

January 25, 2022

Atlas Copco Interim report on Q4 and full-year summary 2021

Continued high demand, record revenues and operating profit

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

- Orders received increased 30% to MSEK 33 525 (25 868), organic growth of 26%
- Revenues increased 15% to MSEK 29 533 (25 738), organic growth of 12%
- Operating profit increased 16% to MSEK 6 248 (5 373), corresponding to a margin of 21.2% (20.9)
 - Adjusted operating profit, excluding items affecting comparability, was MSEK 6 462 (5 402), corresponding to a margin of 21.9% (21.0)
- Profit before tax amounted to MSEK 6 250 (5 293)
- Basic earnings per share were SEK 4.01 (3.45)
- Operating cash flow at MSEK 6 650 (6 459)
- Return on capital employed was 27% (23)
- The Board of Directors proposes:
 - Ordinary dividend for 2021 of SEK 7.60 (7.30) per share, to be paid in two installments
 - Extra distribution of SEK 8.00 per share through mandatory redemption of shares
 - 4:1 share split of ordinary shares

MSEK	October - December			January - December		
	2021	2020		2021	2020	
Orders received	33 525	25 868	30%	129 545	100 554	29%
Revenues	29 533	25 738	15%	110 912	99 787	11%
EBITA*	6 615	5 723	16%	25 015	20 473	22%
– as a percentage of revenues	22.4	22.2		22.6	20.5	
Operating profit	6 248	5 373	16%	23 559	19 146	23%
– as a percentage of revenues	21.2	20.9		21.2	19.2	
Profit before tax	6 250	5 293	18%	23 410	18 825	24%
– as a percentage of revenues	21.2	20.6		21.1	18.9	
Profit for the period	4 889	4 196	17%	18 134	14 783	23%
Basic earnings per share, SEK	4.01	3.45		14.89	12.16	
Diluted earnings per share, SEK	4.00	3.44		14.85	12.14	
Return on capital employed, %	27	23				

* Operating profit excluding amortization of intangibles related to acquisitions.

Near-term demand outlook

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

Previous near-term demand outlook (published October 21, 2021):

Atlas Copco expects that the customers' business activity level will remain high, but weaken compared to the very high level in the third quarter.

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

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

Atlas Copco Group Center

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Summary of full-year 2021

Orders and revenues

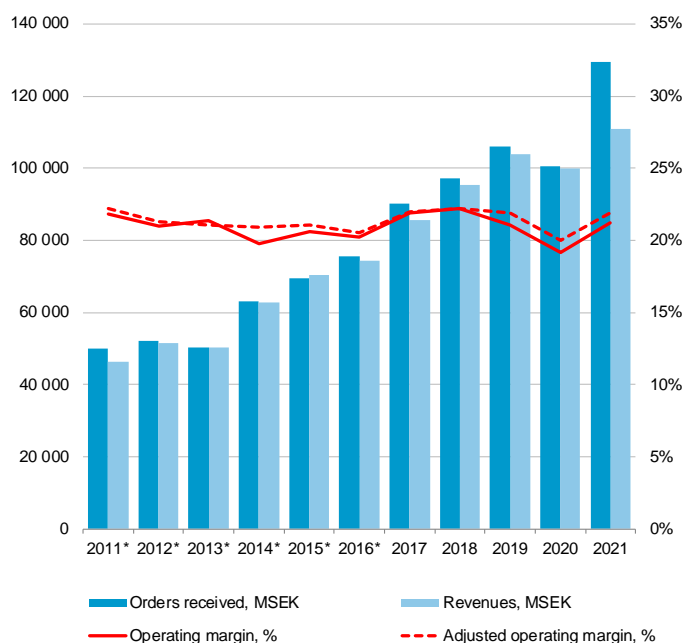
Orders received in 2021 increased 29% to record MSEK 129 545 (100 554), corresponding to an organic growth of 33%. Revenues also reached a record and increased 11% to MSEK 110 912 (99 787), corresponding to a 14% organic increase.

Sales bridge

MSEK	January - December	
	Orders received	Revenues
2020	100 554	99 787
Structural change, %	+2	+2
Currency, %	-6	-5
Organic*, %	+33	+14
Total, %	+29	+11
2021	129 545	110 912

*Volume, price and mix.

Orders, revenues and operating profit margin



* 2011–2016 figures are best estimated numbers, as the effects of the split of the Group and restatements for IFRS 15 are not fully reconciled.

Results and cash flow

Operating profit increased 23% to record MSEK 23 559 (19 146), corresponding to a margin of 21.2% (19.2). Items affecting comparability includes a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -687 (-312). Previous year also included other items affecting comparability of MSEK -540. Adjusted operating profit increased 21% to MSEK

24 246 (19 998) corresponding to a margin of 21.9% (20.0). The higher operating margin was mainly explained by increased revenue volumes. Profit before tax amounted to MSEK 23 410 (18 825), corresponding to a margin of 21.1% (18.9). Income tax expense amounted to MSEK 5 276 (4 042), corresponding to an effective tax rate of 22.5 (21.5%).

Profit for the period was MSEK 18 134 (14 783). Basic and diluted earnings per share were SEK 14.89 (12.16) and SEK 14.85 (12.14), respectively.

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence reconciled on page 14) before acquisitions, divestments and dividends reached MSEK 19 378 (18 910).

Capital distribution and proposed share split

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 7.60 (7.30) per share for the 2021 fiscal year. In order to facilitate a more efficient cash management, the ordinary annual dividend is proposed to be paid in two installments, the first with record date April 28, 2022, and the second with record date October 21, 2022. The first installment amount will be SEK 3.80 per share. The second installment amount will be SEK 3.80 per share (or SEK 0.95 per share if the proposed 4:1 split is decided by the Annual General Meeting).

The Board also proposes to the Annual General Meeting a share redemption procedure, whereby every share is split into one (1) ordinary share and one (1) redemption share. The redemption share is automatically redeemed at SEK 8.00 per share. Combined with the proposed ordinary dividend shareholders will receive SEK 15.60 per share which corresponds to a total capital distribution of MSEK 19 004 to shareholders. This excludes shares currently held by the company. If the Annual General Meeting 2022 decides in accordance with the Board's proposal the payment of the redemption share would be made around June 13, 2022.

Finally the Board proposes to the Annual General Meeting a 4:1 split of the ordinary share (A and B shares).

Personnel stock option program

The Board of Directors will propose to the Annual General Meeting a similar performance-based long-term incentive program as in the previous years, increasing the number of possible candidates in the program from 335 to 500. For Group Management, participation in the plan will require own investment in Atlas Copco shares. It is proposed that the plan is covered as before through the repurchase of the company's own shares. The details of the proposal will be communicated in connection with the Notice of the Annual General Meeting.

Revenues, profits and returns

Revenues reached record MSEK 29 533 (25 738), corresponding to an organic growth of 12%. Currency had a positive effect of 1%, and acquisitions added 2%.

The operating profit increased 16% to 6 248 (5 373) and includes a change in provision for share-related long-term incentive programs, reported in Common Group Items of MSEK -214 (-29).

Adjusted operating profit increased 20% to MSEK 6 462 (5 402), corresponding to a margin of 21.9% (21.0). Increased revenue volumes and currency were the main explanations for the higher operating margin. Acquisitions had a small negative effect on the margin (see revenue and operating profit bridge below).

Net financial items were MSEK +2 (-80) whereof interest net at MSEK -57 (-43). Other financial items, including financial exchange differences were MSEK +59 (-37). Profit before tax amounted to MSEK 6 250 (5 293), corresponding to a margin of 21.2% (20.6). Corporate income tax amounted to MSEK -1 361 (-1 097), corresponding to an effective tax rate of 21.8% (20.7).

Profit for the period was MSEK 4 889 (4 196). Basic and diluted earnings per share were SEK 4.01 (3.45) and SEK 4.00 (3.44), respectively.

The return on capital employed during the last 12 months was 27% (23). Return on equity was 30% (27). 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 7 626 (6 858). Net financial items and taxes paid amounted to MSEK 123 (-450). Change in working capital was positive by MSEK 524 (positive 1 182). The positive impact of increased liabilities was partly offset by increased inventories, which was the main explanation for the relatively smaller working capital improvement. Net investments in rental equipment were MSEK -119 (-89) and net investments in property, plant and equipment were MSEK -628 (-373).

Operating cash flow (important internal KPI, but not an IFRS measurement, and hence defined on page 14) reached MSEK 6 650 (6 459).

Net indebtedness

The Group's net indebtedness amounted to MSEK 8 151 (16 421), of which MSEK 3 114 (3 488) was attributable to post-employment benefits. The Group's interest-bearing liabilities have an average maturity of 4.1 years. The net debt/EBITDA ratio 0.3 (0.7) and the net debt/equity ratio was 12% (31).

Acquisition and divestment of own shares

During the quarter, 507 277 series A shares, net, were acquired for a net value of MSEK 303. 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 18.

Employees

On December 31, 2021, the number of employees was 42 862 (40 160). The number of consultants/external workforce was 3 762 (2 907). For comparable units, the total workforce increased by 3 249 from December 31, 2020.

Revenues and operating profit – bridge

MSEK	Q4 2021	Volume, price, mix and other	Currency	Acquisitions	Items affecting comparability	Share-based LTI* programs	Q4 2020
Atlas Copco Group							
Revenues	29 533	2 995	340	460	-	-	25 738
Operating profit	6 248	620	435	5	0	-185	5 373
	21.2%						20.9%

*LTI= Long term incentive

Compressor Technique

MSEK	October - December			January - December		
	2021	2020		2021	2020	
Orders received	13 834	11 867	17%	55 012	47 401	16%
Revenues	13 131	12 446	6%	49 657	47 329	5%
EBITA*	3 233	3 034	7%	12 205	10 952	11%
– as a percentage of revenues	24.6	24.4		24.6	23.1	
Operating profit	3 141	2 965	6%	11 874	10 658	11%
– as a percentage of revenues	23.9	23.8		23.9	22.5	
Return on capital employed, %	93	79				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Continued strong demand and record revenues**
- **Strong growth for all compressor types, and continued growth for service**
- **Steady margin at 23.9%**

Sales bridge

MSEK	October - December	
	Orders received	Revenues
2020	11 867	12 446
Structural change, %	+2	+2
Currency, %	+1	+1
Organic*, %	+14	+3
Total, %	+17	+6
2021	13 834	13 131

*Volume, price and mix.

Industrial compressors

The order intake for industrial compressors increased significantly compared to the previous year, with a similar pace for large and smaller-sized compressors. The strong year-on-year growth was generated by improved demand in all major geographical regions.

Sequentially, and compared to the previous quarter, order volumes decreased somewhat, primarily due to lower demand in Asia.

Gas and process compressors

Order volumes for gas and process compressors increased considerably compared to the previous year but were basically unchanged sequentially.

Geographically, and compared to the previous year, the order intake increased in most regions.

Compressor service

The demand for service remained high, and the order intake increased in all regions.

Innovation

A new range of oil-injected screw compressors, the GA 22-37 VSD^S, was introduced. The new GA 22-37 VSD^S range is even more energy-efficient than the previous VSD+ models and provides energy savings by up to 60% compared to fixed speed compressors.

Acquisitions

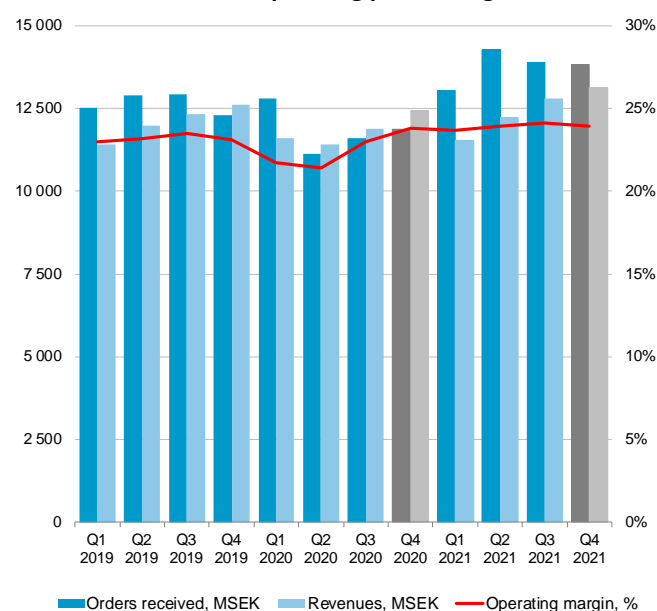
In the quarter, the business area acquired S.T.E.R.I. srl, an Italian compressor distributor and service provider with 19 employees.

Revenues and profitability

Revenues reached record MSEK 13 131 (12 446), corresponding to an organic increase of 3%.

The operating profit reached MSEK 3 141 (2 965), corresponding to a margin of 23.9% (23.8). Currency and increased organic revenue volumes supported the margin, while increased costs related to supply chain constraints, investments in marketing and digitalization, and acquisitions affected the margin negatively. Return on capital employed (last 12 months) increased to 93% (79).

Orders, revenues and operating profit margin



Vacuum Technique

MSEK	October - December			January - December		
	2021	2020		2021	2020	
Orders received	10 811	7 008	54%	39 529	25 583	55%
Revenues	7 942	6 063	31%	29 219	24 685	18%
EBITA*	1 964	1 515	30%	7 569	6 036	25%
– as a percentage of revenues	24.7	25.0		25.9	24.5	
Operating profit	1 834	1 390	32%	7 066	5 519	28%
– as a percentage of revenues	23.1	22.9		24.2	22.4	
Return on capital employed, %	25	19				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Continued high demand and record revenues**
- **Significant order growth for equipment and solid growth for service**
- **Operating profit margin at 23.1%**

Sales bridge

MSEK	October - December	
	Orders received	Revenues
2020	7 008	6 063
Structural change, %	+0	+0
Currency, %	+3	+2
Organic*, %	+51	+29
Total, %	+54	+31
2021	10 811	7 942

*Volume, price and mix.

Semiconductor and flat panel display equipment

The demand from the semiconductor and flat panel display industry remained high. Order volumes increased significantly compared to the previous year, supported by customers' investments in new technology and increased production capacity. Sequentially, however, the order intake did not reach the previous quarter's very high level.

Geographically, and compared to the previous year, growth was achieved in all major regions.

Industrial and scientific vacuum equipment

Order volumes for industrial and scientific vacuum equipment increased considerably compared to the previous year, supported by increased demand from a broad range of customer segments. The order intake also increased compared to the previous quarter.

Year-on-year, order volumes increased in all regions.

Vacuum service

The service business continued to grow in all regions, with increased order intake from both the semiconductor industry and industrial customers.

Innovation

The business area introduced a new dry vacuum pump in the quarter, the iXH6550HTX. The new product targets customers in the flat panel display industry and offers increased throughput resulting in energy savings of about 30% compared to alternative solutions.

Acquisitions

The business area completed two acquisitions in the quarter:

Eugen Theis GmbH, a German distributor of vacuum equipment and service solutions with 4 employees.

Provac Limited, an Irish Vacuum Distributor and Service Provider with 11 employees.

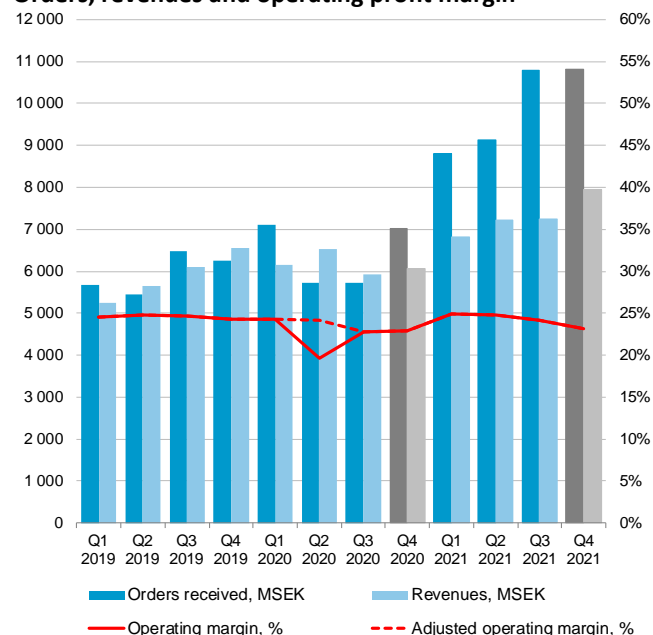
Revenues and profitability

Revenues reached a 4th consecutive record level of MSEK 7 942 (6 063), corresponding to an organic increase of 29%.

The operating profit reached record MSEK 1 834 (1 390), corresponding to a margin of 23.1% (22.9). The margin was supported by higher revenue volumes and currency, but negatively affected by increased costs related to supply chain constraints and consequential inefficiencies in factories.

Return on capital employed (last 12 months) was 25% (19).

Orders, revenues and operating profit margin



Industrial Technique

MSEK	October - December		January - December			
	2021	2020	2021	2020		
Orders received	4 801	4 186	15%	20 545	16 254	26%
Revenues	5 198	4 407	18%	19 421	16 176	20%
EBITA*	1 252	917	37%	4 538	2 868	58%
– as a percentage of revenues	24.1	20.8		23.4	17.7	
Operating profit	1 120	776	44%	3 976	2 422	64%
– as a percentage of revenues	21.5	17.6		20.5	15.0	
Return on capital employed, %	16	13				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Solid equipment order growth and record revenues**
- **Growth for service**
- **Operating profit margin at 21.5%**

Sales bridge

MSEK	October - December	
	Orders received	Revenues
2020	4 186	4 407
Structural change, %	+4	+4
Currency, %	+2	+0
Organic*, %	+9	+14
Total, %	+15	+18
2021	4 801	5 198

*Volume, price and mix.

Automotive industry

The demand for industrial assembly and vision solutions increased, and the order volumes grew compared to the previous year. Sequentially, however, the order intake decreased, primarily due to lower demand in Asia and North America.

Compared to the previous year, orders increased in North America and Asia, while volumes in Europe remained basically unchanged.

General industry

Order volumes for industrial power tools and vision solutions to the general industry increased, supported by higher demand from most customer segments. Compared to the previous quarter, order volumes decreased.

Geographically, and year-on-year, order volumes increased in all regions.

Service

The order intake for the service business increased and growth was achieved in all regions.

Innovation

A new controller, Power Focus 8, was introduced to meet the demand for more flexibility at production lines. With a capability to control up to 25 cordless assembly tools, the new product allows reduction of factory hardware and less energy consumption. Additionally, it provides increased computational power and improved wireless performance to secure stable production processes in customers' operations.

Divestments

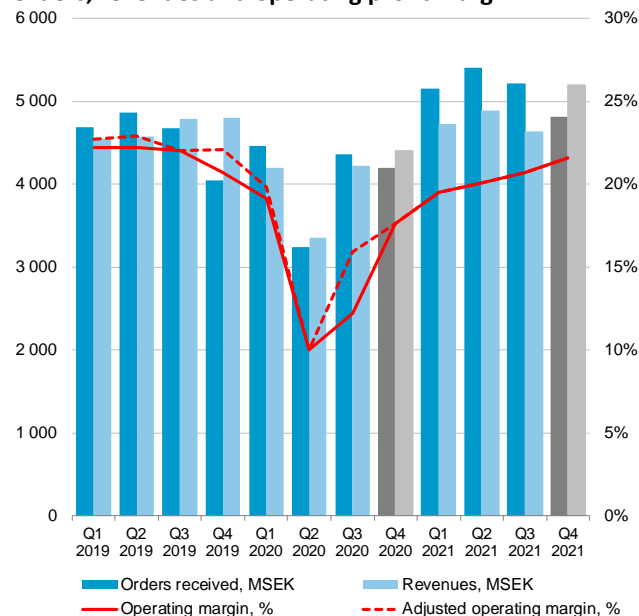
In December, the CMM (Coordinate Measuring Machine) part of the Perceptron business (acquired in December 2020) was divested. The divestment was a result of further focus on in-line metrology in contrast to offline applications. The CMM business has annual revenues of about MSEK 100.

Revenues and profitability

Revenues increased 18% to record MSEK 5 198 (4 407), corresponding to an organic increase of 14%.

The operating profit increased 44% to MSEK 1 120 (776), corresponding to a margin of 21.5% (17.6). The margin increase was supported by volume and currency. Acquisitions had negative effect on the operating margin. Return on capital employed (last 12 months) was 16% (13).

Orders, revenues and operating profit margin



Power Technique

MSEK	October - December		January - December			
	2021	2020		2021	2020	
Orders received	4 248	2 913	46%	15 155	11 810	28%
Revenues	3 424	2 919	17%	13 234	12 106	9%
EBITA*	572	441	30%	2 182	1 666	31%
– as a percentage of revenues	16.7	15.1		16.5	13.8	
Operating profit	558	425	31%	2 121	1 594	33%
– as a percentage of revenues	16.3	14.6		16.0	13.2	
Return on capital employed, %	27	18				

* Operating profit excluding amortization of intangibles related to acquisitions.

- **Significant order growth for all equipment types**
- **Solid growth for service and specialty rental**
- **Operating profit margin at 16.3%**

Sales bridge

MSEK	October - December	
	Orders received	Revenues
2020	2 913	2 919
Structural change, %	+2	+2
Currency, %	+1	+1
Organic*, %	+43	+14
Total, %	+46	+17
2021	4 248	3 424

*Volume, price and mix.

Equipment

Order volumes for all types of equipment increased significantly, both compared to the previous year and compared to the previous quarter. The strong order growth was mainly driven by increased demand from equipment rental companies in North America.

In total, year-on-year growth was achieved in all regions except Asia, where order volumes decreased.

Specialty rental

Customer demand for the specialty rental business was strong and the order intake increased considerably compared to the previous year. Order growth was also achieved sequentially.

Geographically, and compared to the previous year, orders grew in all regions.

Service

The order intake for service increased noticeably with growth in all regions.

Innovation

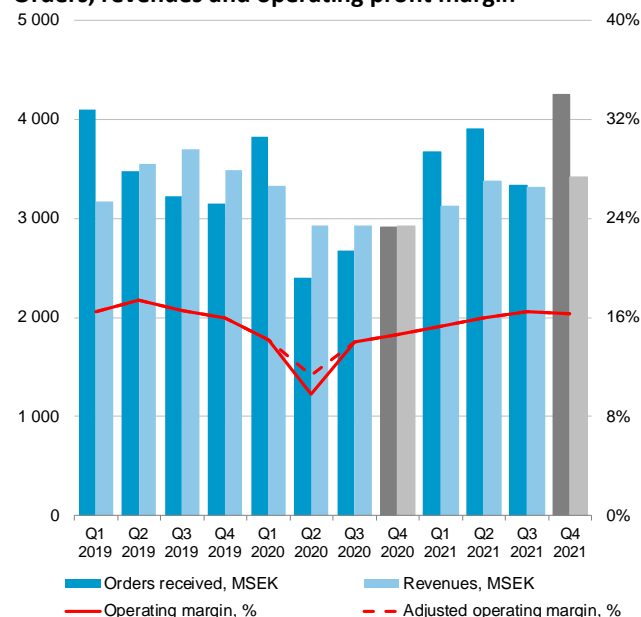
A new portable compressor for the US market was introduced, the XAS 400 PACE. Thanks to built-in pressure adjustments, the new compressors can be used in a wide range of applications and offer high efficiency and low fuel consumption due to the patented compressor element and ECO mode.

Revenues and profitability

Revenues increased 17% to MSEK 3 424 (2 919), corresponding to an organic increase of 14%.

The operating profit increased 31% to MSEK 558 (425), corresponding to a margin of 16.3% (14.6). Increased organic revenue volumes and currency were the main explanations for the higher margin. Return on capital employed (last 12 months) was 27% (18).

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 2020. 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.

For more information of Atlas Copco's risk management process and further descriptions of risks and how they are handled, see the Annual Report 2020.

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		12 months ended	
	Dec. 31	Dec. 31	Dec. 31	Dec. 31
MSEK	2021	2020	2021	2020
Revenues	29 533	25 738	110 912	99 787
Cost of sales	-17 157	-14 984	-64 383	-58 607
Gross profit	12 376	10 754	46 529	41 180
Marketing expenses	-3 244	-2 809	-12 178	-11 334
Administrative expenses	-1 959	-1 559	-7 283	-6 493
Research and development costs	-1 116	-917	-4 125	-3 762
Other operating income and expenses	191	-96	616	-445
Operating profit	6 248	5 373	23 559	19 146
- as a percentage of revenues	21.2	20.9	21.2	19.2
Net financial items	2	-80	-149	-321
Profit before tax	6 250	5 293	23 410	18 825
- as a percentage of revenues	21.2	20.6	21.1	18.9
Income tax expense	-1 361	-1 097	-5 276	-4 042
Profit for the period	4 889	4 196	18 134	14 783
Profit attributable to				
- owners of the parent	4 889	4 196	18 130	14 779
- non-controlling interests	-	-	4	4
Basic earnings per share, SEK	4.01	3.45	14.89	12.16
Diluted earnings per share, SEK	4.00	3.44	14.85	12.14
Basic weighted average number of shares outstanding, millions	1 218.6	1 216.0	1 217.7	1 215.4
Diluted weighted average number of shares outstanding, millions	1 221.2	1 218.1	1 220.5	1 217.2

Key ratios

Equity per share, period end, SEK	56	44
Return on capital employed, 12 month values, %	27	23
Return on equity, 12 month values, %	30	27
Debt/equity ratio, period end, %	12	31
Equity/assets ratio, period end, %	49	47
Number of employees, period end	42 862	40 160

Consolidated statement of comprehensive income

	3 months ended		12 months ended	
	Dec. 31	Dec. 31	Dec. 31	Dec. 31
MSEK	2021	2020	2021	2020
Profit for the period	4 889	4 196	18 134	14 783
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-365	-191	808	93
Income tax relating to items that will not be reclassified	121	36	-160	-19
	-244	-155	648	74
Items that may be reclassified subsequently to profit or loss				
Translation differences on foreign operations	1 395	-4 061	4 571	-6 398
Hedge of net investments in foreign operations	-54	870	-342	673
Cash flow hedges	12	49	-102	27
Income tax relating to items that may be reclassified	14	-278	116	-211
	1 367	-3 420	4 243	-5 909
Other comprehensive income for the period, net of tax	1 123	-3 575	4 891	-5 835
Total comprehensive income for the period	6 012	621	23 025	8 948
Total comprehensive income attributable to				
- owners of the parent	6 012	639	23 018	8 963
- non-controlling interests	-	-18	7	-15

Consolidated balance sheet (condensed)

MSEK	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	50 348	45 840
Rental equipment	2 350	2 255
Other property, plant and equipment	12 227	11 136
Financial assets and other receivables	1 962	1 706
Deferred tax assets	1 790	1 484
Total non-current assets	68 677	62 421
Inventories	17 801	13 450
Trade and other receivables	30 363	25 777
Other financial assets	847	58
Cash and cash equivalents	18 990	11 655
Assets classified as held for sale	5	5
Total current assets	68 006	50 945
TOTAL ASSETS	136 683	113 366
Equity attributable to owners of the parent	67 633	53 215
Non-controlling interests	1	319
TOTAL EQUITY	67 634	53 534
Borrowings	20 893	21 669
Post-employment benefits	3 114	3 488
Other liabilities and provisions	2 014	1 473
Deferred tax liabilities	2 225	1 736
Total non-current liabilities	28 246	28 366
Borrowings	3 981	2 977
Trade payables and other liabilities	35 196	26 556
Provisions	1 626	1 933
Total current liabilities	40 803	31 466
TOTAL EQUITY AND LIABILITIES	136 683	113 366

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 2020, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques, inputs or assumptions. 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 2020.

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

Financial instruments recorded at fair value

MSEK	Dec. 31, 2021	Dec. 31, 2020
<i>Non-current assets and liabilities</i>		
Assets	37	-
Liabilities	-	-
<i>Current assets and liabilities</i>		
Assets	1 163	950
Liabilities	222	69

Carrying value and fair value of borrowings

MSEK	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2020
	Carrying value	Fair value	Carrying value	Fair value
Bonds	13 278	13 528	13 017	13 577
Other loans	8 247	8 282	8 260	8 406
Lease liability	3 349	3 349	3 369	3 369
	24 874	25 159	24 646	25 352

Consolidated statement of changes in equity (condensed)

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2021	53 215	319	53 534
Changes in equity for the period			
Total comprehensive income for the period	23 018	7	23 025
Dividend	-8 889	-	-8 889
Change of non-controlling interests	-511	-325	-836
Acquisition and divestment of own shares	1 034	-	1 034
Share-based payments, equity settled	-234	-	-234
Closing balance, December 31, 2021	67 633	1	67 634

MSEK	Equity attributable to		Total equity
	owners of the parent	non-controlling interests	
Opening balance, January 1, 2020	53 231	59	53 290
Changes in equity for the period			
Total comprehensive income for the period	8 963	-15	8 948
Dividend	-8 506	-	-8 506
Change of non-controlling interests	-157	275	118
Acquisition and divestment of own shares	-274	-	-274
Share-based payments, equity settled	-42	-	-42
Closing balance, December 31, 2020	53 215	319	53 534

Consolidated statement of cash flows (condensed)

MSEK	October - December		January - December	
	2021	2020	2021	2020
Cash flows from operating activities				
Operating profit	6 248	5 373	23 559	19 146
Depreciation, amortization and impairment (see below)	1 450	1 312	5 466	5 189
Capital gain/loss and other non-cash items	-72	173	-73	746
Operating cash surplus	7 626	6 858	28 952	25 081
Net financial items received/paid	395	176	459	244
Taxes paid	-272	-626	-5 211	-4 531
Pension funding and payment of pension to employees	-116	-104	-330	-340
Change in working capital	524	1 182	-244	2 166
Investments in rental equipment	-122	-96	-510	-486
Sale of rental equipment	3	7	36	70
Net cash from operating activities	8 038	7 397	23 152	22 204
Cash flows from investing activities				
Investments in property, plant and equipment	-672	-382	-1 970	-1 459
Sale of property, plant and equipment	44	9	93	39
Investments in intangible assets	-356	-373	-1 389	-1 337
Acquisition of subsidiaries and associated companies	-25	-662	-2 334	-13 583 *
Divestment of subsidiaries	-7	-	-7	-
Other investments, net	2	28	-514	54
Net cash from investing activities	-1 014	-1 380	-6 121	-16 286
Cash flows from financing activities				
Annual dividends paid	-4 447	-4 256	-8 889	-8 506
Acquisition of non-controlling interest	-	-	-823	-216
Repurchase and sales of own shares	-303	114	1 034	-274
Change in interest-bearing liabilities, net	-639	140	-1 645	444
Net cash from financing activities	-5 389	-4 002	-10 323	-8 552
Net cash flow for the period	1 635	2 015	6 708	-2 634
Cash and cash equivalents, beginning of the period	17 106	10 251	11 655	15 005
Exchange differences in cash and cash equivalents	249	-611	627	-716
Cash and cash equivalents, end of the period	18 990	11 655	18 990	11 655

*Includes approximately MSEK 1 600 in Q1 2020 and approximately MSEK 8 700 in Q2 2020 related to the acquisition of ISRA VISION.

Depreciation, amortization and impairment

<i>Rental equipment</i>	<i>183</i>	<i>169</i>	<i>707</i>	<i>735</i>
<i>Other property, plant and equipment</i>	<i>351</i>	<i>330</i>	<i>1 361</i>	<i>1 314</i>
<i>Right-of-use assets</i>	<i>301</i>	<i>291</i>	<i>1 147</i>	<i>1 164</i>
<i>Intangible assets</i>	<i>615</i>	<i>522</i>	<i>2 251</i>	<i>1 976</i>
<i>Total</i>	<i>1 450</i>	<i>1 312</i>	<i>5 466</i>	<i>5 189</i>

Calculation of operating cash flow

MSEK	October - December		January - December	
	2021	2020	2021	2020
Net cash flow for the period	1 635	2 015	6 708	-2 634
Add back:				
Change in interest-bearing liabilities, net	639	-140	1 645	-444
Repurchase and sales of own shares	303	-114	-1 034	274
Annual dividends paid	4 447	4 256	8 889	8 506
Acquisition of non-controlling interest	-	-	823	216
Acquisitions and divestments	32	662	2 341	13 583
Investments of cash liquidity	-	-	547	-
Currency hedges	-406	-220	-541	-591
Operating cash flow	6 650	6 459	19 378	18 910

Revenues by business area

MSEK (by quarter)	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compressor Technique	11 397	11 974	12 314	12 601	11 588	11 405	11 890	12 446	11 522	12 212	12 792	13 131
- of which external	11 241	11 832	12 146	12 502	11 470	11 322	11 806	12 381	11 423	12 099	12 677	13 017
- of which internal	156	142	168	99	118	83	84	65	99	113	115	114
Vacuum Technique	5 253	5 650	6 107	6 560	6 159	6 535	5 928	6 063	6 808	7 220	7 249	7 942
- of which external	5 253	5 650	6 107	6 560	6 154	6 535	5 925	6 059	6 804	7 214	7 245	7 937
- of which internal	0	0	0	0	5	0	3	4	4	6	4	5
Industrial Technique	4 547	4 576	4 783	4 806	4 193	3 355	4 221	4 407	4 713	4 880	4 630	5 198
- of which external	4 538	4 567	4 774	4 799	4 180	3 347	4 215	4 399	4 705	4 873	4 622	5 190
- of which internal	9	9	9	7	13	8	6	8	8	7	8	8
Power Technique	3 177	3 555	3 697	3 486	3 325	2 930	2 932	2 919	3 121	3 377	3 312	3 424
- of which external	3 149	3 531	3 649	3 458	3 294	2 898	2 903	2 899	3 089	3 348	3 280	3 389
- of which internal	28	24	48	28	31	32	29	20	32	29	32	35
Common Group Items / Eliminations	-193	-175	-225	-134	-167	-123	-122	-97	-143	-155	-159	-162
Atlas Copco Group	24 181	25 580	26 676	27 319	25 098	24 102	24 849	25 738	26 021	27 534	27 824	29 533

Operating profit by business area

MSEK (by quarter)	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compressor Technique	2 618	2 773	2 897	2 910	2 520	2 444	2 729	2 965	2 730	2 916	3 087	3 141
- as a percentage of revenues	23.0	23.2	23.5	23.1	21.7	21.4	23.0	23.8	23.7	23.9	24.1	23.9
Vacuum Technique	1 292	1 401	1 508	1 591	1 497	1 278	1 354	1 390	1 695	1 789	1 748	1 834
- as a percentage of revenues	24.6	24.8	24.7	24.3	24.3	19.6	22.8	22.9	24.9	24.8	24.1	23.1
Industrial Technique	1 008	1 016	1 051	994	799	334	513	776	917	981	958	1 120
- as a percentage of revenues	22.2	22.2	22.0	20.7	19.1	10.0	12.2	17.6	19.5	20.1	20.7	21.5
Power Technique	524	619	606	559	473	286	410	425	476	539	548	558
- as a percentage of revenues	16.5	17.4	16.4	16.0	14.2	9.8	14.0	14.6	15.3	16.0	16.5	16.3
Eliminations	-394	-430	-219	-427	-165	-453	-246	-183	-431	-301	-341	-405
Operating profit	5 048	5 379	5 843	5 627	5 124	3 889	4 760	5 373	5 387	5 924	6 000	6 248
- as a percentage of revenues	20.9	21.0	21.9	20.6	20.4	16.1	19.2	20.9	20.7	21.5	21.6	21.2
Net financial items	-141	-64	-65	-55	-114	-63	-64	-80	-44	-52	-55	2
Profit before tax	4 907	5 315	5 778	5 572	5 010	3 826	4 696	5 293	5 343	5 872	5 945	6 250
- as a percentage of revenues	20.3	20.8	21.7	20.4	20.0	15.9	18.9	20.6	20.5	21.3	21.4	21.2

Return on capital employed by business area

% (by quarter)	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compressor Technique	105	100	93	87	80	76	75	79	84	91	94	93
Vacuum Technique	26	25	23	22	22	20	19	19	20	23	24	25
Industrial Technique	39	37	36	35	31	23	16	13	12	13	15	16
Power Technique	30	30	29	28	25	21	19	18	19	23	25	27
Atlas Copco Group	33	33	32	30	29	26	24	23	23	26	27	27

Acquisitions and divestments

Date	Acquisitions	Divestments	Business area	Revenues MSEK*	Number of employees*
2021 Dec 28		CMM (part of Perceptron)	Industrial Technique	100	50
2021 Dec 10	Provac Limited		Vacuum Technique		11
2021 Nov 9	S.T.E.R.I. srl (STERI)		Compressor Technique		19
2021 Oct 19	Eugen Theis GmbH		Vacuum Technique		4
2021 Sep. 28	AEP		Compressor Technique		8
2021 Aug. 31	NATEV GmbH		Industrial Technique	5	10
2021 Aug. 5	CPC Pumps International Inc.		Compressor Technique	385	110
2021 Jun. 24	Airflow Compressors & Pneumatics Ltd (Airflow)		Compressor Technique		16
2021 Jun. 14	Compressed Air Systems, Inc. (CAS)		Compressor Technique		30
2021 May 31	ARPUMA regel- und förder technische Geräte GmbH		Vacuum Technique	41	14
2021 May 25	Medigas Service & Testing Co. Inc.		Compressor Technique	23	6
2021 May 10	MidState Air Compressor		Compressor Technique		15
2021 May 3	Eco Steam and Heating Solutions (acquisition of majority share)		Power Technique	198	23
2021 Apr. 7	IBVC Vacuum, S.L.U.		Vacuum Technique		10
2021 Mar. 3	Cooper Freer Ltd		Compressor Technique		18
2021 Jan. 26	DGM SRL		Compressor Technique		21
2021 Jan. 7	Ehrler & Beck GmbH		Vacuum Technique		15
2021 Jan. 5	Kawalek Kompressoren		Compressor Technique		10
2020 Dec. 31	Purification Solutions LLC		Compressor Technique	242	60
2020 Dec. 21	Perceptron		Industrial Technique	516	300
2020 Sep. 2	MEDGAS-Technik GmbH		Compressor Technique	126	80
2020 Aug. 4	iTrap (the technology and operating assets)		Vacuum Technique		4
2020 Aug. 4	THN Druckluft and Produktions GmbH & Co.KG		Compressor Technique		15
2020 Jun. 24	ISRA VISION AG		Industrial Technique	1 619	800
2020 Jun. 5	Ovity Air Comprimé		Compressor Technique		8
2020 Feb. 28	Dekker Vacuum Technologies Inc		Vacuum Technique	217	70
2020 Feb. 27	Dr. Gustav Gail Drucklufttechnik GmbH		Compressor Technique		10
2020 Jan. 22	M.C. Schroeder Equipment Co., Inc.		Vacuum Technique		8
2020 Jan. 16	Hydra Flow West		Compressor Technique		7
2020 Jan. 3	Scheugenpflug AG		Industrial Technique	850	600

*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 2021, full disclosure as per IFRS 3 is not given in this interim report. Disclosure will be given in the annual report 2021. See the annual report for 2020 for disclosure of acquisitions made in 2020.

Parent company**Income statement (condensed)**

MSEK	October - December		January - December	
	2021	2020	2021	2020
Administrative expenses	-200	-138	-764	-615
Other operating income and expenses	34	35	120	86
Operating profit/loss	-166	-103	-644	-529
Financial income and expenses	706	9 900	3 464	11 481
Appropriations	2 695	88	2 695	88
Profit/loss before tax	3 235	9 885	5 515	11 040
Income tax	-479	-41	-339	71
Profit/loss for the period	2 756	9 844	5 176	11 111

Balance sheet (condensed)

MSEK	Dec. 31	Dec. 31
	2021	2020
Total non-current assets	163 902	161 665
Total current assets	9 957	16 926
TOTAL ASSETS	173 859	178 591
Total restricted equity	5 785	5 785
Total non-restricted equity	143 591	146 504
TOTAL EQUITY	149 376	152 289
Total provisions	1 018	666
Total non-current liabilities	22 195	23 007
Total current liabilities	1 270	2 629
TOTAL EQUITY AND LIABILITIES	173 859	178 591

Assets pledged and contingent liabilities

MSEK	Dec. 31	Dec. 31
	2021	2020
Assets pledged	201	183
Contingent liabilities	3 266	3 290

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 9.

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	839 394 096
B shares	390 219 008
Total	1 229 613 104
- of which A shares held by Atlas Copco	11 422 736
- of which B shares held by Atlas Copco	-
Total shares outstanding, net of shares held by Atlas Copco	1 218 190 368

Performance-based personnel option plan

The Annual General Meeting 2021 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 2 450 000 series A shares, whereof a maximum of 2 000 000 may be transferred to personnel stock option holders under the performance-based stock option plan 2021.
- 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 6 800 000 series A shares currently held by the company, for the purpose of covering costs of fulfilling obligations related to the option plans 2016, 2017 and 2018.
- The shares may only be acquired or sold on NASDAQ Stockholm at a price within the registered price interval at any given time.

During 2021, 1 997 715 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 2020.

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 2020.

Nacka, Sweden January 25, 2022

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 2021, Atlas Copco had revenues of BSEK 111 and about 43 000 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 air, power and flow solutions through products such as mobile compressors, pumps, light towers and generators, along with a number of complementary products. It also offers specialty rental and provides services through a dedicated, 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, 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 January 25, 2022 at 14:00 CET.

- The dial-in numbers are:
- Sweden: +46 8 50 55 83 53
- United Kingdom: +44 33 33 00 92 73
- United States: +1 646 72 24 957

The conference call will be broadcasted live on the web. Please see our website:

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

Annual Report

The 2021 Annual Report will be published week 12, 2022

First-quarter report 2022

The Q1 2022 report will be published on April 26, 2022 around 11:00 CEST and the conference call will be at 14:00 CEST. Silent period starts March 27, 2022.

Annual General Meeting 2022

The Annual General Meeting for Atlas Copco AB will be held on April 26, 2022.

Second-quarter report 2022

The Q2 2022 report will be published on July 19, 2022. Silent period starts June 19, 2022.

Third-quarter report 2022

The Q3 2022 report will be published on October 19, 2022. Silent period starts September 19, 2022.

Fourth-quarter report 2022

The Q4 2022 report will be published on January 26, 2023. Silent period starts December 27, 2022.

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 12:00 CET on January 25, 2022.