



Interim report Q3 2023

October 27, 2023



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On the cover: On the path toward fully automated underground mining, Epiroc, in collaboration with Boliden, Algoryx and Örebro University, is pioneering a project with the goal of achieving fully autonomous mining. The project includes a digital twin of a mine – a simulated testing environment – for machine learning, thereby greatly reducing the need for physical testing.

Epiroc interim report Q3

- Orders received increased 17% to MSEK 14 360 (12 322), supported by strong organic growth and acquisitions. The organic increase was 9%.
 - Adding back the removal of the Russian order book in Q3 2022 of MSEK 1 002, the organic growth was flat.
- Revenues increased 17% to MSEK 14 997 (12 802), organic increase of 7%.
- Operating profit increased 12% to MSEK 3 260 (2 900), including items affecting comparability of MSEK -12 (-164).*
- Operating margin was 21.7% (22.7), and the adjusted operating margin was 21.8% (23.9).
- Basic earnings per share were SEK 1.85 (1.86).
- Operating cash flow was MSEK 1 889 (1 814).

Financial overview

MSEK	2023			2022		
	Q3	Q3	Δ,%	Jan-Sep	Jan-Sep	Δ,%
Orders received	14 360	12 322	17	44 944	39 517	14
Revenues	14 997	12 802	17	44 775	35 758	25
Operating profit, EBIT	3 260	2 900	12	9 834	7 912	24
<i>Operating margin, %</i>	<i>21.7</i>	<i>22.7</i>		<i>22.0</i>	<i>22.1</i>	
Profit before tax	2 929	2 876	2	9 321	7 732	21
<i>Profit margin, %</i>	<i>19.5</i>	<i>22.5</i>		<i>20.8</i>	<i>21.6</i>	
Profit for the period	2 244	2 243	0	7 190	6 016	20
Operating cash flow	1 889	1 814	4	3 776	4 143	-9
Basic earnings per share, SEK	1.85	1.86	0	5.94	4.98	19
Diluted earnings per share, SEK	1.85	1.85	0	5.94	4.97	19
<i>Return on capital employed, %, 12 months</i>	<i>27.8</i>	<i>27.9</i>				
Net debt/EBITDA, ratio	0.49	-0.12				

* For further information, see page 6.

CEO comments

High demand in mining

The order intake increased 17% to MSEK 14 360 (12 322). The demand and activity level remained high within mining, and several large mining equipment orders were won. It was a particularly strong demand for automation and connectivity solutions. Construction customers, on the other hand, were more tentative.

As anticipated, the demand in the third quarter was seasonally weaker than in the previous quarter. In the near term, we expect that the underlying mining demand, both for equipment and aftermarket, will remain at a high level. Demand from construction customers is expected to be soft.

Strong revenues

Revenues increased 17% to MSEK 14 997 (12 802), driven both by acquisitions and the organic development. The operating profit, EBIT, increased 12% to MSEK 3 260 (2 900). The adjusted operating margin decreased to 21.8% (23.9). While it was supported by currency, investments in R&D and marketing impacted negatively, as did product mix. The dilution from acquisitions was -1.0 percentage points on the Group operating margin.

Cash flow

Operating cash flow increased to MSEK 1 889 (1 814), supported by higher operating profit. The working capital is still at a high level. We are taking measures to optimize and reduce inventories and expect that ratios will gradually improve.

Partnership is the new leadership

In the quarter, we won our largest-ever order, MSEK 700, to provide Kamo Copper in Democratic Republic of the Congo with underground equipment. After several years with local presence and highly skilled and committed service technicians on site, the collaboration between Epiroc and Kamo Copper has deepened into a real productivity and sustainability partnership. It is especially exciting to

contribute to the success of the Kamo Copper Mining Complex, as it is projected to be among the world's lowest greenhouse gas-emitting copper mines per unit of metal produced. The ordered machines have several advanced features, such as Epiroc's telematics system, which allows for intelligent monitoring of machine performance and productivity in real-time.

Safety on the top of the agenda

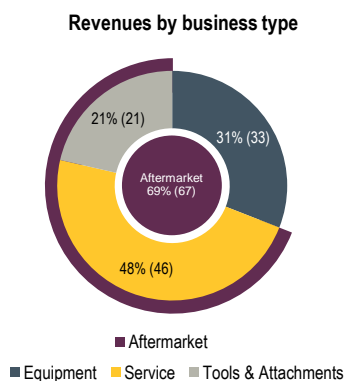
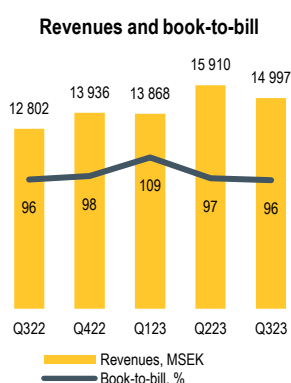
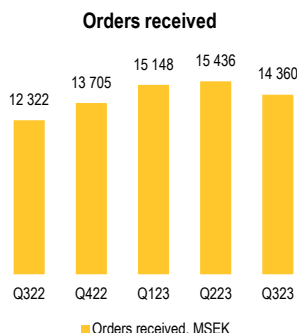
With more advanced technology – namely automation, digitalization, and electrification – it is more likely that Epiroc will also perform the service on the equipment. This drives both revenues and profit. The increasing number of service technicians in the field comes with a great responsibility. We must make sure all our employees always act with safety in mind.

Several actions have been taken to reduce injuries and we have a positive trend in the development of our safety indicators. That said, I am very sad to share that we have lost an employee in a fatal accident in the quarter. Safety is our top priority and it is crucial that all Epiroc employees come home safe and sound after the working day. To everyone reading this; please, never compromise on safety.



Helena Hedblom
President and CEO

Orders and revenues



Financial overview

MSEK	2023	2022	Δ,%
	Q3	Q3	
Orders received	14 360	12 322	17
Revenues	14 997	12 802	17
Operating profit	3 260	2 900	12
Operating margin, %	21.7	22.7	

Orders received

Orders received increased 17% to MSEK 14 360 (12 322), supported by strong organic growth and acquisitions. The organic increase was 9%. Adding back the removal of the Russian order book in Q3 2022 of MSEK 1 002, orders received increased 8% to MSEK 14 360 (13 324), corresponding to a flat organic development. The customer activity remained high in mining and several large equipment orders were won. Acquisitions contributed with 7% and currency with 1%.

Compared to the previous year, orders received in local currency increased in all regions except South America. The strongest growth was achieved in Europe, as the elimination of orders from Russia in the previous year impacts the numbers. Africa/Middle East had a strong development, with orders received increasing double digit, supported by the large order from Kamoia Copper.

Mining customers represented 86% (81) of orders received in the quarter and construction customers 14% (19). The higher share of orders from mining customers is explained by the weaker demand from construction customers as well as acquisitions.

Sequentially (compared to the previous quarter) orders received decreased -7% organically.

Revenues

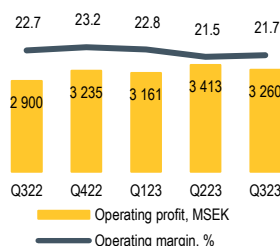
Revenues increased by 17% to MSEK 14 997 (12 802), corresponding to an organic growth of 7%. Acquisitions and currency impacted revenues positively with 9% and 1%, respectively. The book-to-bill ratio was 96% (96).

The aftermarket represented 69% (67) of revenues in the quarter.

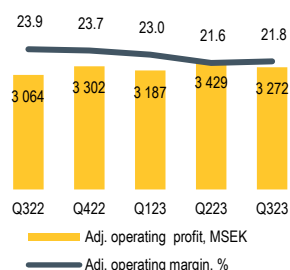
Sales Bridge	Orders received	Revenues
	MSEK, Δ,%	MSEK, Δ,%
Q3 2022	12 322	12 802
Organic	9	7
Currency	1	1
Structure/other	7	9
Total	17	17
Q3 2023	14 360	14 997

Profits and returns

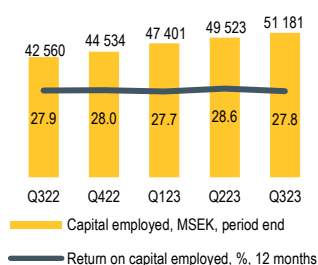
Operating profit and margin



Adjusted operating profit and margin



Capital employed and return on capital employed



Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q3 2022	2 900	22.7
Organic	-173	-2.5
Currency	254	1.5
Structure/other*	279	0.0
Total	360	-1.0
Q3 2023	3 260	21.7

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

Operating profit, EBIT, increased by 12% to MSEK 3 260 (2 900). Items affecting comparability were MSEK -12 (-164), consisting mainly of the change in provision for the share-based long-term incentive programs of MSEK -19 (-14). The comparable period in previous year includes a provision of MSEK -150 related to Russia.

The operating margin, EBIT, was 21.7% (22.7). The adjusted operating margin (excluding items affecting comparability) was 21.8% (23.9). It was supported by currency, while acquisitions and investments in R&D and marketing impacted negatively. Product mix and underabsorption in Tools & Attachments also impacted negatively. The dilution from acquisitions was -1.0 percentage points on the operating margin.

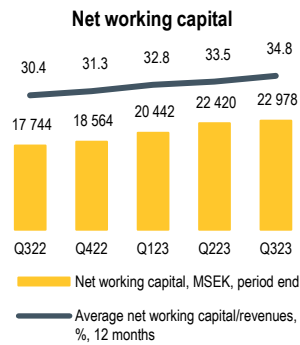
Net financial items amounted to MSEK -331 (-24), negatively affected by exchange rate differences. The net interest was MSEK -146 (-23), explained by higher interest bearing debt.

Profit before tax was MSEK 2 929 (2 876). Income tax expense amounted to MSEK -685 (-633). The effective tax rate increased to 23.4% (22.0).

Profit for the period totaled MSEK 2 244 (2 243). Basic earnings per share were SEK 1.85 (1.86).

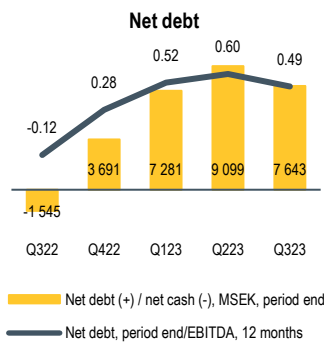
Return on capital employed was 27.8% (27.9) and the return on equity was 27.9% (29.2).

Balance sheet



Net working capital

Compared to the previous year, net working capital increased 29% to MSEK 22 978 (17 744). Excluding the effect of acquisitions and currency, the net working capital increased 25%. The increase is mainly explained by strong growth with corresponding higher level of inventories and receivables. The average net working capital in relation to revenues in the last 12 months was 34.8% (30.4).

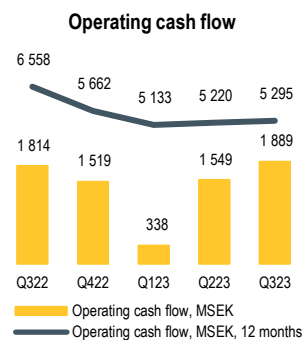


Net debt

Epiroc ended the quarter with a cash and cash equivalents position of MSEK 6 330 (11 879) and a net debt position of MSEK 7 643 (-1 545). The change compared to last year is mainly explained by acquisitions. The net debt/EBITDA ratio was 0.49 (-0.12).

The average tenor of Epiroc's loan facilities was 3.2 years (3.6) with an average interest duration of 19 months (19). The average interest rate at the end of the quarter was 4.16% (2.48). Epiroc also has an unutilized revolving credit facility amounting to MSEK 4 000.

Cash flow



Operating cash flow

Operating cash flow increased to MSEK 1 889 (1 814). It was supported by higher operating profit, but negatively impacted from net financial items paid and higher taxes paid. Working capital impacted negatively with MSEK -840 (-1 131).

Acquisitions and divestments

No acquisition was announced or completed in the quarter. The net cash flow from acquisitions and divestments was MSEK -7 (-210).

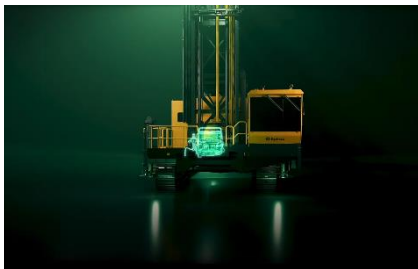
Leading productivity and sustainability partner

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



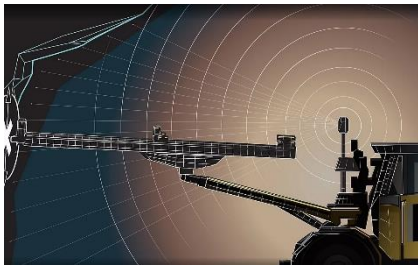
Acquisitions

In the quarter, no acquisition was neither announced nor finalized. See more details on acquisitions finalized during 2023 on page 24.



Innovation – Automatic Bit Changer available for Pit Viper 351

The Automatic Bit Changer (ABC) enables hands-free bit changes and enhances productivity and safety by eliminating human interaction with the drill string. Following the positive customer feedback from the introduction in the Pit Viper 270 series, Epiroc now extends the solution to the popular Pit Viper 351 blasthole drill rig.



Partnership – Collaboration for autonomous face drilling

Epiroc, in collaboration with Boliden, Algoryx and Örebro University, is pioneering a project with the goal of achieving fully autonomous mining. The project includes a digital twin of a mine – a simulated testing environment – for artificial machine learning, which greatly reduces the need for physical testing.



Partnership – Strengthened partnership with Kamo Copper

In the quarter, Epiroc won its largest-ever order, MSEK 700, for underground equipment that will be used to expand operations at the Kamo-Kakula Copper Mining Complex in the Democratic Republic of the Congo. The mine is projected to be among the world's lowest greenhouse gas-emitting copper mines per unit of metal produced.

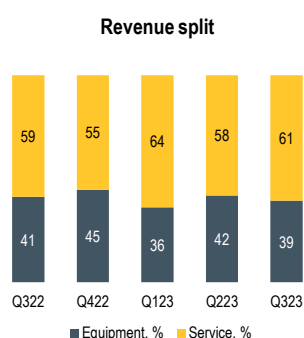
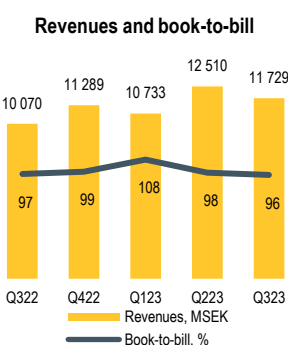
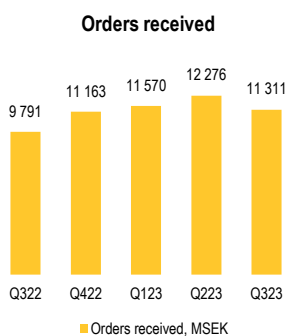


Partnership – Holistic approach to mining with Newcrest

Newcrest, one of the world's largest gold mining companies, and Epiroc, are taking a holistic approach towards the entire mining process at several of Newcrest's mines, supported by Epiroc's leading portfolio of automation, digitalization, and electrification solutions.

Equipment & Service

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



Financial overview

MSEK	2023	2022	Δ,%
	Q3	Q3	
Orders received	11 311	9 791	16
Revenues	11 729	10 070	16
Operating profit	2 868	2 474	16
Operating margin, %	24.5	24.6	

Orders received

Orders received increased 16% to MSEK 11 311 (9 791). The organic increase was 9%. Adding back the removal of Russian orders in Q3 2022, orders received decreased -1% organically. Acquisitions contributed with 5% and currency with 2%.

Compared to the previous year, orders received in local currency increased in all regions except South America and Asia/Australia which were down somewhat. The strongest growth was achieved in Europe, as the elimination of orders from Russia in the previous year impacts the numbers. Africa/Middle East had a strong development, increasing double digit, supported by a large order.

For equipment, orders received amounted to MSEK 4 487 (3 702), corresponding to an organic increase of 14%. Adjusting for the removal of Russian orders in Q3 2022, orders received decreased -5% organically. The investment sentiment among customers continued to be strong and Epiroc won several large orders. One example is the largest-ever order received of MSEK 700 to provide Kamo Copper in Democratic Republic of the Congo with underground equipment. Acquisitions and currency contributed positively. The share of orders from equipment was 40% (38).

For service, orders received increased 12% to MSEK 6 824 (6 089), with a strong contribution from acquisitions. The organic growth was 5% and reflected a continued high activity level as well as a continued good demand for larger rebuilds. Adjusting for the removal of Russian orders in Q3 2022, orders received increased 3% organically. The share of orders from service was 60% (62).

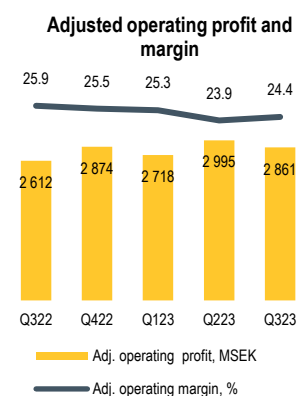
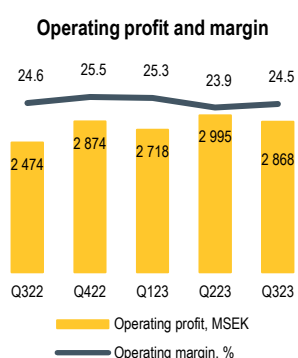
Sequentially, orders received decreased -7% organically for the segment.

Revenues

Revenues increased 16% to MSEK 11 729 (10 070), corresponding to an organic growth of 7%. Acquisitions contributed with 7% and currency with 2%. The revenues for service increased 10% organically, while equipment revenues increased 5% organically. The share of revenues from service was 61% (59). The book-to-bill ratio was 96% (97).

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 2022	9 791	10 070	3 702	4 155	6 089	5 915
Organic	9	7	14	5	5	10
Currency	2	2	3	2	1	1
Structure/other	5	7	4	4	6	9
Total	16	16	21	11	12	20
Q3 2023	11 311	11 729	4 487	4 619	6 824	7 110



Operating profit and margin

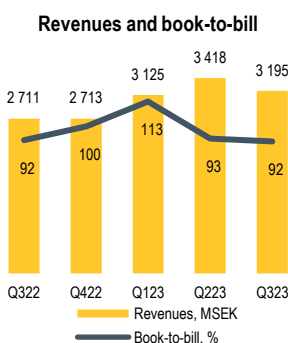
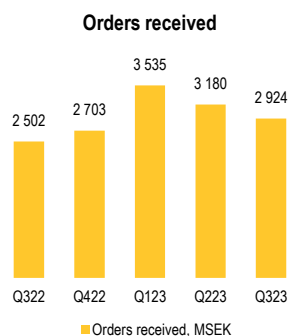
Operating profit, EBIT, increased 16% to MSEK 2 868 (2 474). It was supported by higher revenues, currency and acquisitions. The operating margin, EBIT, was 24.5% (24.6). The margin in previous year, Q3 2022, was negatively impacted by provisions related to Russia of MSEK -138. The adjusted operating margin was 24.4% (25.9), supported by currency. Acquisitions impacted the margin negatively, as did higher investments in R&D and sales activities.

Profit bridge

	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Q3 2022	2 474	24.6
Organic	7	-1.6
Currency	194	1.4
Structure/other	193	0.1
Total	394	-0.1
Q3 2023	2 868	24.5

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 construction industries.



Financial overview

MSEK	2023	2022	Δ,%
	Q3	Q3	
Orders received	2 924	2 502	17
Revenues	3 195	2 711	18
Operating profit	481	514	-6
Operating margin, %	15.1	19.0	

Orders received

Orders received increased 17% to MSEK 2 924 (2 502), corresponding to an organic increase of 2%. Acquisitions, mainly CR, contributed with 15% while currency was flat. Adding back the removal of Russian orders in Q3 2022, the orders received decreased -1% organically. The demand from construction customers continued to be weak, impacting mainly the hydraulic attachments business negatively.

Compared to the previous year, orders received in local currency, including acquisitions, increased all regions. The strongest growth was achieved in Asia/Australia.

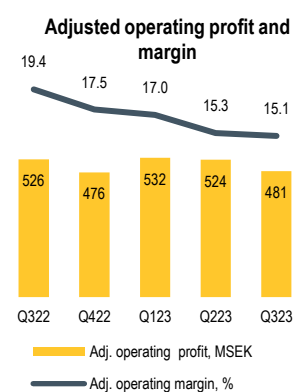
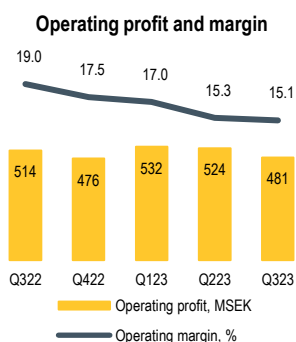
Sequentially, orders received decreased -9% organically.

Revenues

Revenues increased 18% to MSEK 3 195 (2 711), corresponding to an organic decrease of -2%. Acquisitions, mainly CR, contributed with 19% and currency with 1%. The book-to-bill ratio was 92% (92).

Sales Bridge	Orders received	Revenues
	MSEK,Δ,%	MSEK,Δ,%
Q3 2022	2 502	2 711
Organic	2	-2
Currency	0	1
Structure/other	15	19
Total	17	18
Q3 2023	2 924	3 195

Tools & Attachments

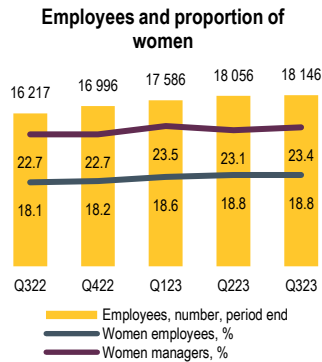


Operating profit and margin

Operating profit, EBIT, decreased -6% to MSEK 481 (514). Previous year, Q3 2022, was negatively impacted by provisions of MSEK -12 related to Russia. The operating margin, EBIT, decreased to 15.1% (19.0) and the adjusted operating margin was 15.1% (19.4). It was negatively impacted by lower revenues and underabsorption, mainly related to the hydraulic attachments business, which in turn impacted the product mix negatively. Currency contributed positively to the margin, while structure had a somewhat negative impact.

Profit bridge	Operating profit	
	MSEK, Δ	Margin, Δ, pp
Q3 2022	514	19.0
Organic	-185	-5.7
Currency	62	2.1
Structure/other	90	-0.3
Total	-33	-3.9
Q3 2023	481	15.1

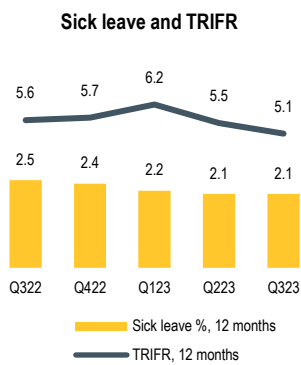
Sustainability: People & Planet



Employees

The number of employees increased to 18 146 (16 217), mainly due to acquisitions. External workforce amounted to 1 795 (1 615). For comparable units, the total workforce increased with 620 compared to the previous year.

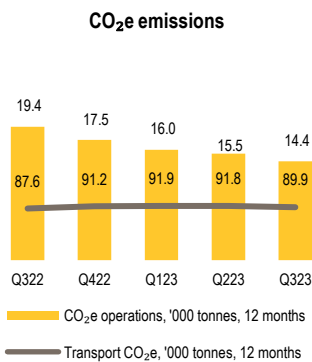
The proportion of women employees and women managers at the end of the period increased to 18.8% (18.1) and 23.4% (22.7), respectively.



Safety and health

The total recordable injury frequency rate (TRIFR) per one million working hours the last 12 months continued to show a positive trend and decreased to 5.1 (5.6). Several actions have been taken to reduce injuries. The sick leave decreased to 2.1% (2.5).

Epiroc regrets to report a service employee fatality in Kazakhstan in the quarter. Epiroc is working with the customer and local government to investigate the circumstances around the accident.



CO₂e emissions from operations

The CO₂e emissions from operations for comparable units* the last 12 months decreased -26% to 14 351 (19 396) tonnes. The improvement is driven by several initiatives, including the installation of solar panels and a higher share of renewable electricity.

* Comparable units are production companies and distribution centers 2022.

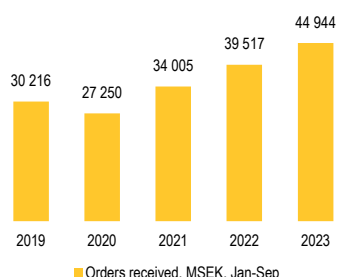
CO₂e emissions from transport

The CO₂e emissions from transport for comparable units* the last 12 months increased 3% to 89 881 (87 590) tonnes. The increase is mainly explained by higher volumes delivered.

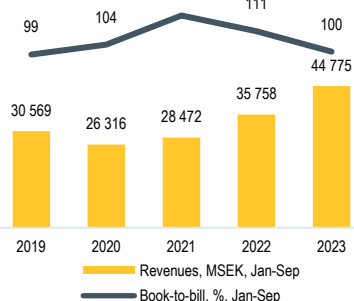
* Comparable units are production companies and distribution centers in 2022.

January – September in summary

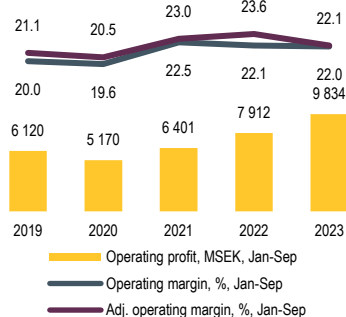
Orders received, Jan-Sep



Revenues and book-to-bill, Jan-Sep



Operating profit and margin, Jan-Sep



Orders received the first nine months increased 14% to MSEK 44 944 (39 517). Acquisitions contributed strongly, while the organic development was flat. Revenues increased 25% to MSEK 44 775 (35 758), of which 11% organically.

Sales Bridge	Orders received	Revenues
	MSEK,Δ,%	MSEK,Δ,%
Jan-Sep 2022	39 517	35 758
Organic	0	11
Currency	4	4
Structure/other	10	10
Total	14	25
Jan-Sep 2023	44 944	44 775

Operating profit, EBIT, increased 24% to MSEK 9 834 (7 912), including items affecting comparability of MSEK -54 (-541). Change in provision for the share-based long-term incentive programs was MSEK -61 (104). The comparable period in previous year includes a provision of MSEK -550 related to Russia and restructuring costs related to the relocation of manufacturing from Japan to China of MSEK -95.

The operating margin, EBIT, was 22.0% (22.1) and the adjusted operating margin was 22.1% (23.6). The margin was supported by organic revenue growth, but was diluted by currency and acquisitions.

Profit bridge	Operating profit	
	MSEK,Δ	Margin,Δ,pp
Jan-Sep 2022	7 912	22.1
Organic	843	0.3
Currency	217	-0.4
Structure/other	862	0.0
Total	1 922	-0.1
Jan-Sep 2023	9 834	22.0

Profit before tax was MSEK 9 321 (7 732). Profit for the period totaled MSEK 7 190 (6 016).

Basic earnings per share were SEK 5.94 (4.98).

Operating cash flow was MSEK 3 776 (4 143).

Key risks

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

Signature of the President

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

Nacka, Sweden, October 27, 2023

Helena Hedblom

President and CEO, Epiroc AB

The company's auditors have not reviewed this report.

Financial Statements
Condensed consolidated income statement

MSEK	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep
Revenues	14 997	12 802	44 775	35 758
Cost of sales	-9 218	-7 889	-27 377	-22 533
Gross profit	5 779	4 913	17 398	13 225
Administrative expenses	-974	-903	-3 014	-2 442
Marketing expenses	-1 001	-782	-2 939	-2 190
Research and development expenses	-517	-360	-1 466	-1 042
Other operating income and expenses	-27	32	-145	361
Operating profit	3 260	2 900	9 834	7 912
Net financial items	-331	-24	-513	-180
Profit before tax	2 929	2 876	9 321	7 732
Income tax expense	-685	-633	-2 131	-1 716
Profit for the period	2 244	2 243	7 190	6 016
Profit attributable to				
- owners of the parent	2 235	2 239	7 170	6 006
- non-controlling interests	9	4	20	10
Basic earnings per share, SEK	1.85	1.86	5.94	4.98
Diluted earnings per share, SEK	1.85	1.85	5.94	4.97

Condensed consolidated statement of comprehensive income

MSEK	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep
Profit for the period	2 244	2 243	7 190	6 016
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	114	-17	70	763
Income tax relating to items that will not be reclassified	-24	2	-15	-161
Total items that will not be reclassified to profit or loss	90	-15	55	602
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	-421	1 035	408	3 067
Cash flow hedges	-19	106	-112	106
Income tax relating to items that may be reclassified	4	-22	23	-22
Total items that may be reclassified subsequently to profit or loss	-436	1 119	319	3 151
Other comprehensive income for the period, net of tax	-346	1 104	374	3 753
Total comprehensive income for the period	1 898	3 347	7 564	9 769
Total comprehensive income attributable to				
- owners of the parent	1 900	3 345	7 548	9 757
- non-controlling interests	-2	2	16	12

Condensed consolidated balance sheet

	2023	2022	2022
	Sep 30	Sep 30	Dec 31
Assets, MSEK			
Intangible assets	16 472	8 419	13 073
Rental equipment	1 597	1 527	1 458
Other property, plant and equipment	5 924	5 140	5 429
Investments in associated companies and joint ventures	59	74	67
Other financial assets and other receivables	2 118	1 898	1 752
Deferred tax assets	1 535	1 820	1 526
Total non-current assets	27 705	18 878	23 305
Inventories	20 031	16 634	16 945
Trade receivables	10 832	9 174	9 581
Other receivables	3 390	3 189	3 195
Current tax receivables	698	304	315
Financial assets	1 559	1 527	1 010
Cash and cash equivalents	6 330	11 879	7 326
Assets held for sale	95	100	103
Total current assets	42 935	42 807	38 475
Total assets	70 640	61 685	61 780
Equity and liabilities, MSEK			
Share capital	500	500	500
Retained earnings	36 141	31 260	32 520
Total equity attributable to owners of the parent	36 641	31 760	33 020
Non-controlling interest	502	6	488
Total equity	37 143	31 766	33 508
Interest-bearing liabilities	10 798	9 880	8 877
Post-employment benefits	144	127	149
Other liabilities and provisions	598	469	652
Deferred tax liabilities	953	973	1 215
Total non-current liabilities	12 493	11 449	10 893
Interest-bearing liabilities	3 096	785	1 999
Trade payables	6 210	6 249	6 375
Current tax liabilities	543	963	670
Other liabilities and provisions	11 155	10 473	8 335
Total current liabilities	21 004	18 470	17 379
Total equity and liabilities	70 640	61 685	61 780

Condensed consolidated statement of changes in equity

MSEK	Equity attributable to		
	owners of the parent	non-controlling interests	Total equity
Opening balance, Jan 1, 2023	33 020	488	33 508
Total comprehensive income for the period	7 548	16	7 564
Dividend	-4 102	-2	-4 104
Acquisition and divestment of own shares	254	-	254
Share-based payments, equity settled	-79	-	-79
Closing balance, Sep 30, 2023	36 641	502	37 143
Opening balance, Jan 1, 2022	25 729	56	25 785
Total comprehensive income for the period	9 757	12	9 769
Dividend/Redemption	-3 619	-2	-3 621
Transactions with non-controlling interests	-111	-60	-171
Acquisition and divestment of own shares	2	-	2
Share-based payments, equity settled	2	-	2
Closing balance, Sep 30, 2022	31 760	6	31 766
Opening balance, Jan 1, 2022	25 729	56	25 785
Total comprehensive income for the period	11 144	21	11 165
Dividend/Redemption	-3 619	-2	-3 621
Transactions with non-controlling interests	-111	413	302
Acquisition and divestment of own shares	-116	-	-116
Share-based payments, equity settled	-7	-	-7
Closing balance, Dec 31, 2022	33 020	488	33 508

Condensed consolidated statement of cash flows

MSEK	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep
Cash flow from operating activities				
Operating profit	3 260	2 900	9 834	7 912
Adjustments for depreciation, amortization and impairment	701	526	1 980	1 479
Adjustments for capital gain/loss and other non-cash items	279	18	-201	-307
Net financial items received/paid	-472	-23	-619	-298
Taxes paid	-849	-466	-2 849	-1 766
Pension funding and payment of pension to employees	-16	-12	-52	-37
Change in working capital	-840	-1 131	-3 319	-2 736
Increase in rental equipment	-236	-238	-812	-706
Sale of rental equipment	90	90	388	274
Net cash flow from operating activities	1 917	1 664	4 350	3 815
Cash flow from investing activities				
Investments in other property, plant and equipment	-222	-112	-675	-382
Sale of other property, plant and equipment	9	14	35	26
Investments in intangible assets	-106	-76	-431	-312
Sale of intangible assets	-	-	3	-
Acquisition of subsidiaries and associated companies	-7	-210	-3 324	-495
Sale of subsidiaries and associated companies	-	-	-	10
Proceeds to/from other financial assets, net	-45	-203	-492	-411
Net cash flow from investing activities	-371	-587	-4 884	-1 564
Cash flow from financing activities				
Dividend	-	-	-2 051	-1 810
Dividend to non-controlling interest	-1	-	-2	-1
Acquisition of non-controlling interest	-	-175	-	-175
Sale/Repurchase of own shares	45	-74	254	2
Change in interest-bearing liabilities	-149	672	1 354	456
Net cash flow from financing activities	-105	423	-445	-1 528
Net cash flow for the period	1 441	1 500	-979	723
Cash and cash equivalents, beginning of the period	4 949	10 380	7 326	10 792
Exchange differences in cash and cash equivalents	-60	-1	-17	364
Cash and cash equivalents, end of the period	6 330	11 879	6 330	11 879
	2023	2022	2023	2022
Operating cash flow*	Q3	Q3	Jan-Sep	Jan-Sep
Net cash flow from operating activities	1 917	1 664	4 350	3 815
Net cash flow from investing activities	-371	-587	-4 884	-1 564
Acquisitions and divestments, net	7	210	3 324	485
Other adjustments	336	527	986	1 407
Operating cash flow	1 889	1 814	3 776	4 143

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

Condensed parent company income statement

	2023	2022	2023	2022
MSEK	Q3	Q3	Jan-Sep	Jan-Sep
Administrative expenses	-74	-54	-220	-159
Marketing expenses	-5	-12	-21	-25
Other operating income and expenses	39	27	115	61
Operating profit/loss	-40	-39	-126	-123
Financial income and expenses	-16	6	-60	-7
Profit/loss before tax	-56	-33	-186	-130
Income tax	17	9	46	31
Profit/loss for the period	-39	-24	-140	-99

Condensed parent company balance sheet

	2023	2022	2022
MSEK	Sep 30	Sep 30	Dec 31
Total non-current assets	55 331	54 352	53 281
Total current assets	3 543	694	4 748
Total assets	58 874	55 046	58 029
Total restricted equity	503	503	503
Total non-restricted equity	44 819	43 776	48 885
Total equity	45 322	44 279	49 388
Total provisions	212	177	213
Total non-current liabilities	8 984	8 123	6 990
Total current liabilities	4 356	2 467	1 438
Total equity and liabilities	58 874	55 046	58 029

Condensed segments quarterly

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

	2022				2022	2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Orders received, MSEK								
Equipment & Service	10 840	10 897	9 791	11 163	42 691	11 570	12 276	11 311
Equipment	5 537	5 012	3 702	4 063	18 314	4 937	5 109	4 487
Service	5 303	5 885	6 089	7 100	24 377	6 633	7 167	6 824
Tools & Attachments	2 970	2 495	2 502	2 703	10 670	3 535	3 180	2 924
Common group functions	8	-15	29	-161	-139	43	-20	125
Epiroc Group	13 818	13 377	12 322	13 705	53 222	15 148	15 436	14 360
Revenues, MSEK								
Equipment & Service	8 485	9 060	10 070	11 289	38 904	10 733	12 510	11 729
Equipment	3 699	3 550	4 155	5 037	16 442	3 881	5 233	4 619
Service	4 786	5 510	5 915	6 252	22 462	6 852	7 277	7 110
Tools & Attachments	2 588	2 794	2 711	2 713	10 806	3 125	3 418	3 195
Common group functions	15	14	21	-66	-16	10	-18	73
Epiroc Group	11 088	11 868	12 802	13 936	49 694	13 868	15 910	14 997
Operating profit and profit before tax, MSEK								
Equipment & Service	2 188	1 955	2 474	2 874	9 491	2 718	2 995	2 868
Tools & Attachments	474	436	514	476	1 900	532	524	481
Common group functions	-31	-10	-88	-115	-244	-89	-106	-89
Epiroc Group	2 631	2 381	2 900	3 235	11 147	3 161	3 413	3 260
Net financial items	-67	-89	-24	-189	-369	-197	15	-331
Profit before tax	2 564	2 292	2 876	3 046	10 778	2 964	3 428	2 929
Operating margin, %								
Equipment & Service	25.8	21.6	24.6	25.5	24.4	25.3	23.9	24.5
Tools & Attachments	18.3	15.6	19.0	17.5	17.6	17.0	15.3	15.1
Epiroc Group	23.7	20.1	22.7	23.2	22.4	22.8	21.5	21.7
Items affecting comparability, MSEK*								
Change in provision for LTIP**	-43	-75	14	67	-37	26	16	19
Items in Equipment & Service	-	422	138	-	560	-	-	-7
Items in Tools & Attachments	-	73	12	-	85	-	-	-
Epiroc Group	-43	420	164	67	608	26	16	12
Adj. margin for items affecting comparability, %								
Adjusted operating margin, E&S, %	25.8	26.2	25.9	25.5	25.8	25.3	23.9	24.4
Adjusted operating margin, T&A, %	18.3	18.2	19.4	17.5	18.4	17.0	15.3	15.1
Adjusted operating margin, %	23.3	23.6	23.9	23.7	23.7	23.0	21.6	21.8

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

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

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

Geographical distribution of orders received

MSEK % currency adjusted	2022				2022	2023			Δ, Y-o-Y
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	
Epiroc Group	13 818	13 377	12 322	13 705	53 222	15 148	15 436	14 360	15%
North America	3 358	3 753	3 438	3 147	13 696	3 608	3 651	3 825	7%
South America	1 687	1 892	1 851	2 102	7 532	1 803	2 257	1 937	-3%
Europe	3 100	1 742	601	2 016	7 459	2 304	2 120	1 589	166%
Africa/Middle East	2 125	1 962	2 312	1 900	8 299	2 561	2 885	2 919	28%
Asia/Australia	3 548	4 028	4 120	4 540	16 236	4 872	4 523	4 090	1%
Equipment & Service	10 840	10 897	9 791	11 163	42 691	11 570	12 276	11 311	14%
North America	2 530	3 014	2 493	2 486	10 523	2 511	2 735	2 769	6%
South America	1 418	1 670	1 600	1 852	6 540	1 427	1 862	1 664	-3%
Europe	2 217	1 207	216	1 380	5 020	1 613	1 599	1 108	426%
Africa/Middle East	1 705	1 497	1 833	1 396	6 431	2 015	2 359	2 342	28%
Asia/Australia	2 970	3 509	3 649	4 049	14 177	4 004	3 721	3 428	-4%
Tools & Attachments	2 970	2 495	2 502	2 703	10 670	3 535	3 180	2 924	17%
North America	831	766	918	821	3 336	1 065	929	945	2%
South America	269	222	251	250	992	376	396	272	3%
Europe	874	526	388	634	2 422	680	535	472	20%
Africa/Middle East	420	466	478	507	1 871	548	524	577	25%
Asia/Australia	576	515	467	491	2 049	866	796	658	45%

Geographical distribution of revenues

MSEK % currency adjusted	2022				2022	2023			Δ, Y-o-Y
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	
Epiroc Group	11 088	11 868	12 802	13 936	49 694	13 868	15 910	14 997	16%
North America	2 767	3 139	3 433	3 475	12 814	3 759	3 954	3 817	8%
South America	1 565	1 597	1 810	1 873	6 845	1 985	2 116	2 194	14%
Europe	2 172	2 177	1 832	2 146	8 327	2 155	2 426	1 850	0%
Africa/Middle East	1 683	1 902	2 046	2 126	7 757	2 048	2 786	2 611	32%
Asia/Australia	2 901	3 053	3 681	4 316	13 951	3 921	4 628	4 525	25%
Equipment & Service	8 485	9 060	10 070	11 289	38 904	10 733	12 510	11 729	15%
North America	2 036	2 286	2 603	2 756	9 681	2 706	2 960	2 803	4%
South America	1 330	1 353	1 556	1 637	5 876	1 716	1 772	1 798	8%
Europe	1 506	1 523	1 197	1 461	5 687	1 463	1 713	1 299	8%
Africa/Middle East	1 229	1 427	1 552	1 661	5 869	1 545	2 219	2 013	34%
Asia/Australia	2 384	2 471	3 162	3 774	11 791	3 303	3 846	3 816	22%
Tools & Attachments	2 588	2 794	2 711	2 713	10 806	3 125	3 418	3 195	17%
North America	710	844	827	805	3 186	1 056	1 028	956	14%
South America	235	243	254	238	970	269	344	396	48%
Europe	674	652	622	664	2 612	681	701	539	-16%
Africa/Middle East	454	475	494	468	1 891	504	566	597	27%
Asia/Australia	515	580	514	538	2 147	615	779	707	40%

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

Group notes

Note 1: Accounting principles

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

Accounting principles of the Parent Company

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

Note 2: Acquisitions and divestments

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

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

Acquisitions completed in 2023

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

Financial effect of acquisitions as per September 30, 2023

The completed acquisitions have had a total cash flow effect of MSEK 3 265. According to the preliminary purchase price allocation, intangible assets amount to MSEK 1 361 and goodwill amounts to MSEK 2 868. The acquired entities during 2023 have contributed to revenues with MSEK 1 472 and operating profit with MSEK 199 since the respective date of acquisition.

Fair value of acquired assets and liabilities 2023, MSEK	whereof CR	
Net assets identified including tax	-875	-408
Intangible assets	1 361	1 153
Goodwill	2 868	2 539
Total consideration	3 354	3 284
Net cash outflow	3 265	3 213
- related to prior years acquisitions	59	

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

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

Outstanding derivatives recorded to fair value MSEK		2023 Sep 30	2022 Dec 31
Non-current assets and liabilities			
Assets		215	30
Liabilities		19	1
Current assets and liabilities			
Assets		180	296
Liabilities		365	200

Carrying value and fair value MSEK	2023	2023	2022	2022
	Sep 30	Sep 30	Dec 31	Dec 31
	Carrying value	Fair value	Carrying value	Fair value
Earn-out	390	390	556	556
Bonds	7 125	7 063	5 125	5 010
Other loans	6 769	6 881	5 751	5 839
Total	14 284	14 334	11 432	11 405

Note 4: Share buybacks and divestments

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

	A share	B share	Total
Total number of shares	823 765 854	389 972 849	1 213 738 703
Whereof shares held by Epiroc	6 892 421		
Change in the quarter			
Purchased (+) / divested (-) shares, number	-219 890		
Value of purchased (+) / divested (-) shares, SEK	-45 596 194		

Note 5: Transactions with related parties

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

Key figures

	2023 Q3	2022 Q3	2023 Jan-Sep	2022 Jan-Sep
Growth				
*Orders received, MSEK	14 360	12 322	44 944	39 517
Revenues, MSEK	14 997	12 802	44 775	35 758
*Total revenue growth, %	17	28	25	26
*Organic revenue growth, %	7	12	11	12
Profitability				
*Gross margin, %	38.5	38.4	38.9	37.0
*EBITDA margin, %	26.4	26.8	26.4	26.3
*Adjusted operating margin, %	21.8	23.9	22.1	23.6
*Operating margin, %	21.7	22.7	22.0	22.1
*Profit margin, %	19.5	22.5	20.8	21.6
Capital efficiency				
*Return on capital employed, %	27.8	27.9		
*Net debt / EBITDA, ratio	0.49	-0.12		
*Net debt / equity, %, period end	20.6	-4.9		
*Average net working capital / revenues, %	34.8	30.4		
Cash generation				
*Operating cash flow, MSEK	1 889	1 814	3 776	4 143
*Cash conversion rate, %, 12 months	55	81		
Equity information				
Basic number of shares outstanding, millions	1 207	1 207	1 206	1 206
Diluted number of shares outstanding, millions	1 208	1 208	1 207	1 208
*Equity per share, SEK, period end	30.8	26.3		
Basic earnings per share, SEK	1.85	1.86	5.94	4.98
*Return on equity, %	27.9	29.2		
*Operating cash flow per share, SEK	1.57	1.50	3.13	3.43
People & Planet				
Employees, period end	18 146	16 217		
Women employees, %, period end	18.8	18.1		
Women managers, %, period end	23.4	22.7		
Total recordable injury frequency rate, TRIFR, 12 months	5.1	5.6		
Sick leave, %, 12 months	2.1	2.5		
CO2e emissions from operations, tonnes, 12 months	14 351	19 396		
CO2e emissions from transport, tonnes, 12 months	89 881	87 590		

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

Epiroc in brief

Epiroc is a global productivity partner for mining and construction customers, and accelerates the transformation toward a sustainable society. With ground-breaking technology, Epiroc develops and provides innovative and safe equipment, such as drill rigs, rock excavation and construction equipment and tools for surface and underground applications. The company also offers world-class service and other aftermarket support as well as solutions for automation, digitalization and electrification. Epiroc is based in Stockholm, Sweden, had revenues of SEK 50 billion in 2022, and has around 18 100 passionate employees supporting and collaborating with customers in around 150 countries.

Financial goals

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

Sustainability ambition and KPIs

Epiroc has four prioritized areas within sustainability:

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

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

Our vision

Dare to think new.

Our mission

Drive the productivity and sustainability transformation in our industry.

Our core values

Innovation, Commitment and Collaboration.

Strategy

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

Our strengths

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

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

About this report

Forward-looking statements

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

Language

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

Totals and roundings

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

This information is information that Epiroc AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons on the next page, at 11:30 CEST on October 27, 2023.

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Financial calendar

Webcast & conference call:

At 13.00 CEST on October 27, Epiroc will host a report presentation and Q&A-session for investors, analysts and media. The report will be presented by President and CEO Helena Hedblom and CFO Håkan Folin.

Webcast link and presentation material can be found here:

www.epirocgroup.com/en/investors/financial-publications

Upcoming investor events:

- January 24, 2024: Q4 2023 results
- April 23, 2024: Q1 2024 results
- May 14, 2024: Annual General Meeting in Nacka at 4 PM.
- July 19, 2024: Q2 2024 results
- September 24, 2024: Capital Markets Day in Las Vegas (in conjunction with MINExpo)
- October 25, 2024: Q3 2024 results

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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