

April 27, 2023

Atlas Copco First-quarter report 2023

Record order intake, solid revenues and profitability

The comparison figures presented in this report refer to previous year unless otherwise stated.

First quarter

- Orders received increased 18% to MSEK 47 707 (40 379), organic growth of 5%
- Revenues increased 32% to MSEK 39 861 (30 086), organic growth of 18%
- Operating profit reached MSEK 8 699 (6 749), corresponding to a margin of 21.8% (22.4)
 - Adjusted operating profit, excluding items affecting comparability, was MSEK 8 663 (6 525), corresponding to a margin of 21.7% (21.7)
- Profit before tax amounted to MSEK 8 655 (6 671)
- Basic earnings per share were SEK 1.34 (1.07 adjusted for share split)
- Operating cash flow at MSEK 4 948 (2 400)
- Return on capital employed was 29% (27)

MSEK	January - March		
	2023	2022	
Orders received	47 707	40 379	18%
Revenues	39 861	30 086	32%
EBITA ¹⁾	9 211	7 127	29%
– as a percentage of revenues	23.1	23.7	
Operating profit	8 699	6 749	29%
– as a percentage of revenues	21.8	22.4	
Profit before tax	8 655	6 671	30%
– as a percentage of revenues	21.7	22.2	
Profit for the period	6 528	5 213	25%
Basic earnings per share, SEK	1.34	1.07 ²⁾	
Diluted earnings per share, SEK	1.34	1.07 ²⁾	
Return on capital employed, %	29	27	

¹⁾ Operating profit excluding amortization of intangibles related to acquisitions.

²⁾ Adjusted for share split.

Near-term demand outlook

Atlas Copco expects that the underlying customer activity level will remain at the current level.

Previous near-term demand outlook (published January 26, 2023):

Atlas Copco expects that the customers' activity level will remain at the current level.

Quarterly and annual financial data in Excel format can be found at:

<https://www.atlascopcogroup.com/en/investor-relations/financial-reports-presentations/latest-results>

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Review of the first quarter

Market development

The overall demand for Atlas Copco's products and services remained strong. The Group's order intake increased more than expected and reached a record level, primarily as a result of several significant orders and very strong project-related business during the latter part of the quarter.

Order volumes for industrial compressors increased, and extraordinary growth was achieved for gas and process compressors. The order intake for equipment to industrial vacuum applications increased, while orders for vacuum equipment to the semiconductor industry decreased sharply. Order volumes for industrial assembly and vision solutions increased markedly, driven by several investment projects related to customers' production of electric vehicles. The demand for power equipment was strong, resulting in significant order growth, primarily for portable compressors. The specialty rental business achieved solid order growth in the quarter, and the service business continued to grow with increased order intake in all business areas.

In total, order volumes increased in all regions.

Geographic distribution of orders received

January - March 2023	Atlas Copco Group	
	Orders received, %	Change*, %
North America	29	+16
South America	4	+17
Europe	26	+9
Africa/Middle East	4	+21
Asia/Oceania	37	+7
Atlas Copco Group	100	+11

*Change in orders received compared to the previous year in local currency.

Geographic distribution of orders received and revenues

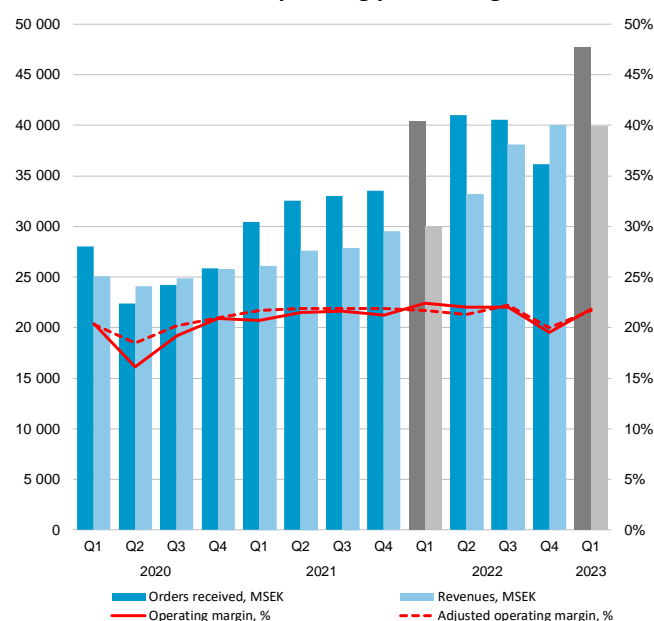
January - March 2023	Compressor Technique, %		Vacuum Technique, %		Industrial Technique, %		Power Technique, %		Atlas Copco, %	
	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues	Orders received	Revenues
North America	25	26	21	26	32	33	45	29	29	27
South America	5	5	0	0	3	3	5	7	4	4
Europe	29	32	15	17	33	33	25	38	26	29
Africa/Middle East	6	7	1	1	1	1	8	9	4	5
Asia/Oceania	35	30	63	56	31	30	17	17	37	35
	100	100	100	100	100	100	100	100	100	100

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2022	40 379	30 086
Structural change, %	+6	+6
Currency, %	+7	+8
Organic*, %	+5	+18
Total, %	+18	+32
2023	47 707	39 861

*Volume, price and mix.

Orders, revenues, and operating profit margin



Revenues, profits and returns

Revenues increased 32% to MSEK 39 861 (30 086), corresponding to an organic growth of 18%. Currency had a positive effect of 8%, and acquisitions added 6%.

The operating profit increased 29% to MSEK 8 699 (6 749) and includes a change in provision for share related long-term incentive programs, reported in Common Group Items of MSEK +36 (+224).

Adjusted operating profit increased 33% to MSEK 8 663 (6 525), corresponding to a margin of 21.7% (21.7). The margin was positively affected by increased organic revenues and currency, while costs related to continued supply chain constraints and dilutions from recent acquisitions had a negative effect on the margin.

Net financial items amounted to MSEK -44 (-78) whereof interest net at MSEK -91 (-22). Other financial items, including financial exchange differences were MSEK 47 (-56). Profit before tax amounted to MSEK 8 655 (6 671), corresponding to a margin of 21.7% (22.2). Corporate income tax amounted to MSEK -2 127 (-1 458), corresponding to an effective tax rate of 24.6% (21.9). The higher effective tax rate compared to the previous year was mainly due to a geographical mix effect.

Profit for the period was MSEK 6 528 (5 213). Basic and diluted earnings per share were SEK 1.34 (1.07 adjusted for share split) and SEK 1.34 (1.07 adjusted for share split), respectively.

The return on capital employed during the last 12 months was 29% (27). Return on equity was 32% (30). The Group uses a weighted average cost of capital (WACC) of 8.0% as an investment and overall performance benchmark.

Operating cash flow and investments

Operating cash surplus increased to MSEK 10 690 (8 145). Net financial items and taxes paid amounted to MSEK -1 976 (-1 324). Working capital increased by MSEK 2 212 (increase of 3 079), mainly due to increased inventories.

Net investments in rental equipment were MSEK -298 (-185). Net investments in property, plant, and equipment, mostly related to extension of production capacity, were MSEK -983 (-836).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 13) reached MSEK 4 948 (2 400).

Net indebtedness

The Group's net indebtedness amounted to MSEK 24 124 (6 144), of which MSEK 2 419 (2 554) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 5.8 years. The net debt/EBITDA ratio was 0.6 (0.2) and the net debt/equity ratio was 28% (8).

Acquisition and divestment of own shares

During the quarter, 28 189 series A shares, net, were sold for a net value of MSEK -1. These transactions are in accordance with mandates granted by the Annual General Meeting and relate to the Group's long-term incentive programs. See page 17.

Employees

On March 31, 2023, the number of employees was 50 056 (43 989). The number of consultants/external workforce was 3 576 (4 086). For comparable units, the total workforce increased by 2 882 from March 31, 2022.

Revenues and operating profit – bridge

MSEK	Q1 2023	Volume, price, mix and other	Currency	Acquisitions	Items affecting comparability	Share-based LTI* programs	Q1 2022
Atlas Copco Group							
Revenues	39 861	5 340	2 590	1 845	-	-	30 086
Operating profit	8 699	1 198	780	160	0	-188	6 749
	21.8%						22.4%

*LTI= Long term incentive

Compressor Technique

MSEK	January - March		
	2023	2022	
Orders received	21 819	16 859	29%
Revenues	17 632	13 305	33%
EBITA*	4 386	3 270	34%
– as a percentage of revenues	24.9	24.6	
Operating profit	4 245	3 170	34%
– as a percentage of revenues	24.1	23.8	
Return on capital employed, %	82	90	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Record orders, supported by orders for large compressors**
- **Solid growth for equipment and service**
- **Record revenues and operating profit, margin at 24.1%**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2022	16 859	13 305
Structural change, %	+3	+3
Currency, %	+7	+8
Organic*, %	+19	+22
Total, %	+29	+33
2023	21 819	17 632

*Volume, price and mix.

Industrial compressors

The demand for industrial compressors was strong, and solid order growth was achieved compared to the previous year and sequentially, supported by several significant orders to application segments such as electric vehicles, battery production, LNG, and the chemical industry. Year-on-year, solid order growth was achieved for larger compressors, while the order development for small and medium-sized compressors was close to flat.

Geographically, order volumes increased in all regions, especially in Europe.

Gas and process compressors

The order intake for gas and process compressors was exceptional, and order volumes increased significantly. The strong order growth was primarily driven by several larger orders related to LNG but also carbon capture applications during the latter part of the quarter.

Strong order growth was achieved in most regions, particularly in Asia and North America.

Compressor service

The demand for service remained strong, and solid order growth was achieved in all regions.

Innovation

The business area introduced a new range of oil-injected screw compressors, the GA 55⁺-90. The new range offers high reliability and energy efficiency thanks to the latest compressor element technology, an intelligent temperature control system and smart sensors that monitor pressure drops.

Acquisitions

The business area completed two acquisitions in the quarter:

FS Medical Technology Business (FS Medical), a US-based service supplier of medical gas systems with 32 employees and revenues of MSEK 71.

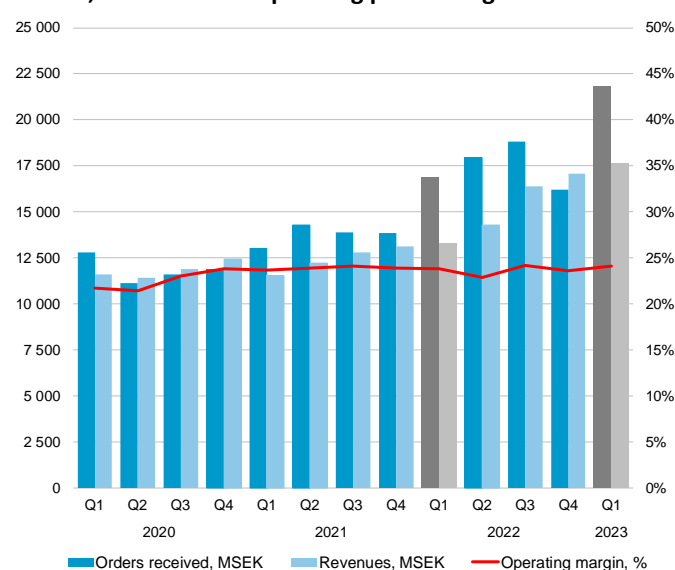
MedCore Services Inc., a Canadian-based medical gas service provider with 7 employees and revenues of around MSEK 10.

Revenues and profitability

Revenues increased 33% to record MSEK 17 632 (13 305), corresponding to an organic increase of 22%.

The operating profit increased 34% to MSEK 4 245 (3 170), corresponding to a margin 24.1% (23.8). The main explanation for the higher margin was increased organic revenues, although currency also had a positive effect. Dilution from recent acquisitions had a negative effect on the operating margin. Return on capital employed (last 12 months) was 82% (90).

Orders, revenues and operating profit margin



Vacuum Technique

MSEK	January - March		
	2023	2022	
Orders received	9 524	11 564	-18%
Revenues	9 989	8 179	22%
EBITA*	2 441	1 995	22%
– as a percentage of revenues	24.4	24.4	
Operating profit	2 268	1 859	22%
– as a percentage of revenues	22.7	22.7	
Return on capital employed, %	24	25	

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Decreased equipment demand from the semiconductor and flat panel display industry**
- **Solid order growth for industrial vacuum equipment and for service**
- **Operating margin at 22.7%**

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2022	11 564	8 179
Structural change, %	+3	+4
Currency, %	+6	+9
Organic*, %	-27	+9
Total, %	-18	+22
2023	9 524	9 989

*Volume, price and mix.

Semiconductor and flat panel display equipment

Order volumes for equipment to the semiconductor and flat panel display industry decreased significantly compared to the previous year. Sequentially, however, order volumes increased, supported by increased order intake in Asia.

Geographically, and compared to the previous year, order volumes decreased markedly in all regions.

Industrial and scientific vacuum equipment

Orders for industrial and scientific vacuum equipment increased compared to the previous year and sequentially. The higher order intake was supported by solid demand from several industrial application segments.

The year-on-year order growth was driven by increased order intake in North America and Asia.

Vacuum service

The service business continued to grow with increased order intake from semiconductor and industrial customers, the latter in particular. Solid order growth was achieved in all major regions.

Innovation

A new range of dry claw vacuum pumps was introduced, DZS 600-1200 VSD+, mainly targeting industrial applications such as pneumatic conveying, pick & place and sewage treatment. The new products have a variable speed drive and offer high energy efficiency and low noise level for the customers.

Acquisitions

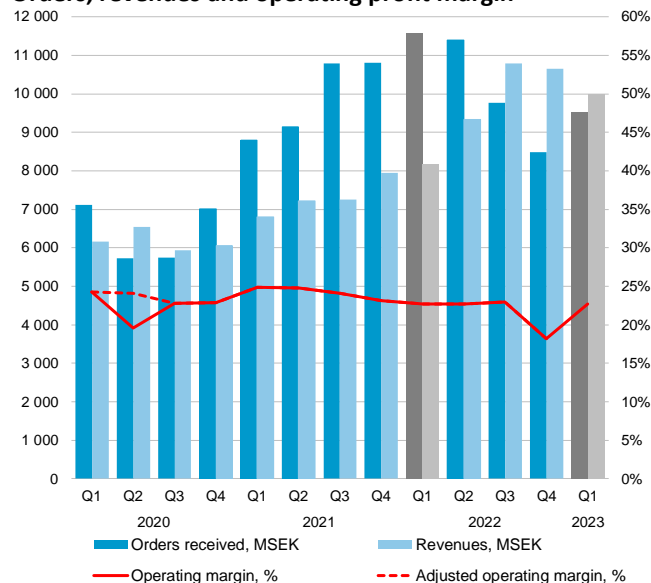
In the quarter, CVS Engineering GmbH was acquired, a German-based manufacturer of industrial vacuum pumps and blowers for mobile use with 76 employees and revenues of around MSEK 200.

Revenues and profitability

Revenues increased 22% to MSEK 9 989 (8 179), corresponding to an organic increase of 9%.

The operating profit increased 22% to MSEK 2 268 (1 859), corresponding to a margin of 22.7% (22.7). Increased organic revenues and currency supported the margin. At the same time, dilution from acquisitions, costs related to supply chain constraints and consequent inefficiencies in production and service, and continued investments in R&D and marketing affected the margin negatively. Return on capital employed (last 12 months) was 24% (25).

Orders, revenues and operating profit margin



Industrial Technique

MSEK	January - March		
	2023	2022	
Orders received	7 729	6 002	29%
Revenues	6 492	5 083	28%
EBITA*	1 507	1 196	26%
– as a percentage of revenues	23.2	23.5	
Operating profit	1 371	1 065	29%
– as a percentage of revenues	21.1	21.0	
Return on capital employed, %	18	17	

* Operating profit excluding amortization of intangibles related to acquisitions.

- Record orders driven by strong equipment demand from the automotive industry
- Significant order growth for service
- Operating profit margin at 21.1%

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2022	6 002	5 083
Structural change, %	+0	+0
Currency, %	+9	+9
Organic*, %	+20	+19
Total, %	+29	+28
2023	7 729	6 492

*Volume, price and mix.

Automotive industry

Order volumes for industrial assembly and vision solutions to the automotive industry increased significantly. The strong order growth was driven by several investment projects related to customers' production of electric vehicles and automation.

Geographically, order volumes increased markedly in all regions.

General industry

The order intake for industrial assembly and vision solutions to the general industry increased. The increased order volumes were supported by solid demand from several customer segments, such as off-highway, electronics, solar power, and metal fabrication customers.

Geographically, order volumes increased in North America and Asia but were basically unchanged in Europe.

Service

The demand for service remained high, and order volumes increased markedly with solid order growth in all regions.

Innovation

A new server-based controller for industrial assembly tools was introduced to the market, the ToolsControl. The new controller can run tightening software on a server or a local PC, offers a single-point connection to customers' systems, reduces the need for physical controllers at customers' sites and saves floor space.

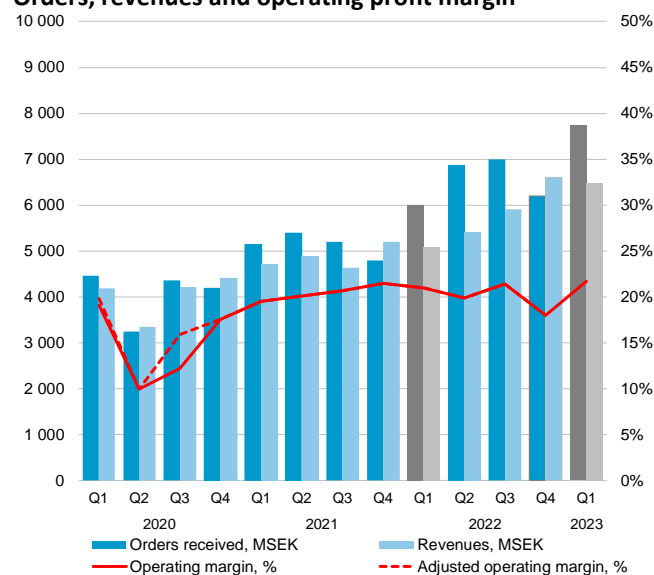
Revenues and profitability

Revenues increased 28% to MSEK 6 492 (5 083), corresponding to an organic increase of 19%.

The operating profit increased 29% to MSEK 1 371 (1 065), corresponding to a margin of 21.1% (21.0).

The margin was supported by increased organic revenues, partly offset by currency and continued costs related to supply chain constraints. Return on capital employed (last 12 months) was 18% (17%).

Orders, revenues and operating profit margin



Power Technique

MSEK	January - March		
	2023	2022	
Orders received	8 929	6 164	45%
Revenues	5 996	3 702	62%
EBITA*	1 206	675	79%
– as a percentage of revenues	20.1	18.2	
Operating profit	1 145	664	72%
– as a percentage of revenues	19.1	17.9	
Return on capital employed, %	24	29	

* Operating profit excluding amortization of intangibles related to acquisitions.

- Record orders supported by strong equipment demand
- Solid order growth for specialty rental and service
- Record revenues and operating profit, margin at 19.1%

Sales bridge

MSEK	January - March	
	Orders received	Revenues
2022	6 164	3 702
Structural change, %	+24	+28
Currency, %	+10	+10
Organic*, %	+11	+24
Total, %	+45	+62
2023	8 929	5 996

*Volume, price and mix.

Equipment

The demand for equipment was strong, and the order intake increased significantly, primarily driven by increased order intake for portable compressors. The strong year-on-year growth was supported by increased demand from equipment rental companies in North America. Significant order growth was also achieved sequentially with increased volumes for most product groups, partly explained by a more comprehensive product offer and a normal seasonal effect.

The strong year-on-year order growth was primarily generated by increased order volumes in North America.

Specialty rental

Order volumes for the specialty rental business increased significantly compared to the previous year but remained essentially unchanged sequentially.

Year-on-year order volumes increased in all regions except Asia, where order volumes decreased.

Service

The order intake for service continued to increase with solid growth in most regions.

Innovation

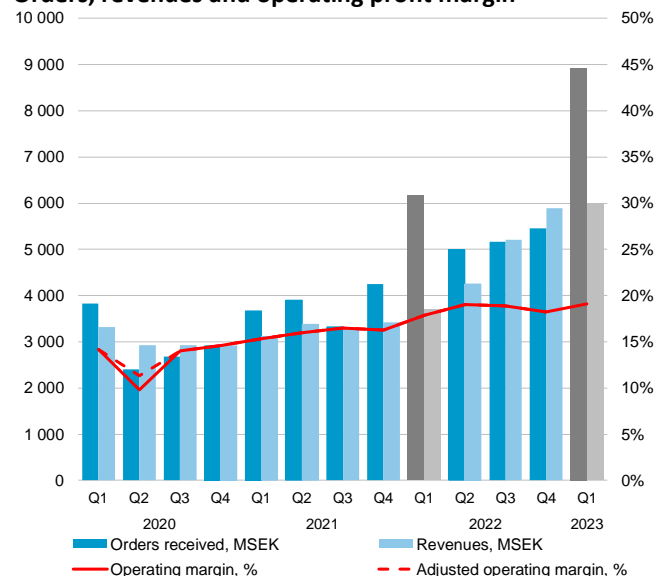
A new series of electric-driven dewatering pumps, the E Pumps (E PAS and E PAC), primarily targeting applications such as sewage bypass in the municipality sector and construction, was launched. The new pumps offer customers low noise levels, minimal CO₂ emissions, and up to 40% lower total cost of ownership versus traditional diesel-powered counterparts.

Revenues and profitability

Revenues increased 62% to record MSEK 5 996 (3 702), corresponding to an organic increase of 24%. Acquisitions contributed with 28%.

The operating profit increased 72% to record MSEK 1 145 (664), corresponding to a margin of 19.1% (17.9). The main explanation for the higher margin was increased organic revenues. Currency also had a positive effect on the operating margin, while recent acquisitions had a dilutive effect. Return on capital employed (last 12 months) was 24% (29).

Orders, revenues and operating profit margin



Accounting principles

The consolidated accounts of the Atlas Copco Group are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The description of the accounting principles and definitions applied in this report are found in the Annual Report 2022. The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Non-IFRS measures are also presented in the report since they are considered to be important supplemental measures of the company's performance. For further information about these measures and how they have been calculated, please visit:

<http://www.atlascopcogroup.com/investor-relations>

Risks, risk management and factors of uncertainty

Atlas Copco's global and diversified business is active within many customer segments and results in a variety of risks and opportunities geographically and operationally. Thus, the ability to identify, analyze and manage risks is crucial for effective governance and control of the business. The aim is to meet the Group's goals with a high awareness of risks and well-managed risk taking. Atlas Copco sees the benefits of an efficient risk management both from risk reduction and business opportunity perspectives, which can lead to good business growth.

Risks in Atlas Copco are identified in a 360-degree spectrum, meaning that both internal, and external exposures are assessed including today's circumstances and future changes. The Group's risk management approach follows the decentralized structure of Atlas Copco. Risks are analyzed and addressed in an integrated way. Local companies are responsible for their own risk management, which is monitored and followed up regularly at for example local business board meetings. Group functions responsible for legal, insurance, human resources, compliance, sustainability, treasury, tax, controlling and accounting provide policies, guidelines and instructions regarding risk management.

Risk areas include compliance risks, external exposure risks, including pandemics, operational risks and strategic risks. These risk areas can impact the business negatively both in the long and short term, but often also create business opportunities if managed well. Examples of risks and how they are handled is described below.

Market risks

The demand for Atlas Copco's equipment and services is affected by changes in the customers' investment and production levels. A general economic downturn, geopolitical tensions, pandemics, changes in trade agreements, trade sanctions, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which mitigates the risk.

Financial risks

Atlas Copco is subject to currency risks, funding risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial

risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

Production risks

A large part of the components used in production are sourced from sub-suppliers. The availability is dependent on the sub-suppliers and if they have interruptions or lack capacity, this may adversely affect production. To minimize these risks, Atlas Copco has established a global network of sub-suppliers, which means that in most cases there are more than one sub-supplier that can provide a certain component. Atlas Copco is also directly and indirectly exposed to raw material prices. Cost increases for raw materials and components often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions

Atlas Copco has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialize than anticipated.

Risks related to the war in Ukraine

Atlas Copco's financial exposure to Russia and Ukraine is limited. During 2022, revenues from Russia accounted for less than 1% of the Group's total revenues. Ukraine accounted for well below 0.1% of the Group's total revenues. Further, Atlas Copco has no production units in Russia or Ukraine. Hence the ongoing war has very limited direct financial effects on Atlas Copco. Given the uncertainties surrounding the ongoing conflict, it is very difficult to predict potential indirect effects on Atlas Copco. As of March 31, 2023, there is no significant impact on any balance sheet items.

For more information of Atlas Copco's risk management process and further descriptions of risks and how they are handled, see the Annual Report 2022.

Forward-looking statements

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Atlas Copco AB

Atlas Copco AB and its subsidiaries are sometimes referred to as the Atlas Copco Group, the Group or Atlas Copco. Atlas Copco AB is also sometimes referred to as Atlas Copco. Any mentioning of the Board of Directors, the Board or the Directors refers to the Board of Directors of Atlas Copco AB.

Consolidated income statement (condensed)

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2023	2022
Revenues	39 861	30 086
Cost of sales	-22 411	-17 344
Gross profit	17 450	12 742
Marketing expenses	-4 561	-3 381
Administrative expenses	-2 414	-1 567
Research and development costs	-1 554	-1 186
Other operating income and expenses	-222	141
Operating profit	8 699	6 749
- as a percentage of revenues	21.8	22.4
Net financial items	-44	-78
Profit before tax	8 655	6 671
- as a percentage of revenues	21.7	22.2
Income tax expense	-2 127	-1 458
Profit for the period	6 528	5 213
Profit attributable to		
- owners of the parent	6 523	5 213
- non-controlling interests	5	-
Basic earnings per share, SEK	1.34	1.07¹⁾
Diluted earnings per share, SEK	1.34	1.07 ¹⁾
Basic weighted average number of shares outstanding, millions	4 868.2	4 871.7 ¹⁾
Diluted weighted average number of shares outstanding, millions	4 875.8	4 881.1 ¹⁾
Key ratios		
Equity per share, period end, SEK	18	15 ¹⁾
Return on capital employed, 12 month values, %	29	27
Return on equity, 12 month values, %	32	30
Debt/equity ratio, period end, %	28	8
Equity/assets ratio, period end, %	49	50
Number of employees, period end	50 056	43 989

¹⁾Earnings per share, number of shares, and equity capital per share are adjusted for share split.

Consolidated statement of comprehensive income

	3 months ended	
	Mar. 31	Mar. 31
MSEK	2023	2022
Profit for the period	6 528	5 213
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	-164	845
Income tax relating to items that will not be reclassified	51	-220
	-113	625
Items that may be reclassified subsequently to profit or loss		
Translation differences on foreign operations	-270	1 433
Hedge of net investments in foreign operations	-202	-210
Cash flow hedges	27	-68
Income tax relating to items that may be reclassified	61	61
	-384	1 216
Other comprehensive income for the period, net of tax	-497	1 841
Total comprehensive income for the period	6 031	7 054
Total comprehensive income attributable to		
- owners of the parent	6 026	7 054
- non-controlling interests	5	-

Consolidated balance sheet (condensed)

MSEK	Mar. 31, 2023	Mar. 31, 2022	Dec. 31, 2022
Intangible assets	67 283	51 215	67 067
Rental equipment	2 805	2 437	2 689
Other property, plant and equipment	13 319	9 615	12 720
Right-of-use assets	5 490	3 213	4 752
Financial assets and other receivables	2 578	2 188	2 668
Deferred tax assets	2 065	1 585	2 193
Total non-current assets	93 540	70 253	92 089
Inventories	29 819	20 361	27 219
Trade and other receivables	41 925	32 390	40 849
Other financial assets	763	752	889
Cash and cash equivalents	9 882	24 183	11 254
Assets classified as held for sale	1	5	1
Total current assets	82 390	77 691	80 212
TOTAL ASSETS	175 930	147 944	172 301
Equity attributable to owners of the parent	85 913	74 435	79 976
Non-controlling interests	55	1	50
TOTAL EQUITY	85 968	74 436	80 026
Borrowings	29 375	20 966	23 770
Post-employment benefits	2 419	2 554	2 380
Other liabilities and provisions	1 842	1 825	1 922
Deferred tax liabilities	2 575	2 230	2 745
Total non-current liabilities	36 211	27 575	30 817
Borrowings	2 975	7 559	12 563
Trade payables and other liabilities	48 978	36 755	47 142
Provisions	1 798	1 619	1 753
Total current liabilities	53 751	45 933	61 458
TOTAL EQUITY AND LIABILITIES	175 930	147 944	172 301

Fair value of derivatives, cash equivalents and borrowings

The carrying value and fair value of the Group's outstanding derivatives, liquidity funds and borrowings are shown in the tables below. The fair values of bonds are based on level 1 and the fair values of derivatives, liquidity funds and other loans are based on level 2 in the fair value hierarchy. Compared to 2022, 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. Liquidity funds, reported under cash equivalents, are according to IFRS 9 classified at fair value through profit and loss. For further information, see note 27 in the Annual Report 2022.

<http://www.atlascopco.com/ir>

Financial instruments recorded at fair value

MSEK	Mar. 31, 2023	Dec. 31, 2022
<i>Non-current assets and liabilities</i>		
Assets	96	86
Liabilities	-	-
<i>Current assets and liabilities</i>		
Assets	697	625
Liabilities	101	288

Carrying value and fair value of borrowings

MSEK	Mar. 31, 2023	Mar. 31, 2023	Dec. 31, 2022	Dec. 31, 2022
	Carrying value	Fair value	Carrying value	Fair value
Bonds	14 578	12 306	17 902	15 535
Other loans	12 354	12 078	13 612	13 223
Lease liability	5 418	5 418	4 819	4 819
	32 350	29 802	36 333	33 577

Consolidated statement of changes in equity (condensed)

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2023	79 976	50	80 026
Changes in equity for the period			
Total comprehensive income for the period	6 026	5	6 031
Acquisition and divestment of own shares	-1	-	-1
Share-based payments, equity settled	-88	-	-88
Closing balance, March 31, 2023	85 913	55	85 968

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2022	67 633	1	67 634
Changes in equity for the period			
Total comprehensive income for the period	7 054	-	7 054
Acquisition and divestment of own shares	-250	-	-250
Share-based payments, equity settled	-2	-	-2
Closing balance, March 31, 2022	74 435	1	74 436

Consolidated statement of cash flows (condensed)

MSEK	January - March	
	2023	2022
Cash flows from operating activities		
Operating profit	8 699	6 749
Depreciation, amortization and impairment (see below)	1 778	1 441
Capital gain/loss and other non-cash items	213	-45
Operating cash surplus	10 690	8 145
Net financial items received/paid	-351	-225
Taxes paid	-1 625	-1 099
Pension funding and payment of pension to employees	-142	-82
Change in working capital	-2 212	-3 079
Investments in rental equipment	-308	-190
Sale of rental equipment	10	5
Net cash from operating activities	6 062	3 475
Cash flows from investing activities		
Investments in property, plant and equipment	-1 001	-852
Sale of property, plant and equipment	18	16
Investments in intangible assets	-373	-345
Acquisition of subsidiaries and associated companies	-564	-226
Other investments, net	3	-4
Net cash from investing activities	-1 917	-1 411
Cash flows from financing activities		
Repurchase and sales of own shares	-1	-250
Change in interest-bearing liabilities, net	-5 378	3 287
Net cash from financing activities	-5 379	3 037
Net cash flow for the period	-1 234	5 101
Cash and cash equivalents, beginning of the period	11 254	18 990
Exchange differences in cash and cash equivalents	-138	92
Cash and cash equivalents, end of the period	9 882	24 183

Depreciation, amortization and impairment

<i>Rental equipment</i>	196	186
<i>Other property, plant and equipment</i>	443	356
<i>Right-of-use assets</i>	377	311
<i>Intangible assets</i>	762	588
<i>Total</i>	<i>1 778</i>	<i>1 441</i>

Calculation of operating cash flow

MSEK	January - March	
	2023	2022
Net cash flow for the period	-1 234	5 101
Add back:		
Change in interest-bearing liabilities, net	5 378	-3 287
Repurchase and sales of own shares	1	250
Acquisitions and divestments	564	226
Currency hedges	239	110
Operating cash flow	4 948	2 400

Revenues by business area

MSEK (by quarter)	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	11 522	12 212	12 792	13 131	13 305	14 291	16 377	17 085	17 632
- of which external	11 423	12 099	12 677	13 017	13 169	14 174	16 244	16 957	17 466
- of which internal	99	113	115	114	136	117	133	128	166
Vacuum Technique	6 808	7 220	7 249	7 942	8 179	9 335	10 781	10 646	9 989
- of which external	6 804	7 214	7 245	7 937	8 173	9 332	10 773	10 639	9 979
- of which internal	4	6	4	5	6	3	8	7	10
Industrial Technique	4 713	4 880	4 630	5 198	5 083	5 405	5 911	6 608	6 492
- of which external	4 705	4 873	4 622	5 190	5 072	5 396	5 900	6 595	6 469
- of which internal	8	7	8	8	11	9	11	13	23
Power Technique	3 121	3 377	3 312	3 424	3 702	4 247	5 207	5 897	5 996
- of which external	3 089	3 348	3 280	3 389	3 672	4 209	5 157	5 863	5 947
- of which internal	32	29	32	35	30	38	50	34	49
Common Group Items / Eliminations	-143	-155	-159	-162	-183	-167	-202	-182	-248
Atlas Copco Group	26 021	27 534	27 824	29 533	30 086	33 111	38 074	40 054	39 861

Equipment and service revenues

% of total revenues	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique - Equipment	56	57	58	57	55	57	58	59	57
Compressor Technique - Service	44	43	42	43	45	43	42	41	43
Vacuum Technique - Equipment	75	76	75	76	76	77	78	78	77
Vacuum Technique - Service	25	24	25	24	24	23	22	22	23
Industrial Technique - Equipment	72	74	71	74	72	72	72	74	71
Industrial Technique - Service	28	26	29	26	28	28	28	26	29
Power Technique - Equipment	60	59	56	55	55	54	56	58	58
Power Technique - Service	40	41	44	45	45	46	44	42	42

Operating profit by business area

MSEK (by quarter)	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	2 730	2 916	3 087	3 141	3 170	3 266	3 963	4 026	4 245
- as a percentage of revenues	23.7	23.9	24.1	23.9	23.8	22.9	24.2	23.6	24.1
Vacuum Technique	1 695	1 789	1 748	1 834	1 859	2 123	2 484	1 941	2 268
- as a percentage of revenues	24.9	24.8	24.1	23.1	22.7	22.7	23.0	18.2	22.7
Industrial Technique	917	981	958	1 120	1 065	1 077	1 267	1 188	1 371
- as a percentage of revenues	19.5	20.1	20.7	21.5	21.0	19.9	21.4	18.0	21.1
Power Technique	476	539	548	558	664	807	983	1 071	1 145
- as a percentage of revenues	15.3	16.0	16.5	16.3	17.9	19.0	18.9	18.2	19.1
Common Group Items / Eliminations	-431	-301	-341	-405	-9	6	-319	-416	-330
Operating profit	5 387	5 924	6 000	6 248	6 749	7 279	8 378	7 810	8 699
- as a percentage of revenues	20.7	21.5	21.6	21.2	22.4	22.0	22.0	19.5	21.8
Net financial items	-44	-52	-55	2	-78	26	70	-190	-44
Profit before tax	5 343	5 872	5 945	6 250	6 671	7 305	8 448	7 620	8 655
- as a percentage of revenues	20.5	21.3	21.4	21.2	22.2	22.1	22.2	19.0	21.7

Return on capital employed by business area

% (by quarter)	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Compressor Technique	84	91	94	93	90	86	83	82	82
Vacuum Technique	20	23	24	25	25	25	25	24	24
Industrial Technique	12	13	15	16	17	17	18	17	18
Power Technique	19	23	25	27	29	29	27	25	24
Atlas Copco Group	23	26	27	27	27	28	29	29	29

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2023 Mar. 7	FS Medical Technology Business		Compressor Technique	71	32
2023 Feb. 2	CVS Engineering GmbH		Vacuum Technique	200	76
2023 Jan. 17	MedCore Services Inc.		Compressor Technique	10	7
2022 Dec. 5	Shandong Meditech Medical Technology Co., Ltd		Compressor Technique	114	70
2022 Dec. 2	Suzhou Since Gas System Co., Ltd		Compressor Technique	93	80
2022 Nov. 21	Montana Instruments Corporation		Vacuum Technique	106	38
2022 Nov. 11	Northeast Compressor		Compressor Technique		6
2022 Nov. 9	Entreprises Larry Inc.		Compressor Technique		65
2022 Nov. 2	Precision Pneumatics Ltd		Compressor Technique		26
2022 Nov. 2	Wearside Pneumatics Ltd		Compressor Technique		19
2022 Nov. 2	Shandong Jinggong Pump Co., Ltd		Vacuum Technique	102	100
2022 Nov. 2	Aircel, LLC.		Compressor Technique	55	19
2022 Oct. 17	Vector Sp. z o.o.		Compressor Technique		23
2022 Oct. 4	Mesa Equipment & Supply Company		Compressor Technique		19
2022 Sep. 5	DF-Druckluft-Fachhandel GmbH		Compressor Technique		39
2022 Sep. 2	Oxymat A/S		Compressor Technique	411	146
2022 Aug. 1	LEWA GmbH		Power Technique	2 400	1 200
2022 Aug. 1	Geveke B.V.		Power Technique	648	173
2022 Jul. 29	Compressed Air Products, Inc. (operating assets)		Compressor Technique		20
2022 Jul. 27	Glaston Compressor Services Ltd		Compressor Technique		26
2022 Jul. 18	Ceres Technologies, Inc.		Vacuum Technique	351	185
2022 Jul. 8	Les pompes à vide TECHNI-V-AC inc.		Vacuum Technique		10
2022 Jul. 5	FITEC S.A.S.		Compressor Technique		8
2022 Jul. 4	Bireme Group		Compressor Technique		20
2022 Jul. 4	National Vacuum Equipment Inc.		Vacuum Technique	223	100
2022 Jun. 13	Qolibri Inc.		Vacuum Technique	0.6	4
2022 Jun. 8	Associated Compressor Engineers Ltd (ACE)		Compressor Technique		12
2022 Jun. 2	Tekser Endüstriyel Cihazlar Sanayi ve Ticaret A.Ş (Tekser)		Vacuum Technique		8
2022 Jun. 1	CAS Products Ltd (CAS)		Compressor Technique		12
2022 Apr. 5	Pumpenfabrik Wangen GmbH		Power Technique	466	265
2022 Mar. 2	SCB S.r.l.		Compressor Technique	51	16
2022 Jan. 24	Soft2tec GmbH		Industrial Technique	20	38
2022 Jan. 21	HHV Pumps Pvt. Ltd.		Vacuum Technique	53	151

*Annual revenues and number of employees at time of acquisition/divestment. No revenues are disclosed for former Atlas Copco distributors.

Due to the relatively small size of most of the acquisitions made in 2023, full disclosure as per IFRS 3 is not given in this interim report.

Disclosure on an aggregated level will be given in the Annual Report 2023. See the Annual Report for 2022 for disclosure of acquisitions made in 2022.

Parent company**Income statement (condensed)**

MSEK	January - March	
	2023	2022
Administrative expenses	-179	-87
Other operating income and expenses	22	24
Operating profit/loss	-157	-63
Financial income and expenses	-75	-117
Profit/loss before tax	-232	-180
Income tax	175	88
Profit/loss for the period	-57	-92

Balance sheet (condensed)

MSEK	Mar. 31	Mar. 31	Dec. 31
	2023	2022	2022
Total non-current assets	180 881	164 139	179 842
Total current assets	5 282	6 087	4 932
TOTAL ASSETS	186 163	170 226	184 774
Total restricted equity	5 785	5 785	5 785
Total non-restricted equity	156 372	143 246	156 517
TOTAL EQUITY	162 157	149 031	162 302
Total provisions	575	767	704
Total non-current liabilities	23 109	16 400	18 532
Total current liabilities	322	4 028	3 236
TOTAL EQUITY AND LIABILITIES	186 163	170 226	184 774

Assets pledged and contingent liabilities

MSEK	Mar. 31	Mar. 31	Dec. 31
	2023	2022	2022
Assets pledged	194	199	199
Contingent liabilities	10 313	3 225	10 066

Accounting principles

Atlas Copco AB is the ultimate Parent Company of the Atlas Copco Group. The financial statements of Atlas Copco AB have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The same accounting principles and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. See also accounting principles, page 8.

Parent Company

Distribution of shares

Share capital equaled MSEK 786 (786) at the end of the period, distributed as follows:

Class of share	Shares
A shares	3 357 576 384
B shares	1 560 876 032
Total	4 918 452 416
- of which A shares held by Atlas Copco	50 067 262
- of which B shares held by Atlas Copco	-
Total shares outstanding, net of shares held by Atlas Copco	4 868 385 154

During the second quarter 2022 the share split resolved by the Annual General Meeting on April 26, 2022, whereby each share was divided into four (4) ordinary shares and one (1) redemption share, was concluded. For further information, see www.atlascopcogroup.com/en/investor-relations/atlas-copco-share/redemption-of-shares

Performance-based personnel option plan

The Annual General Meeting 2022 approved a performance-based long-term incentive program. For Group Management and division presidents, the plan requires management's own investment in Atlas Copco shares. The intention is to cover Atlas Copco's obligation under the plan through the repurchase of the company's own shares. For further information, see www.atlascopcogroup.com/agm

Transactions in own shares

Atlas Copco has mandates to acquire and sell own shares as per below:

- Acquisition of not more than 3 000 000 series A shares, whereof a maximum of 2 400 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2022.

- Acquisition of not more than 15 000 series A shares to hedge the obligation of the company to pay remuneration to board members who have chosen to receive 50% of the remuneration in synthetic shares.
- The sale of not more than 15 000 series A shares to cover costs related to previously issued synthetic shares to board members.
- The sale of a maximum 8 800 000 series A shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2016, 2017, 2018 and 2019.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During the first quarter 2023, 28 189 series A shares, net, were sold. These transactions are in accordance with mandates granted. The company's holding of own shares at the end of the period appears in the table to the left.

Risks and factors of uncertainty

Financial risks

Atlas Copco AB is subject to currency risks, funding risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, Atlas Copco has adopted a policy to control the financial risks to which Atlas Copco AB and the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy.

For further information, see the Annual Report 2022.

Related parties

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company compared with the information given in the Annual Report 2022.

Nacka, Sweden April 27, 2023
Atlas Copco AB (publ)

Mats Rahmström
 President and CEO

The company's auditors have not reviewed this report.

This is Atlas Copco

The Atlas Copco Group is a world-leading provider of sustainable productivity solutions, demanded by all types of industries, enabling everything from industrial automation to reliable medical air solutions. The Group offers innovative compressors, air treatment systems, vacuum solutions, industrial power tools and assembly systems, machine vision, and power and flow solutions. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics, supported by insights from connected products. The company was founded in 1873, is based in Nacka, Sweden, and has a global reach spanning more than 180 countries. In 2022, Atlas Copco had revenues of BSEK 141 and about 49 000 employees at year end.

Business areas

Atlas Copco has four business areas. The business areas are responsible for developing their respective operations by implementing and following up on strategies and objectives to achieve sustainable, profitable growth.

The **Compressor Technique** business area provides compressed air solutions; industrial compressors, gas and process compressors and expanders, air and gas treatment equipment, and air management systems. The business area has a global service network and innovates for sustainable productivity in the manufacturing and process industries. Principal product development and manufacturing units are located in Belgium, the United States, China, India, Germany, and Italy.

The **Vacuum Technique** business area provides vacuum products, exhaust management systems, valves and related products. The main markets served are semiconductor and scientific instruments as well as a wide range of industrial segments including chemical process industries, food packaging and paper handling. The business area has a global service network and innovates for sustainable productivity in order to further improve its customers' performance. Principal product development and manufacturing units are located in the United States, Mexico, United Kingdom, Czech Republic, Germany, South Korea, China, and Japan.

The **Industrial Technique** business area provides industrial power tools, assembly and machine vision solutions, quality assurance products, software, and service through a global network. The business area innovates for sustainable productivity for customers in the automotive and general industries. Principal product development and manufacturing units are located in Sweden, Germany, Hungary, United Kingdom, France, the United States, China, and Japan.

The **Power Technique** business area provides portable air and power, industrial and portable flow solutions through products such as mobile compressors, generators, light towers, industrial and portable pumps, along with a number of complementary products. It also offers specialty rental and provides service through a global network. Guided by a forward-thinking approach to innovation, Power Technique provides sustainable productivity solutions across multiple industries, including construction, manufacturing, oil and gas, and exploration drilling. Principal product development and manufacturing units are located in Belgium, Spain, Germany, the United States, China, and India.

Vision, mission and strategy

The Atlas Copco Group's vision is to become and remain First in Mind—First in Choice of its customers and other principal stakeholders. The mission is to achieve sustainable, profitable growth. Sustainability plays an important role in Atlas Copco's vision and it is an integral aspect of the Group's mission. An integrated sustainability strategy, backed by ambitious goals, helps the company deliver greater value to all its stakeholders in a way that is economically, environmentally and socially responsible.

For further information

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Conference call

A presentation for investors, analysts and media will be held on April 27, 2023, at 14:00 CEST.

To follow the presentation via webcast:
<https://ir.financialhearings.com/atlas-copco-q1-2023>

To participate via teleconference:
<https://conference.financialhearings.com/teleconference/?id=200677>

Please visit our website:
<http://www.atlascopcogroup.com/investor-relations>
for the webcast link and presentation material.

Annual General Meeting 2023

The Annual General Meeting for Atlas Copco AB will be held on April 27, 2023.

Second-quarter report 2023

The Q2 2023 report will be published on July 19, 2023 around 12:00 CEST and the conference call will be at 13:00 CEST. Silent period starts June 19, 2023.

Third-quarter report 2023

The Q3 2023 report will be published on October 25, 2023. Silent period starts September 25, 2023.

Fourth-quarter report 2023

The Q4 2023 report will be published on January 25, 2024. Silent period starts December 26, 2023.

This information is information that Atlas Copco AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 11:00 CEST on April 27, 2023.