

**Q3**  
**2023**

## INTERIM REPORT JANUARY – SEPTEMBER 2023

### Challenging quarter with strong cash flow

#### Third quarter 2023

- Order intake increased 7 per cent to SEK 347 million (324); organic order growth was 2 per cent.
- Net sales declined 6 per cent to SEK 391 million (416); organic net sales growth was -11 per cent.
- Operating profit declined 47 per cent to SEK 55 million (104) and the operating margin was 14.1 per cent (25.0).
- Profit for the quarter decreased 48 per cent to SEK 41 million (79).
- Basic and diluted earnings per share amounted to SEK 0.26 (0.49).

#### January – September 2023

- Order intake declined 23 per cent to SEK 1,096 million (1,425); organic order growth was -27 per cent.
- Net sales increased 14 per cent to SEK 1,590 million (1,397); organic net sales growth was 8 per cent.
- Operating profit increased 21 per cent to SEK 357 million (294) and the operating margin was 22.5 per cent (21.0).
- Profit for the period increased 18 per cent to SEK 276 million (235).
- Basic and diluted earnings per share amounted to SEK 1.74 (1.42).

#### Financial performance indicators for the Group<sup>1</sup>

	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Order intake, SEK million	347	324	7	1,096	1,425	-23	1,978
Net sales, SEK million	391	416	-6	1,590	1,397	14	1,938
Gross profit, SEK million	157	187	-16	678	595	14	833
Gross margin, %	40.2	45.0	-	42.7	42.6	-	43.0
Operating profit, SEK million	55	104	-47	357	294	21	415
Operating margin, %	14.1	25.0	-	22.5	21.0	-	21.4
Profit/loss for the period, SEK million	41	79	-48	276	235	18	325
Earnings per share, before and after dilution, SEK	0.26	0.49	-47	1.74	1.42	22	2.01
Return on capital employed, %	64.3	54.9	-	64.3	54.9	-	56.4
Equity/assets ratio, %	58.2	37.7	-	58.2	37.7	-	42.2

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

## CEO'S COMMENTS

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**Our vision is to change the world of digging and with our strategy and long-term approach I am convinced that we will succeed in this.**



Despite a challenging global situation, we have taken important steps in our growth journey with a strong increase in sales in the Americas and reduced dependency on the Nordic region. Order intake stabilised in the Nordic region and Europe following a period of decline and is clearly rising in the Americas. The strong cash flow and operating profit, which was in line with our own expectations, has left us well positioned to realise our strategy and meet the challenges ahead.

### **Stabilisation and positive trends despite economic uncertainty**

Following a decline in order intake for several quarters, we are now seeing signs of stabilisation with organic order growth of 2 per cent. The order intake of SEK 347 million is in line with the preceding quarter and previous years.

We are continuing to consolidate our position in the US market where we posted order growth of 28 per cent. The situation in Europe is more fragmented, with parts of the European market showing clear signs of improvement while challenges persist in others. Following the end of the quarter, we entered into an agreement with an important distributor in the DACH region and secured a major order from a French machine rental company, which is an important breakthrough given that the rental market is generally difficult to access. Combined with a stabilised order intake, this builds confidence for the future.

The trend in the Nordic region remains cautious with order growth of 9 per cent from low levels. The market is difficult to predict due to high interest rates and uncertainty, which is leading to shrinking excavator sales at the same time as dealers still have stocks left, a factor that is also impacting demand. The high penetration rate in the Nordic region makes this market considerably more cyclical than Europe and Americas. The global development of the company has led to less dependency on the Nordic region, which accounted for 39 per cent (54) of net sales for the quarter.

Global uncertainty remains high and we do not believe that the relatively low price increases planned and short lead times will result in the same strong pre-ordering effects in the fourth quarter as in previous years.

### **Challenging quarter with strong cash flow**

Net sales for the quarter amounted to SEK 391 million, which is slightly over our expectation considering the order intake for recent quarters. The gross margin for the quarter was 40 per cent (45) and was negatively impacted by lower volumes, completed campaigns and a less advantageous product mix. Investments in the global sales organisation and the replacement of business systems led to a decline in operating profit of 47 per cent to SEK 55 million. The operating margin for the quarter amounted to 14 per cent (25).

Investments in our logistics hub in the US are proceeding according to plan and are expected to be operational in the first quarter of 2024.

Cash flow is strong due to a decline in accounts receivable and a reduction in inventory. We are continuing to optimise and reduce inventories and our assessment is that the positive cash flow will continue into the next quarter.

### **Well placed for continued strong growth**

We have a long history of profitable and capital-efficient growth and we are well equipped to meet the challenges that an uncertain business environment can present in the years ahead. We can see that the investments made in our sales organisation have yielded results in our growth markets. Growth in the Americas and positive development in parts of Europe are an indication that we are on the right path. We are determined in our efforts to move forward – we know that our products generate profitability for our customers both in economic downturns and upswings. Our vision is to change the world of digging, and with our strategy and long-term approach I am convinced that we will succeed in this.

**Krister Blomgren**  
President and CEO

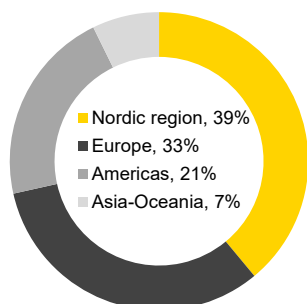
# GROUP'S FINANCIAL PERFORMANCE

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

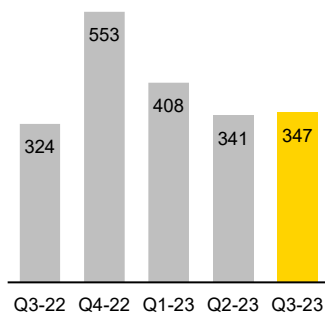
## 8%

Organic net sales growth in the period

Share of net sales by geographic market region in Q3



Order intake by quarter, SEK million



## Group

	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Order intake, SEK million	347	324	7	1,096	1,425	-23	1,978
Net sales, SEK million	391	416	-6	1,590	1,397	14	1,938
Gross profit, SEK million	157	187	-16	678	595	14	833
Gross margin, %	40.2	45.0	-	42.7	42.6	-	43.0
Operating profit, SEK million	55	104	-47	357	294	21	415
Operating margin, %	14.1	25.0	-	22.5	21.0	-	21.4

## Order intake by geographic market region

SEK million	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Nordic region	129	118	9	438	671	-35	916
Europe	118	118	-	367	501	-27	631
Americas	59	46	28	162	151	8	209
Asia-Oceania	26	42	-38	77	102	-25	131
exchange	332	324	2	1,044	1,425	-27	1,887
Foreign exchange effect	15	-	-	52	-	-	91
<b>Total</b>	<b>347</b>	<b>324</b>	<b>7</b>	<b>1,096</b>	<b>1,425</b>	<b>-23</b>	<b>1,978</b>

## Net sales by geographic market region

SEK million	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Nordic region	145	217	-33	672	798	-16	1,003
Europe	121	134	-10	500	403	24	600
Americas	79	41	93	232	115	102	154
Asia-Oceania	27	24	13	111	81	37	101
<b>Total excl. foreign exchange</b>	<b>372</b>	<b>416</b>	<b>-11</b>	<b>1,515</b>	<b>1,397</b>	<b>8</b>	<b>1,858</b>
Foreign exchange effect	19	-	-	75	-	-	80
<b>Total</b>	<b>391</b>	<b>416</b>	<b>-6</b>	<b>1,590</b>	<b>1,397</b>	<b>14</b>	<b>1,938</b>

Of total net sales in the period, Sweden accounted for SEK 216 million (310).

## Order intake and net sales

### Third quarter 2023

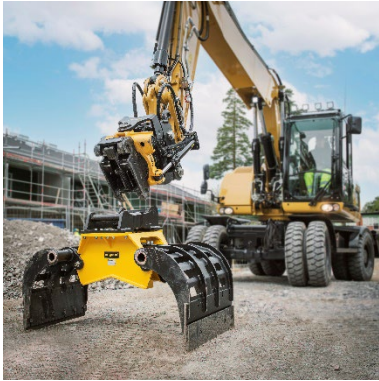
Order intake during the quarter amounted to SEK 347 million (324), an increase of 7 per cent (-5), and organic order growth was 2 per cent (-11).

Order growth was somewhat positive during the quarter, mainly in the Americas, but also in the Nordic region albeit from low levels. The order level was on a par with the preceding year in Europe while the trend in Asia-Oceania was negative. The order intake was weak as a result of geopolitical and macroeconomic uncertainty, which led to lower willingness to invest among our customers.

Net sales during the quarter amounted to SEK 391 million (416), a decline of 6 per cent (16) and organic net sales growth of -11 per cent (11).

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





## January – September 2023

Order intake during the period amounted to SEK 1,096 million (1,425), a decrease of 23 per cent (19), corresponding to organic order growth of -27 per cent (15).

Order growth was negative for the period in all regions except the Americas, which recorded a somewhat positive order intake. The order intake was weaker as a result of strong pre-ordering effects in previous periods combined with geopolitical and macroeconomic uncertainty.

Net sales during the period amounted to SEK 1,590 million (1,397), an increase of 14 per cent (25), corresponding to organic net sales growth of 8 per cent (20).

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

## Earnings

### Third quarter 2023

Gross earnings for the quarter amounted to SEK 157 million (187), a decrease of -16 per cent (18). The gross margin for the quarter amounted to 40.2 per cent (45.0). The decline compared with previous quarters is due to lower volumes, completed campaigns and a less advantageous product mix.

EBIT for the quarter amounted to SEK 55 million (104), a decrease of 47 per cent (14). The operating margin was 14.1 per cent (25.0).

The cost for the change of the Group-wide business system amounted to SEK 7 million (6) during the quarter. Implementation of the business system will commence in the final quarter of 2023 and will continue in the years ahead.

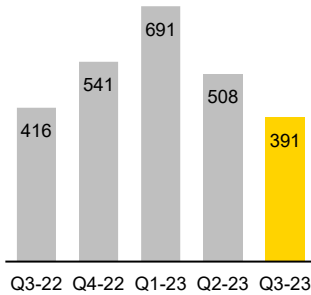
The effect of derivative instruments amounted to SEK 4 million (0) for the quarter.

Net financial items for the quarter amounted to SEK -1 million (2). Profit before tax for the quarter amounted to SEK 54 million (106).

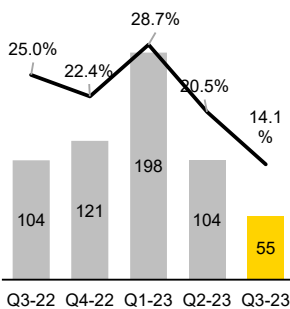
Income tax for the quarter was SEK -13 million (-27). The effective tax rate for the quarter amounted to 24.0 per cent (26.0).

Total earnings after tax for the third quarter amounted to SEK 41 million (79).

**Net sales by quarter, SEK million**



**EBIT SEK million and EBIT margin by quarter**



## January – September 2023

Gross earnings during the period amounted to SEK 678 million (595), an increase of 14 per cent (24). The gross margin amounted to 42.7 per cent (42.6).

EBIT for the period amounted to SEK 357 million (294), an increase of 21.0 per cent (19.0). The operating margin was 22.5 per cent (21.0).

The operating margin improved due to high sales, an improved margin and cost control, primarily in the first quarter, which was characterised by a high order book combined with short delivery times. The cost for the change of the Group-wide business system amounted to SEK 25 million (16) during the period. Implementation of the business system will commence in the final quarter of 2023 and will continue in the years ahead. The preceding year also included IPO costs of SEK 17 million.

The effect of derivative instruments amounted to SEK 11 million (-16) for the period.

Net financial items for the period amounted to SEK -5 million (13). Profit before tax for the period amounted to SEK 352 million (306).

Income tax for the period was SEK -76 million (-72). The effective tax rate for the period amounted to 21.6 per cent (23.5).

Total profit after tax for the period amounted to SEK 276 million (235).

## Investments and depreciation/amortisation

Investments in intangible and tangible assets and right-of-use assets amounted to SEK 9 million (10) for the quarter and SEK 79 million (62) for the period. The investments were mainly attributable to a newly signed lease for a logistics hub in the US and development costs for the third generation tiltrotator. Depreciation and amortisation of tangible and intangible assets amounted to SEK 11 million (10) for the quarter and SEK 33 million (29) for the period.

## Cash flow

Cash flow from operating activities amounted to SEK 108 million (63) for the quarter and SEK 390 million (160) for the period, which was mainly attributable to improved operating profit in the period and reduced capital tied up in accounts receivable and inventory, but was negatively impacted by tax paid and reduced accounts payable.

Cash flow from investing activities amounted to SEK -13 million (-7) for the quarter and SEK -42 million (-30) 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 -14 (-42) for the quarter and SEK -236 million (-309) for the period. The change is a result of loan repayments, a reduction in bank overdraft facilities and a dividend paid in the second quarter of 2023.

Total cash flow from operations amounted to SEK 81 million (14) for the quarter and SEK 112 million (-179) for the period.

## Financial position and return

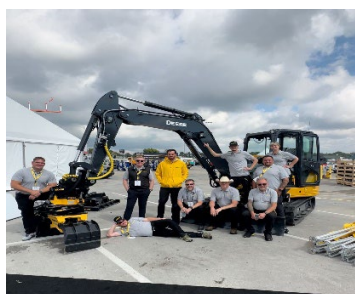
	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total borrowing, SEK million	48	64	56
Bank overdraft facilities, SEK million	-	156	136
Total lease liabilities, SEK million	102	76	72
Cash and cash equivalents, SEK million	-120	-35	-30
Net debt (+) / Net cash (-), SEK million	30	261	234
Equity, SEK million	642	412	501
Equity/assets ratio, %	58.2	37.7	42.2
Return on capital employed, %	64.3	54.9	56.4

Inventory amounted to SEK 324 million on 30 September 2023 compared with SEK 443 million on 31 December 2022. The strong net sales in the first quarter of 2023 resulted in reduced capital tied up in inventory. Accounts receivable declined to SEK 270 million on 30 September 2023 compared with SEK 347 million on 31 December 2022.

Net debt was lower than in the third quarter of 2022 and equity was higher, taking into account the profit generated and the fact that a dividend was paid in the second quarter of 2023. As a result, the equity/assets ratio is stronger than in the third quarter of 2022. The Group had unutilised credit facilities of SEK 320 million at the end of the quarter compared with SEK 182 million on 31 December 2022. Including cash and cash equivalents, the Group's unutilised total liquidity amounted to SEK 440 million (212). The Group's existing credit facility amounted to SEK 320 million (318).



## EVENTS IN THE QUARTER



In September, engcon participated in the The Utility Expo in Louisville, Kentucky.

### Third quarter

- In September, both engcon and Rototilt were granted leave to appeal by the Swedish Patent and Market Court regarding the ongoing lawsuit. A ruling in the higher court is expected in spring 2024 at the earliest. For more information, see page 7 Lawsuit.
- In September, engcon participated in The Utility Expo in Louisville, Kentucky. The event is the biggest of its kind for contractors and professionals in the construction industry in the US.

### Events after the end of the quarter

- After the end of the quarter, an existing overdraft facility of SEK 300 million was renegotiated at unchanged terms.
- Following the end of the quarter, we entered into an agreement with a major distributor in the DACH region where we are aiming for further market penetration.
- We also received a major order from a French machine rental company, which is an important breakthrough given that the rental market is generally difficult to access.

## FINANCIAL TARGETS, SUSTAINABILITY TARGETS AND DIVIDEND POLICY

### Net sales growth

- engcon's objective is to exceed the growth in the existing markets<sup>1</sup> 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 2022 Annual and Sustainability Report 2022 pages 26–27.

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

# OTHER INFORMATION

## Risks and uncertainties

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

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

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

## Lawsuit

In May, the Swedish Patent and Market Court announced its verdict regarding Rototilt's lawsuit against engcon alleging infringements by engcon of Rototilt patented technology. The damages claimed amount to approximately SEK 200 million. The alleged infringement relates to sensor technology in the Q-safe locking system. The court determined that no infringement had taken place and therefore dismissed Rototilt's action. At the same hearing, engcon claimed that Rototilt's patent should be declared invalid. However, the court determined that the patent was valid. Following appeals, both parties were granted leave to appeal by the Swedish Patent and Market Court. A ruling in the higher court is expected in spring 2024 at the earliest.

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

## Employees

The average number of full-time employees at the end of the quarter amounted to 446 (422), of whom 22 per cent (19) were women and 78 per cent (81) 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 2023 amounted to SEK 21,250,320, distributed among 35,344,778 class A shares and 116,443,222 class B shares. The shares have a quotient value of SEK 0.14 per share. Each Class A share represents ten votes and each Class B share one vote. On 30 September 2023, there were 7,013 shareholders in the company.

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

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

## Nomination Committee ahead of the 2024 Annual General Meeting (AGM)

The Nomination Committee ahead of engcon's 2024 AGM, which will take place on 2 May 2024 in Strömsund, has been appointed based on the ownership structure on 31 August 2023. 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), Peter Hofvenstam (Nordstjernen AB) and Fredrik Carlsson (Svolder AB). For more information, see <https://www.engcongroup.com/corporate-governance/nomination-committee/>.

## Parent Company

The Parent Company's net sales amounted to SEK 9 million (12) for the quarter and SEK 41 million (42) for the period.

Operating loss for the quarter amounted to SEK -19 million (-35) and SEK -58 million (-68) for the period. Profit for the quarter amounted to SEK 13 million (-4) and SEK 11 million (-34) for the period. During the quarter, the Parent Company received a dividend of SEK 17 million (21). For the period, the Parent Company has received dividends of SEK 54 million (21).

## 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, 27 October 2023

Annika Bäremo  
*Chairman*

Anna Stålenbring  
*Board member*

Bob Persson  
*Board member*

Monica Engström  
*Board member*

Stig Engström  
*Board member*

Krister Blomgren  
*CEO*

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## Publication

This interim report comprises such information that engcon AB is obligated to publish in accordance with the EU Market Abuse Regulation. This information was published through the auspices of the persons named above on 27 October 2023 at 8.00 a.m. CEST.

## Audiocast presentation of the interim report

engcon will present the report via an audiocast on 27 October at 11:00 a.m. CEST.

To participate, use this link:  
<https://ir.financialhearings.com/engcon-q3-2023>

To participate via a telephone conference, use the link below:  
<https://conference.financialhearings.com/teleconference/?id=5008574>

The presentation is available at [www.engcongroup.com](http://www.engcongroup.com).

## Financial calendar 2023/2024

Year-end Report 2023,  
21 February 2024

Annual and Sustainability Report 2023,  
week beginning 25 March 2024

Interim Report January – March 2024,  
26 April 2024

2024 Annual General Meeting  
2 May in Strömsund, Sweden

Financial statements are available in their entirety at engcon's website [www.engcongroup.com](http://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 2023 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, 27 October 2023

## **Deloitte AB**

Harald Jagner,  
Authorised Public Accountant

# CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Net sales	391	416	1,590	1,397	1,938
Cost of goods sold	-234	-229	-912	-802	-1,105
<b>Gross profit</b>	<b>157</b>	<b>187</b>	<b>678</b>	<b>595</b>	<b>833</b>
Selling costs	-69	-53	-209	-164	-235
Administrative costs	-27	-32	-88	-110	-150
Research and development costs	-10	-6	-30	-20	-28
Fair value, derivatives	4	-	11	-16	-7
Other operating income and operating expenses	-	8	-5	9	2
<b>Operating profit</b>	<b>55</b>	<b>104</b>	<b>357</b>	<b>294</b>	<b>415</b>
<b>Profit/loss from financial items</b>					
Net financial items	-1	2	-5	13	-
<b>Profit/loss before tax</b>	<b>54</b>	<b>106</b>	<b>352</b>	<b>306</b>	<b>415</b>
Income tax	-13	-27	-76	-72	-90
<b>Profit/loss for the period</b>	<b>41</b>	<b>79</b>	<b>276</b>	<b>234</b>	<b>325</b>
<b>Total profit/loss for the period</b>	<b>41</b>	<b>79</b>	<b>276</b>	<b>235</b>	<b>325</b>
<b>Total profit/loss for the period:</b>					
Attributable to:					
Parent Company shareholders	40	75	264	216	305
Non-controlling interest	1	4	12	19	20
<b>Earnings per share (SEK)</b>					
Before dilution	0.26	0.49	1.74	1.42	2.01
After dilution	0.26	0.49	1.74	1.42	2.01

Rounding may entail that columns/rows do not tally.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Total profit/loss for the period</b>	41	79	276	235	325
<b>Other comprehensive income</b>					
<b>Items that may be reversed to profit or loss:</b>					
Exchange-rate differences upon translation of foreign operations	-8	3	7	8	11
<b>Comprehensive income for the period</b>	<b>33</b>	<b>82</b>	<b>283</b>	<b>243</b>	<b>336</b>
Attributable to:					
Parent Company shareholders	34	77	271	223	314
Non-controlling interest	-1	5	12	20	22

*Rounding may entail that columns/rows do not tally.*

# CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Assets</b>			
<b>Fixed assets</b>			
Goodwill	22	20	20
Other intangible assets	56	22	35
Right-of-use assets	96	73	69
Property plant and equipment	142	142	141
Other non-current receivables	4	4	2
Derivatives	4	-	-
Deferred tax receivables	-	5	-
<b>Total non-current assets</b>	<b>324</b>	<b>266</b>	<b>267</b>
<b>Current assets</b>			
Inventories	324	393	443
Accounts receivable	270	329	347
Current tax assets	18	-	27
Other receivables	9	20	29
Prepaid expenses and accrued income	39	51	43
Cash and cash equivalents	120	35	30
<b>Total current assets</b>	<b>780</b>	<b>828</b>	<b>919</b>
<b>Total assets</b>	<b>1,104</b>	<b>1,094</b>	<b>1,186</b>
<b>Equity and liabilities</b>			
Share capital	21	21	21
Other contributed capital	6	6	6
Translation reserve	22	12	14
Retained earnings including profit for the year	559	336	425
<b>Equity attributable to Parent Company shareholders</b>	<b>608</b>	<b>375</b>	<b>466</b>
Non-controlling interest	34	37	35
<b>Total equity</b>	<b>642</b>	<b>412</b>	<b>501</b>
<b>Non-current liabilities</b>			
Borrowings	4	8	4
Deferred tax asset	7	-	8
Lease liabilities	81	59	55
Provisions product warranty	35	27	30
<b>Total non-current liabilities</b>	<b>127</b>	<b>94</b>	<b>97</b>
<b>Current liabilities</b>			
Trade payables	87	160	146
Current tax liabilities	15	76	109
Lease liabilities	21	17	17
Borrowings	44	56	52
Overdraft facility	-	156	136
Derivatives	-	16	7
Other liabilities	104	40	42
Accrued expenses and deferred income	64	67	79
<b>Total current liabilities</b>	<b>335</b>	<b>588</b>	<b>588</b>
<b>Total interest bearing debt</b>	<b>462</b>	<b>682</b>	<b>685</b>
<b>Total equity and liabilities</b>	<b>1,104</b>	<b>1,094</b>	<b>1,186</b>

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
<b>Opening balance 1 January 2022</b>	<b>21</b>	<b>6</b>	<b>4</b>	<b>560</b>	<b>591</b>	<b>22</b>	<b>613</b>
Profit/loss for the year	-	-	-	216	216	19	235
Other comprehensive income	-	-	8	-	8	1	9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>216</b>	<b>224</b>	<b>20</b>	<b>244</b>
<b>Transactions with shareholders:</b>							
Cash dividend	-	-	-	-440	-440	-5	-445
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-440</b>	<b>-440</b>	<b>-5</b>	<b>-445</b>
<b>Closing balance 30 September</b>	<b>21</b>	<b>6</b>	<b>12</b>	<b>336</b>	<b>375</b>	<b>37</b>	<b>412</b>
Profit/loss for the year	-	-	-	89	89	5	94
Other comprehensive income	-	-	2	-	2	1	3
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>89</b>	<b>91</b>	<b>6</b>	<b>97</b>
<b>Transactions with shareholders:</b>							
Cash dividend	-	-	-	-	-	-8	-8
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-8</b>	<b>-8</b>
<b>Closing balance 31 December 2022</b>	<b>21</b>	<b>6</b>	<b>14</b>	<b>425</b>	<b>466</b>	<b>35</b>	<b>501</b>
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
<b>Opening balance 1 January 2023</b>	<b>21</b>	<b>6</b>	<b>14</b>	<b>425</b>	<b>466</b>	<b>35</b>	<b>501</b>
Profit/loss for the year	-	-	-	264	264	12	276
Other comprehensive income	-	-	7	-	7	-	7
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>264</b>	<b>271</b>	<b>12</b>	<b>283</b>
<b>Transactions with shareholders:</b>							
Cash dividend	-	-	-	-129	-129	-14	-143
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-129</b>	<b>-129</b>	<b>-14</b>	<b>-143</b>
<b>Closing balance 30 September 2023</b>	<b>21</b>	<b>6</b>	<b>22</b>	<b>559</b>	<b>608</b>	<b>34</b>	<b>642</b>

Rounding may entail that columns/rows do not tally.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Operating profit</b>	<b>55</b>	<b>104</b>	<b>357</b>	<b>294</b>	<b>415</b>
Adjustments for non-cash items:					
Amortisation and depreciation	11	10	33	29	39
Provision	-1	-3	5	4	7
Translation difference	-9	9	7	14	24
Other adjustments	-5	1	-11	17	8
Interest received	1	10	30	28	28
Interest paid	7	-6	-13	-8	-17
Income tax paid	-30	-18	-162	-57	-55
<b>Cash flow from operating activities before changes in working capital</b>	<b>29</b>	<b>107</b>	<b>246</b>	<b>321</b>	<b>449</b>
<b>Changes in working capital</b>					
Decrease/increase in inventories	72	-	119	-90	-140
Decrease/increase in trade receivables	16	-31	77	-121	-139
Decrease/increase in other receivables	20	-11	24	-22	-26
Increase/decrease in trade payables	2	12	-59	66	52
Increase/decrease in other liabilities	-31	-14	-17	6	20
<b>Cash flow from operating activities</b>	<b>108</b>	<b>63</b>	<b>390</b>	<b>160</b>	<b>216</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-6	-5	-23	-22	-35
Acquisition of tangible assets	-6	-2	-17	-8	-12
Acquisition of financial assets	-1	-	-2	-	-
Sale of financial assets	-	-	-	-	2
<b>Cash flow from (-used in) investing activities</b>	<b>-13</b>	<b>-7</b>	<b>-42</b>	<b>-30</b>	<b>-45</b>
<b>Financing activities</b>					
New borrowing and change in overdraft facilities	-	-30	-136	156	136
Loan repayments	-10	-7	-22	-20	-33
Dividends to shareholders	-4	-5	-78	-445	-448
<b>Cash flow from financing activities</b>	<b>-14</b>	<b>-42</b>	<b>-236</b>	<b>-309</b>	<b>-345</b>
<b>Cash flow for (-used in) the period</b>	<b>81</b>	<b>14</b>	<b>112</b>	<b>-179</b>	<b>-174</b>
Cash and cash equivalents at beginning of period	48	29	30	228	228
Exchange rate fluctuations in cash and cash equivalents	-9	-8	-22	-14	-24
<b>Cash and cash equivalents at end of period</b>	<b>120</b>	<b>35</b>	<b>120</b>	<b>35</b>	<b>30</b>

Rounding may entail that columns/rows do not tally.

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Net sales	9	12	41	42	59
Cost of goods sold	-	-2	-	-3	-4
<b>Gross profit</b>	<b>9</b>	<b>10</b>	<b>41</b>	<b>39</b>	<b>55</b>
Selling costs	-7	-7	-22	-18	-28
Administrative costs	-19	-19	-66	-67	-88
Research and development costs	-4	-3	-15	-7	-9
Fair value, derivatives	-	-16	7	-16	-7
Other operating income and operating expenses	2	-	-3	1	-14
<b>Operating profit</b>	<b>-19</b>	<b>-35</b>	<b>-58</b>	<b>-68</b>	<b>-91</b>
<b>Profit/loss from financial items</b>				-	
Net financial items	20	17	59	20	38
<b>Income after financial items</b>	<b>1</b>	<b>-18</b>	<b>1</b>	<b>-48</b>	<b>-53</b>
Appropriations	-	-	-	-	285
Income tax	12	14	10	14	-40
<b>Profit/loss for the period</b>	<b>13</b>	<b>-4</b>	<b>11</b>	<b>-34</b>	<b>192</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep	30 Sep	31 Dec
	2023	2022	2022
<b>Assets</b>			
Fixed assets	137	111	102
Current assets	260	291	633
<b>Total assets</b>	<b>397</b>	<b>402</b>	<b>735</b>
<b>Equity and liabilities</b>			
Restricted equity	21	21	21
Non-restricted equity	117	9	235
<b>Total equity</b>	<b>138</b>	<b>30</b>	<b>256</b>
Untaxed reserves	68	1	68
Current liabilities	191	371	411
<b>Total interest bearing debt</b>	<b>259</b>	<b>372</b>	<b>479</b>
<b>Total equity and liabilities</b>	<b>397</b>	<b>402</b>	<b>735</b>

# NOTES TO THE ACCOUNTS

## NOT 1. ACCOUNTING POLICIES

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

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

## NOT 2. KEY ASSESSMENTS AND ESTIMATES

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

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

## NOT 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### Receivables

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

### Derivatives

The company holds derivatives that are measured at fair value at level 2 through profit or loss. At 30 September, there was a receivable (liability) amounting to SEK 4 million (16). The measurement method is discounting of contractual cash flows with interest and currency on the balance sheet date.

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

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



## NOT 4. EARNINGS PER SHARE

	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Total:</b>					
Total profit/loss for the period attributable to shareholders of the Parent Company, SEK million	40.0	75.0	264.0	216.0	305.0
Right of preference, SEK million	-	-	-	-	-
Total profit/loss for the period attributable to shareholders of the Parent Company, adjusted, SEK million	40.0	75.0	264.0	216.0	305.0
Average number of ordinary shares outstanding	151,788,000	151,788,000	151,788,000	151,788,000	151,788,000
<b>Basic and diluted earnings per share, SEK</b>	<b>0.26</b>	<b>0.49</b>	<b>1.74</b>	<b>1.42</b>	<b>2.01</b>

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

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

## NOT 5. SEGMENT REPORTING AND ALLOCATION OF REVENUE

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

### Geographic market regions

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

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

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

### Net sales by geographic region, continuing operations

SEK million	Q3			Jan-Sep			Jan-Dec
	2023	2022	Δ%	2023	2022	Δ%	2022
Nordic region	145	217	-33	672	798	-16	1,003
Europe	121	134	-10	500	403	24	600
Americas	79	41	93	232	115	102	154
Asia-Oceania	27	24	13	111	81	37	101
<b>Total excl. foreign exchange</b>	<b>372</b>	<b>416</b>	<b>-11</b>	<b>1,515</b>	<b>1,397</b>	<b>9</b>	<b>1,858</b>
Foreign exchange effect	19	-	-	75	-	-	80
<b>Total</b>	<b>391</b>	<b>416</b>	<b>-6</b>	<b>1,590</b>	<b>1,397</b>	<b>14</b>	<b>1,938</b>

Of total net sales, Sweden, where the company is domiciled, accounted for SEK 216 million (310) in the period. The net sales above are based on where the customer is domiciled.

## **NOT 6. INCENTIVE PROGRAMMES**

In 2021, the Board resolved to introduce a long-term incentive programme in the form of a warrant programme for employees in the engcon Group. The purpose of the program is to encourage broad-based share ownership amongst the company's employees, facilitate recruitment, maintain competent employees, increase the alignment of interests between the employees and the company's shareholders and increase motivation to reach or exceed the company's financial targets. As of 30 September, 215 (222) engcon employees were participating in the warrant programme. A total of 1,517,880 warrants were issued, of which as of 30 September 2023 1,218,285 (1,321,785)

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

## **NOT 7. RELATED-PARTY TRANSACTIONS**

The company's principal owners, Ommapo förvaltning AB and Monen Holding AB, which are also principal owners of Mähler International AB, had transactions with engcon during the period through Mähler International AB. The transactions comprised the purchases of products from engcon totalling SEK 16.2 million (7.1) and sales of products to engcon of SEK 1.3 million (10.5). 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 8.2 million (23.7). In addition to these transactions, Ommapo förvaltning AB delivered services to engcon AB for KSEK 937 (857). Kristian Sjöström (group management) has, through his wholly owned company Swedish Engineering AB, delivered services to engcon for KSEK 1,494 (1,061) as of 30 September. Transactions also exist for lesser amounts. All transactions were conducted at market value and pertain to the period.

## **NOT 8. EVENTS AFTER THE BALANCE SHEET DATE**

- After the end of the quarter, an existing overdraft facility of SEK 300 million was renegotiated at unchanged terms.
- Following the end of the quarter, we entered into an agreement with a major distributor in the DACH region where we are aiming for further market penetration.
- We also received a major order from a French machine rental company, which is an important breakthrough given that the rental market is generally difficult to access.

# QUARTERLY OVERVIEW

	2023			2022			2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Income statement</b>								
Net sales, SEK million	391	508	691	541	416	534	447	370
Gross profit, SEK million	157	206	315	238	187	227	181	147
Gross margin, %	40.2	40.6	45.6	44.0	45.0	42.5	40.5	39.7
Operating profit, SEK million	55	104	198	121	104	100	90	77
Operating margin, %	14.1	20.5	28.7	22.4	25.0	18.7	20.1	20.8
Profit/loss for the period, SEK million	41	86	149	90	79	83	73	75
<b>Balance sheet</b>								
Non-current assets, SEK million	324	317	285	267	266	273	260	225
Other current assets, SEK million	660	757	1,045	889	793	757	750	560
Cash and cash equivalents, SEK million	120	48	33	30	35	29	60	228
Total assets, SEK million	1,104	1,122	1,363	1,186	1,094	1,059	1,070	1,013
Equity, SEK million	642	614	653	501	412	334	338	613
Interest-bearing liabilities, SEK million	150	159	297	264	296	332	344	122
Non-interest-bearing liabilities, SEK million	312	349	413	421	386	393	388	278
Total equity and liabilities, SEK million	1,104	1,122	1,363	1,186	1,094	1,059	1,070	1,013
<b>Cash flow</b>								
Cash flow from operating activities, SEK million	108	277	5	56	63	93	4	45
Cash flow from investing activities, SEK million	-13	-11	-18	-15	-7	-11	-12	-
Cash flow from financing activities, SEK million	-14	-245	23	-36	-42	-111	-156	-7
Cash flow for the period, SEK million	81	21	10	5	14	-29	-164	38
<b>Key performance indicators</b>								
Order intake, SEK million	347	341	408	553	324	519	582	774
Net sales growth, %	-6.0	-5.0	55.0	37.6	15.9	19.5	23	n/a
Net debt (+) / Net cash (-), SEK million	30	111	264	234	261	303	284	-106
Net debt/Net cash through EBITDA	0.1	0.2	0.5	0.5	0.6	0.8	n/a	n/a
Equity/assets ratio, %	58.2	54.7	47.9	42.2	37.7	31.5	31.6	60.5
Return on capital employed, %	64.3	73.4	63.4	56.4	54.9	57.5	50.5	47.8
Interest coverage ratio, multiple	22	33	22	53	81	388.0	n/a	n/a
Average number of full-time employees	446	431	426	425	422	376	366	345
<b>Share data</b>								
Basic and diluted earnings per share (continuing operations), SEK	0.26	0.55	0.93	0.59	0.49	0.47	0.48	0.49
Average number of outstanding shares	151,788	151,788	151,788	151,788	151,788	151,788	151,788	151,788

# ALTERNATIVE PERFORMANCE MEASURES AND FINANCIAL DEFINITIONS

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

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

## Estimates

	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Equity/asset ratio</b>					
Equity, SEK million	642	412	642	412	501
Total assets, SEK million	1,104	1,094	1,104	1,094	1,186
<b>Equity/assets ratio, %</b>	<b>58.2</b>	<b>37.7</b>	<b>58.2</b>	<b>37.7</b>	<b>42.2</b>
<b>Gross margin</b>					
Gross profit, SEK million	157	187	678	595	833
Net sales, SEK million	391	416	1,590	1,397	1,938
<b>Gross margin, %</b>	<b>40.2</b>	<b>45.0</b>	<b>42.7</b>	<b>42.6</b>	<b>43.0</b>
<b>Operating margin</b>					
Operating profit, SEK million	55	104	357	294	415
Net sales, SEK million	391	416	1,590	1,397	1,938
<b>Operating margin, %</b>	<b>14.1</b>	<b>25.0</b>	<b>22.5</b>	<b>21.0</b>	<b>21.4</b>
<b>Net debt (-) / Net cash (+)</b>					
Non-current borrowing (+), SEK million	4	8	4	8	4
Current borrowing (+), SEK million	44	56	44	56	52
Non-current lease liabilities (+), SEK million	81	59	81	59	55
Current lease liabilities (+), SEK million	21	17	21	17	17
Bank overdraft facilities (+), SEK million	-	156	-	156	136
Cash and cash equivalents (-), SEK million	-120	-35	-120	-35	-30
<b>Net debt (+) / Net cash (-), SEK million</b>	<b>30</b>	<b>261</b>	<b>30</b>	<b>261</b>	<b>234</b>
<b>EBITDA</b>					
Operating profit, RTM, SEK million	460	399	460	399	415
Financial income, RTM, SEK million	-4	-34	-4	-34	-9
Interest expenses, RTM, SEK million	22	5	22	5	8
Depreciations, RTM, SEK million	42	43	42	43	39
<b>EBITDA</b>	<b>520</b>	<b>413</b>	<b>520</b>	<b>413</b>	<b>453</b>
<b>Net debt (+) / Net cash (-) / EBITDA</b>					
Net debt (+) / Net cash (-), SEK million	30	261	30	261	234
EBITDA, SEK million	520	413	520	413	453
<b>Net debt (+) / Net cash (-), SEK million/EBITDA</b>	<b>0.1</b>	<b>0.6</b>	<b>0.1</b>	<b>0.6</b>	<b>0.5</b>
<b>Interest coverage ratio, multiple</b>					
Operating profit, RTM, SEK million	478	371	478	371	415
Financial income, RTM, SEK million	4	34	4	34	9
<b>Summa</b>	<b>482</b>	<b>405</b>	<b>482</b>	<b>405</b>	<b>424</b>
Interest expense, past 12 months, SEK million	22	5	22	5	8
<b>Interest coverage ratio, multiple</b>	<b>22</b>	<b>81</b>	<b>22</b>	<b>81</b>	<b>53</b>



**Estimates (continued)**

	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
<b>Organic growth in order intake</b>					
Order intake for the current period, SEK million	347	324	1,096	1,425	1,978
Foreign exchange, SEK million	-15	-21	-52	-54	-91
Order intake, excl foreign exchange, %	332	303	1,044	1,371	1,887
Order intake for the preceding period, SEK million	324	341	1,425	1,193	1,967
<b>Change in order intake, SEK million</b>	<b>8</b>	<b>-38</b>	<b>-381</b>	<b>178</b>	<b>-80</b>
<b>Change in order intake, %</b>	<b>2.5%</b>	<b>-11.1%</b>	<b>-26.7%</b>	<b>14.9%</b>	<b>-4.1%</b>
<b>Net sales and organic net sales growth</b>					
Net sales for the current period, SEK million	391	416	1,590	1,397	1,938
Foreign exchange, SEK million	-19	-17	-77	-48	-80
Net sales, excl foreign exchange, SEK million	372	399	1,513	1,349	1,858
Net sales for the preceding period, SEK million	416	359	1,397	1,118	1,488
<b>Change in organic net sales, SEK million</b>	<b>-44</b>	<b>40</b>	<b>116</b>	<b>231</b>	<b>370</b>
<b>Change in organic net sales, %</b>	<b>-10.6%</b>	<b>11.1%</b>	<b>8.3%</b>	<b>20.4%</b>	<b>24.9%</b>
<b>Return on capital employed</b>					
Profit/loss before tax, past 12 months, SEK million	460	399	460	399	415
Interest expense, past 12 months, SEK million	22	5	22	5	8
Profit/loss before tax plus interest expense, past 12 months, SEK million	482	404	482	404	423
Capital employed at the beginning of the period, SEK million	708	759	708	759	735
Capital employed at the end of the period, SEK million	792	708	792	708	765
Capital employed, average, SEK million	750	734	750	734	750
<b>Return on capital employed, %</b>	<b>64.3</b>	<b>54.9</b>	<b>64.3</b>	<b>54.9</b>	<b>56.4</b>
<b>Capital employed</b>					
Balance sheet total, SEK million	1,104	1,094	1,104	1,094	1,186
Less non-interest-bearing liabilities					
Deferred tax liabilities, SEK million	-7	-	-7	-	-8
Provisions for product warranties, SEK million	-35	-27	-35	-27	-30
Accounts payable, SEK million	-87	-160	-87	-160	-146
Current tax liabilities, SEK million	-15	-76	-15	-76	-109
Derivatives, SEK million	-	-16	-	-16	-7
Other liabilities, SEK million	-104	-40	-104	-40	-42
Accrued expenses and deferred income, SEK million	-64	-67	-64	-67	-79
<b>Capital employed, SEK million</b>	<b>792</b>	<b>708</b>	<b>792</b>	<b>708</b>	<b>765</b>

## Definitions

Key performance indicators	Definitions	Explanation
<b>Return on capital employed</b>	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.
<b>EBITDA</b>	Operating profit before interest and taxes and amortisation of intangible assets and depreciation of tangible assets.	EBITDA is used to facilitate comparisons and assessments of the company's cash flow.
<b>Gross margin</b>	Gross profit divided by net sales.	Gross margin is used to measure product profitability.
<b>Average number of employees</b>	Average number of full-time employees during the reporting period.	Non-financial performance measure.
<b>Net debt (+) / Net cash (-)</b>	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.
<b>Net debt (+) / Net cash (-) through EBITDA</b>	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.
<b>Order intake</b>	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.
<b>Organic net sales growth</b>	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.
<b>Organic growth in order intake</b>	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.
<b>Earnings per share</b>	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.
<b>Interest coverage ratio</b>	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.
<b>Operating profit (EBIT)</b>	Earnings before interest and taxes.	Enables comparisons of profitability regardless of capital structure or tax situation.
<b>Operating margin (EBIT margin)</b>	Operating profit divided by net sales.	The EBIT margin is used to measure operational profitability.
<b>Equity/assets ratio</b>	Equity including non-controlling interests divided by total assets.	A key measurement for the assessment of the company's financial stability.
<b>Capital employed</b>	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 2023	Average rate Jan-Sep 2023	Closing rate 30 Sep 2022	Average rate Jan-Sep 2022
1 EUR is equivalent to SEK	11.49	11.48	10.92	10.51
1 DKK is equivalent to SEK	1.54	1.54	1.47	1.41
1 NOK is equivalent to SEK	1.02	1.01	1.04	1.05
1 USD is equivalent to SEK	10.84	10.59	11.12	9.87
1 AUD is equivalent to SEK	7.02	7.08	7.23	6.98
1 PLN is equivalent to SEK	2.48	2.51	2.25	2.25
1 GBP is equivalent to SEK	13.27	13.18	12.41	12.41
1 KRW is equivalent to SEK	0.01	0.01	0.01	0.01
1 CAD is equivalent to SEK	8.06	7.87	8.13	7.69



## ABOUT ENGCON

### Business operations

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

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

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

### Our vision

Change the world of digging.

### Our mission

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



**16 markets**



**14 local sales companies**



**400+ employees**



**SEK 1.9 billion in net sales in 2022**

# CHANGE THE WORLD OF DIGGING