

Ependion AB

Interim Report January–September 2025

Investing in a secure and connected world

Earnings improvement and continued investments

Third quarter

- Order intake increased by 11 percent to 505 MSEK (456), adjusted for currency effects and acquisitions it increased by 3 percent.
- Net sales increased by 10 percent to 544 MSEK (493), adjusted for currency effects and acquisitions it was stable.
- EBIT increased to 63.0 MSEK (50.8).
- EBIT margin strengthened to 11.6 percent (10.3).
- Profit after tax increased to 40.4 MSEK (31.1).
- Earnings per share improved to 1.26 SEK (1.08).
- Free cash flow amounted to 29.9 MSEK (55.6).
- After the end of the period, the Westermo business entity entered into an agreement to acquire a minority stake in RazorSecure, a British software company that is a leader in cybersecurity for the train industry. The investment amounts to 2.7 million pounds.

Nine months

- Order intake increased by 10 percent to 1,614 MSEK (1,467), adjusted for currency effects and acquisitions it increased by 8 percent.
 - Net sales decreased by 2 percent to 1,649 MSEK (1,680), adjusted for currency effects and acquisitions it decreased by 5 percent.
 - EBIT was 173.7 MSEK (185.4).
 - EBIT margin was 10.5 percent (11.0).
 - Profit after tax was 102.7 MSEK (122.1).
 - Earnings per share were 3.35 SEK (4.22).
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Comments from the CEO, Jenny Sjö Dahl



"In a market still characterized by uncertainty and caution, Ependion reports a clearly improved result and strengthened margins for the third quarter of 2025. This shows that our business entities have the ability to balance a focus on profitability with future-oriented investments to strengthen our offering

and advance our positions.

Ependion's order intake for the third quarter increased by 11 percent to 505 MSEK. Adjusted for acquisitions and currency effects, the increase was 3 percent. For the Westermo business entity, order intake increased by 10 percent to 305 MSEK. Excluding the acquisition of Welotec and adjusted for currency effects, order intake decreased by 6 percent, mainly due to a seasonally weaker period for the train segment. The Beijer Electronics business entity reported an increase in order intake by 12 percent to 201 MSEK, where the growth rate for the core HMI offering was 22 percent. At the end of the period, the Group's order backlog amounted to 1,052 MSEK, of which Westermo accounted for 928 MSEK and Beijer Electronics for 124 MSEK.

The Group's net sales increased by 10 percent during the quarter to 544 MSEK, adjusted for acquisitions and currency effects, the development was stable. Westermo reported a sales increase of 24 percent to 334 MSEK. The recently acquired Welotec developed positively and accounted for the business entity's growth in the period. During the quarter, Westermo was affected by an unplanned production stoppage due to a lightning strike at the Stora Sundby plant. Despite extensive efforts to catch up, deliveries were negatively affected by approximately 10 MSEK in the period. In the Beijer Electronics business entity, sales amounted to 210 MSEK, which was a decline compared to the previous year. The period did not include any sales of the phased-out low-margin products, which improved the sales mix in line with the strategy.

Strengthened gross margin and good cost control contributed to improved profitability for the Group in the third quarter. The Group's EBIT increased to 63 MSEK, corresponding to an EBIT margin of 11.6 percent. The Westermo business entity reported an improved EBIT of 48 MSEK with an EBIT margin of 14.3 percent and Beijer Electronics' EBIT amounted to 26 MSEK with a margin of 12.3 percent. Beijer Electronics continues to improve sequential profitability. The Group's free cash flow was 30 MSEK, a decrease compared to the previous year, which is explained by the fact that the largest improvements in inventory levels were implemented in 2024.

As in the previous period, currency effects have had a noticeable impact on the Group's accounts. The stronger Swedish krona and the weakening of the US dollar compared to the previous year had a negative impact on EBIT by 12 MSEK and negatively affected both order intake and sales comparisons by 4 percentage points.

As planned, the Group's product development expenses during the period decreased to 70 MSEK, corresponding to 12.9 percent of Group sales. Beijer Electronics' new generation of operator panels – the X3 series – is now complete and available to customers, which means that the intensive development work is entering a calmer phase.

The strongly growing defense sector is a segment where robustness and reliability are important requirements, something that Ependion places great emphasis on. Both business entities currently have customers in the defense sector and during the period, a group-wide work was initiated to evaluate the possibilities of strengthening positions in this area.

After the end of the period, the Westermo business entity has entered into an agreement to acquire a minority stake in the British software company RazorSecure Limited, a leading player in cybersecurity solutions for the train industry. The investment amounts to GBP 2.7 million. The agreement also includes a strategic collaboration in technology and business development, as well as an option to acquire the entire company after the end of the 2027 financial year.

"Our business entities have the ability to balance a focus on profitability with future-oriented investments to advance our positions."

Jenny Sjö Dahl, President and CEO

This investment strengthens Westermo's position in the growing area of secure and reliable network solutions for the railway sector.

The acquisition of Welotec, which was completed in the second quarter of this year, has developed very well. The company continues to grow, and the integration is progressing as planned. We clearly see how the combination of Welotec's expertise and our joint broader offering is generating new business opportunities and strengthening our position in the growing energy market.

Ependion is well positioned in attractive markets. The strategic investments and continuous improvements we are driving make us well equipped for the future. In the medium and long term, our prospects for profitable growth are very good given the structural growth in our focus segments. In the short term, uncertainty remains, and we focus on what we can influence. We balance cost discipline with strategic future investments and are focused on creating value, regardless of the market situation."

The Group's third quarter

The Group's order intake increased by 11 percent to 505 MSEK (456) in the third quarter of 2025. Adjusted for currency effects and acquisitions, order intake increased by 3 percent. Order intake increased for both business entities. The order backlog amounted to 1,052 MSEK (1,047) at the end of the quarter.

The Group's sales increased by 10 percent to 544 MSEK (493) during the period. Adjusted for currency effects and acquisitions, sales were stable, both for the Group and

for the business entities. The Group's EBITDA increased to 110.8 MSEK (96.9). Depreciation and amortization amounted to 47.8 MSEK (46.0). EBIT increased to 63.0 MSEK (50.8), corresponding to an EBIT margin of 11.6 percent (10.3). EBIT was affected by negative currency effects of 12.0 MSEK. Total development expenditure amounted to 70.1 MSEK (71.5). This corresponded to 12.9 percent (14.5) of the Group's sales. Net financial items were -7.5 MSEK (-11.0). Profit before tax increased to 55.5 MSEK (39.9). Profit after estimated tax increased to 40.4 MSEK (31.1). Profit per share after estimated tax increased to 1.26 SEK (1.08).

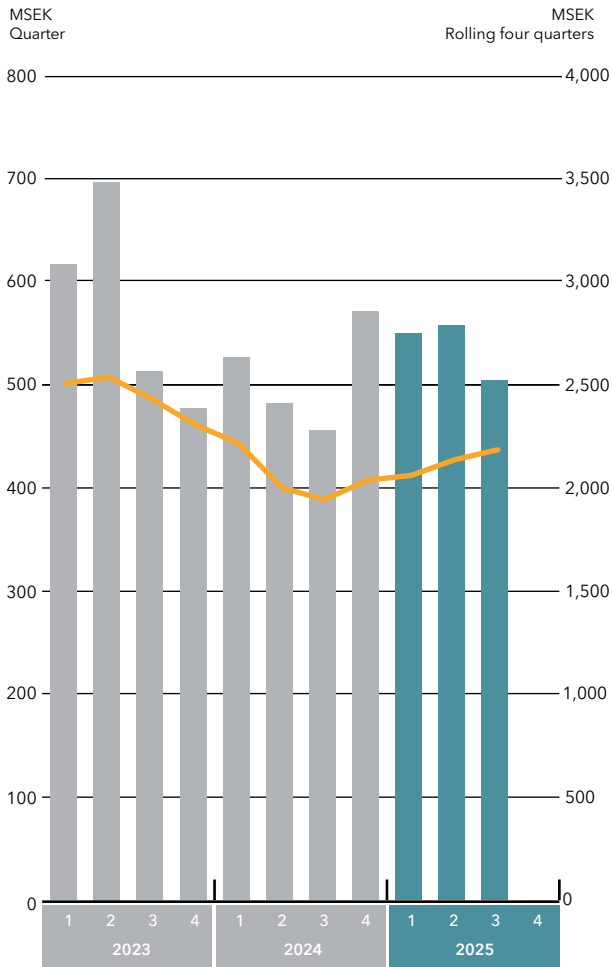
The Group's first nine months

The Group's order intake increased by 10 percent to 1,614 MSEK (1,467) during the first nine months of 2025. Adjusted for currency effects and acquisitions, the increase was 8 percent. The Group's sales decreased by 2 percent to 1,649 MSEK (1,680). Adjusted for currency effects and acquisitions, sales decreased by 5 percent, with both Westermo's and Beijer Electronics' sales decreasing. The Group's EBITDA amounted to 316.3 MSEK (317.7). Depreciation and amortization increased to 142.6 MSEK (132.3). EBIT was 173.7 MSEK (185.4), corresponding to an EBIT margin of 10.5 percent (11.0). Total development expenditure amounted to 223.5 MSEK (228.2). This corresponded to 13.6 percent (13.6) of the Group's sales. Net financial items were -28.3 MSEK (-30.6). Profit before tax amounted to 145.4 MSEK (154.8). Profit after estimated tax amounted to 102.7 MSEK (122.1). Profit per share after estimated tax was 3.35 SEK (4.22).

Business entity net sales and EBIT

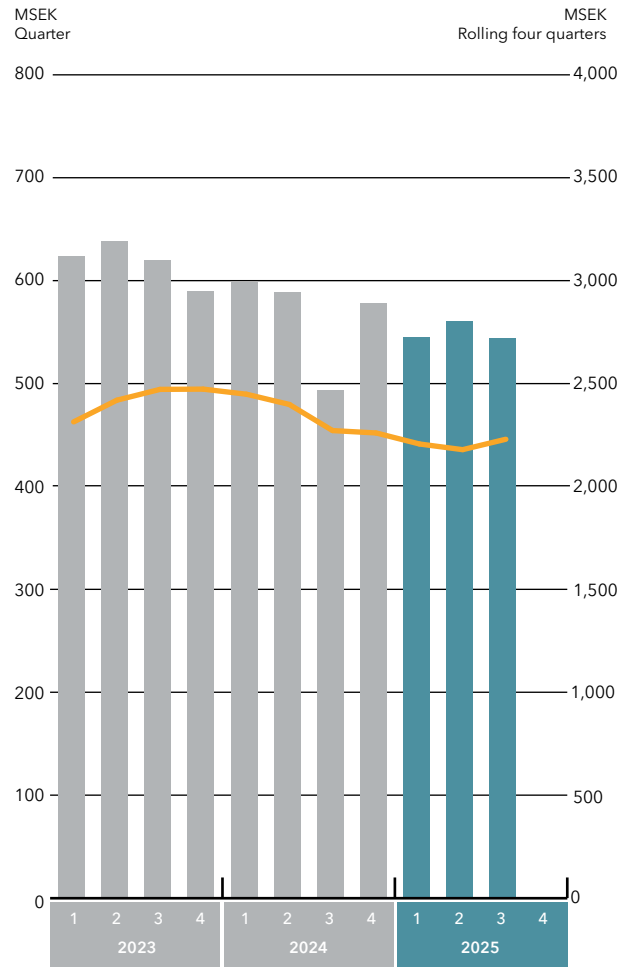
	Sales, MSEK		EBIT, MSEK		EBIT margin, %		Sales, MSEK		EBIT, MSEK		EBIT margin, %	
	Quarter 3						9 mth.					
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Westermo	334.4	269.2	47.7	37.4	14.3	13.9	1 009.4	969.4	151.8	137.3	15.0	14.2
Beijer Electronics	209.9	224.6	25.7	25.8	12.3	11.5	643.3	714.0	60.1	86.8	9.3	12.2
Intra-group sales	-0.7	-0.8	-	-	-	-	-3.3	-3.5	-	-	-	-
Group adjustments and parent company	-	-	-10.4	-12.4	-	-	-	-	-38.1	-38.6	-	-
Ependion Group	543.6	493.0	63.0	50.8	11.6	10.3	1,649.4	1,679.9	173.7	185.4	10.5	11.0

Group order intake



The bars and left-hand scale indicate quarterly order intake.
The curve and right-hand scale show rolling four quarter order intake.

Group net sales

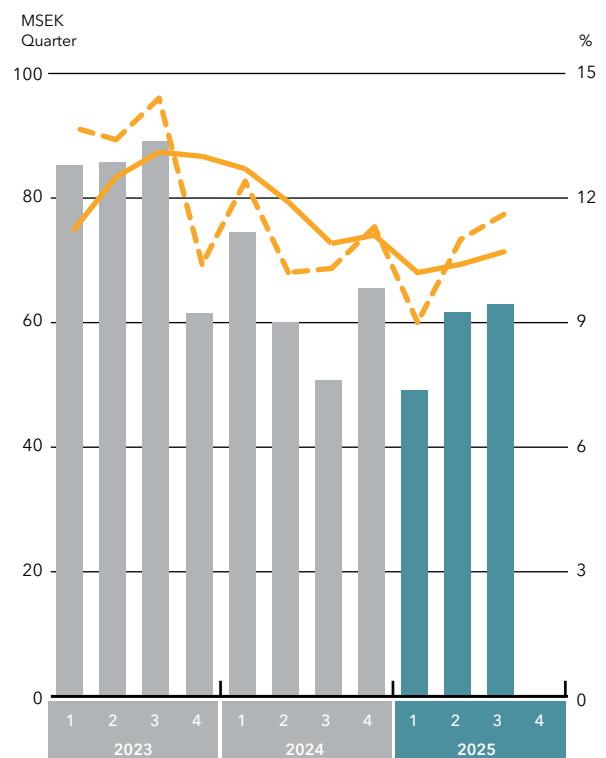


The bars and left-hand scale indicate quarterly net sales.
The curve and right-hand scale show rolling four quarter net sales.

“The investment in RazorSecure strengthens Westermo’s position in the growing area of secure and reliable network solutions for the railway sector.”

Jenny Sjö Dahl, President and CEO

Group EBIT



The bars and left-hand scale indicate quarterly EBIT. The solid curve and right-hand scale show rolling four quarter EBIT margin, the dashed curve and right-hand scale show quarterly EBIT margin.

Westermo

Business entity

For Westermo, the third quarter was characterized both by a rapid start to the collaboration with the recently acquired Welotec, and by significant efforts to mitigate the effects of an unplanned interruption in production. In addition, after the end of the period, Westermo signed an agreement to acquire a minority stake in RazorSecure, a leading software company in cybersecurity solutions for the train industry, and celebrated the business entity's 50th anniversary.

Order intake for Westermo increased to 305 MSEK, but excluding Welotec, order intake decreased. This is primarily due to a decline in the train segment, an effect that is considered temporary and is mainly due to lower activity levels in Europe during the holiday period. The order book for the operations in India - which is now certified according to ISO 9001 (quality), 14001 (environment) and 45001 (work environment) - developed positively and the growth potential is large.

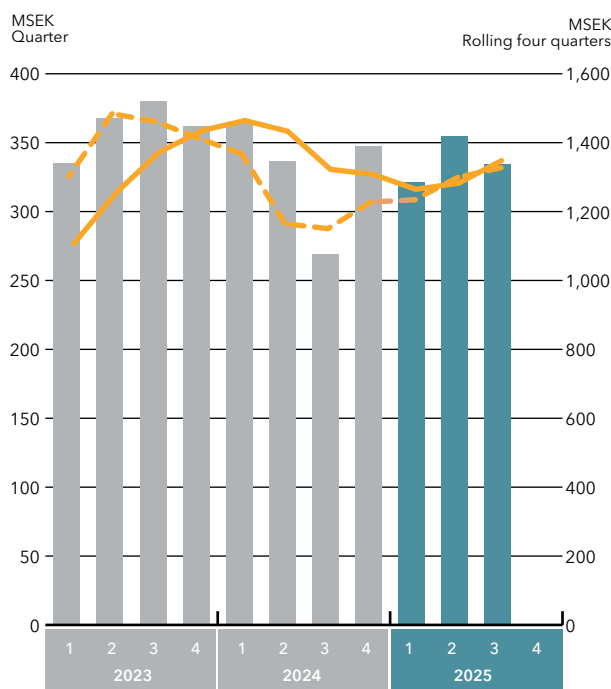
Sales increased by 24 percent to 334 MSEK. Here too, Welotec accounted for the majority of the increase. During the summer, the Stora Sundby facility was hit by damage to its machinery caused by a lightning strike. The organization has made significant efforts to mitigate the effects and by the end of September, Westermo was almost on track. The costs are covered by insurance, but the disruption had a negative impact on deliveries of around 10 MSEK for the quarter.

Thanks to continued strong gross margins and good cost control, EBIT for the third quarter increased by 27 percent to 47.7 MSEK with an EBIT margin of 14.3 percent. The result for the period has been charged with acquisition-related costs of 1 MSEK.

The recently acquired company Welotec, which offers robust industrial computers for real-time optimization, cybersecurity and virtualization, has developed very well during the period and the growth is in line with what the

company performed before the merger. Welotec now constitutes Westermo's technology centre for Edge Computing and has a strong position and good customer relationships in the growing market for digitalization of electricity networks. The integration process is working well, and the collaboration has already generated new business opportunities, enabling Westermo to present an even stronger offering to customers, primarily within the energy sector.

Net sales, Westermo



The bars and left-hand scale indicate quarterly net sales. The solid curve and right-hand scale show rolling four quarter net sales, the dashed curve shows rolling four-quarter order intake.

“Westermo’s acquisition of Welotec has already generated new business opportunities where we can present an even stronger offering with a focus on the growing energy sector.”

Jenny Sjö Dahl, President and CEO

After the end of the period, Westermo signed an agreement to acquire a minority stake in the British software company RazorSecure. The investment amounts to 2.7 million pounds with an option to acquire the entire company at the end of 2027 at a predetermined price mechanism. RazorSecure's extensive expertise in cybersecurity for the train industry complements Westermo's existing offering in an excellent way. The collaboration agreement strengthens the ability to deliver secure and reliable network solutions to the train segment and thereby consolidates the business entity's leading position in the area.

Third quarter

Order intake increased by 10 percent to 305 MSEK (278). Excluding acquisitions and currency effects, order intake decreased by 6 percent to 252 MSEK. Sales increased by 24 percent to 334 MSEK (269). Excluding acquisitions and currency effects, sales increased by 2 percent to 265 MSEK. EBITDA increased to 72.9 MSEK (60.8). Depreciation and amortization were 25.2 MSEK (23.4). EBIT increased to 47.7 MSEK (37.4), corresponding to an EBIT margin of 14.3 percent (13.9).

First nine months

Order intake increased by 11 percent to 981 MSEK (882). Excluding acquisitions and currency effects, order intake increased by 5 percent to 905 MSEK. Sales increased by 4 percent to 1,009 MSEK (969). Excluding acquisitions and currency effects, sales decreased by 5 percent to 902 MSEK. EBITDA increased to 225.0 MSEK (205.6). Depreciation and amortization were 73.3 MSEK (68.3). EBIT amounted to 151.8 MSEK (137.3). This corresponded to an EBIT margin of 15.0 percent (14.2).

Beijer Electronics

Business entity

In the third quarter, Beijer Electronics took further steps toward improved profitability, delivering a result that surpasses both the comparison period and the previous quarter. At the same time, the business entity launched additional products in the important X3 series during the period, which means that the offering at the end of the period was complete.

Beijer Electronics' order intake increased by 12 percent to 201 MSEK. The improvement is largely due to growing order intake for the core product HMIs, which increased by 22 percent during the period, fully in line with the business entity's strategy.

Sales decreased to 210 MSEK for the third quarter, which is partly due to the fact that deliveries of previously phased-out products with lower margins have ceased. Sales in the marine segment were stable during the period, while products for particularly demanding environments increased. Demand from the manufacturing industry segment remained relatively weak.

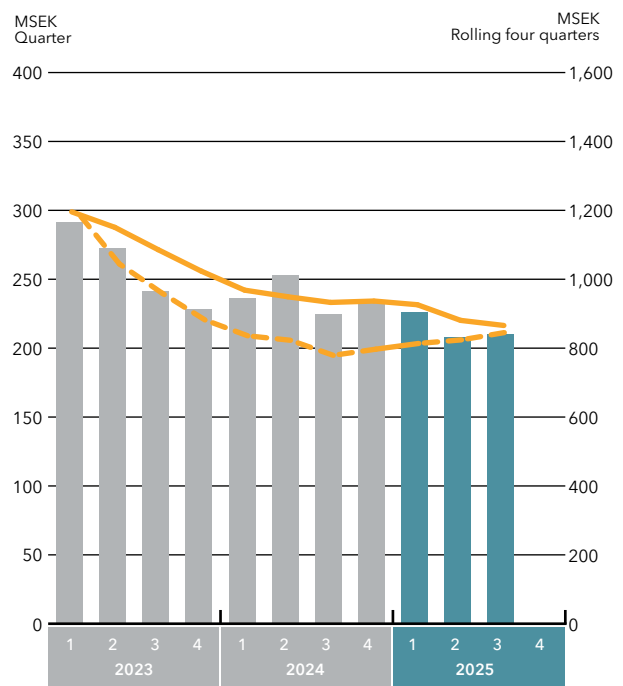
Thanks to strengthened gross margins and the effect of previously implemented cost savings, EBIT was 25.7 MSEK and the EBIT margin strengthened to 12.3 percent. The most intensive development phase is now over, and product development expenses will gradually decrease during the second half of 2025.

The business entity reached an important milestone during the period with the launch of the next generation of HMI:s, the X3 series. Following the success of its predecessor, the X2, the X3 series marks a strategically important next step. The series was completed in the third quarter with the launch of the X3 pro, X3 marine and X3 extreme, developed for demanding environments where high demands are placed on reliability and cybersecurity. Around fifty customers have so far ordered smaller series of the X3 family to evaluate the product for future orders.

During the period, Beijer Electronics received a strategically important order for the X3 series from a company in the Hyundai Group. It is a significant customer in the marine sector that is now transitioning from the X2 to the X3 platform.

As part of reducing its climate footprint, Beijer Electronics has initiated test deliveries with reduced climate impact during the quarter, including through combined sea and air transport, as well as a collaboration with a freight provider on completely fossil-free road transport.

Net sales, Beijer Electronics



The bars and left-hand scale indicate quarterly net sales. The solid curve and right-hand scale show rolling four quarter net sales, the dashed curve shows rolling four-quarter order intake.

“Beijer Electronics launched additional products in the important X3 series during the third quarter of 2025, which means that the offering at the end of the period was complete.”

Jenny Sjö Dahl, President and CEO

Third quarter

Order intake increased by 12 percent to 201 MSEK (180), excluding currency effects the increase was 18 percent. Sales decreased by 7 percent to 210 MSEK (225). Excluding currency effects, sales decreased marginally by 1 percent. EBITDA amounted to 46.0 MSEK (45.9). Depreciation and amortization were 20.2 MSEK (20.1). EBIT amounted to 25.7 MSEK (25.8), which corresponded to an EBIT margin of 12.3 percent (11.5).

First nine months

Order intake increased by 8 percent to 636 MSEK (588) and excluding currency effects the increase was 13 percent. Sales decreased by 10 percent to 643 MSEK (714). Excluding currency effects, the decrease was 6 percent. EBITDA decreased to 122.3 MSEK (143.1). Depreciation and amortization increased to 62.1 MSEK (56.4). EBIT decreased to 60.1 MSEK (86.8) with an EBIT margin of 9.3 percent (12.2).

Other financial information

The Group's investments including capitalized development expenses and acquisitions amounted to 526 MSEK (208) during the first nine months, of which 382 MSEK relates to the acquisition of Welotec GmbH and 14 MSEK an additional purchase price for Smart HMI. The amount for 2024 includes the investment in Blu Wireless of 50 MSEK. Cash flow from operating activities was 245 MSEK (302). Equity amounted to 1,617 MSEK (1,236) last September, strengthened by the new share issue carried out during the second quarter. The equity ratio was 52.6 percent (46.1). Liquid funds amounted to 175 MSEK (164). Net debt was 742 MSEK (768). The average number of employees was 845 employees (863).

LTI program

In accordance with the decision of the 2024 Annual General Meeting, a share-based incentive program, LTI 2024/2027, has been implemented. With the support of the issuance authorization within the framework of the program, the Board of Directors decided in April 2025 to issue 54,000 Class C shares based on the estimated outcome under the program. The issue was directed to a financial institution and was immediately repurchased by the company. The repurchased Class C shares are intended to be converted into ordinary shares upon delivery to the participants in 2027, in accordance with the terms of the incentive program.

The Board also decided in April 2025 to convert 189,608 of the company's own C shares into a corresponding number of common shares to effect the transfer of common shares to the participants in LTI 2022/2025 and the transfer of common shares on Nasdaq Stockholm for cash flow hedging of social security contributions linked to LTI 2022/2025.

Significant events

New share issue

On May 15, 2025, Ependion's board of directors, supported by authorization from the Annual General Meeting on May 13, 2025, resolved on a directed new share issue of 2,912,622 ordinary shares at a subscription price of 103.00 SEK per share. The issue raised approximately 300 MSEK before transaction costs for the company and was directed to a number of Swedish and international institutional investors and existing shareholders, including Stena Adactum AB, Svolder AB and Nordea Funds AB.

The purpose of the new share issue was to partially finance the acquisition of Welotec GmbH. The subscription price corresponded to the closing price of the company's share on May 15, 2025 and was determined through an accelerated bookbuilding procedure led by Danske Bank. The issue resulted in an increase in the number of shares in the company from 29,398,214 to 32,310,836, corresponding to an increase in the number of shares of approximately 10 percent.

Acquisition of Welotec GmbH

Ependion's business entity Westermo completed the acquisition of all shares in Welotec, headquartered in Laer, Germany, in the second quarter. Through the transaction, Westermo strengthens its position in the fast-growing energy segment and gains access to complementary technology in Edge Computing. Welotec will serve as Westermo's technology centre for Edge Computing, enabling synergies in sales and product development. The company has approximately 70 employees and reported sales of approximately 24 MEUR in 2024 with an EBIT margin of 13.4 percent.

Acquisition of minority stake in RazorSecure

On October 20, the business entity Westermo entered into an agreement to acquire a minority stake in the British software company RazorSecure Limited, a leading player in cybersecurity for the train industry, through an investment of 2.7 million GBP. The parties also entered into a cooperation agreement and agreed on an option to acquire the entire company after the financial year 2027 at a pre-determined price mechanism.

Financial targets

The Group's financial targets consist of three targets for growth, profitability and dividend. The growth target means annual organic growth of at least ten percent. Acquired growth is added. The profitability target means that the Group shall achieve an operating margin of at least 15 percent. The Group shall be a dividend-paying company.

Outlook

Ependion operates in attractive markets with good underlying growth and has good prospects in the medium term to achieve both growth and profitability targets. Investments in socially important infrastructure such as railways, shipping and energy are increasing. The Group balances cost discipline with strategic future investments that focus on creating value. In the short term, however, geopolitical and economic uncertainty remains, which is why the near-term outlook is difficult to assess.

Malmö, 21 October 2025

Jenny Sjö Dahl
President and CEO

For more information, please contact:

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Review report

Ependion AB Corp. id. 556025-1851

Introduction

We have reviewed the condensed interim financial information (interim report) of Ependion AB as of 30 September 2025 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally

accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö 21 October 2025

KPMG AB

Jonas Nihlberg

Authorized Public Accountant

The Group's Financial Reports

Consolidated Income Statement in summary

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
Net sales	543,586	493,033	1,649,398	1,679,908	2,258,125
Cost of goods sold	-254,299	-237,775	-769,296	-827,380	-1,110,418
Gross profit	289,287	255,258	880,102	852,528	1,147,707
Sales expenses	-83,778	-79,774	-252,361	-250,553	-341,299
Administration expenses	-80,252	-73,430	-259,243	-253,239	-341,181
Research and development expenses	-63,568	-50,890	-188,476	-167,099	-219,514
Other operating revenue and operating expenses	1,271	-330	-6,273	3,768	5,194
Operating profit	62,960	50,834	173,749	185,405	250,907
Financial income/expense	-7,501	-10,960	-28,312	-30,633	-44,465
Profit before tax	55,459	39,874	145,437	154,772	206,442
Tax	-15,019	-8,768	-42,708	-32,635	-49,439
Profit for the period	40,440	31,106	102,729	122,137	157,003
Attributable to equity holders of the parent	40,440	31,412	102,729	122,676	158,009
Attributable to non-controlling interests	-	-306	-	-539	-1,006
Basic earnings per share, SEK	1.26	1.08	3.35	4.22	5.45
Diluted earnings per share, SEK	1.25	1.08	3.33	4.18	5.38

Statement of Comprehensive Income

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
Profit for the period	40,440	31,106	102,729	122,137	157,003
Actuarial gains and losses	3,937	-22,309	3,082	-31,146	-17,230
Net investment hedge effects	2,127	683	7,564	-3,889	-7,740
Change in fair value of equity instruments	-985	-3,871	-3,161	-3,871	-3,015
Translation differences	-24,942	-21,829	-89,659	14,024	61,972
Comprehensive income for the period	20,577	-16,220	20,555	97,255	190,990
Attributable to equity holders of the parent	20,577	-15,813	20,555	97,870	191,996
Attributable to non-controlling interests	-	-407	-	-615	-1,006

Consolidated Balance Sheet in summary

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
ASSETS			
Fixed assets			
Intangible assets	1,713,628	1,319,706	1,374,111
Property, plant and equipment	102,311	100,060	105,150
Right-of-use assets	122,052	143,184	144,502
Financial fixed assets	113,221	110,131	107,667
Total fixed assets	2,051,212	1,673,081	1,731,430
Current assets			
Inventories	388,762	435,983	396,301
Accounts receivable	389,392	355,271	381,599
Other receivables	70,430	62,027	69,348
Cash and cash equivalents	174,839	164,281	178,053
Total current assets	1,023,423	1,017,562	1,025,301
Total assets	3,074,635	2,690,643	2,756,731
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	1,616,536	1,236,036	1,331,895
Equity attributable to non-controlling interests	-	3,996	-
Total equity	1,616,536	1,240,032	1,331,895
Long-term liabilities			
Borrowings	431,927	436,249	430,476
Lease liabilities	76,827	96,934	97,497
Other long-term liabilities	191,838	196,008	195,663
Deferred tax liabilities	111,342	100,022	106,902
Total long-term liabilities	811,934	829,213	830,538
Current liabilities			
Borrowings	201,570	189,637	126,697
Lease liabilities	46,754	47,202	48,212
Accounts payable	155,701	140,484	154,411
Other liabilities	242,140	244,075	264,978
Total current liabilities	646,165	621,398	594,298
Total equity and liabilities	3,074,635	2,690,643	2,756,731

Consolidated Statement of Changes in Equity and Number of Shares

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
<i>Attributable to equity holders of the parent</i>			
Opening balance, 1 January	1,331,895	1,159,082	1,159,082
New share issue after deducting for transaction expenses	291,211*	-276	-276
Re-purchase of treasury shares	-18	-34	-34
Sale of treasury shares	4,866	3,089	3,089
Dividend	-36,312	-28,941	-28,941
Share-based payment	4,339	5,246	6,979
Comprehensive income	20,555	97,870	191,996
Closing balance, shareholders' equity	1,616,536	1,236,036	1,331,895
<i>Attributable to non-controlling interests</i>			
Opening balance, 1 January	-	4,611	4,611
Divestment of a jointly owned subsidiary	-	-	-3,605
Comprehensive income	-	-615	-1,006
Closing balance, shareholders' equity	-	3,996	-

*A share issue of SEK 300 million was carried out to finance a business acquisition, with associated transaction costs of SEK 8.6 million. In addition, a share issue under the LTI program was completed in the amount of SEK 18 thousand, with related issuance costs of SEK 218 thousand.

The number of ordinary shares amounts to 32,152,255 and the number of Class C shares amounts to 158,581.

Consolidated Cash Flow Statement in summary

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
Cash flow from operating activities before changes in working capital	92,182	86,157	257,308	271,874	379,966
Changes in working capital	-12,232	36,721	-12,364	30,240	79,540
Cash flow from operating activities	79,950	122,878	244,944	302,114	459,506
Cash flow from investments in tangible and intangible assets	-38,294	-52,620	-130,591	-159,068	-224,217
Cash flow from acquisition of subsidiary and investment in other companies	-398	-3,294	-396,201	-49,565	-49,565
Cash flow from divestment of subsidiary	-	-	-	-	-2,550
Cash flow from other investing activities	-37	-505	1,024	1,079	715
Cash flow from investing activities	-38,729	-56,419	-525,768	-207,554	-275,617
Cash flow from new share issue	-956	-126	291,211	-276	-276
Cash flow from interest-bearing liabilities*	-28,426	-61,784	52,352	-46,324	-133,700
Dividend paid	-	-	-36,312	-28,941	-28,941
Cash flow from other financing activities	-46	-	-1,872	3,054	3,054
Cash flow from financing activities	-29,428	-61,910	305,379	-72,487	-159,863
Cash flow for the period	11,793	4,549	24,555	22,073	24,026
Cash and cash equivalents at beginning of period	169,081	165,352	178,053	142,486	142,486
Exchange difference in cash and cash equivalents	-6,034	-5,620	-27,769	-278	11,541
Cash and cash equivalents at end of period	174,839	164,281	174,839	164,281	178,053
Free cash flow	29,857	55,630	79,989	107,392	187,372
*of which amortization of lease liabilities	-11,762	-14,123	-35,388	-36,733	-48,632

Notes to the financial statements in summary

Note 1

General information

Ependion AB (the "Company"), Corp. Id. No. 556025-1851, is a company with its registered office in Malmö, Sweden. This consolidated interim report for the Group (the "Interim Report") for the period January-June 2025 includes the Company and its subsidiaries, referred to jointly below as Ependion. The Group's consolidated accounting currency is SEK. All amounts are presented in thousands of SEK (SEK 000), unless otherwise stated.

Note 2

Accounting principles

Ependion's consolidated accounts are prepared in accordance with IFRS® Accounting Standards and with the same accounting principles as described in the Financial Statement for 2024.

Reporting for the Parent follows the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities.

Ependion's Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are provided not only in the financial statements and related notes but also in other parts of the Interim Report. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting.

Related party transactions have taken place to the same extent as in the previous year and the accounting policies described in the Financial Statement for 2024 apply.

Ependion uses a number of financial key ratios that are not defined in the accounting regulations used by the company, so-called alternative performance measures (APM). For definitions of financial key figures, see pages 20 of this report.

Note 3

Risks and uncertainties

Ependion is an international group and as such, it is exposed to several strategic, business and financial risks. Risk management is therefore an important process relative to the goals set by the Group. Throughout the Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities.

Risk management within Ependion starts with an assessment in the business entity teams where the material risks to the business are continuously identified, followed by an assessment of the likelihood of the risks materializing and their potential impact on the Group. Once the material risks have been identified and assessed, decisions are made on activities to eliminate or reduce the risks.

In addition to the risks and uncertainties described in Ependion's Annual Report for 2024, pages 87 and 127-128, the ongoing risk management has not resulted in additional risks or uncertainties.

Note 4

Consolidated Key Financial Ratios

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
EBIT margin, %	10.5	11.0	11.1
Profit margin, %	6.2	7.3	7.0
Equity ratio, %	52.6	46.1	48.3
Equity per share before dilution, SEK	52.8	42.5	45.8
Basic earnings per share, SEK	3.35	4.22	5.45
Diluted earnings per share, SEK	3.33	4.18	5.38
Return on equity after tax, %	9.6	12.9	12.6
Return on capital employed, %	10.3	11.7	12.1
Return on net operating assets, %	13.2	15.5	16.2
Financial net debt in relation to EBITDA	1.3	1.4	1.2
Average number of employees	845	863	861

Note 5

Reconciliation of Consolidated Net Debt

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
Borrowings	633,496	625,887	557,174
Pension provisions	159,470	161,957	156,974
Liabilities attributable to right-of-use assets	123,581	144,136	145,708
Total interest-bearing liabilities	916,547	931,980	859,856
Total cash and cash equivalents	174,839	164,281	178,053
Net debt	741,708	767,699	681,803

Note 6

Financial assets valued at fair value

The Group's financial assets, in the form of long-term securities holdings for unlisted shares, are reported at fair value under level 3, i.e., determined based on inputs that are not observable in the market.

The fair value valuation is done by discounting future cash flows with a discount rate based on comparable

yield requirements for comparable companies and financial instruments. The table below presents a reconciliation between the opening and closing balance of the assets included in level 3.

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
Opening balance	46,389	-	-
Investments	-	49,380	49,380
Reported in other comprehensive income	-3,981	-4,068	-2,991
Closing balance	42,408	45,312	46,389

Note 7

Allocation of Net Sales

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
Net sales by geographical market					
Nordics	94,547	91,857	333,961	317,082	416,245
Rest of Europe	281,965	223,429	790,657	806,323	1,077,199
Americas	60,072	78,361	209,128	227,848	313,480
Asia	96,013	98,997	302,878	324,317	446,676
Rest of world	10,989	389	12,774	4,338	4,525
Total Group	543,586	493,033	1,649,398	1,679,908	2,258,125
Net sales by segment					
Train	93,575	86,394	322,073	342,904	449,428
Trackside	37,782	35,472	99,266	130,368	190,019
Energy	131,855	87,984	352,447	315,912	447,510
Manufacturing	104,014	80,317	300,355	273,022	370,525
Marine	77,169	74,679	234,563	205,131	275,136
Other	99,191	128,187	340,694	412,571	525,507
Total Group	543,586	493,033	1,649,398	1,679,908	2,258,125
Net sales by category					
WESTERMO					
Network equipment	262,185	227,049	821,389	827,162	1,124,123
Edge computing	27,660	-	39,555	-	-
Software	3,824	695	6,948	4,597	9,145
Servicing and other services	10,845	11,378	36,692	38,097	50,970
Third-party products	29,783	29,863	104,603	98,967	131,722
Total	334,297	268,985	1,009,187	968,823	1,315,960
BEIJER					
Operator panels and accessories	168,335	180,198	519,223	560,167	746,551
Network equipment	12,602	15,811	37,714	54,581	68,544
Software	5,184	6,399	16,549	19,978	26,554
Servicing and other services	2,433	195	3,884	5,422	7,034
Third-party products	20,735	21,445	62,841	70,937	93,482
Total	209,289	224,048	640,211	711,085	942,165
THE GROUP					
Operator panels and accessories	168,335	180,198	519,223	560,167	746,551
Network equipment	274,787	242,860	859,103	881,743	1,192,667
Edge computing	27,660	-	39,555	-	-
Software	9,008	7,094	23,497	24,575	35,699
Servicing and other services	13,278	11,573	40,576	43,519	58,004
Third-party products	50,518	51,308	167,444	169,904	225,204
Total	543,586	493,033	1,649,398	1,679,908	2,258,125

Note 8

Operating Segments

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
TOTAL GROUP					
Order intake	505,076	456,345	1,614,068	1,466,617	2,038,885
<i>of which acquired order intake (%)</i>	10.6	-	4.7	-	-
Net sales	543,586	493,033	1,649,398	1,679,908	2,258,125
<i>of which acquired net sales (%)</i>	12.7	-	6.5	-	-
EBITDA	110,764	96,856	316,329	317,680	427,473
Depreciation	-47,803	-46,022	-142,580	-132,275	-176,565
EBIT	62,960	50,834	173,749	185,405	250,907
EBIT margin, %	11.6	10.3	10.5	11.0	11.1
Investments in intangible and tangible assets	38,107	52,620	130,751	159,068	224,217
<i>of which capitalized development expenditure</i>	31,931	43,081	112,377	128,726	183,656
Product development expenditure, %	12.9	14.5	13.6	13.6	13.9
Backlog	-	-	1,051,755	1,046,896	1,025,728
<i>of which acquired order backlog (%)</i>	-	-	7.3	-	-
WESTERMO					
Order intake	305,238	277,623	981,429	882,197	1,236,784
<i>of which acquired order intake (%)</i>	17.5	-	7.8	-	-
Net sales	334,379	269,203	1,009,422	969,417	1,316,635
<i>of which acquired net sales (%)</i>	20.8	-	10.6	-	-
EBITDA	72,870	60,824	225,025	205,628	288,734
Depreciation	-25,217	-23,420	-73,257	-68,346	-89,860
EBIT	47,653	37,404	151,769	137,282	198,874
EBIT margin, %	14.3	13.9	15.0	14.2	15.1
Investments in intangible and tangible assets	20,170	25,349	69,627	80,611	108,200
<i>of which capitalized development expenditure</i>	16,293	20,840	58,202	59,956	82,944
Product development expenditure, %	14.4	16.1	14.6	14.6	14.3
Backlog	-	-	927,812	861,146	882,495
<i>of which acquired order backlog (%)</i>	-	-	8.2	-	-
BEIJER ELECTRONICS					
Order intake	200,526	179,507	635,920	587,963	806,931
Net sales	209,894	224,615	643,257	714,035	946,320
EBITDA	45,924	45,894	122,260	143,119	182,861
Depreciation	-20,192	-20,100	-62,143	-56,357	-76,850
EBIT	25,732	25,794	60,117	86,762	106,010
EBIT margin, %	12.3	11.5	9.3	12.2	11.2
Investments in intangible and tangible assets	17,937	27,271	58,728	77,695	112,731
<i>of which capitalized development expenditure</i>	15,638	22,241	54,175	68,770	100,712
Product development expenditure, %	10.1	12.2	11.4	11.8	12.9
Backlog	-	-	123,943	185,750	143,233
PARENT COMPANY AND GROUP ADJUSTMENT					
Order intake (elimination)	-688	-785	-3,281	-3,543	-4,830
Net sales (elimination)	-688	-785	-3,281	-3,543	-4,830
EBITDA	-8,030	-9,862	-30,956	-31,067	-44,122
Depreciation	-2,394	-2,502	-7,181	-7,572	-9,855
EBIT	-10,424	-12,364	-38,137	-38,639	-53,977
Investments in intangible and tangible assets	-	-	2,396	762	3,286

Note 9

Welotec GmbH

On June 2, 2025, Ependion, through its business entity Westermo, acquired 100 percent of the shares and voting rights in the German company Welotec GmbH. The acquisition strengthens Westermo's position in the rapidly growing energy segment and provides access to complementary Edge Computing technology. Welotec will serve as Westermo's technology centre for Edge Computing, enabling synergies in sales and product development.

Welotec has approximately 70 employees and reported sales of about 24 MEUR in 2024, with an EBIT margin of 13.4 percent. Ependion assesses that the company has the capacity to contribute in line with the Group's financial targets.

The purchase price was paid in cash and amounted to 382 MSEK. In addition, there was a cash settlement of working capital of 5.4 MSEK and a currency effect from a hedge instrument (forward contract) of 1.8 MSEK, bringing the total cash payment to 389.2 MSEK. The acquisition also includes a contingent consideration of up to 161 MSEK, dependent on future earnings performance.

Due to the short time elapsed since completion, the purchase price allocation is preliminary and will be finalized during the fourth quarter. The Group has therefore not yet allocated any identifiable surplus values related to the acquisition. The entire difference between the purchase price and the book value of the acquired company's net assets has initially been allocated to goodwill.

The contingent consideration has not yet been reliably measured at fair value as of the reporting date and is therefore initially recognized at zero. Its value will be determined upon completion of the purchase price allocation and will impact goodwill.

The acquisition was financed through proceeds from the directed new share issue completed on May 15, 2025, together with an acquisition loan of 9 MEUR.

Transaction costs are expensed under Administrative expenses in the consolidated income statement and amounted to 5.5 MSEK as of September 30, 2025.

Welotec has been included in the Group's and Westermo's consolidated accounts from June 2, 2025. Had Welotec been consolidated from the beginning of the financial year, the acquisition is estimated to have contributed net sales of approximately 218 MSEK for the period January–September 2025. Since the acquisition date, Welotec has contributed net sales of 107 MSEK.

SEK 000	2025
The purchase price consists of:	
Cash consideration for shares	382,043
Cash settlement of working capital (net)	5,374
Currency effects from forward contract	1,784
Contingent consideration*	
Total purchase price	389,201
<i>*The fair value of the contingent consideration has not been estimated as of September 30, 2025.</i>	
Acquisition-related costs	5,469
Impact of the acquisition on the Group's cash flow:	
Cash portion of purchase price	-389,201
Acquisition-related costs	5,469
Cash (acquired)	12,819
Cash flow from investing activities	-381,851
Loan to finance the acquisition	97,205
New share issue (net of transaction costs)	292,366
Cash flow from financing activities	389,571
Net cash inflow	7,720
Recognized amounts of acquired assets and assumed liabilities	
Licenses	4,421
Other intangible assets	271
Property, plant and equipment	1,433
Financial non-current assets	349
Current assets	64,502
Cash and cash equivalents	12,819
Current liabilities	-44,133
Non-current liabilities	-1,671
Total acquired net assets	37,991
Goodwill*	351,210
Total	389,201

**The goodwill amount is preliminary as the purchase price allocation was not finalized as of September 30, 2025.*

Parent Company Financial Reports

Parent Company Income Statement in summary

SEK 000	Quarter 3 2025	Quarter 3 2024	9 mth. 2025	9 mth. 2024	Full year 2024
Income Statement					
Net sales	10,079	10,047	30,236	30,142	40,189
Administration expenses	-19,081	-21,926	-64,703	-67,107	-92,637
Operating profit	-9,002	-11,879	-34,467	-36,965	-52,448
Financial income/expense	-4,028	16,331	47,047*	9,395*	37,166**
Profit before tax	-13,030	4,452	12,580	-27,570	-15,282
Appropriations	-	-	-	-	54,931
Tax	1,272	2,585	5,234	8,479	-2,008
Profit for the period	-11,758	7,037	17,814	-19,091	37,641

*Includes received dividend from subsidiary of SEK 57 (SEK 20) million.

** Includes received dividend from subsidiary of SEK 47 million.

Parent Company Balance Sheet in summary

SEK 000	Sept 30, 2025	Sept 30, 2024	Dec. 31, 2024
ASSETS			
Fixed assets			
Intangible and tangible assets	10,406	7,639	9,765
Other financial assets	1,591,961	1,200,612	1,205,978
Total fixed assets	1,602,367	1,208,251	1,215,743
Current assets			
Receivables from group companies	50,480	51,132	113,375
Other receivables	14,360	15,161	20,771
Cash and cash equivalents	7,534	66	66
Total current assets	72,374	66,359	134,212
Total assets	1,674,741	1,274,610	1,349,955
EQUITY AND LIABILITIES			
Equity			
Restricted equity	16,996	17,536	16,007
Non-restricted equity	621,309	278,667	339,659
Total equity	638,305	296,203	355,666
Current liabilities			
Liabilities to credit institutions	431,927	436,249	430,476
Provisions	23,205	23,774	23,647
Liabilities to Group companies	394,650	342,143	409,674
Total long-term liabilities	849,782	802,166	863,797
Current liabilities			
Liabilities to credit institutions	167,249	154,231	92,861
Other liabilities	19,405	22,010	37,631
Total current liabilities	186,654	176,241	130,492
Total equity and liabilities	1,674,741	1,274,610	1,349,955

Financial definitions

Ependion presents a number of financial measures in Annual and Interim Reports that are not defined according to IFRS, but are consistent with how investors and the company's management measure the company's financial performance. Ependion considers that these metrics offer valuable additional information to investors and the company's management as they enable evaluation of trends and the company's performance. These alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS, but rather as a complement. The supplementary alternative performance measures stated in this report may differ in their computation methods from similar measures used by other companies. Reconciliations of alternative performance measures can be found on Ependion's website: <https://www.ependion.com/en/investors/alternative-performance-measures>

Average

Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months earlier.

Average number of employees

Average number of employees during the year based on working hours. Excludes contracted staff.

Basic earnings per share

Net income after tax, attributable to the parent company's shareholders, in relation to the weighted number of outstanding shares.

Capital employed

Equity plus interest-bearing liabilities.

Earnings per share after dilution

Earnings per share after dilution is calculated by adjusting the weighted average number of shares by the estimated number of shares from incentive programs. Incentive programs are included in the dilution calculation from the end of each program.

EBIT

Net sales less operating expenses.

EBITDA

EBIT excluding depreciation and amortization on tangible assets (including right-of-use assets) and intangible assets.

EBIT margin

EBIT in relation to net sales.

Equity ratio

Equity in relation to total assets.

Equity per share before dilution

Equity attributable to the parent company's shareholders divided by the number of shares.

Financial net debt in relation to EBITDA

Interest-bearing liabilities, excluding net provisions for pensions, less cash and cash equivalents and investments in securities, divided by rolling 12-month EBITDA, adjusted for restructuring costs and acquired EBITDA.

Free cash flow

Cash flow from operating activities, cash flow from investing activities excluding cash flow from acquisitions of subsidiaries and investments in other companies, as well as amortization of lease liability.

Net debt

Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Net operating assets

Equity plus interest-bearing liabilities less financial assets.

Operative cash flow

Cash flow from operating activities.

Order backlog

The total value of customer orders received by the Group that have not yet been delivered.

Order intake

Net sales less the difference between opening and closing order backlog.

Product development expenditure

Expenditure related to product development work, such as personnel costs, external consultancy fees, and other external costs. This also includes expenses that are capitalized as assets in the balance sheet.

Product development expenditure in relation to net sales

Product development expenditure in relation to net sales.

Profit margin

Profit after tax in relation to net sales.

Return on capital employed

Profit before tax plus financial expenses for the past 12 months in relation to average capital employed.

Return on equity after tax

Profit after tax for the past 12 months in relation to average equity.

Return on operating capital

EBIT for the past 12 months in relation to average operating capital.

Working capital

Current assets less current liabilities.

Ependion AB

Ependion AB is an expansive global technology group delivering digital solutions for secure control, management, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. The Group’s customers include some of the world’s leading companies. Ependion consists of independent business entities with total sales of 2.3 billion SEK in 2024 and 950 employees. The company is listed on Nasdaq Stockholm Main Market’s Mid Cap-list under the ticker EPEN.

More Information

You can subscribe for financial information on Ependion via e-mail. Subscribe easily at our website, www.ependion.com. If you have any questions about Ependion, please call +46 (0)40 35 84 00, or send an email: info@ependion.com.

Financial Calendar

26 January 2026.....Financial Statement
28 April 2026.....Three-month Interim Report
12 May 2026.....Annual General Meeting
15 July 2026Six-month Interim Report
23 October 2026Nine-month Interim Report



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