



Interim report Q3 2021

October 21, 2021



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Cover: The Pit Viper 291 drill rig is one of the most powerful drills for blasthole drilling.

Epiroc interim report Q3

- Orders received increased 31% to MSEK 12 245 (9 373), organic increase of 24%. Acquisitions contributed with 7%.
- Revenues increased 14% to MSEK 9 966 (8 724), organic increase of 11%.
- Operating profit increased 29% to MSEK 2 352 (1 820), including items affecting comparability of MSEK 21 (-76).*
- Operating margin improved to 23.6% (20.9) and the adjusted operating margin improved to 23.4% (21.7).
- Basic earnings per share were SEK 1.60 (1.10).
- Operating cash flow was MSEK 1 613 (1 355).
- Agreement made to acquire FVT Research, a specialist in mining vehicle battery conversions.**

Financial overview

MSEK	2021 Q3	2020 Q3	Δ,%	2021 Jan-Sep	2020 Jan-Sep	Δ,%
Orders received	12 245	9 373	31	34 005	27 250	25
Revenues	9 966	8 724	14	28 472	26 316	8
Operating profit	2 352	1 820	29	6 401	5 170	24
<i>Operating margin, %</i>	23.6	20.9		22.5	19.6	
Profit before tax	2 425	1 744	39	6 397	4 997	28
<i>Profit margin, %</i>	24.3	20.0		22.5	19.0	
Profit for the period	1 929	1 324	46	5 012	3 773	33
Operating cash flow	1 613	1 355	19	4 452	4 850	-8
Basic earnings per share, SEK	1.60	1.10	45	4.15	3.13	33
Diluted earnings per share, SEK	1.59	1.09	46	4.14	3.13	32
<i>Return on capital employed, %, 12 months</i>	25.0	21.6				
Net debt/EBITDA, ratio	-0.12	-0.41				

* Information on items affecting comparability, see page 6.

** See more information on page 24.

CEO comments

Strong financial result in Q3

The activity was high in the quarter. Our customers continued to invest and we achieved record orders received. Despite global supply-chain challenges, both revenues and operating profit increased.

High demand

Supported by a good aftermarket, acquisitions and several large orders, the orders received increased 31% to MSEK 12 245. This corresponds to 24% organic growth compared to Q3 2020. Acquisitions contributed with 7%. Equipment achieved the highest organic order growth of 43%. Also the aftermarket remained strong with an organic growth of 13% in Service and 14% in Tools & Attachments.

Sequentially, i.e. compared to the previous quarter, the orders received increased 3% organically.

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

Increased revenues and profit

Revenues increased 11% organically to MSEK 9 966 with strong growth for the aftermarket.

Our operating profit increased 29% to MSEK 2 352. The adjusted operating margin improved to 23.4% (21.7). It was supported by increased volumes, mix and good cost control, but diluted by acquisitions and currency.

The supply-chain challenges, both inbound and outbound, increased during the quarter. However, the organization is managing the situation well and the financial impact was limited.

Automation gaining traction

Many of the orders that we won in the quarter include our most advanced technologies involving both automation and digitalization. These technologies enable increased productivity and lower cost of ownership for our customers while at the same time enabling improved safety and lower CO₂ emissions. We are excited to see our customers embracing these solutions.

Initiatives to improve diversity and inclusion

From experience, I know that diverse teams perform better – and at Epiroc, we always strive to do things better. We foster an inclusive culture, which means a workforce with a mix of nationalities, experiences and gender. For example, one of our goals is to double the number of women in operational roles by 2030. We have several initiatives ongoing in this area. In India, we have started a service academy for women, who will be working on a large service contract. We have also initiated several programs to increase the number of women in production and service.

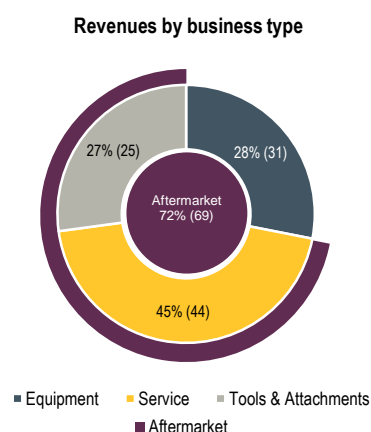
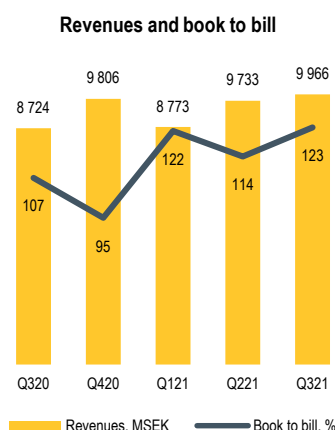
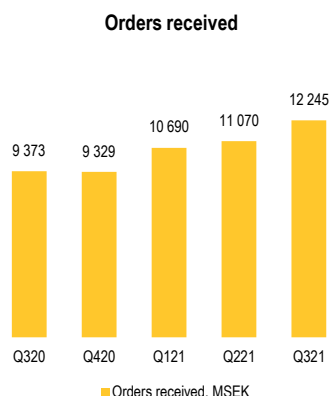
Creating options for the future

We are investing more than ever in aftermarket and innovations to ensure we remain the preferred partner for our customers. In addition to our significant investment in R&D, we acquire businesses to grow our reach and to access technologies. In the quarter, we announced the acquisition of FVT Research, a specialist in mining vehicle battery conversions. Since the start of the year, we have finalized six acquisitions with combined annual revenues of more than one billion SEK. With these acquisitions, Epiroc will further develop the position as the enabler for customers when it comes to increased productivity and sustainability – and we do it by leading the way within automation, digitalization and electrification.



Helena Hedblom
President and CEO

Orders and revenues



Financial overview

	2021	2020	
MSEK	Q3	Q3	Δ, %
Orders received	12 245	9 373	31
Revenues	9 966	8 724	14
Operating profit	2 352	1 820	29
Operating margin, %	23.6	20.9	

Orders received

Orders received increased 31% to MSEK 12 245 (9 373), corresponding to an organic growth of 24%. Acquisitions (structure) contributed with 7%, whereof approximately half relates to booked orders-on-hand of acquired companies. All businesses grew, with particularly strong growth in equipment.

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

Mining customers represented 78% (77) of orders received in the quarter and infrastructure customers 22% (23).

Sequentially, orders received increased 3% organically.

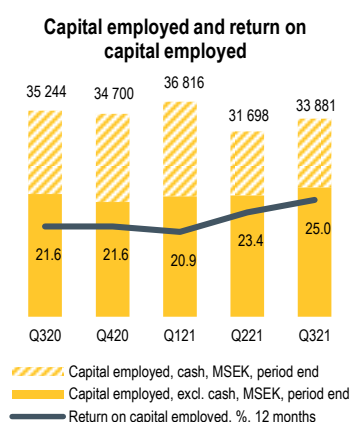
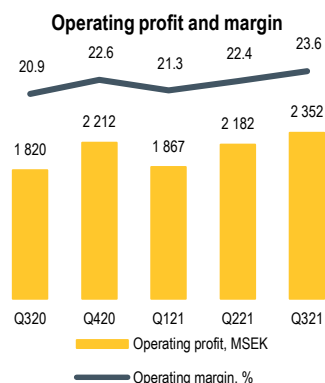
Revenues

Revenues increased 14% to MSEK 9 966 (8 724), corresponding to an organic growth of 11%. Acquisitions (structure) impacted revenues positively with 3%. The book to bill ratio was 123% (107), 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 72% (69) of revenues in the quarter.

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q3 2020	9 373	8 724
Organic	24	11
Currency	0	0
Structure/other	7	3
Total	31	14
Q3 2021	12 245	9 966

Profits and returns



Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q3 2020	1 820	20.9
Organic	620	4.1
Currency	-133	-1.3
Structure/other*	45	-0.1
Total	532	2.7
Q3 2021	2 352	23.6

* 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 29% to MSEK 2 352 (1 820), including items affecting comparability of MSEK 21 (-76). These include change in provision for the share-based long-term incentive programs of MSEK 21 (-21). The previous year included restructuring costs of MSEK -55. Operating profit was positively impacted by increased volumes, but negatively impacted by currency and acquisitions. The operating margin increased to 23.6% (20.9). The adjusted operating margin, i.e. excluding items affecting comparability, was 23.4% (21.7). It was supported by increased volumes, mix and cost control, but diluted by acquisitions and currency.

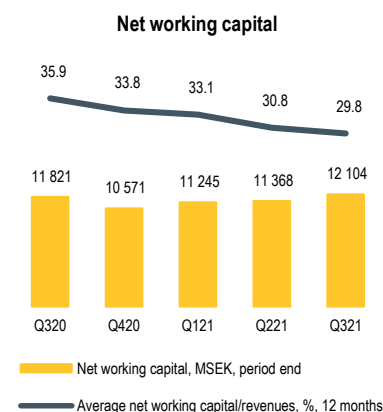
Net financial items amounted to MSEK 73 (-76), with a positive impact from exchange rate differences. The net interest was MSEK -24 (-36).

Profit before tax was MSEK 2 425 (1 744). Income tax expense amounted to MSEK -496 (-420), corresponding to an effective tax rate of 20.5% (24.1). Some one-time effects related to previous periods as well as lower tax rates in some countries lowered the tax rate in the quarter.

Profit for the period totaled MSEK 1 929 (1 324). Basic earnings per share were SEK 1.60 (1.10).

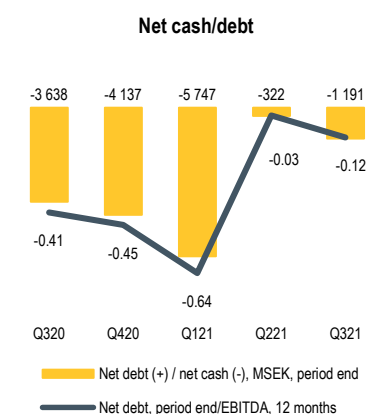
Return on capital employed, 12 months, was 25.0% (21.6), and the return on equity was 28.0% (22.4).

Balance sheet



Net working capital

Compared to the previous year, net working capital increased 2% to MSEK 12 104 (11 821). Excluding the effect of acquisitions and currency, in total 3%, the net working capital decreased by 1%. The average net working capital in relation to revenues in the last 12 months, improved to 29.8% (35.9).

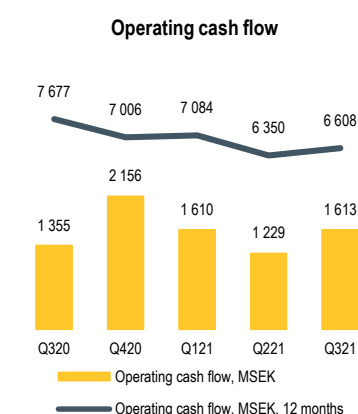


Net cash / net debt

The Group's net cash position amounted to MSEK 1 191 (3 638). The net debt/EBITDA ratio was -0.12 (-0.41).

The second part of the annual dividend will be paid in November. In total, approximately MSEK 1 508 will be paid out, corresponding to SEK 1.25 (1.20) per share. The record date is October 28, 2021.

Cash flow



Operating cash flow

Operating cash flow increased to MSEK 1 613 (1 355). It was positively impacted by higher operating profit, while working capital increased. Cash flow from change in working capital was MSEK -487 (-32).

Acquisitions and divestments

Net cash flow from acquisitions and divestments was MSEK -492 (-31).

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 has agreed to acquire one business and completed three acquisitions since July 1, 2021. 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.
- **DandA Heavy Industries**** manufactures and sells hydraulic breakers and extends Epiroc's offering. The company has approximately MSEK 210 in annual revenues.
- **Mining Tag**** provides sensor-based solutions that strengthen safety and productivity in mines. The company has approximately MSEK 65 in annual revenues.
- **Meglab**** offers cost-effective electrification and tele-communications infrastructure solutions required for mine electrification. The company has approximately MSEK 335 in annual revenues.

* Agreed to acquire, not completed.

** Completed acquisition.



Innovation – Pit Viper 291

In the quarter, Epiroc launched the powerful Pit Viper 291 blasthole drilling rig. The large diameter, single-pass drill delivers productivity, application flexibility and enhanced operator safety. With Epiroc's Rig Control System, it can be configured with scalable automation features, including fully autonomous drilling.



Innovation – Automatic Bit Changer

At MinExpo in September, Epiroc presented the Automatic Bit Changer for hands-free bit changes on Pit Viper 270 and Pit Viper 290 series drill rigs. The bit changer is the next step in autonomous drilling advancements as it changes rotary bits faster than manual exchanges and eliminates human interaction with the drill string for a safer way to operate a drill fleet.

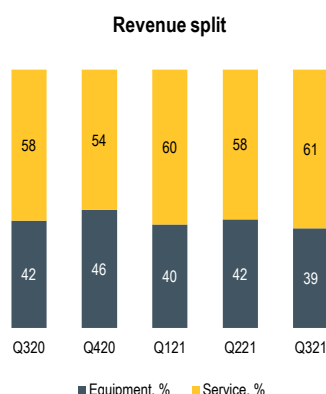
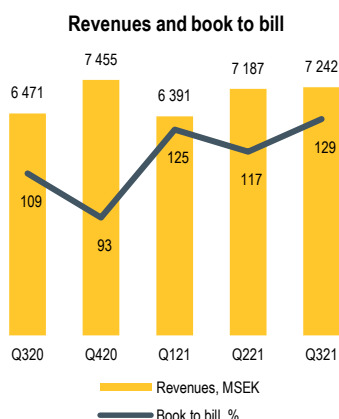
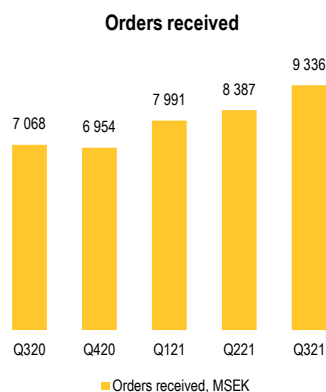


Partnership – Epiroc, Boliden and ABB

To realize the vision of fossil free mining, Epiroc, Boliden and ABB has entered a joint collaboration to develop an electric trolley-truck system for underground mining in the Kristineberg mine, Sweden. The project is expected to reduce CO₂ emissions by ~3 000 tonnes per year. The concept is highly suitable for long haul ramps and builds on Epiroc's proven Minetruck MT42 Battery, which will be connected to a contact power line.

Equipment & Service

Equipment & Service provides rock drilling equipment, equipment for mechanical rock excavation, rock reinforcement, loading and haulage, ventilation systems, drilling equipment for exploration and water, as well as related spare parts and service for the mining and infrastructure industries.



Financial overview

	2021	2020	
MSEK	Q3	Q3	Δ, %
Orders received	9 336	7 068	32
Revenues	7 242	6 471	12
Operating profit	1 909	1 646	16
Operating margin, %	26.4	25.4	

Orders received

Orders received increased by 32% to MSEK 9 336 (7 068), corresponding to an organic growth of 26%. Acquisitions (structure) contributed with 6%, whereof nearly half relates to booked orders-on-hand of acquired companies.

Compared to the previous year, orders received in local currency increased double digits in all regions. The highest growth rates were achieved in North America.

For equipment, orders received increased 46% to MSEK 4 532 (3 099), corresponding to an organic growth of 43%. A strong underlying demand as well as several large orders contributed to the high growth. The order intake increased both for underground and surface equipment. The share of orders from equipment was 49% (44) in the segment.

For service, orders received increased 21% to MSEK 4 804 (3 969), corresponding to 13% organic growth. The growth was supported by a combination of a high customer activity and a strong service offering. The share of orders from service was 51% (56) in the segment.

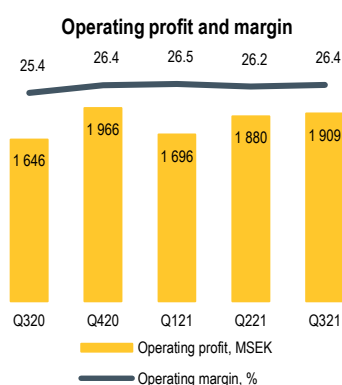
Sequentially, orders received increased 5% organically for the segment.

Revenues

Revenues increased 12% to MSEK 7 242 (6 471), corresponding to an organic growth of 9%. Acquisitions (structure) contributed with 3%. For service the revenues increased organically 15%, while they were flat for equipment. The share of revenues from service was 61% (58). The book to bill ratio was 129% (109).

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,%
Q3 2020	7 068	6 471	3 099	2 688	3 969	3 783
Organic	26	9	43	0	13	15
Currency	0	0	-1	0	0	0
Structure/other	6	3	4	4	8	3
Total	32	12	46	4	21	18
Q3 2021	9 336	7 242	4 532	2 792	4 804	4 450



Operating profit and margin

Operating profit increased 16% to MSEK 1 909 (1 646). The previous year included restructuring costs of MSEK -33. The operating profit was positively impacted by increased volumes, while currency and acquisitions had a negative impact. The operating margin improved to 26.4% (25.4). The adjusted operating margin increased to 26.4% (25.9), supported by increased volumes, mix and cost control, but diluted by currency and acquisitions.

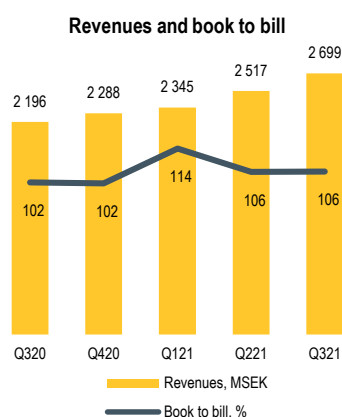
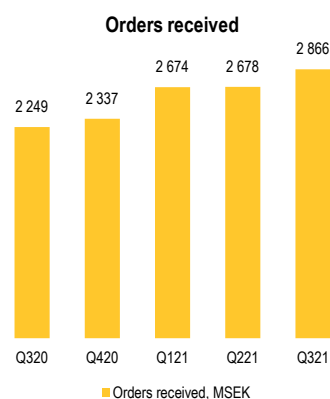
Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q3 2020	1 646	25.4
Organic	387	3.5
Currency	-116	-1.6
Structure/other	-8	-0.9
Total	263	1.0
Q3 2021	1 909	26.4

Acquisitions

In the quarter, the agreement to acquire FVT Research was announced and the acquisitions of Meglab and Mining Tag 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

	2021	2020	
MSEK	Q3	Q3	Δ, %
Orders received	2 866	2 249	27
Revenues	2 699	2 196	23
Operating profit	502	254	98
Operating margin, %	18.6	11.6	

Orders received

Orders received for increased 27% to MSEK 2 866 (2 249), corresponding to an organic increase of 14%. Acquisitions (structure) contributed with 11%, whereof approximately two thirds relates to booked orders-on-hand of acquired companies. Currency also had a slight positive impact on the orders. Orders received increased both for hydraulic attachments and for consumables, with the highest growth rate achieved for exploration drilling tools.

Compared to the previous year, orders received in local currency increased double digit in all regions except Africa/Middle East, which had a flat development. The highest growth rate was achieved in Asia/Australia.

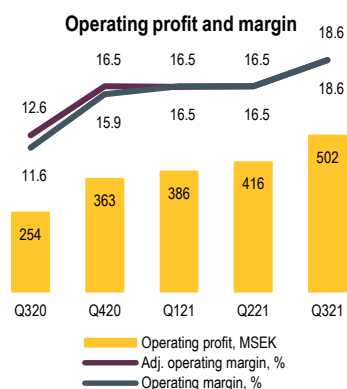
Sequentially, orders received decreased -4% organically.

Revenues

Revenues increased 23% to MSEK 2 699 (2 196), corresponding to an organic increase of 21%. Acquisitions (structure) contributed positively with 2%. The book to bill ratio was 106% (102).

Sales Bridge	Orders received	Revenues
	MSEK, Δ, %	MSEK, Δ, %
Q3 2020	2 249	2 196
Organic	14	21
Currency	2	0
Structure/other	11	2
Total	27	23
Q3 2021	2 866	2 699

Tools & Attachments



Operating profit and margin

Operating profit increased 98% to MSEK 502 (254), supported by increased volumes and cost savings. Currency, however, had a negative impact. The previous year included restructuring costs of MSEK -22. The operating margin improved to 18.6% (11.6), supported by strong volume growth and cost control, while diluted by currency. The adjusted operating margin was 18.6% (12.6).

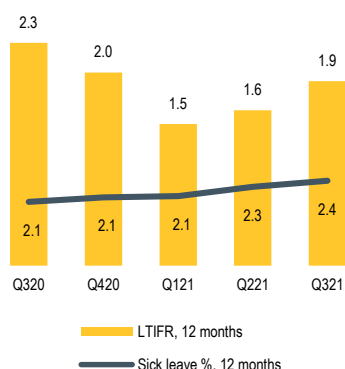
Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q3 2020	254	11.6
Organic	250	7.4
Currency	-17	-0.7
Structure/other	15	0.3
Total	248	7.0
Q3 2021	502	18.6

Acquisitions

In the quarter, the acquisition of DandA Heavy Industries was completed. See more details on pages 8 and 24.

Sustainability: People & Planet

Sick leave and LTIFR



Employees

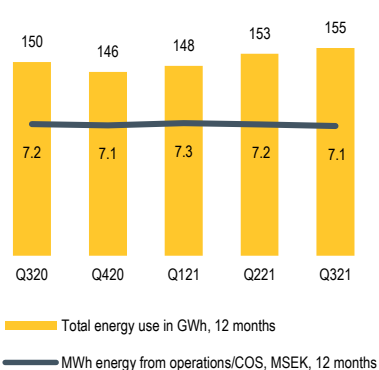
The number of employees increased to 15 198 (13 902), mainly due to acquisitions. External workforce amounted to 1 404 (1 108). For comparable units, the total workforce increased with 745 compared to the previous year, mainly related to service.

The proportion of women employees and women managers at the end of the period increased to 16.7% (15.6) and 21.5% (20.3), respectively.

Safety and health

The number of work-related lost-time injuries per million working hours (LTIFR) the last 12 months decreased to 1.9 (2.3). Sick leave was 2.4 (2.1), negatively impacted by the Covid-19 pandemic.

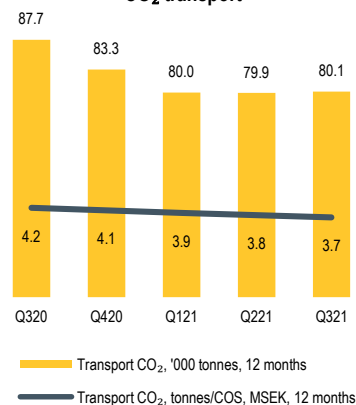
Energy



Energy

The MWh energy consumption in operations increased 4% to 155 393 (149 596). The increase is explained by a higher production activity. Several initiatives have been implemented to increase energy efficiency, but not enough to compensate for the higher activity level. MWh energy from operations in relation to cost of sales (COS) was 7.1 (7.2).

CO₂ transport

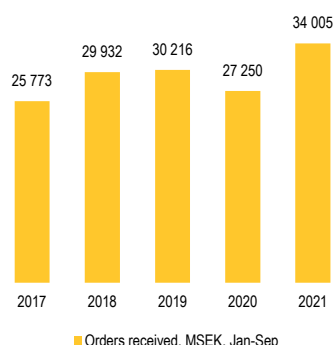


CO₂ emissions from transport

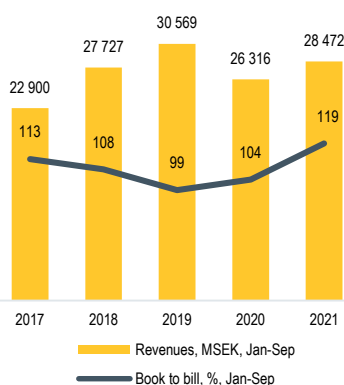
The CO₂ emissions from transport the last 12 months decreased 9% to 80 099 (87 672) tonnes. The reduction was mainly achieved from a higher share of shipments by sea instead of air. CO₂ from transport in relation to COS, decreased to 3.7 (4.2).

January – September in summary

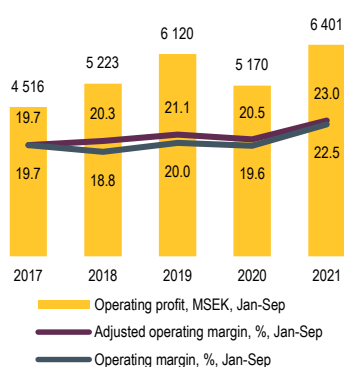
Orders received, MSEK, Jan-Sep



Revenues and book to bill, Jan-Sep



Operating profit and margin, Jan-Sep



Orders received the first nine months increased by 25% to MSEK 34 005 (27 250), corresponding to an organic growth of 29%. Revenues increased 13% organically to MSEK 28 472 (26 316).

Sales Bridge	Orders received	Revenues
	MSEK,Δ,%	MSEK,Δ,%
Jan-Sep 2020	27 250	26 316
Organic	29	13
Currency	-7	-6
Structure/other	3	1
Total	25	8
Jan-Sep 2021	34 005	28 472

Operating profit increased to MSEK 6 401 (5 170), including items affecting comparability of MSEK -143 (-220). These items include change in provision for share-based long-term incentive programs of MSEK -143 (-47). The previous year included restructuring costs of MSEK -173. The operating profit was supported by higher volumes, while currency impacted negatively.

The operating margin was 22.5% (19.6). The adjusted operating margin was 23.0% (20.5).

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Jan-Sep 2020	5 170	19.6
Organic	1 693	3.6
Currency	-464	-0.5
Structure/other	2	-0.2
Total	1 231	2.9
Jan-Sep 2021	6 401	22.5

Profit before tax was MSEK 6 397 (4 997). Profit for the period totaled MSEK 5 012 (3 773).

Basic earnings per share were SEK 4.15 (3.13).

Operating cash flow was MSEK 4 452 (4 850).

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

Nacka, October 21, 2021

Helena Hedblom

President and CEO, Epiroc AB

This report has not been audited.

Financial Statements

Condensed consolidated income statement

MSEK	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Revenues	9 966	8 724	28 472	26 316
Cost of sales	-5 999	-5 469	-17 330	-16 349
Gross profit	3 967	3 255	11 142	9 967
Administrative expenses	-692	-668	-2 243	-2 130
Marketing expenses	-582	-501	-1 680	-1 708
Research and development expenses	-300	-231	-812	-789
Other operating income and expenses	-41	-35	-6	-170
Operating profit	2 352	1 820	6 401	5 170
Net financial items	73	-76	-4	-173
Profit before tax	2 425	1 744	6 397	4 997
Income tax expense	-496	-420	-1 385	-1 224
Profit for the period	1 929	1 324	5 012	3 773
Profit attributable to				
- owners of the parent	1 926	1 320	5 004	3 766
- non-controlling interests	3	4	8	7
Basic earnings per share, SEK	1.60	1.10	4.15	3.13
Diluted earnings per share, SEK	1.59	1.09	4.14	3.13

Condensed consolidated statement of comprehensive income

MSEK	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Profit for the period	1 929	1 324	5 012	3 773
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	244	129	479	99
Income tax relating to items that will not be reclassified	-52	-25	-100	-20
Total items that will not be reclassified to profit or loss	192	104	379	79
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	237	-441	790	-952
- realized and reclassified to profit and loss	-	-	-	-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	237	-441	790	-985
Other comprehensive income for the period, net of tax	429	-337	1 169	-906
Total comprehensive income for the period	2 358	987	6 181	2 867
Total comprehensive income attributable to				
- owners of the parent	2 354	984	6 171	2 863
- non-controlling interests	4	3	10	4

Condensed consolidated balance sheet

	2021	2020	2020
	Sep 30	Sep 30	Dec 31
Assets, MSEK			
Intangible assets	6 355	4 216	4 111
Rental equipment	1 118	1 108	999
Other property, plant and equipment	4 665	4 284	4 150
Investments in associated companies and joint ventures	181	195	188
Other financial assets and other receivables	854	817	751
Deferred tax assets	1 469	1 400	1 374
Total non-current assets	14 642	12 020	11 573
Inventories	11 199	9 821	8 930
Trade receivables	6 765	6 197	6 045
Other receivables	1 925	1 387	1 414
Current tax receivables	213	176	189
Financial assets	770	783	682
Cash and cash equivalents	11 745	14 250	15 053
Total current assets	32 617	32 614	32 313
Total assets	47 259	44 634	43 886
Equity and liabilities, MSEK			
Share capital	500	500	500
Retained earnings	22 745	24 009	23 193
Total equity attributable to owners of the parent	23 245	24 509	23 693
Non-controlling interest	56	47	46
Total equity	23 301	24 556	23 739
Interest-bearing liabilities	8 592	7 668	9 491
Post-employment benefits	405	545	806
Other liabilities and provisions	621	338	377
Deferred tax liabilities	730	697	606
Total non-current liabilities	10 348	9 248	11 280
Interest-bearing liabilities	1 583	2 475	664
Trade payables	4 905	3 431	3 605
Current tax liabilities	525	420	391
Other liabilities and provisions	6 597	4 504	4 207
Total current liabilities	13 610	10 830	8 867
Total equity and liabilities	47 259	44 634	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	6 171	10	6 181
Dividend/Redemption	-6 635	-1	-6 636
Acquisition and divestment of own shares	61	1	62
Share-based payments, equity settled	-45	-	-45
Closing balance, Sep 30, 2021	23 245	56	23 301
Opening balance, Jan 1, 2020	22 761	52	22 813
Total comprehensive income for the period	2 863	4	2 867
Dividend	-1 445	-9	-1 454
Acquisition and divestment of own shares	319	-	319
Share-based payments, equity settled	11	-	11
Closing balance, Sep 30, 2020	24 509	47	24 556
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 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Cash flow from operating activities				
Operating profit	2 352	1 820	6 401	5 170
Depreciation, amortization and impairment	462	426	1 255	1 307
Capital gain/loss and other non-cash items	-51	80	-44	239
Net financial items received/paid	93	114	156	345
Taxes paid	-456	-544	-1 508	-1 273
Pension funding and payment of pension to employees	-20	-8	-41	-34
Change in working capital	-487	-32	-866	434
Increase in rental equipment	-164	-149	-532	-463
Sale of rental equipment	89	112	242	258
Net cash flow from operating activities	1 818	1 819	5 063	5 983
Cash flow from investing activities				
Investments in other property, plant and equipment	-154	-129	-395	-356
Sale of other property, plant and equipment	-	1	-3	22
Investments in intangible assets	-96	-118	-307	-363
Sale of intangible assets	-	-1	-	-5
Acquisition of subsidiaries and associated companies	-496	-32	-1 780	-62
Sale of subsidiaries	4	1	6	-12
Proceeds to/from other financial assets, net	-60	95	-142	274
Net cash flow from investing activities	-802	-183	-2 621	-502
Cash flow from financing activities				
Dividend	-	-	-1 508	-1 445
Dividend to non-controlling interest	-	-8	-1	-9
Redemption of shares	-	-	-3 619	-
Sale/Repurchase of own shares	-61	180	62	319
Change in interest-bearing liabilities	-116	-508	-709	1 524
Net cash flow from financing activities	-177	-336	-5 775	389
Net cash flow for the period	839	1 300	-3 333	5 870
Cash and cash equivalents, beginning of the period	10 931	13 005	15 053	8 540
Exchange differences in cash and cash equivalents	-25	-55	25	-160
Cash and cash equivalents, end of the period	11 745	14 250	11 745	14 250
	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Operating cash flow*				
Net cash flow from operating activities	1 818	1 819	5 063	5 983
Net cash flow from investing activities	-802	-183	-2 621	-502
Acquisitions and divestments, net	492	31	1 774	74
Other adjustments	105	-312	236	-705
Operating cash flow	1 613	1 355	4 452	4 850

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

Condensed parent company income statement

MSEK	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Administrative expenses	-54	-45	-183	-148
Marketing expenses	-4	-3	-18	-11
Other operating income and expenses	7	34	27	81
Operating profit/loss	-51	-14	-174	-78
Financial income and expenses	-6	-3	-14	-11
Profit/loss before tax	-57	-17	-188	-89
Income tax	16	15	73	27
Profit/loss for the period	-41	-2	-115	-62

Condensed parent company balance sheet

MSEK	2021 Sep 30	2020 Sep 30	2020 Dec 31
Total non-current assets	53 194	52 066	54 061
Total current assets	1 718	5 836	5 239
Total assets	54 912	57 902	59 300
Total restricted equity	503	503	503
Total non-restricted equity	43 664	49 102	50 397
Total equity	44 167	49 605	50 900
Total provisions	266	163	201
Total non-current liabilities	6 987	6 041	7 987
Total current liabilities	3 492	2 093	212
Total equity and liabilities	54 912	57 902	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		
Orders received, MSEK	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Equipment & Service	7 101	6 129	7 068	6 954	27 252	7 991	8 387	9 336
Equipment	2 850	2 410	3 099	2 967	11 326	4 028	4 031	4 532
Service	4 251	3 719	3 969	3 987	15 926	3 963	4 356	4 804
Tools & Attachments	2 619	1 980	2 249	2 337	9 185	2 674	2 678	2 866
Common group functions	52	-4	56	38	142	25	5	43
Epiroc Group	9 772	8 105	9 373	9 329	36 579	10 690	11 070	12 245
Revenues, MSEK								
Equipment & Service	6 579	6 422	6 471	7 455	26 927	6 391	7 187	7 242
Equipment	2 519	2 768	2 688	3 407	11 382	2 562	3 052	2 792
Service	4 060	3 654	3 783	4 048	15 545	3 829	4 135	4 450
Tools & Attachments	2 505	2 035	2 196	2 288	9 024	2 345	2 517	2 699
Common group functions	50	1	57	63	171	37	29	25
Epiroc Group	9 134	8 458	8 724	9 806	36 122	8 773	9 733	9 966
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
Tools & Attachments	337	143	254	363	1 097	386	416	502
Common group functions	9	-166	-80	-117	-354	-215	-114	-59
Epiroc Group	1 932	1 418	1 820	2 212	7 382	1 867	2 182	2 352
Net financial items	-46	-51	-76	-122	-295	-33	-44	73
Profit before tax	1 886	1 367	1 744	2 090	7 087	1 834	2 138	2 425
Operating margin, %								
Equipment & Service	24.1	22.4	25.4	26.4	24.7	26.5	26.2	26.4
Tools & Attachments	13.5	7.0	11.6	15.9	12.2	16.5	16.5	18.6
Epiroc Group	21.2	16.8	20.9	22.6	20.4	21.3	22.4	23.6
Items affecting comparability, MSEK								
Change in provision for LTI-program**	-65	91	21	52	99	149	15	-21
Costs in Equipment & Service	34	17	33	0	84	-	-	-
Costs in Tools & Attachments	10	57	22	15	104	-	-	-
Epiroc Group	-21	165	76	67	287	149	15	-21
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
Adjusted operating margin, T&A, %	13.9	9.8	12.6	16.5	13.3	16.5	16.5	18.6
Adjusted operating margin, %	20.9	18.7	21.7	23.2	21.2	23.0	22.6	23.4

* 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.

Geographical distribution of orders received

MSEK	2020				2020	2021			
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Δ, % Y-o-Y
Epiroc Group	9 772	8 105	9 373	9 329	36 579	10 690	11 070	12 245	30%
North America	2 168	1 654	2 002	1 869	7 693	2 226	2 542	2 974	47%
South America	1 284	1 175	1 157	1 264	4 880	1 177	1 420	1 480	30%
Europe	2 381	1 891	2 092	2 210	8 574	2 623	2 612	2 577	25%
Africa/Middle East	1 409	943	1 411	1 295	5 058	1 629	1 495	1 793	20%
Asia/Australia	2 530	2 442	2 711	2 691	10 374	3 035	3 001	3 421	27%
Equipment & Service	7 101	6 129	7 068	6 954	27 252	7 991	8 387	9 336	31%
North America	1 427	1 108	1 355	1 290	5 180	1 489	1 805	2 199	61%
South America	1 011	982	960	1 052	4 005	911	1 165	1 220	29%
Europe	1 623	1 320	1 461	1 467	5 871	1 824	1 819	1 882	31%
Africa/Middle East	934	641	955	880	3 410	1 190	1 050	1 294	29%
Asia/Australia	2 106	2 078	2 337	2 265	8 786	2 577	2 548	2 741	17%
Tools & Attachments	2 619	1 980	2 249	2 337	9 185	2 674	2 678	2 866	27%
North America	714	524	616	597	2 451	726	716	748	20%
South America	273	193	197	211	874	267	256	258	34%
Europe	745	600	618	733	2 696	787	813	683	13%
Africa/Middle East	475	302	457	414	1 648	440	445	500	2%
Asia/Australia	412	361	361	382	1 516	454	448	677	91%

Geographical distribution of revenues

MSEK	2020				2020	2021			
% currency adjusted	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Δ, % Y-o-Y
Epiroc Group	9 134	8 458	8 724	9 806	36 122	8 773	9 733	9 966	14%
North America	2 099	1 841	1 962	1 829	7 731	1 915	2 158	2 326	18%
South America	1 116	1 251	994	1 275	4 636	1 156	1 378	1 368	40%
Europe	2 132	1 959	2 096	2 491	8 678	1 992	2 172	2 172	6%
Africa/Middle East	1 369	1 063	1 283	1 305	5 020	1 208	1 405	1 406	4%
Asia/Australia	2 418	2 344	2 389	2 906	10 057	2 502	2 620	2 694	13%
Equipment & Service	6 579	6 422	6 471	7 455	26 927	6 391	7 187	7 242	12%
North America	1 332	1 261	1 343	1 244	5 180	1 233	1 453	1 587	17%
South America	875	1 073	789	1 061	3 798	930	1 130	1 111	43%
Europe	1 427	1 362	1 472	1 813	6 074	1 308	1 456	1 435	-1%
Africa/Middle East	923	761	868	875	3 427	825	941	896	-2%
Asia/Australia	2 022	1 965	1 999	2 462	8 448	2 095	2 207	2 213	11%
Tools & Attachments	2 505	2 035	2 196	2 288	9 025	2 345	2 517	2 699	23%
North America	735	575	588	577	2 475	659	693	731	23%
South America	241	177	205	214	838	227	248	256	27%
Europe	703	614	611	666	2 594	672	705	723	22%
Africa/Middle East	446	302	415	431	1 594	384	465	510	16%
Asia/Australia	380	367	377	400	1 524	403	406	479	28%

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 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

- **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".

Announced, but not yet completed acquisitions

- **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. The acquisition is expected to be completed in the second half of 2021 and will be reported in "Service".

Financial effect of acquisitions as per September 30, 2021

The acquisitions of MineRP, Kinetic Logging Services, 3D-P, Meglab, Mining Tag and DandA Heavy Industries have had a total cash flow effect of MSEK -1 780. According to the preliminary purchase price allocation, intangible assets amount to MSEK 719 and goodwill amounts to MSEK 1 396. The completed acquisitions in 2021 have contributed to revenues with MSEK 307 and operating profit with MSEK -38 since their respective dates of acquisition.

Fair value of acquired assets and liabilities 2021, MSEK

Net assets identified	53
Intangible assets	719
Goodwill	1 396
Total consideration	2 168
Net cash outflow	1 780

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 MSEK		2021 Sep 30	2020 Dec 31
Non-current assets and liabilities			
Assets		-	-
Liabilities		-	-
Current assets and liabilities			
Assets		79	167
Liabilities		88	56

Carrying value and fair value MSEK		2021 Sep 30	2021 Sep 30	2020 Dec 31	2020 Dec 31
		Carrying value	Fair value	Carrying value	Fair value
Bonds		3 991	4 169	3 989	4 163
Other loans		6 184	6 234	6 166	6 269
Total interest-bearing loans		10 175	10 403	10 155	10 432

Note 4: Share-buy backs and divestments

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

MSEK	A share	B share	Total
Total number of shares	823 765 854	389 972 849	1 213 738 703
Whereof shares held by Epiroc	7 484 040		
Share purchase in the quarter, number	337 419		
Value, SEK	62 337 068		

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 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
Growth				
*Orders received, MSEK	12 245	9 373	34 005	27 250
Revenues, MSEK	9 966	8 724	28 472	26 316
*Total revenue growth, %	14	-14	8	-14
*Organic revenue growth, %	11	-3	13	-9
Profitability				
*Gross margin, %	39.8	37.3	39.1	37.9
*EBITDA margin, %	28.2	25.7	26.9	24.6
*Adjusted operating margin, %	23.4	21.7	23.0	20.5
*Operating margin, %	23.6	20.9	22.5	19.6
*Profit margin, %	24.3	20.0	22.5	19.0
Capital efficiency				
*Return on capital employed, %	25.0	21.6		
*Net debt / EBITDA, ratio	-0.12	-0.41		
*Net debt / equity ratio, period end	-5.1	-14.8		
*Average net working capital / revenues, %	29.8	35.9		
Cash generation				
*Operating cash flow, MSEK	1 613	1 355	4 452	4 850
*Cash conversion rate, %, 12 months	99	145		
Equity information				
Basic number of shares outstanding, millions	1 207	1 205	1 206	1 204
Diluted number of shares outstanding, millions	1 208	1 206	1 208	1 205
*Equity per share, SEK, period end	19.3	20.4		
Basic earnings per share, SEK	1.60	1.10	4.15	3.13
*Return on equity, %	28.0	22.4	28.0	22.4
*Operating cash flow per share, SEK	1.34	1.12	3.69	4.03
People & Planet				
Employees, period end	15 198	13 902		
Lost-time injury frequency rate, LTIFR, 12 months	1.9	2.3		
Women employees, %, period end	16.7	15.6		
MWh energy from operations/COS, MSEK, 12 months	7.1	7.2		
Transport CO2, tonnes/COS, MSEK, 12 months	3.7	4.2		

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 full 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 36 billion in 2020, and has about 15 000 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 07:30 CEST on October 21, 2021.

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Financial calendar

Webcast & conference call:

At 10.00 CEST on October 21, 2021, 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 Anders Lindén. Please find webcast link and presentation material here:
www.epirocgroup.com/en/investors/financial-publications

Dial-in numbers for the conference call:

- Sweden: +46 8 5055 8355
- United Kingdom: +44 333 300 9261
- United States: +1 64 6722 4903

Upcoming investor events:

- October 28, 2021: Record date for SEK 1.25 dividend
- November 2, 2021: Expected dividend payment of SEK 1.25 per share
- December 1, 2021: Capital Markets Day
- January 26, 2022: Q4 2021 report
- April 25, 2022: Q1 2022 report
- April 25, 2022: Annual General Meeting in Nacka, Sweden at 5 PM CEST
- July 20, 2022: Q2 2022 report
- October 26, 2022: Q3 2022 report

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.
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