

Q3 2024

INTERIM REPORT JANUARY – SEPTEMBER 2024

Third quarter report 2024

Third quarter 2024

- Order intake increased 6 per cent to SEK 367 million (347); organic order growth was 8 per cent.
- Net sales increased 5 per cent to SEK 412 million (391); organic net sales growth was 8 per cent.
- Operating profit increased 65 per cent to SEK 91 million (55) and the operating margin was 22.0 per cent (14.1).
- Profit for the quarter increased 55 per cent to SEK 64 million (41).
- Basic and diluted earnings per share amounted to SEK 0.40 (0.26).

January – September 2024

- Order intake increased 10 per cent to SEK 1,211 million (1,096); organic order growth was 11 per cent.
- Net sales declined 21 per cent to SEK 1,256 million (1,590); organic net sales growth was -20 per cent.
- Operating profit declined 35 per cent to SEK 233 million (357) and the operating margin was 18.6 per cent (22.5).
- Profit for the period declined 37 per cent to SEK 175 million (276).
- Basic and diluted earnings per share amounted to SEK 1.07 (1.74).

Financial performance indicators for the Group¹

	Q3			Jan-Sep			Jan-Dec
	2024	2023	Δ%	2024	2023	Δ%	2023
Order intake, SEK million	367	347	6	1,211	1,096	10	1,510
Net sales, SEK million	412	391	5	1,256	1,590	-21	1,898
Gross profit, SEK million	190	157	21	558	678	-18	802
Gross margin, %	46.1	40.2	-	44.4	42.7	-	42.3
Operating profit, SEK million	91	55	65	233	357	-35	376
Operating margin, %	22.0	14.1	-	18.6	22.5	-	19.8
Profit/loss for the period, SEK million	64	41	55	175	276	-37	285
Earnings per share, before and after dilution, SEK	0.40	0.26	50	1.07	1.74	-39	1.81
Return on capital employed, %	31.4	64.3	-	31.4	64.3	-	49.3
Equity/assets ratio, %	57.6	58.2	-	57.6	58.2	-	63.6

¹ For more information, see the alternative performance measures and financial definitions section on pages 20-22.

CEO'S COMMENTS

”

Sustainability permeates our entire organisation as a driving force for innovation and forms a foundation for future growth.



Strong financial performance

engcon posted a strong third quarter with increased net sales and an improved operating profit. Sales continue to rise and the order intake amounted to SEK 367 million (347), an organic increase of 8 per cent. Net sales amounted to SEK 412 million (391) and increased organically by 8 per cent. The gross margin improved considerably and amounted to 46 per cent (40) for the quarter, and was primarily a result of a strong market and product mix. Operating profit amounted to SEK 91 million (55), corresponding to an operating margin of 22 per cent (14). The strong performance in the quarter was the result of the high gross margin and lower selling costs. We once again demonstrate that, despite relatively low turnover, we can deliver profitability above our financial target.

Order intake driven by Europe

Europe is the engine of our growth and continued strong demand in the region provides an organic order growth of 39 per cent. An established and knowledgeable organisation and greater awareness of the tiltrotator concept, combined with the partnerships that have been established in the past few years, have proven valuable for growth in the European region.

In the Nordic region, the order intake remains at the same level as the previous year. Demand remains low and even if customers are needing to replace their vehicle fleets, factors such as high interest rates have led to cautious purchasing behaviour. For increased demand in the Nordics, additional positive signals at the macro level are required to create conditions for economic recovery.

Challenges in the Americas persist with a decline in order intake of 29 per cent. High interest rates and a weaker economy combined with the upcoming election have led to cautiousness in the market. As we have previously mentioned, we are continuing our efforts to strengthen our organisation with the purpose of increasing sales.

In Asia-Oceania, order intake declined 6 per cent. Since Asia-Oceania is our smallest region in terms of volume, major orders from OEM's lead to fluctuation in the order intake between quarters.

In the short term, we expect stable development with continued growth. In the fourth quarter, we anticipate insignificant pre-purchase effects, as only marginal price increases have been announced. For 2025, we foresee increased demand in the Nordic region.

Sustainability as a driving force for long-term growth

On 1 October, engcon was awarded the Carnegie Sustainability Award 2024 in the category of Best Newcomer. Sustainability permeates our entire organisation as a driving force for innovation and serves as a cornerstone for our future growth. I am very proud that we have been recognised in this sense and that our important efforts, which are benefiting customers, shareholders and society at large, are being acknowledged.

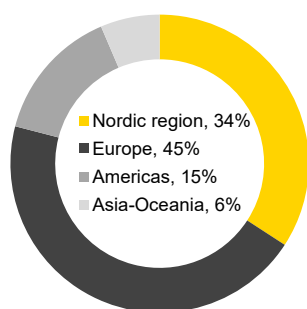
The quarter demonstrated that our scalable and capital-efficient business model can generate strong earnings despite relatively low volumes. At the same time, we are well prepared to meet increased demand. Our efforts to change the world of digging together are continuing every single day across the entire world.

Krister Blomgren
President and CEO

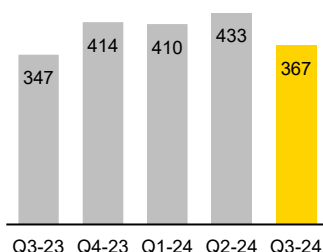
GROUP'S FINANCIAL PERFORMANCE

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.

Share of net sales by geographic market region in Q3



Order intake by quarter, SEK million



Order intake and net sales

Third quarter 2024

Order intake	Q3					
	2024	Organic	2023	Δ	Δ %	Organic
SEK million						
Nordic region	126	130	131	-5	-1	-1%
Europe	176	179	129	47	50	39%
Americas	41	43	61	-19	-17	-29%
Asia-Oceania	24	25	27	-3	-2	-6%
Total	367	376	347	21	29	8%

Net sales	Q3					
	2024	Organic	2023	Δ	Δ %	Organic
SEK million						
Nordic region	141	144	150	-10	-6	-4%
Europe	185	188	132	53	56	42%
Americas	60	62	81	-22	-19	-24%
Asia-Oceania	27	27	28	-1	0	-1%
Total	412	421	391	21	30	8%

Order intake during the quarter amounted to SEK 367 million (347), an increase of 6 per cent (7), and organic order intake growth was 8 per cent (2).

Order growth increased compared to last year, primarily in Europe, while other regions posted negative order growth with the Americas reporting the weakest order development.

Net sales during the quarter amounted to SEK 412 million (391), an increase of 5 per cent (-6) and organic net sales growth of 8 per cent (-11). Net sales increased compared to last year, primarily in Europe, while other regions posted negative net sales, with the Americas reporting the weakest development.

January – September 2024

Order intake	Jan-Sep					
	2024	Organic	2023	Δ	Δ %	Organic
SEK million						
Nordic region	450	453	451	-1	3	1%
Europe	517	517	394	122	122	31%
Americas	149	150	173	-24	-23	-14%
Asia-Oceania	95	97	78	17	19	24%
Total	1,211	1,217	1,096	115	121	11%

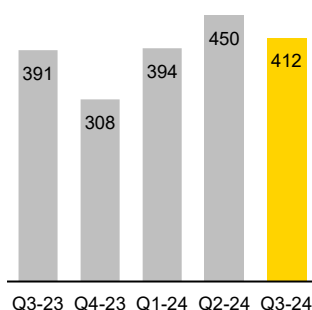
Net sales	jan-sep					
	2024	Organic	2023	Δ	Δ %	Organic
SEK million						
Nordic region	488	492	695	-207	-203	-29%
Europe	518	518	534	-16	-16	-3%
Americas	159	161	248	-89	-87	-35%
Asia-Oceania	9	93	112	-22	-19	-17%
Total	1,256	1,264	1,590	-334	-326	-20%

Order intake during the period amounted to SEK 1,211 million (1,096), an increase of 10 per cent (-23), and the organic order intake increased 11 per cent (-27).

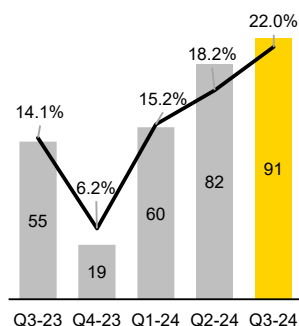
Order growth was positive during the period in all regions except for the Americas.



Net sales by quarter, SEK million



EBIT SEK million and EBIT margin by quarter



Net sales during the period amounted to SEK 1,256 million (1,590), a decline of 21 per cent (14), and organic net sales growth was -20 per cent (8). All regions recorded negative net sales growth. The Americas continues to be the region facing the greatest challenges.

Of total net sales in the period, Sweden accounted for SEK 154 million (216) in the Nordic region and the US accounted for SEK 125 million (216) in the Americas.

Earnings

	Q3			Jan-Sep			Jan-Dec
	2024	2023	Δ%	2024	2023	Δ%	2023
Order intake, SEK million	367	347	6	1,211	1,096	11	1,510
Net sales, SEK million	412	391	5	1,256	1,590	-21	1,898
Gross profit, SEK million	190	157	21	558	678	-18	802
Gross margin, %	46.1	40.2	-	44.4	42.7	-	42.3
Operating profit, SEK million	91	55	65	233	357	-35	376
Operating margin, %	22.0	14.1	-	18.6	22.5	-	19.8

Third quarter 2024

Gross earnings for the quarter amounted to SEK 190 million (157), an increase of 21 per cent (-16). The gross margin for the quarter amounted to 46.1 per cent (40.2).

EBIT for the quarter amounted to SEK 91 million (55), an increase of 65 per cent (-47). The operating margin was 22.0 per cent (14.1).

The cost for the change of the Group-wide business system amounted to SEK 5 million (7) during the quarter. Implementation of the business system began in the final quarter of 2023 and will continue in the years ahead.

The effect of derivative instruments amounted to SEK 0 million (4) for the quarter.

Net financial items for the quarter amounted to SEK -9 million (-1). The change is primarily due to currency effects and higher financing costs.

Profit before tax for the quarter amounted to SEK 82 million (54).

Income tax for the quarter was SEK -18 million (-13). The effective tax rate for the quarter amounted to 21.9 per cent (24.0).

Total earnings after tax for the third quarter amounted to SEK 64 million (41).

January – September 2024

Gross earnings for the period amounted to SEK 558 million (678), a decrease of 18 per cent (14). The gross margin for the period amounted to 44.4 per cent (42.7).

EBIT for the period amounted to SEK 233 million (357), a decrease of 35 per cent (21). The operating margin was 18.6 per cent (22.5).

Costs for the change of the Group-wide business system amounted to SEK 24 million (25) during the period. Implementation of the business system began in the final quarter of 2023 and will continue in the years ahead.

The effect of derivative instruments amounted to SEK -1 million (11) for the period.

Net financial items for the period amounted to SEK -14 million (-5) with the change is primarily the result of higher financing costs and currency effects.

Profit before tax for the period amounted to SEK 219 million (352).

Income tax for the period was SEK -44 million (-76). The effective tax rate for the period amounted to 20.1 per cent (21.6).

Total profit after tax for the period amounted to SEK 175 million (276).

Investments and depreciation/amortisation

Investments in intangible and tangible assets and right-of-use assets amounted to SEK 10 million (9) for the quarter and SEK 39 million (79) for the period. The investments were mainly attributable to development costs for the third generation tiltrotator. The change compared with the preceding period was the result of a then newly signed lease for a

logistics hub in the US. Depreciation and amortisation of tangible and intangible assets amounted to SEK 13 million (11) for the quarter and SEK 37 million (33) for the period.

Cash flow

Cash flow from operating activities amounted to SEK 144 million (108) for the quarter and SEK 132 (390) million for the period, mainly attributable to lower operating profit in the period.

Cash flow from investing activities amounted to SEK -5 million (-13) for the quarter and SEK -30 million (-42) 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 -89 million (-14) for the quarter and SEK -103 million (-236) for the period.

Total cash flow from operations amounted to SEK 50 million (81) for the quarter and SEK -1 million (112) for the period.

Financial position and return

	30 Sep 2024	30 Sep 2023	31 Dec 2023
Total borrowing, SEK million	33	48	41
Bank overdraft facilities, SEK million	-	-	-
Total lease liabilities, SEK million	90	102	96
Cash and cash equivalents, SEK million	-104	-120	-101
Net debt (+) / Net cash (-), SEK million	19	30	37
Equity, SEK million	672	642	643
Equity/assets ratio, %	57.6	58.2	63.6
Return on capital employed, %	31.4	64.3	49.3

Inventory amounted to SEK 333 million on 30 September 2024 compared with SEK 302 million on 31 December 2023. Accounts receivable increased to SEK 297 million on 30 September 2024 compared with SEK 193 million on 31 December 2023.

Net debt is lower compared with 31 December 2023. Equity remains at the same level taking into account the resolved dividend at the 2024 Annual General Meeting. The equity/assets ratio declined somewhat compared with 31 December 2023 as a result of paid dividends and increased total assets including increased inventories and accounts receivable. The Group had unutilised credit facilities of SEK 313 million at the end of the quarter compared with SEK 320 million on 31 December 2023. Including cash and cash equivalents, the Group's unutilised total liquidity amounted to SEK 417 million (440). The Group's existing credit facility amounted to SEK 313 million (320).

EVENTS IN THE QUARTER



Third quarter

- engcon signed collaborative agreements with two Japanese operators, Yamazaki Machinery and G.TRES.
- engcon announced an expansion to its Group management, with Anders Smith to take over the new role of Chief Operating Officer (COO) as of 1 January 2025.
- Following consultation with its legal advisors, the company withdrew its previous appeal in the European Patent Office (EPO).
- No other material events took place during the quarter.

Events after the end of the quarter

- On 1 October, engcon was awarded the Carnegie Sustainability Award 2024 in the category of Best Newcomer.
- No other material events have taken place after the end of the quarter.

FINANCIAL TARGETS, SUSTAINABILITY 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/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.

Sustainability targets

- engcon is to combat climate change by reducing emissions of Scope 1 and Scope 2 greenhouse gases by 42 per cent by 2030 from a base year of 2021. The targets are verified by the Science Based Targets initiative (SBTi). For more information, see the 2023 Annual and Sustainability Report pages 28–29.

¹ The existing market's annual growth is expected to amount to 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 2023 Annual Report, pages 40-44, 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 period, engcon will be further affected going forward. The uncertainty related to the prevailing external and economic situation with inflation, higher interest rates, currency effects and geopolitical turbulence could entail a negative impact for engcon in the form of a decline in demand, a cautious approach to placing orders and supply chain disruptions.

The Board and Group management continue to closely monitor developments and the potential effects these could lead to.

Lawsuit

In May 2023, 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. Following appeals, both parties were granted leave to appeal by the Swedish Patent and Market Court. The case is scheduled for a main hearing in the Swedish Patent and Market Court in February 2025.

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.

Employees

The average number of full-time employees at the end of the quarter amounted to 386 (415), of whom 23 per cent (22) were women and 77 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 September 2024 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 September 2024, there were 6,745 shareholders in the company.

The company's largest shareholder on 30 September 2024 was the company's founder, Stig Engström, through the company Ommapo förvaltning AB, which controlled 35.4 per cent of the capital and 67.1 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, Nordstjernan, Capital Group, the First Swedish National Pension Fund, the Second Swedish National Pension Fund, C WorldWide Asset Management, Premier Miton Investors, Svolder and Spiltan Fonder were engcon's largest shareholders.

For more information about ownership structure, see www.engcongroup.com.

Nomination Committee ahead of the 2025 Annual General Meeting (AGM)

The Nomination Committee ahead of engcon's 2025 AGM has been appointed based on the ownership structure on 31 August 2024. The Nomination Committee is appointed by the three largest shareholders in terms of voting rights who wish to participate in the Nomination Committee. The members of engcon's Nomination Committee are Monica Engström (Monen Holding AB), Johan Lilliehöök (Nordstjernan AB) and Martin Nilsson (First Swedish National Pension Fund). The AGM will take place on 15 May in Strömsund, Sweden. For more information, see

<https://www.engcongroup.com/corporate-governance/nomination-committee/>

Parent Company

The Parent Company's net sales amounted to SEK 14 million (9) for the quarter and SEK 44 million (41) for the period.

Operating loss amounted to SEK -14 million (-19) for the quarter and SEK -49 million (-58) for the period. Profit for the quarter amounted to SEK 26 million (13) and SEK 18 million (11) for the period. During the quarter, the Parent Company received a dividend of SEK 40 million (17). For the period, the Parent Company has received dividends of SEK 55 million (54).

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.

engcon AB

Strömsund, 29 October 2024

Annika Bäremo
Chairman

Anna Stålenbring
Board member

Peter Hofvenstam
Board member

Monica Engström
Board member

Stig Engström
Board member

Krister Blomgren
CEO

For more information, please contact:

Krister Blomgren, President and CEO
+46 70 529 92 65
krister.blomgren@engcon.se

Marcus Asplund, CFO
+46 72 601 37 17
marcus.asplund@engcon.se

Anne Vågström
Head of Investor Relations
+46 76 126 40 84
anne.vagstrom@engcon.se

Publication

This interim report comprises such information that engcon AB is obligated to publish in accordance with the EU Market Abuse Regulation. This information was published through the auspices of the persons named above on 29 October 2024 at 8.00 a.m. CEST.

Audiocast presentation of the interim report

engcon will present the report via an audiocast on 29 October at 11:00 a.m. CEST.

To participate, use this link:
<https://ir.financialhearings.com/engcon-q3-report-2024>

To participate via a telephone conference, use the link below:
<https://conference.financialhearings.com/teleconference/?id=50048767>

The presentation is available at www.engcongroup.com.

Financial calendar 2024/2025

Year-end Report 2024, 21 February 2025

Annual and Sustainability Report 2024, week beginning 24 March 2025

Interim Report January–March 2025, 29 April 2025

Annual General Meeting, 15 May 2025 in Strömsund, Sweden

Interim Report April–June 2025, 18 July 2025

Interim Report, July–September 2025, 28 October 2025

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

REVIEW REPORT

Auditor's review report of the interim report prepared in accordance with IAS 34

**To the Board of Directors and CEO of engcon AB, Corp.
Reg. No. 556647-1727**

Introduction

We have reviewed the interim report of engcon AB as of 30 September 2024 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish 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 the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, 29 October 2024

Deloitte AB

Harald Jagner,
Authorised Public Accountant

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Net sales	412	391	1,256	1,590	1,898
Cost of goods sold	-222	-234	-698	-912	-1,096
Gross profit	190	157	558	678	802
Selling costs	-65	-69	-202	-209	-271
Administrative costs	-27	-27	-89	-88	-120
Research and development costs	-7	-10	-34	-30	-44
Fair value, derivatives	0	4	-1	11	18
Other operating income and operating expenses	-2	-	0	-5	-9
Operating profit	91	55	233	357	376
Profit/loss from financial items					
Net financial items	-9	-1	-14	-5	-11
Profit/loss before tax	82	54	219	352	365
Income tax	-18	-13	-44	-76	-80
Profit/loss for the period	64	41	175	276	285
Total profit/loss for the period	64	41	175	276	285
Total profit/loss for the period:					
Attributable to:					
Parent Company shareholders	60	40	162	264	275
Non-controlling interest	4	1	13	12	10
Earnings per share, total (SEK)					
Before dilution	0.40	0.26	1.07	1.74	1.81
After dilution	0.40	0.26	1.07	1.74	1.81

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Total profit/loss for the period	64	41	175	276	285
Other comprehensive income					
Items that may be reversed to profit or loss:					
Exchange-rate differences upon translation of foreign operations	-2	-8	4	7	-1
Comprehensive income for the period	62	33	179	283	284
Attributable to:					
Parent Company shareholders	58	34	166	271	274
Non-controlling interest	4	-1	13	12	10

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Assets			
Fixed assets			
Goodwill	22	22	22
Other intangible assets	81	56	63
Right-of-use assets	83	96	93
Property plant and equipment	145	142	148
Other non-current receivables	4	4	4
Derivatives	2	4	10
Deferred tax receivables	7	-	4
Total non-current assets	344	324	345
Current assets			
Inventories	333	324	302
Accounts receivable	297	270	193
Current tax assets	38	18	12
Other receivables	21	9	27
Prepaid expenses and accrued income	30	39	32
Cash and cash equivalents	104	120	101
Total current assets	823	780	667
Total assets	1,168	1,104	1,012
Equity and liabilities			
Share capital	21	21	21
Other contributed capital	6	6	6
Translation reserve	18	22	14
Retained earnings including profit for the year	589	559	571
Equity attributable to Parent Company shareholders	634	608	612
Non-controlling interest	38	34	32
Total equity	672	642	643
Non-current liabilities			
Borrowings	-	4	-
Deferred tax asset	17	7	23
Lease liabilities	67	81	75
Provisions product warranty	9	8	10
Total non-current liabilities	92	100	108
Current liabilities			
Trade payables	122	87	82
Current tax liabilities	6	15	10
Lease liabilities	23	21	21
Borrowings	33	44	41
Overdraft facility	-	-	-
Provisions product warranty	22	27	22
Derivatives	-	-	-
Other liabilities	117	104	34
Accrued expenses and deferred income	81	64	50
Total current liabilities	403	362	261
Total interest bearing debt	496	462	368
Total equity and liabilities	1,168	1,104	1,012

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 2023	21	6	14	425	466	35	501
Profit/loss for the period	-	-	-	264	264	12	276
Other comprehensive income	-	-	7	-	7	-	7
Total comprehensive income	-	-	7	264	271	12	283
Transactions with shareholders:							
Cash dividend	-	-	-	-129	-129	-14	-143
Total transactions with shareholders	-	-	-	-129	-129	-14	-143
Closing balance 30 September 2023	21	6	22	559	608	34	642
Profit/loss for the period	-	-	-	11	11	-2	9
Other comprehensive income	-	-	-8	-	-8	-	-8
Total comprehensive income	-	-	-8	11	3	-2	1
Transactions with shareholders:							
Cash dividend	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-
Closing balance 31 December 2023	21	6	14	571	612	32	643
Opening balance 1 January 2024	21	6	14	571	612	32	643
Profit/loss for the period	-	-	-	162	162	13	175
Other comprehensive income	-	-	4	-	4	0	4
Total comprehensive income	-	-	4	162	166	13	179
Transactions with shareholders:							
Cash dividend	-	-	-	-143	-143	-7	-149
Closing balance 30 September 2024	21	6	18	589	634	38	672

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Operating profit	91	55	233	357	376
Adjustments for non-cash items:					
Amortisation and depreciation	12	11	36	33	45
Other adjustments	-2	-15	10	1	-16
Net financial items (Paid/received)	-7	8	-18	17	26
Income tax paid	14	-30	-83	-162	-156
Cash flow from operating activities before changes in working capital	108	29	178	246	275
Changes in working capital					
Decrease/increase in inventories	14	72	-30	119	140
Decrease/increase in trade receivables	-15	16	-104	77	154
Decrease/increase in other receivables	33	20	7	24	18
Increase/decrease in trade payables	6	2	40	-59	-64
Increase/decrease in other liabilities	-2	-31	42	-17	-36
Cash flow from operating activities	144	108	132	390	486
Investing activities					
Acquisition of intangible assets	-6	-6	-19	-23	-31
Acquisition of tangible assets	-1	-6	-12	-17	-27
Acquisition of financial assets	-	-1	-2	-2	-3
Sale of financial assets	2	-	3	-	-
Cash flow from (-used in) investing activities	-5	-13	-30	-42	-61
Financing activities					
New borrowing and change in overdraft facilities	-73	-	-	-136	-136
Loan repayments	-13	-10	-25	-22	-39
Dividends to shareholders	-3	-4	-78	-78	-143
Cash flow from financing activities	-89	-14	-103	-236	-317
Cash flow for (-used in) the period	50	81	-1	112	108
Cash and cash equivalents at beginning of period	57	48	101	30	30
Exchange rate fluctuations in cash and cash equivalents	-3	-9	4	-22	-37
Cash and cash equivalents at end of period	104	120	104	120	101

Rounding may entail that columns/rows do not tally.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Net sales	14	9	44	41	47
Cost of goods sold	-1	-	-3	-	-
Gross profit	13	9	41	41	47
Selling costs	-7	-7	-19	-22	-24
Administrative costs	-20	-19	-67	-66	-90
Research and development costs	-	-4	-11	-15	-23
Fair value, derivatives	-	-	7	7	7
Other operating income and operating expenses	-	2	-	-3	-1
Operating profit	-14	-19	-49	-58	-84
Profit/loss from financial items					
Net financial items	37	20	58	59	55
Income after financial items	23	1	9	1	-29
Appropriations	-	-	-	-	218
Income tax	3	12	9	10	-29
Profit/loss for the period	26	13	18	11	160

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep	30 Sep	31 Dec
	2024	2023	2023
Assets			
Fixed assets	155	137	127
Current assets	291	260	456
Total assets	446	397	583
Equity and liabilities			
Total equity	162	138	287
Untaxed reserves	112	68	112
Current liabilities	172	191	184
Total interest bearing debt	284	259	296
Total equity and liabilities	446	397	583

NOTES TO THE ACCOUNTS

NOTE 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 2023 Annual Report, Note 2 Accounting policies. No new and revised standards and interpretations that came into force on 1 January 2024 have had any material impact on engcon's financial statements. From 1 January 2024, provisions for product warranties are divided into long and short-term components, and the comparison periods were restated. At 31 December 2023, SEK 22 million was reclassified from long-term to short-term provisions for product warranty.

NOTE 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 2023 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.

NOTE 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.

Derivatives

The company holds derivatives that are measured at fair value at level 2 through profit or loss. At 30 September, there was a receivable (liability) amounting to SEK 2 million (4). 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.

NOTE 4. EARNINGS PER SHARE

	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Total:					
Total profit/loss for the period attributable to shareholders of the Parent Company, SEK million	60.1	40.0	162.1	264.0	275.0
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	0.40	0.26	1.07	1.74	1.81

NOTE 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

SEK million	Q3			Jan-Sep			Jan-Dec
	2024	2023	Δ	2024	2023	Δ	2023
Nordic region	141	150	-9	489	695	-207	808
Europe	185	132	53	518	534	-17	660
Americas	60	81	-21	158	248	-89	289
Asia-Oceania	27	28	-1	91	112	-23	141
Total	412	391	21	1,256	1,590	-334	1,898

Of total net sales for the period, Sweden, where the company is domiciled, accounted for SEK 154 million (216) in the Nordic region and the US accounted for SEK 125 million (216) in the Americas. The net sales above are based on where the customer is domiciled.

NOTE 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 September, 198 (215) engcon employees were participating in the warrant programme. A total of 1,517,880 warrants were issued, of which as of 30 September 2024 1,101,785 (1,218,285)

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.

NOTE 7. RELATED-PARTY TRANSACTIONS

The company's principal owners, Ommapo förvaltning AB and Monen Holding AB, which are also principal owners of Mähler Intressenter AB, had transactions with engcon during the period through Mähler Intressenter AB (the Group). The transactions comprised the purchases of products from engcon totalling SEK 8.1 million (16.2) and sales of products to engcon of SEK 4.2 million (1.3). 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 4.6 million (8.2). In addition to these transactions, Ommapo förvaltning AB delivered services to engcon AB for SEK 266 thousand (937). Transactions also exist for lesser amounts. All transactions were conducted at market value and pertain to the period.

NOTE 8. EVENTS AFTER THE BALANCE SHEET DATE

- On 1 October, engcon was awarded the Carnegie Sustainability Award 2024 in the category of Best Newcomer.
- No other material events have taken place after the end of the quarter.

QUARTERLY OVERVIEW

	2024			2023			2022	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Income statement								
Net sales, SEK million	412	450	394	308	391	508	691	541
Gross profit, SEK million	190	202	166	124	157	206	315	238
Gross margin, %	46.1	44.9	42.1	40.3	40.2	40.6	45.6	44.0
Operating profit, SEK million	91	82	60	19	55	104	198	121
Operating margin, %	22.0	18.2	15.2	6.2	14.1	20.5	28.7	22.4
Profit/loss for the period, SEK million	64	62	49	9	41	86	149	90
Balance sheet								
Non-current assets, SEK million	344	346	342	345	324	317	285	267
Other current assets, SEK million	720	786	742	566	660	757	1,045	889
Cash and cash equivalents, SEK million	104	57	59	101	120	48	33	30
Total assets, SEK million	1,168	1,188	1,143	1,012	1,104	1,122	1,363	1,186
Equity, SEK million	672	613	701	643	642	614	653	501
Interest-bearing liabilities, SEK million	123	202	149	137	150	159	297	264
Non-interest-bearing liabilities, SEK million	373	373	293	232	312	349	413	421
Total equity and liabilities, SEK million	1,168	1,188	1,143	1,012	1,104	1,122	1,363	1,186
Cash flow								
Cash flow from operating activities, SEK million	144	32	-44	96	108	277	5	56
Cash flow from investing activities, SEK million	-5	-10	-15	-19	-13	-11	-18	-15
Cash flow from financing activities, SEK million	-89	-26	12	-81	-14	-245	23	-36
Cash flow for the period, SEK million	50	-4	-47	-4	81	21	10	5
Key performance indicators								
Order intake, SEK million	367	433	410	414	347	342	408	553
Net sales growth, %	7.7	-12.2	-42.8	-43.0	-6.0	-5.0	55.0	37.6
Net debt (+) / Net cash (-), SEK million	19	146	90	37	30	111	264	234
Net debt/Net cash through EBITDA	0.1	0.6	0.3	0.1	0.1	0.2	0.5	0.5
Equity/assets ratio, %	57.6	51.6	61.3	63.6	58.2	54.7	47.9	42.2
Return on capital employed, %	31.4	27.8	27.8	49.3	64.3	73.4	63.4	56.4
Interest coverage ratio, multiple	15	14	17	24	22	33	22	53
Average number of full-time employees	386	367	378	393	415	406	425	425
Share data								
Earnings per share, before and after dilution, SEK	0.40	0.37	0.32	0.07	0.26	0.55	0.93	0.59
Average number of outstanding shares (thousands)	151,788	151,788	151,788	151,788	151,788	151,788	151,788	151,788

Rounding may entail that columns/rows do not tally.

ALTERNATIVE PERFORMANCE MEASURES

FINANCIAL DEFINITIONS

This year-end 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

	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Equity/asset ratio					
Equity, SEK million	672	642	672	642	643
Total assets, SEK million	1,168	1,104	1,168	1,104	1,012
Equity/assets ratio, %	57.6	58.2	57.6	58.2	63.6
Gross margin					
Gross profit, SEK million	190	157	558	678	802
Net sales, SEK million	412	391	1,256	1,590	1,898
Gross margin, %	46.1	40.2	44.4	42.7	42.3
Operating margin					
Operating profit, SEK million	91	55	233	357	376
Net sales, SEK million	412	391	1,256	1,590	1,898
Operating margin, %	22.0	14.1	18.6	22.5	19.8
Net debt (-) / Net cash (+)					
Non-current borrowing (+), SEK million	-	4	-	4	-
Current borrowing (+), SEK million	33	44	33	44	41
Non-current lease liabilities (+), SEK million	67	81	67	81	75
Current lease liabilities (+), SEK million	23	21	23	21	21
Bank overdraft facilities (+), SEK million	-	-	-	-	-
Cash and cash equivalents (-), SEK million	-104	-120	-104	-120	-101
Net debt (+) / Net cash (-), SEK million	19	30	19	30	37
EBITDA					
Operating profit, RTM, SEK million	232	460	232	460	365
Financial income, RTM, SEK million	3	-4	3	-4	-5
Interest expenses, RTM, SEK million	17	22	17	22	16
Depreciations, RTM, SEK million	47	42	47	42	44
EBITDA	299	520	299	520	420
Net debt (+) / Net cash (-) / EBITDA					
Net debt (+) / Net cash (-), SEK million	19	30	19	30	37
EBITDA, SEK million	299	520	299	520	420
Net debt (+) / Net cash (-), SEK million/EBITDA	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio, multiple					
Operating profit, RTM, SEK million	252	478	252	478	376
Financial income, RTM, SEK million	-3	4	-3	4	5
Sum	249	482	249	482	381
Interest expense, past 12 months, SEK million	17	22	17	22	16
Interest coverage ratio, multiple	15	22	15	22	24

Estimates (continued)

	Q3		Jan-Sep		Jan-Dec
	2024	2023	2024	2023	2023
Organic growth in order intake					
Order intake for the current period, SEK million	367	347	1,211	1,096	1,510
Foreign exchange, SEK million	9	-15	6	-52	-58
Order intake, excl foreign exchange, SEK million	376	332	1,217	1,044	1,452
Order intake for the preceding period, SEK million	347	324	1,096	1,425	1,978
Change in order intake, SEK million	29	8	121	-381	-526
Change in order intake, %	8.4%	2.5%	11.0%	-26.7%	-26.6%
Net sales and organic net sales growth					
Net sales for the current period, SEK million	412	391	1,256	1,590	1,898
Foreign exchange, SEK million	9	-19	8	-77	-76
Net sales, excl foreign exchange, SEK million	421	372	1,264	1,513	1,822
Net sales for the preceding period, SEK million	391	416	1,590	1,397	1,938
Change in organic net sales, SEK million	30	-44	-324	116	-116
Change in organic net sales, %	7.7%	-10.6%	-20.4%	8.3%	-6.0%
Return on capital employed					
Profit/loss before tax, past 12 months, SEK million	232	460	232	460	365
Interest expense, past 12 months, SEK million	17	22	17	22	16
Profit/loss before tax plus interest expense, past 12 months, SEK million	249	482	249	482	381
Capital employed at the beginning of the period, SEK million	792	708	792	708	765
Capital employed at the end of the period, SEK million	795	792	795	792	781
Capital employed, average, SEK million	793	750	793	750	773
Return on capital employed, %	31.4	64.3	31.4	64.3	49.3
Capital employed					
Balance sheet total, SEK million	1,168	1,104	1,168	1,104	1,012
Less non-interest-bearing liabilities					
Deferred tax liabilities, SEK million	-17	-7	-17	-7	-23
Provisions for product warranties, SEK million	-31	-35	-31	-35	-32
Accounts payable, SEK million	-122	-87	-122	-87	-82
Current tax liabilities, SEK million	-6	-15	-6	-15	-10
Derivatives, SEK million	-	-	-	-	-
Other liabilities, SEK million	-117	-104	-117	-104	-34
Accrued expenses and deferred income, SEK million	-81	-64	-81	-64	-50
Capital employed, SEK million	795	792	795	792	781

Rounding may entail that columns/rows do not tally.

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 non-current 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 Sep 2024	Average rate Jan-Sep 2024	Closing rate 30 Sep 2023	Average rate Jan-Sep 2023
1 EUR is equivalent to SEK	11.30	11.41	11.49	11.48
1 DKK is equivalent to SEK	1.52	1.53	1.54	1.54
1 NOK is equivalent to SEK	0.96	0.99	1.02	1.01
1 USD is equivalent to SEK	10.09	10.50	10.84	10.59
1 AUD is equivalent to SEK	6.99	6.95	7.02	7.08
1 PLN is equivalent to SEK	2.64	2.65	2.48	2.51
1 GBP is equivalent to SEK	13.53	13.41	13.27	13.18
1 KRW is equivalent to SEK	0.01	0.01	0.01	0.01
1 CAD is equivalent to SEK	7.47	7.72	8.06	7.87



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 2023

CHANGE THE WORLD OF DIGGING