehensive income attributable to                                 |              |              |                 |                 |
| - owners of the parent   | 3 772        | 3 419        | 5 648           | 6 412           |
| - non-controlling interests  | 27           | 7            | 18              | 10              |

**Condensed consolidated balance sheet**

|  | <b>2023</b>   | <b>2022</b>   | <b>2022</b>   |
|--|---------------|---------------|---------------|
| <b>Assets, MSEK</b>                                      | <b>Jun 30</b> | <b>Jun 30</b> | <b>Dec 31</b> |
| Intangible assets  | 16 875        | 7 653         | 13 073        |
| Rental equipment   | 1 597         | 1 430         | 1 458         |
| Other property, plant and equipment                      | 5 963         | 4 909         | 5 429         |
| Investments in associated companies and joint ventures   | 65            | 81            | 67            |
| Other financial assets and other receivables             | 1 971         | 1 722         | 1 752         |
| Deferred tax assets                                      | 1 579         | 1 641         | 1 526         |
| <b>Total non-current assets</b>                          | <b>28 050</b> | <b>17 436</b> | <b>23 305</b> |
| Inventories  | 20 157        | 15 119        | 16 945        |
| Trade receivables  | 11 082        | 8 381         | 9 581         |
| Other receivables  | 3 753         | 2 760         | 3 195         |
| Current tax receivables                                  | 592           | 343           | 315           |
| Financial assets   | 1 613         | 1 026         | 1 010         |
| Cash and cash equivalents                                | 4 949         | 10 380        | 7 326         |
| Assets held for sale                                     | 98            | 98            | 103           |
| <b>Total current assets</b>                              | <b>42 244</b> | <b>38 107</b> | <b>38 475</b> |
| <b>Total assets</b>                                      | <b>70 294</b> | <b>55 543</b> | <b>61 780</b> |
| <b>Equity and liabilities, MSEK</b>                      |               |               |               |
| Share capital  | 500           | 500           | 500           |
| Retained earnings  | 34 200        | 28 093        | 32 520        |
| <b>Total equity attributable to owners of the parent</b> | <b>34 700</b> | <b>28 593</b> | <b>33 020</b> |
| Non-controlling interest                                 | 505           | 70            | 488           |
| <b>Total equity</b>                                      | <b>35 205</b> | <b>28 663</b> | <b>33 508</b> |
| Interest-bearing liabilities                             | 10 344        | 8 788         | 8 877         |
| Post-employment benefits                                 | 148           | 118           | 149           |
| Other liabilities and provisions                         | 690           | 454           | 652           |
| Deferred tax liabilities                                 | 1 048         | 872           | 1 215         |
| <b>Total non-current liabilities</b>                     | <b>12 230</b> | <b>10 232</b> | <b>10 893</b> |
| Interest-bearing liabilities                             | 3 827         | 725           | 1 999         |
| Trade payables   | 7 196         | 6 239         | 6 375         |
| Current tax liabilities                                  | 502           | 678           | 670           |
| Other liabilities and provisions                         | 11 334        | 9 006         | 8 335         |
| <b>Total current liabilities</b>                         | <b>22 859</b> | <b>16 648</b> | <b>17 379</b> |
| <b>Total equity and liabilities</b>                      | <b>70 294</b> | <b>55 543</b> | <b>61 780</b> |

**Condensed consolidated statement of changes in equity**

| MSEK  | Equity attributable to |                           |               |
|---|------------------------|---------------------------|---------------|
|   | owners of the parent   | non-controlling interests | Total equity  |
| <b>Opening balance, Jan 1, 2023</b>         | <b>33 020</b>          | <b>488</b>                | <b>33 508</b> |
| Total comprehensive income for the period   | 5 648                  | 18                        | 5 666         |
| Dividend                                    | -4 102                 | -1                        | -4 103        |
| Acquisition and divestment of own shares    | 208                    | -                         | 208           |
| Share-based payments, equity settled        | -74                    | -                         | -74           |
| <b>Closing balance, Jun 30, 2023</b>        | <b>34 700</b>          | <b>505</b>                | <b>35 205</b> |
| <b>Opening balance, Jan 1, 2022</b>         | <b>25 729</b>          | <b>56</b>                 | <b>25 785</b> |
| Total comprehensive income for the period   | 6 412                  | 10                        | 6 422         |
| Dividend/Redemption                         | -3 619                 | -1                        | -3 620        |
| Transactions with non-controlling interests | -                      | 5                         | 5             |
| Acquisition and divestment of own shares    | 76                     | -                         | 76            |
| Share-based payments, equity settled        | -5                     | -                         | -5            |
| <b>Closing balance, Jun 30, 2022</b>        | <b>28 593</b>          | <b>70</b>                 | <b>28 663</b> |
| <b>Opening balance, Jan 1, 2022</b>         | <b>25 729</b>          | <b>56</b>                 | <b>25 785</b> |
| Total comprehensive income for the period   | 11 144                 | 21                        | 11 165        |
| Dividend/Redemption                         | -3 619                 | -2                        | -3 621        |
| Transactions with non-controlling interests | -111                   | 413                       | 302           |
| Acquisition and divestment of own shares    | -116                   | -                         | -116          |
| Share-based payments, equity settled        | -7                     | -                         | -7            |
| <b>Closing balance, Dec 31, 2022</b>        | <b>33 020</b>          | <b>488</b>                | <b>33 508</b> |

**Condensed consolidated statement of cash flows**

| MSEK   | 2023<br>Q2   | 2022<br>Q2    | 2023<br>Jan-Jun | 2022<br>Jan-Jun |
|--|--------------|---------------|-----------------|-----------------|
| <b>Cash flow from operating activities</b>           |              |               |                 |                 |
| Operating profit                                     | 3 413        | 2 381         | 6 574           | 5 012           |
| Depreciation, amortization and impairment            | 644          | 487           | 1 279           | 953             |
| Capital gain/loss and other non-cash items           | -254         | -129          | -480            | -325            |
| Net financial items received/paid                    | -189         | -6            | -147            | -275            |
| Taxes paid   | -1 078       | -661          | -2 000          | -1 300          |
| Pension funding and payment of pension to employees  | -16          | -13           | -36             | -25             |
| Change in working capital                            | -640         | -436          | -2 479          | -1 605          |
| Increase in rental equipment                         | -354         | -298          | -576            | -468            |
| Sale of rental equipment                             | 168          | 75            | 298             | 184             |
| <b>Net cash flow from operating activities</b>       | <b>1 694</b> | <b>1 400</b>  | <b>2 433</b>    | <b>2 151</b>    |
| <b>Cash flow from investing activities</b>           |              |               |                 |                 |
| Investments in other property, plant and equipment   | -219         | -126          | -453            | -270            |
| Sale of other property, plant and equipment          | 19           | 3             | 26              | 12              |
| Investments in intangible assets                     | -214         | -121          | -325            | -236            |
| Sale of intangible assets                            | 3            | -             | 3               | -               |
| Acquisition of subsidiaries and associated companies | -38          | -267          | -3 317          | -285            |
| Sale of subsidiaries and associated companies        | -            | 10            | -               | 10              |
| Proceeds to/from other financial assets, net         | -325         | -122          | -447            | -208            |
| <b>Net cash flow from investing activities</b>       | <b>-774</b>  | <b>-623</b>   | <b>-4 513</b>   | <b>-977</b>     |
| <b>Cash flow from financing activities</b>           |              |               |                 |                 |
| Dividend   | -2 051       | -1 810        | -2 051          | -1 810          |
| Dividend to non-controlling interest                 | -1           | -1            | -1              | -1              |
| Sale/Repurchase of own shares                        | 49           | 49            | 209             | 76              |
| Change in interest-bearing liabilities               | 1 357        | -139          | 1 503           | -216            |
| <b>Net cash flow from financing activities</b>       | <b>-646</b>  | <b>-1 901</b> | <b>-340</b>     | <b>-1 951</b>   |
| <b>Net cash flow for the period</b>                  | <b>274</b>   | <b>-1 124</b> | <b>-2 420</b>   | <b>-777</b>     |
| Cash and cash equivalents, beginning of the period   | 4 587        | 11 207        | 7 326           | 10 792          |
| Exchange differences in cash and cash equivalents    | 88           | 297           | 43              | 365             |
| <b>Cash and cash equivalents, end of the period</b>  | <b>4 949</b> | <b>10 380</b> | <b>4 949</b>    | <b>10 380</b>   |
|  | 2023         | 2022          | 2023            | 2022            |
| <b>Operating cash flow*</b>                          | <b>Q2</b>    | <b>Q2</b>     | <b>Jan-Jun</b>  | <b>Jan-Jun</b>  |
| Net cash flow from operating activities              | 1 694        | 1 400         | 2 433           | 2 151           |
| Net cash flow from investing activities              | -774         | -623          | -4 513          | -977            |
| Acquisitions and divestments, net                    | 38           | 257           | 3 317           | 275             |
| Other adjustments                                    | 591          | 428           | 650             | 880             |
| <b>Operating cash flow</b>                           | <b>1 549</b> | <b>1 462</b>  | <b>1 887</b>    | <b>2 329</b>    |

\* Operating cash flow is not defined according to IFRS. See page 28.

**Condensed parent company income statement**

| <b>MSEK</b>                         | <b>2023</b> | <b>2022</b> | <b>2023</b>    | <b>2022</b>    |
|-------------------------------------|-------------|-------------|----------------|----------------|
|                                     | <b>Q2</b>   | <b>Q2</b>   | <b>Jan-Jun</b> | <b>Jan-Jun</b> |
| Administrative expenses             | -78         | -53         | -146           | -105           |
| Marketing expenses                  | -9          | -8          | -16            | -13            |
| Other operating income and expenses | 76          | 34          | 76             | 34             |
| <b>Operating profit/loss</b>        | <b>-11</b>  | <b>-27</b>  | <b>-86</b>     | <b>-84</b>     |
| Financial income and expenses       | -17         | -5          | -44            | -13            |
| <b>Profit/loss before tax</b>       | <b>-28</b>  | <b>-32</b>  | <b>-130</b>    | <b>-97</b>     |
| Income tax                          | 7           | 9           | 29             | 22             |
| <b>Profit/loss for the period</b>   | <b>-21</b>  | <b>-23</b>  | <b>-101</b>    | <b>-75</b>     |

**Condensed parent company balance sheet**

| <b>MSEK</b>                         | <b>2023</b>   | <b>2022</b>   | <b>2022</b>   |
|-------------------------------------|---------------|---------------|---------------|
|                                     | <b>Jun 30</b> | <b>Jun 30</b> | <b>Dec 31</b> |
| Total non-current assets            | 54 811        | 53 200        | 53 281        |
| Total current assets                | 4 521         | 231           | 4 748         |
| <b>Total assets</b>                 | <b>59 332</b> | <b>53 431</b> | <b>58 029</b> |
| Total restricted equity             | 503           | 503           | 503           |
| Total non-restricted equity         | 44 817        | 43 867        | 48 885        |
| <b>Total equity</b>                 | <b>45 320</b> | <b>44 370</b> | <b>49 388</b> |
| Total provisions                    | 218           | 166           | 213           |
| Total non-current liabilities       | 8 483         | 6 990         | 6 990         |
| Total current liabilities           | 5 311         | 1 905         | 1 438         |
| <b>Total equity and liabilities</b> | <b>59 332</b> | <b>53 431</b> | <b>58 029</b> |

## Condensed segments quarterly

Epiroc has two reporting segments; Equipment & Service and Tools & Attachments. In addition, Epiroc reports common Group functions, including Financial Solutions, Group management, support functions and eliminations.

|   | 2022          |               |               |               | 2022          | 2023          |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Q1            | Q2            | Q3            | Q4            | FY            | Q1            | Q2            |
| <b>Orders received, MSEK</b>                            |               |               |               |               |               |               |               |
| Equipment & Service                                     | 10 840        | 10 897        | 9 791         | 11 163        | 42 691        | 11 570        | 12 276        |
| Equipment   | 5 537         | 5 012         | 3 702         | 4 063         | 18 314        | 4 937         | 5 109         |
| Service   | 5 303         | 5 885         | 6 089         | 7 100         | 24 377        | 6 633         | 7 167         |
| Tools & Attachments                                     | 2 970         | 2 495         | 2 502         | 2 703         | 10 670        | 3 535         | 3 180         |
| Common group functions                                  | 8             | -15           | 29            | -161          | -139          | 43            | -20           |
| <b>Epiroc Group</b>                                     | <b>13 818</b> | <b>13 377</b> | <b>12 322</b> | <b>13 705</b> | <b>53 222</b> | <b>15 148</b> | <b>15 436</b> |
| <b>Revenues, MSEK</b>                                   |               |               |               |               |               |               |               |
| Equipment & Service                                     | 8 485         | 9 060         | 10 070        | 11 289        | 38 904        | 10 733        | 12 510        |
| Equipment   | 3 699         | 3 550         | 4 155         | 5 037         | 16 442        | 3 881         | 5 233         |
| Service   | 4 786         | 5 510         | 5 915         | 6 252         | 22 462        | 6 852         | 7 277         |
| Tools & Attachments                                     | 2 588         | 2 794         | 2 711         | 2 713         | 10 806        | 3 125         | 3 418         |
| Common group functions                                  | 15            | 14            | 21            | -66           | -16           | 10            | -18           |
| <b>Epiroc Group</b>                                     | <b>11 088</b> | <b>11 868</b> | <b>12 802</b> | <b>13 936</b> | <b>49 694</b> | <b>13 868</b> | <b>15 910</b> |
| <b>Operating profit and profit before tax, MSEK</b>     |               |               |               |               |               |               |               |
| Equipment & Service                                     | 2 188         | 1 955         | 2 474         | 2 874         | 9 491         | 2 718         | 2 995         |
| Tools & Attachments                                     | 474           | 436           | 514           | 476           | 1 900         | 532           | 524           |
| Common group functions                                  | -31           | -10           | -88           | -115          | -244          | -89           | -106          |
| <b>Epiroc Group</b>                                     | <b>2 631</b>  | <b>2 381</b>  | <b>2 900</b>  | <b>3 235</b>  | <b>11 147</b> | <b>3 161</b>  | <b>3 413</b>  |
| Net financial items                                     | -67           | -89           | -24           | -189          | -369          | -197          | 15            |
| <b>Profit before tax</b>                                | <b>2 564</b>  | <b>2 292</b>  | <b>2 876</b>  | <b>3 046</b>  | <b>10 778</b> | <b>2 964</b>  | <b>3 428</b>  |
| <b>Operating margin, %</b>                              |               |               |               |               |               |               |               |
| Equipment & Service                                     | 25.8          | 21.6          | 24.6          | 25.5          | 24.4          | 25.3          | 23.9          |
| Tools & Attachments                                     | 18.3          | 15.6          | 19.0          | 17.5          | 17.6          | 17.0          | 15.3          |
| <b>Epiroc Group</b>                                     | <b>23.7</b>   | <b>20.1</b>   | <b>22.7</b>   | <b>23.2</b>   | <b>22.4</b>   | <b>22.8</b>   | <b>21.5</b>   |
| <b>Items affecting comparability, MSEK*</b>             |               |               |               |               |               |               |               |
| Change in provision for LTIP**                          | -43           | -75           | 14            | 67            | -37           | 26            | 16            |
| Items in Equipment & Service                            | -             | 422           | 138           | -             | 560           | -             | -             |
| Items in Tools & Attachments                            | -             | 73            | 12            | -             | 85            | -             | -             |
| <b>Epiroc Group</b>                                     | <b>-43</b>    | <b>420</b>    | <b>164</b>    | <b>67</b>     | <b>608</b>    | <b>26</b>     | <b>16</b>     |
| <b>Adj. margin for items affecting comparability, %</b> |               |               |               |               |               |               |               |
| Adjusted operating margin, E&S, %                       | 25.8          | 26.2          | 25.9          | 25.5          | 25.8          | 25.3          | 23.9          |
| Adjusted operating margin, T&A, %                       | 18.3          | 18.2          | 19.4          | 17.5          | 18.4          | 17.0          | 15.3          |
| <b>Adjusted operating margin, %</b>                     | <b>23.3</b>   | <b>23.6</b>   | <b>23.9</b>   | <b>23.7</b>   | <b>23.7</b>   | <b>23.0</b>   | <b>21.6</b>   |

Effective January 1, 2023, exploration consumables have moved from the Tools & Attachments segment to the Equipment & Service segment. Segment figures for 2022 have been restated.

\* Items affecting comparability are shown with reverse sign. I.e. a positive number indicates a cost and vice versa.

\*\* Change in provision for long-term incentive programs is reported as administrative expenses.

## Geographical distribution of orders received

| MSEK                           | 2022          |               |               |               | 2022          | 2023          | Δ,%           |            |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| % currency adjusted            | Q1            | Q2            | Q3            | Q4            | FY            | Q1            | Q2            | Y-o-Y      |
| <b>Epiroc Group</b>            | <b>13 818</b> | <b>13 377</b> | <b>12 322</b> | <b>13 705</b> | <b>53 222</b> | <b>15 148</b> | <b>15 436</b> | <b>12%</b> |
| North America                  | 3 358         | 3 753         | 3 438         | 3 147         | 13 696        | 3 608         | 3 651         | -9%        |
| South America                  | 1 687         | 1 892         | 1 851         | 2 102         | 7 532         | 1 803         | 2 257         | 8%         |
| Europe                         | 3 100         | 1 742         | 601           | 2 016         | 7 459         | 2 304         | 2 120         | 22%        |
| Africa/Middle East             | 2 125         | 1 962         | 2 312         | 1 900         | 8 299         | 2 561         | 2 885         | 49%        |
| Asia/Australia                 | 3 548         | 4 028         | 4 120         | 4 540         | 16 236        | 4 872         | 4 523         | 11%        |
| <b>Equipment &amp; Service</b> | <b>10 840</b> | <b>10 897</b> | <b>9 791</b>  | <b>11 163</b> | <b>42 691</b> | <b>11 570</b> | <b>12 276</b> | <b>9%</b>  |
| North America                  | 2 530         | 3 014         | 2 493         | 2 486         | 10 523        | 2 511         | 2 735         | -16%       |
| South America                  | 1 418         | 1 670         | 1 600         | 1 852         | 6 540         | 1 427         | 1 862         | 0%         |
| Europe                         | 2 217         | 1 207         | 216           | 1 380         | 5 020         | 1 613         | 1 599         | 34%        |
| Africa/Middle East             | 1 705         | 1 497         | 1 833         | 1 396         | 6 431         | 2 015         | 2 359         | 59%        |
| Asia/Australia                 | 2 970         | 3 509         | 3 649         | 4 049         | 14 177        | 4 004         | 3 721         | 5%         |
| <b>Tools &amp; Attachments</b> | <b>2 970</b>  | <b>2 495</b>  | <b>2 502</b>  | <b>2 703</b>  | <b>10 670</b> | <b>3 535</b>  | <b>3 180</b>  | <b>24%</b> |
| North America                  | 831           | 766           | 918           | 821           | 3 336         | 1 065         | 929           | 15%        |
| South America                  | 269           | 222           | 251           | 250           | 992           | 376           | 396           | 63%        |
| Europe                         | 874           | 526           | 388           | 634           | 2 422         | 680           | 535           | -3%        |
| Africa/Middle East             | 420           | 466           | 478           | 507           | 1 871         | 548           | 524           | 17%        |
| Asia/Australia                 | 576           | 515           | 467           | 491           | 2 049         | 866           | 796           | 53%        |

## Geographical distribution of revenues

| MSEK                           | 2022          |               |               |               | 2022          | 2023          | Δ,%           |            |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| % currency adjusted            | Q1            | Q2            | Q3            | Q4            | FY            | Q1            | Q2            | Y-o-Y      |
| <b>Epiroc Group</b>            | <b>11 088</b> | <b>11 868</b> | <b>12 802</b> | <b>13 936</b> | <b>49 694</b> | <b>13 868</b> | <b>15 910</b> | <b>29%</b> |
| North America                  | 2 767         | 3 139         | 3 433         | 3 475         | 12 814        | 3 759         | 3 954         | 17%        |
| South America                  | 1 565         | 1 597         | 1 810         | 1 873         | 6 845         | 1 985         | 2 116         | 19%        |
| Europe                         | 2 172         | 2 177         | 1 832         | 2 146         | 8 327         | 2 155         | 2 426         | 8%         |
| Africa/Middle East             | 1 683         | 1 902         | 2 046         | 2 126         | 7 757         | 2 048         | 2 786         | 49%        |
| Asia/Australia                 | 2 901         | 3 053         | 3 681         | 4 316         | 13 951        | 3 921         | 4 628         | 49%        |
| <b>Equipment &amp; Service</b> | <b>8 485</b>  | <b>9 060</b>  | <b>10 070</b> | <b>11 289</b> | <b>38 904</b> | <b>10 733</b> | <b>12 510</b> | <b>33%</b> |
| North America                  | 2 036         | 2 286         | 2 603         | 2 756         | 9 681         | 2 706         | 2 960         | 20%        |
| South America                  | 1 330         | 1 353         | 1 556         | 1 637         | 5 876         | 1 716         | 1 772         | 18%        |
| Europe                         | 1 506         | 1 523         | 1 197         | 1 461         | 5 687         | 1 463         | 1 713         | 10%        |
| Africa/Middle East             | 1 229         | 1 427         | 1 552         | 1 661         | 5 869         | 1 545         | 2 219         | 57%        |
| Asia/Australia                 | 2 384         | 2 471         | 3 162         | 3 774         | 11 791        | 3 303         | 3 846         | 53%        |
| <b>Tools &amp; Attachments</b> | <b>2 588</b>  | <b>2 794</b>  | <b>2 711</b>  | <b>2 713</b>  | <b>10 806</b> | <b>3 125</b>  | <b>3 418</b>  | <b>18%</b> |
| North America                  | 710           | 844           | 827           | 805           | 3 186         | 1 056         | 1 028         | 14%        |
| South America                  | 235           | 243           | 254           | 238           | 970           | 269           | 344           | 30%        |
| Europe                         | 674           | 652           | 622           | 664           | 2 612         | 681           | 701           | 3%         |
| Africa/Middle East             | 454           | 475           | 494           | 468           | 1 891         | 504           | 566           | 24%        |
| Asia/Australia                 | 515           | 580           | 514           | 538           | 2 147         | 615           | 779           | 33%        |

Effective January 1, 2023, exploration consumables have moved from the Tools & Attachments segment to the Equipment & Service segment. Segment figures for 2022 have been restated.



## Group notes

### **Note 1: Accounting principles**

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The consolidated financial statements of the Epiroc Group are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The interim report is prepared in accordance with IAS 34 Interim financial reporting. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in the Annual and Sustainability Report 2022, in note 1 Significant accounting principles. No new and revised standards and interpretations effective from January 1, 2023, are considered to have any material impact on the financial statements.

#### **Accounting principles of the Parent Company**

The interim financial statements of Epiroc AB have been prepared in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting principles applied in the preparation of this interim report apply to all periods and comply with the accounting principles presented in the Annual and Sustainability Report 2022, note A1 in the Parent Company accounts. No new and revised standards and interpretations effective from January 1, 2023, are considered to have any material impact on the Parent Company's financial statements.

**Note 2: Acquisitions and divestments**

| Date        | Completed acquisitions            | Divestments            | Segment | Revenues | Employees |
|-------------|-----------------------------------|------------------------|---------|----------|-----------|
| 2023 Apr 3  | AARD Mining Equipment             |                        | E&S     | 650      | 200       |
| 2023 Feb 2  | CR                                |                        | T&A     | 1 700    | 400       |
| 2023 Feb 2  | Mernok Elektronik (Pty) Ltd       |                        | E&S     | 50       | 45        |
| 2022 Dec 1  | Remote Control Technologies (RCT) |                        | E&S     | 600      | 225       |
| 2022 Nov 4  | Wain-Roy                          |                        | T&A     | 200      | 100       |
| 2022 Nov 1  | Radlink                           |                        | E&S     | 1 040    | 330       |
| 2022 Oct 14 | Geoscan                           |                        | E&S     | 65       | 50        |
| 2022 Aug 2  | RNP México                        |                        | E&S     | 245      | 370       |
| 2022 Jun 1  | JTMEC                             |                        | E&S     | 235      | 190       |
| 2022 May 31 |                                   | Zhejiang GIA Machinery |         |          |           |

The table presents annual revenues in MSEK and employees at the time of the acquisition. Line indicates new quarter.

**Acquisitions completed in 2023**

- **AARD Mining Equipment** manufactures a wide range of mining equipment, specializing in low-profile underground machines for mines with low mining heights. The acquisition complements Epiroc's underground offering as well as strengthens Epiroc's footprint in Africa. The company has approximately MSEK 650 in annual revenues and 200 employees. The acquisition was announced on August 25, 2022, and was finalized on April 3, 2023. Revenues from the acquisition are reported in "Equipment".
- **CR** provides advanced ground engaging tools (GET) and related digital solutions mainly for the mining industry and expands Epiroc's first-rate offering of essential consumables and digital solutions. The company has approximately BSEK 1.7 in annual revenues and 400 employees. The acquisition was announced on December 13, 2022, and was finalized on February 2, 2023. Revenues from the acquisition are reported in "Tools & Attachments".
- **Mernok Elektronik** provides advanced collision avoidance systems and strengthens Epiroc's position as a world-leading provider of automation and safety solutions for mining operations. The company has approximately MSEK 50 in annual revenues and 45 employees. The acquisition was announced on December 9, 2022, and was finalized on February 2, 2023. Revenues from the acquisition are reported in "Service".

**Financial effect of acquisitions as per June 30, 2023**

The completed acquisitions have had a total cash flow effect of MSEK 3 258. According to the preliminary purchase price allocation, intangible assets amount to MSEK 1 729 and goodwill amounts to MSEK 2 853. The acquired entities during 2023 have contributed to revenues with MSEK 892 and operating profit with MSEK 119 since the respective date of acquisition.

| Fair value of acquired assets and liabilities 2023, MSEK | whereof CR |       |
|--|------------|-------|
| Net assets identified including tax                      | -1 235     | -766  |
| Intangible assets  | 1 729      | 1 514 |
| Goodwill   | 2 853      | 2 529 |
| Total consideration                                      | 3 347      | 3 277 |
| Net cash outflow   | 3 258      | 3 206 |
| - related to to prior years acquisitions                 | 59         |       |

### Note 3: Fair value of derivatives, earn-out and borrowings

The carrying value and fair value of the Group's outstanding derivatives, earn-out and borrowings are shown in the tables below. The fair values of bonds are based on level 1, the fair values of derivatives and other loans are based on level 2 and the fair values of earn-out are based on level 3 in the fair value hierarchy. Compared to 2022, no transfers have been made between different levels in the fair value hierarchy and no significant changes have been made to valuation techniques, inputs or assumptions.

| Outstanding derivatives recorded to fair value<br>MSEK |                | 2023<br>Jun 30 | 2022<br>Dec 31 |                |
|--|----------------|----------------|----------------|----------------|
| <b>Non-current assets and liabilities</b>              |                |                |                |                |
| Assets   |                | 11             | 30             |                |
| Liabilities  |                | 1              | 1              |                |
| <b>Current assets and liabilities</b>                  |                |                |                |                |
| Assets   |                | 85             | 296            |                |
| Liabilities  |                | 386            | 200            |                |
| <b>Carrying value and fair value<br/>MSEK</b>          |                |                |                |                |
|  | 2023<br>Jun 30 | 2023<br>Jun 30 | 2022<br>Dec 31 | 2022<br>Dec 31 |
|  | Carrying value | Fair value     | Carrying value | Fair value     |
| Earn-out   | 465            | 465            | 556            | 556            |
| Bonds  | 6 625          | 6 572          | 5 125          | 5 010          |
| Other loans  | 7 546          | 7 671          | 5 751          | 5 839          |
| <b>Total</b>   | <b>14 636</b>  | <b>14 708</b>  | <b>11 432</b>  | <b>11 405</b>  |

### Note 4: Share buybacks and divestments

The Board of Directors has been authorized to purchase, transfer and sell Epiroc shares in relation to Epiroc's share-based long-term incentive programs.

|   | A share     | B share     | Total         |
|---|-------------|-------------|---------------|
| Total number of shares                            | 823 765 854 | 389 972 849 | 1 213 738 703 |
| Whereof shares held by Epiroc                     | 7 112 311   |             |               |
| <b>Change in the quarter</b>                      |             |             |               |
| Purchased (+) / divested (-) shares, number       | -243 879    |             |               |
| Value of purchased (+) / divested (-) shares, SEK | -48 531 241 |             |               |

### Note 5: Transactions with related parties

In the quarter, no material changes have taken place and no significant related-party transactions were made.

## Key figures

|  | 2023<br>Q2 | 2022<br>Q2 | 2023<br>Jan-Jun | 2022<br>Jan-Jun |
|--|------------|------------|-----------------|-----------------|
| <b>Growth</b>  |            |            |                 |                 |
| *Orders received, MSEK                                   | 15 436     | 13 377     | 30 584          | 27 195          |
| Revenues, MSEK   | 15 910     | 11 868     | 29 778          | 22 956          |
| *Total revenue growth, %                                 | 34         | 22         | 30              | 24              |
| *Organic revenue growth, %                               | 17         | 9          | 13              | 11              |
| <b>Profitability</b>                                     |            |            |                 |                 |
| *Gross margin, %   | 37.9       | 34.2       | 39.0            | 36.2            |
| *EBITDA margin, %  | 25.5       | 24.2       | 26.4            | 26.0            |
| *Adjusted operating margin, %                            | 21.6       | 23.6       | 22.2            | 23.5            |
| *Operating margin, %                                     | 21.5       | 20.1       | 22.1            | 21.8            |
| *Profit margin, %  | 21.5       | 19.3       | 21.5            | 21.2            |
| <b>Capital efficiency</b>                                |            |            |                 |                 |
| *Return on capital employed, %                           | 28.6       | 28.1       |                 |                 |
| *Net debt / EBITDA, ratio                                | 0.60       | -0.07      |                 |                 |
| *Net debt / equity, %, period end                        | 25.8       | -3.1       |                 |                 |
| *Average net working capital / revenues, %               | 33.5       | 29.5       |                 |                 |
| <b>Cash generation</b>                                   |            |            |                 |                 |
| *Operating cash flow, MSEK                               | 1 549      | 1 462      | 1 887           | 2 329           |
| *Cash conversion rate, %, 12 months                      | 54         | 82         |                 |                 |
| <b>Equity information</b>                                |            |            |                 |                 |
| Basic number of shares outstanding, millions             | 1 206      | 1 207      | 1 206           | 1 206           |
| Diluted number of shares outstanding, millions           | 1 207      | 1 208      | 1 208           | 1 208           |
| *Equity per share, SEK, period end                       | 29.2       | 23.8       |                 |                 |
| Basic earnings per share, SEK                            | 2.19       | 1.47       | 4.09            | 3.12            |
| *Return on equity, %                                     | 29.3       | 30.4       |                 |                 |
| *Operating cash flow per share, SEK                      | 1.28       | 1.21       | 1.56            | 1.93            |
| <b>People &amp; Planet</b>                               |            |            |                 |                 |
| Employees, period end                                    | 18 056     | 15 912     |                 |                 |
| Women employees, %, period end                           | 18.8       | 17.9       |                 |                 |
| Women managers, %, period end                            | 23.1       | 22.4       |                 |                 |
| Total recordable injury frequency rate, TRIFR, 12 months | 5.5        | 5.6        |                 |                 |
| Sick leave, %, 12 months                                 | 2.1        | 2.5        |                 |                 |
| CO2e emissions from operations, tonnes, 12 months        | 15 459     | 21 820     |                 |                 |
| CO2e emissions from transport, tonnes, 12 months         | 91 822     | 85 110     |                 |                 |

Several key figures in this report are not defined according to IFRS. The alternative performance measures are marked with a \*. They provide complementary information aiming to help readers to analyze the company's operations and facilitate an evaluation of the performance. Since not all companies calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS. For a list of financial definitions, non-IFRS measures and calculations, visit the Epiroc Group website.

## Epiroc in brief

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Epiroc is a global productivity partner for mining and infrastructure customers, and accelerates the transformation toward a sustainable society. With ground-breaking technology, Epiroc develops and provides innovative and safe equipment, such as drill rigs, rock excavation and construction equipment and tools for surface and underground applications. The company also offers world-class service and other aftermarket support as well as solutions for automation, digitalization and electrification. Epiroc is based in Stockholm, Sweden, had revenues of SEK 50 billion in 2022, and has around 18 000 passionate employees supporting and collaborating with customers in around 150 countries.

### Financial goals

- To achieve annual revenue growth of 8% over a business cycle and to grow faster than the market. Growth will be organic and supported by selective acquisitions.
- To have an industry-best operating margin, with strong resilience over the cycle.
- To improve capital efficiency and resilience. Investments and acquisitions shall create value.
- To have an efficient capital structure and the flexibility to make selective acquisitions. The goal is to maintain an investment grade rating.
- To provide long-term stable and rising dividends to its shareholders. The dividend should correspond to 50% of net profit over the cycle.

### Sustainability ambition and KPIs

Epiroc has four prioritized areas within sustainability:

- We live by the highest ethical standards.
- We invest in safety and health.
- We grow together with passionate people and courageous leaders.
- We use resources responsibly and efficiently.

For each area there are several targets and key performance indicators, including the long-term goals for 2030 that further advance the Group's ambitions on e.g. climate change and diversity.

### Our vision

Dare to think new.

### Our mission

Drive the productivity and sustainability transformation in our industry.

### Our core values

Innovation, Commitment and Collaboration.

### Strategy

By being in attractive niches and prioritizing innovation, aftermarket and operational excellence, we strive to achieve outperformance. Our success is reinforced by our strong company culture and our integrated approach to sustainability.

### Our strengths

- We focus on attractive niches with structural growth.
- We drive the productivity and sustainability transformation in our industry.
- We have a high proportion of recurring business.
- We have a well-proven business model.
- We create value for our stakeholders.
- Our success is based on sustainability and a strong corporate culture.

See Epiroc's Annual and Sustainability report for more information.

## About this report

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### Forward-looking statements

Some statements in this report are forward looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes.

### Language

In the event of inconsistency or discrepancy between the English and the Swedish version of this publication, the Swedish version shall prevail.

### Totals and roundings

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

*This information is information that Epiroc AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons on the next page, at 11:30 CEST on July 18, 2023.*

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## Financial calendar

### Webcast & conference call:

At 13.00 CEST on July 18, Epiroc will host a report presentation and Q&A-session for investors, analysts and media. The report will be presented by President and CEO Helena Hedblom and CFO Håkan Folin.

Webcast link and presentation material can be found here:  
[www.epirocgroup.com/en/investors/financial-publications](http://www.epirocgroup.com/en/investors/financial-publications)

### Upcoming investor events 2023:

- October 24: Record date for dividend SEK 1.70 per share
- October 27: Q3 2023 report
- October 27: Dividend payment SEK 1.70 per share

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Performance unites us, innovation inspires us, and commitment drives us to keep moving forward. Count on Epiroc to deliver the solutions you need to succeed today and the technology to lead tomorrow.  
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