

Q2

2023

INTERIM REPORT JANUARY – JUNE 2023

Good profitability and a strong cash flow

Second quarter 2023

- Order intake declined -34 per cent to SEK 341 million (519); organic order growth was -38 per cent.
- Net sales declined -5 per cent to SEK 508 million (534); organic net sales growth was -10 per cent.
- Operating profit increased 5 per cent to SEK 104 million (99) and the operating margin was 20.5 per cent (18.5).
- Profit for the period increased 5 per cent to SEK 86 million (82).
- Basic and diluted earnings per share amounted to SEK 0.55 (0.47).

January–June 2023

- Order intake declined -32 per cent to SEK 749 million (1,101); organic order growth was -35 per cent.
- Net sales increased 22 per cent to SEK 1,199 million (981); organic net sales growth was 17 per cent.
- Operating profit increased 59 per cent to SEK 302 million (190) and the operating margin was 25.2 per cent (19.4).
- Profit for the period increased 51 per cent to SEK 235 million (156).
- Basic and diluted earnings per share amounted to SEK 1.48 (0.93).

Financial performance indicators for the Group¹

| | Q2 | | | Jan-Jun | | | Jan-Dec |
|--|------|------|-----|---------|-------|-----|---------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% | 2022 |
| Order intake, SEK million | 341 | 519 | -34 | 749 | 1,101 | -32 | 1,978 |
| Net sales, SEK million | 508 | 534 | -5 | 1,199 | 981 | 22 | 1,938 |
| Gross profit, SEK million | 206 | 227 | -9 | 521 | 408 | 28 | 833 |
| Gross margin, % | 40.6 | 42.5 | - | 43.5 | 41.6 | - | 43.0 |
| Operating profit, SEK million | 104 | 99 | 5 | 302 | 190 | 59 | 415 |
| Operating margin, % | 20.5 | 18.5 | - | 25.2 | 19.4 | - | 21.4 |
| Profit/loss for the period, SEK million | 86 | 82 | 5 | 235 | 156 | 51 | 325 |
| Earnings per share, before and after dilution, SEK | 0.55 | 0.47 | 15 | 1.48 | 0.93 | 59 | 2.01 |
| Return on capital employed, % | 73.4 | 57.5 | - | 73.4 | 57.5 | - | 56.4 |
| Equity/assets ratio, % | 54.7 | 31.5 | - | 54.7 | 31.5 | - | 42.2 |

¹ For more information, see the alternative performance measures and financial definitions section on pages 19–21.

CEO'S COMMENTS



Our focus on end-customer profitability is particularly relevant in times like these.



The quarter displayed healthy earnings and strong cash flow. At the same time, we noted a continued decline in order intake impacted by the uncertainty brought about by the macroeconomic situation. Despite the prevailing uncertainty, we are investing strategically for long-term growth, based on the conditions created by our strong financial position.

Economic uncertainty impacting order intake

We find ourselves in a continued uncertain macroeconomic time, with high interest rates, inflation and general turbulence impacting the willingness to invest of our end customers. We are therefore seeing an expected reduction in order intake, particularly in the Nordic region and Europe, but even in other markets. The high penetration rate in the Nordic region means that we are even more dependent of developments in the construction and civil engineering industry and excavator sales. Dealers in the Nordic region and Europe have also built up inventories in previous quarters, which is further impacting order intake and sales. It is positive that certain parts of the European market are showing clear signs of recovery.

The trend in the Americas is marginally negative, which is partly due to our strength in more cyclically sensitive segments. Asia-Oceania recorded a downturn in order intake, also as a result of the uncertain macroeconomic situation. We are also noting more cautious purchasing behaviour, with longer end-customer decision-making processes.

Reduced organic sales with good profitability

Organic sales declined -10 per cent during the quarter. This was anticipated having delivered large parts of the order book, combined with a lower order intake in recent quarters. Despite lower sales in the quarter, we can confirm that we recorded higher sales and considerably improved earnings in the January–June period compared with the year-earlier period. A decline in accounts receivable has led to a strong, positive cash flow.

The gross margin declined to 40.6 per cent as a result of lower volumes, fixed production costs and a less advantageous product mix. Despite a lower gross margin and costs for the change of business system, we closed the quarter with an EBIT margin of 20.5 per cent, which is in line with our target.

Long-term investments and focus on end customer profitability

It is very pleasing that the Swedish Patent and Market Court has dismissed Rototilt Group's lawsuit regarding patent infringement. The decision has been appealed and information about the next step in the process is expected in the third quarter of 2023. In May, we achieved an important milestone when the world-leading excavator manufacturer Caterpillar chose to adopt our strategy by creating open interfaces, enabling end customers to enjoy all the benefits offered by both the excavator and tiltrotator.

We are continuing to make long-term investments with a logistics hub in the US and the expansion of the production plant in Poland while we have intensified focus on cost control throughout the organisation. Our focus on end-customer profitability is particularly relevant in these times and in dialogue with our customers, we will be even more clearly highlighting the advantages of our products in the form of cost savings and increased profitability. Our global presence, business model and strong financial position are creating a solid platform for long-term and sustainable growth. Together with our competent and dedicated employees, we are continuing our efforts to meet end-customer needs and to change the world of digging together.

Krister Blomgren
President and CEO

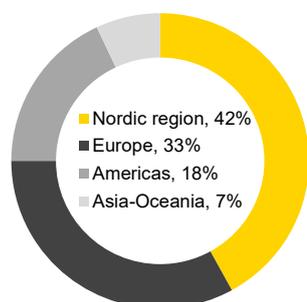
GROUP'S FINANCIAL PERFORMANCE

engcon Group's operations are conducted and reported as a single segment. As further disclosures, order intake and net sales are reported based on the Group's geographic regions: Nordic region, Europe (excl. the Nordic region), the Americas and Asia-Oceania, which includes the rest of the world.

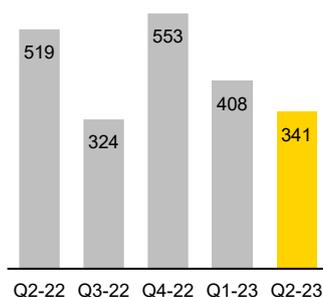
17%

Organic net sales growth, period

Net sales by geographic market region in Q2



Order intake by quarter, SEK million



Group

| | Q2 | | | Jan-Jun | | | Jan-Dec |
|-------------------------------|------|------|-----|---------|-------|-----|---------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% | 2022 |
| Order intake, SEK million | 341 | 519 | -34 | 749 | 1,101 | -32 | 1,978 |
| Net sales, SEK million | 508 | 534 | -5 | 1,199 | 981 | 22 | 1,938 |
| Gross profit, SEK million | 206 | 227 | -9 | 521 | 408 | 28 | 833 |
| Gross margin, % | 40.6 | 42.5 | - | 43.5 | 41.6 | - | 43.0 |
| Operating profit, SEK million | 104 | 99 | 5 | 302 | 190 | 59 | 415 |
| Operating margin, % | 20.5 | 18.5 | - | 25.2 | 19.4 | - | 21.4 |

Order intake by geographic market region

| SEK million | Q2 | | | Jan-Jun | | | Jan-Dec |
|-------------------------------------|------------|------------|------------|------------|--------------|------------|--------------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% | 2022 |
| Nordic region | 121 | 249 | -51 | 309 | 553 | -44 | 916 |
| Europe | 124 | 179 | -31 | 249 | 383 | -35 | 631 |
| Americas | 55 | 56 | -2 | 104 | 105 | -1 | 209 |
| Asia-Oceania | 21 | 35 | -40 | 50 | 60 | -17 | 131 |
| Total excl. foreign exchange | 321 | 519 | -38 | 712 | 1,101 | -35 | 1,887 |
| Foreign exchange effect | 20 | - | - | 37 | - | - | 91 |
| Total | 341 | 519 | -34 | 749 | 1,101 | -32 | 1,978 |

Net sales by geographic market region

| SEK million | Q2 | | | Jan-Jun | | | Jan-Dec |
|-------------------------------------|------------|------------|------------|--------------|------------|-----------|--------------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% | 2022 |
| Nordic region | 203 | 311 | -35 | 527 | 585 | -10 | 1,003 |
| Europe | 158 | 153 | 3 | 381 | 269 | 42 | 600 |
| Americas | 85 | 42 | 102 | 153 | 70 | 119 | 154 |
| Asia-Oceania | 36 | 28 | 29 | 82 | 57 | 44 | 101 |
| Total excl. foreign exchange | 482 | 534 | -10 | 1,143 | 981 | 17 | 1,858 |
| Foreign exchange effect | 26 | - | - | 56 | - | - | 80 |
| Total | 508 | 534 | -5 | 1,199 | 981 | 22 | 1,938 |

Of total net sales in the period, Sweden accounted for SEK 168 million (205).

Order intake and net sales

Second quarter 2023

Order intake during the quarter amounted to SEK 341 million (519), a decrease of -34 per cent (20), and organic order intake declined -38 per cent (16).

Order growth was negative during the quarter in all regions. The order intake was weaker as a result of strong pre-ordering effects in previous quarters combined with global uncertainty regarding economic development, inflation and interest-rate levels, which led to lower willingness to invest among our customers.

Net sales during the quarter amounted to SEK 508 million (534), a decline of -5 per cent (35) and organic net sales growth of -10 per cent (31).

The Nordic region reported negative net sales growth, while the Americas and Asia-Oceania reported healthy growth. The second quarter was characterised by lower net sales impacted by delivery of large parts of the order book in the first quarter combined with a lower order intake in recent quarters. Despite lower sales in the quarter, we can confirm that we recorded higher sales and considerably improved earnings for the January to June period compared with the year-earlier period.

January–June 2023

Order intake during the period amounted to SEK 749 million (1,101), a decrease of -32 per cent (29), corresponding to organic order intake growth of -35 per cent (26).



As with the quarter, order growth was negative for the period in all regions. The order intake was weaker as a result of strong pre-ordering effects in previous periods combined with global uncertainty regarding economic development, inflation and interest-rate levels.

Net sales during the period amounted to SEK 1,199 million (981), an increase of 22 per cent (29), corresponding to organic net sales growth of 17 per cent (26).

All market regions except for the Nordic region reported increased net sales growth, with the Americas and Asia-Oceania reporting the strongest growth, followed by Europe. Sales were a result of a strong order book at the start of 2023 combined with high production capacity and improved supply chains.

Earnings

Second quarter 2023

Gross earnings for the quarter amounted to SEK 206 million (227), a decrease of -9 per cent (36). The gross margin for the quarter amounted to 40.6 per cent (42.5). The decline compared with the first quarter is due to lower volumes, fixed production costs and a less advantageous product mix.

EBIT for the quarter amounted to SEK 104 million (99), an increase of 5 per cent (19). The operating margin was 20.5 per cent (18.5).

Despite a lower gross margin and costs for the change of business system, we closed the quarter with an operating margin of 20.5 per cent. The preceding year included IPO costs amounting to SEK 12 million. The cost for the change of Group-wide business system amounted to SEK 9 million (6) during the quarter. Implementation of the business system will commence in the final quarter of 2023 and will continue in the years ahead.

The effect of derivative instruments amounted to SEK 3 million (-16) for the quarter.

Net financial items for the quarter amounted to SEK 3 million (9). Profit before tax for the quarter amounted to SEK 107 million (108).

Income tax for the quarter was SEK -21 million (-26). The effective tax rate for the quarter amounted to 19.6 per cent (24.0).

Total earnings after tax for the second quarter amounted to SEK 86 million (82).

January–June 2023

Gross earnings during the period amounted to SEK 521 million (408), an increase of 28 per cent (27). The gross margin amounted to 43.5 per cent (41.6) and improved due to price adjustments implemented in 2022 that had full effect combined with stabilised material costs.

EBIT for the period amounted to SEK 302 million (190), an increase of 59.0 per cent (21.0) The operating margin was 25.2 per cent (19.4).

The operating margin improved due to high sales, an improved margin and cost control, primarily in the first quarter, which was characterised by a high order book combined with short delivery times. The cost for the change of Group-wide business system amounted to SEK 18 million (10) during the period. Implementation of the business system will commence in the final quarter of 2023 and will continue in the years ahead.

The effect of derivative instruments amounted to SEK 7 million (-16) for the period.

Net financial items for the period amounted to SEK -4 million (11). Profit before tax for the period amounted to SEK 298 million (201).

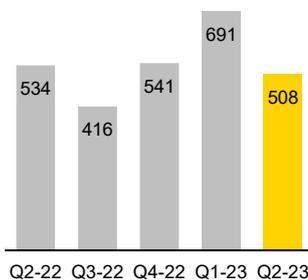
Income tax for the period was SEK -63 million (-45). The effective tax rate for the period amounted to 21.1 per cent (23.7).

Total profit after tax for the period amounted to SEK 235 million (156).

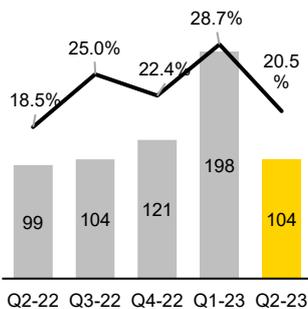
Investments and depreciation/amortisation

Investments in intangible and tangible assets and right-of-use assets amounted to SEK 45 million (19) for the quarter and SEK 70 million (52) for the period. The investments were mainly attributable to a newly signed lease for a logistics hub in the US and development costs for the third generation tiltrotator. Depreciation and amortisation of

Net sales by quarter, SEK million



EBIT SEK million and EBIT margin by quarter



tangible and intangible assets amounted to SEK 11 million (10) for the quarter and SEK 22 million (19) for the period.

Cash flow

Cash flow from operating activities amounted to SEK 277 million (92) for the quarter and SEK 282 (97) for the period, which was mainly attributable to improved operating profit and reduced capital tied up in accounts receivable and inventory, but was negatively impacted by tax paid and reduced accounts payable.

Cash flow from investing activities amounted to SEK -11 million (-11) for the quarter and SEK -29 million (-23) for the period. The investments were mainly attributable to property plant and equipment and development costs for the third generation tiltrotator.

Cash flow from financing activities amounted to SEK -245 (-111) for the quarter and SEK -222 million (-267) for the period. The change is a result of loan repayments, a reduction in bank overdraft facilities and a dividend paid in the second quarter of 2023.

Total cash flow from operations amounted to SEK 21 million (-30) for the quarter and SEK 31 million (-193) for the period.

Financial position and return

| | 30 Jun 2023 | 30 Jun 2022 | 31 Dec 2022 |
|--|----------------|----------------|----------------|
| Total borrowing, SEK million | 51 | 68 | 56 |
| Bank overdraft facilities, SEK million | - | 186 | 136 |
| Total lease liabilities, SEK million | 108 | 78 | 72 |
| Cash and cash equivalents, SEK million | -48 | -29 | -30 |
| Net debt (+) / Net cash (-), SEK million | 111 | 303 | 234 |
| Equity, SEK million | 614 | 334 | 501 |
| Equity/assets ratio, % | 54.7 | 31.5 | 42.2 |
| Return on capital employed, % | 73.4 | 57.5 | 56.4 |

Inventory amounted to SEK 396 million on 30 June 2023 compared with SEK 443 million on 31 December 2022. The strong net sales in the first quarter of 2023 resulted in reduced capital tied up in inventory and a decline in accounts receivable to SEK 286 million on 30 June 2023 compared with SEK 347 million on 31 December 2022.

Net debt was lower than in the second quarter of 2022 and equity was higher, taking into account the profit generated and the fact that a dividend was paid in the second quarter of 2023. As a result, the equity/assets ratio is stronger than in the second quarter of 2022. The Group had unutilised credit facilities of SEK 319 million at the end of the quarter compared with SEK 182 million on 31 December 2022. Including cash and cash equivalents, the Group's unutilised total liquidity amounted to SEK 367 million (132). The Group's existing credit facility amounted to SEK 319 million (318).



SIGNIFICANT EVENTS



engcon was awarded two prizes in the IPO of the Year category when business magazine *Affärsvärlden* handed out its annual awards: the Jury's Grand prize and Quality in the Billion-kronor Class.

Second quarter

- engcon was awarded two prizes in the IPO of the Year category when business magazine *Affärsvärlden* handed out its annual awards: the Jury's Grand prize and Quality in the Billion-kronor Class.
- On 15 May, the district court announced its judgement regarding Rototilt Group's lawsuit against engcon. The Swedish Patent and Market Court dismissed Rototilt's lawsuit. Rototilt and engcon have appealed the verdict. For more information, see page 7 Lawsuit.
- Since May, engcon's next generation of control system has been compatible with Caterpillar's excavators ranging from 13 to 35t.
- In June, engcon AB was certified as a Nasdaq ESG Transparency Partner 2022. The certification is awarded to companies with high transparency related to environmental, social and governance (ESG) issues.
- During the quarter, a new lease was signed for a logistics hub in the US, through one of engcon's wholly owned subsidiaries.

Events after the end of the quarter

- No significant events occurred after the reporting period.

FINANCIAL TARGETS AND DIVIDEND POLICY

Net sales growth

- engcon's objective is to exceed the growth in the existing markets¹ through organic growth.

Profitability

- engcon's targets an operating margin (EBIT margin) in excess of 20 per cent measured over a business cycle.

Capital efficiency

- engcon will continue to achieve an industry-leading capital efficiency. Return on capital employed (ROCE) to exceed 40 per cent measured over a business cycle.

Capital structure

- engcon will maintain a strong capital structure supporting further expansive organic growth and dividends to shareholders. Equity to assets ratio to be above 35 per cent.

Dividend policy

- engcon will pay approximately 50 per cent of net profit in dividends. The dividend proposal will consider engcon's long-term development potential, financial position and investment needs.

¹ The focus market is estimated to increase with a compound annual growth rate of approximately 19 per cent during the 2021–2026 period, according to the Strategy& (PwC) market report 2022.

OTHER INFORMATION

Risks and uncertainties

engcon is, by way of its operations, exposed to various risks that may give rise to variations in earnings and cash flow. Significant risks and uncertainties include industry and market risks, operational risks and financial risks. Risks and uncertainties are consistent with the description contained in the 2022 Annual Report, pages 38-42, with the addition of what is stated below. The Annual Report is available at www.engcongroup.com.

Although the prevailing global situation had some impact on engcon's operations during the year, engcon will be further affected going forward. The uncertainty related to the prevailing external and economic situation with high inflation, interest-rate hikes, currency effects and the war in Ukraine could entail a negative impact for engcon. This could take the form of reduced demand and a cautious approach to placing orders despite a return to more normal delivery times and less noticeable shortages of components with a stabilisation of price levels of components, raw materials and electricity.

The Board and Group management continue to closely monitor developments and the potential effects these could lead to. One price increase was completed in 2023, on 1 January, to offset the increased costs.

Lawsuit

In May, the Swedish Patent and Market Court announced its verdict regarding Rototilt's lawsuit against engcon alleging infringements by engcon of Rototilt patented technology. The damages claimed amount to approximately SEK 200 million. The alleged infringement relates to sensor technology in the Q-safe locking system. The court determined that no infringement had taken place and therefore dismissed Rototilt's action. At the same hearing, engcon claimed that Rototilt's patent should be declared invalid. However, the court determined that the patent was valid. Rototilt has appealed against the verdict to the Swedish Patent and Market Court. engcon has, in turn, chosen to appeal regarding the validity of the patent. The Swedish Patent and Market Court is expected to make a decision in the summer regarding whether the parties will be granted the right for respective proceedings to be brought before a court of appeal.

In consultation with experts in the field of patent law engaged by engcon as well as with the company's legal advisors, engcon has assessed that no patent infringement has taken place and thus no provision for this has been made in the accounts. In April 2022, engcon appealed the decision to grant the patent in question to the European Patent Office (EPO) and requested that the patent be declared invalid. Processing of this matter in the EPO is ongoing.

Employees

The average number of full-time employees at the end of the quarter amounted to 431 (376), of whom 21 per cent (22) were women and 79 per cent (78) men.

Seasonal variations

Seasonal variations have little impact on engcon's operations and diminish successively on account of sales in several markets, which contributes to a more even earnings trend over the course of the year. The fourth quarter is normally characterised by a higher order intake, partly as an effect of forthcoming price increases.

Share capital and shareholders

The company's registered share capital at 30 June 2023 amounted to SEK 21,250,320, distributed among 35,344,778 Class A shares and 116,443,222 Class B shares. The shares have a quotient value of SEK 0.14 per share. Each Class A share represents ten votes and each Class B share one vote. On 30 June 2023, there were 7,107 shareholders in the company.

The company's largest shareholder on 30 June 2023 was the company's founder, Stig Engström, through the company Ommapo Förvaltning AB, which controlled 35.4 per cent of the capital and 67.0 per cent of the votes. The second largest shareholder was Monica Engström, through the company Monen Holding AB, which controlled 32.0 per cent of the capital and 22.4 per cent of the votes. Following these, Nordstjernen, Capital Group, Svolder AB, Handelsbanken Fonder, C WorldWide Asset Management, the Second Swedish National Pension Fund, the First Swedish National Pension Fund and Columbia Threadneedle were engcon's largest shareholders.

As of 1 February 2023, Capital Group flagged that shareholdings in engcon AB corresponded to 4.99 per cent of capital and 1.62 per cent of votes. For more information about ownership structure, see www.engcongroup.com.

Parent Company

The Parent Company's net sales amounted to SEK 12 million (16) for the quarter and SEK 33 million (30) for the period.

Operating loss for the quarter amounted to SEK -23 million (-20) and SEK -39 million (-33) for the period. Net profit/loss for the quarter amounted to SEK 14 million (-18) and SEK -2 million (-30) for the period. During the quarter, the Parent Company received a dividend of SEK 37 million (0).

Amounts and dates

Amounts are presented in SEK million unless otherwise indicated. All comparative figures pertain to the same period of the preceding year. Rounding differences may occur.

SIGNING OF THE REPORT

The Board of Directors and CEO give their assurance that this interim report provides a true and fair account of the company's and the Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties faced by the company and those companies that form the Group. This interim report has not been reviewed by the company's auditors.

engcon AB

Strömsund, 20 July 2023

Annika Bärema
Chairman

Anna Stålenbring
Board member

Bob Persson
Board member

Monica Engström
Board member

Stig Engström
Board member

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Publication

This interim report comprises such information that engcon AB is obligated to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. This information was published through the auspices of the persons named above on 20 July 2023 at 8:00 a.m. CEST.

Audiocast presentation of the interim report

engcon will present the report via an audiocast on 20 July at 11:00 a.m. CEST.

To participate, use this link:
<https://ir.financialhearings.com/engcon-q2-2023>

To participate via a telephone conference, use the link below:
<https://conference.financialhearings.com/teleconference/?id=200865>

The presentation is available at www.engcongroup.com.

Financial calendar 2023

Interim Report January – September 2023, 27 October 2023

Year-end Report 2023, 21 February 2024

Annual and Sustainability Report 2023, week beginning 25 March 2024

Financial statements are available in their entirety at engcon's website www.engcongroup.com.

CONDENSED CONSOLIDATED INCOME STATEMENT

| SEK million | Q2 | | Jan-Jun | | Jan-Dec |
|---|------------|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Continuing operations | | | | | |
| Net sales | 508 | 534 | 1,199 | 981 | 1,938 |
| Cost of goods sold | -302 | -307 | -678 | -573 | -1,105 |
| Gross profit | 206 | 227 | 521 | 408 | 833 |
| Selling costs | -64 | -57 | -140 | -111 | -235 |
| Administrative costs | -29 | -48 | -61 | -79 | -150 |
| Research and development costs | -12 | -8 | -20 | -14 | -28 |
| Fair value, derivatives | 3 | -16 | 7 | -16 | -7 |
| Other operating income and operating expenses | - | 1 | -5 | 3 | 2 |
| Operating profit | 104 | 99 | 302 | 190 | 415 |
| Profit/loss from financial items | | | | | |
| Net financial items | 3 | 9 | -4 | 11 | - |
| Profit/loss before tax | 107 | 108 | 298 | 201 | 415 |
| Income tax | -21 | -26 | -63 | -45 | -90 |
| Profit/loss for the period | 86 | 82 | 235 | 156 | 325 |
| Total profit/loss for the period | 86 | 82 | 235 | 156 | 325 |
| Total profit/loss for the period: | | | | | |
| Attributable to: | | | | | |
| Parent Company shareholders | 83 | 72 | 224 | 141 | 305 |
| Non-controlling interest | 3 | 10 | 11 | 15 | 20 |
| Earnings per share (SEK) | | | | | |
| Before dilution | 0.55 | 0.47 | 1.48 | 0.93 | 2.01 |
| After dilution | 0.55 | 0.47 | 1.48 | 0.93 | 2.01 |

Rounding may entail that columns/rows do not tally.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK million | Q2 | | Jan-Jun | | Jan-Dec |
|--|-----------|-----------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Total profit/loss for the period | 86 | 82 | 235 | 156 | 325 |
| Other comprehensive income | | | | | |
| Items that may be reversed to profit or loss: | | | | | |
| Exchange-rate differences upon translation of foreign operations | 13 | 4 | 15 | 5 | 11 |
| Comprehensive income for the period | 99 | 86 | 250 | 161 | 336 |
| Attributable to: | | | | | |
| Parent Company shareholders | 94 | 76 | 237 | 146 | 314 |
| Non-controlling interest | 5 | 10 | 13 | 15 | 22 |

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED BALANCE SHEET

| SEK million | 30 Jun 2023 | 30 Jun 2022 | 31 Dec 2022 |
|---|----------------|----------------|----------------|
| Assets | | | |
| Fixed assets | | | |
| Goodwill | 22 | 20 | 20 |
| Other intangible assets | 50 | 16 | 35 |
| Right-of-use assets | 101 | 78 | 69 |
| Property plant and equipment | 141 | 146 | 141 |
| Other non-current receivables | 3 | 4 | 2 |
| Deferred tax receivables | - | 9 | - |
| Total non-current assets | 317 | 273 | 267 |
| Current assets | | | |
| Inventories | 396 | 393 | 443 |
| Accounts receivable | 286 | 298 | 347 |
| Current tax assets | 7 | 4 | 27 |
| Other receivables | 16 | 62 | 29 |
| Prepaid expenses and accrued income | 52 | - | 43 |
| Cash and cash equivalents | 48 | 29 | 30 |
| Total current assets | 805 | 786 | 919 |
| Total assets | 1,122 | 1,059 | 1,186 |
| Equity and liabilities | | | |
| Share capital | 21 | 21 | 21 |
| Other contributed capital | 6 | 6 | 6 |
| Translation reserve | 30 | 9 | 14 |
| Retained earnings including profit for the year | 518 | 261 | 425 |
| Equity attributable to Parent Company shareholders | 575 | 297 | 466 |
| Non-controlling interest | 39 | 37 | 35 |
| Total equity | 614 | 334 | 501 |
| Non-current liabilities | | | |
| Borrowings | 4 | 8 | 4 |
| Deferred tax asset | 6 | - | 8 |
| Lease liabilities | 87 | 60 | 55 |
| Provisions product warranty | 36 | 30 | 30 |
| Total non-current liabilities | 133 | 98 | 97 |
| Current liabilities | | | |
| Trade payables | 85 | 148 | 146 |
| Current tax liabilities | 22 | 72 | 109 |
| Lease liabilities | 21 | 18 | 17 |
| Borrowings | 47 | 60 | 52 |
| Overdraft facility | - | 186 | 136 |
| Derivatives | 1 | 15 | 7 |
| Other liabilities | 111 | 44 | 42 |
| Accrued expenses and deferred income | 88 | 84 | 79 |
| Total current liabilities | 375 | 627 | 588 |
| Total interest bearing debt | 508 | 725 | 685 |
| Total equity and liabilities | 1,122 | 1,059 | 1,186 |

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK million | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit for the year | Equity attributable to owners of the parent company | Non- controlling interest | Total equity |
|---|----------------------|--|--------------------------------|--|--|--|---------------------|
| Opening balance 1 January 2022 | 21 | 6 | 4 | 560 | 591 | 22 | 613 |
| Profit/loss for the year | - | - | - | 141 | 141 | 15 | 156 |
| Other comprehensive income | - | - | 5 | - | 5 | - | 5 |
| Total comprehensive income | - | - | 5 | 141 | 146 | 15 | 161 |
| Transactions with shareholders: | | | | | | | |
| Cash dividend | - | - | - | -440 | -440 | - | -440 |
| Total transactions with shareholders | - | - | - | -440 | -440 | - | -440 |
| Closing balance 30 June | 21 | 6 | 9 | 261 | 297 | 37 | 334 |
| Profit/loss for the year | - | - | - | 164 | 164 | 5 | 169 |
| Other comprehensive income | - | - | 5 | - | 5 | 1 | 6 |
| Total comprehensive income | - | - | 5 | 164 | 169 | 6 | 175 |
| Transactions with shareholders: | | | | | | | |
| Cash dividend | - | - | - | - | - | -8 | -8 |
| Total transactions with shareholders | - | - | - | - | - | -8 | -8 |
| Closing balance 31 December 2022 | 21 | 6 | 14 | 425 | 466 | 35 | 501 |
| SEK million | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit for the year | Equity attributable to owners of the parent company | Non- controlling interest | Total equity |
| Opening balance 1 January 2023 | 21 | 6 | 14 | 425 | 466 | 35 | 501 |
| Profit/loss for the year | - | - | - | 223 | 223 | 12 | 235 |
| Other comprehensive income | - | - | 15 | - | 15 | - | 15 |
| Total comprehensive income | - | - | 15 | 223 | 238 | 12 | 250 |
| Transactions with shareholders: | | | | | | | |
| Cash dividend | - | - | - | -129 | -129 | -9 | -138 |
| Total transactions with shareholders | - | - | - | -129 | -129 | -9 | -138 |
| Closing balance 30 June 2023 | 21 | 6 | 30 | 518 | 575 | 39 | 614 |

Rounding may entail that columns/rows do not tally.

CONSOLIDATED STATEMENT OF CASH FLOWS

| SEK million | Q2 | | Jan-Jun | | Jan-Dec |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Operating profit | 104 | 99 | 302 | 190 | 415 |
| Adjustments for non-cash items: | | | | | |
| Amortisation and depreciation | 12 | 10 | 22 | 19 | 39 |
| Provision | 2 | 4 | 6 | 7 | 7 |
| Translation difference | 9 | -1 | 16 | 5 | 24 |
| Other adjustments | -3 | 16 | -6 | 16 | 8 |
| Interest received | 25 | 14 | 29 | 18 | 28 |
| Interest paid | -12 | -1 | -20 | -2 | -17 |
| Income tax paid | -27 | -9 | -132 | -39 | -55 |
| Cash flow from operating activities before changes in working capital | 110 | 132 | 217 | 214 | 449 |
| Changes in working capital | | | | | |
| Decrease/increase in inventories | 41 | -26 | 47 | -90 | -140 |
| Decrease/increase in trade receivables | 237 | 21 | 61 | -90 | -139 |
| Decrease/increase in other receivables | -10 | -1 | 4 | -11 | -26 |
| Increase/decrease in trade payables | -74 | -15 | -61 | 54 | 52 |
| Increase/decrease in other liabilities | -27 | -19 | 14 | 20 | 20 |
| Cash flow from operating activities | 277 | 92 | 282 | 97 | 216 |
| Investing activities | | | | | |
| Acquisition of intangible assets | -7 | -9 | -17 | -17 | -35 |
| Acquisition of tangible assets | -4 | -2 | -11 | -6 | -12 |
| Acquisition of financial assets | - | - | -1 | - | - |
| Sale of financial assets | - | - | - | - | 2 |
| Cash flow from (-used in) investing activities | -11 | -11 | -29 | -23 | -45 |
| Financing activities | | | | | |
| New borrowing and change in overdraft facilities | -166 | -14 | -136 | 186 | 136 |
| Loan repayments | -5 | -7 | -12 | -13 | -33 |
| Dividends to shareholders | -74 | -90 | -74 | -440 | -448 |
| Cash flow from financing activities | -245 | -111 | -222 | -267 | -345 |
| Cash flow for (-used in) the period | 21 | -30 | 31 | -193 | -174 |
| Cash and cash equivalents at beginning of period | 33 | 60 | 30 | 228 | 228 |
| Exchange rate fluctuations in cash and cash equivalents | -6 | -1 | -13 | -6 | -24 |
| Cash and cash equivalents at end of period | 48 | 29 | 48 | 29 | 30 |

Rounding may entail that columns/rows do not tally.

CONDENSED PARENT COMPANY INCOME STATEMENT

| SEK million | Q2 | | Jan-Jun | | Jan-Dec |
|---|------------|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net sales | 12 | 16 | 33 | 30 | 59 |
| Cost of goods sold | - | - | -1 | -1 | -4 |
| Gross profit | 12 | 16 | 32 | 29 | 55 |
| Selling costs | -6 | -4 | -15 | -11 | -28 |
| Administrative costs | -22 | -31 | -47 | -48 | -88 |
| Research and development costs | -7 | -2 | -11 | -4 | -9 |
| Fair value, derivatives | 3 | - | 7 | - | -7 |
| Other operating income and operating expenses | -3 | 1 | -5 | 1 | -14 |
| Operating profit | -23 | -20 | -39 | -33 | -91 |
| Profit/loss from financial items | | | | - | |
| Net financial items | 38 | 2 | 39 | 3 | 38 |
| Income after financial items | 15 | -18 | - | -30 | -53 |
| Appropriations | - | - | - | - | 285 |
| Income tax | -1 | - | -2 | - | -40 |
| Profit/loss for the period | 14 | -18 | -2 | -30 | 192 |

CONDENSED PARENT COMPANY BALANCE SHEET

| SEK million | 30 Jun | 30 Jun | 31 Dec |
|-------------------------------------|------------|------------|------------|
| | 2023 | 2022 | 2022 |
| Assets | | | |
| Fixed assets | 110 | 95 | 102 |
| Current assets | 343 | 323 | 633 |
| Total assets | 453 | 418 | 735 |
| Equity and liabilities | | | |
| Restricted equity | 21 | 21 | 21 |
| Non-restricted equity | 104 | 13 | 235 |
| Total equity | 125 | 34 | 256 |
| Untaxed reserves | 68 | 1 | 68 |
| Current liabilities | 260 | 383 | 411 |
| Total interest bearing debt | 328 | 384 | 479 |
| Total equity and liabilities | 453 | 418 | 735 |

NOTES TO THE ACCOUNTS

NOT 1. ACCOUNTING POLICIES

engcon's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial

Reporting Board. Disclosures according to IAS 34 are provided in the notes and elsewhere in the interim report. The accounting policies applied in the preparation of this interim report apply to all periods and correspond with the accounting policies presented in engcon's 2022 Annual Report, Note 2 Accounting policies. No new and revised standards and interpretations that came into force on 1 January 2023 have had any material impact on engcon's financial statements.

NOT 2. KEY ASSESSMENTS AND ESTIMATES

The preparation of financial statements requires management to make assessments and estimates in addition to the assessments that impact the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates. The assessments and sources of uncertainty in the estimates correspond with those presented

in the most recent annual report. For more details on key assessments and estimates, refer to Note 3 of the 2022 Annual Report. engcon could continue to be impacted by the prevailing business environment and macro-economic situation with increasing inflation and interest-rate hikes, for more information, refer to page 7 in the Risks and uncertainties section.

NOT 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments, which are measured at fair value on a recurring basis.

Receivables

The company has a loan receivable amounting to SEK 0 million (2) to a French counterpart that does not solely include contractual cash flows in the form of repayment and interest and is therefore categorised at fair value through profit or loss. The loan was repaid as of 31 December 2022. The instrument was considered as level 2, since it was measured through calculation of discounted cash flows with interest and the credit margin as per the balance sheet date.

Derivatives

The company holds derivatives that are measured at fair value at level 2 through profit or loss. At 30 June, there was a liability amounting to SEK 1 million (15). The measurement method is discounting of contractual cash flows with interest and currency on the balance sheet date.

No transfers were made between level 1 and level 2 during the current or prior years.

The company is of the opinion that the carrying amount is a reasonable approximation of the fair value of all financial instruments.

NOT 4. EARNINGS PER SHARE

| | Q2 | | Jan-Jun | | Jan-Dec |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Total: | | | | | |
| Total profit/loss for the period attributable to shareholders of the Parent Company, SEK million | 83.0 | 72.0 | 224.0 | 141.0 | 305.0 |
| Right of preference, SEK million | - | - | - | - | - |
| Total profit/loss for the period attributable to shareholders of the Parent Company, adjusted, SEK million | 83.0 | 72.0 | 224.0 | 141.0 | 305.0 |
| Average number of ordinary shares outstanding | 151,788,000 | 151,788,000 | 151,788,000 | 151,788,000 | 151,788,000 |
| Basic and diluted earnings per share, SEK | 0.55 | 0.47 | 1.48 | 0.93 | 2.01 |

In 2022, former preference shares were converted to ordinary shares. Since no capital was raised in conjunction with this, the number of ordinary shares were adjusted retroactively, which had an immaterial effect on earnings per share. In earlier periods, earnings per share before and after dilution

were affected by the dividend on preference shares. Formula for calculation of earnings per share: earnings per share = (profit/loss for the period – dividend on preference shares)/average number of ordinary shares outstanding.

NOT 5. SEGMENT REPORTING AND ALLOCATION OF REVENUE

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. Group management and the CEO have been identified as the chief operating decision makers for assessment of the Group's earnings and position, as well as making strategic decisions. Group management and the CEO monitor the financial development in the Group as a unit. Accordingly, only one segment is recognised, which corresponds with the consolidated income statement. The reason that the Group is monitored as a segment is that earnings measures are only monitored at total level, since production and other overall costs are central for the Group and not distributed among the geographical market regions. Only the regions' sales and order intake in volume are monitored at a level lower than the operating segment.

Geographic market regions

The Group's sales are divided into four geographic market regions:

- Nordic region – Sweden, Denmark, Norway and Finland
- Europe – Europe excluding the Nordic region
- Americas – North America and South America
- Asia-Oceania – Japan, South Korea, Australia, New Zealand and Rest of the world

Internal sales are conducted between the production companies and the local sales companies, as well as between the local sales companies. Sales and installations are mainly conducted through dealers and our own local sales companies.

Net sales by geographic region, continuing operations

| SEK million | Q2 | | | Jan-Jun | | | Jan-Dec |
|-------------------------------------|------------|------------|------------|--------------|------------|-----------|--------------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% | 2022 |
| Nordic region | 203 | 311 | -35 | 527 | 585 | -10 | 1,003 |
| Europe | 158 | 153 | 3 | 381 | 269 | 42 | 600 |
| Americas | 85 | 42 | 102 | 153 | 70 | 119 | 154 |
| Asia-Oceania | 36 | 28 | 29 | 82 | 57 | 44 | 101 |
| Total excl. foreign exchange | 482 | 534 | -10 | 1,143 | 981 | 17 | 1,858 |
| Foreign exchange effect | 26 | - | - | 56 | - | - | 80 |
| Total | 508 | 534 | -5 | 1,199 | 981 | 22 | 1,938 |

Of total net sales, Sweden, where the company is domiciled, accounted for SEK 168 million (205) in the period. The net sales above are based on where the customer is domiciled.

NOT 6. INCENTIVE PROGRAMMES

In 2021, the Board resolved to introduce a long-term incentive programme in the form of a warrant programme for employees in the engcon Group. The purpose of the program is to encourage broad-based share ownership amongst the company's employees, facilitate recruitment, maintain competent employees, increase the alignment of interests between the employees and the company's shareholders and increase motivation to reach or exceed the company's financial targets. As of 30 June, 217 (231) engcon employees were participating in the warrant programme. A total of 1,517,880 warrants were issued, of which per 30 June 2023, 1,310,285 (1,336,785) were

subscribed for. The change pertains to the return of warrants in conjunction with termination of employment. Each warrant entitles the holder to subscribe for one share in engcon at an agreed future price. Warrants are conditional on a vesting period of five years. To participate in this programme, employees encompassed by the programme pay a premium that is based on the fair value of allotted warrants that are measured in accordance with the Black & Scholes model. Therefore, for this programme, no cost is recognised during the vesting period since employees have paid the fair value.

NOT 7. RELATED-PARTY TRANSACTIONS

The company's principal owners, Ommapo förvaltning AB and Monen Holding AB, which are also principal owners of Mähler International AB, had transactions with engcon during the period through Mähler International AB. The transactions comprised the purchases of products from engcon totalling SEK 8.2 million (2.4) and sales of products to engcon of SEK 0.3 million (7.6). Ommapo förvaltning AB also has an indirect ownership of Drivex AB, which has conducted transactions, mainly comprising purchases of

products, with engcon amounting to SEK 6.9 million (17.4). In addition to these transactions, Ommapo förvaltning AB delivered services to engcon AB for KSEK 937 (288). Kristian Sjöström has, through his wholly owned company Swedish Engineering AB, delivered services to engcon for KSEK 1,128 (676). Transactions also exist for lesser amounts. All transactions were conducted at market value and pertain to the period.

NOT 8. EVENTS AFTER THE BALANCE SHEET DATE

- No significant events occurred after the reporting period.

QUARTERLY OVERVIEW

| | 2023 | | 2022 | | | | 2021 | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Income statement | | | | | | | | |
| Net sales, SEK million | 508 | 691 | 541 | 416 | 534 | 447 | 370 | 359 |
| Gross profit, SEK million | 206 | 315 | 238 | 187 | 227 | 181 | 147 | 158 |
| Gross margin, % | 40.6 | 45.6 | 44.0 | 45.0 | 42.5 | 40.5 | 39.7 | 44.0 |
| Operating profit, SEK million | 104 | 198 | 121 | 104 | 99 | 91 | 77 | 91 |
| Operating margin, % | 20.5 | 28.7 | 22.4 | 25.0 | 18.5 | 20.4 | 20.8 | 25.3 |
| Profit/loss for the period, SEK million | 86 | 149 | 90 | 79 | 82 | 74 | 75 | 74 |
| Balance sheet | | | | | | | | |
| Non-current assets, SEK million | 317 | 285 | 267 | 266 | 273 | 260 | 225 | 274 |
| Other current assets, SEK million | 757 | 1,045 | 889 | 793 | 757 | 750 | 560 | 659 |
| Cash and cash equivalents, SEK million | 48 | 33 | 30 | 35 | 29 | 60 | 228 | 180 |
| Total assets, SEK million | 1,122 | 1,363 | 1,186 | 1,094 | 1,059 | 1,070 | 1,013 | 1,113 |
| Equity, SEK million | 614 | 653 | 501 | 412 | 334 | 338 | 613 | 629 |
| Interest-bearing liabilities, SEK million | 159 | 297 | 264 | 296 | 332 | 344 | 122 | 130 |
| Non-interest-bearing liabilities, SEK million | 349 | 413 | 421 | 386 | 393 | 388 | 278 | 354 |
| Total equity and liabilities, SEK million | 1,122 | 1,363 | 1,186 | 1,094 | 1,059 | 1,070 | 1,013 | 1,113 |
| Cash flow | | | | | | | | |
| Cash flow from operating activities, SEK million | 277 | 5 | 56 | 63 | 92 | 5 | 45 | 36 |
| Cash flow from investing activities, SEK million | -11 | -18 | -15 | -7 | -11 | -12 | - | -1 |
| Cash flow from financing activities, SEK million | -245 | 23 | -36 | -42 | -111 | -156 | -7 | -8 |
| Cash flow for the period, SEK million | 21 | 10 | 5 | 14 | -30 | -163 | 38 | 27 |
| Key performance indicators | | | | | | | | |
| Order intake, SEK million | 341 | 408 | 553 | 324 | 519 | 582 | 774 | 341 |
| Net sales growth, % | -5.0 | 55.0 | 37.6 | 15.9 | 19.5 | 22.8 | n/a | n/a |
| Net debt (+) / Net cash (-), SEK million | 111 | 264 | 234 | 261 | 303 | 284 | -106 | -50 |
| Net debt/Net cash through EBITDA | 0.2 | 0.5 | 0.5 | 0.6 | 0.8 | n/a | n/a | n/a |
| Equity/assets ratio, % | 54.7 | 47.9 | 42.2 | 37.7 | 31.5 | 31.6 | 60.5 | 56.5 |
| Return on capital employed, % | 73.4 | 63.4 | 56.4 | 54.9 | 57.5 | 50.5 | 47.8 | n/a |
| Interest coverage ratio, multiple | 33 | 22 | 53 | 81 | 388 | n/a | n/a | n/a |
| Average number of full-time employees | 431 | 426 | 425 | 422 | 376 | 366 | 345 | 345 |
| Share data | | | | | | | | |
| Basic and diluted earnings per share (continuing operations), SEK | 0.55 | 0.93 | 0.59 | 0.49 | 0.47 | 0.48 | 0.49 | 0.48 |
| Average number of outstanding shares | 151,788 | 151,788 | 151,788 | 151,788 | 151,788 | 151,788 | 151,788 | 151,788 |

ALTERNATIVE PERFORMANCE MEASURES AND FINANCIAL DEFINITIONS

This interim report contains references to a number of earnings measures (performance measures). Some of these performance measures are defined in IFRS, while others are alternative performance measures that are not recognised in accordance with applicable frameworks for financial reporting or other legislation. These alternative performance measures

comprise a complement to assist investors and company management in analysing the operations. Below is a report on the reconciliation of alternative performance measures and definitions of performance measures with a motivation for their use.

Estimates

| | Q2 | | Jan-Jun | | Jan-Dec |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Equity/asset ratio | | | | | |
| Equity, SEK million | 614 | 334 | 614 | 334 | 501 |
| Total assets, SEK million | 1,122 | 1,059 | 1,122 | 1,059 | 1,186 |
| Equity/assets ratio, % | 54.7 | 31.5 | 54.7 | 31.5 | 42.2 |
| Gross margin | | | | | |
| Gross profit, SEK million | 206 | 227 | 521 | 408 | 833 |
| Net sales, SEK million | 508 | 534 | 1,199 | 981 | 1,938 |
| Gross margin, % | 40.6 | 42.5 | 43.5 | 41.6 | 43.0 |
| Operating margin | | | | | |
| Operating profit, SEK million | 104 | 99 | 302 | 190 | 415 |
| Net sales, SEK million | 508 | 534 | 1,199 | 981 | 1,938 |
| Operating margin, % | 20.5 | 18.5 | 25.2 | 19.4 | 21.4 |
| Net debt (-) / Net cash (+) | | | | | |
| Non-current borrowing (+), SEK million | 4 | 8 | 4 | 8 | 4 |
| Current borrowing (+), SEK million | 47 | 60 | 47 | 60 | 52 |
| Non-current lease liabilities (+), SEK million | 87 | 60 | 87 | 60 | 55 |
| Current lease liabilities (+), SEK million | 21 | 18 | 21 | 18 | 17 |
| Bank overdraft facilities (+), SEK million | - | 186 | - | 186 | 136 |
| Cash and cash equivalents (-), SEK million | -48 | -29 | -48 | -29 | -30 |
| Net debt (+) / Net cash (-), SEK million | 111 | 303 | 111 | 303 | 234 |
| EBITDA | | | | | |
| Operating profit, RTM, SEK million | 512 | 388 | 512 | 388 | 415 |
| Financial income, RTM, SEK million | -1 | -30 | -1 | -30 | -9 |
| Interest expenses, RTM, SEK million | 16 | 1 | 16 | 1 | 8 |
| Depreciations, RTM, SEK million | 42 | 39 | 42 | 39 | 39 |
| EBITDA | 569 | 398 | 569 | 398 | 453 |
| Net debt (+) / Net cash (-) / EBITDA | | | | | |
| Net debt (+) / Net cash (-), SEK million | 111 | 303 | 111 | 303 | 234 |
| EBITDA, SEK million | 569 | 398 | 569 | 398 | 453 |
| Net debt (+) / Net cash (-), SEK million/EBITDA | 0.2 | 0.8 | 0.2 | 0.8 | 0.5 |
| Interest coverage ratio, multiple | | | | | |
| Operating profit, RTM, SEK million | 527 | 358 | 527 | 358 | 415 |
| Financial income, RTM, SEK million | 1 | 30 | 1 | 30 | 9 |
| Sum | 528 | 388 | 528 | 388 | 424 |
| Interest expense, past 12 months, SEK million | 16 | 1 | 16 | 1 | 8 |
| Interest coverage ratio, multiple | 33 | 388 | 33 | 388 | 53 |

Estimates (continued)

| | Q2 | | Jan-Jun | | Jan-Dec |
|---|---------------|--------------|---------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Organic growth in order intake | | | | | |
| Order intake for the current period, SEK million | 341 | 519 | 749 | 1,101 | 1,978 |
| Foreign exchange, SEK million | -20 | -19 | -37 | -35 | -91 |
| Order intake, excl foreign exchange, SEK million | 321 | 500 | 712 | 1,066 | 1,887 |
| Order intake for the preceding period, SEK million | 519 | 431 | 1,101 | 852 | 1,967 |
| Change in order intake, SEK million | -198 | 69 | -389 | 214 | -80 |
| Change in organic order intake, % | -38.2% | 16.0% | -35.3% | 25.6% | -4.1% |
| Net sales and organic net sales growth | | | | | |
| Net sales for the current period, SEK million | 508 | 534 | 1,199 | 981 | 1,938 |
| Foreign exchange, SEK million | -26 | -16 | -56 | -28 | -80 |
| Net sales, excl foreign exchange, SEK million | 482 | 518 | 1,143 | 953 | 1,858 |
| Net sales for the preceding period, SEK million | 534 | 395 | 981 | 759 | 1,488 |
| Change in organic net sales, SEK million | -52 | 123 | 162 | 194 | 370 |
| Change in organic net sales, % | -9.7% | 31.1% | 16.5% | 25.6% | 24.9% |
| Return on capital employed | | | | | |
| Profit/loss before tax, past 12 months, SEK million | 512 | 388 | 512 | 388 | 415 |
| Interest expense, past 12 months, SEK million | 16 | 1 | 16 | 1 | 8 |
| Profit/loss before tax plus interest expense, past 12 months, SEK million | 528 | 389 | 528 | 389 | 423 |
| Capital employed at the beginning of the period, SEK million | 666 | 687 | 666 | 687 | 735 |
| Capital employed at the end of the period, SEK million | 773 | 666 | 773 | 666 | 765 |
| Capital employed, average, SEK million | 720 | 677 | 720 | 677 | 750 |
| Return on capital employed, % | 73.4 | 57.5 | 73.4 | 57.5 | 56.4 |
| Capital employed | | | | | |
| Balance sheet total, SEK million | 1,122 | 1,059 | 1,122 | 1,059 | 1,186 |
| Less non-interest-bearing liabilities | | | | | |
| Deferred tax liabilities, SEK million | -6 | - | -6 | n/a | -8 |
| Provisions for product warranties, SEK million | -36 | -30 | -36 | -30 | -30 |
| Accounts payable, SEK million | -85 | -148 | -85 | -148 | -146 |
| Current tax liabilities, SEK million | -22 | -72 | -22 | -72 | -109 |
| Derivatives, SEK million | -1 | -15 | -1 | -15 | -7 |
| Other liabilities, SEK million | -111 | -44 | -111 | -44 | -42 |
| Accrued expenses and deferred income, SEK million | -88 | -84 | -88 | -84 | -79 |
| Capital employed, SEK million | 773 | 666 | 773 | 666 | 765 |

Definitions

| Key performance indicators | Definitions | Explanation |
|---|---|--|
| Return on capital employed | Pre-tax profit plus interest expenses as a percentage of average capital employed, rolling 12 months. | Return on capital employed is a profitability measure used to put earnings in relation to the capital required to conduct operations. |
| EBITDA | Operating profit before interest and taxes and amortisation of intangible assets and depreciation of tangible assets. | EBITDA is used to facilitate comparisons and assessments of the company's cash flow. |
| Gross margin | Gross profit divided by net sales. | Gross margin is used to measure product profitability. |
| Average number of employees | Average number of full-time employees during the reporting period. | Non-financial performance measure. |
| Net debt (+) / Net cash (-) | Defined as interest-bearing debt minus cash and cash equivalents and certain other financial assets. Interest-bearing debt includes liabilities to credit institutions and lease liabilities. | To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements. |
| Net debt (+) / Net cash (-) through EBITDA | Defined as interest-bearing debt minus cash and cash equivalents and certain other financial assets through EBITDA. Interest-bearing debt includes liabilities to credit institutions and lease liabilities. | To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements. |
| Order intake | Total order intake during the period calculated in the same way as net sales. | Order intake provides an indication of the current demand for the Group's products and services, which becomes apparent in net sales with varying delays. |
| Organic net sales growth | Change in net sales as a percentage of net sales during the comparative period in the preceding year for the companies that were part of the Group for the entire comparative period and the current period, excluding exchange-rate effects. | Relevant measure for the assessment of the company's capacity to create growth through volume, price and product/service offering in operating activities. |
| Organic growth in order intake | Organic growth in order intake is growth in order intake excluding translation effects from exchange rate differences, as well as acquisitions and divestments. | It provides an understanding for the Group's order intake, which is driven by changes in volume, price and product/service offering. |
| Earnings per share | Earnings per share for the period, in SEK, attributable to the Parent Company shareholders, in relation to the weighted average number of shares before and after dilution. | Performance measures in accordance with IFRS. |
| Interest coverage ratio | EBIT plus financial income through interest expenses. | To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements. |
| Operating profit (EBIT) | Earnings before interest and taxes. | Enables comparisons of profitability regardless of capital structure or tax situation. |
| Operating margin (EBIT margin) | Operating profit divided by net sales. | The EBIT margin is used to measure operational profitability. |
| Equity/assets ratio | Equity including non-controlling interests divided by total assets. | A key measurement for the assessment of the company's financial stability. |
| Capital employed | Total assets less non-interest-bearing liabilities. | Capital employed shows the proportion of the company's assets that are financed by capital requiring returns. |

EXCHANGE RATES

| | Closing rate 30 Jun 2023 | Average rate Jan-Jun 2023 | Closing rate 30 Jun 2022 | Average rate Jan-Jun 2022 |
|----------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| 1 EUR is equivalent to SEK | 11.79 | 11.32 | 10.68 | 10.60 |
| 1 DKK is equivalent to SEK | 1.58 | 1.52 | 1.44 | 1.43 |
| 1 NOK is equivalent to SEK | 1.01 | 1.00 | 1.03 | 1.03 |
| 1 USD is equivalent to SEK | 10.85 | 10.47 | 10.22 | 10.01 |
| 1 AUD is equivalent to SEK | 7.19 | 7.09 | 7.04 | 7.04 |
| 1 PLN is equivalent to SEK | 2.65 | 2.45 | 2.29 | 2.29 |
| 1 GBP is equivalent to SEK | 13.72 | 12.92 | 12.41 | 12.39 |
| 1 KRW is equivalent to SEK | 0.01 | 0.01 | 0.01 | 0.01 |
| 1 CAD is equivalent to SEK | 8.19 | 7.77 | 7.92 | 7.82 |



ABOUT ENGCON

Business operations

engcon AB is the leading global manufacturer of tiltrotators with associated attachments, which enhance excavators' profitability, effectiveness, flexibility, safety and sustainability. Under our own brand, we offer a unique overall solution that transforms an excavator into a tool carrier that can replace several other machines.

engcon focuses on an attractive market niche, where our products contribute to changing the conditions for digging by ensuring the sustainable and responsible use of resources. From the beginning, we have formed close relationships with end users of our products, with the aim of optimising their everyday work.

We address the market through our 14 local sales companies and through an established network of dealers. With our slightly more than 400 employees, engcon is currently active in 16 markets. The head office is located in Strömsund, in northern Sweden, and this is also the location of our largest production facility. We also have a production plant in Niepruszewo, Poland.

Our vision

Change the world of digging.

Our mission

To become the world's leading, independent manufacturer of advanced attachments for excavators worldwide.



16 markets



14 local sales companies



400+ employees



SEK 1.9 billion in net sales in 2022

CHANGE THE WORLD OF DIGGING