

The Swedish Tax Agency's information on the allocation of the tax basis of shares following Atlas Copco AB's share distribution in 2018

The offer

Atlas Copco AB (Atlas Copco) has stated the following.

The Annual General Meeting of Shareholders in Atlas Copco resolved a share distribution of all shares in its wholly owned subsidiary, Epiroc AB (Epiroc), to the shareholders in Atlas Copco.

For every Class A share in Atlas Copco, a Class A share in Epiroc was received and for every Class B share in Atlas Copco, a Class B share in Epiroc was received.

The record date for the right to receive shares in Epiroc was June 14, 2018. The last day of trading in Atlas Copco shares including the right to receive shares in Epiroc was June 12, 2018. The first day of trading in Atlas Copco without the right to receive shares was on June 13, 2018.

Tax rules

The benefit for shareholders to receive shares in another company without payment is taxed as a dividend distribution. The dividend is tax-free if certain prerequisites are met ("lex ASEA").

By letter of August 11, 2017, the Swedish Tax Agency has deemed that the prerequisites for tax exemption for acquired shares in Epiroc are met. In such case, the distribution should not be taxed. Instead, the tax basis of the shares in Atlas Copco should be allocated between these shares and the acquired shares in Epiroc. This is done in such a way that the decline in value of a share in Atlas Copco, due to the share distribution, is allocated to the distributed share in Epiroc. The remaining acquisition cost of the share in Atlas Copco will be the new acquisition cost of this share.

Calculation Class A

The Class A shares in Atlas Copco are listed at Nasdaq Stockholm.

The last day of trading of Class A shares in Atlas Copco including the right to receive distribution of Class A shares in Epiroc was June 12, 2018. The lowest price paid this day was SEK 361.25.

The first day of trade with such shares without the right to distribution was June 13, 2018. The lowest price paid on this day was SEK 271.10.

**UNOFFICIAL TRANSLATION OF THE SWEDISH TAX AGENCY'S NOTIFICATION
(SKV M 2018:12)**

Therefore, of the original acquisition cost of the Class A shares in Atlas Copco, (271.10/361.25), 75 percent should be attributable to Class A shares in Atlas Copco and 25 percent to Class A shares in Epiroc.

Calculation Class B

The Class B shares in Atlas Copco are listed at Nasdaq Stockholm.

The last day of trading in Atlas Copco Class B shares including the right to distribution of Class B shares in Epiroc was on June 12, 2018. The lowest price paid that day for the Class B share was SEK 325.20.

The first day of trading of such shares without the right to distribution was June 13, 2018. The lowest price paid on this day was SEK 244.50.

Therefore, of the original acquisition cost of the Class B shares in Atlas Copco, (244.50/325.20), 75 percent should be attributable to Class B shares in Atlas Copco and 25 percent to Class B shares in Epiroc.

Examples

At the time of the distribution of Class A shares in Epiroc, in this example, the acquisition cost of a Class A share in Atlas Copco is SEK 150. Of this amount, 75 percent ($0.75 \times 150 =$) SEK 112.50 belong to the Class A share in Atlas Copco and 25 percent or ($0.25 \times 150 =$) SEK 37.50 to the acquired Class A share in Epiroc.

The Swedish Tax Agency has adopted general advice on the allocation of tax basis, please refer to SKV A 2018:19