



Interim report Q4 2021

January 26, 2022



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Cover: The Reman Program is a true circular offering. Instead of buying a new component, the customer returns a used component to Epiroc, in exchange for a remanufactured component.

Epiroc interim report Q4

- Orders received increased 25% to MSEK 11 643 (9 329), organic increase of 19%.
- Revenues increased 14% to MSEK 11 173 (9 806), organic increase of 9%.
- Operating profit increased 17% to MSEK 2 594 (2 212), including items affecting comparability of MSEK 40 (-67).*
- Operating margin improved to 23.2% (22.6) and the adjusted operating margin was 22.9% (23.2).
- Basic earnings per share were SEK 1.70 (1.35).
- Operating cash flow was MSEK 2 415 (2 156).
- Acquisitions of Mobilaris MCE, a provider of advanced situational awareness solutions, and FVT Research, a specialist in mining vehicle battery conversions.**
- The Board proposes a dividend of SEK 3.00 (2.50) per share to be paid in two equal installments.

Financial overview

MSEK	2021 Q4	2020 Q4	Δ,%	2021 FY	2020 FY	Δ,%
Orders received	11 643	9 329	25	45 648	36 579	25
Revenues	11 173	9 806	14	39 645	36 122	10
Operating profit	2 594	2 212	17	8 995	7 382	22
<i>Operating margin, %</i>	<i>23.2</i>	<i>22.6</i>		<i>22.7</i>	<i>20.4</i>	
Profit before tax	2 567	2 090	23	8 964	7 087	26
<i>Profit margin, %</i>	<i>23.0</i>	<i>21.3</i>		<i>22.6</i>	<i>19.6</i>	
Profit for the period	2 057	1 637	26	7 069	5 410	31
Operating cash flow	2 415	2 156	12	6 867	7 006	-2
Basic earnings per share, SEK	1.70	1.35	26	5.85	4.48	31
Diluted earnings per share, SEK	1.70	1.35	26	5.84	4.48	30
<i>Return on capital employed, %, 12 months</i>				<i>26.1</i>	<i>21.7</i>	
Net debt/EBITDA, ratio				-0.12	-0.45	

* Information on items affecting comparability, see page 6.

** See more information on page 24.

CEO comments

A successful year

2021 was another exciting year with both achievements and challenges. High customer activity in combination with increased investment willingness led to record-high orders received of MSEK 45 648. Revenues increased and both operating profit and margin reached new records, despite challenges with the Covid-19 pandemic and in the supply chain. We completed eight acquisitions, launched groundbreaking innovations, and made good progress in the sustainability area.

A strong end to 2021

The demand remained strong and orders received increased 25% to MSEK 11 643 in the quarter. This corresponds to 19% organic growth compared to the previous year. Acquisitions contributed with 4%. The aftermarket performed strongly with an organic growth of 19% in Service and 16% in Tools & Attachments. I am convinced that our local presence with skilled service technicians and aftermarket support functions contribute to this development. Equipment also grew strongly with orders received increasing 20% organically.

Sequentially, i.e. compared to the previous quarter, orders received decreased 5% organically, compared to the record-high Q3. In the near term, we expect that demand, both for equipment and aftermarket, will remain at a high level.

Record high revenues and profit

Revenues increased 9% organically to record high MSEK 11 173. Our reported operating profit increased 17% to MSEK 2 594. The adjusted operating margin was 22.9%. It was supported by currency, but diluted by acquisitions. The constraints in the supply-chain increased.

The operating cash flow increased to MSEK 2 415 (2 156). We had positive cash flow from working capital, despite the strong growth.

Ambitious climate targets validated

We are driving the industry's transition towards reduced climate impact, not least with our growing offering of battery-electric equipment. Our ambitious climate targets, including our commitment to halve our CO₂ emissions from the use of our equipment by 2030, were validated by Science Based Targets initiative (SBTi). This means that our industry-leading position within sustainability has been reinforced.

Achieving great things together

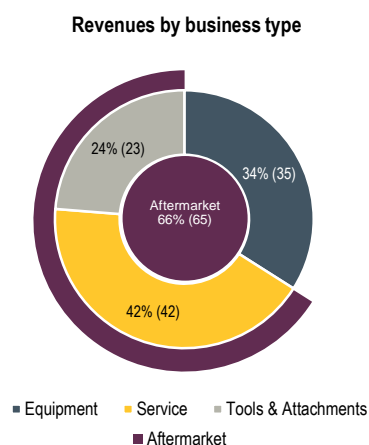
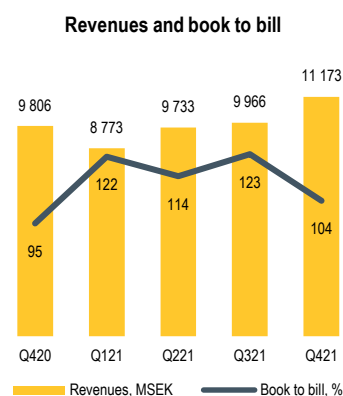
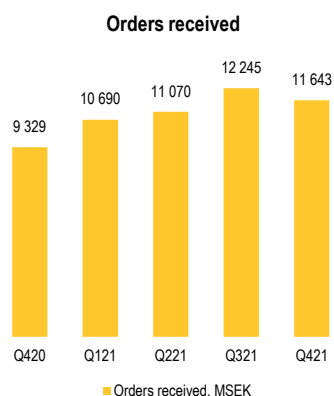
With the Covid-19 pandemic still holding the world in a tight grip, our main priority is, as always, safety, while supporting our customers' operations. We are monitoring the development continuously and taking actions where and if needed.

2021 was indeed a record year. We have shown that we can adapt quickly to changes and that we always are ready to walk that extra mile to support our customers. I am proud to lead this fantastic company. We dare to think new, and as a team, and in collaboration with our customers and business partners, we achieve great things together. I am looking forward to further achievements in 2022.



Helena Hedblom
President and CEO

Orders and revenues



Financial overview

MSEK	2021	2020	Δ, %
	Q4	Q4	
Orders received	11 643	9 329	25
Revenues	11 173	9 806	14
Operating profit	2 594	2 212	17
Operating margin, %	23.2	22.6	

Orders received

Orders received increased 25% to MSEK 11 643 (9 329), corresponding to an organic growth of 19%. Acquisitions contributed with 4%. All businesses grew by double digits.

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

Mining customers represented 76% (75) of orders received in the quarter and infrastructure customers 24% (25).

Sequentially, orders received decreased 5% organically.

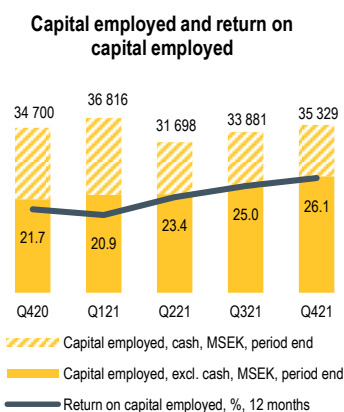
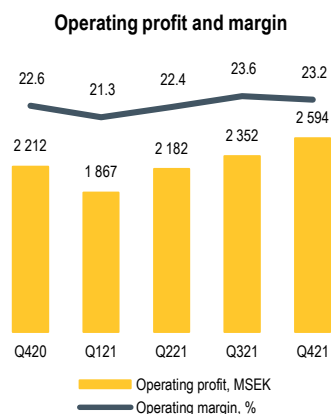
Revenues

Revenues increased 14% to MSEK 11 173 (9 806), corresponding to an organic growth of 9%. Acquisitions impacted revenues positively with 3%. The book to bill ratio was 104% (95), 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 66% (65) of revenues in the quarter.

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q4 2020	9 329	9 806
Organic	19	9
Currency	2	2
Structure/other	4	3
Total	25	14
Q4 2021	11 643	11 173

Profits and returns



Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q4 2020	2 212	22.6
Organic	206	0.1
Currency	83	0.3
Structure/other*	93	0.2
Total	382	0.6
Q4 2021	2 594	23.2

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

Operating profit increased 17% to MSEK 2 594 (2 212), including items affecting comparability of MSEK 40 (-67). These include a positive re-valuation effect of the shares held prior to the acquisition of the remaining shares of Mobilaris MCE of MSEK 167 and a change in provision for the share-based long-term incentive programs of MSEK -127 (-52). The previous year included restructuring costs of MSEK -15. The operating profit was positively impacted by increased volumes and currency and the operating margin increased to 23.2% (22.6). The adjusted operating margin, i.e. excluding items affecting comparability, was 22.9% (23.2). It was supported by currency, but diluted by acquisitions. The constraints in the supply-chain increased.

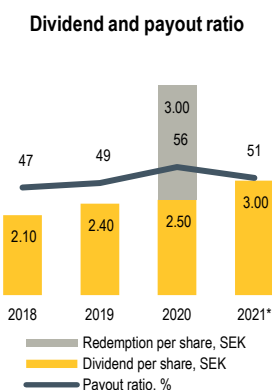
Net financial items amounted to MSEK -27 (-122). The net interest was MSEK -25 (-29).

Profit before tax was MSEK 2 567 (2 090). Income tax expense amounted to MSEK -510 (-453), corresponding to an effective tax rate of 19.9% (21.7). Some one-time effects as well as lower tax rates in some countries (e.g. Sweden) explain the decrease.

Profit for the period totaled MSEK 2 057 (1 637). Basic earnings per share were SEK 1.70 (1.35).

Return on capital employed, 12 months, was 26.1% (21.7), and the return on equity was 29.5% (22.7).

Dividend

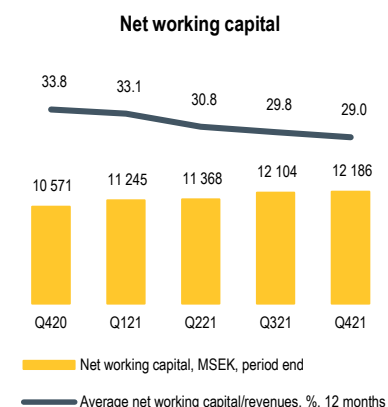


* Proposed by the Board.

Dividend

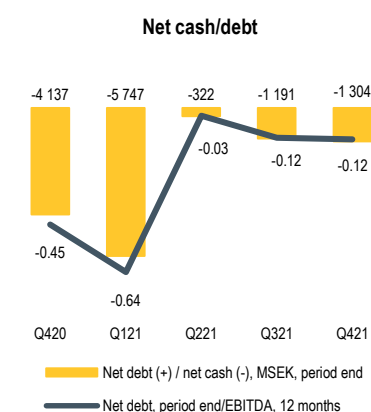
The Board of Directors proposes to the Annual General Meeting a dividend to shareholders of SEK 3.00 (2.50) per share, equal to MSEK 3 619 (3 016). The dividend is proposed to be paid in two equal installments with record dates April 27 and October 24, 2022.

Balance sheet



Net working capital

Compared to the previous year, net working capital increased 15% to MSEK 12 186 (10 571). Excluding the effect of acquisitions and currency, the net working capital increased 6%. The average net working capital in relation to revenues in the last 12 months, improved to 29.0% (33.8).

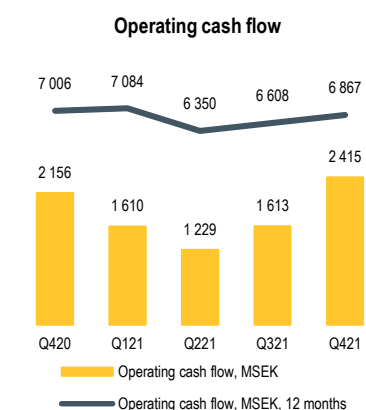


Net cash / net debt

The Group's net cash position amounted to MSEK 1 304 (4 137). In the quarter, a loan of MEUR 100 was repaid.

The net debt/EBITDA ratio was -0.12 (-0.45).

Cash flow



Operating cash flow

Operating cash flow increased to MSEK 2 415 (2 156). It was positively impacted by higher operating profit and lower net financial items paid. Cash flow from change in working capital was MSEK 247 (687).

Acquisitions and divestments

Net cash flow from acquisitions and divestments was MSEK -578 (-1).

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

Epiroc completed two acquisitions during the fourth quarter. See more details on page 24.

- **FVT Research** converts diesel-powered mining machines to battery-electric vehicles. The company has approximately MSEK 27 in annual revenues.
- **Mobilaris MCE AB** provides advanced situational awareness solutions that increase safety and optimize operations in mining and civil engineering, particularly underground. The company has approximately MSEK 60 in annual revenues. Epiroc previously held 34% of the shares and has acquired the remaining shares.



Innovation - Reman Program

The Reman Program is a true circular offering. Instead of buying a new component, the customer returns a used component to Epiroc, in exchange for a remanufactured component. It is a lower cost option, while maintaining the highest availability and reliability.



Innovation – Charging products

To support customers in the transition towards battery-electric equipment, Epiroc has added a wide range of flexible charging products, such as lifting tools, to its offering. The range encompasses several different models, both fixed and mobile, to ensure that battery-electric equipment can be charged at any given time or place. If connected, the customer can also monitor their charging remotely through a cloud service.

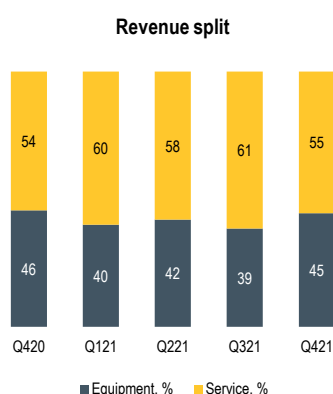
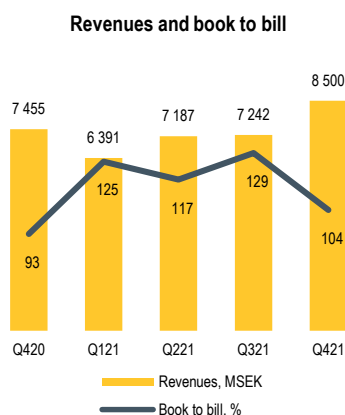
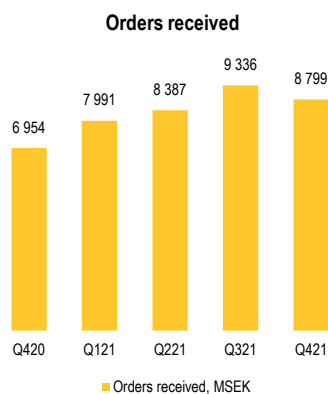


Partnership – Automated mixed-fleet underground

Epiroc and its customer Newcrest have successfully implemented the first semi-autonomous integrated production level in Newcrest's Cadia mine in Australia. While semi-autonomous production levels can be seen at many operations across the world, this partnership is taking it one step further as equipment from other suppliers is automated as well. This leads to a safer production level and higher productivity.

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.



Financial overview

MSEK	2021	2020	Δ, %
	Q4	Q4	
Orders received	8 799	6 954	27
Revenues	8 500	7 455	14
Operating profit	2 323	1 966	18
Operating margin, %	27.3	26.4	

Orders received

Orders received increased by 27% to MSEK 8 799 (6 954), corresponding to an organic growth of 20%. Acquisitions contributed with 4%.

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 28% to MSEK 3 812 (2 967), corresponding to an organic growth of 20%. 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 43% (43).

For service, orders received increased 25% to MSEK 4 987 (3 987), corresponding to 19% organic growth. The growth was supported by a combination of a high customer activity and orders for midlife services. The share of orders from service was 57% (57).

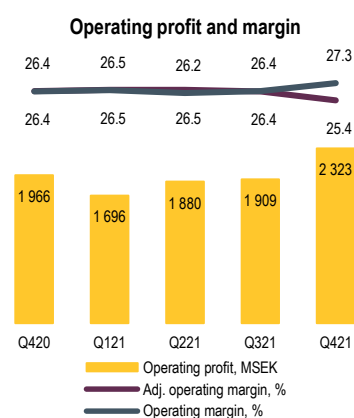
Sequentially, orders received decreased 7% organically for the segment, compared to a strong third quarter.

Revenues

Revenues increased 14% to MSEK 8 500 (7 455), corresponding to an organic growth of 9%. Acquisitions contributed with 3%. The revenues for service increased 11% organically and for equipment the revenues increased 7% organically. The share of revenues from service was 55% (54). The book to bill ratio was 104% (93).

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,%
Q4 2020	6 954	7 455	2 967	3 407	3 987	4 048
Organic	20	9	20	7	19	11
Currency	3	2	4	1	2	3
Structure/other	4	3	4	3	4	2
Total	27	14	28	11	25	16
Q4 2021	8 799	8 500	3 812	3 791	4 987	4 709



Operating profit and margin

Operating profit increased 18% to MSEK 2 323 (1 966). It was impacted by a positive revaluation effect of the shares held prior to the acquisition of the remaining shares of Mobilaris MCE of MSEK 167, increased volumes and currency, while acquisitions had a negative impact. The operating margin was 27.3% (26.4). The adjusted operating margin decreased to 25.4% (26.4), diluted by acquisitions.

Profit bridge

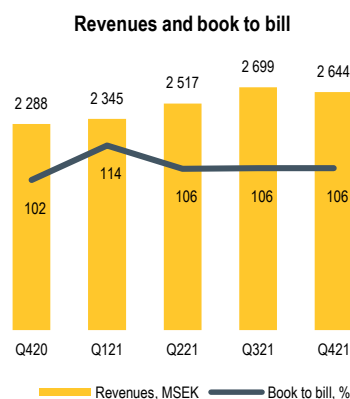
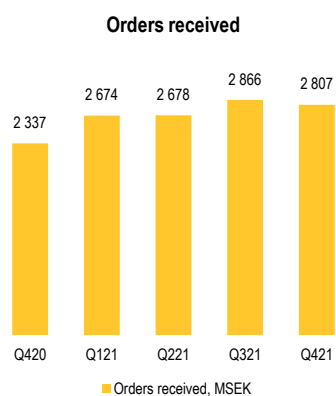
	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q4 2020	1 966	26.4
Organic	188	0.0
Currency	28	-0.1
Structure/other	141	1.0
Total	357	0.9
Q4 2021	2 323	27.3

Acquisitions

In the quarter, the acquisitions of FVT Research and remaining 66% of Mobilaris MCE were completed. See more details on pages 8 and 24.

Tools & Attachments

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



Financial overview

MSEK	2021	2020	Δ,%
	Q4	Q4	
Orders received	2 807	2 337	20
Revenues	2 644	2 288	16
Operating profit	480	363	32
Operating margin, %	18.2	15.9	

Orders received

Orders received increased 20% to MSEK 2 807 (2 337), corresponding to an organic increase of 16%. Acquisitions contributed 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.

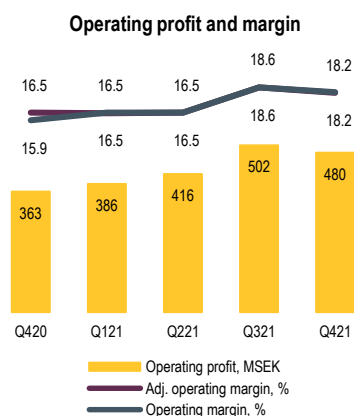
Sequentially, orders received decreased 2% organically.

Revenues

Revenues increased 16% to MSEK 2 644 (2 288), corresponding to an organic increase of 8%. Acquisitions contributed positively with 5%. The book to bill ratio was 106% (102).

Sales Bridge	Orders received	Revenues
	MSEK, Δ,%	MSEK, Δ,%
Q4 2020	2 337	2 288
Organic	16	8
Currency	1	3
Structure/other	3	5
Total	20	16
Q4 2021	2 807	2 644

Tools & Attachments



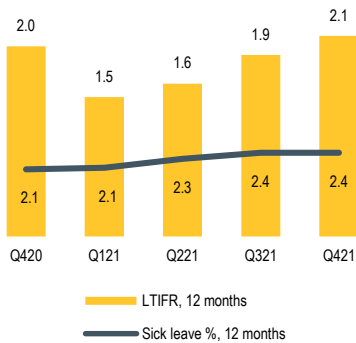
Operating profit and margin

Operating profit increased 32% to MSEK 480 (363). The fourth quarter 2020 included restructuring costs of MSEK -15. The operating profit was supported by increased volumes, currency, and acquisitions. The operating margin improved to 18.2% (15.9), supported by currency and volume growth. The adjusted operating margin improved to 18.2% (16.5).

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q4 2020	363	15.9
Organic	38	0.3
Currency	48	1.5
Structure/other	31	0.5
Total	117	2.3
Q4 2021	480	18.2

Sustainability: People & Planet

Sick leave and LTIFR



Employees

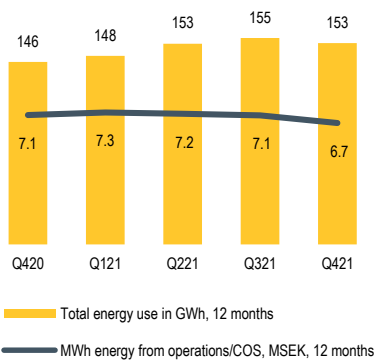
The number of employees increased to 15 529 (13 840), partly due to acquisitions. External workforce amounted to 1 474 (1 109). For comparable units, the total workforce increased with 1 151 compared to the previous year, mainly related to service.

The proportion of women employees and women managers at the end of the period increased to 17.1% (15.7) and 22.5% (21.0), respectively.

Safety and health

The number of work-related lost-time injuries per million working hours (LTIFR) the last 12 months was 2.1 (2.0). Sick leave was 2.4% (2.1), negatively impacted by the Covid-19 pandemic.

Energy



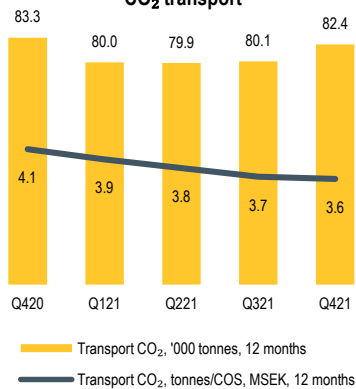
Energy

The energy consumption in operations, for comparable units, increased 5% to 153 214 (145 507) MWh, mainly due to higher activity levels. Several initiatives have been implemented to improve energy efficiency, but not enough to fully compensate. The energy from operations in relation to cost of sales (COS) decreased to 6.7 (7.1).

CO₂ emissions from transport

The CO₂ emissions from transport the last 12 months decreased 1% to 82 383 (83 317) tonnes. The reduction was mainly achieved from a higher share of shipments by sea and on road instead of air. CO₂ from transport in relation to COS, decreased to 3.6 (4.1).

CO₂ transport

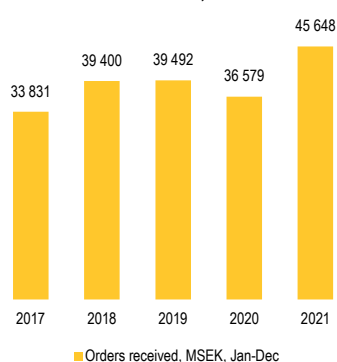


Ambitious climate targets validated as science based

In 2020, Epiroc launched sustainability goals that include halving its CO₂ emissions from own operations, transport as well as from the use of sold equipment by 2030. The Science Based Targets initiative (SBTi) has now validated Epiroc's climate targets as being in line with keeping global warming at a maximum 1.5° C, consistent with the scientific assessment provided by International Panel for Climate Change (IPCC) and the goal of the Paris Climate Agreement.

Full year 2021 in summary

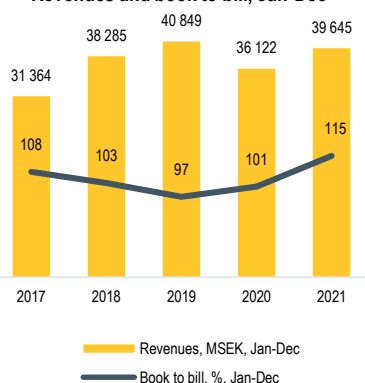
Orders received, Jan-Dec



Orders received increased by 25% to MSEK 45 648 (36 579), corresponding to an organic growth of 26%. Revenues increased 12% organically to MSEK 39 645 (36 122).

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
FY 2020	36 579	36 122
Organic	26	12
Currency	-4	-4
Structure/other	3	2
Total	25	10
FY 2021	45 648	39 645

Revenues and book to bill, Jan-Dec

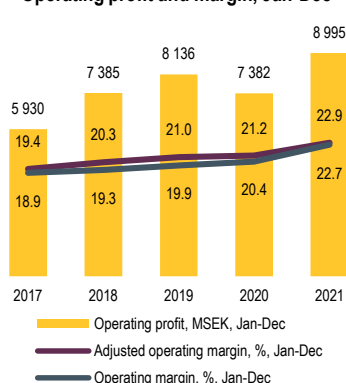


Operating profit increased to 22% MSEK 8 995 (7 382), including items affecting comparability of MSEK -103 (-287). These items include a positive revaluation effect of the shares held prior to the acquisition of the remaining shares of Mobilaris MCE of MSEK 167 as well as change in provision for share-based long-term incentive programs of MSEK -270 (-99). The previous year included restructuring costs of MSEK -188. The operating profit was supported by higher volumes, but was negatively affected by acquisitions and currency.

The operating margin was 22.7% (20.4). The adjusted operating margin was 22.9% (21.2).

Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
FY 2020	7 382	20.4
Organic	1 899	2.6
Currency	-381	-0.2
Structure/other	95	-0.1
Total	1 613	2.3
FY 2021	8 995	22.7

Operating profit and margin, Jan-Dec



Profit before tax was MSEK 8 964 (7 087). Profit for the period totaled MSEK 7 069 (5 410).

Basic earnings per share were SEK 5.85 (4.48).

Operating cash flow was MSEK 6 867 (7 006).

Other information

Changes in Group Management

- Håkan Folin is Senior Vice President Controlling and Finance and Chief Financial Officer, and member of Group Management as of December 1, 2021. He has previously been CFO at SSAB AB and succeeded Anders Lindén.
- Charlotta Grähs is appointed Senior Vice President General Counsel and member of Group Management, effective no later than March 1, 2022. Charlotta Grähs is General Counsel at Trelleborg AB and will succeed 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 2020.

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, January 26, 2022

Helena Hedblom
President and CEO, Epiroc AB

This report has not been audited nor reviewed.

Financial Statements
Condensed consolidated income statement

MSEK	2021 Q4	2020 Q4	2021 FY	2020 FY
Revenues	11 173	9 806	39 645	36 122
Cost of sales	-6 862	-6 069	-24 192	-22 418
Gross profit	4 311	3 737	15 453	13 704
Administrative expenses	-923	-687	-3 166	-2 817
Marketing expenses	-633	-517	-2 313	-2 225
Research and development expenses	-360	-243	-1 172	-1 032
Other operating income and expenses	199	-78	193	-248
Operating profit	2 594	2 212	8 995	7 382
Net financial items	-27	-122	-31	-295
Profit before tax	2 567	2 090	8 964	7 087
Income tax expense	-510	-453	-1 895	-1 677
Profit for the period	2 057	1 637	7 069	5 410
Profit attributable to				
- owners of the parent	2 054	1 633	7 058	5 399
- non-controlling interests	3	4	11	11
Basic earnings per share, SEK	1.70	1.35	5.85	4.48
Diluted earnings per share, SEK	1.70	1.35	5.84	4.48

Condensed consolidated statement of comprehensive income

MSEK	2021 Q4	2020 Q4	2021 FY	2020 FY
Profit for the period	2 057	1 637	7 069	5 410
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	218	-246	697	-147
Income tax relating to items that will not be reclassified	-41	52	-141	32
Total items that will not be reclassified to profit or loss	177	-194	556	-115
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	309	-860	1 099	-1 812
- realized and reclassified to profit and loss	-	0	-	-33
Cash flow hedges	-	-	-	0
Income tax relating to items that may be reclassified	-	-	-	0
Total items that may be reclassified subsequently to profit or loss	309	-860	1 099	-1 845
Other comprehensive income for the period, net of tax	486	-1 054	1 655	-1 960
Total comprehensive income for the period	2 543	583	8 724	3 450
Total comprehensive income attributable to				
- owners of the parent	2 536	584	8 707	3 447
- non-controlling interests	7	-1	17	3

Condensed consolidated balance sheet

	2021	2020
	Dec 31	Dec 31
Assets, MSEK		
Intangible assets	7 233	4 111
Rental equipment	1 279	999
Other property, plant and equipment	4 587	4 150
Investments in associated companies and joint ventures	106	188
Other financial assets and other receivables	1 007	751
Deferred tax assets	1 469	1 374
Total non-current assets	15 681	11 573
Inventories	11 861	8 930
Trade receivables	7 174	6 045
Other receivables	2 057	1 414
Current tax receivables	190	189
Financial assets	828	682
Cash and cash equivalents	10 792	15 053
Total current assets	32 902	32 313
Total assets	48 583	43 886
Equity and liabilities, MSEK		
Share capital	500	500
Retained earnings	25 229	23 193
Total equity attributable to owners of the parent	25 729	23 693
Non-controlling interest	56	46
Total equity	25 785	23 739
Interest-bearing liabilities	8 562	9 491
Post-employment benefits	356	806
Other liabilities and provisions	657	377
Deferred tax liabilities	785	606
Total non-current liabilities	10 360	11 280
Interest-bearing liabilities	628	664
Trade payables	5 512	3 605
Current tax liabilities	562	391
Other liabilities and provisions	5 736	4 207
Total current liabilities	12 438	8 867
Total equity and liabilities	48 583	43 886

Condensed consolidated statement of changes in equity

	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
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
Opening balance, Jan 1, 2020	22 761	52	22 813
Total comprehensive income for the period	3 447	3	3 450
Dividend	-2 892	-9	-2 901
Acquisition and divestment of own shares	370	-	370
Share-based payments, equity settled	7	-	7
Closing balance, Dec 31, 2020	23 693	46	23 739

Condensed consolidated statement of cash flows

MSEK	2021 Q4	2020 Q4	2021 FY	2020 FY
Cash flow from operating activities				
Operating profit	2 594	2 212	8 995	7 382
Depreciation, amortization and impairment	491	439	1 746	1 746
Capital gain/loss and other non-cash items	-148	13	-192	252
Net financial items received/paid	-17	-439	139	-94
Taxes paid	-470	-527	-1 978	-1 800
Pension funding and payment of pension to employees	-16	-20	-57	-54
Change in working capital	247	687	-619	1 121
Increase in rental equipment	-243	-132	-775	-595
Sale of rental equipment	106	118	348	376
Net cash flow from operating activities	2 544	2 351	7 607	8 334
Cash flow from investing activities				
Investments in other property, plant and equipment	-94	-151	-489	-507
Sale of other property, plant and equipment	4	62	1	84
Investments in intangible assets	-130	-135	-437	-498
Sale of intangible assets	-	9	-	4
Acquisition of subsidiaries and associated companies	-578	-1	-2 358	-63
Sale of subsidiaries	-	0	6	-12
Proceeds to/from other financial assets, net	-54	110	-196	384
Net cash flow from investing activities	-852	-106	-3 473	-608
Cash flow from financing activities				
Dividend	-1 508	-1 447	-3 016	-2 892
Dividend to non-controlling interest	-6	-	-7	-9
Redemption of shares	-	-	-3 619	-
Sale/Repurchase of own shares	2	51	64	370
Change in interest-bearing liabilities	-1 149	17	-1 858	1 541
Net cash flow from financing activities	-2 661	-1 379	-8 436	-990
Net cash flow for the period	-969	866	-4 302	6 736
Cash and cash equivalents, beginning of the period	11 745	14 250	15 053	8 540
Exchange differences in cash and cash equivalents	16	-63	41	-223
Cash and cash equivalents, end of the period	10 792	15 053	10 792	15 053
	2021	2020	2021	2020
Operating cash flow*	Q4	Q4	FY	FY
Net cash flow from operating activities	2 544	2 351	7 607	8 334
Net cash flow from investing activities	-852	-106	-3 473	-608
Acquisitions and divestments, net	578	1	2 352	75
Other adjustments	145	-90	381	-795
Operating cash flow	2 415	2 156	6 867	7 006

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

Condensed parent company income statement

MSEK	2021 Q4	2020 Q4	2021 FY	2020 FY
Administrative expenses	-75	-62	-258	-210
Marketing expenses	-8	-5	-26	-16
Other operating income and expenses	121	35	148	116
Operating profit/loss	38	-32	-136	-110
Financial income and expenses	-10	-6	-24	-17
Appropriations	4 837	3 463	4 837	3 463
Profit/loss before tax	4 865	3 425	4 677	3 336
Income tax	-987	-729	-914	-702
Profit/loss for the period	3 878	2 696	3 763	2 634

Condensed parent company balance sheet

MSEK	2021 Dec 31	2020 Dec 31
Total non-current assets	53 318	54 061
Total current assets	2 272	5 239
Total assets	55 590	59 300
Total restricted equity	503	503
Total non-restricted equity	47 489	50 397
Total equity	47 992	50 900
Total provisions	321	201
Total non-current liabilities	6 989	7 987
Total current liabilities	288	212
Total equity and liabilities	55 590	59 300

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.

	2020				2020	2021				2021
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Orders received, MSEK										
Equipment & Service	7 101	6 129	7 068	6 954	27 252	7 991	8 387	9 336	8 799	34 513
Equipment	2 850	2 410	3 099	2 967	11 326	4 028	4 031	4 532	3 812	16 403
Service	4 251	3 719	3 969	3 987	15 926	3 963	4 356	4 804	4 987	18 110
Tools & Attachments	2 619	1 980	2 249	2 337	9 185	2 674	2 678	2 866	2 807	11 025
Common group functions	52	-4	56	38	142	25	5	43	37	110
Epiroc Group	9 772	8 105	9 373	9 329	36 579	10 690	11 070	12 245	11 643	45 648
Revenues, MSEK										
Equipment & Service	6 579	6 422	6 471	7 455	26 927	6 391	7 187	7 242	8 500	29 320
Equipment	2 519	2 768	2 688	3 407	11 382	2 562	3 052	2 792	3 791	12 197
Service	4 060	3 654	3 783	4 048	15 545	3 829	4 135	4 450	4 709	17 123
Tools & Attachments	2 505	2 035	2 196	2 288	9 024	2 345	2 517	2 699	2 644	10 205
Common group functions	50	1	57	63	171	37	29	25	29	120
Epiroc Group	9 134	8 458	8 724	9 806	36 122	8 773	9 733	9 966	11 173	39 645
Operating profit and profit before tax, MSEK										
Equipment & Service*	1 586	1 441	1 646	1 966	6 639	1 696	1 880	1 909	2 323	7 808
Tools & Attachments	337	143	254	363	1 097	386	416	502	480	1 784
Common group functions	9	-166	-80	-117	-354	-215	-114	-59	-209	-597
Epiroc Group	1 932	1 418	1 820	2 212	7 382	1 867	2 182	2 352	2 594	8 995
Net financial items	-46	-51	-76	-122	-295	-33	-44	73	-27	-31
Profit before tax	1 886	1 367	1 744	2 090	7 087	1 834	2 138	2 425	2 567	8 964
Operating margin, %										
Equipment & Service	24.1	22.4	25.4	26.4	24.7	26.5	26.2	26.4	27.3	26.6
Tools & Attachments	13.5	7.0	11.6	15.9	12.2	16.5	16.5	18.6	18.2	17.5
Epiroc Group	21.2	16.8	20.9	22.6	20.4	21.3	22.4	23.6	23.2	22.7
Items affecting comparability, MSEK***										
Change in provision for LTIP**	-65	91	21	52	99	149	15	-21	127	270
Items in Equipment & Service	34	17	33	0	84	-	-	-	-167	-167
Items in Tools & Attachments	10	57	22	15	104	-	-	-	-	-
Epiroc Group	-21	165	76	67	287	149	15	-21	-40	103
Adj. margin for items affecting comparability %										
Adjusted operating margin, E&S, %	24.6	22.7	25.9	26.4	25.0	26.5	26.2	26.4	25.4	26.1
Adjusted operating margin, T&A, %	13.9	9.8	12.6	16.5	13.3	16.5	16.5	18.6	18.2	17.5
Adjusted operating margin, %	20.9	18.7	21.7	23.2	21.2	23.0	22.6	23.4	22.9	22.9

* As from Q2 2020, the Epiroc IT-function is part of the segment E&S instead of in common group functions. Previous periods have been restated and the amounts are not material.

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

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

Geographical distribution of orders received

MSEK % currency adjusted	2020				2020 FY	2021				Δ,% Y-o-Y	2021 FY	Δ,% Y-o-Y
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4			
Epiroc Group	9 772	8 105	9 373	9 329	36 579	10 690	11 070	12 245	11 643	23%	45 648	30%
North America	2 168	1 654	2 002	1 869	7 693	2 226	2 542	2 974	2 843	47%	10 585	42%
South America	1 284	1 175	1 157	1 264	4 880	1 177	1 420	1 480	1 498	21%	5 575	21%
Europe	2 381	1 891	2 092	2 210	8 574	2 623	2 612	2 577	2 761	25%	10 573	30%
Africa/Middle East	1 409	943	1 411	1 295	5 058	1 629	1 495	1 793	1 553	15%	6 470	31%
Asia/Australia	2 530	2 442	2 711	2 691	10 374	3 035	3 001	3 421	2 988	8%	12 445	23%
Equipment & Service	7 101	6 129	7 068	6 954	27 252	7 991	8 387	9 336	8 799	24%	34 513	31%
North America	1 427	1 108	1 355	1 290	5 180	1 489	1 805	2 199	2 101	58%	7 594	51%
South America	1 011	982	960	1 052	4 005	911	1 165	1 220	1 243	21%	4 539	20%
Europe	1 623	1 320	1 461	1 467	5 871	1 824	1 819	1 882	1 930	31%	7 455	34%
Africa/Middle East	934	641	955	880	3 410	1 190	1 050	1 294	1 068	15%	4 602	40%
Asia/Australia	2 106	2 078	2 337	2 265	8 786	2 577	2 548	2 741	2 457	5%	10 323	20%
Tools & Attachments	2 619	1 980	2 249	2 337	9 185	2 674	2 678	2 866	2 807	19%	11 025	25%
North America	714	524	616	597	2 451	726	716	748	718	15%	2 908	23%
South America	273	193	197	211	874	267	256	258	255	22%	1 036	28%
Europe	745	600	618	733	2 696	787	813	683	819	13%	3 102	22%
Africa/Middle East	475	302	457	414	1 648	440	445	500	485	16%	1 870	15%
Asia/Australia	412	361	361	382	1 516	454	448	677	530	36%	2 109	43%

Geographical distribution of revenues

MSEK % currency adjusted	2020				2020 FY	2021				Δ,% Y-o-Y	2021 FY	Δ,% Y-o-Y
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4			
Epiroc Group	9 134	8 458	8 724	9 806	36 122	8 773	9 733	9 966	11 173	12%	39 645	14%
North America	2 099	1 841	1 962	1 829	7 731	1 915	2 158	2 326	2 457	30%	8 856	19%
South America	1 116	1 251	994	1 275	4 636	1 156	1 378	1 368	1 395	12%	5 297	21%
Europe	2 132	1 959	2 096	2 491	8 678	1 992	2 172	2 172	2 481	0%	8 817	7%
Africa/Middle East	1 369	1 063	1 283	1 305	5 020	1 208	1 405	1 406	1 470	9%	5 489	13%
Asia/Australia	2 418	2 344	2 389	2 906	10 057	2 502	2 620	2 694	3 370	14%	11 186	14%
Equipment & Service	6 579	6 422	6 471	7 455	26 927	6 391	7 187	7 242	8 500	12%	29 320	13%
North America	1 332	1 261	1 343	1 244	5 180	1 233	1 453	1 587	1 772	39%	6 045	21%
South America	875	1 073	789	1 061	3 798	930	1 130	1 111	1 150	11%	4 321	20%
Europe	1 427	1 362	1 472	1 813	6 074	1 308	1 456	1 435	1 750	-4%	5 949	3%
Africa/Middle East	923	761	868	875	3 427	825	941	896	1 008	10%	3 670	11%
Asia/Australia	2 022	1 965	1 999	2 462	8 448	2 095	2 207	2 213	2 820	13%	9 335	13%
Tools & Attachments	2 505	2 035	2 196	2 288	9 025	2 345	2 517	2 699	2 644	14%	10 205	18%
North America	735	575	588	577	2 475	659	693	731	669	10%	2 752	15%
South America	241	177	205	214	838	227	248	256	246	16%	977	26%
Europe	703	614	611	666	2 594	672	705	723	719	9%	2 819	15%
Africa/Middle East	446	302	415	431	1 594	384	465	510	463	6%	1 822	15%
Asia/Australia	380	367	377	400	1 524	403	406	479	547	36%	1 835	24%

Group notes

Note 1: Accounting principles

The consolidated financial statements of the Epiroc Group are prepared in accordance with International Financial Reporting Standards (IFRS). 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 2020, in note 1 Significant accounting principles. No new and revised standards and interpretations effective from January 1, 2021, 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 2020, note A1 in the Parent Company accounts. No new and revised standards and interpretations effective from January 1, 2021, 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
2020 Aug 26	ItalParts		E&S		2

* Annual revenues. For distributors, revenues are not disclosed.

Acquisitions completed in 2021

- **FVT Research** converts diesel-powered mining machines to battery-electric vehicles. The company has approximately MSEK 27 in revenues and 25 employees. The acquisition was announced on September 13 and completed November 3. The acquisition is reported in "Service".
- **Mobilaris MCE AB** provides advanced situational awareness solutions that increase safety and optimize operations in mining and civil engineering, particularly underground. The company has approximately MSEK 60 in revenues and 50 employees. The acquisition of the remaining shares (Epiroc previously held 34%) was completed on November 2. The acquisition is reported in "Equipment".
- **DandA Heavy Industries** manufactures and sells hydraulic breakers and extends Epiroc's offering. The company has approximately MSEK 210 in revenues and 60 employees. The acquisition was announced on April 27 and completed on August 10. The acquisition is reported in Tools & Attachments.
- **Mining Tag S.A.** provides sensor-based solutions that strengthen safety and productivity in mines. The company has approximately MSEK 65 in revenues and 120 employees. The acquisition was announced and completed on July 7. The acquisition is reported in "Service".
- **Meglab** offers cost-effective electrification and telecommunications infrastructure solutions required for mine electrification. The company has approximately MSEK 335 in revenues and 240 employees. The acquisition was announced on March 31 and completed on July 2. The acquisition is reported in "Service".
- **3D-P** provides wireless connectivity solutions for companies within surface mining for successful implementation of autonomous solutions. The company has approximately MSEK 110 in revenues and 50 employees. The acquisition was announced and completed on June 7. The acquisition is reported in "Equipment".
- **Kinetic Logging Services** provides mining-technology measurement services to build improved geological models, which increases the accuracy in surface production. The company has approximately MSEK 195 in revenues and 180 employees. The acquisition was announced on May 28 and completed on June 1. The acquisition is reported in "Equipment".
- **MineRP** optimizes large and medium-sized mines by providing a leading software platform solution that integrates all technical mining data. The company has approximately MSEK 135 in revenues and 200 employees. The acquisition was announced on December 22, 2020, and completed on May 4, 2021. The acquisition is reported in "Equipment".

Financial effect of acquisitions as per December 31, 2021

The acquisitions finalized in 2021 have had a total net cash outflow of MSEK 2 358. According to the preliminary purchase price allocation, intangible assets amount to MSEK 1 023 and goodwill amounts to MSEK 1 877. The completed acquisitions in 2021 have contributed to revenues with MSEK 641 and operating profit with MSEK -56 since their respective dates of acquisition. The acquisition of remaining shares of Mobilaris led to a positive revaluation effect of MSEK 167 in operating profit for Equipment & Service in the fourth quarter.

Fair value (preliminary) of acquired assets and liabilities 2021, MSEK

Net assets identified	82
Intangible assets	1 023
Goodwill	1 877
Total consideration	2 982
Net cash outflow	2 358

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 2020, 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		2021	2020	
MSEK		Dec 31	Dec 31	
Non-current assets and liabilities				
Assets		-	-	
Liabilities		-	-	
Current assets and liabilities				
Assets		46	167	
Liabilities		94	56	
Carrying value and fair value				
MSEK	2021	2021	2020	2020
	Dec 31	Dec 31	Dec 31	Dec 31
	Carrying value	Fair value	Carrying value	Fair value
Bonds	3 992	4 137	3 989	4 163
Other loans	5 198	5 222	6 166	6 269
Total interest-bearing loans	9 190	9 359	10 155	10 432

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
<i>Whereof shares held by Epiroc</i>	<i>7 475 933</i>		
Change in the quarter			
Purchased (+) / divested (-) shares, number	-8 107		
Value of purchased (+) / divested (-) shares, SEK	-2 168 092		

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

	2021 Q4	2020 Q4	2021 FY	2020 FY
Growth				
*Orders received, MSEK	11 643	9 329	45 648	36 579
Revenues, MSEK	11 173	9 806	39 645	36 122
*Total revenue growth, %	14	-5	10	-12
*Organic revenue growth, %	9	6	12	-5
Profitability				
*Gross margin, %	38.6	38.1	39.0	37.9
*EBITDA margin, %	27.6	27.0	27.1	25.3
*Adjusted operating margin, %	22.9	23.2	22.9	21.2
*Operating margin, %	23.2	22.6	22.7	20.4
*Profit margin, %	23.0	21.3	22.6	19.6
Capital efficiency				
*Return on capital employed, %			26.1	21.7
*Net debt / EBITDA, ratio			-0.12	-0.45
*Net debt / equity ratio, period end			-5.1	-17.4
*Average net working capital / revenues, %			29.0	33.8
Cash generation				
*Operating cash flow, MSEK	2 415	2 156	6 867	7 006
*Cash conversion rate, %, 12 months			97	130
Equity information				
Basic number of shares outstanding, millions			1 206	1 204
Diluted number of shares outstanding, millions			1 208	1 205
*Equity per share, SEK, period end			21.4	19.7
Basic earnings per share, SEK	1.70	1.35	5.85	4.48
*Return on equity, %			29.5	22.7
*Operating cash flow per share, SEK	2.00	1.79	5.69	5.82
People & Planet				
Employees, period end			15 529	13 840
Lost-time injury frequency rate, LTIFR, 12 months			2.1	2.0
Women employees, %, period end			17.1	15.7
MWh energy from operations/COS, MSEK, 12 months			6.7	7.1
Transport CO ₂ , tonnes/COS, MSEK, 12 months			3.6	4.1

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 about 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 (Investment case)

- We are a leading productivity and sustainability partner in attractive niches.
- We have a high proportion of recurring business.
- We drive the future in intelligent mining and infrastructure.
- We have a strong and proven operating model.
- We create value for our stakeholders.

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 page 28, at 11:30 CET on January 26, 2022.

Further information

Analysts and investors:

Karin Larsson
Vice President Investor Relations
E-mail: ir@epiroc.com
Tel: +46 10 755 0106

Journalists and media:

Ola Kinnander
Media Relations Manager
E-mail: media@epiroc.com
Tel: +46 70 347 2455

Epiroc AB (publ)

Reg. No. 556041-2149
Box 4015
SE-131 04 Nacka, Sweden
Tel: +46 10 755 0000

www.epirocgroup.com/en/investors

Financial calendar

Webcast & conference call:

At 13.30 CET on January 26, 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 8350
- United Kingdom: +44 3333 009 268
- United States: +1 646 722 4904

Upcoming investor events:

- March 10: Annual and Sustainability Report
- April 25: Q1 2022 report
- April 25: Annual General Meeting in Nacka, Sweden, at 5 PM CEST
- April 27: Record date for SEK1.50 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.

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