

# Ependion AB

## Interim Report January–September 2024

*Investing in a secure and connected world*

## Margin protection and growth focus in a challenging market

---

### The third quarter

- Order intake decreased to 456 MSEK (514).
- Net sales decreased to 493 MSEK (619).
- EBIT amounted to 50.8 MSEK (89.2).
- EBIT margin was 10.3% (14.4).
- Profit after tax amounted to 31.1 MSEK (52.5).
- Earnings per share reached 1.08 SEK (1.81).
- Free cash flow tripled to 55.6 MSEK (17.5).
- Cost control and strengthened gross margin resulted in maintained EBIT margin compared to the second quarter of 2024.

---

### Nine months

- Order intake decreased to 1,467 MSEK (1,829).
  - Net sales amounted to 1,680 MSEK (1,881).
  - EBIT was 185.4 MSEK (260.2).
  - EBIT margin amounted to 11.0% (13.8).
  - Profit after tax amounted to 122.1 MSEK (166.2).
  - Earnings per share was 4.22 SEK (5.75).
-

## Comments from the CEO, Jenny Sjö Dahl



As expected, the third quarter remained challenging for Ependion, where weak demand during the past twelve-month period continued to negatively impact our sales and order intake pace. The uncertainty in the global economy and high interest rates have slowed down customers'

pace of investment. I maintain my view that the current downturn is temporary and linked to a weaker economic cycle. We are working diligently to strengthen our position for when the economy recovers. During the period, we have continued to balance offensive investments in line with our growth strategies with short-term measures to mitigate the impact of the downturn on the Group's results.

Order intake decreased to 456 MSEK in the third quarter, with no major new orders recorded. Westermo's order intake remained relatively stable at 278 MSEK, while Beijer Electronics' order intake declined to 180 MSEK, primarily driven by lower bookings in Display Solutions which is being phased out. Although the economic downturn is now evident across all focus segments, except for the marine sector, we see significant potential for the future. During the period, a large number of forward-looking market initiatives were carried out. Westermo participated in Innotrans, the world's leading exhibition for the transport sector, and continued its efforts to establish operations in India, with a planned operational launch in the fourth quarter of 2024. Beijer Electronics also showcased the web-based interface WebIQ and the new HMI family X3 at the important marine exhibition SMM.

As a result of lower order intake pace in recent quarters, the Group's sales decreased to 493 MSEK for the period. For Westermo, sales dropped to 269 MSEK compared to the exceptionally strong third quarter last year, mainly due to an unusually weak order book in the rail segment during this period. For Beijer Electronic, sales decreased slightly to 225 MSEK. Beijer Electronics is driving an extensive

transformation aligned with the new strategy, focusing on three focus segments: the marine sector, machine builders in manufacturing industries, and applications for demanding environments. A review of the business entity's portfolio is ongoing, with the ambition to gradually phase out lower-margin products and contracts.

Ependion's EBIT for the period amounted to 51 MSEK, with an EBIT margin of 10.3%, negatively impacted by total currency effects amounting to -14 MSEK. Although the EBIT margin is clearly lower than during the strong comparison period, it remains stable compared to the previous quarter. Westermo's gross margin, which was pressured during the component crisis, is now significantly improving despite lower volumes, which gives reason for optimism. Compared to the previous quarter, the Group's gross margin increased by 1.7 percentage points. Both business entities have maintained a strong focus on cost control, while also making strategic investments for future profitable growth. This combination positions us well to take the next step toward our financial targets when demand recovers.

The Group's financial position was further strengthened during the period, and free cash flow increased to 56 MSEK. The equity ratio rose to 46.1%. During the period, Ependion extended its financing agreement until 2027, providing the capacity to continue executing complementary acquisitions in line with the Group's active acquisition agenda.

Ependion's product development expenses amounted to 14.5% of the Group's revenue during the period, reflecting continued significant investments for future growth within the business entities' focus segments. For Westermo, this involves further developing its offering within rail, railway, energy and services, where a substantial portion of development projects are linked to concrete business opportunities, particularly within the important cybersecurity area. Beijer Electronics is in the final stages of developing the next generation of HMIs, with the first products in the new X3 family set to launch in the fourth quarter of this year.

“We have balanced continued offensive investments in line with our growth strategies with short-term measures to mitigate the impact of the downturn on our results.”

Jenny Sjö Dahl, President and CEO

During the period, a double materiality analysis for the Group was completed, defining the Group's priorities for future sustainability reporting. At the same time, the Group's scope 1 and 2 emissions were mapped, enabling the establishment of clear, science-based targets for emissions reduction, to be set during the fourth quarter. The mapping of scope 3 emissions is ongoing. I am pleased that the Group's and business entities' important sustainability work is now advancing rapidly.

With three-quarters of the year completed, we can conclude that 2024 is somewhat of a transitional year for Ependion after a record-breaking 2023. External factors remain uncertain, and we continue to see caution among many of our customers. The interest rate cuts now taking place are expected to contribute to increased activity, but it will take time for their effects to materialize. In the short term, this negatively affects the Group's business conditions, and we anticipate a relatively weak order book for the fourth quarter as well. In the medium to long term, however, the prospects for profitable growth are very strong, given the structural growth in our focus segments, combined with our clear positioning to meet customer needs. The business entities' efforts to mitigate the effects of the short-term downturn mean that the Group's EBIT margin today demonstrates greater stability across an economic cycle than what has historically been the case, and we see potential for margin improvements as demand increases. We are optimistic about the future."

### The Group in the third quarter

The Group's order intake decreased by 11% to 456 MSEK (514) during the third quarter of 2024. Adjusted for currency effects, order intake decreased by 9%. Order intake decreased for both Westermo and Beijer Electronics. The order backlog amounted to 1,047 MSEK (1,399) at the end of the quarter.

The Group's turnover decreased by 20% to 493 MSEK (619) during the period. Adjusted for currency effects, turnover decreased by 19%. Both Westermo and Beijer Electronics reduced turnover compared to the corresponding period last year.

The Group's EBITDA decreased to 96.9 MSEK (128.1). Depreciation and amortization amounted to SEK 46.0 million (39.0). EBIT decreased to 50.8 MSEK (89.2), corresponding to an EBIT margin of 10.3% (14.4). EBIT was affected by total negative currency effects of 13.7 MSEK compared with the previous year. Total development expenditure amounted to 71.5 MSEK (64.7), equivalent to 14.5% (10.5) of the Group's sales.

Net financial items were -11.0 MSEK (-14.0). Profit before tax was 39.9 MSEK (75.1). Profit after estimated tax amounted to 31.1 MSEK (52.5). Earnings per share after estimated tax were 1.08 SEK (1.81).

### The Group nine months

The Group's order intake decreased by 20% to 1,467 MSEK (1,829) during the first nine months of 2024. Adjusted for currency effects, order intake decreased by 19%. The Group's turnover decreased by 11% to 1,680 MSEK (1,881). Adjusted for currency effects and acquisitions, turnover decreased by 10%. Both Beijer Electronics and Westermo saw a decline in turnover.

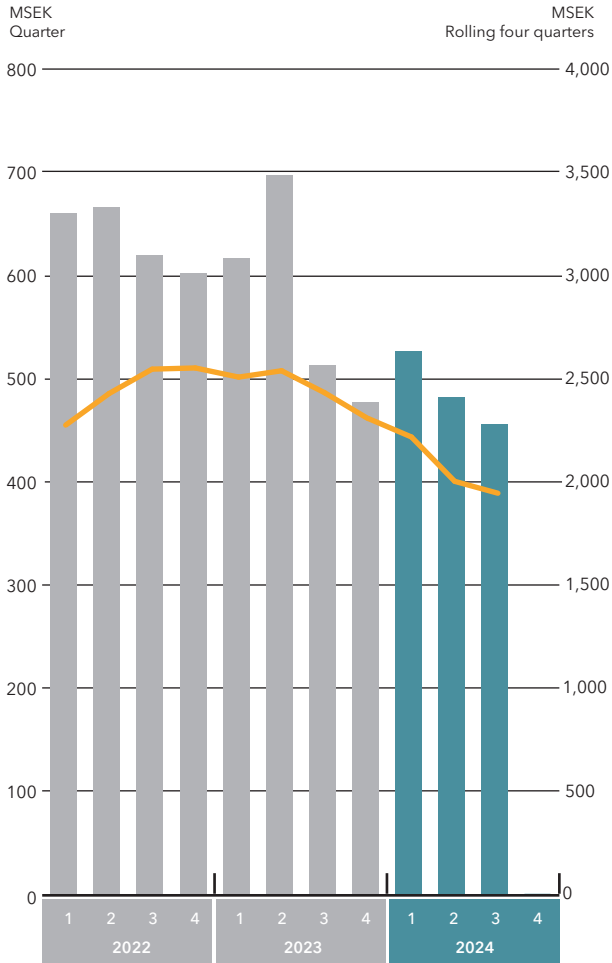
The Group's EBITDA decreased to 317.7 MSEK (374.5). Depreciation and amortization amounted to SEK 132.3 million (114.3). EBIT fell to 185.4 MSEK (260.2), corresponding to an EBIT margin of 11.0% (13.8). Total development expenditure amounted to 228.2 MSEK (202.0), equivalent to 13.6% (10.7) of the Group's sales.

Net financial items were -30.6 MSEK (-32.3). Profit before tax was 154.8 MSEK (227.9). Profit after estimated tax amounted to 122.1 MSEK (166.2). Earnings per share after estimated tax were 4.22 SEK (5.75).

## Business entity net sales and EBIT

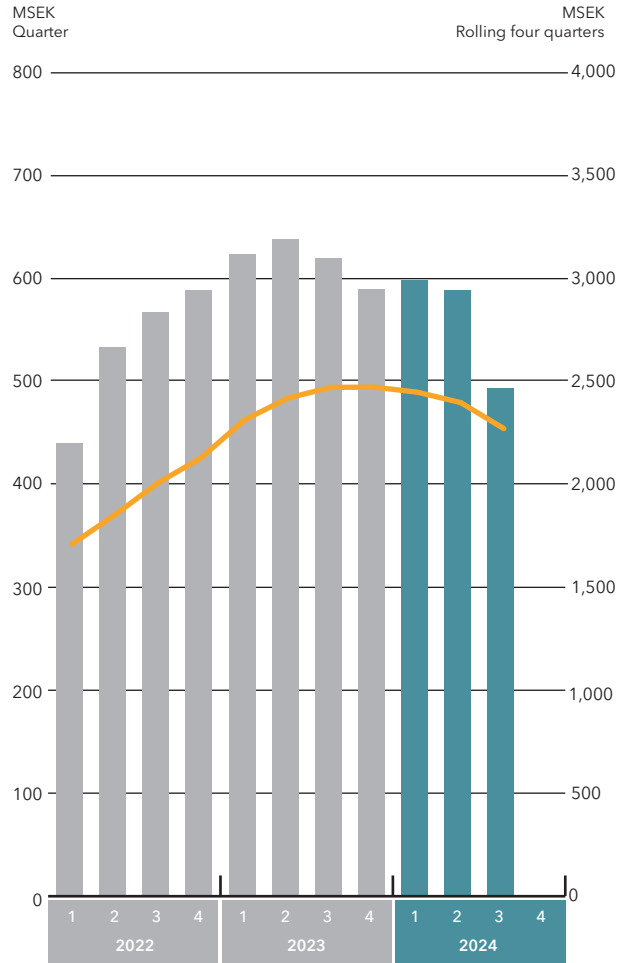
	Sales, MSEK		EBIT, MSEK		EBIT margin, %		Sales, MSEK		EBIT, MSEK		EBIT margin, %	
	Quarter 3						9 mth.					
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Westermo	269.2	379.5	37.4	66.7	13.9	17.6	969.4	1,082.1	137.3	182.0	14.2	16.8
Beijer Electronics	224.6	241.1	25.8	30.7	11.5	12.7	714.0	804.6	86.8	114.8	12.2	14.3
Intra-group sales	-0.8	-1.3					-3.5	-5.8				
Group adjustments and parent company			-12.4	-8.2					-38.6	-36.6		
<b>Ependion Group</b>	<b>493.0</b>	<b>619.3</b>	<b>50.8</b>	<b>89.2</b>	<b>10.3</b>	<b>14.4</b>	<b>1,679.9</b>	<b>1,880.9</b>	<b>185.4</b>	<b>260.2</b>	<b>11.0</b>	<b>13.8</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

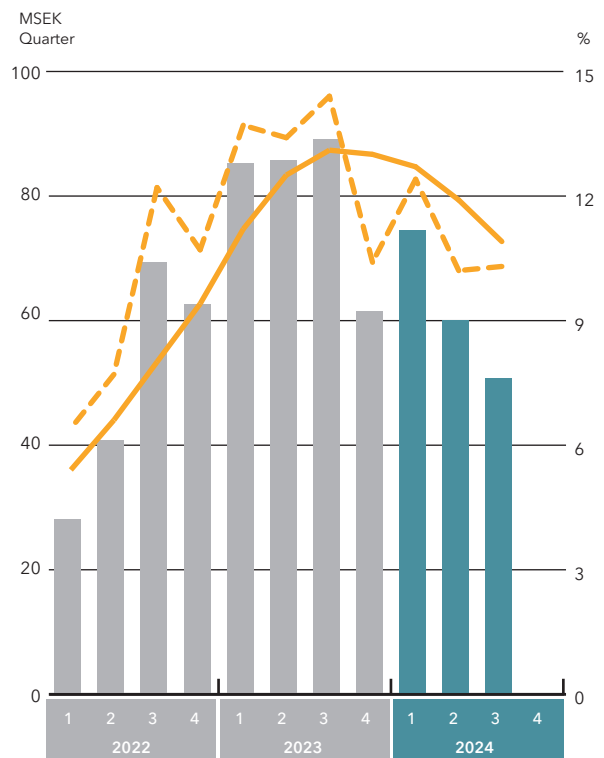


The bars and left-hand scale indicate quarterly net sales. The curve and right-hand scale show rolling four quarter net sales.

“Although the EBIT margin is clearly lower than during the strong comparison period, it remains stable compared to the previous quarter.”

Jenny Sjö Dahl, President and CEO

### Group EBIT



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

# Westermo

## Business entity

Westermo’s order intake was, similar to the previous quarter, affected by the weaker economic climate and amounted to 278 MSEK for the third quarter. The business entity had an order backlog of 861 MSEK at the end of the period. The underlying long-term demand within the focus segments is assessed to be robust, although the order booking rate was negatively impacted in the short-term by greater caution among customers.

Compared to the record-breaking third quarter of 2023—when Westermo reached an all-time high—sales for the period decreased to 269 MSEK due to an unusually weak order book for the rail segment in the quarter. During the period, Westermo has continued to position the business entity’s products for reliable and secure data communication on trains, for railway infrastructure, and for customers in the energy segment, including participation in the major German railway exhibition Innotrans. The establishment efforts in India have progressed during the period. Key personnel have been recruited, and the legal structure is in place, aiming for operational startup in the fourth quarter of 2024. A number of Indian customers within rail and energy were visited during the quarter with positive response.

The business entity’s EBIT amounted to 37 MSEK for the period, corresponding to an EBIT margin of 13.9%. Westermo’s gross margin significantly increased despite lower volumes. This is due to several factors: lower material costs as the effects of expensive spot purchases fade, price increases that have now fully taken effect, and efficient management of staffing in our production facilities.

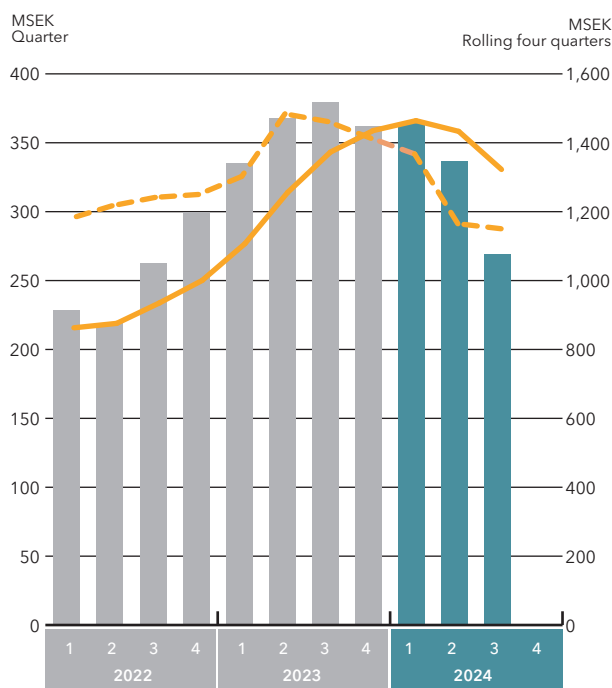
As a result of the review of the business entity’s production structure aimed at increasing efficiency, a decision has been made to close the production of train products in Switzerland and relocate manufacturing to Westermo’s facility in Sweden. The move will be completed during the first half of 2025. The business entity’s technology center in Bubikon will remain as before.

Despite cost savings, Westermo continues its development work focused on new products and solutions for customers within selected segments. For the rail segment, cybersecurity was at the forefront with the launch of the

new Viper 3000, and Westermo was certified according to the cybersecurity standard IEC 62443-4-1. During the period, a new version of the WeOS software, for increased functionality, was also launched. The collaboration with the partly owned Blu Wireless Technology on future communication solutions with increased bandwidth onboard trains continues as planned.

During the period, Westermo completed its first Environmental Product Declaration (EPD) for a train product in the Viper family. The EPD provides an overview of the product’s environmental performance throughout its life cycle and helps the customer both consider sustainability aspects in procurement and meet regulatory requirements by providing data.

### Net sales, Westermo



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

“It is positive that Westermo’s gross margin increased significantly despite lower volumes.”

Jenny Sjö Dahl, President and CEO

**Third quarter**

Order intake decreased by 5% to 278 MSEK (292). Turnover decreased by 29% to 269 MSEK (380). EBITDA amounted to 60.8 MSEK (87.2). Depreciation and amortization amounted to 23.4 MSEK (20.5). EBIT amounted to 37.4 MSEK (66.7), which corresponded to an EBIT margin of 13.9% (17.6).

**Nine months**

Order intake decreased by 23% to 882 MSEK (1,144). Turnover decreased to 969 MSEK (1,082). EBITDA amounted to 205.6 MSEK (242.0). Depreciation and amortization amounted to 68.3 MSEK (60.0). EBIT amounted to 137.3 MSEK (182.0). This corresponded to an EBIT margin of 14.2% (16.8).

# Beijer Electronics

## Business entity

Beijer Electronics faced a continued challenging business climate during the third quarter of 2024. The order intake decreased to 180 MSEK, with all segments showing weaker performance except for the marine sector. Compared to the previous year, the difference is primarily driven by the phase-out of Display Solutions volumes, while order booking for HMI products remained stable. At the end of the period, the business entity had an order backlog of 186 MSEK, which results in short lead times from order to delivery and thus significant opportunities to act quickly.

Sales amounted to 225 MSEK, reflecting a relatively stable level considering the developments over the past year. Europe and Asia performed steadily, while sales decreased in North America. In line with the new strategy, the review of the product portfolio continued with the aim of phasing out products with lower margins. The goal is to strengthen profitability by focusing the offering on the areas where Beijer Electronics has the strongest position and provides the most value to customers.

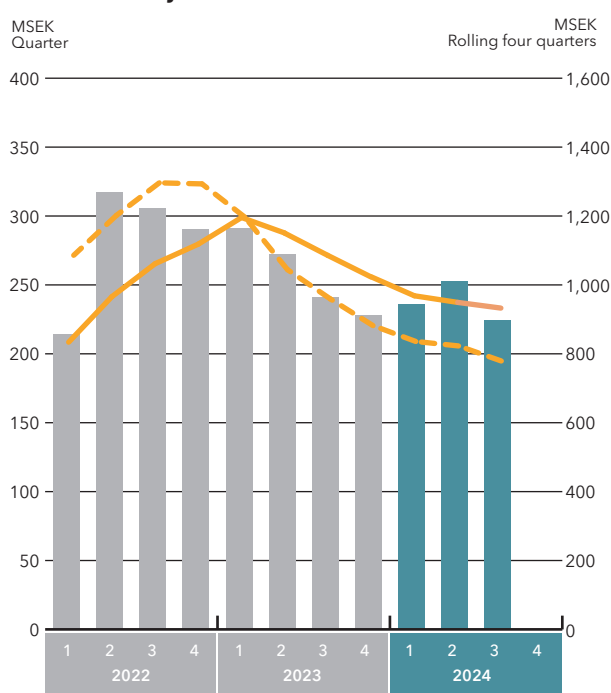
The business entity's EBIT result amounted to 25.8 MSEK, slightly lower than in the comparative period. The EBIT margin was 11.5%, indicating that Beijer Electronics has partially managed to counteract the decline through efficiency improvements and good cost control. The result is already impacted by depreciation on parts of the capitalized development costs associated with the development of the next generation of HMIs.

The development of the new generation of HMIs, the X3 family, is progressing as planned, and Beijer Electronics has tested the product with selected customers with positive results. The first launch is scheduled for November this year, when X3 web will premiere. It is adapted to the software WebIQ, which is expected to strengthen the business entity's position for web-based visualization solutions. Software plays a larger role for the next generation of HMIs, meaning that

upgrades and new features can be continuously added to existing installations. The X3 family with new value-creating functionality will be launched gradually throughout 2025

The rollout of the business entity's new strategy, focusing on the marine sector, industrial machine builders, and applications for demanding environments, continues. The new global sales organization is now implementing new working methods to drive growth in the focus segments.

### Net sales, Beijer Electronics



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

**Third quarter**

Order intake decreased by 20% to 180 MSEK (223). Turnover decreased by 7% to 225 MSEK (241). EBITDA amounted to 45.9 MSEK (46.9). Depreciation and amortization amounted to 20.1 MSEK (16.2). EBIT amounted to 25.8 MSEK (30.7), which corresponded to an EBIT margin of 11.5% (12.7).

**Nine months**

Order intake decreased to 588 MSEK (690). Turnover decreased to 714 MSEK (805). EBITDA increased to 143.1 MSEK (163.1). Depreciation and amortization amounted to 56.4 MSEK (48.3). EBIT amounted to 86.8 MSEK (114.8). This corresponded to an EBIT margin of 12.2% (14.3).

“The rollout of Beijer Electronics’ new strategy, focusing on the marine sector, industrial machine builders, and applications for demanding environments, continues.”

Jenny Sjö Dahl, President and CEO



# Other financial information

Group investments, including capitalized development expenses and acquisitions, amounted to 207.6 MSEK (181.9) during the first nine months of 2024, which includes the acquisition of a minority stake in Blu Wireless. During the corresponding period last year, Smart HMI was acquired. Cash flow from current activities was 302.1 MSEK (164.2). Equity amounted to 1,236 MSEK (1,178) as of September 30, 2024. The equity ratio was 46.1% (43.1). Cash and cash equivalents amounted to 164 MSEK (147). Net debt was 768 MSEK (823). The average number of employees was 863 (864).

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

The Board decided in April 2024, in accordance with the decision at the 2023 Annual General Meeting, to issue 102,918 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 2026, to be converted into ordinary shares, in accordance with the terms of the incentive program LTI 2023/2026.

The Board decided in May 2024, in accordance with the decision at the 2021 Annual General Meeting, to convert 108,809 own class C shares into the corresponding number of ordinary shares to execute the transfer of ordinary shares to the participants in LTI 2021/2024 and to sell ordinary shares on Nasdaq Stockholm for cash flow hedging of social security contributions linked to LTI 2021/2024. After completed repurchase of class C shares and conversion to ordinary shares, the number of shares amounts to 29,344,214, of which 29,050,025 ordinary shares and 294,189 class C shares, corresponding to a total of 29,079,443.9 votes.

## Significant events

At the Annual General Meeting on May 14, it was decided to elect Peter Nilsson as a new board member and chair of the board, as well as to appoint the registered auditing firm KPMG AB as the company's auditor until the end of the Annual General Meeting in 2025.

In June, the legal entity Westermo India Private Limited was established as part of the entry into the Indian market.

In September, the financing with Danske Bank and Swedish Export Credit was extended to October 2027 under the same terms as before.

No significant events have been identified following the end of the interim period.

## Financial targets

The Group's financial targets consist of three goals for growth, profitability, and dividends. The growth target means an annual organic growth of at least 10%. Acquired growth is added. The profitability target means that the Group must reach an EBIT margin of at least 15%. The Group shall be a distributing company.

## Outlook for 2024

EPENDION operates in attractive markets with good underlying growth and, in the mid-term, has good prospects for reaching both the growth and profitability targets. Investments in critical infrastructure such as trains, railways, energy production and electricity distribution will increase over time. At the same time, there is still a great deal of uncertainty about the development in 2024, both in geopolitical and economic terms. Therefore, the weaker demand we have observed for some time is expected to persist throughout 2024.

Malmö on 25 October 2024

Jenny Sjö Dahl  
President and CEO

For more information, please contact:

President and CEO Jenny Sjö Dahl, tel +46 (0)725 89 60 80  
or EVP and CFO Joakim Laurén, tel +46 (0)703 35 84 96

## Review report Ependion AB Corp. id. 556025-1851

### Introduction

We have reviewed the condensed interim financial information (interim report) of Ependion AB as of 30 September 2024 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

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

### Conclusion

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

**Malmö October 25, 2024**

**KPMG AB**

**Jonas Nihlberg**

*Authorized Public Accountant*

# The Group's Financial Reports

## Consolidated Income Statement in summary

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
Net sales	493,033	619,334	1,679,908	1,880,916	2,470,647
Cost of goods sold	-237,775	-305,756	-827,380	-947,134	-1,247,715
<b>Gross profit</b>	<b>255,258</b>	<b>313,578</b>	<b>852,528</b>	<b>933,782</b>	<b>1,222,932</b>
Sales expenses	-79,774	-82,757	-250,553	-254,606	-341,063
Administration expenses	-73,430	-84,424	-253,239	-262,656	-342,461
Research and development expenses	-50,890	-52,985	-167,099	-156,694	-213,366
Other operating revenue and operating expenses	-330	-4,242	3,768	384	-4,358
<b>Operating profit</b>	<b>50,834</b>	<b>89,170</b>	<b>185,405</b>	<b>260,210</b>	<b>321,684</b>
Financial income/expense	-10,960	-14,038	-30,633	-32,274	-46,389
<b>Profit before tax</b>	<b>39,874</b>	<b>75,132</b>	<b>154,772</b>	<b>227,936</b>	<b>275,295</b>
Tax	-8,768	-22,617	-32,635	-61,704	-74,918
<b>Profit for the period</b>	<b>31,106</b>	<b>52,515</b>	<b>122,137</b>	<b>166,232</b>	<b>200,377</b>
<i>Attributable to equity holders of the parent</i>	31,412	52,498	122,676	166,450	200,508
<i>Attributable to non-controlling interests</i>	-306	17	-539	-218	-131
<i>Basic earnings per share, SEK</i>	1.08	1.81	4.22	5.75	6.93

## Statement of Comprehensive Income

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
<b>Profit for the period</b>	<b>31,106</b>	<b>52,515</b>	<b>122,137</b>	<b>166,232</b>	<b>200,377</b>
Actuarial gains and losses	-22,309	7,698	-31,146	13,840	7,010
Net investment hedge effects	683	6,300	-3,889	-9,064	-1,366
Change in fair value of equity instruments	-3,871		-3,871		
Translation differences	-21,829	-25,652	14,024	25,078	-30,864
<b>Comprehensive income for the period</b>	<b>-16,220</b>	<b>40,861</b>	<b>97,255</b>	<b>196,086</b>	<b>175,157</b>
<i>Attributable to equity holders of the parent</i>	-15,813	40,964	97,870	196,306	175,418
<i>Attributable to non-controlling interests</i>	-407	-103	-615	-220	-261

## Consolidated Balance Sheet in summary

SEK 000	Sept 30, 2024	Sept 30, 2023	Dec. 31, 2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	1,319,706	1,261,397	1,257,203
Property, plant and equipment	100,060	87,493	85,797
Right-of-use assets	143,184	108,483	99,119
Financial fixed assets	110,131	69,894	41,695
<b>Total fixed assets</b>	<b>1,673,081</b>	<b>1,527,267</b>	<b>1,483,814</b>
<b>Current assets</b>			
Inventories	435,983	524,815	486,628
Accounts receivable	355,271	483,236	407,004
Other receivables	62,027	60,063	52,478
Cash and cash equivalents	164,281	146,526	142,486
<b>Total current assets</b>	<b>1,017,562</b>	<b>1,214,640</b>	<b>1,088,596</b>
<b>Total assets</b>	<b>2,690,643</b>	<b>2,741,907</b>	<b>2,572,410</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent	1,236,036	1,178,086	1,159,082
Equity attributable to non-controlling interests	3,996	4,652	4,611
<b>Total equity</b>	<b>1,240,032</b>	<b>1,182,738</b>	<b>1,163,693</b>
<b>Long-term liabilities</b>			
Borrowings	436,249	481,484	462,631
Lease liabilities	96,934	64,366	59,766
Other long-term liabilities	196,008	163,941	167,354
Deferred tax liabilities	100,022	80,398	88,830
<b>Total long-term liabilities</b>	<b>829,213</b>	<b>790,189</b>	<b>778,581</b>
<b>Current liabilities</b>			
Borrowings	189,637	260,941	167,668
Lease liabilities	47,202	45,350	39,319
Accounts payable–trade	140,484	197,426	194,650
Other liabilities	244,075	265,263	228,499
<b>Total current liabilities</b>	<b>621,398</b>	<b>768,980</b>	<b>630,136</b>
<b>Total equity and liabilities</b>	<b>2,690,643</b>	<b>2,741,907</b>	<b>2,572,410</b>

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

SEK 000	Sept 30, 2024	Sept 30, 2023	Dec. 31, 2023
<i>Attributable to equity holders of the parent</i>			
Opening balance, 1 January	1,159,082	989,241	989,241
Paid-up capital after deducting for transaction expenses	-276	-69	-69
Re-purchase of treasury shares	-34	-63	-63
Sale of treasury shares	3,089	3,108	3,108
Dividend	-28,941	-14,419	-14,419
Share-based payment	5,246	3,982	5,866
Comprehensive income	97,870	196,306	175,418
<b>Closing balance, shareholders' equity</b>	<b>1,236,036</b>	<b>1,178,086</b>	<b>1,159,082</b>
<i>Attributable to non-controlling interests</i>			
Opening balance, 1 January	4,611	4,872	4,872
Comprehensive income	-615	-220	-261
<b>Closing balance, shareholders' equity</b>	<b>3,996</b>	<b>4,652</b>	<b>4,611</b>

The number of ordinary shares amounts to 29,050,025 and the number of class C-shares amounts to 294,189. Dividend amounts to SEK 1 per ordinary share (28,941,216 at the time of the dividend).

## Consolidated Cash Flow Statement in summary

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
Cash flow from operating activities before changes in working capital	86,157	122,051	271,874	324,547	428,751
Changes in working capital	36,721	-50,901	30,240	-160,322	-94,133
<b>Cash flow from operating activities</b>	<b>122,878</b>	<b>71,150</b>	<b>302,114</b>	<b>164,225</b>	<b>334,618</b>
Cash flow from investments in tangible and intangible assets	-52,620	-42,647	-159,068	-123,772	-173,663
Cash flow from acquisition of subsidiary and investment in other companies	-3,294		-49,565	-58,560	-58,560
Cash flow from other investing activities	-505	473	1,079	470	22
<b>Cash flow from investing activities</b>	<b>-56,419</b>	<b>-42,174</b>	<b>-207,554</b>	<b>-181,862</b>	<b>-232,201</b>
Cash flow from interest-bearing liabilities*	-61,784	-39,887	-46,324	13,668	-99,945
Dividend paid to equity holders of the parent			-28,941	-14,419	-14,419
Cash flow from other financing activities	-126	713	2,778	2,977	2,976
<b>Cash flow from financing activities</b>	<b>-61,910</b>	<b>-39,174</b>	<b>-72,487</b>	<b>2,226</b>	<b>-111,387</b>
<b>Cash flow for the period</b>	<b>4,549</b>	<b>-10,198</b>	<b>22,073</b>	<b>-15,411</b>	<b>-8,971</b>
Cash and cash equivalents at beginning of year	165,352	160,044	142,486	159,864	159,864
Exchange difference in cash and cash equivalents	-5,620	-3,320	-278	2,073	-8,407
<b>Cash and cash equivalents at end of year</b>	<b>164,281</b>	<b>146,526</b>	<b>164,281</b>	<b>146,526</b>	<b>142,486</b>
<b>Free cash flow</b>	<b>55,630</b>	<b>17,548</b>	<b>107,392</b>	<b>8,463</b>	<b>117,573</b>
<i>*of which amortization of lease liabilities</i>	-14,123	-11,427	-36,733	-32,460	-43,404

# Notes to the financial statements in summary

## Note 1

### General information

Ependion AB (the "Company"), Corp. Id. No. 556025-1851, is a company with its registered office in Malmö, Sweden. This consolidated interim report for the Group (the "Interim Report") for the period January–September 2024 includes the Company and its subsidiaries, referred to jointly below as Ependion. The Group's consolidated accounting currency is SEK. All amounts are presented in thousands of SEK (SEK 000), unless otherwise stated.

## Note 2

### Accounting principles

Ependion's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and with the same accounting principles as described in the Financial Statement for 2023.

In May 2024, Ependion acquired a minority stake in the unlisted British company Blu Wireless Technology Ltd. The shares are measured at fair value in the balance sheet and the Group has chosen to present changes in fair value in other comprehensive income (OCI).

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

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

Related party transactions have taken place to the same extent as in the previous year and the accounting policies described in the Financial Statement for 2023 apply.

Ependion uses a number of financial key ratios that are not defined in the accounting regulations used by the company, so-called alternative performance measures (APM). For definitions of financial key figures, see page 19 of this report.

## Note 3

### Risks and uncertainties

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

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

In addition to the risks and uncertainties described in Ependion's Annual Report for 2023, pages 51-52 and 91, the ongoing risk management has not resulted in additional risks or uncertainties.

## Note 4

### Consolidated Key Financial Ratios

SEK 000	Sept 30, 2024	Sept 30, 2023	Dec. 31, 2023
Operating margin, %	11.0	13.8	13.0
Profit margin, %	7.3	8.8	8.1
Equity ratio, %	46.1	43.1	45.2
Equity per share, SEK	42.5	40.7	40.0
Basic earnings per share, SEK	4.22	5.75	6.93
Diluted earnings per share, SEK	4.18	5.69	6.86
Return on equity after tax, %	12.9	20.3	18.6
Return on capital employed, %	11.7	16.2	16.6
Return on net operating assets, %	15.5	22.5	23.1
Financial net debt in relation to EBITDA	1.4	1.5	1.2
Average number of employees	863	864	869

## Note 5

### Reconciliation of Consolidated Net Debt

SEK 000	Sept 30, 2024	Sept 30, 2023	Dec. 31, 2023
Borrowings	625,887	742,425	630,299
Pension provisions	161,957	117,355	125,777
Liabilities attributable to right-of-use assets	144,136	109,716	99,085
<b>Total interest-bearing liabilities</b>	<b>931,980</b>	<b>969,496</b>	<b>855,161</b>
<b>Total cash and cash equivalents</b>	<b>164,281</b>	<b>146,526</b>	<b>142,486</b>
<b>Net debt</b>	<b>767,699</b>	<b>822,970</b>	<b>712,675</b>

## Note 6

### Allocation of Net Sales

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
<b>Net sales by geographical market</b>					
Nordics	91,857	118,646	317,082	372,688	477,834
Rest of Europe	223,429	294,303	806,323	837,314	1,096,413
Americas	78,361	92,412	227,848	296,867	376,724
Asia	98,997	113,203	324,317	370,000	511,223
Rest of world	389	770	4,338	4,047	8,453
<b>Total Group</b>	<b>493,033</b>	<b>619,334</b>	<b>1,679,908</b>	<b>1,880,916</b>	<b>2,470,647</b>
<b>Net sales by category</b>					
Operator panels and accessories	180,209	188,332	560,291	622,366	795,251
Network equipment	242,860	335,905	881,743	957,095	1,284,113
Software	7,094	8,633	24,575	24,658	27,294
Servicing and other services	11,562	9,434	43,395	41,201	61,365
Third-party products	51,308	77,030	169,904	235,596	302,624
<b>Total Group</b>	<b>493,033</b>	<b>619,334</b>	<b>1,679,908</b>	<b>1,880,916</b>	<b>2,470,647</b>
<b>Net sales by segment</b>					
Train	86,394	133,246	342,904	381,829	506,889
Trackside	35,472	54,184	130,368	136,588	190,120
Energy	87,984	113,037	315,912	359,782	474,796
Manufacturing	80,317	101,019	273,022	338,112	431,056
Marine	74,679	60,801	205,131	191,680	244,430
Other	128,187	157,047	412,571	472,925	623,356
<b>Total Group</b>	<b>493,033</b>	<b>619,334</b>	<b>1,679,908</b>	<b>1,880,916</b>	<b>2,470,647</b>



# Not 7

## Operating Segments

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
<b>TOTAL GROUP</b>					
Order intake	456,345	513,944	1,466,617	1,828,934	2,306,956
Net sales	493,033	619,334	1,679,908	1,880,916	2,470,647
Operating profit excl. depreciation	96,856	128,143	317,680	374,493	473,955
Depreciation	-46,022	-38,973	-132,275	-114,283	-152,271
Operating profit	50,834	89,170	185,405	260,210	321,684
Operating margin, %	10.3	14.4	11.0	13.8	13.0
Investments in intangible and tangible assets	52,620	42,647	159,068	123,772	173,663
<i>of which capitalized development expenditure</i>	43,081	30,050	128,726	98,504	141,936
Product development expenditure, %	14.5	10.5	13.6	10.7	11.4
Backlog			1,046,896	1,399,094	1,247,328
<b>WESTERMO</b>					
Order intake	277,623	292,174	882,197	1,144,274	1,421,647
Net sales	269,203	379,541	969,417	1,082,075	1,443,994
Operating profit excl. depreciation	60,824	87,182	205,628	242,035	316,930
Depreciation	-23,420	-20,474	-68,346	-60,040	-79,208
Operating profit	37,404	66,707	137,282	181,995	237,722
Operating margin, %	13.9	17.6	14.2	16.8	16.5
Investments in intangible and tangible assets	25,349	19,676	80,611	54,568	77,606
<i>of which capitalized development expenditure</i>	20,840	11,246	59,956	43,553	63,673
Product development expenditure, %	16.1	10.7	14.6	11.5	12.1
Backlog			861,146	1,045,369	935,812
<b>BEIJER ELECTRONICS</b>					
Order intake	179,507	223,086	587,963	690,425	891,524
Net sales	224,615	241,109	714,035	804,606	1,032,867
Operating profit excl. depreciation	45,894	46,869	143,119	163,133	198,565
Depreciation	-20,100	-16,192	-56,357	-48,309	-64,819
Operating profit	25,794	30,676	86,762	114,824	133,746
Operating margin, %	11.5	12.7	12.2	14.3	12.9
Investments in intangible and tangible assets	27,271	22,090	77,695	66,218	91,639
<i>of which capitalized development expenditure</i>	22,241	18,804	68,770	54,951	78,263
Product development expenditure, %	12.2	9.8	11.8	9.5	10.2
Backlog			185,750	353,725	311,516
<b>PARENT COMPANY AND GROUP ADJUSTMENT</b>					
Order intake (elimination)	-785	-1,316	-3,543	-5,765	-6,214
Net sales (elimination)	-785	-1,316	-3,543	-5,765	-6,214
Operating profit excl. depreciation	-9,862	-5,908	-31,067	-30,675	-41,540
Depreciation	-2,502	-2,307	-7,572	-5,934	-8,244
Operating profit	-12,364	-8,213	-38,639	-36,609	-49,784
InvstInvestments in intangible and tangible assets		881	762	2,986	4,418

# Parent Company Financial Reports

## Parent Company Income Statement in summary

SEK 000	Quarter 3 2024	Quarter 3 2023	9 mth. 2024	9 mth. 2023	Full Year 2023
<b>Income Statement</b>					
Net sales	10,047	8,931	30,142	26,792	35,723
Administration expenses	-21,926	-17,427	-67,107	-63,286	-84,435
<b>Operating profit</b>	<b>-11,879</b>	<b>-8,496</b>	<b>-36,965</b>	<b>-36,494</b>	<b>-48,712</b>
Financial income/expense*	16,331	59,154	9,395	55,821	45,500
<b>Profit before tax</b>	<b>4,452</b>	<b>50,658</b>	<b>-27,570</b>	<b>19,327</b>	<b>-3,212</b>
Appropriations					112,805
Tax	2,585	2,048	8,479	9,845	-9,952
<b>Profit for the period</b>	<b>7,037</b>	<b>52,706</b>	<b>-19,091</b>	<b>29,172</b>	<b>99,641</b>

\*Includes dividends received from subsidiary of 20 MSEK (66 MSEK).

## Parent Company Balance Sheet in summary

SEK 000	Sept 30, 2024	Sept 30, 2023	Dec. 31, 2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible and tangible assets	7,639	7,183	8,268
Other financial assets	1,200,612	1,167,451	1,135,072
<b>Total fixed assets</b>	<b>1,208,251</b>	<b>1,174,634</b>	<b>1,143,340</b>
<b>Current assets</b>			
Receivables from group companies	51,132	28,608	144,455
Other receivables	15,161	13,142	11,291
Cash and cash equivalents	66	66	66
<b>Total current assets</b>	<b>66,359</b>	<b>41,816</b>	<b>155,812</b>
<b>Total assets</b>	<b>1,274,610</b>	<b>1,216,450</b>	<b>1,299,152</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	17,536	14,786	17,500
Non-restricted equity	278,667	248,706	318,663
<b>Total equity</b>	<b>296,203</b>	<b>263,492</b>	<b>336,163</b>
<b>Current liabilities</b>			
Borrowings	436,249	481,484	462,631
Provisions	23,774	20,926	22,335
Liabilities to Group companies	342,143	197,767	318,897
<b>Total long-term liabilities</b>	<b>802,166</b>	<b>700,177</b>	<b>803,863</b>
<b>Current liabilities</b>			
Borrowings	154,231	226,353	131,443
Other liabilities	22,010	26,428	27,683
<b>Total current liabilities</b>	<b>176,241</b>	<b>252,781</b>	<b>159,126</b>
<b>Total equity and liabilities</b>	<b>1,274,610</b>	<b>1,216,450</b>	<b>1,299,152</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 and interest-bearing liabilities.

## **Development expenditure**

Expenditure on product development work, such as personal expenses and external consulting expenses. This also includes expenses that are capitalized as assets in the balance sheet.

## **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.

## **Financial net debt in relation to EBITDA**

Interest-bearing liabilities, excluding net pension provision, less cash and cash equivalents, in relation to EBITDA rolling 12 months adjusted for restructuring costs and acquired EBITDA.

## **Free Cash Flow**

Cash flow from operating activities, cash flow from investing activities, excluding cash flow from acquisition of subsidiary and investment in other companies, and amortization of lease liabilities.

## **Net debt**

Interest-bearing liabilities less cash and cash equivalents.

## **Operating assets**

Equity and interest-bearing liabilities less financial assets.

## **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 operating assets**

EBIT rolling 12 months in relation to average operating assets.

## **Ependion AB**

Ependion AB is an expansive global technology group delivering digital solutions for secure control, management, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. The Group's customers include some of the world's leading companies. Ependion consists of independent business entities with total sales of 2.5 billion SEK in 2023 and about 1,000 employees. The company is listed on Nasdaq Stockholm Main Market's Mid Cap-list under the ticker EPEN.

## **More Information**

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

## **Financial Calendar**

31 January 2025.....Financial Statement  
29 April 2025..... Three-month Interim Report  
13 May 2025 .....Annual General Meeting  
15 July 2025 ..... Six-month Interim Report  
21 October 2025 .....Nine-month Interim Report



Head office  
Ependion AB  
Box 426, Stora Varvgatan 13a  
201 24 Malmö, Sverige  
Corp. ID. no. 556025-1851

[www.ependion.com](http://www.ependion.com) | +46 40 35 84 00