



Interim report Q1 2022

April 25, 2022



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Cover: This is Janet, one of our 15 548 employees. Inclusion and diversity lead to better results. Therefore, we put great emphasis on increasing the number of women in the Group, and we are making good progress.

Epiroc interim report Q1

- Orders received increased 29% to MSEK 13 818 (10 690), organic increase of 18%.
- Revenues increased 26% to MSEK 11 088 (8 773), organic increase of 14%.
- Operating profit increased 41% to MSEK 2 631 (1 867), including items affecting comparability of MSEK 43 (-149).*
- Operating margin improved to 23.7% (21.3) and the adjusted operating margin was 23.3% (23.0).
- Basic earnings per share were SEK 1.66 (1.15).
- Operating cash flow was MSEK 867 (1 610).
- Exposure to Russia and Ukraine is approximately MSEK 1 800 in orders on hand and approximately MSEK 1 000 in working capital, cash, and fixed assets.*

Financial overview

MSEK	2022 Q1	2021 Q1	Δ,%
Orders received	13 818	10 690	29
Revenues	11 088	8 773	26
Operating profit	2 631	1 867	41
<i>Operating margin, %</i>	23.7	21.3	
Profit before tax	2 564	1 834	40
<i>Profit margin, %</i>	23.1	20.9	
Profit for the period	2 000	1 390	44
Operating cash flow	867	1 610	-46
Basic earnings per share, SEK	1.66	1.15	44
Diluted earnings per share, SEK	1.65	1.15	43
<i>Return on capital employed, %, 12 months</i>	27.7	20.9	
Net debt/EBITDA, ratio	-0.16	-0.64	

* For further information, see page 6.

CEO comments

A strong start

The year 2022 started off strongly. The demand remained at a high level and orders received increased 29% to a record-high BSEK 13.8. This corresponds to 18% organic growth compared to the previous year. It is encouraging to see the high demand for our equipment, for our solutions within automation, digitalization, electrification, as well as for our aftermarket offering. Several large- and medium-sized orders were won, of which many included battery-electric vehicles and automation features. The order intake for services was also strong.

Increased revenues and operating profit

Revenues increased 14% organically to MSEK 11 088. Our reported operating profit increased 41% and reached a new record of MSEK 2 631. The adjusted operating margin increased to 23.3% (23.0). It was supported by organic revenue growth, but diluted by acquisitions.

Our operating cash flow decreased to MSEK 867 (1 610), impacted by a build-up of working capital due to strong growth and constraints in the supply chain.

Disruptions from the war in Ukraine and the Covid-19 pandemic

The war in Ukraine and the resulting humanitarian suffering is truly horrifying. Our primary concern is the safety and well-being of our employees and we have taken several measures to keep our colleagues safe. Our business was negatively impacted in Russia and Ukraine, mainly in March, as we paused deliveries to Russia and the activities in Ukraine have been very limited. Our exposure to Russia and Ukraine is presented on page 6.

The impact from the Covid-19 pandemic decreased, but the challenges in the supply chain continued to negatively impact our operations.

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

Dare to think new

Innovations, acquisitions, and partnerships strengthen our position as a leading global productivity and sustainability partner.

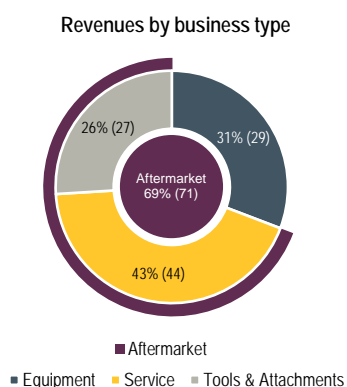
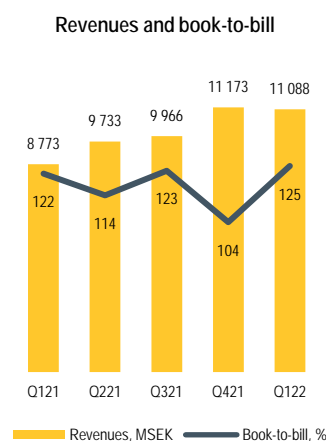
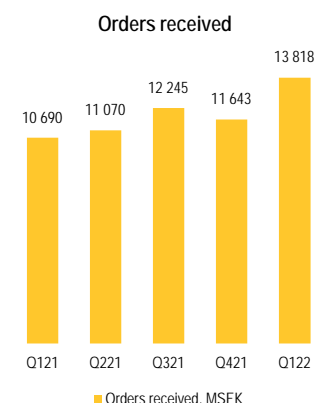
We introduced Mobius for Drills, a platform that will lead mines towards automation and connectivity. It enables multi-vehicle command, control and monitoring. We also introduced a more efficient and powerful blasthole drill rig. Both innovations aim to increase safety and productivity for our customers.

I am pleased that we are partnering with steel manufacturer SSAB to utilize fossil-free steel in the production of our underground mining equipment. It is clear that our innovation agenda goes hand-in-hand with our customers' sustainability agenda. Going forward, we will continue to think new, innovate, collaborate, and create options for the future.



Helena Hedblom
President and CEO

Orders and revenues



Financial overview

	2022	2021	
MSEK	Q1	Q1	Δ,%
Orders received	13 818	10 690	29
Revenues	11 088	8 773	26
Operating profit	2 631	1 867	41
Operating margin, %	23.7	21.3	

Orders received

Orders received increased 29% to MSEK 13 818 (10 690), corresponding to an organic growth of 18%. Currency contributed with 8% and acquisitions with 3%. All businesses grew by double digits.

Compared to the previous year, orders received in local currency increased in all regions. North America and South America achieved the highest growth.

Mining customers represented 77% (72) of orders received in the quarter and infrastructure customers 23% (28).

Sequentially, orders received increased 13% organically.

Revenues

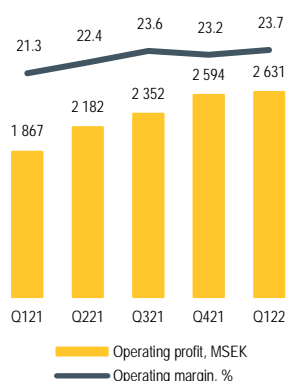
Revenues increased 26% to MSEK 11 088 (8 773), corresponding to an organic growth of 14%. Currency and acquisitions impacted revenues positively with 8% and 4%, respectively. The book-to-bill ratio was 125% (122), which is a result of longer lead times from orders to delivery (i.e. invoicing), partly due to scheduled delivery plans for large orders.

The aftermarket represented 69% (71) of revenues in the quarter.

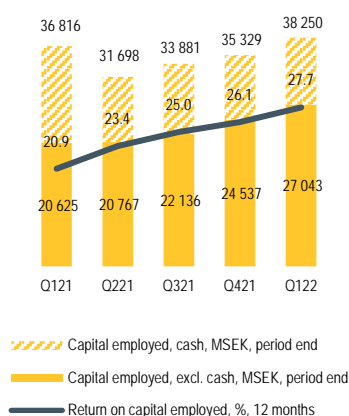
Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q1 2021	10 690	8 773
Organic	18	14
Currency	8	8
Structure/other	3	4
Total	29	26
Q1 2022	13 818	11 088

Profits and returns

Operating profit and margin



Capital employed and return on capital employed



Profit bridge

	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q1 2021	1 867	21.3
Organic	443	1.6
Currency	142	-0.2
Structure/other*	179	1.0
Total	764	2.4
Q1 2022	2 631	23.7

* 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 increased 41% to MSEK 2 631 (1 867), including a change in provision for the share-based long-term incentive programs of MSEK 43 (-149). The operating profit was positively impacted by organic growth and currency and the operating margin increased to 23.7% (21.3). The adjusted operating margin, i.e. excluding items affecting comparability, was 23.3% (23.0). It was supported by organic growth, but diluted by acquisitions and currency.

Net financial items amounted to MSEK -67 (-33). The net interest was MSEK -16 (-20).

Profit before tax was MSEK 2 564 (1 834). Income tax expense amounted to MSEK -564 (-444), corresponding to an effective tax rate of 22.0% (24.2). Lower tax rates in some countries explain the decrease.

Profit for the period totaled MSEK 2 000 (1 390). Basic earnings per share were SEK 1.66 (1.15).

Return on capital employed was 27.7% (20.9) and the return on equity was 30.7% (21.9).

Exposure to Russia and Ukraine

Revenues

In 2021, Epiroc had revenues of MSEK 2 421 in Russia and MSEK 294 in Ukraine. In total this corresponds to 6.8% of Group revenues.

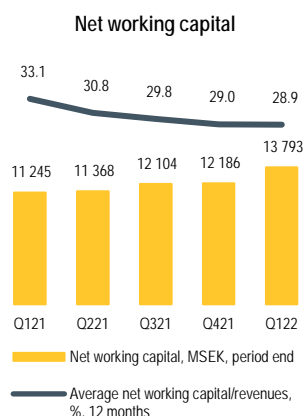
Orders on hand

Orders received and revenues have been recognized in Ukraine and Russia during Q1 2022, predominantly in January and February. Orders on hand in Ukraine and Russia totaled approximately MSEK 1 800 at the end of March 2022. It is uncertain if and when these orders will be delivered and invoiced. Deliveries to Russia have been paused.

Assets

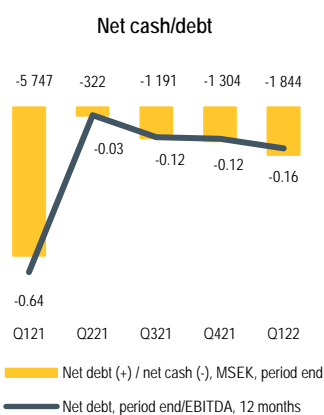
Epiroc had working capital, mainly inventories and customer receivables, cash, and fixed assets in Ukraine and Russia totaling approximately MSEK 1 000 at the end of March 2022.

Balance sheet



Net working capital

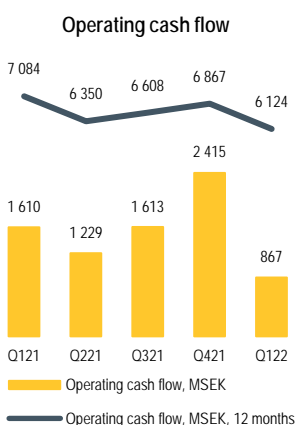
Compared to the previous year, net working capital increased 23% to MSEK 13 793 (11 245). Excluding the effect of acquisitions and currency, the net working capital increased 14%. The average net working capital in relation to revenues in the last 12 months, improved to 28.9% (33.1).



Net cash / net debt

The Group's net cash position amounted to MSEK 1 844 (5 747). The net debt/EBITDA ratio was -0.16 (-0.64).

Cash flow



Operating cash flow

Operating cash flow decreased to MSEK 867 (1 610). It was supported by higher operating profit, but negatively impacted from change in working capital. Cash flow from change in working capital was MSEK -1 169 (-156).

Acquisitions and divestments

Net cash flow from acquisitions and divestments was MSEK -18 (0).

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.



Innovation – more powerful blasthole rig

Epiroc introduced the DM30 XC blasthole drill. It is designed for maximum productivity and efficiency, and features increased rotary torque and pulldown, and a larger hole range capability. It can also be equipped with Epiroc's Rig Control System (RCS) Lite, which offers several additional safety and productivity features.



Innovation – solution for automation

Epiroc, in partnership with ASI Mining LLC, introduced Mobius for Drills, a new platform to convert data into useful, actionable information. Mobius for Drills will lead mines toward automation and connectivity. Featuring embedded artificial intelligence, the user-friendly Mobius system enables multi-vehicle command, control and monitoring to maximize productivity and safety.

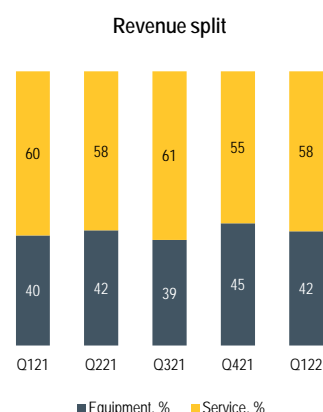
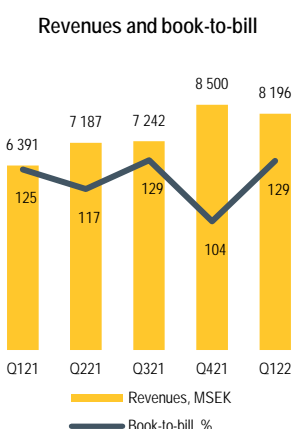
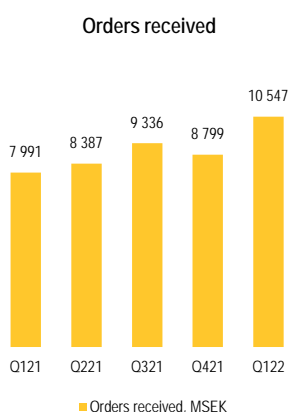


Partnership

Epiroc is collaborating with steelmaker SSAB to utilize fossil-free steel in the production of Epiroc's mining equipment. Initially, fossil-free steel will be used for a prototype underground machine produced in Örebro, Sweden, and the plan is to increase the usage of fossil-free steel over time.

Equipment & Service

Equipment & Service provides rock drilling equipment, equipment for mechanical rock excavation, rock reinforcement, loading and haulage, ventilation systems, drilling equipment for exploration, water and energy, 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

	2022	2021	
MSEK	Q1	Q1	Δ,%
Orders received	10 547	7 991	32
Revenues	8 196	6 391	28
Operating profit	2 142	1 696	26
Operating margin, %	26.1	26.5	

Orders received

Orders received increased 32% to MSEK 10 547 (7 991), corresponding to an organic growth of 20%. Currency and acquisitions contributed with 8% and 4%, respectively.

Compared to the previous year, orders received in local currency increased in all regions. North America achieved the highest growth rate.

For equipment, orders received increased 30% to MSEK 5 244 (4 028), corresponding to an organic growth of 18%. Several large- and medium-sized orders were won, of which many included battery-electric vehicles and automation features. This combined with a strong underlying demand contributed to the growth. The order intake increased both for underground and surface equipment. The share of orders from equipment was 50% (50).

For service, orders received increased 34% to MSEK 5 303 (3 963), corresponding to an organic growth of 22%. The growth was supported by a combination of a high customer activity and orders for larger components. The share of orders from service was 50% (50).

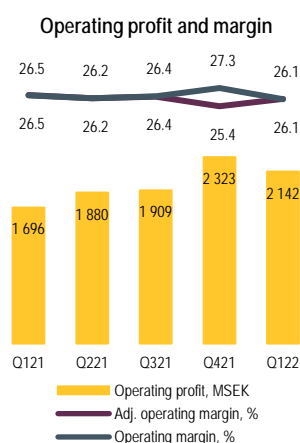
Sequentially, orders received increased 14% organically for the segment.

Revenues

Revenues increased 28% to MSEK 8 196 (6 391), corresponding to an organic growth of 17%. Currency contributed with 8% and acquisitions with 3%. The revenues for service increased 15% organically and for equipment 20% organically. The share of revenues from service was 58% (60). The book-to-bill ratio was 129% (125).

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,%
Q1 2021	7 991	6 391	4 028	2 562	3 963	3 829
Organic	20	17	18	20	22	15
Currency	8	8	9	9	8	7
Structure/other	4	3	3	4	4	3
Total	32	28	30	33	34	25
Q1 2022	10 547	8 196	5 244	3 410	5 303	4 786



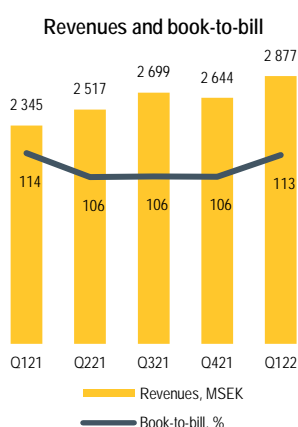
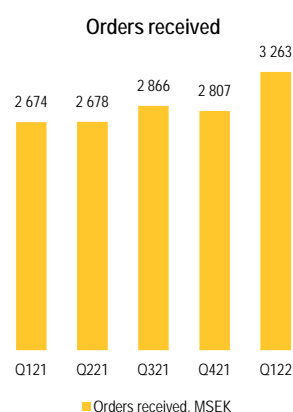
Operating profit and margin

Operating profit increased 26% to MSEK 2 142 (1 696). It was positively impacted by organic growth and currency, while acquisitions had a negative impact. The operating margin decreased to 26.1% (26.5), supported by organic growth, but diluted by acquisitions and currency.

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q1 2021	1 696	26.5
Organic	386	1.2
Currency	109	-0.3
Structure/other	-49	-1.3
Total	446	-0.4
Q1 2022	2 142	26.1

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

	2022	2021	
MSEK	Q1	Q1	Δ, %
Orders received	3 263	2 674	22
Revenues	2 877	2 345	23
Operating profit	520	386	35
Operating margin, %	18.1	16.5	

Orders received

Orders received increased 22% to MSEK 3 263 (2 674), corresponding to an organic increase of 11%. Currency contributed with 8% and acquisitions with 3%. Orders received increased both for hydraulic attachments and for rock drilling tools.

Compared to the previous year, orders received in local currency grew by double digits in all regions. Asia/Australia achieved the highest growth rate.

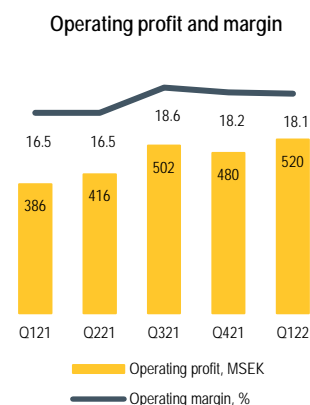
Sequentially, orders received increased 10% organically.

Revenues

Revenues increased 23% to MSEK 2 877 (2 345), corresponding to an organic increase of 10%. Currency contributed with 8% and acquisitions with 5%. The book-to-bill ratio was 113% (114).

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q1 2021	2 674	2 345
Organic	11	10
Currency	8	8
Structure/other	3	5
Total	22	23
Q1 2022	3 263	2 877

Tools & Attachments



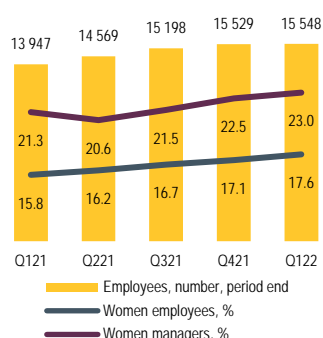
Operating profit and margin

Operating profit increased 35% to MSEK 520 (386). The operating profit was supported by organic growth, currency, and acquisitions. The operating margin improved to 18.1% (16.5), supported by organic growth.

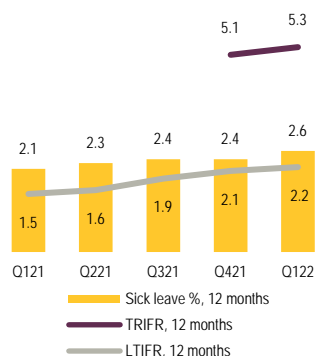
Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q1 2021	386	16.5
Organic	64	0.9
Currency	34	0.1
Structure/other	36	0.6
Total	134	1.6
Q1 2022	520	18.1

Sustainability: People & Planet

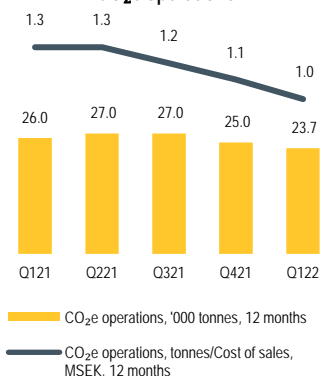
Employees and proportion of women



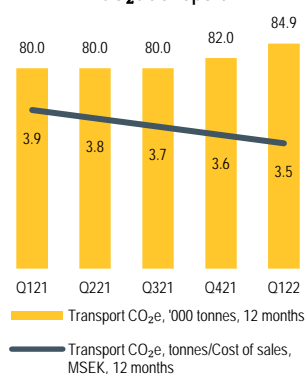
Sick leave, TRIFR and LTIFR



CO₂e operations



CO₂e transport



Employees

The number of employees increased to 15 548 (13 947), partly due to acquisitions. External workforce amounted to 1 521 (1 200). For comparable units, the total workforce increased with 1 047 compared to the previous year, mainly related to service.

The proportion of women employees and women managers at the end of the period increased to 17.6% and 23.0%, respectively.

Safety and health

The total recordable injury frequency rate (TRIFR)* the last 12 months increased to 5.3 compared to 5.1 for the full year 2021, mainly due to more injuries in the external workforce. Lost time injury frequency rate (LTIFR) also increased to 2.2. Several actions are taken to reduce injuries. The sick leave increased to 2.6%, negatively impacted by the Covid-19 pandemic.

CO₂e emissions from operations

The CO₂e emissions from operations and for comparable units** (Scope 1 & Scope 2) the last 12 months was to 23 659 tonnes, a change of -7% compared to 25 372 tonnes for the full year 2021. The decrease is explained by several initiatives where solar panels have been installed on buildings and a higher share of renewable electricity.

CO₂e emissions from transport

The CO₂e emissions from transport the last 12 months increased 3% to 84 890 tonnes, compared to 82 383 tonnes for the full year 2021. The increase is mainly explained by higher volumes delivered. The emissions from transport are -22 645 tonnes compared to the base year emissions in 2019, which corresponds to 42% fulfilment of the 2030 goal to halve CO₂e emissions from transport.

* New types of injuries were included in reporting in 2021. Data for periods before Q4 2021 are not comparable.

** In order to comply with Science Based Targets initiative (SBTi) requirements to have a minimum 95% coverage of Scope 1 and Scope 2 emissions, 22 additional customer centers have reported CO₂e emissions for full-year 2021. For comparability, Epiroc will report CO₂e emissions for comparable units, i.e. excluding the additional customer centers, in the quarterly reports until year-end 2022.

Other information

Changes in Group Management

- Charlotta Grähs started as Senior Vice President General Counsel and member of Group Management, on February 21, 2022. Previously, she was General Counsel at Trelleborg AB. She succeeded Jörgen Ekelöv.

Key risks

Epiroc is exposed to strategic, operational, legal and compliance as well as financial risks. The key risks include market, competition, product development, supply chain, employees, environment and climate, reputation, corruption and fraud, safety and health. Further information on risks, opportunities and risk management can be found in Epiroc's Annual and Sustainability Report 2021.

As stated in the Annual and Sustainability Report 2021, operating in complex markets with various political, economic and social conditions can affect Epiroc. The situation in Russia and Ukraine is highly complex and fluid, and there are continuous changes in sanctions, logistical flows and the financial system. Epiroc is closely monitoring the situation and continuously evaluating the implications for employees, business and operations in the short and long term.

Signature of the President

The President and CEO of Epiroc AB declares 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, April 25, 2022

Helena Hedblom

President and CEO, Epiroc AB

This report has not been audited.

Financial Statements

Condensed consolidated income statement

MSEK	2022 Q1	2021 Q1	2021 FY
Revenues	11 088	8 773	39 645
Cost of sales	-6 831	-5 433	-24 192
Gross profit	4 257	3 340	15 453
Administrative expenses	-721	-819	-3 166
Marketing expenses	-641	-528	-2 313
Research and development expenses	-319	-229	-1 172
Other operating income and expenses	55	103	193
Operating profit	2 631	1 867	8 995
Net financial items	-67	-33	-31
Profit before tax	2 564	1 834	8 964
Income tax expense	-564	-444	-1 895
Profit for the period	2 000	1 390	7 069
Profit attributable to			
- owners of the parent	1 997	1 387	7 058
- non-controlling interests	3	3	11
Basic earnings per share, SEK	1.66	1.15	5.85
Diluted earnings per share, SEK	1.65	1.15	5.84

Condensed consolidated statement of comprehensive income

MSEK	2022 Q1	2021 Q1	2021 FY
Profit for the period	2 000	1 390	7 679
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	411	278	830
Income tax relating to items that will not be reclassified	-85	-58	-168
Total items that will not be reclassified to profit or loss	326	220	662
Items that may be reclassified subsequently to profit or loss			
Translation differences on foreign operations	670	811	958
Total items that may be reclassified subsequently to profit or loss	670	811	958
Other comprehensive income for the period, net of tax	996	1 031	1 620
Total comprehensive income for the period	2 996	2 421	9 299
Total comprehensive income attributable to			
- owners of the parent	2 993	2 415	9 285
- non-controlling interests	3	6	14

Condensed consolidated balance sheet

	2022	2021	2021
	Mar 31	Mar 31	Dec 31
Assets, MSEK			
Intangible assets	7 192	4 249	7 233
Rental equipment	1 265	1 015	1 279
Other property, plant and equipment	4 743	4 342	4 587
Investments in associated companies and joint ventures	101	191	106
Other financial assets and other receivables	1 261	802	1 007
Deferred tax assets	1 666	1 359	1 469
Total non-current assets	16 228	11 958	15 681
Inventories	13 245	9 808	11 861
Trade receivables	8 225	6 391	7 174
Other receivables	2 437	1 397	2 057
Current tax receivables	159	213	190
Financial assets	908	893	828
Cash and cash equivalents	11 207	16 191	10 792
Total current assets	36 181	34 893	32 902
Total assets	52 409	46 851	48 583
Equity and liabilities, MSEK			
Share capital	500	500	500
Retained earnings	28 254	25 654	25 229
Total equity attributable to owners of the parent	28 754	26 154	25 729
Non-controlling interest	63	52	56
Total equity	28 817	26 206	25 785
Interest-bearing liabilities	8 641	9 585	8 562
Post-employment benefits	116	553	356
Other liabilities and provisions	544	511	657
Deferred tax liabilities	825	560	785
Total non-current liabilities	10 126	11 209	10 360
Interest-bearing liabilities	677	470	628
Trade payables	6 181	4 172	5 512
Current tax liabilities	645	447	562
Other liabilities and provisions	5 963	4 347	5 736
Total current liabilities	13 466	9 436	12 438
Total equity and liabilities	52 409	46 851	48 583

Condensed consolidated statement of changes in equity

MSEK	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
Opening balance, Jan 1, 2022	25 729	56	25 785
Total comprehensive income for the period	2 993	3	2 996
Transactions with non-controlling interests	-	4	4
Acquisition and divestment of own shares	27	-	27
Share-based payments, equity settled	5	-	5
Closing balance, Mar 31, 2022	28 754	63	28 817
Opening balance, Jan 1, 2021	23 693	46	23 739
Total comprehensive income for the period	2 415	6	2 421
Acquisition and divestment of own shares	44	-	44
Share-based payments, equity settled	2	-	2
Closing balance, Mar 31, 2021	26 154	52	26 206
Opening balance, Jan 1, 2021	23 693	46	23 739
Total comprehensive income for the period	8 707	17	8 724
Dividend/Redemption	-6 635	-7	-6 642
Acquisition and divestment of own shares	64	-	64
Share-based payments, equity settled	-100	-	-100
Closing balance, Dec 31, 2021	25 729	56	25 785

Condensed consolidated statement of cash flows

MSEK	2022 Q1	2021 Q1	2021 FY
Cash flow from operating activities			
Operating profit	2 631	1 867	8 995
Depreciation, amortization and impairment	466	382	1 746
Capital gain/loss and other non-cash items	-196	6	-192
Net financial items received/paid	-269	235	139
Taxes paid	-639	-471	-1 978
Pension funding and payment of pension to employees	-12	-10	-57
Change in working capital	-1 169	-156	-619
Increase in rental equipment	-170	-113	-775
Sale of rental equipment	109	83	348
Net cash flow from operating activities	751	1 823	7 607
Cash flow from investing activities			
Investments in other property, plant and equipment	-144	-141	-489
Sale of other property, plant and equipment	9	-1	1
Investments in intangible assets	-115	-112	-437
Acquisition of subsidiaries and associated companies	-18	-	-2 358
Sale of subsidiaries	-	-	6
Proceeds to/from other financial assets, net	-86	-79	-196
Net cash flow from investing activities	-354	-333	-3 473
Cash flow from financing activities			
Dividend	-	-	-3 016
Dividend to non-controlling interest	-	-	-7
Redemption of shares	-	-	-3 619
Sale/Repurchase of own shares	27	44	64
Change in interest-bearing liabilities	-77	-457	-1 858
Net cash flow from financing activities	-50	-413	-8 436
Net cash flow for the period	347	1 077	-4 302
Cash and cash equivalents, beginning of the period	10 792	15 053	15 053
Exchange differences in cash and cash equivalents	68	61	41
Cash and cash equivalents, end of the period	11 207	16 191	10 792
	2022 Q1	2021 Q1	2021 FY
Operating cash flow*			
Net cash flow from operating activities	751	1 823	7 607
Net cash flow from investing activities	-354	-333	-3 473
Acquisitions and divestments, net	18	-	2 352
Other adjustments	452	120	381
Operating cash flow	867	1 610	6 867

* Operating cash flow is not defined according to IFRS. See page 24.

Condensed parent company income statement

	2022	2021	2021
MSEK	Q1	Q1	FY
Administrative expenses	-52	-70	-258
Marketing expenses	-5	-5	-26
Other operating income and expenses	0	17	148
Operating profit/loss	-57	-58	-136
Financial income and expenses	-8	-4	-24
Appropriations	-	-	4 837
Profit/loss before tax	-65	-62	4 677
Income tax	13	15	-914
Profit/loss for the period	-52	-47	3 763

Condensed parent company balance sheet

	2022	2021	2021
MSEK	Mar 31	Mar 31	Dec 31
Total non-current assets	53 274	54 208	53 318
Total current assets	2 031	5 064	2 272
Total assets	55 305	59 272	55 590
Total restricted equity	503	503	503
Total non-restricted equity	47 468	50 396	47 489
Total equity	47 971	50 899	47 992
Total provisions	263	304	321
Total non-current liabilities	6 990	8 008	6 989
Total current liabilities	81	61	288
Total equity and liabilities	55 305	59 272	55 590

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.

	2021				2021	2022
Orders received, MSEK	Q1	Q2	Q3	Q4	FY	Q1
Equipment & Service	7 991	8 387	9 336	8 799	34 513	10 547
Equipment	4 028	4 031	4 532	3 812	16 403	5 244
Service	3 963	4 356	4 804	4 987	18 110	5 303
Tools & Attachments	2 674	2 678	2 866	2 807	11 025	3 263
Common group functions	25	5	43	37	110	8
Epiroc Group	10 690	11 070	12 245	11 643	45 648	13 818
Revenues, MSEK						
Equipment & Service	6 391	7 187	7 242	8 500	29 320	8 196
Equipment	2 562	3 052	2 792	3 791	12 197	3 410
Service	3 829	4 135	4 450	4 709	17 123	4 786
Tools & Attachments	2 345	2 517	2 699	2 644	10 205	2 877
Common group functions	37	29	25	29	120	15
Epiroc Group	8 773	9 733	9 966	11 173	39 645	11 088
Operating profit and profit before tax, MSEK						
Equipment & Service	1 696	1 880	1 909	2 323	7 808	2 142
Tools & Attachments	386	416	502	480	1 784	520
Common group functions	-215	-114	-59	-209	-597	-31
Epiroc Group	1 867	2 182	2 352	2 594	8 995	2 631
Net financial items	-33	-44	73	-27	-31	-67
Profit before tax	1 834	2 138	2 425	2 567	8 964	2 564
Operating margin, %						
Equipment & Service	26.5	26.2	26.4	27.3	26.6	26.1
Tools & Attachments	16.5	16.5	18.6	18.2	17.5	18.1
Epiroc Group	21.3	22.4	23.6	23.2	22.7	23.7
Items affecting comparability, MSEK*						
Change in provision for LTIP**	149	15	-21	127	270	-43
Items in Equipment & Service	-	-	-	-167	-167	-
Epiroc Group	149	15	-21	-40	103	-43
Adj. margin for items affecting comparability %						
Adjusted operating margin, E&S, %	26.5	26.2	26.4	25.4	26.1	26.1
Adjusted operating margin, T&A, %	16.5	16.5	18.6	18.2	17.5	18.1
Adjusted operating margin, %	23.0	22.6	23.4	22.9	22.9	23.3

* 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	2021				2021	2022	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Y-o-Y
Epiroc Group	10 690	11 070	12 245	11 643	45 648	13 818	21%
North America	2 226	2 542	2 974	2 843	10 585	3 358	36%
South America	1 177	1 420	1 480	1 498	5 575	1 687	36%
Europe	2 623	2 612	2 577	2 761	10 573	3 100	17%
Africa/Middle East	1 629	1 495	1 793	1 553	6 470	2 125	19%
Asia/Australia	3 035	3 001	3 421	2 988	12 445	3 548	10%
Equipment & Service	7 991	8 387	9 336	8 799	34 513	10 547	24%
North America	1 489	1 805	2 199	2 101	7 594	2 431	47%
South America	911	1 165	1 220	1 243	4 539	1 375	44%
Europe	1 824	1 819	1 882	1 930	7 455	2 149	17%
Africa/Middle East	1 190	1 050	1 294	1 068	4 602	1 665	27%
Asia/Australia	2 577	2 548	2 741	2 457	10 323	2 927	7%
Tools & Attachments	2 674	2 678	2 866	2 807	11 025	3 263	15%
North America	726	716	748	718	2 908	930	16%
South America	267	256	258	255	1 036	312	8%
Europe	787	813	683	819	3 102	943	20%
Africa/Middle East	440	445	500	485	1 870	460	-4%
Asia/Australia	454	448	677	530	2 109	618	29%

Geographical distribution of revenues

MSEK	2021				2021	2022	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Y-o-Y
Epiroc Group	8 773	9 733	9 966	11 173	39 645	11 088	19%
North America	1 915	2 158	2 326	2 457	8 856	2 767	31%
South America	1 156	1 378	1 368	1 395	5 297	1 565	28%
Europe	1 992	2 172	2 172	2 481	8 817	2 172	10%
Africa/Middle East	1 208	1 405	1 406	1 470	5 489	1 683	26%
Asia/Australia	2 502	2 620	2 694	3 370	11 186	2 901	9%
Equipment & Service	6 391	7 187	7 242	8 500	29 320	8 196	21%
North America	1 233	1 453	1 587	1 772	6 045	1 934	42%
South America	930	1 130	1 111	1 150	4 321	1 290	32%
Europe	1 308	1 456	1 435	1 750	5 949	1 452	12%
Africa/Middle East	825	941	896	1 008	3 670	1 174	28%
Asia/Australia	2 095	2 207	2 213	2 820	9 335	2 346	6%
Tools & Attachments	2 345	2 517	2 699	2 644	10 205	2 877	15%
North America	659	693	731	669	2 752	813	11%
South America	227	248	256	246	977	274	12%
Europe	672	705	723	719	2 819	728	8%
Africa/Middle East	384	465	510	463	1 822	509	22%
Asia/Australia	403	406	479	547	1 835	553	30%

Group notes

Note 1: Accounting principles

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 2021, in note 1 Significant accounting principles. No new and revised standards and interpretations effective from January 1, 2022, 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 2021, note A1 in the Parent Company accounts. No new and revised standards and interpretations effective from January 1, 2022, 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
2021 Nov 3	FVT Research		E&S	27	25
2021 Nov 2	Mobilaris MCE AB		E&S	60	50
2021 Aug 10	DandA Heavy Industries		T&A	210	60
2021 Jul 7	Mining Tag S.A.		E&S	65	120
2021 Jul 2	Meglab		E&S	335	240
2021 Jun 7	3D-P		E&S	110	50
2021 Jun 1	Kinetic Logging Services		E&S	195	180
2021 May 4	MineRP		E&S	135	200
2021 Apr 6		Epiroc Armenia LLC			-20

The table presents annual revenues in MSEK and employees at the time of the acquisition.

Acquisitions

No acquisitions were finalized in Q1 2022.

Note 3: Fair value of derivatives and borrowings

The carrying value and fair value of the Group's outstanding derivatives and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives and other loans are based on level 2 in the fair value hierarchy. Compared to 2021, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions.

Outstanding derivatives recorded to fair value			2022	2021	
MSEK			Mar 31	Dec 31	
Non-current assets and liabilities					
Assets			-	-	
Liabilities			-	-	
Current assets and liabilities					
Assets			106	46	
Liabilities			97	94	
Carrying value and fair value		2022	2022	2021	2021
MSEK		Mar 31	Mar 31	Dec 31	Dec 31
	Carrying value		Fair value	Carrying value	Fair value
Bonds	3 992		4 015	3 992	4 137
Other loans	5 326		5 204	5 198	5 222
Total interest-bearing loans		9 318	9 219	9 190	9 359

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.

MSEK	A share	B share	Total
Total number of shares	823 765 854	389 972 849	1 213 738 703
Whereof shares held by Epiroc	7 345 103		
Change in the quarter			
Purchased (+) / divested (-) shares, number	-130 830		
Value of purchased (+) / divested (-) shares, SEK	-27 270 616		

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

	2022 Q1	2021 Q1	2021 FY
Growth			
*Orders received, MSEK	13 818	10 690	45 648
Revenues, MSEK	11 088	8 773	39 645
*Total revenue growth, %	26	-4	10
*Organic revenue growth, %	14	6	12
Profitability			
*Gross margin, %	38.4	38.1	39.0
*EBITDA margin, %	27.9	25.6	27.1
*Adjusted operating margin, %	23.3	23.0	22.9
*Operating margin, %	23.7	21.3	22.7
*Profit margin, %	23.1	20.9	22.6
Capital efficiency			
*Return on capital employed, %	27.7	20.9	26.1
*Net debt / EBITDA, ratio	-0.16	-0.64	-0.12
*Net debt / equity ratio, period end	-6.4	-21.9	-5.1
*Average net working capital / revenues, %	28.9	33.1	29.0
Cash generation			
*Operating cash flow, MSEK	867	1 610	6 867
*Cash conversion rate, %, 12 months	80	132	97
Equity information			
Basic number of shares outstanding, millions	1 206	1 206	1 206
Diluted number of shares outstanding, millions	1 208	1 208	1 208
*Equity per share, SEK, period end	23.9	21.7	21.4
Basic earnings per share, SEK	1.66	1.15	5.85
*Return on equity, %	30.7	21.9	29.5
*Operating cash flow per share, SEK	0.72	1.34	5.69
People & Planet			
Employees, period end	15 548	13 947	15 529
Women employees, %, period end	17.6	15.8	17.1
Women managers, %, period end	23.0	21.3	22.5
Total recordable injury frequency rate (TRIFR), 12 months	5.3	4.3	5.1
Sick leave, %, 12 months	2.6	2.1	2.4
CO2e emissions from operations, tonnes, 12 months	23 659	25 853	25 372
CO2e emissions from transport, tonnes, 12 months	84 890	79 967	82 383

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

Epiroc is a vital part of a sustainable society and a global productivity partner for mining and infrastructure customers. 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 40 billion in 2021, and has more than 15 500 passionate employees supporting and collaborating with customers in more than 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

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 April 25, 2022.

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Financial calendar

Webcast & conference call:

At 14.00 CEST on April 25, Epiroc will host a report presentation and conference call 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

Dial-in numbers for the conference call:

- Sweden: +46 8 5055 8369
- United Kingdom: +44 3333 009 261
- United States: +1 646 722 4957

Upcoming investor events:

- April 25: Annual General Meeting in Nacka, Sweden, at 5 PM CEST
- April 27: Record date for SEK 1.50 dividend per share*
- May 2: Dividend payment of SEK 1.50 per share*
- July 20: Q2 2022 report
- October 24: Record date for SEK 1.50 dividend per share*
- October 26: Q3 2022 report
- October 27: Dividend payment of SEK 1.50 per share*

** Proposed by the Board*

United in performance. Inspired by innovation.

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.
epiroc.com

