



Q2 2024

Investments for growth in a continued
cautious market



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Jenny Sjödahl

➤ Financial Performance

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➤ Concluding Notes and Outlook

Jenny Sjödahl

➤ Q&A

Business Update for the quarter

- Q2 as expected affected by the weaker demand as seen the last twelve-month period.
- Balancing cost savings to offset lower volumes with forward-looking investments.
- Orders decreased compared to record quarter last year that included boost from the Group's largest customer. Sequentially stable at the 500 MSEK level seen the last quarters and both business entities face lower order bookings.
- Sales lower than last year where Westermo came in sequentially lower as indicated. Beijer Electronics shipped higher volumes of end-of-life Display solutions products compared to last quarter.
- EBIT affected by the lower Westermo volume and the unfavourable mix in Beijer Electronics resulting in Ependion EBIT at 10.2% for the quarter.
- Free cash flow doubled to +60 MSEK impacted positively by reductions in working capital.
- Minority investment in – and strategic partnership with – Blu Wireless.

Blu Wireless investment and strategic partnership

- The rail industry is Westermo's largest segment, and we are market leaders in products for onboard data communication networks.
- With the previous acquisitions of Neratec (2019), and Eltec (2021), we gained access to wireless technology for Train-to-Track communication built on Wi-Fi and mobile (4G, 5G) technology.
- The fundamental issue with poor internet connections onboard trains, is that neither Wi-Fi nor standard 5G can, in a cost-effective way, provide enough bandwidth to meet the growing demands from both passengers and operators. Wi-Fi works quite well for metro applications where the speed of the trains are lower but becomes challenging when speeds exceed some 80 km/hour. 5G can provide high bandwidth connectivity but would require very costly infrastructure along the full length of a train track.
- mmWave technology, which Blu Wireless has productized, provides a cost-efficient, high bandwidth connectivity using an unlicensed spectrum. The first projects using this technology are being deployed in California by Caltrain (San Francisco to San Jose), and on a first stretch of track in the UK by South Western Railway, with promising results so far.
- Westermo aims to be a key player in the "connected train" space, and the mmWave technology can potentially be a game changer in this area.
- The technology is still in scale-up phase, hence our decision to go for a minority investment at this point.
- The strategic partnership aims at developing the market further and jointly define the future product roadmap.

Business Update for the business entities

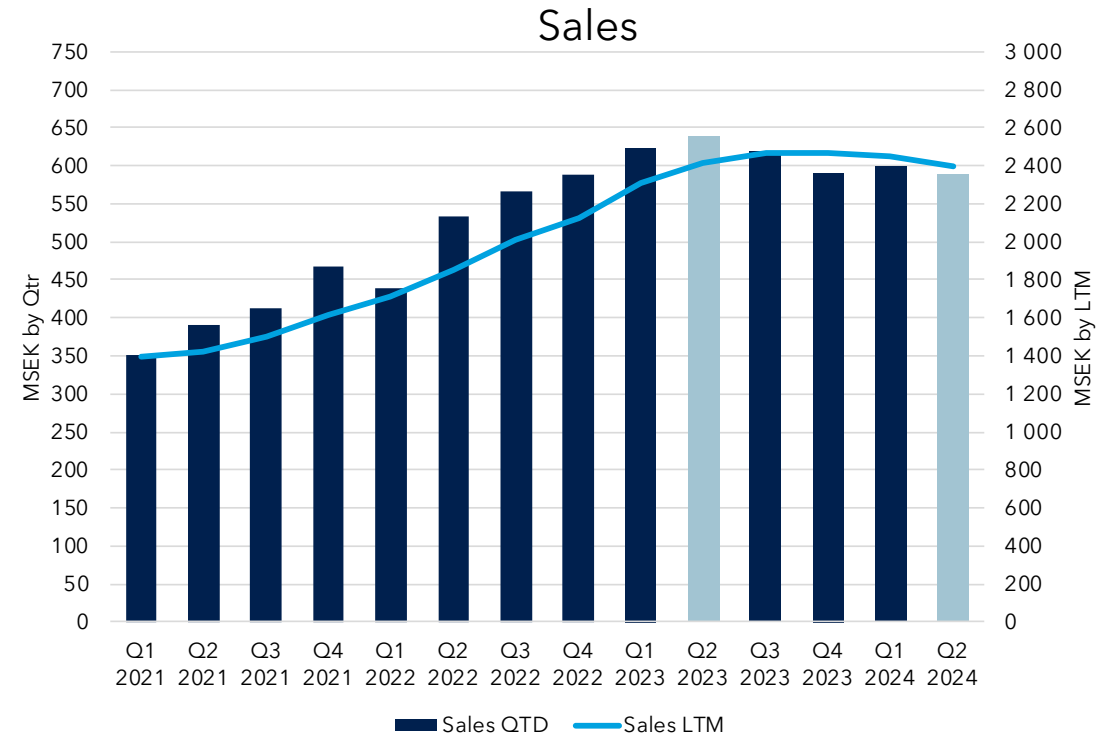
Westermo

The weaker economy impacts the order bookings in the 2nd quarter and last year included one-off volumes related to order horizon extensions. Customer activity still high and pipeline remains on good levels. Active cost-saving measures to adopt to lower volumes mixed with future-oriented investments – India establishment ongoing and on track and the Blu Wireless deal. Continued high activity on product development with several exciting product launches in the quarter.

Beijer Electronics

The challenging business climate continues to impact the orders as seen for five quarters now. The manufacturing segment, predominantly in Asia, shows low demand while the Marine and Rugged segments are more stable. We note signals that may indicate that the bottom has been reached in Asia. Significant Display Solutions volumes shipped in the quarter lowering profitability as cost focus continues in general to maintain decent profitability. High activity in product development including next generation of HMIs, the X3 family, together with further focus on the software platform WebIQ.

Ependion



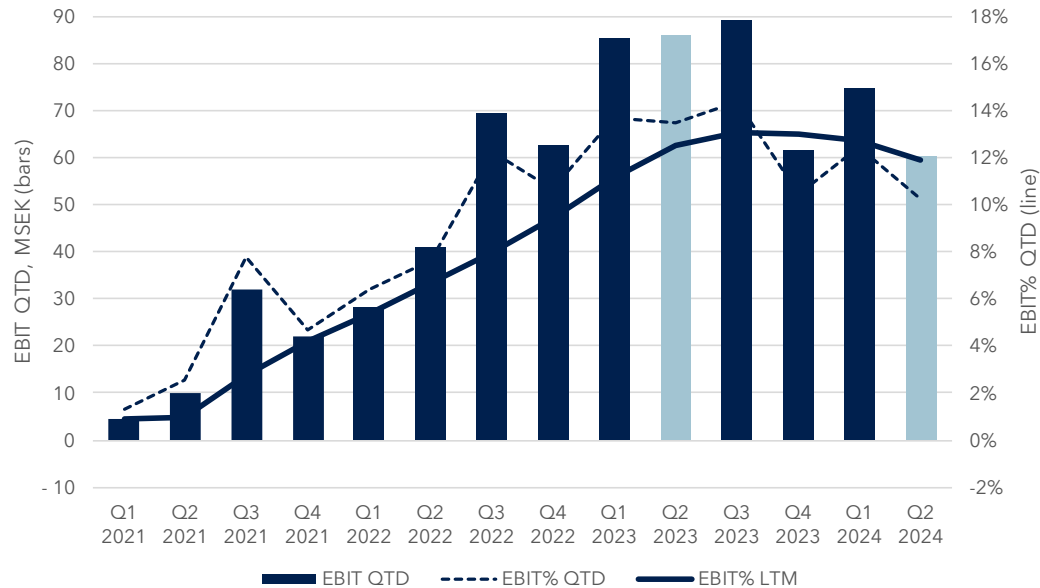
- ✓ Orders at 483 MSEK or at -31% vs. the boosted last year.
- ✓ Sales at 588 MSEK or -8% vs. last year. Sequentially at -2%.
- ✓ Very little translation-FX effects on the volumes vs last year.
- ✓ Backlog overall still at decent 1.1 billion SEK (1.6).



Ependion

MSEK	Q2 2024	Q2 2023	%	YTD 2024	YTD 2023	%	FY 2023
Order intake	482.8	697.7	-31%	1,010.3	1,315.0	-23%	2,307.0
Sales	588.4	638.4	-8%	1,186.9	1,261.6	-6%	2,470.6
EBIT	60.1	85.8	-30%	134.6	171.0	-21%	321.7
EBIT%	10.2%	13.4%		11.3%	13.6%		13.0%

EBIT and EBIT% QTD & LTM



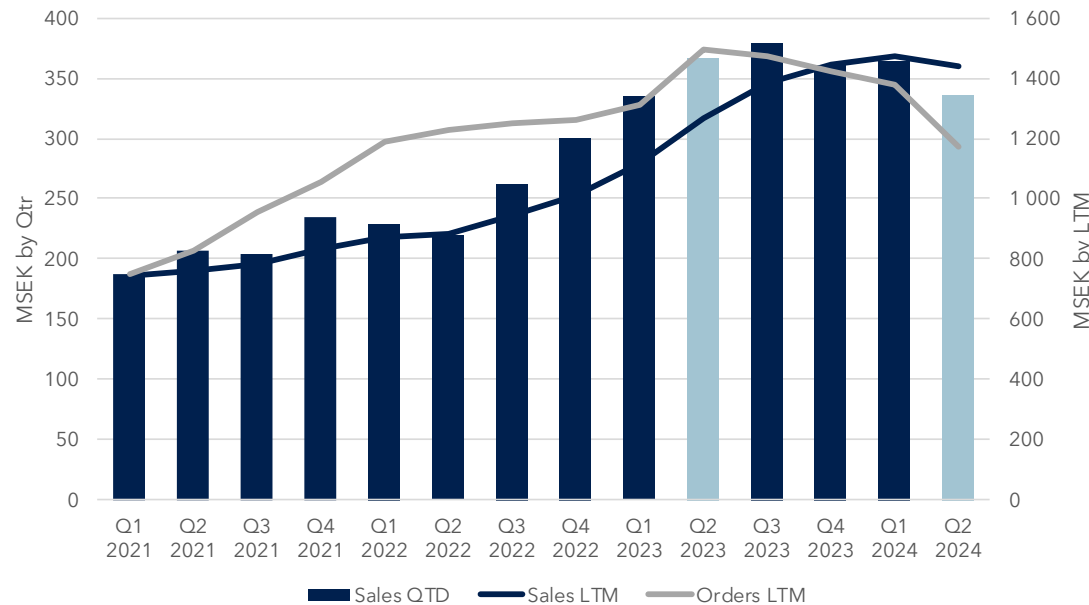
Comments to Q2

- ✓ Earnings and profitability impacted by lower sales in Westermo and unfavorable mix in Beijer Electronics.
- ✓ Positive total FX-impact compared to last year contributing +6 MSEK of which mainly transactional variances.
- ✓ Free cash flow doubled at +60 MSEK driven by reductions of working capital. Focus on inventory reduction remains.
- ✓ Tax cost somewhat lower than last year due to some one-off activations of losses carried forward.
- ✓ Net income at 40 MSEK (58).
- ✓ EPS ended at 1.37 SEK (2.00).

Westermo

MSEK	Q2 2024	Q2 2023	%	YTD 2024	YTD 2023	%	FY 2023
Order intake	294.3	496.4	-41%	604.6	852.1	-29%	1,421.6
Sales	336.5	367.5	-8%	700.2	702.5	0%	1,444.0
EBIT	44.5	60.5	-26%	99.9	115.3	-13%	237.7
EBIT%	13.2%	16.5%		14.3%	16.4%		16.5%

Sales & Orders



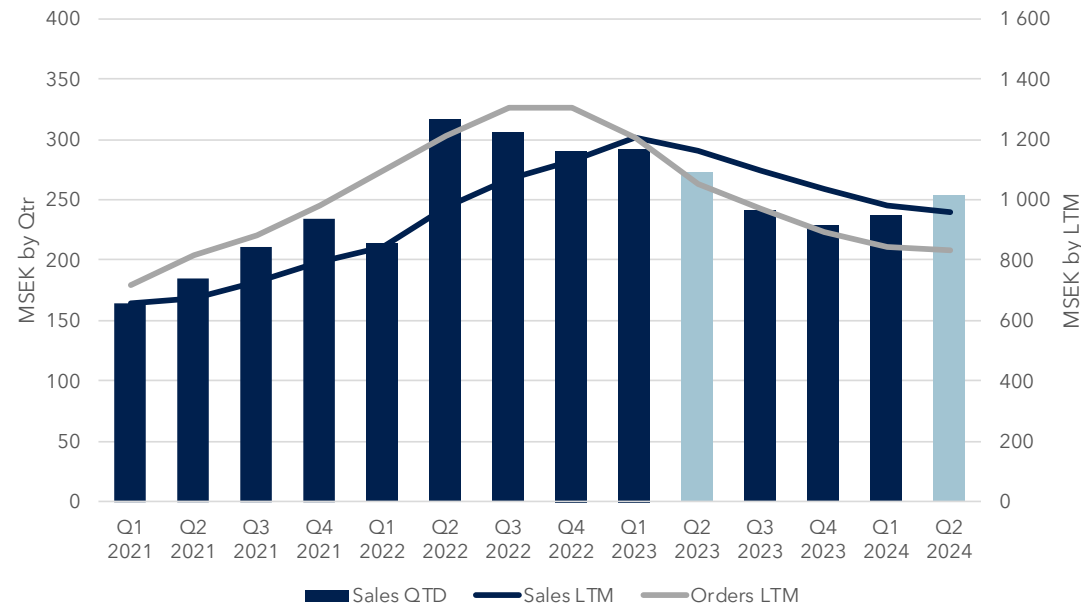
Comments to Q2

- ✓ Order intake comparison disturbed by last year order horizon adjustments in the first half-year. No larger orders in the quarter.
- ✓ Sequential drop in sales of -8% as indicated.
- ✓ Saving activities on running costs being balanced with investments for the future with India establishment project and Blu Wireless deal driving one-off expenses in the quarter.
- ✓ GM2% improvement to 52% due to price management and lower component costs.
- ✓ Profitability drop to 13.2% due to volume effects.
- ✓ Product development continued on high levels and several product launches in the quarter.
- ✓ Blu Wireless minority investment of 3.4 M£.

Beijer Electronics

MSEK	Q2 2024	Q2 2023	%	YTD 2024	YTD 2023	%	FY 2023
Order intake	189.6	202.5	-6%	408.5	467.3	-13%	891.5
Sales	253.0	272.1	-7%	489.4	563.5	-13%	1,032.9
EBIT	29.6	40.1	-26%	61.0	84.1	-28%	133.7
EBIT%	11.7%	14.7%		12.5%	14.9%		12.9%

Sales & Orders



Comments to Q2

- ✓ Orders moving sideways on low levels - fifth quarter now.
- ✓ Sales sequential uptick of +7% including significant Display Solutions volumes at lower margins. GM2% drop sequentially 3 p.p to 50% in the quarter.
- ✓ Continued focus on tight cost control on running costs.
- ✓ Sequential profitability drop to 11.7% from 13.3% driven by the unfavourable mix.
- ✓ Continued high activity on product development with X3 and WebIQ focus. First releases of X3 later this year.



Concluding notes by Jenny

- The challenging market conditions remain in the short term, and we see a weak orderbook also for the coming quarter.
- Medium and long term we are confident about our abilities to continue our profitable growth journey as demand for our products and solutions are driven by global trends.
- We are balancing efficiency and cost-out activities to compensate for lower volumes with future-oriented investments.

Ependion Financial targets

REVENUES

10 % average annual
growth - acquired growth
added



PROFITABILITY

15 % operating margin
(EBIT)



DIVIDEND

A dividend-paying
company



Outlook

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.

At the same time, there is still a great deal of uncertainty about the development in 2024, both in geopolitical and economic terms.

The mixed picture we have seen for some time is therefore expected to persist in 2024.



