

# Ependion AB

## Interim Report January–June 2023

*Investing in a secure and connected world*

### New record for order intake, revenue, and profit in a mixed market

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#### Second quarter

- Order intake rose by 5 percent to 698 MSEK (667).
- Net sales increased by 20 percent to 638 MSEK (533).
- EBIT doubled to 85.8 MSEK (40.8).
- EBIT margin rose to 13.4 percent (7.7)
- Profit after tax increased to 57.9 MSEK (28.1).
- Earnings per share rose to 2.00 SEK (0.97).
- New order strengthened business entity Westermo's position with a major Swiss train manufacturer.
- The Beijer Electronics business entity acquired the German software company Smart HMI.
- Kristine Lindberg took office as CEO of the Beijer Electronics business entity.
- Lena Westerholm took office as Head of Sustainability for the Group.
- The Group changed its name to Ependion.

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#### First half-year

- Order intake amounted to 1,315 MSEK (1,328).
  - Net sales increased by 30 percent to 1,262 MSEK (973).
  - EBIT increased to 171.0 MSEK (69.0).
  - EBIT margin rose to 13.6 percent (7.1).
  - Profit after tax rose to 113.7 MSEK (44.1).
  - Earnings per share increased to 3.94 SEK (1.52).
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## Comment from the CEO, Jenny Sjö Dahl



"For the second quarter of 2023, the Group reports for the first time under the new name Ependion. The name change is just one piece of the puzzle in the long-term plan that has fallen into place during the period: we have a new CEO of Beijer Electronics tasked with sharpening the business

entity's growth strategy, while the Group's first sustainability manager has taken office to develop our important sustainability work. Last but not least, we have made the first complementary acquisition to Beijer Electronics in a decade.

For Ependion, the quarter meant new records for order intake, sales, and results, albeit based on a more fragmented picture regarding the development of the business entities. Order intake increased to 698 MSEK, which is a new record. This means that order bookings were over 600 MSEK for the sixth quarter in a row. Despite a high sales rate, the Group still has a record order book of 1,565 MSEK.

Westermo booked 496 MSEK in new orders, of which approximately 100 MSEK is a one-off effect attributable to an extension of the order horizon from a large customer. During the period, Westermo received a new strategic order from a Swiss train manufacturer, which consolidates our increasingly strong position with the customer and confirms the business entity's leading position within the train segment.

For Beijer Electronics, the pattern we saw in the first quarter was reinforced: order intake decreased to 203 MSEK, driven by a continued normalization of order patterns in combination with increased uncertainty in the market. While the component shortage contributed to greatly increased order intake during the comparison period, better component supply now works in the opposite direction as customers reduce their inventories. It is still Asia that shows a sharp weakening in demand.

The Group's sales for the second quarter increased by 20 percent to 638 MSEK. Thanks to an improved supply of components, Westermo was able to increase the pace further and reached a new record with 368 MSEK in sales. Thanks to large deliveries to the entity's train customers, the delayed order backlog could be reduced. The Beijer Electronics business entity's sales decreased slightly to

272 MSEK compared to the record period last year. Beijer Electronics can now deliver with short lead times on new orders in most cases, which ensures fast service to both existing and new customers.

The record-high sales contributed to a continued strong EBIT of 86 MSEK and an EBIT margin of 13.4 percent, which is a strong improvement compared to the comparison period and on par with the margin for the first quarter of this year. The working capital is still high due to abnormally high inventory levels of input goods in the wake of the component shortage, but we were gratifyingly able to turn to a positive free cash flow of 30 MSEK for the quarter.

Westermo strengthened profitability with an EBIT margin of 16.5 percent. Even though component supply has improved compared to the corresponding period last year, the business entity was still affected by increased costs to secure access to key components, while the ongoing effort to strengthen the business entity's delivery capability entailed certain one-off costs. Beijer Electronics succeeded well to offset the decline in sales through good cost control and delivered a strong result with an EBIT margin of 14.8 percent for the period. The price increases that have been implemented successively to compensate for increased costs have contributed to stable gross margins in both business entities.

During the quarter, Kristine Lindberg took over as CEO of Beijer Electronics. An important task for Kristine and her team is to review, clarify and sharpen the business entity's long-term growth strategy, a job that will begin in the fall. The integration of the recently acquired company Smart HMI is proceeding according to plan, as is the work to create a second unit for the production and assembly of HMI:s in Malmö.

During the period, the Group's first Head of Sustainability also took office. Lena Westerholm will contribute to a shift in both the Group's sustainability work and sustainability reporting. Thanks to our products' high quality and long lifespan, they contribute to reduced resource consumption and increased sustainability for our customers. We want to accelerate our work to concretely reduce our climate footprint, while at the same time we need to set goals, measure, and report more clearly on our work for a more sustainable world.

"For Ependion, the quarter meant new records for order intake, revenue and profit."

Jenny Sjö Dahl, President and CEO

Ependion continues to work in line with the Group's overall strategy to reach our financial goals. In the medium and long term, we see very good growth in the markets and in the segments in which we operate. We see a great willingness in most of the world's countries to invest in important societal infrastructure such as trains, railways, energy production and electricity distribution, which benefits the Group. At the same time, the high inflation and interest rates continue to affect the global economy, which has a negative impact on demand above all in the manufacturing industry. The mixed picture we have seen for some time is therefore expected to remain."

### The Group's second quarter

The Group's order intake rose by 5 percent to 698 MSEK (667) during the second quarter of 2023. Adjusted for currency effects, order intake rose by 1 percent. Order intake increased for Westermo but decreased for Beijer Electronics. The order book amounted to 1,565 MSEK (1,398) at the end of the quarter.

The Group's turnover increased by 20 percent to 638 MSEK (533) during the period. Adjusted for currency effects and acquisitions, sales rose by 16 percent. Westermo increased its turnover, while Beijer Electronics decreased slightly compared to the corresponding period last year.

The Group's EBITDA rose to 123.2 MSEK (79.9). Depreciation and amortization amounted to 37.4 MSEK (39.1). EBIT increased to 85.8 MSEK (40.8), corresponding

to an EBIT margin of 13.4 percent (7.7). The result was affected by positive currency effects of 12.1 MSEK. The total development expenditure amounted to 73.7 MSEK (58.6). This corresponded to 11.5 percent (11.0) of the Group's sales.

Net financial expense was -9.3 MSEK (-2.8). Profit before tax amounted to 76.5 MSEK (38.1). Profit after estimated tax amounted to 57.9 MSEK (28.1). Earnings per share after estimated tax were 2.00 SEK (0.97).

### The Group's first half of the year

The Group's order intake decreased by 1 percent to 1,315 MSEK (1,328) during the first half of 2023. Adjusted for currency effects, order intake decreased by 5 percent. The Group's turnover increased by 30 percent to 1,262 MSEK (973). Adjusted for currency effects, sales rose by 25 percent. Both Beijer Electronics and Westermo increased their turnover.

The Group's EBITDA increased to 246.4 MSEK (146.3). Depreciation amortization amounted to 75.3 MSEK (77.3). EBIT was 171.0 MSEK (69.0), corresponding to an EBIT margin of 13.6 percent (7.1). The total development expenditure amounted to 137.3 MSEK (114.1). This corresponded to 10.9 percent (11.7) of the Group's sales.

The financial net expense was -18.2 MSEK (-6.3). Profit before tax amounted to 152.8 MSEK (62.8). Profit after estimated tax amounted to 113.7 MSEK (44.1). Earnings per share after estimated tax were 3.94 SEK (1.52).

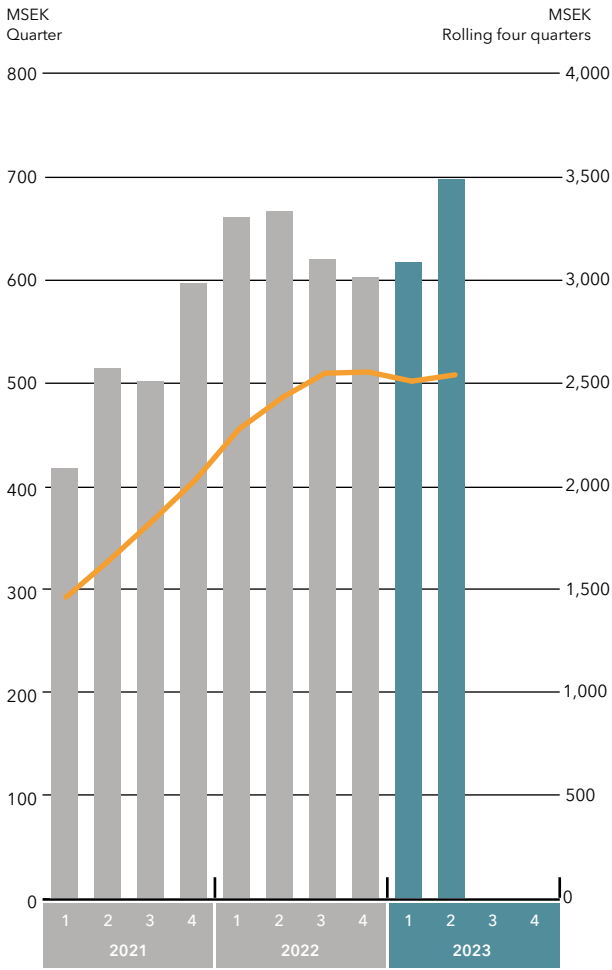
"The record-high sales contributed to a continued strong EBIT of 86 MSEK and an EBIT margin of 13.4 percent, which is a powerful improvement compared to the comparison period."

Jenny Sjö Dahl, President and CEO

### Business entity net sales and EBIT

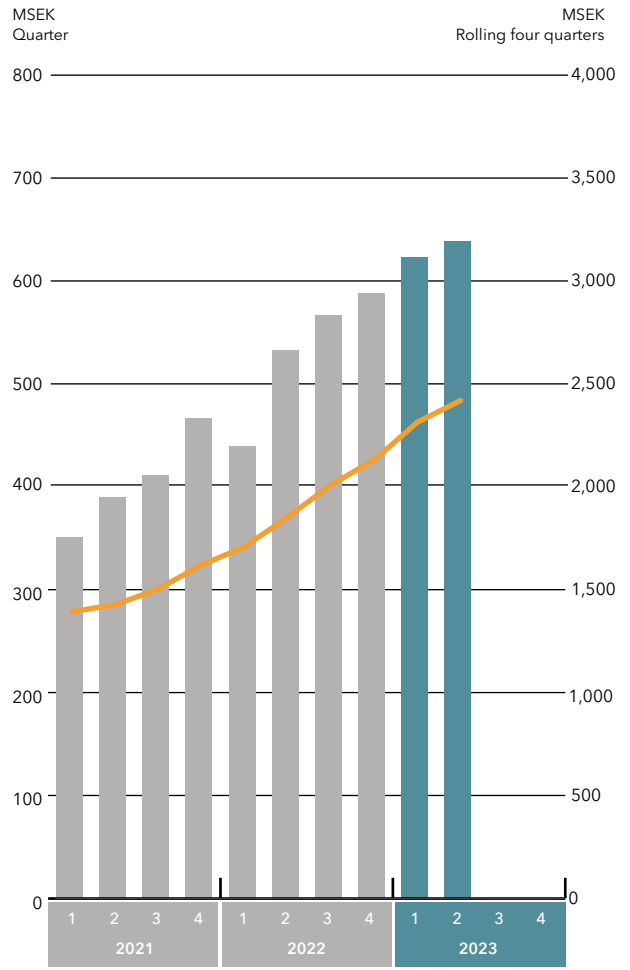
MSEK	Net sales Quarter 2		EBIT Quarter 2		Net sales 6 mth.		EBIT 6 mth.	
	2023	2022	2023	2022	2023	2022	2023	2022
Westermo	367.5	219.0	60.5	7.5	702.5	447.4	115.3	29.7
Beijer Electronics	272.1	317.1	40.1	44.3	563.5	531.4	84.1	61.3
Intra-sales	-1.2	-2.9	0.0	0.0	-4.4	-5.8	0.0	0.0
Group adjustments and depreciation	0.0	0.0	-14.8	-11.0	0.0	0.0	-28.4	-22.0
<b>Ependion Group</b>	<b>638.4</b>	<b>533.2</b>	<b>85.8</b>	<b>40.8</b>	<b>1 261.6</b>	<b>973.0</b>	<b>171.0</b>	<b>69.0</b>

### Group order intake



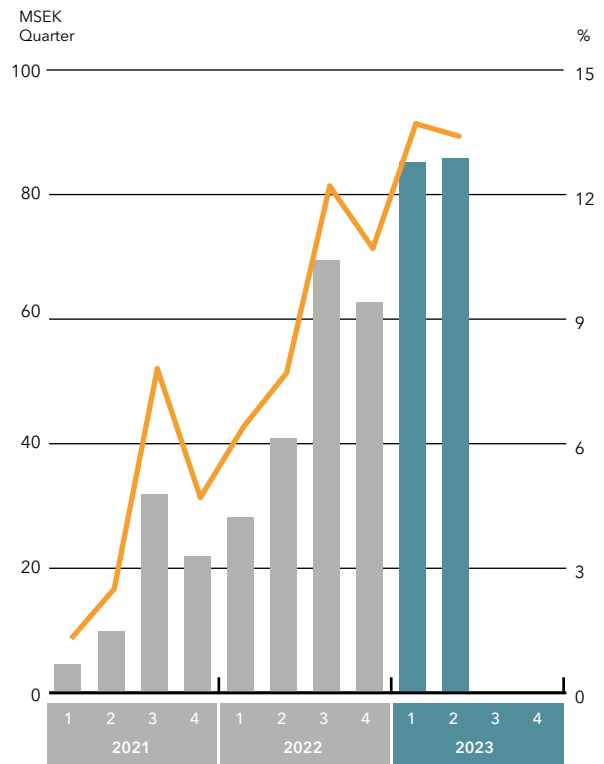
The bars and left-hand scale indicate quarterly order intake. The curve and right-hand scale show rolling four quarter order intake.

### Group net sales



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

### Group EBIT



The bars and left-hand scale indicate quarterly EBIT. The curve and right-hand scale show quarterly EBIT margin.

# Westermo

## Business entity

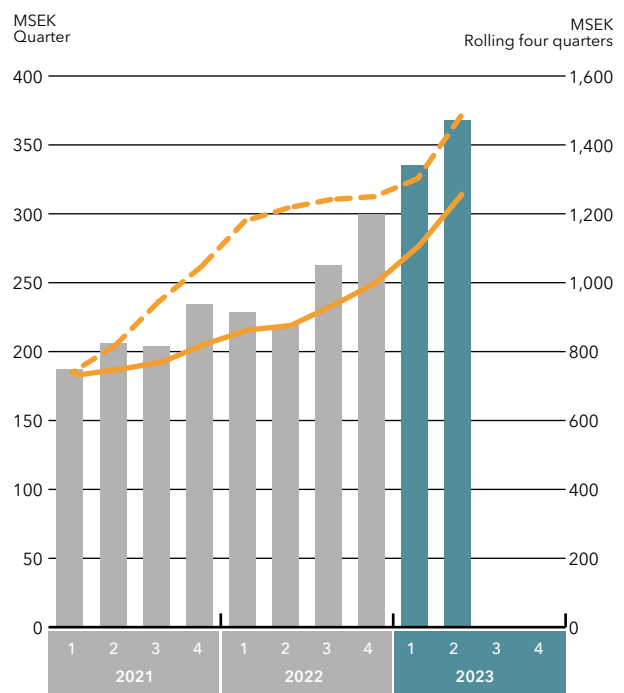
For Westermo, the second quarter of 2023 meant another period with records for order intake as well as for sales and profit. Order intake increased by 58 percent to 496 MSEK, of which approximately 100 MSEK is a one-off effect attributable to an extension of the order horizon from a large customer. At the end of the period, Westermo had an order book of 1,155 MSEK, which is 34 percent more than during the corresponding period last year.

Westermo's clear focus on segments where investment needs are driven by strong external factors such as digitization and electrification continue to contribute to the entity's growth. Development remains very strong in the train and trackside segments, where significant investments are being made worldwide in new capacity as well as in the modernization and upgrading of existing infrastructure. An example of this is the investments being made before the Olympics in Paris 2024, where Westermo's products contribute to modernized and more efficient rail traffic in the entire Paris region. During the period, Westermo won another strategic deal with a Swiss train manufacturer worth 85 MSEK over three years, which consolidates the business entity's increasingly strong position with the customer. Within the energy segment, the level of activity remains very high, and the business entity continues to strengthen both the product offering and domain knowledge in the area.

Sales increased by 68 percent to 368 MSEK; new record even though the comparison period was unusually weak due to difficulties related to the component shortage. The supply of electronic components has improved significantly, although some purchases are still made on the spot market while critical components are held in stock to ensure delivery capability. During the quarter, Westermo embarked

on a comprehensive transformation in both production and purchasing, enhancing its capacity for growth while bolstering resilience against potential disruptions in the supply chain.

**Net sales and order intake, Westermo**



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

“Westermo’s EBIT improved strongly to a record level of 60 MSEK with an EBIT margin of 16.5 percent.”

Jenny Sjö Dahl, President and CEO

EBIT improved strongly to a record level of 60 MSEK with an EBIT margin of 16.5 percent. The price increases that were implemented most recently at the turn of the year have contributed to the good margin.

During the period, Westermo conducted an appreciated global sales conference in Marstrand, Sweden, where salespeople and technicians both from the own organization and from the entity's distribution partners exchanged experiences and were trained in new product offerings. Among other things, Westermo's new Lynx 3000 switch series was launched, which with high performance and advanced cyber security functionality is aimed at customers in railway infrastructure, energy, and other critical network applications.

### **Second quarter**

Order intake rose by 58 percent to 496 MSEK (315). Turnover increased by 68 percent to 368 MSEK (219). EBITDA amounted to 80.5 MSEK (26.3). Depreciation and amortization were 20.0 MSEK (18.8). EBIT amounted to 60.5 MSEK (7.5), which corresponded to an EBIT margin of 16.5 percent (3.4).

### **First half-year**

Order intake rose by 38 percent to 852 MSEK (618). Turnover increased by 57 percent to 703 MSEK (447). EBITDA amounted to 154.9 MSEK (67.4). Depreciation and amortization were 39.6 MSEK (37.7). EBIT amounted to 115.3 MSEK (29.7). This corresponded to an EBIT margin of 16.4 percent (6.6).

# Beijer Electronics

## Business entity

For Beijer Electronics, order intake decreased to 203 MSEK, driven by a weaker industrial cycle and a changed order pattern among customers. Some customers need to reduce their stock levels, which causes demand to drop for a period of time. The effect is most evident in Asia. During the exceptionally strong second quarter of 2022, many customers chose to extend the order horizon while the business entity won new customers thanks to good ability to deliver. When the supply problems are now largely over, Beijer Electronics often remains as a supplier for increased redundancy, which brings potential to grow and develop business in the long term.

Sales decreased slightly to 272 MSEK. It is above all Asia that shows a decline because of weaker demand from OEM customers in China and Taiwan, while sales in Europe developed stably. Sales in North America increased, mainly driven by continued positive development in the energy segment.

Thanks to efficient pricing and restraint in terms of costs, Beijer Electronics achieved an EBIT of 40.1 MSEK. This corresponds to an EBIT margin of 14.8 percent, which is an improvement compared to the same period last year and on par with what was achieved in the first quarter of this year. The business entity's R&D activities remained at a high level with the aim of developing the next generation of products.

The work on establishing a unit for assembling HMI:s in Malmö is proceeding according to plan with the support of the production team in Taiwan. Beijer Electronics expects the facility to be operational during the second half of the year. During the period, the business entity acquired the German software company Smart HMI. The acquisition has already had positive effects and the web-based HMI solution is now widely introduced to customers.

Beijer Electronics' management has initiated a strategy review to be carried out in the autumn to clarify where the potential for profitable growth is greatest and in which segments efforts should be focused on the long term.

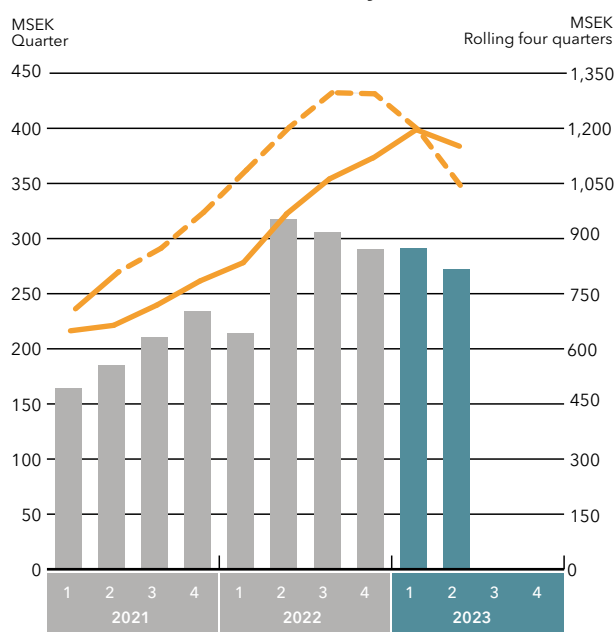
### Second quarter

Order intake decreased to 203 MSEK (355). Turnover decreased by 14 percent to 272 MSEK (317). EBITDA amounted to 56.1 MSEK (61.3). Depreciation and amortization were 15.9 MSEK (17.0). EBIT amounted to 40.1 MSEK (44.3), which corresponded to an EBIT margin of 14.8 percent (14.0).

### First half-year

Order intake decreased to 467 MSEK (716). Turnover increased to 563 MSEK (531). EBITDA increased to 116.3 MSEK (94.4). Depreciation and amortization amounted to 32.1 MSEK (33.1). EBIT increased to 84.1 MSEK (61.3) with an EBIT margin of 14,9 percent (11.5).

### Net sales and order intake, Beijer Electronics



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

“Beijer Electronics delivered a strong EBIT with an EBIT margin of 14.8 percent.”

Jenny Sjö Dahl, President and CEO

# Other financial information

Group investments, including capitalized development expenses and acquisitions, amounted to 139.7 MSEK (60.9) during the first half of the year, which includes the acquisition of Smart HMI. Cash flow from operating activities for the same period was 93.1 MSEK (33.0). Equity amounted to 1,135 MSEK (828) at the end of June 2023. The equity ratio was 41.5 percent (36.4). Cash and cash equivalents amounted to 160 MSEK (116). The net debt was 847 MSEK (870). The average number of employees was 860 employees (834).

## Issuance of class C shares and conversion to ordinary shares

The Board decided in April 2023, in accordance with the decision at the 2022 annual general meeting, to issue 189,608 class C shares with a quota value of 0.33 SEK. The issue was directed to a financial institution and was immediately repurchased by the company. The repurchased class C shares are intended, upon delivery to the participants in 2025, to be converted into ordinary shares, in accordance with the terms of the incentive program LTI 2022/2025.

The Board decided in May 2023, in accordance with the decision at the 2020 Annual General Meeting, to convert 103,789 own class C shares into the corresponding number of ordinary shares to execute the transfer of ordinary shares to the participants in LTI 2020/2023 and to sell ordinary shares on Nasdaq Stockholm for cash flow hedging of social security contributions linked to LTI 2020/2023. After completed repurchase of class C shares and conversion to ordinary shares, the number of shares amounts to 29,241,296, of which 28,941,216 ordinary shares and 300,080 class C shares, corresponding to a total of 28,971,224 votes.

## Significant events

During the quarter, Kristine Lindberg took office as the new CEO of the Beijer Electronics business entity.

At the beginning of the second quarter of 2023, Beijer Electronics acquired the German software company Smart HMI, which strengthens the business entity's competence and technology in visualization and digitization. Smart HMI has about 10 employees and is in an early commercial phase with sales of approximately 1 MEUR. Its operations

are in Meerbusch in Germany. The purchase price amounts to 5.2 M€ on a cash/debt-free basis and paid in cash and financed within the group's existing financing agreement. The acquisition will have limited impact on Ependion's earnings in 2023.

During the period, Lena Westerholm took office as Head of Sustainability with the task of developing both the Group's and the business entities' sustainability work and reporting.

## Name change

Following a decision at the Annual General Meeting on May 10, 2023, the Group parent company changed its name from Beijer Electronics Group AB to Ependion AB.

## Update of financial information

As of 2023, the layout and partly the content of the financial information in the quarterly report has been updated to increase transparency and follow practice.

## Financial targets

The Group's financial targets consist of three goals for growth, profitability, and the dividend. The growth goal means that the Group should have an annual organic growth of at least 10 percent. Acquired growth is added. The profitability target means that the Group should reach an EBIT margin of at least 15 percent. The Group shall be a dividend-paying company.

## Outlook for 2023

Ependion operates in attractive markets with good underlying growth and, in the long term, has good prospects for reaching both the growth and profitability targets. Investments in important societal infrastructure such as trains, railways, energy production and electricity distribution are increasing. At the same time, the high inflation and interest rates continue to affect the global economy, which has a negative impact on demand above all in the manufacturing industry. The mixed picture we have seen for some time is therefore expected to remain.

Malmö on 14 July 2023

Jenny Sjö Dahl

President and CEO



*This Report has not been subject to review by the company's auditors.*

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Malmö, Sweden, 14 July, 2023

**Jenny Sjö Dahl**

President and CEO

**Bo Elisson**

Chairman of the Board

**Johan Wester**

Board member

**Lars Eklöf**

Board member

**Karin Gunnarsson**

Board member

**Jonas Hård**

Board member

**Charlott Samuelsson**

Board member

**Accounting policies**

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9 Interim Financial Reporting.

# The Group's Financial Reports

## Consolidated Income Statement in summary

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
Net sales	638,407	533,151	1,261,582	973,020	2,128,386
Cost of goods sold	-322,661	-293,424	-641,378	-519,389	-1,118,633
<b>Gross profit</b>	<b>315,746</b>	<b>239,727</b>	<b>620,204</b>	<b>453,631</b>	<b>1,009,753</b>
Sales expenses	-87,032	-72,741	-171,849	-141,178	-302,406
Administration expenses	-91,849	-74,251	-178,232	-142,670	-317,943
Research and development expenses	-54,374	-48,996	-103,709	-98,520	-191,129
Other operating revenue and operating expenses	3,330	-2,898	4,626	-2,230	2,851
<b>Operating profit</b>	<b>85,821</b>	<b>40,840</b>	<b>171,040</b>	<b>69,033</b>	<b>201,127</b>
Financial income/expense	-9,294	-2,762	-18,236	-6,257	-15,026
<b>Profit before tax</b>	<b>76,527</b>	<b>38,078</b>	<b>152,804</b>	<b>62,776</b>	<b>186,101</b>
Tax	-18,629	-10,018	-39,087	-18,664	-39,656
<b>Profit for the period</b>	<b>57,898</b>	<b>28,060</b>	<b>113,717</b>	<b>44,112</b>	<b>146,445</b>
<i>Attributable to equity holders of the parent</i>	57,857	27,906	113,952	43,918	146,080
<i>Attributable to non-controlling interests</i>	42	154	-235	194	365
<i>Basic earnings per share, SEK</i>	2.00	0.97	3.94	1.52	5.07

## Statement of Comprehensive Income

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
<b>Profit for the period</b>	<b>57,898</b>	<b>28,060</b>	<b>113,717</b>	<b>44,112</b>	<b>146,445</b>
Actuarial gains and losses	6,142	9,089	6,142	9,089	56,156
Net investment hedge effects	-12,277	-8,628	-15,364	-11,243	-20,791
Translation differences	47,489	58,734	50,730	69,162	87,638
<b>Comprehensive income for the period</b>	<b>99,252</b>	<b>87,255</b>	<b>155,225</b>	<b>111,120</b>	<b>269,448</b>
<i>Attributable to equity holders of the parent</i>	99,083	86,827	155,342	110,691	268,865
<i>Attributable to non-controlling interests</i>	169	428	-117	429	583

## Consolidated Balance Sheet in summary

SEK 000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	1,266,825	1,104,993	1,132,029
Property, plant and equipment	81,285	83,708	80,395
Right-of-use assets	103,589	91,529	82,326
Financial fixed assets	71,527	66,811	61,989
<b>Total fixed assets</b>	<b>1,523,226</b>	<b>1,347,042</b>	<b>1,356,739</b>
<b>Current assets</b>			
Inventories	529,522	397,417	435,695
Accounts receivable	456,446	358,220	417,393
Other receivables	80,325	72,628	63,102
Cash and cash equivalents	160,044	115,837	159,864
<b>Total current assets</b>	<b>1,226,337</b>	<b>944,102</b>	<b>1,076,054</b>
<b>Total assets</b>	<b>2,749,563</b>	<b>2,291,144</b>	<b>2,432,793</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent	1,135,386	828,166	989,241
Equity attributable to non-controlling interests	4,755	4,718	4,872
<b>Total equity</b>	<b>1,140,141</b>	<b>832,884</b>	<b>994,113</b>
<b>Long-term liabilities</b>			
Borrowings	499,949	369,825	443,775
Lease liabilities	61,456	51,837	45,784
Other long-term liabilities	157,349	186,100	142,655
Deferred tax liabilities	78,942	68,467	72,139
<b>Total long-term liabilities</b>	<b>797,696</b>	<b>676,229</b>	<b>704,353</b>
<b>Current liabilities</b>			
Borrowings	278,674	349,046	241,590
Lease liabilities	43,024	38,571	35,877
Accounts payable-trade	229,587	176,624	215,053
Other liabilities	260,441	217,790	241,807
<b>Total current liabilities</b>	<b>811,726</b>	<b>782,031</b>	<b>734,327</b>
<b>Total equity and liabilities</b>	<b>2,749,563</b>	<b>2,291,144</b>	<b>2,432,793</b>

## Consolidated Statement of Changes in Equity and Number of Shares

SEK 000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<i>Attributable to equity holders of the parent</i>			
Opening balance, 1 Jan, 2022	989,241	729,196	729,196
Paid-up capital after deducting for transaction expenses	-69	33	-84
Re-purchase of treasury shares	-63	-33	-33
Sale of treasury shares	2,395	483	1,088
Dividend	-14,419	-14,384	-14,384
Share-based payment	2,959	2,180	4,593
Comprehensive income	155,342	110,691	268,865
<b>Closing balance, shareholders' equity</b>	<b>1,135,386</b>	<b>828,166</b>	<b>989,241</b>
<i>Attributable to non-controlling interests</i>			
Opening balance, 1 Jan, 2022	4,872	4,289	4,289
Comprehensive income	-117	429	583
<b>Closing balance, shareholders' equity</b>	<b>4,755</b>	<b>4,718</b>	<b>4,872</b>

The number of ordinary shares amounts to 28,941,216 and the number of class C shares amounts to 300,080.

## Consolidated Cash Flow Statement in summary

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
Cash flow from operating activities before changes in working capital	93,642	57,701	202,497	115,891	312,301
Changes in working capital	-6,833	-34,603	-109,421	-82,922	-111,362
<b>Cash flow from operating activities</b>	<b>86,809</b>	<b>23,098</b>	<b>93,076</b>	<b>32,969</b>	<b>200,939</b>
Cash flow from investing activities	-46,089	-32,449	-81,128	-60,931	-124,609
Cash flow from acquisition of subsidiary	-58,560		-58,560		
Cash flow from financing activities*	42,898	-15,224	55,818	-257	-64,745
Dividend paid to equity holders of the parent	-14,419	-14,384	-14,419	-14,384	-14,384
<b>Cash flow for the period</b>	<b>10,639</b>	<b>-38,959</b>	<b>-5,213</b>	<b>-42,603</b>	<b>-2,799</b>
Cash and cash equivalents at beginning of year	143,500	144,718	159,864	146,585	146,585
Exchange difference in cash and cash equivalents	5,905	10,078	5,393	11,855	16,078
<b>Cash and cash equivalents at end of year</b>	<b>160,044</b>	<b>115,837</b>	<b>160,044</b>	<b>115,837</b>	<b>159,864</b>
<b>Free cash flow</b>	<b>30,261</b>	<b>-19,904</b>	<b>-9,085</b>	<b>-49,121</b>	<b>34,997</b>
<i>*of which amortization of lease liabilities.</i>	-10,459	-10,553	-21,033	-21,159	-41,333

## Consolidated Key Financial Ratios

	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Operating margin, %	13.6	7.1	9.4
Profit margin, %	9.0	4.5	6.9
Equity ratio, %	41.5	36.4	40.9
Equity per share, SEK	39.23	28.72	34.30
Basic earnings per share, SEK	3.94	1.52	5.07
Return on equity after tax, %	21.9	10.2	17.0
Return on capital employed, %	15.8	7.3	11.8
Return on net operating assets, %	21.9	11.1	16.7
Average number of employees	860	834	827

## Reconciliation of Consolidated Net Debt

SEK 000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Borrowings	778,623	718,870	685,365
Pension provisions	123,567	175,100	127,033
Liabilities attributable to right-of-use assets	104,480	90,408	81,661
Other interest-bearing liabilities		1,773	
<b>Total interest-bearing liabilities</b>	<b>1,006,670</b>	<b>986,151</b>	<b>894,059</b>
<b>Total cash and cash equivalents</b>	<b>160,044</b>	<b>115,837</b>	<b>159,864</b>
<b>Net debt*</b>	<b>846,626</b>	<b>870,314</b>	<b>734,195</b>

\*Alternative key ratio

## Allocation of Net Sales

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
<b>Net sales by geographical market</b>					
Nordics	126,316	103,745	254,042	202,546	410,348
Rest of Europe	289,585	188,739	543,011	358,483	782,832
Americas	115,417	78,786	204,455	137,757	337,120
Asia	106,446	165,421	256,797	273,366	590,387
Rest of world	643	-3,540	3,277	868	7,699
<b>Total Group</b>	<b>638,407</b>	<b>533,151</b>	<b>1,261,582</b>	<b>973,020</b>	<b>2,128,386</b>
<b>Net sales by category</b>					
Operator panels and accessories	210,792	243,931	434,031	399,614	850,157
Network equipment	323,863	199,828	621,190	411,640	916,604
Software	18,294	33,234	46,078	50,963	100,516
Servicing and other services	20,516	9,833	35,154	17,473	50,020
Third-party products	64,942	46,326	125,129	93,330	211,089
<b>Total Group</b>	<b>638,407</b>	<b>533,151</b>	<b>1,261,582</b>	<b>973,020</b>	<b>2,128,386</b>

## Operating Segments

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
<b>TOTAL GROUP</b>					
Order intake	697,727	666,848	1,314,989	1,328,432	2,551,984
Net sales	638,407	533,151	1,261,582	973,020	2,128,386
Operating profit excl. depreciation	123,204	79,921	246,350	146,339	354,810
Depreciation	-37,383	-39,080	-75,310	-77,306	-153,683
Operating profit	85,821	40,840	171,040	69,033	201,127
Operating margin, %	13.4	7.7	13.6	7.1	9.4
Investments in intangible and tangible assets	46,093	32,426	81,125	59,342	121,432
<i>of which capitalized development expenditure</i>	36,795	28,516	68,454	52,562	105,336
Product development expenditure, %	11.5	11.0	10.9	11.7	10.5
Backlog	N/A	N/A	1,564,784	1,397,622	1,478,059
<b>WESTERMO</b>					
Order intake	496,425	314,970	852,099	618,414	1,258,897
Net sales	367,501	218,954	702,534	447,423	1,009,811
Operating profit excl. depreciation	80,498	26,307	154,853	67,376	180,188
Depreciation	-20,023	-18,809	-39,566	-37,682	-75,506
Operating profit	60,475	7,498	115,288	29,694	104,682
Operating margin, %	16.5	3.4	16.4	6.6	10.4
Investments in intangible and tangible assets	17,098	19,490	34,892	35,181	68,354
<i>of which capitalized development expenditure</i>	16,129	17,145	32,307	30,922	59,352
Product development expenditure, %	11.9	17.6	11.9	17.0	14.4
Backlog	N/A	N/A	1,154,820	859,535	960,487
<b>BEIJER ELECTRONICS</b>					
Order intake	202,537	354,819	467,339	715,785	1,302,139
Net sales	272,143	317,138	563,497	531,363	1,127,628
Operating profit excl. depreciation	56,053	61,272	116,264	94,402	211,347
Depreciation	-15,912	-16,977	-32,117	-33,072	-66,199
Operating profit	40,141	44,296	84,147	61,330	145,148
Operating margin, %	14.8	14.0	14.9	11.5	12.9
Investments in intangible and tangible assets	27,465	12,241	44,128	23,328	50,032
<i>of which capitalized development expenditure</i>	20,666	11,371	36,147	21,640	45,984
Product development expenditure, %	10.7	6.2	9.3	6.9	6.8
Backlog	N/A	N/A	409,964	538,087	517,572
<b>PARENT COMPANY AND GROUP ADJUSTMENT</b>					
Order intake (elimination)	-1,236	-2,941	-4,449	-5,766	-9,052
Net sales (elimination)	-1,236	-2,941	-4,449	-5,766	-9,052
Operating profit excl. depreciation	-13,347	-7,658	-24,767	-15,440	-36,725
Depreciation	-1,449	-3,295	-3,627	-6,552	-11,978
Operating profit	-14,796	-10,953	-28,395	-21,991	-48,703
Investments in intangible and tangible assets	1,530	696	2,104	832	3,046

## Parent Company Income Statement in summary

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
Net sales	8,929	8,711	17,861	17,420	34,839
Administration expenses	-23,185	-18,906	-45,859	-41,558	-84,381
<b>Operating profit</b>	<b>-14,256</b>	<b>-10,195</b>	<b>-27,998</b>	<b>-24,138</b>	<b>-49,542</b>
Financial income/expense	806	6,873	-3,333	6,662	3,200
<b>Profit before tax</b>	<b>-13,450</b>	<b>-3,322</b>	<b>-31,331</b>	<b>-17,476</b>	<b>-46,342</b>
Appropriations					12,117
Tax	5,085	1,666	7,797	2,727	4,851
<b>Profit for the period</b>	<b>-8,365</b>	<b>-1,656</b>	<b>-23,534</b>	<b>-14,749</b>	<b>-29,374</b>

## Parent Company Balance Sheet in summary

SEK 000	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>ASSETS</b>			
Fixed assets	1,180,124	1,044,927	1,054,099
Current assets	36,059	24,205	41,479
Cash equivalents and short-term investments	67	67	68
<b>Total assets</b>	<b>1,216,250</b>	<b>1,069,199</b>	<b>1,095,646</b>
<b>EQUITY AND LIABILITIES</b>			
Total equity	208,862	252,331	240,994
<b>Long-term liabilities</b>			
Borrowings	499,949	369,825	443,775
Provisions	20,822	19,890	19,954
Liabilities to Group companies	208,906	91,595	130,560
<b>Current liabilities</b>			
Borrowings	249,707	317,342	231,209
Other current liabilities	28,004	18,216	29,154
<b>Total equity and liabilities</b>	<b>1,216,250</b>	<b>1,069,199</b>	<b>1,095,646</b>

# Financial definitions

## **Average**

Average values are computed as the median value of the current reporting period and the corresponding item in comparative periods 12 months previously.

## **Capital employed**

Equity plus interest-bearing liabilities.

## **Development expenditure**

Expenditure on product development work, such as personal expenses and external consulting expenses.

## **Earnings per share**

Net profit attributable to parent company shareholders divided by the number of shares at year-end.

## **EBIT**

Earnings before interest and taxes.

## **EBITDA**

Earnings before interest, taxes, depreciation, and amortization.

## **Equity per share**

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

## **Equity ratio**

Equity in relation to total assets.

## **Free Cash Flow**

Cash flow from operating activities, investments in tangible and intangible assets and amortization of lease liabilities.

## **Net debt**

Interest-bearing liabilities less cash and cash equivalents and investments in securities, etc.

## **Operating assets**

Total assets less cash and cash equivalents, and interestbearing liabilities.

## **Operating margin**

EBIT in relation to net sales.

## **Profit margin**

Net profit in relation to net sales.

## **Return on capital employed**

Profit before tax plus financial expenses rolling 12 months in relation to average capital employed.

## **Return on equity after tax**

Net profit rolling 12 months in relation to average equity.

## **Return on net operating assets**

EBITDA in relation to average net operating assets.



## **Ependion AB**

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## **Financial Calendar**

24 October 2023 .....	Nine-month Interim report
25 January 2024.....	Financial Statement
24 April 2024.....	Three-month Interim Report
14 May 2024.....	Annual General Meeting
15 July 2024 .....	Six-month Interim Report
24 October 2024 .....	Nine-month Interim Report



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