

Ependion AB

Interim Report January–September 2023

Investing in a secure and connected world

New record result in continued mixed market

The third quarter

- Order intake decreased to 514 MSEK (621).
- Net sales increased by 9 percent to 619 MSEK (567).
- EBIT increased to 89.2 MSEK (69.4).
- EBIT margin increased to 14.4 percent (12.2).
- Profit after tax amounted to 52.5 MSEK (51.3).
- Earnings per share amounted to 1.81 SEK (1.77).
- Westermo signed a three-year framework agreement in the energy segment worth at least 100 MSEK.
- Cost reduction package in Beijer Electronics lowers costs by 20 MSEK on an annual basis.
- Westermo inaugurated a new site in Dublin for continued expansion in wireless data communication.

Nine months

- Order intake decreased to 1,829 MSEK (1,949).
 - Net sales increased by 22 percent to 1,881 MSEK (1,540).
 - EBIT increased to 260.2 MSEK (138.4).
 - EBIT margin increased to 13.8 percent (9.0).
 - Profit after tax rose to 166.2 MSEK (95.4).
 - Earnings per share increased to 5.75 SEK (3.29).
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Comments from the CEO, Jenny Sjö Dahl



"The third quarter of 2023 offered a more mixed picture than previous quarters, with weaker order intake while the result reached a new record level. Ependion's order intake decreased to 514 MSEK and the order backlog at the end of the period amounted to 1,399 MSEK. Both business entities noted

reduced order intake.

Westermo booked 292 MSEK in new orders in the third quarter, which is slightly lower than for the corresponding period last year despite a continued high level of activity in all focus segments. The decrease is related to the train segment, which had a strong first half of the year, driven by an extended order horizon from a major customer. After seven quarters of rising order intake, the normalization gives the business entity the opportunity to decrease the still large order backlog, which amounted to 1,045 MSEK at the end of the quarter. During the period, Westermo signed a three-year framework agreement worth at least 100 MSEK in the important and growing energy segment. An initial order of 28 MSEK was booked in the quarter.

For Beijer Electronics, the development followed the same pattern as in the previous quarter of the year, where a normalization of order patterns combined with a weakened industrial economy led to weaker order intake of 223 MSEK. Compared to the second quarter of 2023, the order booking rate increased by approximately ten percent. Europe and North America show a stable level of activity, while Asia continues to develop weakly. During the period, the order backlog was reviewed and adjusted down by 34 MSEK regarding uncertain orders in China.

The Group's sales increased to 619 MSEK and were stable above 600 MSEK for the third quarter in a row. Westermo set a new sales record with 380 MSEK. It partly reflects a continued strong demand, and partly that the business entity has essentially put the supply problems behind it and has thus been able to reduce the backlog of orders. During the period, Westermo inaugurated a new site in Dublin which supports the growth strategy by ensuring that the business entity can continue to expand.

For Beijer Electronics, sales decreased to 241 MSEK, which was expected given the lower rate of order bookings in

recent quarters. The integration of Smart HMI is proceeding according to plan and the software WebIQ is attracting great interest among customers. The new unit in Malmö for the assembly of HMIs is almost ready. Series production will begin in the first quarter of 2024.

The continued stable sales in combination with high cost-efficiency and active work with the pricing of the Group's products contributed to new records for both profit and margin. Ependion's EBIT increased to 89 MSEK with an operating margin of 14.4 percent, which means that the Group for the third quarter in a row performed close to the Group's EBIT margin target of 15 percent. Our inventories decreased during the period, albeit from high levels, and free cash flow amounted to 18 MSEK. We are of course not satisfied with the weak cash flow development during the year, which is mainly due to increased inventory levels in the wake of the component crisis. Both business entities have a strong focus on reducing tied up capital.

Westermo reached new record levels with an EBIT margin of 17.6 percent and an EBIT of 67 MSEK, which shows the business entity's profitability potential when volumes grow. Extensive change work is underway in Westermo with the aim of building a more robust and efficient supply chain that can handle increasing volumes. For Beijer Electronics, the period's operating margin of 12.7 percent and an operating profit of 31 MSEK provided further evidence of the ability to maintain good profitability despite lower volumes. During the period, Beijer Electronics initiated a cost reduction package with a focus on Asia, which lowers the business entity's costs by 20 MSEK on an annual basis. The restructuring cost of 3 MSEK has been charged to the third quarter. The ongoing review of the business entity's strategy will be completed before the end of the year.

Within the area of sustainability, great focus has been placed on strengthening competence and involving our employees in the improvement work. Circular economy has been an important component and here are several examples of how our operations contribute by taking a holistic approach that partly includes our offer to customers, partly addresses our internal processes and impact. The organization is preparing to meet the requirements linked to the EU's new sustainability reporting directive, CSRD, and is working to integrate the sustainability aspect into the strategic work.

"Ependion increased its EBIT for the third quarter in a row to a record level of 89 MSEK."

Jenny Sjö Dahl, President and CEO

Ependion continues to work in line with the Group's overall strategy to reach our financial goals. This also includes that we continuously evaluate the possibilities for complementary acquisitions.

In the medium and long term, we see very good growth in the markets and in the segments where we operate. We see a great willingness in most of the world's countries to invest in socially important infrastructure such as trains, railways and energy production and electricity distribution, which benefits the Group. At the same time, high inflation and interest rates continue to affect the global economy, which has a negative impact on demand, especially in the manufacturing industry. The mixed picture we have seen for some time is therefore expected to persist.

I can happily state that when the third quarter of 2023 is summed up, this year's accumulated EBIT already exceeds the level of the full year 2022, which means that Ependion is heading towards new records for both sales and profit on a full-year basis."

The Group in the third quarter

The Group's order intake decreased by 17 percent to 514 MSEK (621) during the third quarter of 2023. Adjusted for currency effects, order intake decreased by 19 percent. Order intake decreased for both business entities. The order book amounted to 1,399 MSEK (1,482) at the end of the quarter.

The Group's turnover increased by 9 percent to 619 MSEK (567) during the period. Adjusted for currency effects, turnover rose by 6 percent. Westermo increased its turnover to a new record level, while Beijer Electronics' turnover decreased compared to the corresponding period last year.

The Group's EBITDA rose to 128.1 MSEK (108.5). Depreciation and amortization amounted to 39.0 MSEK (39.1). EBIT increased to 89.2 MSEK (69.4), corresponding to an EBIT margin of 14.4 percent (12.2). EBIT was affected by positive currency effects of 11.2 MSEK. The total development expenditure amounted to 64.7 MSEK (49.9). This corresponded to 10.5 percent (8.8) of the Group's sales.

Net financial expense was -14.0 MSEK (-1.4). The increased cost is due to a generally higher interest rate situation. Profit before tax amounted to 75.1 MSEK (68.0). The profit after estimated tax amounted to 52.5 MSEK (51.3). Earnings per share after estimated tax were 1.81 SEK (1.77).

The Group nine months

The Group's order intake decreased by 6 percent to 1,829 MSEK (1,949) during the first nine months of 2023. Adjusted for currency effects, order intake decreased by 9 percent. The Group's turnover increased by 22 percent to 1,881 MSEK (1,540). Adjusted for currency effects, sales rose by 18 percent. Westermo increased its turnover, while Beijer Electronics' turnover decreased marginally.

The Group's EBITDA increased to 374.5 MSEK (254.9). Depreciation and amortization amounted to 114.3 MSEK (116.4). The EBIT was 260.2 MSEK (138.4), corresponding to an EBIT margin of 13.8 percent (9.0). The total development expenditure amounted to 202.0 MSEK (164.0). This corresponded to 10.7 percent (10.6) of the Group's sales. Net financial expenses was -32.3 MSEK (-7.7). Profit before tax amounted to 227.9 MSEK (130.8). The profit after estimated tax amounted to 166.2 MSEK (95.4). Earnings per share after estimated tax were 5.75 SEK (3.29).

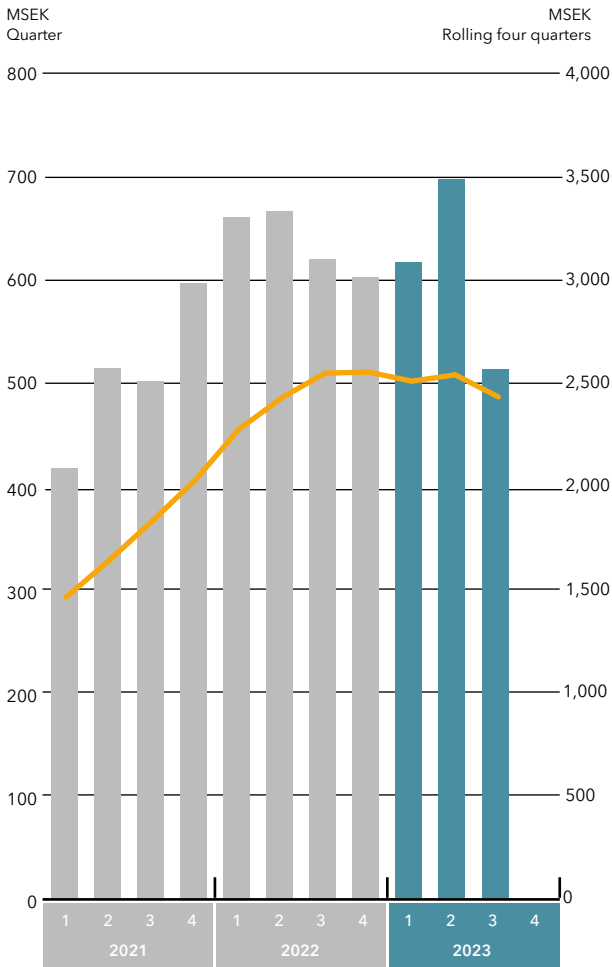
"Ependion's EBIT margin amounted to 14.4 percent, which means that the Group is approaching the financial profitability target of 15 percent."

Jenny Sjö Dahl, President and CEO

Business entity net sales and EBIT

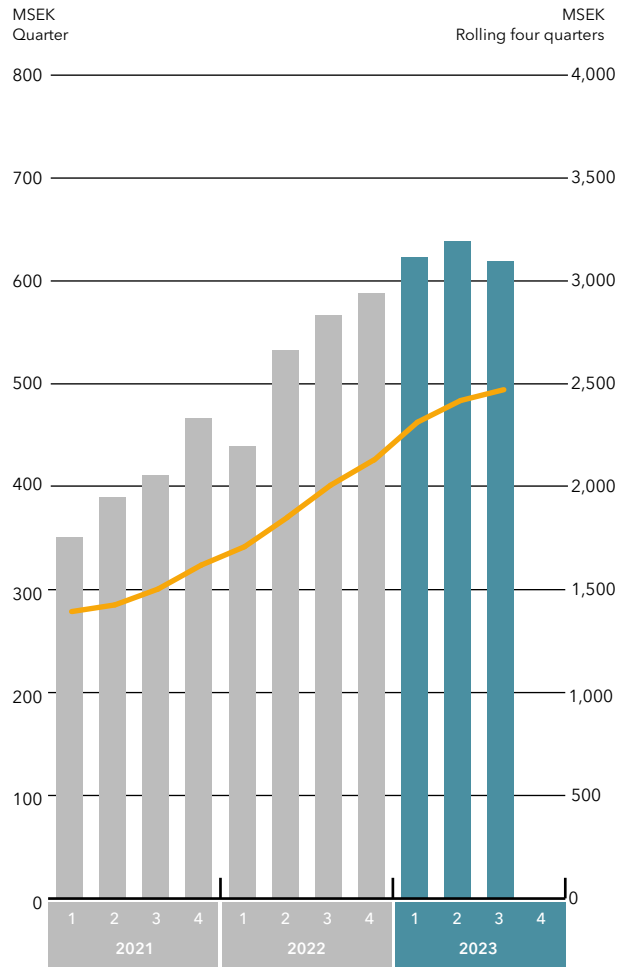
MSEK	Net sales Quarter 3		EBIT Quarter 3		Net sales 9 mth.		EBIT 9 mth.	
	2023	2022	2023	2022	2023	2022	2023	2022
Westermo	379.5	262.8	66.7	38.1	1,082.1	710.2	182.0	67.8
Beijer Electronics	241.1	305.7	30.7	43.5	804.6	837.0	114.8	104.9
Intra-sales	-1.3	-1.7			-5.8	-7.4		
Group adjustments and depreciation			-8.2	-12.2			-36.6	-34.3
Ependion Group	619.3	566.8	89.2	69.4	1,880.9	1,539.8	260.2	138.4

Group order intake



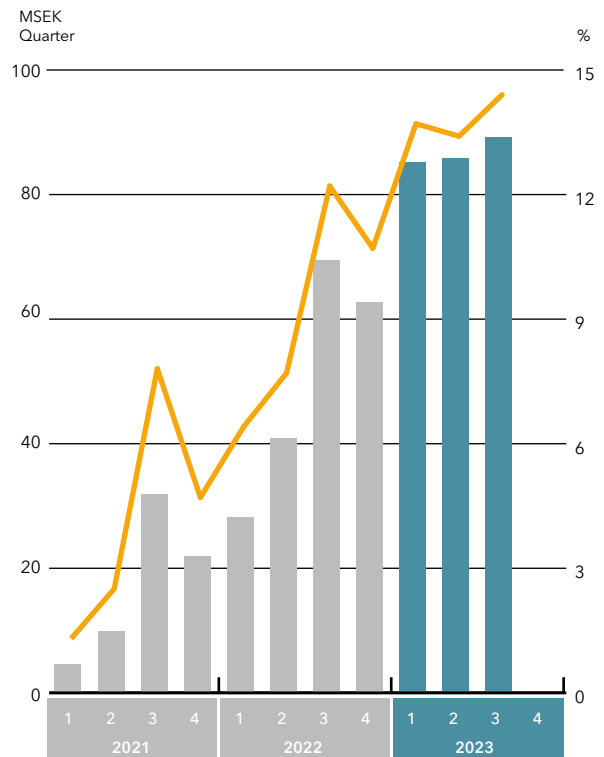
The bars and left-hand scale indicate quarterly order intake. The curve and right-hand scale show rolling four quarter order intake.

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

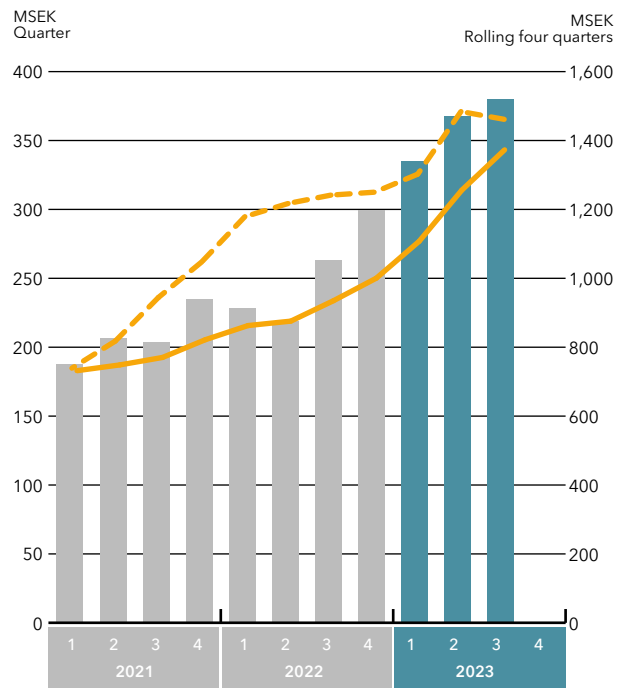
For Westermo, the third quarter of 2023 meant a record for both sales and earnings, while order intake decreased slightly to 292 MSEK compared to the corresponding period last year. The reduction was related to the train segment, where the very strong order intake in the first half of the year—as a result of extended order horizons at a major customer—led to an abnormally low level this quarter. We generally see continued strong demand from our customers on the train side. For both the Trackage and Energy segments, order intake increased compared to the corresponding period last year. During the period, Westermo has been able to reduce part of the delayed order backlog that the component crisis gave rise to, which has been important for maintaining good customer relations.

At the end of the period, Westermo still had a significant order backlog that amounted to 1,045 MSEK.

During the period, Westermo signed a framework agreement with a large European power grid operator. The framework agreement, which runs over three years, is worth more than 100 MSEK and an initial order of 28 MSEK was booked during the quarter. The framework agreement covers the supply of communication equipment for substations and means that the business entity strengthens its position within the growing energy segment. The needs for investments in power grids and energy production are very large because of society's electrification and investments in renewable energy. Westermo's goal is to eventually reach the same strong position in the energy segment that the business entity has in the train network. During the period, the business entity's Irish subsidiary, inaugurated a new modern site in Dublin for the development, production, and sale of wireless data communication products. The investment provides good conditions for continued growth in this area, which has great potential going forward, not least in the energy sector.

Sales increased by 44 percent to 380 MSEK, which means a new record. The supply of electronic components is largely normalized, even if the lead times for critical components are still long, which requires inventory to ensure good delivery capability.

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 reached new record levels with an EBIT margin of 17.6 percent and a result of 67 MSEK, which shows the business entity's profitability potential.”

Jenny Sjö Dahl, President and CEO

An important change project in production and purchasing, with the aim of increased capacity and efficiency as well as reduced capital tie-up, continued during the period and is expected to contribute positively to the business entity's growth opportunities and results going forward. Continued digitization and use of AI are important components of the work.

Westermo's EBIT increased by 75 percent to a record level of 67 MSEK. The EBIT margin reached 17.6 percent for the period, also a record. The strong result is primarily driven by volume, but higher efficiency in the production apparatus and a normalization of purchasing costs for materials also contribute.

Railway companies, energy companies and other operators of critical infrastructure are facing a growing threat from cyber-attacks as well as increased regulatory requirements, which together pose major challenges. During the period, Westermo began a strategic collaboration with the global IT and cyber security company Eviden to develop new and innovative solutions for secure and robust data communication. The common encryption solution under development will help operators by guaranteeing secure and encrypted communication of sensitive information.

Third quarter

Order intake decreased by 7 percent to 292 MSEK (315).

Turnover increased by 44 percent to 380 MSEK (263).

EBITDA amounted to 87.2 MSEK (57.1). Depreciation and amortization amounted to 20.5 MSEK (19.0). EBIT increased to 66.7 MSEK (38.1), which corresponded to an EBIT margin of 17.6 percent (14.5).

Nine months

Order intake rose by 23 percent to 1,144 MSEK (933).

Turnover increased by 52 percent to 1,082 MSEK (710).

EBITDA doubled to 242.0 MSEK (124.4). Depreciation and amortization amounted to 60.0 MSEK (56.7). EBIT amounted to 182.0 MSEK (67.8). This corresponded to an EBIT margin of 16.8 percent (9.5).

Beijer Electronics

Business entity

During the third quarter of 2023, Beijer Electronics' order intake decreased to 223 MSEK, driven by a weaker industrial economy and a normalization of customers' ordering patterns. Compared to the second quarter of 2023, however, order intake increased by ten percent. The extended order horizon of up to twelve months, which was due to the component shortage in 2021-2022, has now returned to the more normal one to four months. During the period, Beijer Electronics has made a review of the order backlog and reduced it by 34 MSEK regarding orders placed in China during 2022. After the adjustment, the order backlog amounts to 354 MSEK.

Sales decreased to 241 MSEK. The weakening is marked in Asia, where not least the Chinese market remains weak, while Europe and North America developed stably.

Beijer Electronics' EBIT decreased to 30.7 MSEK, corresponding to an EBIT margin of 12.7 percent. Thanks to high-cost efficiency and good gross margins, the business entity once again showed good profitability despite the decline in volume. During the period, Beijer Electronics initiated a cost reduction package with a main focus on Asia, affecting around 20 employees. The package reduces costs by 20 MSEK on an annual basis with full effect in 2024. The cost of 3 MSEK is fully absorbed in the third quarter. Beijer Electronics' R&D investments remained at a high level with a focus on developing the next generation of operator panels.

The new unit for assembling operator panels in Malmö is largely finished and certification work and tuning are now underway. Series production will begin in the first quarter of 2024.

During the last quarter, an acquisition was made of the German software company Smart HMI, which added both the web-based HMI solution WebIQ and new competence. The solution is now widely introduced to Beijer Electronics' customers and is meeting great interest. During the period, WebIQ won the Editor's Choice Award at Control Engineering's Global Automation and Manufacturing Summit in China.

The ongoing strategy review will be completed before the end of the year and is expected to mean that the business entity moves from processing broad markets to a clear focus on the areas where the potential for profitable growth is greatest.

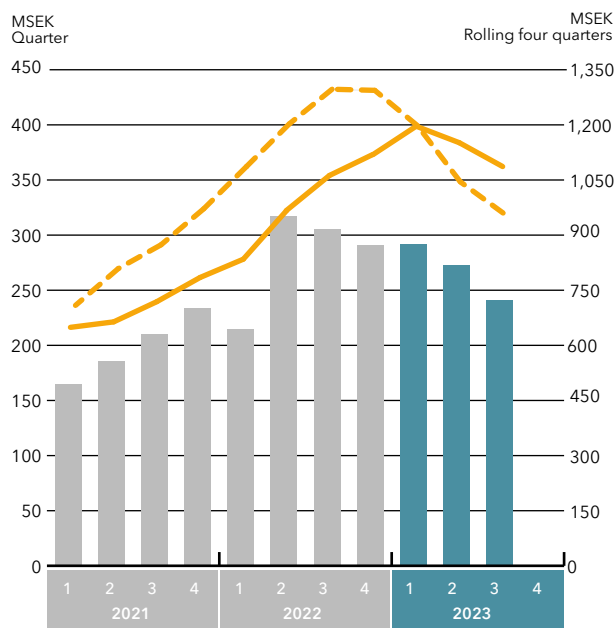
Third quarter

Order intake decreased by 28 percent to 223 MSEK (308). Turnover decreased by 21 percent to 241 MSEK (306). EBITDA decreased to 46.9 MSEK (60.6). Depreciation and amortization amounted to 16.2 MSEK (17.1). EBIT amounted to 30.7 MSEK (43.5), which corresponded to an EBIT margin of 12.7 percent (14.2).

Nine months

Order intake decreased by 33 percent to 690 MSEK (1,024). Turnover decreased by 4 percent and amounted to 805 MSEK (837). EBITDA increased to 163.1 MSEK (155.0). Depreciation and amortization amounted to 48.3 MSEK (50.2). EBIT increased to 114.8 MSEK (104.9) with a margin of 14.3 percent (12.5).

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.

“Despite lower sales, Beijer Electronics delivered a stable result with an EBIT margin of 12.7 percent.”

Jenny Sjö Dahl, President and CEO

Other financial information

Group investments, including capitalized development expenses and acquisitions, amounted to 181.9 MSEK (89.6) during the first nine months of 2023, which includes the acquisition of Smart HMI. Cash flow from operating activities was 164.2 MSEK (98.4). Equity amounted to 1,178 MSEK (953) at the end of September 2023. The equity ratio was 43.1 percent (40.0). Cash and cash equivalents amounted to 147 MSEK (136). Net debt was 823 MSEK (799). The average number of employees was 864 employees (824).

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 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 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 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 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 C shares, corresponding to a total of 28,971,224 votes.

Important events

During the second quarter, Kristine Lindberg took office as the new CEO of the Beijer Electronics business entity. In April 2023, Beijer Electronics acquired the German software company Smart HMI, which strengthens the business entity's competence and technology in visualization and digitization. In May 2023, Lena Westerholm took over as Head of Sustainability with the task of developing both the Group's and business entities' sustainability work and reporting.

Name change

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

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 goals

The Group's financial goals consist of three goals for growth, profitability, and dividends. The growth target means an annual organic growth of at least 10 percent. Acquired growth is added. The profitability target means that the Group must reach an EBIT margin of at least 15 percent. The Group must be a distributing 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 socially important 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 especially in the manufacturing industry. The mixed picture we have seen for some time is therefore expected to persist.

When the third quarter of 2023 is summed up, this year's accumulated EBIT already exceeds last year's full-year level, which means that Ependion is heading for new records for both sales and profit on a full-year basis.

Malmö on 24 October 2023

Jenny Sjö Dahl, President and CEO

For more information, please contact:

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or EVP and CFO Joakim Laurén, tel +46 (0)703 35 84 96

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.

Auditor's report Ependion AB (publ.) reg. no. 556025-1851

Introduction

We have reviewed the condensed interim financial information (interim report) of Ependion AB (publ.) 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 the interim financial information 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.

Malmö, 24 October 2023

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt

Authorized Public Accountant

Mikael Nilsson

Authorized Public Accountant

The Group's Financial Reports

Consolidated Income Statement in summary

SEK 000	Quarter 3 2023	Quarter 3 2022	9 mth. 2023	9 mth. 2022	Full year 2022
Net sales	619,334	566,799	1,880,916	1,539,819	2,128,386
Cost of goods sold	-305,756	-294,628	-947,134	-814,017	-1,118,633
Gross profit	313,578	272,171	933,782	725,802	1,009,753
Sales expenses	-82,757	-75,401	-254,606	-216,581	-302,406
Administration expenses	-84,424	-80,783	-262,656	-223,453	-317,943
Research and development expenses	-52,985	-45,578	-156,694	-144,097	-191,129
Other operating revenue and operating expenses	-4,242	-1,006	384	-3,236	2,851
Operating profit	89,170	69,403	260,210	138,435	201,127
Financial income/expense	-14,038	-1,426	-32,274	-7,682	-15,026
Profit before tax	75,132	67,977	227,936	130,753	186,101
Tax	-22,617	-16,724	-61,704	-35,388	-39,656
Profit for the period	52,515	51,253	166,232	95,365	146,445
<i>Attributable to equity holders of the parent</i>	52,498	51,079	166,450	94,997	146,080
<i>Attributable to non-controlling interests</i>	17	174	-218	368	365
<i>Basic earnings per share, SEK</i>	1.81	1.77	5.75	3.29	5.07

Statement of Comprehensive Income

SEK 000	Quarter 3 2023	Quarter 3 2022	9 mth. 2023	9 mth. 2022	Full year 2022
Profit for the period	52,515	51,253	166,232	95,365	146,445
Actuarial gains and losses	7,698	39,706	13,840	48,795	56,156
Net investment hedge effects	6,300	-6,992	-9,064	-18,235	-20,791
Translation differences	-25,652	39,393	25,078	108,555	87,638
Comprehensive income for the period	40,861	123,360	196,086	234,480	269,448
<i>Attributable to equity holders of the parent</i>	40,964	123,071	196,306	233,762	268,865
<i>Attributable to non-controlling interests</i>	-103	289	-220	718	583

Consolidated Balance Sheet in summary

SEK 000	Sept 30, 2023	Sept 30, 2022	Dec 31, 2022
ASSETS			
Fixed assets			
Intangible assets	1,261,397	1,130,913	1,132,029
Property, plant and equipment	87,493	84,345	80,395
Right-of-use assets	108,483	86,606	82,326
Financial fixed assets	69,894	60,382	61,989
Total fixed assets	1,527,267	1,362,246	1,356,739
Current assets			
Inventories	524,815	416,159	435,695
Accounts receivable	483,236	406,107	417,393
Other receivables	60,063	72,521	63,102
Cash and cash equivalents	146,526	136,173	159,864
Total current assets	1,214,640	1,030,960	1,076,054
Total assets	2,741,907	2,393,206	2,432,793
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	1,178,086	952,533	989,241
Equity attributable to non-controlling interests	4,652	5,007	4,872
Total equity	1,182,738	957,540	994,113
Long-term liabilities			
Borrowings	481,484	360,631	443,775
Lease liabilities	64,366	48,544	45,784
Other long-term liabilities	163,941	153,649	142,655
Deferred tax liabilities	80,398	69,423	72,139
Total long-term liabilities	790,189	632,247	704,353
Current liabilities			
Borrowings	260,941	353,350	241,590
Lease liabilities	45,350	37,426	35,877
Accounts payable-trade	197,426	171,952	215,053
Other liabilities	265,263	240,691	241,807
Total current liabilities	768,980	803,419	734,327
Total equity and liabilities	2,741,907	2,393,206	2,432,793

Consolidated Statement of Changes in Equity and Number of Shares

SEK 000	Sept 30, 2023	Sept 30, 2022	Dec 31, 2022
<i>Attributable to equity holders of the parent</i>			
Opening balance, 1 Jan	989,241	729,196	729,196
Paid-up capital after deducting for transaction expenses	-69	-84	-84
Re-purchase of treasury shares	-63	-33	-33
Sale of treasury shares	3,108	1,088	1,088
Dividend	-14,419	-14,384	-14,384
Share-based payment	3,982	2,988	4,593
Comprehensive income	196,306	233,762	268,865
Closing balance, shareholders' equity	1,178,086	952,533	989,241
<i>Attributable to non-controlling interests</i>			
Opening balance, 1 Jan	4,872	4,289	4,289
Comprehensive income	-220	718	583
Closing balance, shareholders' equity	4,652	5,007	4,872

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	122,051	105,547	324,547	221,438	312,301
Changes in working capital	-50,901	-40,088	-160,322	-123,010	-111,362
Cash flow from operating activities	71,150	65,459	164,225	98,428	200,939
Cash flow from investing activities	-42,174	-28,701	-123,302	-89,632	-124,609
Cash flow from acquisition of subsidiary			-58,560		
Cash flow from financing activities*	-39,174	-22,863	16,645	-23,120	-64,745
Dividend paid to equity holders of the parent			-14,419	-14,384	-14,384
Cash flow for the period	-10,198	13,895	-15,411	-28,709	-2,799
Cash and cash equivalents at beginning of year	160,044	115,837	159,864	146,585	146,585
Exchange difference in cash and cash equivalents	-3,320	6,441	2,073	18,297	16,078
Cash and cash equivalents at end of year	146,526	136,173	146,526	136,173	159,864
Free cash flow	17,548	27,295	8,463	-21,826	34,997
<i>*of which amortization of lease liabilities.</i>	-11,427	-9,463	-32,460	-30,622	-41,333

Consolidated Key Financial Ratios

	Sept 30, 2023	Sept 30, 2022	Dec 31, 2022
Operating margin, %	13.8	9.0	9.4
Profit margin, %	8.8	6.2	6.9
Equity ratio, %	43.1	40.0	40.9
Equity per share, SEK	40.7	33.0	34.3
Basic earnings per share, SEK	5.75	3.29	5.07
Return on equity after tax, %	20.3	12.7	17.0
Return on capital employed, %	16.2	9.6	11.8
Return on net operating assets, %	21.9	13.3	16.7
Average number of employees	864	824	827

Reconciliation of Consolidated Net Debt

SEK 000	Sept 30, 2023	Sept 30, 2022	Dec 31, 2022
Borrowings	742,425	713,980	685,365
Pension provisions	117,355	133,624	127,033
Liabilities attributable to right-of-use assets	109,716	85,970	81,661
Other interest-bearing liabilities		1,883	
Total interest-bearing liabilities	969,496	935,457	894,059
Total cash and cash equivalents	146,526	136,173	159,864
Net debt*	822,970	799,284	734,195

*Alternative key ratio

Allocation of Net Sales

SEK 000	Quarter 2 2023	Quarter 2 2022	6 mth. 2023	6 mth. 2022	Full year 2022
Net sales by geographical market					
Nordics	118,646	95,948	372,688	298,494	410,348
Rest of Europe	294,303	187,036	837,314	545,520	782,832
Americas	92,412	114,089	296,867	251,846	337,120
Asia	113,203	167,335	370,000	440,701	590,387
Rest of world	770	2,391	4,047	3,258	7,699
Total Group	619,334	566,799	1,880,916	1,539,819	2,128,386
Net sales by category					
Operator panels and accessories	188,332	235,983	622,366	635,597	850,157
Network equipment	335,905	251,132	957,095	662,772	916,604
Software	6,583	4,841	19,222	15,786	21,268
Servicing and other services	11,484	9,725	46,637	27,200	50,020
Third-party products	77,030	65,118	235,596	198,464	290,337
Total Group	619,334	566,799	1,880,916	1,539,819	2,128,386

Operating Segments

SEK 000	Quarter 3 2023	Quarter 3 2022	9 mth. 2023	9 mth. 2022	Full year 2022
TOTAL GROUP					
Order intake	513,944	620,721	1,828,934	1,949,153	2,551,984
Net sales	619,334	566,799	1,880,916	1,539,819	2,128,386
Operating profit excl. depreciation	128,143	108,531	374,493	254,869	354,810
Depreciation	-38,973	-39,128	-114,283	-116,434	-153,683
Operating profit	89,170	69,403	260,210	138,435	201,127
Operating margin, %	14.4	12.2	13.8	9.0	9.4
Investments in intangible and tangible assets	42,647	28,224	123,772	87,565	121,432
<i>of which capitalized development expenditure</i>	30,050	22,989	98,504	75,551	105,336
Product development expenditure, %	10.5	8.8	10.7	10.6	10.5
Backlog	N/A	N/A	1,399,094	1,482,456	1,478,059
WESTERMO					
Order intake	292,174	314,605	1,144,274	933,019	1,258,897
Net sales	379,541	262,781	1,082,075	710,204	1,009,811
Operating profit excl. depreciation	87,182	57,063	242,035	124,439	180,188
Depreciation	-20,474	-19,001	-60,040	-56,684	-75,506
Operating profit	66,707	38,061	181,995	67,755	104,682
Operating margin, %	17.6	14.5	16.8	9.5	10.4
Investments in intangible and tangible assets	19,676	16,028	54,568	51,209	68,354
<i>of which capitalized development expenditure</i>	11,246	13,047	43,553	43,969	59,352
Product development expenditure, %	10.7	12.4	11.5	15.3	14.4
Backlog	N/A	N/A	1,045,369	930,647	960,487
BEIJER ELECTRONICS					
Order intake	223,086	307,775	690,425	1,023,560	1,302,139
Net sales	241,109	305,678	804,606	837,042	1,127,628
Operating profit excl. depreciation	46,869	60,607	163,133	155,009	211,347
Depreciation	-16,192	-17,082	-48,309	-50,154	-66,199
Operating profit	30,676	43,525	114,824	104,855	145,148
Operating margin, %	12.7	14.2	14.3	12.5	12.9
Investments in intangible and tangible assets	22,090	11,104	66,218	34,432	50,032
<i>of which capitalized development expenditure</i>	18,804	9,942	54,951	31,582	45,984
Product development expenditure, %	9.8	5.5	9.5	6.4	6.8
Backlog	N/A	N/A	353,725	551,808	517,572
PARENT COMPANY AND GROUP ADJUSTMENT					
Order intake (elimination)	-1,316	-1,660	-5,765	-7,426	-9,052
Net sales (elimination)	-1,316	-1,660	-5,765	-7,426	-9,052
Operating profit excl. depreciation	-5,908	-9,139	-30,675	-24,579	-36,725
Depreciation	-2,307	-3,045	-5,934	-9,597	-11,978
Operating profit	-8,213	-12,184	-36,609	-34,175	-48,703
Investments in intangible and tangible assets	881	1,092	2,986	1,925	3,046

Parent Company Income Statement in summary

SEK 000	Quarter 3 2023	Quarter 3 2022	6 mth. 2023	6 mth. 2022	Full year 2022
Net sales	8,931	8,709	26,792	26,129	34,839
Administration expenses	-17,427	-20,677	-63,286	-62,235	-84,381
Operating profit	-8,496	-11,968	-36,494	-36,106	-49,542
Financial income/expense	59,154*	4,451	55,821*	11,113	3,200
Profit before tax	50,658	-7,517	19,327	-24,993	-46,342
Appropriations					12,117
Tax	2,048	1,230	9,845	3,957	4,851
Profit for the period	52,706	-6,287	29,172	-21,036	-29,374

* Includes dividends received from subsidiary of 66 MSEK.

Parent Company Balance Sheet in summary

SEK 000	Sept 30, 2023	Sept 30, 2022	Dec 31, 2022
ASSETS			
Fixed assets	1,174,634	1,054,578	1,054,099
Current assets	41,750	25,437	41,479
Cash equivalents and short-term investments	66	68	68
Total assets	1,216,450	1,080,083	1,095,646
EQUITY AND LIABILITIES			
Total equity	263,492	247,463	240,994
Long-term liabilities			
Borrowings	481,484	360,631	443,775
Provisions	20,926	20,363	19,954
Liabilities to Group companies	197,767	100,355	130,560
Current liabilities			
Borrowings	226,353	328,291	231,209
Other current liabilities	26,428	22,980	29,154
Total equity and liabilities	1,216,450	1,080,083	1,095,646

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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More Information

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Financial Calendar

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



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