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Malmö, Sweden, April 2, 2025

PRESS RELEASE

Ependion strengthens its position in the energy sector through acquisition

Westermo, a business entity of Ependion, has entered into an agreement to acquire all shares in Welotec, headquartered in Laer, Germany. Through this transaction, Westermo strengthens its position in the rapidly growing energy segment and gains access to complementary new technology within Edge Computing. To partially finance the initial purchase price of MEUR 35.2, the Annual General Meeting on 13 May 2025 will be proposed to authorise the Board to decide on a directed share issue of approximately MSEK 300. A performance-based earn-out of up to MEUR 14.8 may be paid based on the company's results in 2025-2026.

"It is particularly gratifying to make a deal with such strong strategic logic: Westermo steps into a new yet closely related technology area – Edge Computing – and accelerates growth in the energy segment, while there is potential for significant sales synergies when the businesses are combined. Welotec is a well-managed and profitable growth company that will become Westermo's technology centre within Edge Computing," **says Jenny Sjö Dahl, President and CEO of Ependion.**

The ongoing electrification and increasing share of renewable energy are driving investments in modern and flexible power grids worldwide, resulting in the digitalisation of substations and other equipment at an increasing rate. Global investments in grid infrastructure are expected to triple by 2050 compared to current levels, according to McKinsey Global Energy Perspective 2024.

Welotec specialises in solutions within Edge Computing and provides robust and certified industrial computers on which customers can run applications such as real-time optimisation, cybersecurity, and virtualisation. This contributes to increased digitalisation of substations in power grids, for example. Welotec also works with digitalisation solutions for industrial automation. Its customers are leading energy companies, international system integrators and machine builders. The offering includes both hardware and software.

"For Welotec, Westermo is an ideal home. We operate in the same markets and have similar corporate cultures. Access to Westermo's sales channels and global network enhances our opportunities to reach our ambitious growth agenda. At the same time, our strong customer base within energy can increase Westermo's opportunities to win new business," **says Reinhard Lülff, CEO of Welotec.**

Welotec has grown by an average of 12 percent per year since 2020. For the full year 2024, turnover amounted to approximately MEUR 24 with an operating margin of 13.4 percent. The company has around seventy employees.

A teleconference for investors, analysts, and media will be held from 10:00 am to 10:45 am CEST on 3 April 2025, under the direction of Jenny Sjö Dahl, President and CEO, and Joakim Laurén, EVP and CFO. For more information, see below.

Facts about the acquisition

Ependion, through its business entity Westermo, has entered into a binding agreement to acquire all shares in Welotec GmbH for an initial cash consideration of MEUR 35.2 (equivalent to approximately MSEK 387¹), on a cash and debt-free basis. A performance-based earn-out of up to MEUR 14.8 may be paid dependent on Welotec's results in 2025-2026, to be settled in the first half of 2027.

The acquisition is expected to be accretive positively to Ependion's earnings per share from the completion of the acquisition (excluding any non-cash flow impacting amortisations from the transaction).

Financial overview and impact on Ependion's net debt

During the twelve-month period ended 31 December 2024, Welotec reported a turnover of approximately MSEK 269² and operating profit of approximately MSEK 36², corresponding to a margin of about 13.4 percent.

As of 31 December 2024, Ependion reported a financial net debt, i.e., net debt excluding pension provisions, of approximately MSEK 525, which corresponds to a financial net debt/adjusted EBITDA³ of 1.2x. Following the completion of the acquisition and the intended directed share issue, financial net debt/adjusted EBITDA on a post-IFRS 16 basis, excluding transaction and integration costs, is expected to amount to approximately 1.3x.

Financing and support from Ependion's shareholders

The purchase price will be paid in cash upon completion and is intended to be partially financed through a directed share issue of approximately MSEK 300, provided that the Annual General Meeting on 13 May 2025 authorises the Board to decide on the share issue, and that necessary market conditions are deemed to exist, as well as partially financed from existing available cash resources. If the share issue has not been completed before the completion, the initial purchase price will be financed through a bridge loan facility provided by Danske Bank A/S, Danmark, Sverige Filial ("**Danske Bank**"). The Board has considered the option to raise capital through a rights issue, but at present consider it is overall more beneficial for both the company and the company's shareholders to raise capital through a directed issue.

Stena Adactum AB, Ependion's largest shareholder, and Svolder AB, Ependion's second largest shareholder, have expressed their intentions to invest in a directed share issue of up to the amount corresponding to their respective ownership share, and have also committed to vote in favour for the authorisation at the Annual General Meeting. Stena Adactum AB represents 29.5 percent of the shares and 29.8 percent of the votes in Ependion, and Svolder AB represents 15.2 percent of the shares and 15.3 percent of the votes in the company.⁴

¹ Based on the EUR/SEK exchange rate of 11.00, the final acquisition cost in SEK will be determined on the completion date.

² Based on the EUR/SEK exchange rate of 11.43 as of 31 December 2024.

³ An alternative key figure for Ependion. The definition is available on the company's website, <https://www.ependion.com/sv/investerare/alternativa-nyckeltal>.

⁴ Shareholdings retrieved from Euroclear Sweden AB and information provided to the company as of 28 February 2025.

Closing

The completion of the acquisition is expected to occur in the second quarter of 2025 and is only subject to customary completion conditions.

Conference call / presentation

A teleconference will take place for investors, analysts, and media between 10:00 am to 10:45 am CEST on 3 April, under the direction of Jenny Sjö Dahl, President and CEO, and Joakim Lauren, EVP and CFO.

The presentation will be conducted in English and will be concluded with a Q&A session. Registration is not required for participation in the conference, but please connect/call in five minutes before the scheduled time to ensure a punctual start to the meeting.

Welcome!

How to join the meeting

If you wish to participate via the webcast, please use the link below:

<https://ependion.events.inderes.com/press-conference-april-2025/register>

If you wish to ask verbal questions via the telephone conference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference.

<https://events.inderes.com/ependion/press-conference-april-2025/dial-in>

Advisors

Danske Bank provides debt financing and is the exclusive financial adviser to Ependion regarding the intended directed share issue. Mannheimer Swartling Advokatbyrå AB is the lead legal counsel to Ependion concerning the acquisition of Welotec and the intended directed share issue.

This information is such that Ependion AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU No 596/2014). The information was submitted for publication, through the care of the contact person specified, on April 2, 2025 at 14:00 CEST.

For more information please contact:

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Important information

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This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. Ependion has not authorized any offer to the public of shares or rights in any member state of the EEA and no offering prospectus has been or will be prepared in connection with the directed new share issue. This press release is only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2 (e) of the Prospectus Regulation. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with qualified investors. This press release should not be acted upon or relied upon in any member state of the EEA by persons who are not qualified investors.

This press release does not constitute an offer of securities to the public in the United Kingdom, and no prospectus has been or will be approved in the United Kingdom in respect of the securities. In the United Kingdom, this press release is only being distributed to, and is only directed at "qualified investors" (within the meaning of Article 2(e) of Regulation (EU) 2017/1129 of 14 June 2017 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018) who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this press release relates is available only to, and will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this press release or any of its contents.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision in connection with the directed new share issue must be made on the basis of all publicly available information relating to Ependion and the company's shares. Such information has not been independently verified by the Danske Bank as Sole Global Coordinator and Bookrunner. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Danske Bank is acting on behalf of Ependion in connection with the transaction and not on behalf of anyone else. Danske Bank will not be responsible

to anyone else for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

This announcement does not constitute a recommendation concerning any investor's option with respect to the directed new share issue. Each investor or prospective investor should conduct his, her or its own investigation, analysis and evaluation of the business and data described in this announcement and publicly available information. The price and value of securities can decrease as well increase. Past performance is not a guide to future performance.

Forward-looking statements

This press release contains forward-looking statements that reflect Ependion's intentions, beliefs, or current expectations about and targets for the company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Ependion believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Since these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. Ependion does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither Ependion nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or Nasdaq Stockholm's Rulebook for Issuers of Shares.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Ependion have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "EU Target Market Assessment"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in Ependion has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of such shares to eligible counterparties and

professional clients are appropriate (the "UK Target Market Assessment" and, together with the EU Target Market Assessment, the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Ependion may decline and investors could lose all or part of their investment; the shares in Ependion offer no guaranteed income and no capital protection; and an investment in the shares in Ependion is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the directed new share issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Danske Bank as Sole Global Coordinator and Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Ependion.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Ependion and determining appropriate distribution channels.

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 sales of SEK 2.3 billion in 2024 and 950 employees. The company is listed on Nasdaq Stockholm Main Market's Mid Cap-list under the ticker EPEN. [ependion.com](https://www.ependion.com)