



Information to shareholders

concerning proposal of share split and
mandatory redemption of shares



Brief description of the redemption procedure

The Annual General Meeting (AGM) in Epiroc AB on April 28, 2021 is proposed to resolve on share split and redemption of shares in accordance with the Board of Directors' proposal. The proposal principally implies that:

- each class A share in Epiroc is split into two class A shares, one of which will be a class A redemption share. On the shareholders' securities accounts the redemption shares will be referred to as EPI IL A.
- each class B share in Epiroc is split into two class B shares, one of which will be a class B redemption share. On the shareholders' securities accounts the redemption shares will be referred to as EPI IL B.

The redemption shares will be traded on Nasdaq Stockholm from and including May 19, 2021 up to and including June 2, 2021. All redemption shares will then automatically be redeemed for SEK 3.00 per share, which amount will be distributed on or about June 11, 2021. Payment will be made via Euroclear Sweden AB ("Euroclear") into the yield account linked to the directly registered shareholders' securities accounts. Nominee-registered shareholdings will be processed in accordance with each nominee's routines.

Dates

- April 28, 2021 - The AGM is proposed to resolve on share split and redemption of shares
- May 12, 2021 - Last day of trading in the share before share split and with right to receive redemption share
- May 17, 2021 - Record day for share split
- May 18, 2021 - Receipt of redemption shares
- May 19 – June 2, 2021 - Trading in redemption shares
- On or about June 11, 2021 - Payment of redemption amount

The redemption procedure is conditional

The redemption procedure is conditional upon that the AGM 2021 resolves the following:

- Split of each class A share and class B share (so-called share split) into two shares, one of which will be a redemption share.
- Reduction of the share capital for repayment to the shareholders by way of redemption of up to 1 213 738 703 redemption shares (whereby shares of class A and class B will be redeemed in proportion to the number of shares of the respective class issued).
- Increase of the share capital by SEK 250 000 000 by way of a bonus issue, whereby the Company's non-restricted equity is to be used.

Background and reasons

Epiroc has generated significant operating cash flows in recent years and has a strong financial position. In order to adjust the Group's balance sheet to a more efficient structure and, at the same time, maintain the financial flexibility for further growth, the Board proposes to the AGM a mandatory share redemption, by a so called share split of 2:1, whereby each existing share will be split into two shares. One of those shares will automatically be redeemed at SEK 3.00 per share. This corresponds to a maximum redemption amount of approximately MSEK 3 641¹. Combined with the proposed ordinary dividend of SEK 2.50 per share, shareholders will receive SEK 5.50 per each original share.

Stockholm, March 2021
Epiroc AB (publ)

Financial effects of the redemption procedure

Should the AGM resolve on the proposal of redemption, a maximum of approximately MSEK 3 641 will be distributed to the shareholders in Epiroc¹.

The redemption procedure will have the following financial effects on Epiroc:

- Shareholders' equity will be reduced by approximately MSEK 3 641.
- Net debt, that is the difference between interest-bearing debt/provisions and liquid assets, will increase by approximately MSEK 3 641.

Changes in shareholders' equity and number of shares in Epiroc AB, proforma as at December 31, 2020

	Before the transaction	Share split 2:1	Effect of share redemption	Effect of bonus issue	After the transaction
Shareholders' equity, MSEK	59 000*	59 000*	3 641		55 359
Share capital, MSEK	500	500	250	250	500
Shares outstanding, total	1 213 738 703	2 427 477 406	-	1 213 738 703	1 213 738 703
of which class A	823 765 854	1 647 531 708	-	823 765 854	823 765 854
of which class B	389 972 849	779 945 698	-	389 972 849	389 972 849
of which class A held by Epiroc	7 814 213	15 628 426	-	7 814 213	7 814 213
of which class B held by Epiroc	-	-	-	-	-
Shares outstanding, total, net of shares held by Epiroc**	1 205 924 490	2 411 848 980	-	1 205 924 490	1 205 924 490

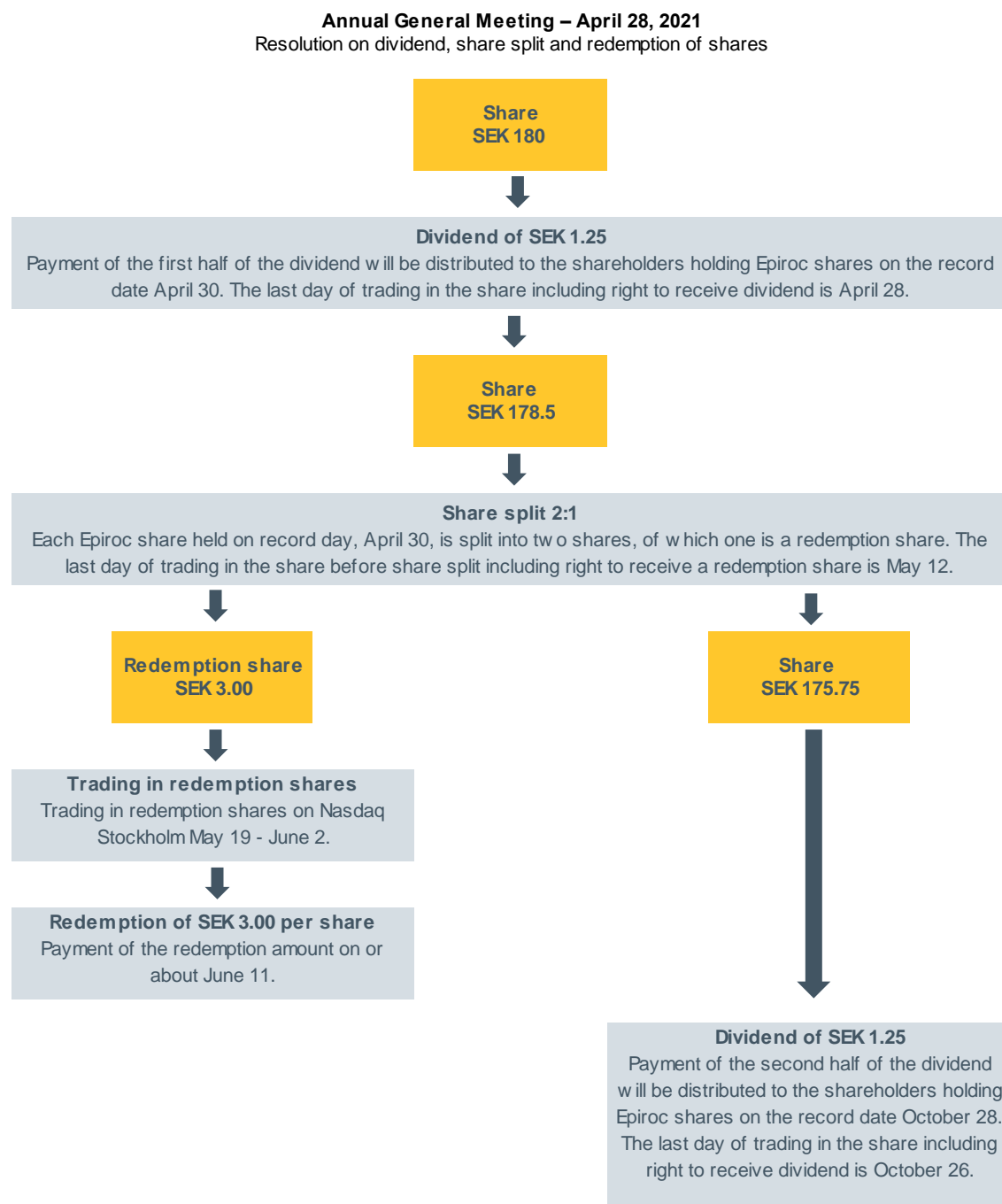
* Based on calculations of Shareholders' equity per December 31, 2020

** Holding as of December 31, 2020

¹ The final redemption amount will be calculated based on the number of shares held by the Company on the record date, hence the amount to be distributed may be lower as no payment is to be made in respect of redeemed shares held by the Company.

The redemption procedure step by step

This example below is based on an assumed share price of SEK 180. The effects on the share price following dividend, share split and redemption are only theoretical. The stock market's actual pricing (the share price) of the Epiroc share may deviate. All dates refer to the year 2021.



Timetable for share split and redemption of shares

Activity	Date 2021	Please note that
Annual General Meeting in Epiroc. Resolution on share split and redemption of shares.	April 28	Shareholders participate in the AGM by mail voting no later than April 27, 2021. Please see the notice for further information.
Last day of trading in the Epiroc share before share split and including right to receive redemption share.	May 12	Last day with the possibility of acquiring shares in Epiroc with the purpose of obtaining redemption shares.
First day of trading in the Epiroc share following share split.	May 14	As from this day the Epiroc share will be traded with a new share price (following share split) and with new ISIN-code.
Record day for share split.	May 17	All Epiroc shares held by the shareholders this day will be split into two shares, one of which will be a redemption share.
First day of trading in redemption shares.	May 19	The redemption share is booked into the shareholders' securities account.
Last day of trading in redemption shares.	June 2	Last day for sale or acquisition of redemption shares on Nasdaq Stockholm.
Determination in the Euroclear system of the shareholders entitled to redemption amount.	June 8	Shareholders holding redemption shares this day will be entitled to redemption amount.
Payment of redemption amount.	on or about June 11	The redemption amount will be distributed via Euroclear into the yield account linked to the securities account of shareholders directly registered with Euroclear. Nominee registered shareholdings will be processed in accordance with each nominee's routines.

Tax considerations for shareholders in Sweden

The presentation below is a summary of certain Swedish tax regulations that apply to shareholders in Epiroc as a result of the redemption procedure.

Receipt of redemption shares

The receipt of redemption shares pursuant to the share split as such does not give rise to any taxation. Instead, the acquisition cost of the original Epiroc shares of each class (A and B shares respectively) immediately before the share split will be allocated between the redemption shares and the ordinary shares in Epiroc. The allocation will be made based on the market values of the redemption shares and the ordinary class A and B shares in relation to the share split and the detachment of the redemption shares. Epiroc intends to seek general advice from the Swedish Tax Agency regarding how this allocation should be made.¹⁾

EXAMPLE

Please note that the example is based only on assumptions and that the example is also applicable to holders of series B shares in Epiroc.

Assume in this example, that a shareholder has 100 series A shares in Epiroc with an average acquisition cost of SEK 100 immediately before the share split, that the trading price at the time of the share split is SEK 180 and that the price of the redemption share is SEK 3.00. Furthermore, assume in this example, that the Swedish Tax Agency in its forthcoming general advice determines that 1.7% (approx. SEK 3/180) of the acquisition cost for one original series A share will be allocated to the series A redemption share and 98.3% to the ordinary series A share. The acquisition cost of the redemption share will consequently be SEK 1.70 (1.7% of SEK 100).

Thus, when the redemption shares are redeemed or sold this will result in a capital gain of $(3 \times 100) - (1.70 \times 100) = \text{SEK } 130$.

The average acquisition cost of the remaining ordinary series A shares will then be SEK 98.30 per share (98.3% of SEK 100).

Redemption and disposal of shares

Redemption of shares and disposal of redemption shares, for example by sale in the market, give rise to capital gains taxation. A capital gain or capital loss is calculated as the difference between the received payment, after deduction of any sales costs, and the acquisition cost. The received payment for shares redeemed is the redemption amount. The received payment for redemption shares sold in the market is the sales price.

The acquisition cost for redemption shares received at the share split is calculated by allocating the acquisition cost as described above under the heading "Receipt of redemption shares". The acquisition cost of shares acquired in the market is the actual acquisition cost for the shares. The acquisition cost of all shares of the same class and type are added together and calculated collectively in accordance with the average method. It should be noted that the redemption shares of class A and B respectively are not considered to be of the same class and type as the ordinary Epiroc shares. For shares that are quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 % of the sales price after deduction of sales costs.

For **individuals**, the capital gain is taxed in the capital income category. The tax rate is 30%. A capital loss on quoted shares is fully deductible against taxable capital gains in the same year on shares and other quoted securities that are taxed as shares except for units in Swedish investment funds that only contain Swedish receivables (Sw: räntefonder). Any excess losses are 70 % deductible against other income from capital. If an overall capital deficit occurs, a reduction from tax on income from employment and business operations as well as real estate tax and municipal property charges is granted. A tax reduction of 30% is provided for deficits that do not exceed SEK 100 000 and 21% of any remaining deficit. Deficits cannot be carried forward to later fiscal years. However, if the redemption shares are owned via an investment savings account (Sw: investeringssparkonto) the rules above do not apply instead special rules on standardized taxation apply.

For **limited liability companies**, capital gains on shares that are not deemed to be held for business purposes are taxed as income from business operations at a tax rate of 22%. Deductible capital losses on shares and other securities that are taxed as shares may normally be offset only against taxable capital gains on shares and other securities that are taxed as shares. In certain cases, capital losses may be offset against capital gains within a certain corporate group if group contributions are permitted among the companies. Capital losses that cannot be utilized during a certain year may be carried forward and be utilized against eligible capital gains in subsequent fiscal years.

¹⁾ Information on the Swedish Tax Agency's general advice will be published on Epiroc's website (www.epirocgroup.com) and the Swedish Tax Agency's website (www.skatteverket.se).

Certain tax considerations for shareholders with limited tax liability in Sweden

For shareholders with limited tax liability in Sweden, the redemption of shares is deemed to be a dividend, which means that Swedish withholding tax is levied on the payment received. The withholding tax rate is 30% but is generally reduced under tax treaties that Sweden has concluded with other countries. The withholding tax is normally deducted by Euroclear or, in the case of nominee-registered shares, by the nominee. Swedish withholding tax is levied regardless of the redemption shares being received through the share split or acquired in the market.

However, a refund for the withholding tax that is attributable to the acquisition cost of the shares or, provided that the shares are quoted, 20% of the redemption amount, may be admitted if a claim for a refund is filed with the Swedish Tax Agency. The acquisition cost is usually allocated between the redemption shares and ordinary shares as mentioned in the example under the heading "Receipt of redemption shares".

A claim for refund is to be filed with the Swedish Tax Agency at the latest at the end of the fifth calendar year after payment. Shareholders with limited tax liability in Sweden and who are not carrying on business operations from a permanent establishment in Sweden are generally exempt from capital gains taxation in Sweden on the disposal of shares. However, shareholders may be liable for tax in their country of residence.

If a shareholder with limited tax liability in Sweden, being an individual, has been resident or lived permanently in Sweden at any time during the year of the sale or the ten calendar years immediately preceding the year of the sale of Swedish shares, Sweden has the right under a domestic rule to tax such a holder. This right may, however, be limited by applicable tax treaties that Sweden has concluded with other countries.

IT SHOULD BE NOTED THAT NO SWEDISH WITHHOLDING TAX IS PAYABLE IF THE REDEMPTION SHARES ARE SOLD IN THE MARKET.

Unless otherwise stated, the summary is based on Swedish tax regulations and practice currently in force for shareholders in Epiroc with an unlimited tax liability in Sweden and is intended as general information only. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it deal with the special tax regulations applying to certain corporate categories nor the rules on tax-exempt capital gains (including non-deductible capital losses) and dividends on shares considered to be held for business purposes. Nor does the summary cover the special rules that may apply to holdings in companies that have been acquired by means of "qualified shares" in closely held companies. For shareholders that are not tax resident in Sweden, the tax consequences are affected by provisions of the shareholder's home state and by tax treaties between Sweden and other states. The tax implications for each shareholder depend on the shareholder's specific circumstances. Each shareholder should consult a tax advisor for information on the specific tax consequences arising from the redemption procedure applicable for him/her.

Questions and answers

What does the share split and redemption procedure imply for me as a shareholder?

- Conditional upon that the AGM on April 28, 2021 resolves on a share split and redemption of shares in accordance with the Board of Directors' proposal, each share will be split into two shares, one of which will be a redemption share that automatically will be redeemed for SEK 3.00. On the shareholders' securities accounts the class A redemption share will be referred to as EPI IL A and the class B redemption share will be referred to as EPI IL B.

When will the payment occur under the redemption procedure?

- All redemption shares (regardless of class) will automatically be redeemed for SEK 3.00 per share, which amount will be distributed on or about June 11, 2021. Shareholders that want to receive payment earlier, may choose to sell their redemption shares on Nasdaq Stockholm during the period from and including May 19 up to and including June 2, 2021, at the prevailing market price.

Why does Epiroc propose a share redemption procedure?

- Epiroc has generated significant operating cash flows in recent years and has a strong financial position. In order to adjust the Group's balance sheet to a more efficient structure and, at the same time, maintain the financial flexibility for further growth, the Board proposes to the AGM a mandatory share redemption.

Why does not Epiroc instead propose a one-time dividend?

- Dividend to the shareholders is paid annually in accordance with Epiroc's dividend policy, under which the dividend shall amount to about 50% of earnings per share. Redemption of shares is an extra measure taken to adjust Epiroc's capital structure. Compared to a one-time dividend, redemption of shares may, from a taxation point of view, be more advantageous to certain shareholders.

Why does not Epiroc instead repurchase shares over the market?

- The objective is to distribute capital to the Company's shareholders and it is important that each shareholder receives his/her part of the distributed amount. This cannot be achieved by way of repurchase of shares over the market, where only the shareholders who choose to sell their shares will participate.

What are my options in connection with the redemption procedure?

- You can choose either to:
 1. do nothing. You will automatically receive SEK 3.00 per share for your redemption shares following the redemption of these shares, or to
 2. sell all or some of your redemption shares on Nasdaq Stockholm during the period from and including May 19 up to and including June 2, 2021.

What are the tax consequences for me as a Swedish shareholder at redemption of the redemption shares?

- Shareholders must report the redemption of the redemption shares in their tax returns as sale of shares, see "Tax considerations for shareholders in Sweden". A capital gain or capital loss is calculated, which means that shareholders may deduct part of the acquisition cost of the original share.

What are the tax consequences for me as a Swedish shareholder upon a sale of the redemption shares?

- Same tax consequences as at redemption of shares, see the reply to previous question.

What are the tax consequences for me as a foreign shareholder at redemption of the redemption shares?

- Shareholders who are not tax resident in Sweden and participate in the redemption procedure are subject to Swedish withholding tax if their shares are redeemed, see "Tax considerations for shareholders in Sweden" on pages 6–7. Withholding tax will thus be withheld for foreign shareholders in connection with the payment of the redemption amount.

What are the tax consequences for me as a foreign shareholder upon a sale of the redemption shares?

- No Swedish withholding tax is due if the redemption shares are sold in the market.

Further information

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This document does not constitute an offer but is information on the Board of Directors' of Epiroc AB ("Epiroc" or the "Company") proposal of share split and capital distribution to the shareholders in Epiroc through a mandatory redemption of shares.

The purpose of this document is to provide the shareholders in Epiroc with information for the Annual General Meeting on April 28, 2021, which is proposed to resolve on a share split and the mandatory redemption of shares. The Board of Directors' complete proposal, which includes decisions on share split, a reduction of the share capital and the restoring of the share capital through a bonus issue, is available in the notice to the Annual General Meeting.

This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.

Epiroc AB and its subsidiaries are sometimes referred to as the Epiroc Group, the Group, the Company or Epiroc. Epiroc AB is also sometimes referred to as Epiroc. Any mention of the Board of Directors, the Board or the Directors refers to the Board of Directors of Epiroc AB.

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