

Interim report Q1 2023

April 28, 2023



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On the cover: Epiroc has won its largest-ever automation order, MSEK 500, for the work to convert Roy Hill's mixed fleet of haul trucks to driverless operation in Australia. The on-going work will create the world's largest single autonomous mine.

Epiroc interim report Q1

- Orders received increased 10% to MSEK 15 148 (13 818). Organic order growth, excluding Russia, was 1%.
 - Several large orders won, including Epiroc's largest automation order ever of MSEK 500 from Roy Hill.
- Revenues increased 25% to MSEK 13 868 (11 088), organic increase of 8%.
- Operating profit increased 20% to MSEK 3 161 (2 631), including items affecting comparability of MSEK -26 (43).*
- Operating margin was 22.8% (23.7), and the adjusted operating margin was 23.0% (23.3).
- Basic earnings per share were SEK 1.90 (1.66).
- Operating cash flow was MSEK 338 (867).
- Two acquisitions completed in the quarter that strengthen Epiroc's position within aftermarket and safety.**

Financial overview

MSEK	2023 Q1	2022 Q1	Δ,%
Orders received	15 148	13 818	10
Revenues	13 868	11 088	25
Operating profit, EBIT	3 161	2 631	20
<i>Operating margin, %</i>	22.8	23.7	
Profit before tax	2 964	2 564	16
<i>Profit margin, %</i>	21.4	23.1	
Profit for the period	2 293	2 000	15
Operating cash flow	338	867	-61
Basic earnings per share, SEK	1.90	1.66	14
Diluted earnings per share, SEK	1.90	1.65	15
<i>Return on capital employed, %, 12 months</i>	27.7	27.7	
Net debt/EBITDA, ratio	0.52	-0.16	

* For further information, see page 6.

** For further information, see page 24.

CEO comments

Strong start to 2023

The customer activity remained high in the quarter, and we achieved record-high order intake of MSEK 15 148. In total, the orders increased by 10%, with a strong contribution from acquisitions.

We won several large equipment orders, indicating a continued high investment willingness among customers. For example, we won our largest-ever automation order, MSEK 500, to convert Roy Hill's mixed fleet of almost a hundred mine trucks to driverless operation in Australia. This will make Roy Hill the world's largest autonomous mine. The project attracts significant attention from customers, and we are happy to showcase our market-leading solutions within automation – for loading, haulage and drilling – both on surface and underground.

The service business also continued to perform well, supported by mid-life upgrades of customers' equipment. Our broad and attractive offering in combination with the work by our 7 300 committed service technicians contributed to the strong development.

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

Profitable growth

Our revenues increased 25% to MSEK 13 868, with strong contribution from both organic and acquired growth. The operating profit, EBIT, increased by 20% to MSEK 3 161. Our adjusted operating margin was 23.0% (23.3), supported by organic growth and the currency, while acquisitions diluted.

The operating cash flow amounted to MSEK 338 (867), impacted by a period of strong growth and higher equipment volumes. Supply-chain challenges remains a constraint. We expect that inventory ratios will improve throughout the year.

Around the world and to the Moon

Other highlights in the quarter included that our autonomous surface drills reached a milestone; they have now successfully drilled the equivalent length of more than one lap around the world.

Also, we are going to the Moon! We have signed a long-term collaboration agreement with the global lunar resource development company, ispace, to provide technology for its future Moon missions.

At the CONEXPO 2023 fair in Las Vegas, we showcased a full range of our latest innovations to make the construction industry more sustainable, efficient, and environmentally-friendly.

We widened our battery-electric offering further and launched the Scooptram ST18 SG (Smart and Green) loader. By not using diesel, the loader eliminates 365 tonnes of CO₂e emissions annually, which corresponds to approximately the emissions from 100 diesel cars.

Acquisitions expanding our offering

Acquisitions are an important contribution to our growth. Year-to-date, we have closed three acquisitions with combined revenues of MSEK 2 400. With the acquisition of CR, Epiroc expands its offering of essential consumables and related digital solutions. Mernok Elektronik strengthens our position as a world-leading provider of automation and safety solutions for mining operations, and AARD Mining Equipment adds an offering of low-profile underground machines for mines with low mining heights.

Dare to think new

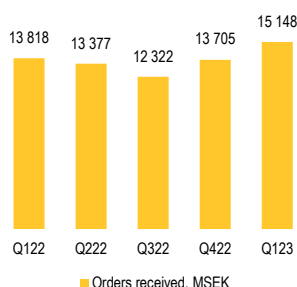
We are committed to provide the best solutions to accelerate the transformation toward a more productive and sustainable industry. Innovation is key to this. To foster innovation and creativity, we encourage our employees to take on responsibility, be open-minded, inclusive, and last but not least, dare to think new. One example of us leading the way is our new global parental leave policy, which guarantees all Epiroc employees a minimum of 12 weeks of paid parental leave. With this gender-less policy, we dare to think new.



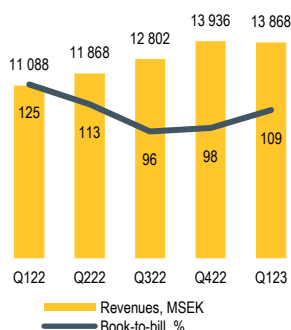
Helena Hedblom
President and CEO

Orders and revenues

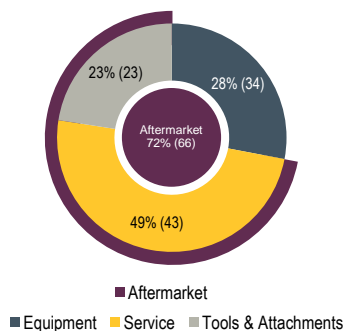
Orders received



Revenues and book-to-bill



Revenues by business type



Financial overview

	2023	2022	
MSEK	Q1	Q1	Δ, %
Orders received	15 148	13 818	10
Revenues	13 868	11 088	25
Operating profit	3 161	2 631	20
Operating margin, %	22.8	23.7	

Orders received

Orders received increased 10% to MSEK 15 148 (13 818). Organic order growth, excluding Russia, was 1%. Structure (acquisitions) contributed with 10% (whereof orders on hand of approximately 3 percentage points) and currency with 6%.

Compared to the previous year, orders received in local currency increased with double digits in Asia/Australia and Africa/Middle East but were somewhat down in North- and South America. In Europe, the orders received decreased significantly, negatively impacted by Russia. Excluding Russia, Europe had a healthy order growth.

Mining customers represented 82% (77) of orders received in the quarter and infrastructure customers 18% (23).

Sequentially (compared to the previous quarter) orders received increased 12% organically.

Revenues

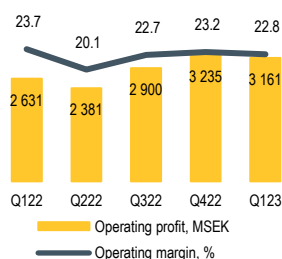
Revenues increased 25% to MSEK 13 868 (11 088), corresponding to an organic growth of 8%. Acquisitions and currency impacted revenues positively with 10% and 7%, respectively. The book-to-bill ratio was 109% (125).

The aftermarket represented 72% (67) of revenues in the quarter.

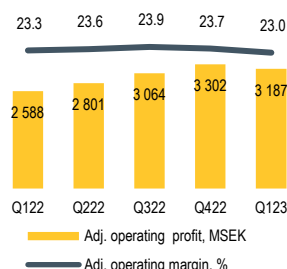
Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q1 2022	13 818	11 088
Organic	-6	8
Currency	6	7
Structure/other	10	10
Total	10	25
Q1 2023	15 148	13 868

Profits and returns

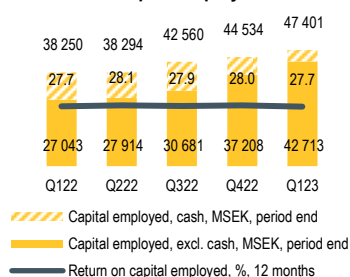
Operating profit and margin



Adjusted operating profit and margin

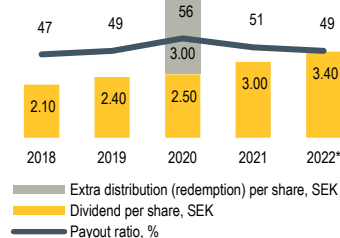


Capital employed and return on capital employed



Dividend

Dividend and payout ratio



* Proposed by the Board.

Profit bridge

	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q1 2022	2 631	23.7
Organic	321	0.8
Currency	205	0.2
Structure/other*	4	-1.9
Total	530	-0.9
Q1 2023	3 161	22.8

* 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 20% to MSEK 3 161 (2 631). Items affecting comparability were MSEK -26 (43), consisting of the change in provision for the share-based long-term incentive programs.

The operating margin, EBIT, was 22.8% (23.7). The adjusted operating margin (excluding items affecting comparability) was 23.0% (23.3). It was supported by organic growth and currency but diluted by acquisitions.

Net financial items amounted to MSEK -197 (-67). The net interest was MSEK -89 (-16).

Profit before tax was MSEK 2 964 (2 564). Income tax expense amounted to MSEK -671 (-564), corresponding to an effective tax rate of 22.6% (22.0).

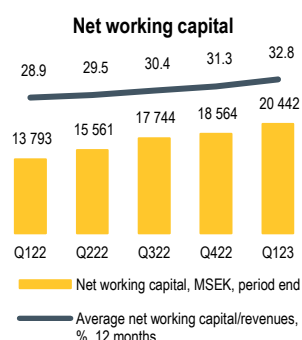
Profit for the period totaled MSEK 2 293 (2 000). Basic earnings per share were SEK 1.90 (1.66).

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

Dividend

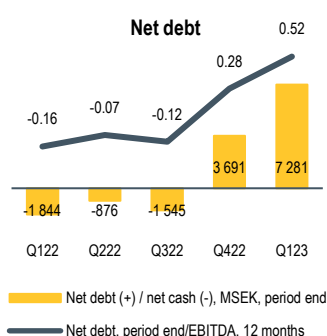
The Board of Directors has proposed to the Annual General Meeting an ordinary dividend to shareholders of SEK 3.40 (3.00) per share, equal to MSEK 4 102 (3 619). The dividend is proposed to be paid in two equal installments with record dates May 25 and October 24, 2023.

Balance sheet



Net working capital

Compared to the previous year, net working capital increased 48% to MSEK 20 442 (13 793). Excluding the effect of acquisitions and currency, the net working capital increased 32%. The increase is mainly explained by strong growth in combination with challenges in the supply chain, as well as higher inventory levels. The average net working capital in relation to revenues in the last 12 months was 32.8% (28.9).

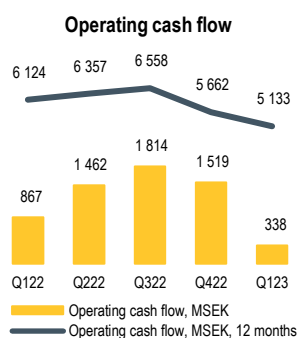


Net debt

Epiroc ended the quarter with a cash and cash equivalents position of MSEK 4 587 (11 207) and a net debt position of MSEK 7 281 (-1 844). The change is mainly explained by acquisitions. The net debt/EBITDA ratio was 0.52 (-0.16).

The average tenor of Epiroc's loan facilities was 3.3 years (3.4) with an average interest duration of 15 months (13). Epiroc also has an unutilized revolving credit facility amounting to MSEK 4 000.

Cash flow



Operating cash flow

Operating cash flow was MSEK 338 (867). It was supported by higher operating profit, but negatively impacted from change in working capital of MSEK -1 839 (-1 169), mainly inventory and receivables, as well as higher taxes paid.

Acquisitions and divestments

Two acquisitions were completed in the quarter which amounted to a net cash flow from acquisitions and divestments of MSEK -3 279 (-18).

Leading productivity and sustainability partner

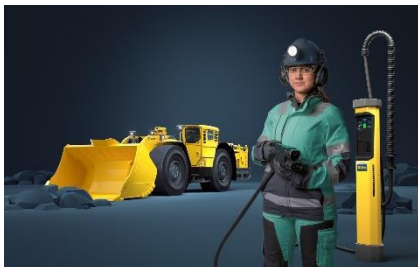
Innovations, acquisitions, and partnerships strengthen Epiroc's position as a leading global productivity and sustainability partner. Below are some highlights from the quarter.



Acquisitions – Creating options for the future

In the quarter, Epiroc completed two acquisitions with combined annual revenues of more than MSEK 1 750 and 445 employees. The acquisition consideration corresponded to a net cash outflow of BSEK 3.3. In April, Epiroc completed one more acquisition. *See more details on page 24.*

- **CR** expands Epiroc's offering of essential consumables and digital solutions.
- **Mernok Elektronik** strengthens Epiroc's position as a world-leading provider of automation and safety solutions.
- **AARD Mining Equipment** complements Epiroc's underground offering within low-profile underground machines.



Innovation – Scooptram ST18 SG (Smart and Green)

Scooptram ST18 SG is the most powerful loader yet in Epiroc's growing fleet of battery-electric vehicles. Compared to using a diesel loader with similar capacity, the Scooptram ST18 SG eliminates 365 tonnes of CO₂e emissions annually. It also reduces the need for ventilation – a major cost item for underground mines.



Innovation – Taking construction to the next level

At the CONEXPO 2023, Epiroc showcased a full range of its latest innovations to make the construction industry more sustainable, efficient, and environmentally-friendly. Products shown included two surface drill rigs in the SmartROC series, smart grouting systems, a DTH (Down-The-Hole) hammer (see also below), a V-shaped drum cutter, new digital tools as well as related aftermarket solutions.



Innovation – Improved down-the-hole (DTH) drilling tools

The new design features make the DTH drill bits last up to 20% longer compared to previous versions. This leads to undisturbed drilling and increased productivity. In addition, the improved efficiency in production (less material and energy) as well as more drill meters per bit (fewer transports and less waste) equates to a lower environmental footprint – both for Epiroc and the customers.

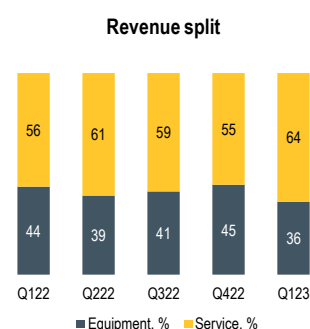
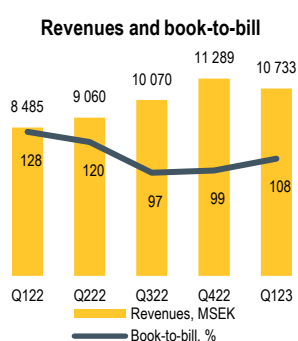
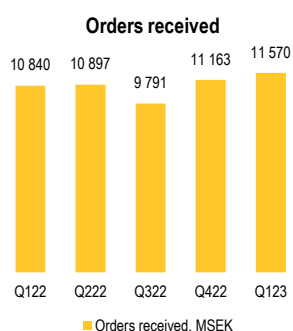


Partnership – To the Moon

Epiroc has signed a long-term collaboration agreement with the global lunar resource development company ispace that will involve Epiroc contributing technology and solutions for commercial Moon missions.

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

	2023	2022	
MSEK	Q1	Q1	Δ, %
Orders received	11 570	10 840	7
Revenues	10 733	8 485	26
Operating profit	2 718	2 188	24
Operating margin, %	25.3	25.8	

Orders received

Orders received increased 7% to MSEK 11 570 (10 840). Organic order growth, excluding Russia, was 2%. Acquisitions contributed with 6% and currency with 6%.

Compared to the previous year, orders received in local currency increased with double digits in Asia/Australia and Africa/Middle East, while it declined in all other regions. The largest decline was in Europe, negatively impacted by Russia.

For equipment, orders received amounted to MSEK 4 937 (5 537), corresponding to an organic decline of -16%. Excluding Russia, the orders received decreased -7% organically. Several large orders were won, including an automation order, MSEK 500, to convert Roy Hill's mixed fleet of almost a hundred mine trucks to driverless operation in Australia. The share of orders from equipment was 43% (51).

For service, orders received increased 25% to MSEK 6 633 (5 303), with a strong contribution from acquisitions. The organic growth was 6% and reflected a continued high activity level and good demand for mid-life upgrades. Excluding Russia, the orders received increased 11% organically. The share of orders from service was 57% (49).

Sequentially, orders received increased 5% organically for the segment.

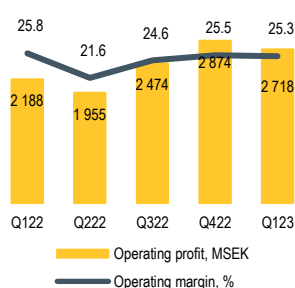
Revenues

Revenues increased 26% to MSEK 10 733 (8 485), corresponding to an organic growth of 10%. Acquisitions contributed with 9% and currency with 7%. The revenues for service increased 19% organically, while equipment revenues decreased -1% organically. The share of revenues from service was 64% (56). The book-to-bill ratio was 108% (128).

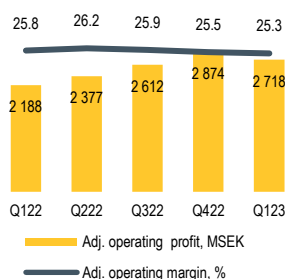
Equipment & Service

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 2022	10 840	8 485	5 537	3 699	5 303	4 786
Organic	-5	10	-16	-1	6	19
Currency	6	7	5	6	7	8
Structure/other	6	9	0	0	12	16
Total	7	26	-11	5	25	43
Q1 2023	11 570	10 733	4 937	3 881	6 633	6 852

Operating profit and margin



Adjusted operating profit and margin



Operating profit and margin

Operating profit, EBIT, increased 24% to MSEK 2 718 (2 188). It was supported by strong organic growth and currency.

The operating margin, EBIT, was 25.3% (25.8). Adjusted operating margin was 25.3% (25.8), supported by organic growth, but diluted by acquisitions.

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q1 2022	2 188	25.8
Organic	303	0.7
Currency	165	0.1
Structure/other	62	-1.3
Total	530	-0.5
Q1 2023	2 718	25.3

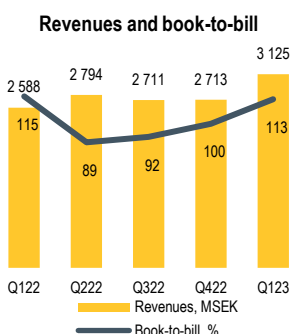
Acquisitions and investments

Since December 31, 2022, Equipment & Service has finalized two acquisitions. See page 24.

In April, a new heat treatment plant was inaugurated in Örebro, Sweden. Thanks to automation, the 1400 m² 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

	2023	2022	
MSEK	Q1	Q1	Δ, %
Orders received	3 535	2 970	19
Revenues	3 125	2 588	21
Operating profit	532	474	12
Operating margin, %	17.0	18.3	

Orders received

Orders received increased 19% to MSEK 3 535 (2 970). Organic order growth, excluding Russia, was -7%. Acquisitions contributed with 24% (whereof orders on hand from CR of approximately 13 percentage points) and currency with 5%.

Compared to the previous year, orders received in local currency increased double digits in all regions except Europe, which was negatively impacted by Russia, resulting in a significant decline.

Sequentially, orders received increased 33% organically.

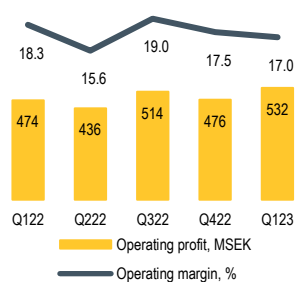
Revenues

Revenues increased 21% to MSEK 3 125 (2 588), corresponding to an organic increase of 3%. Currency contributed with 6% and acquisitions with 12%. The book-to-bill ratio was 113% (115).

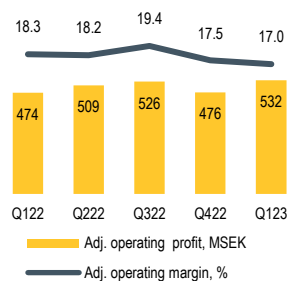
Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q1 2022	2 970	2 588
Organic	-10	3
Currency	5	6
Structure/other	24	12
Total	19	21
Q1 2023	3 535	3 125

Tools & Attachments

Operating profit and margin



Adjusted operating profit and margin



Operating profit and margin

Operating profit, EBIT, increased 12% to MSEK 532 (474). The operating margin, EBIT, was 17.0% (18.3). It was diluted by acquisitions.

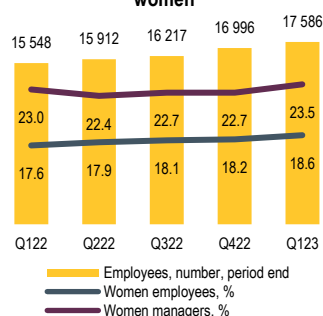
Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q1 2022	474	18.3
Organic	15	0.1
Currency	33	0.2
Structure/other	10	-1.6
Total	58	-1.3
Q1 2023	532	17.0

Acquisitions

Since December 31, 2022, Tools & Attachments has finalized one acquisition. See page 24.

Sustainability: People & Planet

Employees and proportion of women



Employees

The number of employees increased to 17 586 (15 548), mainly due to acquisitions. External workforce amounted to 1 722 (1 521). For comparable units, the total workforce increased with 384 compared to the previous year.

The proportion of women employees and women managers at the end of the period increased to 18.6% and 23.5%, respectively.

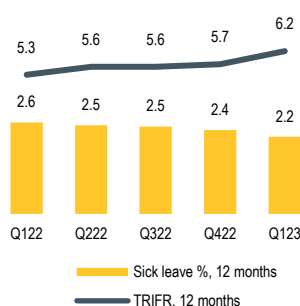
Launch of new parental leave policy

Epiroc has launched a parental leave policy granting a minimum of 12 weeks of paid parental leave across the global organization. The gender-less policy aims at fostering an even more inclusive and diverse culture.

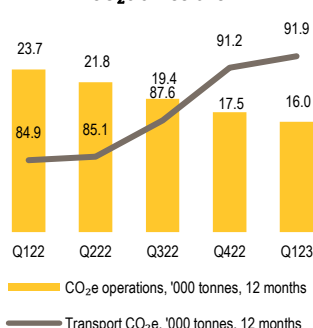
Safety and health

The total recordable injury frequency rate (TRIFR) the last 12 months was 6.2 (5.3). Several initiatives are in place and actions have been taken to reduce injuries. The sick leave decreased to 2.2% (2.6).

Sick leave and TRIFR



CO₂e emissions



CO₂e emissions from operations

The CO₂e emissions from operations and for comparable units* the last 12 months decreased -32% to 16 042 (23 659) tonnes. The improvement is driven by several initiatives, including the installation of solar panels and a higher share of renewable electricity.

** Comparable units are production companies and distribution centers in 2022. 22 customer centers are measured but excluded in this report due to comparability reasons. Q2 2023 will be the first quarter with comparable data.*

CO₂e emissions from transport

The CO₂e emissions from transport the last 12 months increased 8% to 91 948 (84 890) tonnes. The increase is mainly explained by higher volumes delivered.

Other information

Organizational changes

- 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.
- As of January 1, 2023, Epiroc has three regional Parts & Services divisions. Nelson Trejo has been appointed President Parts & Services North and South America (NASA), Luis Araneda has been appointed President Parts & Services Europe, Middle East and Africa (EMEA) and Arman Bagdasarian has been appointed President Parts & Services Asia Pacific (APAC). All three are now members of Epiroc Group Management.
- Effective January 1, 2023, Mattias Olsson, Senior Vice President Corporate Communications, took up a new role as Vice President M&A and Integration in the Group.
- Paul Bergström has been appointed President of the Digital Solutions division and member of Group Management. He will start his assignment May 1, 2023.

Key risks

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

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 28, 2023

Helena Hedblom

President and CEO, Epiroc AB

The company's auditors have not reviewed this report.

Financial Statements

Condensed consolidated income statement

MSEK	2023 Q1	2022 Q1	2022 FY
Revenues	13 868	11 088	49 694
Cost of sales	-8 272	-6 831	-30 675
Gross profit	5 596	4 257	19 019
Administrative expenses	-969	-721	-3 628
Marketing expenses	-926	-641	-3 042
Research and development expenses	-452	-319	-1 438
Other operating income and expenses	-88	55	236
Operating profit	3 161	2 631	11 147
Net financial items	-197	-67	-369
Profit before tax	2 964	2 564	10 778
Income tax expense	-671	-564	-2 367
Profit for the period	2 293	2 000	8 411
Profit attributable to			
- owners of the parent	2 290	1 997	8 397
- non-controlling interests	3	3	14
Basic earnings per share, SEK	1.90	1.66	6.96
Diluted earnings per share, SEK	1.90	1.65	6.95

Condensed consolidated statement of comprehensive income

MSEK	2023 Q1	2022 Q1	2022 FY
Profit for the period	2 293	2 000	8 411
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	-86	411	687
Income tax relating to items that will not be reclassified	18	-85	-139
Total items that will not be reclassified to profit or loss	-68	326	548
Items that may be reclassified subsequently to profit or loss			
Translation differences on foreign operations	-296	670	2 112
Cash flow hedges	-78	-	119
Income tax relating to items that may be reclassified	16	-	-25
Total items that may be reclassified subsequently to profit or loss	-358	670	2 206
Other comprehensive income for the period, net of tax	-426	996	2 754
Total comprehensive income for the period	1 867	2 996	11 165
Total comprehensive income attributable to			
- owners of the parent	1 876	2 993	11 144
- non-controlling interests	-9	3	21

Condensed consolidated balance sheet

	2023	2022	2022
	Mar 31	Mar 31	Dec 31
Assets, MSEK			
Intangible assets	15 966	7 192	13 073
Rental equipment	1 420	1 265	1 458
Other property, plant and equipment	5 754	4 743	5 429
Investments in associated companies and joint ventures	64	101	67
Other financial assets and other receivables	1 634	1 261	1 752
Deferred tax assets	1 729	1 666	1 526
Total non-current assets	26 567	16 228	23 305
Inventories	18 930	13 245	16 945
Trade receivables	10 088	8 225	9 581
Other receivables	3 331	2 437	3 195
Current tax receivables	292	159	315
Financial assets	1 406	908	1 010
Cash and cash equivalents	4 587	11 207	7 326
Assets held for sale	101	-	103
Total current assets	38 735	36 181	38 475
Total assets	65 302	52 409	61 780
Equity and liabilities, MSEK			
Share capital	500	500	500
Retained earnings	34 485	28 254	32 520
Total equity attributable to owners of the parent	34 985	28 754	33 020
Non-controlling interest	479	63	488
Total equity	35 464	28 817	33 508
Interest-bearing liabilities	8 813	8 641	8 877
Post-employment benefits	139	116	149
Other liabilities and provisions	697	544	652
Deferred tax liabilities	1 207	825	1 215
Total non-current liabilities	10 856	10 126	10 893
Interest-bearing liabilities	2 985	677	1 999
Trade payables	7 017	6 181	6 375
Current tax liabilities	530	645	670
Other liabilities and provisions	8 450	5 963	8 335
Total current liabilities	18 982	13 466	17 379
Total equity and liabilities	65 302	52 409	61 780

Condensed consolidated statement of changes in equity

MSEK	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
Opening balance, Jan 1, 2023	33 020	488	33 508
Total comprehensive income for the period	1 876	-9	1 867
Acquisition and divestment of own shares	160	-	160
Share-based payments, equity settled	-71	-	-71
Closing balance, Mar 31, 2023	34 985	479	35 464
Opening balance, Jan 1, 2022	25 729	56	25 785
Total comprehensive income for the period	2 993	3	2 996
Dividend/Redemption	-	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, 2022	25 729	56	25 785
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
Closing balance, Dec 31, 2022	33 020	488	33 508

Condensed consolidated statement of cash flows

MSEK	2023 Q1	2022 Q1	2022 FY
Cash flow from operating activities			
Operating profit	3 161	2 631	11 147
Depreciation, amortization and impairment	635	466	2 130
Capital gain/loss and other non-cash items	-226	-196	-183
Net financial items received/paid	42	-269	-561
Taxes paid	-922	-639	-2 676
Pension funding and payment of pension to employees	-20	-12	-45
Change in working capital	-1 839	-1 169	-3 737
Increase in rental equipment	-222	-170	-875
Sale of rental equipment	130	109	358
Net cash flow from operating activities	739	751	5 558
Cash flow from investing activities			
Investments in other property, plant and equipment	-234	-144	-600
Sale of other property, plant and equipment	7	9	62
Investments in intangible assets	-111	-115	-414
Acquisition of subsidiaries and associated companies	-3 279	-18	-4 696
Sale of subsidiaries and associated companies	-	-	10
Proceeds to/from other financial assets, net	-122	-86	-353
Net cash flow from investing activities	-3 739	-354	-5 991
Cash flow from financing activities			
Dividend	-	-	-3 619
Dividend to non-controlling interest	-	-	-2
Acquisition of non-controlling interest*	-	-	-175
Sale/Repurchase of own shares	160	27	-116
Change in interest-bearing liabilities	146	-77	686
Net cash flow from financing activities	306	-50	-3 226
Net cash flow for the period	-2 694	347	-3 659
Cash and cash equivalents, beginning of the period	7 326	10 792	10 792
Exchange differences in cash and cash equivalents	-45	68	193
Cash and cash equivalents, end of the period	4 587	11 207	7 326
	2023	2022	2022
Operating cash flow**	Q1	Q1	FY
Net cash flow from operating activities	739	751	5 558
Net cash flow from investing activities	-3 739	-354	-5 991
Acquisitions and divestments, net	3 279	18	4 686
Other adjustments	59	452	1 409
Operating cash flow	338	867	5 662

* In the third quarter 2022, Epiroc acquired the full remaining non-controlling interest of Epiroc Mining India Ltd for MSEK -173.

** Operating cash flow is not defined according to IFRS. See page 26.

Condensed parent company income statement

MSEK	2023 Q1	2022 Q1	2022 FY
Administrative expenses	-68	-52	-231
Marketing expenses	-7	-5	-32
Other operating income and expenses	-	0	112
Operating profit/loss	-75	-57	-151
Financial income and expenses	-27	-8	-29
Appropriations	-	-	6 638
Profit/loss before tax	-102	-65	6 458
Income tax	22	13	-1 320
Profit/loss for the period	-80	-52	5 138

Condensed parent company balance sheet

MSEK	2023 Mar 31	2022 Mar 31	2022 Dec 31
Total non-current assets	53 301	53 274	53 281
Total current assets	5 572	2 031	4 748
Total assets	58 873	55 305	58 029
Total restricted equity	503	503	503
Total non-restricted equity	48 895	47 468	48 885
Total equity	49 398	47 971	49 388
Total provisions	220	263	213
Total non-current liabilities	6 984	6 990	6 990
Total current liabilities	2 271	81	1 438
Total equity and liabilities	58 873	55 305	58 029

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

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	Y-o-Y
Epiroc Group	13 818	13 377	12 322	13 705	53 222	15 148	4%
North America	3 358	3 753	3 438	3 147	13 696	3 608	-3%
South America	1 687	1 892	1 851	2 102	7 532	1 803	-3%
Europe	3 100	1 742	601	2 016	7 459	2 304	-26%
Africa/Middle East	2 125	1 962	2 312	1 900	8 299	2 561	18%
Asia/Australia	3 548	4 028	4 120	4 540	16 236	4 872	31%
Equipment & Service	10 840	10 897	9 791	11 163	42 691	11 570	1%
North America	2 530	3 014	2 493	2 486	10 523	2 511	-11%
South America	1 418	1 670	1 600	1 852	6 540	1 427	-9%
Europe	2 217	1 207	216	1 380	5 020	1 613	-27%
Africa/Middle East	1 705	1 497	1 833	1 396	6 431	2 015	15%
Asia/Australia	2 970	3 509	3 649	4 049	14 177	4 004	29%
Tools & Attachments	2 970	2 495	2 502	2 703	10 670	3 535	13%
North America	831	766	918	821	3 336	1 065	18%
South America	269	222	251	250	992	376	27%
Europe	874	526	388	634	2 422	680	-25%
Africa/Middle East	420	466	478	507	1 871	548	30%
Asia/Australia	576	515	467	491	2 049	866	44%

Geographical distribution of revenues

MSEK	2022				2022	2023	Δ,%
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Y-o-Y
Epiroc Group	11 088	11 868	12 802	13 936	49 694	13 868	18%
North America	2 767	3 139	3 433	3 475	12 814	3 759	24%
South America	1 565	1 597	1 810	1 873	6 845	1 985	16%
Europe	2 172	2 177	1 832	2 146	8 327	2 155	-3%
Africa/Middle East	1 683	1 902	2 046	2 126	7 757	2 048	19%
Asia/Australia	2 901	3 053	3 681	4 316	13 951	3 921	29%
Equipment & Service	8 485	9 060	10 070	11 289	38 904	10 733	19%
North America	2 036	2 286	2 603	2 756	9 681	2 706	21%
South America	1 330	1 353	1 556	1 637	5 876	1 716	18%
Europe	1 506	1 523	1 197	1 461	5 687	1 463	-5%
Africa/Middle East	1 229	1 427	1 552	1 661	5 869	1 545	23%
Asia/Australia	2 384	2 471	3 162	3 774	11 791	3 303	33%
Tools & Attachments	2 588	2 794	2 711	2 713	10 806	3 125	14%
North America	710	844	827	805	3 186	1 056	37%
South America	235	243	254	238	970	269	3%
Europe	674	652	622	664	2 612	681	-3%
Africa/Middle East	454	475	494	468	1 891	504	11%
Asia/Australia	515	580	514	538	2 147	615	15%

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

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	1700	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 MSEK 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 March 31, 2023

The completed acquisitions have had a total cash flow effect of MSEK 3 252. According to the preliminary purchase price allocation, intangible assets amount to MSEK 1 717 and goodwill amounts to MSEK 2 393. The acquired entities during 2023 have contributed to revenues with MSEK 250 and operating profit with MSEK 13 since the respective date of acquisition.

Fair value of acquired assets and liabilities 2023, MSEK	whereof CR	
Net assets identified including tax	-769	-766
Intangible assets	1 717	1 690
Goodwill	2 393	2 353
Total consideration	3 341	3 277
Net cash outflow	3 252	3 206
- related to prior years acquisitions	27	

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 MSEK		2023 Mar 31	2022 Dec 31
Non-current assets and liabilities			
Assets		10	30
Liabilities		1	1
Current assets and liabilities			
Assets		212	296
Liabilities		140	200

Carrying value and fair value MSEK		2023 Mar 31	2023 Mar 31	2022 Dec 31	2022 Dec 31
	Carrying value		Fair value	Carrying value	Fair value
Earn-out	533		533	556	556
Bonds	5 126		5 060	5 125	5 010
Other loans	6 672		6 788	5 751	5 839
Total	12 331		12 381	11 432	11 405

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	7 356 190		
Change in the quarter			
Purchased (+) / divested (-) shares, number	-812 187		
Value of purchased (+) / divested (-) shares, SEK	-160 116 563		

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 Q1	2022 Q1	2022 FY
Growth			
*Orders received, MSEK	15 148	13 818	53 222
Revenues, MSEK	13 868	11 088	49 694
*Total revenue growth, %	25	26	25
*Organic revenue growth, %	8	14	11
Profitability			
*Gross margin, %	40.4	38.4	38.3
*EBITDA margin, %	27.4	27.9	26.7
*Adjusted operating margin, %	23.0	23.3	23.7
*Operating margin, %	22.8	23.7	22.4
*Profit margin, %	21.4	23.1	21.7
Capital efficiency			
*Return on capital employed, %	27.7	27.7	28.0
*Net debt / EBITDA, ratio	0.52	-0.16	0.28
*Net debt / equity, %, period end	20.5	-6.4	11.0
*Average net working capital / revenues, %	32.8	28.9	31.3
Cash generation			
*Operating cash flow, MSEK	338	867	5 662
*Cash conversion rate, %, 12 months	59	80	67
Equity information			
Basic number of shares outstanding, millions	1 206	1 206	1 206
Diluted number of shares outstanding, millions	1 207	1 208	1 208
*Equity per share, SEK, period end	29.4	23.9	27.8
Basic earnings per share, SEK	1.90	1.66	6.96
*Return on equity, %	27.7	30.7	28.4
*Operating cash flow per share, SEK	0.28	0.72	4.69
People & Planet			
Employees, period end	17 586	15 548	16 996
Women employees, %, period end	18.6	17.6	18.2
Women managers, %, period end	23.5	23.0	22.7
Total recordable injury frequency rate, TRIFR, 12 months	6.2	5.3	5.7
Sick leave, %, 12 months	2.2	2.6	2.4
CO2e emissions from operations, tonnes, 12 months	16 042	23 659	17 462
CO2e emissions from transport, tonnes, 12 months	91 948	84 890	91 168

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 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

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. The information was submitted for publication, through the agency of the contact persons on the next page, at 11:30 CEST on April 28, 2023.

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Financial calendar

Webcast & conference call:

At 13.00 CEST on April 28, 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

Upcoming investor events 2023:

- May 23: Annual General Meeting in Nacka, Sweden at 5 PM CEST
- May 25: Record date for dividend*
- May 30: Dividend payment*
- June 1-2: Capital Markets Day in Örebro, Sweden
- July 18: Q2 2023 report
- October 24: Record date for dividend*
- October 27: Q3 2023 report
- October 27: Dividend payment*

** Proposal 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

